

**PORT OF ASTORIA
SPECIAL MEETING MINUTES
SEPTEMBER 8, 2009**

1. CALL TO ORDER/ROLL CALL

President Hunsinger called the meeting to order at 6:00 pm and took roll call.

Persons present were:

Commission: William Hunsinger, President; Floyd Holcom, Vice-President; Dan Hess, Secretary; Lawrence Pfund, Treasurer; and Jack Bland, Asst.

Secretary/Treasurer.

Staff: Jack Crider, Executive Director

Other Port consultants: Janet Farstad and Lesle Palimar

News media: Cassandra Profita, The Daily Astorian; Carrie Bartoldus, North Coast Oregonian; and Jeff Nelson, KAST Radio

Guests: see sign in sheet.

2. CHANGES/ADDITIONS TO AGENDA – none

3. CLATSOP COUNTY TAXING DISTRICTS RE: GEROGIA-PACIFIC CONSUMER PROJECTS, LP; OWNER OF WAUNA MILL IN CLATSOP COUNTY.

Georgia-Pacific (GP) was granted an Enterprise Zone Exemption commencing in 2004-2005 for certain property at Wauna Mill. In May 2008 GP was disqualified from receiving the Enterprise Zone Exemption because it had not met the minimum employment requirements necessary to retain the exemption. As a result of the disqualification, all taxes on previously exempt property became payable. GP paid the taxes but appealed the disqualification and the amount of the tax. The appeal is expected to take a number of years. If GP is awarded any refund, it will also receive interest at the rate of 12% per annum. Clatsop County ordered all taxes received in tax year 2008-2009 from GP placed into a Reserve Account. The taxing districts would prefer to have use of the funds instead of placing the amount of the tax into a Reserve Account and pay any refund that may be ordered if and when that event occurs from future un-segregated taxes.

A. IGA FOR PAYMENT OF POTENTIAL TAX REFUND

An Intergovernmental Agreement for payment of potential tax refund between Clatsop County and all Taxing Districts, including the Port of Astoria. The term of the IGA will continue until the appeal is dismissed or a refund is ordered, or bonds are issued by the County to finance any refund.

B. RESOLUTION AND ORDER 2009-26 – PURCHASE OF BOND FROM UN-SEGMENTED TAX RECEIPTS

If a refund is ordered by an appeal that exceeds \$1,000,000, the County may issue Revenue Bonds to pay such refund. Any payment if a Revenue Bond will be from future un-segregated tax revenue received by the County. A loan for \$10,614,483 based on the Port of Astoria's distribution percentage of 0.01675754, on a five-year time payment

estimate is \$241,907 with 12% interest or \$205,420 with 5% interest for a savings of \$36,486.

Commissioner Bland moved to approve the Intergovernmental Agreement with Clatsop County for Payment of Potential Tax Refund, and Resolution and Order 2009-26 in the Matter of Authorizing Purchase of Bond from Un-Segregated Tax Receipts, seconded by Commissioner Hess and unanimously approved by all Commissioners.

4. TIGAR GRANT

The grant application is for a demonstration project to connect smaller ports. The Port and Santa Maria Shipping is a joint venture to build one or more container ships, each 350' and carry 125 containers. Customers have already signed up for 100-boxes per week from California to the Northwest, including Lewiston, Idaho.

Jack Crider explained the grant application and public advertisement for components of the Project.

1. Request for Grant
 - Federal portion is \$45 million, local (state) is \$2 million.
 - Request would be for 2 vessels @ \$20 million each and one crane for Pier 1 @ \$4 million (\$44 million).
 - Balance would go towards railhead improvements, administration and construction management.
 - Vessels would be in service 2011.
 - Need to complete grant by Sept. 15, 2009 and include the following:
 1. Cost/benefit analysis
 2. Letter of support from ODOT
 3. Delegation support after submittal.

2. Business Model to include:
 - Weekly roundtrips (Astoria, Port Hucneme, Seattle/Portland).
 - Ave. number of containers = 75-100 per trip
 - Ave. container revenue = \$1,000
 - Ave. daily ship cost = \$7,800
 - Annual revenues \$15.8 million
 - Annual costs \$14.6 million
 - Port annual vessel lease revenue \$300,000 to \$1,500,000.

3. Agreements needed after award:
 - Ship design and construction management.
 - RFP for lease operator.
 - Vessel lease agreement
 - ILWU rate agreement
 - Customer contracts
 - Many others

Commissioner Bland moved to approve application, seconded by Commissioner Pfund.

Discussion:

- Santa Maria will help with the application.
- Revenue projected is per vessel.
- Concept of marine freight was support in DC.
- Critical is manageability of debt service.

Commission vote was unanimously approved by all Commissioners.

5. LANDY, BENNETT, BLUMSTEIN CONTINGENT FEE AGREEMENT

Jack Crider explained the three contracts for the above firm.

1. In March 2009, the firm was hired for their expertise in insurance recovery from contaminated property, not to exceed \$25,000.

Scope of work was:

- 1) Notice to insurers of potential claim
- 2) Notice to state bar and past legal counsel
- 3) DSL ownership and assist Port in securing title.

Billed as of Aug. 31, 2009 is \$21,353 - due by December 31, 2009.

