

MINUTES

PORT OF ASTORIA
REGULAR MONTHLY MEETING
AUGUST 21, 2012
PORT COMMISSION CHAMBERS

1. CALL TO ORDER/ROLL CALL

Chairman Larry Pfund called the Regular Meeting to order. Roll call was taken.

Commissioners present: Larry Pfund, Bill Hunsinger, Jack Bland, Dan Hess, Floyd Holcom.

Staff present: CEO Hank Bynaker, Deputy Director Herb Florer, Property Manager Mike Weston, Finance Manager Colleen Browne, Terminal & Administrative Services Manager Rita Fahrney, Boatyard Manager Steve Barkemeyer, Airport Manager John Overholser, Marina Manager Janice Burk.

Others present: See attendance sheet.

2. CHANGES TO AGENDA.

Chairman Holcom called for any changes to the agenda. None were received.

3. MINUTES (corrected)

Special Meeting 7/10/12 and Regular Meeting 7/17/12. Commissioner Holcom moved to approve the aforementioned minutes. Commissioner Hunsinger seconded the motion. The motion carried unanimously.

4. FINANCIALS

Vouchers for the month of July 2012. Commissioner Holcom moved to approve the vouchers for the month of July 2012. Commissioner Hess seconded the motion. The motion carried unanimously.
Financial Reports for the month of July 2012. Finance Manager Colleen Browne reviewed the Operating Format Profit/Loss for July. Total operating revenues were \$585,622; Income from operations was \$38,535; Net income is a – \$142,291. She pointed out some of the unusual fluctuations to this month's Operating Format, as notated on the sheet. Commissioner Holcom reported, as new Treasurer, he met with Finance Manager Colleen Browne and CEO Hank Bynaker. He pointed out the audit that was presented was for fiscal year 2010 to 2011. He stated, following his review, he wishes to assure the public that a lot of the information put out by the press was inaccurate. And that in fact the Port is in great financial condition. Commissioner Holcom moved to approve the financial reports for the month of July 2012. Commissioner Pfund seconded the motion. The motion carried unanimously

5. PUBLIC COMMENT

Chairman Pfund called for public comment. A sheet of attendees was marked with names of those requesting public comment. First called is Thaine Tiensen, Attorney -who voiced he represents the Port of Astoria for the action taken against former attorney Heather Reynolds and the larger issue of the

area-wide contamination that has been an issue for the port for many years. The Port of Astoria had not been identified as a major player until 2001 when a landowner looked to the Port of Astoria as responsible party for cleanup. The Port's attorney(s) at that time neglected to research previous and current tenants about the need for their insurance carriers participation in the clean-up effort. The Port of Astoria hired Mike Lilly to deal on behalf of the port for the clean-up. It became apparent the attorneys representing the Port after reviewing the history and the documentation to-date did not seek out the insurance carriers in the beginning to ensure all avenues for recovery of funds spent were looked into. Finally insurance carriers were identified and the Port (and attorney Thane Tiensen) was able to settle part of the issue with a substantial amount of money. Thomas stated Attorney, Mike Lilly, blamed the Port in the past – it was not really a mistake on the then staff with Peter Gearin as leader, but Heather Reynolds played a big part in the malpractice suit being pursued against her and Mike Lilly. Tiensen reminded the audience and board that attorneys are also required to have liability insurance to cover just these types of incidents. He commented on other suits brought against public entities own attorneys recently. He recognizes Attorney Michael Haglund is a friend with Ms. Reynolds; however, this suit is not about friendships. Many questions were asked of Heather Reynolds during a deposition before a public suit was brought against her. He agrees with others that Heather has a fine reputation and is well liked, but during her tenure with the Port, the job she should have done was not done correctly. Tiensen went on to state he is optimistic about the outcome of the lawsuit – there is another side to the story that he cannot get into specifics about the lawsuit without jeopardizing it. At this point Chairman Pfund called for other public comment, asking the people to keep their comments short so a lot of people will have time to speak *The following public comments are not written verbatim, but intended to reflect the substance of matters discussed.*

Mike Haglund attorney with Haglund, Kelley, Jones and Wilder LLP stated there are a lot of people signed up for public comment. There may be a need for more than just a “few minutes” to speak. Haglund stated first he wanted to advise he is a friend of Heather Reynolds, he has practiced law for 35 years and took the bar with attorney Thane Tiensen. He has a branch office in Astoria giving him the opportunity to have significant involvement in the community. He is shocked and concerned – this is not a case the court should bring to Ms. Reynolds. He stated the case should be dropped for two facets. Heather was involved in facilitating the hiring of Mike Lily, an environmental attorney with expertise in connection with oil contamination issues. He briefly went over the period of events, emphasizing that Ms. Reynolds was tasked to facilitate communications, but did not supervise the work of the attorney. He does not believe the Port will be able to prove the accusations. In conclusion Attorney Haglund urged the Port to accept the offer of \$50,000 made by Heather Reynolds and in doing so, the Port will be doing the right thing and be applauded by the citizenship of the community. A round of applause followed.

