

**PORT OF ASTORIA
SPECIAL COMMISSION MEETING MINUTES
MARCH 19, 2010**

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; Daniel Hess, Secretary; Lawrence Pfund, Treasurer; and Jack Bland, Asst Secretary/Treasurer. Floyd Holcom, Vice-President, is not present.

Staff: Jack Crider, Executive Director

Staff support: Thane Tienson, Attorney, Landye Bennett Blumstein, LLP

News media: Cassandra Profita, The Daily Astorian and Jeff Nelson, KAST Radio

Guests Sign In Sheet attached.

President Hunsinger began the meeting apologizing to the public for having a special meeting on a Friday night. He continued to explain how he was worried about the timeline of this meeting. He added the port's attorney planned to speak also.

Mr. Hunsinger turned the meeting over the Port of Astoria Director Jack Crider, followed by the port's attorney, Thane Tienson of Landye Bennett Blumstein, LLP. Also, the Public Comment session would follow.

An audience member asked Mr. Hunsinger that he should ask if anyone has objections to the meeting being held, a point of order in public meetings. President Hunsinger obligated the member of the audience, asking her to state her name. Hunsinger noted, we were not into the actual public comment part of the meeting, she added it was not public comment to the agenda, solely to the legality to the meeting.

Jean Dominey, 3647 Duane, Astoria, OR – Stating to the board, she has spoken to the members about the “déjà vu” in August before, with respect to procedures enacted in the November 5, 2004 meeting, the substance being: meetings law. Tonight, we are going through the same thing, since there was no notice in the paper yesterday. Citing Oregon revised statues, reading from the Oregon law, she questioned the legality of tonight's meeting that came with little advance notice.

The meeting notice had been emailed late the day before. She continued to explain to the board the details of the 2004 meeting, which happened the same way, noting the little more than 24 hours notice. Decisions made by a governing body, when meetings do not uphold the law with 24-hour in advance notice to the public, could be held in violation Dominey continued.

Commissioner Holcom arrived at this point in the meeting; he'd been caught up in traffic.

Dominey continued to make her final point: the 2004 meeting and the meeting tonight. Which was the commissions' failure to notify the general public at least 24 hours in advance. She is protesting whether this governing body has the right to hold this hearing at this time.

Board President Hunsinger stated the board respects her testimony. Hunsinger allowed Attorney Tienson to address Dominey's comments. Tienson continued to explain how he took her comments very seriously. He added the last thing he would do, as a lawyer, is to recommend action by this body that might be not in compliance with the proper advance notice. His understanding is that there was proper notice.

The purpose and the reason for the meeting tonight came from the injunctive relief order, made yesterday, issued by judge Mike Mossman of the federal district court requiring immediate action by the port. Tienson continued to explain his reasons for waiting to have this meeting at this time. He also added that the comments he received from judge Jelderks, (the U.S. magistrate judge) assigned to this case, would explain the need for a specially called meeting 24 hours after the conclusion of the conference yesterday.

Tienson continued to explain his intentions later in the meeting is to recommend the board to authorize Director Jack Crider send a letter the Division of State Lands (DSL) notifying them, that in compliance with the injunctive relief order, the port choose to exercise it's option to renew the lease with the agency for 30 years for the east Skipanon peninsula.

Nothing, it will not take final effects for at least two weeks. Dominey thanked Tienson for making his comments. She had one more question: if Tienson had a signed injunction? Is it in a written document or is the injunction verbal to meet tonight? Dominey, interrupted by President Hunsinger asked her to raise her hand and allow him to address her again; she said she'd request to speak one more time. Hunsinger answered that was not necessary and then addressed her last question, allowing Tienson to continue. Tienson answered, yes, there is a signed order, dated March 11, 2010 asking the port and it's commissioners to immediately comply with the court's order making the 30-year lease available for three years, enter the sublease with OLNG, and make the land subject available to the agency.

That will essentially require the port to renew the master lease (upland lease agreement) with the state, being the landowner, making the 30-years available to OLNG if the port has the lease with the state as well. In an oral direction by the judge, immediately meant immediately, and Tienson believed the best way to demonstrate good faith compliance was to meet tonight.

II. DISCUSSION ITEM – DSL LEASE SKIPANON - OLNG

For the record, Tienson continued with history of the facts.