2. Area-Wide Environmental Cleanup Settlement.

Scope of work was:

- 1) Negotiate Port insurance carriers
- 2) Negotiate Port tenant insurance carriers
- 3) Negotiate past legal council insurance carriers.

Billed as of Aug. 31, 2009 is \$13,139 – due when settled.

Contingent Agreement payment is 33% - 10 days before trial or 40% within 10 days of trial.

3. General

Scope of work was:

- 1) OLNK
- 2) State Lobby
- 3) Local Connections

Billed as of Aug. 31, 2009 is \$5,780, due 30 days from invoice.

The proposed Contingent Fee Agreement letter is to recover costs in responding to and complying with all Orders issued by the Oregon Department of Environmental Quality (DEQ) pertaining to the Astoria Area-Wide Petroleum Site, including investigating and cleaning up the Site.

Compensation for time incurred shall be a percentage upon the Port obtaining recovery of money or some thing of value.

- If a settlement or recovery is reached no later than ten business days before start of a trial, arbitration, or other proceeding on the merits of the case, then the percentage is 33%.
- If a settlement, award, verdict or recovery is obtained within ten business day after the start of a trail, arbitration, or other proceeding on the merits of the case, the percentage is 40%.

- Additional costs and expenses separate from Contingent Fee Agreement include court costs and litigation expenses per Agreement, billed monthly and payable prior to December 15, 2009 for expenses incurred in 2009, and promptly upon receipt for expenses incurred in subsequent calendar years.
- Additional attorney fees to be negotiated at a later time if agreed upon to pursue or defend an appeal.

Commissioner Holcom declared a potential conflict of interest due to hiring Thane Tienson in the past for personal business.

Commissioner Hess moved to approve the Contingent Fee Agreement with Landye Bennett and Blumstein LLP Attorneys, seconded by Commissioner Bland and unanimously approved by all Commissioners.

6. PUBLIC COMMENT

Lori Durham asked if a vote can be taken after an Executive Session if the item is not on the agenda.

Jack Crider said he has checked with the Ports legal council, Andy Jordan, and he said yes the Commission can come out of Executive Session and vote on such matters.

Jean Dominey:

- Congratulated Jack Crider on presentation from the board to explain things, however she suggested that the commission move over in order for the public to see it better. She then asked if the transcript was done from the November 8, 2004 meeting.
Jack Crider said it was, however it referred to a male person talking and he wants staff to listen to the tape to possibly identify the person.
- The Special Meeting notice was Sept. 4, Friday. It met the required 24 hour notice but due to the weekend and holiday the notice time was lacking.
Jack Crider said it did meet the required 24 hour notice and said she could be added to the Port's email notice file so she would get it sooner.
- She questioned if individual commissioners can meet with an involved person to discuss a proposal to the Port. Commissioner Pfund had several meetings with LNG without the commission.
Commissioner Holcom said the Port is not the same as like the County Planning Commission who could not meet with persons prior to the public meetings.
Jack Crider said the Ports legal council, Andy Jordan said the Commission could talk as much as possible individually, not more than 2 commissioners.
Commissioner Pfund said he was President of the Commission and as such was in the lead position to meet with people from LNG to discover what LNG was.
- She asked about the crane sold, if it could have been used with the vessels.
President Hunsinger said it was a truck crane and wouldn't have worked. The crane will be a better by 5 times.
Commissioner Pfund said the money from the sale of the crane was used to fix up the fish cleaning station.

Robert Clark asked if the vessels would be originating or delivering in Astoria.
President Hunsinger said yes.

Jeff Nelson asked about Cascade General.

President Hunsinger said Cascade General builds vessels in Portland and would be invited to the project.

Jack Crider said the vessel construction would be a public project and need to go out for bid, cannot sole-source.

Commissioner Holcom commented on the passing of Jim Flint. He worked as Project Management analyzing Port assets and had a major impact on the Port. He will be sorely missed. No services are planned.

The Commission talked about how to honor him.


Commissioner Hess made a motion to donate \$100.00 to High School Girls Soccer Program in his honor, seconded by Commissioner Pfund and unanimously approved by all of the Commissioners.

7. **RECESS at 6:40 pm TO EXECUTIVE SESSION IN ACCORDANCE WITH:**
ORS 192.660 (2)(e) to conduct real property transactions
ORS 192.660 (2)(h) to consult legal regarding litigation
8. **RECONVENE SPECIAL MEETING at 7:58 pm FOR ACTION ITEMS, IF ANY**
9. **ADJOURN at 7:59 pm.**

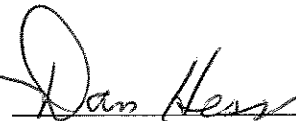
Submitted by Janet Farstad, Special Projects

APPROVED:

ATTEST:



William Hunsinger, President



Dan Hess, Secretary

Port of Astoria
COMMISSION MEETING

SIGN IN SHEET

DATE: Sept. 8, 09

PRINTED NAME

Lori Durham

Dean Deminey

PAM HUNSINGER

MARILYN CARNEY

Nancy Brock

ROBERT ALARK

Roger Rocka

JAN MITCHELL

Jim Scheller

Peter Hanson

Alex Palmieri
PETER HANSEN

LESLE FACINERI