Commissioner Holcom voiced disappointment that the letter Attorney Haglund sent was not made available to the Port before being brought to the attention of the public. There are a lot of issues the public needs to understand and are not aware of. Some discussion followed.

Howard Clarke, Astoria – stated he has served the Port of Astoria in the past. The Port of Astoria needs to represent the interests of the public. Somewhere in-between the truth lies. It is not in the Port's best interest to sue Attorney Reynolds for a variety of reasons.

Doug Ray, Seaside – stated he is also a friend of Heather Reynolds and encouraged the Port of Astoria Board take the recommendation of Attorney Mike Haglund to drop the case against her.

Steve Campbell – 1580 Roosevelt, Seaside stated he is an attorney based in Seaside. He knows Heather Reynolds as a lawyer of highest integrity. The facts are that the Port hired another attorney to deal with the environmental compliance issue. That attorney became the specialist for that particular issue. Campbell stated it is his understanding Heather was never asked to monitor the case – as is normally the case. He urged the commission to accept the proposal for a settlement.

Roy Little MD, 17th Street, Astoria –stated he is a tenant of the Port of Astoria, a tax-payer and a voter. He understands the impact of being sued in the medical business. He has concerns about the consequences of the suit if it goes forward. If the suit goes forward the effect on people who will provide attorney assistance leaving a serious impact. He asked the board to settle per the agreement offer.

Pat O’Grady – 90455 PJ Road, Warrenton. He is providing an update on the gillnet fishery and asking for support of “NO ON #81. He would like to see letters sent to the Government and Oregon Fish & Wildlife. He advised he received a phone call from Salmon For All who are in support of the fishery and encouraging meetings with CEO’s to see if they can write letters and if there is a process of support. Commissioner Hess recalled the Port has written support of the fisheries. Discussion continued on legality of certain types of support, such as donations.

Laurie Covack, 82nd St.,Portland, Oregon supports what Attorney Michael Haglund presented. The letter frivolities are irrelevant and the Port should support the dismissal of Attorney Reynolds or the settlement agreement.

Chairman Pfund explained another meeting will be set as early as allowable to further review the issue. Attorney, Thane Tiensen explained the Port can withdraw or accept the settlement. The Board needs another meeting to consider comments taken into consideration. Heather Reynolds testament presented consistent reason for the lawsuit.

Becky Nelson, 91077 Lewis & Clark, Astoria stated she has worked for Heather Reynolds for 19 years. She knows the number of hours and her open door policy. She is appalled at how this turned out. Heather is a taxpayer here and so is she. This is the wrong way to spend tax dollars.

Ted Thomas, 398 Atlantic stated as a private citizen, promises were made earlier re Calpine. He recalls the different advice made by Reynolds to different commissions regarding Calpine. He stated the \$50,000 offer and 48 hour deadline is an attempt to obscure the case by keeping the case out of the headlines. Decide on the facts, not on the opinions – however popular. Proceed to trial, protect the public trust.

Steve Barkemeyer 89919 Hiway 202. Not a lawyer, does not know Ms. Reynolds; however he is appalled that someone who is before the bar, that there is a need to consider the seriousness - if she has been negligent or misrepresented or done anything wrong, she should be liable for disciplinary actions. whatever the truth is as a taxpayer, If she was hired to do a job and it wasn’t done properly he urges the Port to pursue it.

6. STAFF REPORTS.

John Overholser, Airport Manager reported the following:

- Great news on the lighting project – AIP 19. Field work is ahead of schedule. A local contractor, Helligso Construction, is doing the work and a great job.
- The two large T-Hangars are occupied. The T hangars are all occupied. Commissioner Holcom clarified for the record, the \$220,000 project is funded by the FAA. The Port’s match is 5% which has been budgeted for.

Janice Burk, Marina Manager reported the following:

- Marina is busy, good fishing. Fuel sales are up. The occupancy is 89%, up from 53% last July.
- Paid Parking at the East Basin is underway. \$900 has been collected since inception.
- Cleaning station is working well, being emptied every 2 days. Staff is busy taking care of customers.