- In November 2004 the state of Oregon Department of State Lands entered into a lease agreement with the Port of Astoria, for certain acreage on the Skipanon Peninsula.
- Afterwards, the port entered into a sub-lease agreement with Skipanon Natural Gas, a subsidiary of Calpine Corp. providing all the sub-lease payments would be paid over to the state (a pass-through arrangement) both leases, providing for

- initial five-year lease periods allowing the company sufficient time to determine the feasibility of construction.
- Two years later after a bankruptcy filing by Skipanon Natural Gas, the sub-lease was assigned to LNG Development Company dba Oregon LNG.
 - In May 2010, the company sought a two-year extension in order to allow the company additional time to determine if the company would be successful in obtaining the licenses and permits. It also allowed time for the pending Department of Justice investigation to be completed. The extension was agreed to and amended on August 24, 2009.
 - A lawsuit was entered into by the gas company against the port it's individual commissioners and the attempt by the port to have it dismissed was unsuccessful.
 - Judge Michael Mossman adopted the findings and recommendations of the magistrate judge and granted a partial summary judgment in favor OLNG (against the port) and their claims of breach of contract.
 - A motion was filed on March 11, 2010 for preliminary injunction and the judge adopted the findings and recommendations and ordered the primary injunction granted ordering the port to take immediate steps to provide the additional 30-year terms specified in the sublease.
 - On the regular scheduled meeting, March 16, 2010 the port asked Tienson to defer action on compliance with the courts order pending conference call meeting.
 - Oregon LNG filed motions for civil contempt against the port and against each of the individual commissioners.
 - At the March 18, 2010 conference call, the judge informed the parties that the order was intended to require immediate action by the port. By notifying the office of the DSL of the port's intentions, it would not moot or prejudice the port's ability to appeal the courts' decision later on. By the port taking the immediate action to inform DSL of it's intent would demonstrate good faith in compliance with the courts' order. At the same time, OLNG counsel represented to the court he would strongly recommend to his client to withdraw the civil contempt against the port, if the port took the 24-hour notice and met tonight and voted to notify the DSL office of it's intent to renew the 30-year renewal option in order to comply with the court's March 11th order. The port understood, after the conference call with the judge, that OLNG would seriously consider withdrawing it's claims against the port if it agrees to comply with the order.

Based upon the comments of the judge and order entered, Tienson recommends that the port notify the DSL office it intends to exercise the renewal option in hopes to resolve this.

Commission President Hunsinger called for public comment.

III. PUBLIC COMMENT

- **Lori Durham, 398 Atlantic, Astoria, OR** – Noting the two-year extension on August 24, 2009 granted by DSL to the port, in turn it left seventeen months to sign the lease. She suggested the port to take the time to ask the agency (DSL) for help, hoping they could void the lease. Six years later, it is an albatross. Thanks to Mr. Bland, Hunsinger, and Holcom for trying to find an equitable solution to this mess. She asked the board not to let OLNG scare tactics to influence their decision tonight.

- **Al Rissman, Astoria, OR** – The port is no more than an agent for the state of Oregon and LNG, it's time for the state to get involved.
- **Carl Dominey, Astoria, OR** - Carl asked if anyone could verify that the meeting notice was in the Daily Astorian yesterday. Commission President confirmed he had seen the notice in today's newspaper, though, not in the paper yesterday, violating the 24-hour rule. Hunsinger disagreed it violated the 24-hour rule.

Thane Tienson, acknowledging he is not the port's regular attorney, and explained that by his knowledge, technically, if the port sends the meeting notice out 24-hours before the meeting, it means it falls within the 24-hour advance notice rule.

Director Jack Crider agreed with Tienson and confirmed he is correct in what he is saying, adding the port's attorney, Andrew Jordan had received the notice and he verified it was proper notice.

Dominey continued, that if judge Jelderks have a legal reason for the deadline the meeting had to be tonight? Tienson added the honest answer is, when they talked about the immediate necessity of this meeting, chair Hunsinger said he'd like to have the meeting the following week, Tuesday, to give ample public notice, prompting the outcry of Oregon LNG. Following the judges' belief that since the port gave the 24-hour notice, he believed the port should go ahead and hold the meeting and not go into contempt of the court's order.

