

MINUTES
SPECIAL MEETING
MAY 6, 2010
PORT COMMISSION CHAMBERS

Chairman Bill Hunsinger called the Special Meeting to order and took roll call.

Commissioners present: Bill Hunsinger, Dan Hess, Jack Bland and Floyd Holcom. Larry Pfund ^{here} absent.

Staff present: Executive Director, Jack Crider and Terminal/Administrative Manager, Rita Fahrney. Also Present: Thane Tiensen, attorney.

Others present: See attendance sheet.

CHANGES/ADDITIONS TO AGENDA. Chairman Hunsinger announced that new information on the OLNG Settlement has been added within the past hour. The Port Commission is recessing the Special Meeting to meet in Executive Session in accordance with ORS 192.660 (2) (h) to discuss litigation. It is expected the Executive Session will be held for one-half hour and then the Special Meeting will be reconvened.

Following Executive Session, Chairman Hunsinger reconvened the Special Meeting.

OLNG SETTLEMENT. Chairman Hunsinger called on Attorney, Thane Tiensen, to recap where the Board is with regards to the settlement. Tiensen reported the negotiations and changes for this settlement have been ongoing and the board does not yet have agreement to a settlement. The Port has no way to get out of agreement to lease land to OLNG. There is a binding contract and there is a court order enforceable by law. He explained the alternative to settle the OLNG agreement is the Board would agree to go forward with a lawsuit. The cost, possible judgment, and appeals is an unattractive option. The Board has reviewed the OLNG settlement in detail and still has no agreement. It would be fair to say they are working towards an agreement if they can agree on language and provisions and lands OLNG is seeking to lease or purchase – if not successful the port will retain the lands. It all depends upon favorable action by DSL with respect to rules. There will be no final agreement at this meeting while the Port Board considers concerns and their desire for due diligence for homework regarding contingencies and consequences of Port Board actions – until all the commission members can say they made the most prudent decision for the Port of Astoria and acted in the best interests of the Port.

Chairman Hunsinger thanked attorney Tiensen for his good work. Due to new proposed settlement issues that arrive just within the last hour and the multitude of issues that have to be addressed, the commission members want to make sure they make the right decisions.

PUBLIC COMMENT. *(The following public comments are not written verbatim, but intended to reflect the substance of the comments made.)*

Jeff Nelson, NNW Broadcasters asked what the subject property consists of and what it is wanted for. Tiensen replied it is land at or near the leased premises on the Skipanon peninsula – five additional acres of land adjacent to the larger site. The concern of the Port is we want the opportunity to apply for the waterway lease.

Kathy Sullivan asked what if OLNG decides they want the land for some other purpose than the LNG terminal and what if they abandon due to not getting needed permits. Tiensen responded the OLNG settlement confirms the agreement is restrictive use, only for the LNG terminal and OLNG has expressed clear desire to only use the land for an LNG facility. Chairman Hunsinger questioned how long the Port is liable to DSL if OLNG leaves. Tiensen replied if OLNG abandons, the agreement is no longer valid and the port will retain or acquire the land. Commissioner Bland stated the need to amplify... IF the Port signs a 30-year lease with the State for \$38,400 and OLNG can't get the permits, they have the right to walk away and the Port still pays on land the Port MAY own!

Ted Thomas. Asked for clarification on the property to lease. When is the record open and when is the vote. Tiensen replied there are presently two leases in discussion: 1) the master lease between the POA and DSL and 2) the lease between the Port and OLNG. The original lease allows any marine industrial purpose – the settlement agreement OLNG agrees will not use the land except for LNG purposes. They are highly motivated to get a consensus on the settlement.

Discussion following on the master lease questions and options. Ted Thomas reminded the commission of the cost of the Peter Gearin episode - \$800,000, to bear in mind when considering the long-term effect of not appealing versus appealing.

Laurie Caplan asked if the judge is ok with the settlement delays. Tiensen explained part of the delay is a consequence of the State, who is not a party to the lawsuit.

Jay Kittle asked how the Port can be forced to sell/lease property we don't want to sell/lease. Tiensen explained the question is: what is the most prudent decision on leasing/selling land, for the commission to answer. Discussion continued on selling/leasing of port properties and development opportunities the port may have to make decisions on. The Port is not on record opposing development of an LNG terminal. This lawsuit is unique in that the federal judge has named five individual commission members – three who were not part of the original decision.

Carl Dominey questioned if the Port of Astoria has the legal authority to say no to OLNG's request for more land, thereby stopping the project. Tiensen responded there is a provision in the settlement that OLNG can pursue land outside the lease that may or may not be necessary for the project. The only land OLNG wants is to construct a dock and wharf for operations.

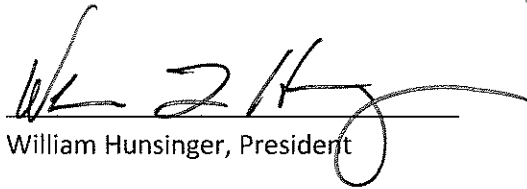
Ted Thomas characterized the settlement agreement as "blackmail". Tiensen responded "it's wholly inappropriate to characterize the deal as 'blackmail'" – "rather it is a decision to explore the settlement

based on rulings already made". The potential lease or sale of additional land is part of the negotiating process for the port to settle with Oregon LNG.

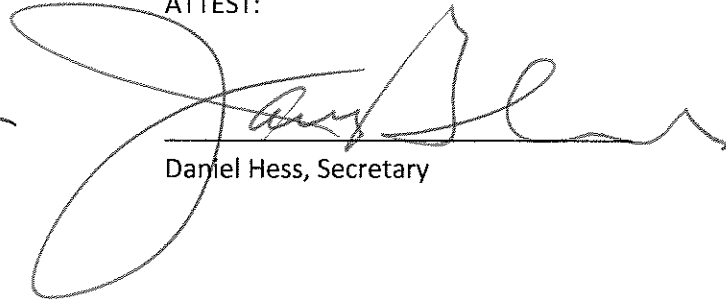
Chairman Hunsinger acknowledged the settlement has dragged on for quite a while. The board is trying to make the right decisions. There will be a special meeting the next Tuesday to consider whether there is agreement to the settlement.

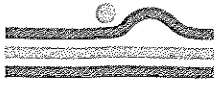
There being no further business, the Special Meeting was adjourned.

APPROVED:


William Hunsinger, President

ATTEST:


Daniel Hess, Secretary



PORT OF ASTORIA

COMMISSION

MEETING ATTENDANCE SHEET

DATE: 5-6-2010

NAME

PRINTED NAME

Cassandra Profita

Jan Nunsinger

Laurie Caplan

Carol Newman

Jeff Nelson

Lois Sage

Kathleen Sullivan

Ted Thomas *Ted Thomas.*

Joyce Woodson

Rachel Ulrich

Jim Stoffer *Jim Stoffer*

Fay Kiddle