Steve Barkemeyer, Boatyard Manager reported the following.

- Boatyard haul outs are doing well – up 10 from last year and already at 40 for this month.

- He believes he may have solved ongoing problems with tires on the travelift, with a heavier duty tube.
- Commissioner Holcom inquired about the use of the lift at Tongue Point. Barkemeyer responded it has limited functions. Discussion followed.

Rita Fahrney, Terminal & Administrative Services Manager reported the following:

- Pleased to report the Port of Astoria has 22 ship calls confirmed for 2013. The highest amount ever. Previous high was 19. A press release will be sent out tomorrow. Commissioners were handed out copies of the 2013 cruise ship schedule and a current ship arrivals schedule. Fahrney explained due to the relocation of both Coast Guard cutters to pier two, there will be some creative thinking in order to find a dock for all the smaller river cruise ships also needing to call here. Port will receive dockage fees for these ships.
- She has spent a lot of time catching up on fishing vessel invoicing. It has been a very busy season and the fishing vessels tend to come and go, with a lot of activity. She waits until month end to reconcile ship periods in port and then invoices them. Commissioner Hess acknowledged how packed the pier has been this summer. Commissioner Holcom remembered when ships tied to the outside of the breakwater at the basin and wondered if this might be a possibility. There was some discussion that at one point the Corps of Engineers no longer allowed docking there.

Bruce Conner, Marketing Director reported the following:

- There will be 4 double-ship days in 2013. The Port's rule is first call, first serve. Rita Fahrney further explained it is done by a berth reservation request form that is in our tariff. Conner reported reservation requests are submitted to Rita. Anchoring is more difficult, but the cruise ships like to call on Astoria – more and more as a “destination” port. Bruce also noted the expensive costs for requirements to have two tractor tugs for cruise ships wanting to use the inside slip during their stay. He is discussing this issue with the Coast Guard. Rita Fahrney added the Port of Astoria has a Facility Security Plan for the 17th Street dock. Some discussion followed. Bruce explained some of the operational details with two ships in.
- Commissioner Holcom offered his thanks for putting together the Regatta details in order for the commission could participate.

Mike Weston, Property Manager reported the following:

- Updated the board on new tenants – Flannagin Inspection Testing is renting office in the Port's old office building. The Lightship Columbia is renting dock space at Tongue Point. There is possibility of also a tug and research vessel relocating to Tongue Point.
- He is working with Bergerson to get samples completed by next week – putting the project on the fast track. He expects a confirmation letter to go out this week.
- The fire system at Tongue Point has been upgraded.
- In the process of going forward requesting emergency dredging permits. Staff is recommending the board declare an emergency. *Commissioner Holcom moved to declare an emergency for a dredging permit in order to facilitate proper depths for our slips for commerce purposes. Commissioner Hess seconded the motion. The motion carried unanimously. Commissioner Holcom recommended CEO Bynaker be directed to contact the office of FEMA to request funding to assist in this emergency the Port has declared. Commissioner Hess provided the second. The motion carried unanimously.* Some discussion followed on causes for the silting issues and possible remedies.

Colleen Browne, Finance Manager reported the following:

Staff is recommending retaining the current auditor for another year in the interest of getting a clean audit, completed earlier. The audit process will begin September 24th – three months

earlier. *Commissioner Holcom moved to retain the current auditors for an addition one-year period. Commissioner Bland seconded the motion. The motion carried unanimously.*

Herb Florer, Deputy Director reported the following on behalf of the Maintenance Supervisor who is on vacation:

Maintenance personnel are working on repairs at MSRC's dock; the T-Hangars and the alarm system at Tongue Point; work barge repairs; pier two utilities for the Coast Guard vessels and dredge preparation for emergency dredging and the season.

Herb Florer, Deputy Director reported the following:

- Meeting with Columbia River Bridge Crossing – the Port being the site for the event.
- West Basin DSL lease renewal almost complete for submittal.
- Rice Island license has been submitted.
- He received information this morning and confirmed that the City of Newport Council voted to end the consortium with the Port of Astoria and will no longer pursue \$75,000 contested charges.