Dominey continued he still had not heard that the answer on how the judge had arrived at this conclusion. Tienson again explained the events of discussion between he and the judge. Dominey asked if the port had actually given up their right to appeal? Tienson explained the judge's strong suggestion to give this matter "immediate" attention and take the steps to make a settlement resolution.

His last question is no matter when the agreement is signed, it could still be two weeks he is wondering what effect it could have, could the port exercise it's right to appeal or change it's mind? Tienson, added, those are questions that should be addressed to the commission chair and said until the decision is final nothing is final.

- **Jay Kiddle, 91359 Fort Clatsop Rd., Astoria, OR** – Protesting the legality of the meeting tonight, due to the time it was in the paper. He continued to say how he learned of the meeting, through emails, and asked the port to re-do it with proper notice. Questioning OLNG's viable business plan, the facilities are not economically feasible. He added how he didn't think the company could find investors, calling this a "paper chase". He thought the port should call it quits and send the company packing. If the investors knew what they were into, they would be fleeing like rats on a sinking ship.

- **Laurie Caplan, 766 Lexington Ave., Astoria, OR** – She wished, along with most of the people in the room tonight, the court had given us another option. She noted how it must be unpleasant it is to sign a lease to benefit a company treating the port so badly. She continued to read comments from property owners and their concerns about

the company's misconduct, which is standard operating procedure. She urged the audience and members of the board to attend the upcoming hearings and the Federal Energy Regulatory Commission (FERC) fact-finding proceedings, Wednesday, April 21, 2010 at 1:00 p.m. in the Judge Boyington meeting room in Astoria.

- **Jean Dominey, 3647 Duane St., Astoria, OR** – Noting she is not going to address the agenda. She continued to state emails were sent from the port to the Daily Astorian the day before March 18, 2010 at 4:50 p.m. not published until the day of the meeting.

- **Ted Thomas, 398 Atlantic, Astoria, OR** – Ted explained what he perceived what is going on. Appeals, the gas company's requests, legal fees forgiven or not, and consequences led, to his belief the company is blackmailing the port.

Commission President Hunsinger noted he's allowed everyone who had signed up to speak, he asked if anyone else in the audience would like to address the board, all they would have to do is raise their hand.

- **Carol Newman, 44331 Peterson Lane** – She does not envy any one of the board members. She remembered the 2004 meeting where she stood up and spoke, urging to please "don't do this". She continued to recount statements of the evening, calling it revolting behavior. Changing the meeting rules is what she believes needs to be done, after five plus years gone by, and the same thing was going on. She asked the board to bring the state's DSL office in to participate, being a landowner herself, she does not understand the lease business. Go to the owner. She continued with one last thing to think about, when the zone changes were made after meetings in Warrenton, the company declared bankruptcy. "We'll be with you" she said, ended her comments.

- **Lorrie Haight, 9305 Sandrich Rd., Long Beach, WA** – Options are when you have a choice. It would be much simpler if the board would just vote no, it would be over.

Board president asked if anyone else would like to make a statement. None were noted. He announced the end of the public comment and at this time we would take a 5-minute break before they recess into executive session, ending by reconvening the special meeting.

IV. RECESS TO EXECUTIVE SESSSION at 7:00 pm in ACCORDANCE WITH ORS 192.660 (2)(e) TO CONDUCT REAL PROPERTY TRANSACTIONS; and ORS 192.660 (2)(h) TO CONSULT REGARDING LITIGATION

He then asked Director Jack Crider explained the port's legal counsel recommended the board move ahead and the board direct him to notify the state of Oregon Department of State Lands of the port's intention to exercise their 30-year renewal option.

V. **RECONVENE SPECIAL MEETING** wherein President Hunsinger announced where there would look at decision of the DSL Lease Oregon LNG, then afterwards open public comment.

A motion was made to authorize Director Crider to move forward as mentioned above. *The motion was made by Commissioner Dan Hess and seconded by Commissioner Larry Pfund.*

Hunsinger called for comments from the board members on the motion.