7. GILLNET INITIATIVE – SALMON FOR ALL

Jim Welch, Astoria advised he represents Salmon for All as President . Commissioner Hunsinger asked him to share the work that Salmon for All is doing in respect to Initiative #81. Salmon for All opposes the initiative. He read the position paper to the board – stating it is politics, not policy. Re-allocation is what it is about. Signature gatherers were paid \$14/hour to gather signatures – while the sponsors of the bill claim the signatures were gathered through a “grass roots effort”. 87,000 signatures were needed. Financing came 90% from out of state people. Washington resident Norman Brendon donated \$500,000 toward the effort. There were 500-700 signature gatherers. Loran Parks and others contributed large amounts

Salmon for All has a strong list of allies. They have met with Governor Kitzhaber, who initially was supporting the initiative #81 and now has his own plan – that would keep gillnetting; however, only in select areas. Tribes involved are against Initiative #81. Discussion followed on sockeye catches by seining and the effect of the gillnet initiative in general.

Commissioner Holcom moved to send a letter to the governor with the assistance of Salmon for All and Fish and Wildlife describing the Port's support of gillnet fisheries and urging the governor to kill this bill and develop on for a later date. Commissioner Hess seconded the motion. The motion carried unanimously. Mr. Welch explained Clatsop County and the City are adding support by providing educational information to potential voters about the effect of the initiative. He made some suggestions for how public bodies can contribute to the effort. An education fund directed for an educational program would be appropriate. Commissioner Holcom moved POA set up educational fund that can be used from constituents to assist in the education of fishery related issues, subject to the CEO determining the legality of the process through the port attorney. Commissioner Hess seconded the motion. Some discussion followed on the legalities. The motion carried unanimously. Discussion followed on different donation efforts within the community. Hunsinger spoke about the companies that potentially will be affected by this ban. Commissioner Holcom suggested a public meeting be set up so voters can get more information on the issues at hand and senators and political parties be invited to participate.

8. RESOLUTION 2012-05 TARIFF MODIFICATIONS

CEO reported this is a tariff issue related to our security charges. He and Rita Fahrney met and agreed it should be raised to \$540 to also ensure training and uniforms are covered. Commissioner Holcom read Resolution 2012-05 and moved to approve the Resolution. Commissioner Bland seconded. The motion carried unanimously

9. CITY OF ASTORIA POLICE SUBSCRIBER AGREEMENT

Rita Fahrney reported this is a yearly Intergovernmental agreement for Port security to work with the Police department and have contact via radio during their work hours. Commissioner Holcom moved to approve the agreement. Commissioner Bland seconded the agreement. The agreement carried unanimously.

10. AL RISSMAN COMMEMORATION

Commissioner Hunsinger stated Al Rissman, who recently passed, was not just any man, but served 24 years on the Port of Astoria Board of Commissioners. He would like this commission to find a way to commemorate his tenure as a port commissioner and a long-time longshoreman. He had a wealth of information about the Port of Astoria's history. Commissioner Hunsinger is bringing this to the floor for commission consideration on how to commemorate his passage. His funeral is Saturday. Commissioner Holcom recalled some of the helpful information he received from Mr. Rissman. He stated it is customary when a board member passes that a resolution is prepared. Some discussion followed. Rita Fahrney agreed to assist in preparation of a resolution and any other commemorative action decided upon. She asked that commission members send her information to include.

11. TONGUE POINT SEALIFT – STATUS

CEO Hank Bynaker made the statement the existing sealift equipment at Tongue Point seems to not be the adequate equipment needed there. To make a lift useful and help current tenants a larger machine is needed. The Port paid \$112,500 for it. It is of nominal value at this time because it is not being used. He recommends the Port sell it for as much as we can get. Commissioner Holcom moved to declare the equipment surplus and sell it. Commissioner Bland provided the second. Commissioner Hunsinger stated when the equipment was purchased it was specific for lifting smaller boats out at Tongue Point. That was the plan that never happened. Small boats were going to be directed to Tongue Point with the larger ones being lifted on pier three. Hunsinger declared it to be a good machine, agreeing there is not proper staffing for it. If it is not going to be used in the fashion it was designated for, it should be sold. Commissioner Holcom modified his motion to add "funding received from the sale will be used for a more appropriate device. Commissioner Bland seconded the amendment. Chairman Pfund stated he does not want to jump into another mistake. Commissioner Holcom's motion carried unanimously.

12. TECH LINKS/PGET SOUND – POTENTIAL LEASE

Property Manager Mike Weston reported this is a multi-national conglomerate company out of the UK. They are requesting a lease of seven acres and pier three at Tongue Point. It is a sizable lease and sizable improvements will be made. They will be training 200-300 people for welding jobs. He is requesting the CEO have authority to continue negotiations with the company and finalize the agreement for commission approval. The lease will be for \$30,000 per month (\$360,000 per year) and the Port will reimburse one-half that amount. He explained some of the terms of the agreement. Commissioner Holcom moved to authorize CEO Hank Bynaker to finalize the lease agreement and bring to the commission for final approval. Commissioner Bland seconded the motion. CEO Bynaker credited Mike Weston for his work. Questions followed. Mike explained they are ready to move in by September 1st, thus the urgency to get the lease agreement approved. Commissioner Hunsinger voiced his need to have more time to review the agreement, find out about their background and ask questions that come up. Commissioner Holcom concurred with the need to do due diligence and rescinded his motion. It

was agreed to hold a Special Meeting Thursday and have the principals either present or available by phone.

13. DREDGE REPORT – UPDATE

Mike Weston reported on this during his earlier report.

14. CONNECT OREGON- UPDATE

Mike Weston reported the Port is good to go, just need to sign papers

15. MSRC LEASE RENEWAL

Mike Weston advised MSRC is requesting an additional five-year option to their long-term lease to extend it to 2016. Staff recommends approval. It will be handled in accordance with the terms of their lease and CPI. Commissioner Holcom moved to approve the lease extension. Commissioner Hess seconded the motion. The motion carried unanimously.

16. DIRECTOR'S REPORT

CEO Hank Bynaker briefly reported:

- Conducted budget and debt structure review with Finance Manager.
- Discussed cost cutting/containment and revenue opportunities with staff.
- Met and continuing to meet with tenants, business owners, and members of the community, media and members of federal and state government.
- Met with the Oregon Business Development representatives and looking into other avenues for potential debt restructuring.
- Although he is continuing to evaluate departments and staff's duties and responsibilities, he has enjoyed working with this team.. He is gaining a good understanding of the culture of the organization and issues facing the Port and feels he has made a smooth transition from private to public sector – largely due to staff being so helpful in educating him in all areas of Port business.
- Further, his compliments to the staff as they have been very busy with all the seasonal activity and keeping up with the workloads well.
- Finally, he would like to say he has received a very warm welcome here in Astoria and expresses his sincerest thanks to everyone.

17. COMMISSION REPORTS

- Commissioner Hunsinger attended a Salmon Advisory meeting in Clackamas. Discussion was held on Sturgeon season and sturgeon issues in the river.
- Attended the Salmon For All meeting regarding Initiative #81.
- In Portland had opportunity to use port experience to view other marinas. Also noted gillnetters having other boats run through their nets. He doesn't understand why people want to do things like that.
-

Commissioner Holcom

- Introduced Captain Kathleen Kennedy. She explained how they use Camp Rilea 23 days per year for training for Afghanistan. They appreciate the communities' support. There is still a war with Afghanistan. She confirmed she works with the psychological unit.
- Holcom also met with bond counsel for the Columbia Memorial Hospital. He stated interest rates are good now and it may a good time to review refinancing rates here at the Port.
- He is interested in the Port researching developing an export training council.

Commissioner Hess asked about progress report on sign design. The only quote received to date is for \$48,000. Hess mentioned a sign he saw that may be more reasonably priced.

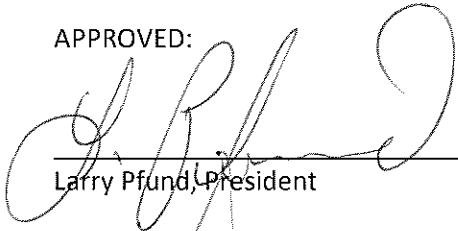
COMMISSION DIRECTION

Commissioner Hunsinger stated the need to pay attention to the Regatta events. He also stated his desire for continuing two meetings per month. He has had some negative feed-back on the web site and the minutes listing. He also brought up that the phone system needs to be updated with current staff members. CEO Bynaker reported that it is being corrected. Finally, Commissioner Hunsinger voiced appreciation for the work of Mike Weston

PUBLIC COMMENT. No public comment was received.

There being no further business, the meeting was adjourned.

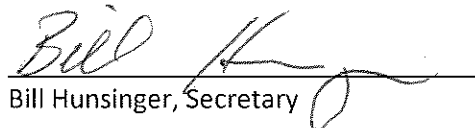
APPROVED:



Larry Pfund, President

Submitted by: Rita Fahrney,
Administrative Services Mgr.

ATTEST:



Bill Hunsinger, Secretary