Commissioner Holcom stated he would be voting yes and said he really has not had enough time to analyze everything in the last 24 hours. Discussion followed on his serious questions of the past. He is not against the natural gas or LNG industries. He believes there are serious title issues with this property and he believes the relationship with OLN is a bad business deal. Much room for improvement is needed with the sublease and the public deserves improvement of that agreement. He will vote under protest and questioned OLN's tactics in naming them individually. One surprising thing tonight was that no one in the public comment session had asked him to vote yes.

Commissioner Hess added he plans to vote yes. He also added this has been ongoing and doesn't have to like it. He believed it will only multiply and he would like to move on.

Commissioner Pfund did not have any comment.

Commissioner Bland decided to comment after he votes.

Board President Hunsinger commented, that on November 5, 2004, he believed the administration then, did not tell the truth to the board what they voted on. The public should have had the right to realize the property they gave away and the value of what it was worth.

Coming to the crossroads with the current commission, three of them have tried to clean up the past and do things as honestly as could be done. He continued to explain the situation he is in tonight and at this point in time and personal events, the obligation for him is to be at the meeting tonight. He is also considering the testimony from the public and without the regular port's attorney telling him the legality of the meeting, for this reason, he is abstaining from voting. Commissioner Bland has a question on the motion on the floor. He will be calling it as a roll call vote.

After reading the motion on the floor by Director Crider, he continued. The Port of Astoria hereby directs the port's executive director to notify the State of Oregon Department of State Lands (DSL) of its intent to exercise its the 30-year renewal option.

Hunsinger called for the vote. Calling to Commissioner Holcom, voted yes. Commissioner Hess voted yes. Commissioner Pfund voted yes. Commissioner Bland voted yes. The vote was 4-0 with Board President Bill Hunsinger abstaining.

Commissioner Bland, commented, being a newcomer to the commission, it's been a challenge to understand the whole process. Public hearings were held five years ago, and as far as he is concerned, the deal was done then, however, the agreements raised several questions. It took him months, not having the background in the area and none of the issues involved OLNG, but did involve the port and Clatsop County residents and taxpayers.

The three issues are: 1) with reasons unclear, the port agreed to convey the entire rent from the sublease to OLNG to DSL by a master lease, leaving the entire not with compensation and leaving the port with all the liability that may occur in the future, 2) legal ownership of the relevant portion of the Skipanon peninsula, and 3) the last minute revision in the sublease presented late on a Friday night meeting. The revision contains an undisclosed surprise that grants OLNG the right to develop an alternative marine industrial facility (a port) if it could not obtain all of the permits.

Commission President Hunsinger thanked the commissioners for their comments and asked for any other comments. None were offered. At this point in time we will have a second public comment. No one signed up, and Hunsinger asked the members of the audience to raise their hands if they wanted to make a comment.

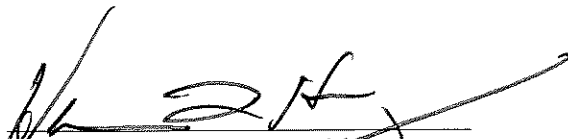
VI. PUBLIC COMMENT

- **Jean Dominey, Astoria, OR** – asked if the record be held open for seven days for further submission.
- **Lori Durham, 398 Atlantic, Astoria, OR** – she liked Commissioner Bland's comments, about the last minute revision. For the record, it seems to her (as her own interpretation), it is another "blackmail" tactic by OLNG.

VI. ADJOURN

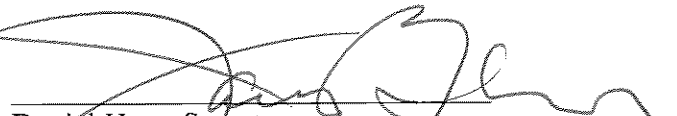
Meeting was adjourned.

APPROVED



William Hunsinger, President

ATTEST:



Daniel Hess, Secretary

Submitted by Esther Jones, Administrative Assistant

Port of Astoria
COMMISSION MEETING

SIGN IN SHEET

DATE: March 19, 2010

NAME

PRINTED NAME

Lori Durham

Lorrie Haight

Laurie Caplan

Jean Dominey

Pam Hunsinger

CARL DOMINEY

John Hord

Theodore F. Thomas

Jay Kiddle

DOMINIQUE TRUBULLO

Peter Georin

LORRIE HAIGHT

Jean Dominey

John Hord

Theodore F. Thomas

JAY KIDDLE

DOMINIQUE TRUBULLO