

MINUTES
SPECIAL MEETING
MAY 26, 2010
PORT COMMISSION CHAMBERS

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

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

Staff present: Executive Director – Jack Crider, Terminal & Administrative Manager – Rita Fahrney, and Property Manager – Herb Florer.

Others present: See attendance sheet.

EAST-WEST DEMOLITION PROPOSAL.

Executive Director, Jack Crider advised he was introduced by Ike Enyart to West-East Demolition and Trading. For the past six months they have been putting together a proposal to operate a metal recycling facility at Tongue Point. He introduced Paul Griman, engineer for the company who explained the history of the company and the processes used to operate the facility at Tongue Point. They will focus initially on vessels up to 200 feet long. The vessels will be dismantled, salvaged for scrap and recyclable materials. They will arrive under tow by water and be ramped onto a barge. They will undergo a thorough inspection before any processing is complete. A covered facility will be used for processing. The materials will be shipped using multimodal transportation hubs and existing networks that may include marine access, rail, barges and trucks to transport the materials. They will employ up to 25 full-time jobs and, as a secondary benefit, clean up derelict vessels left along the shoreline and obsolete vessels will also be processed at the facility.

Further discussion and questions regarding the proposed operation continued. Environmental concerns brought up as a result of previous businesses interested in dismantling vessels were discussed. Commissioner Holcom urged the company to take advantage of engineering studies completed by previous companies that proposed ship dismantling businesses in the area to ensure they coordinate ideas, concerns and thought processes brought forth on earlier efforts. Director Crider advised staff is looking for direction from the commission whether to continue to work with the company to negotiate a deal to bring back to the board. The board members voiced concurrence to staff pursuing the project, citing benefits such as rail possibilities, jobs provided and investment in the community.

TONGUE POINT INVESTMENT – LEASE

Director Jack Crider introduced Dale Herbert, principal with Tongue Point Investors, LLC. (TPI) Mr. Hebert explained the purpose of the Lease Option Agreement is to give TPI time to succeed in obtaining needed permits and facilitate TPI's development and operation of a biomass energy facility.

Property Manager, Herb Florer provided the background of the efforts to date, beginning in November. In February the Port Commission agreed to a Memorandum of Understanding, so that TPI could proceed with their efforts. Since then they have been working through infrastructure and funding issues. The Port now has a proposed Lease Option Agreement for consideration. It has been reviewed by staff.

Dale Herbert advised the major points of the Agreement are:

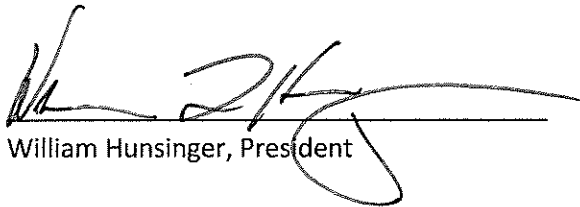
- One-year option – reserves parcel for lease to TPI
- 6-8 acre parcel of land without improvements
- Port may sub-lease during the option period on a month-to-month basis
- TPI will pay Port \$10,000 for the Option Agreement
- Parties agree to negotiate in good faith regarding a lease and payments

Commissioner Holcom cautioned about the need to prepare a long-term plan for use of Tongue Point properties. There are other companies interested in the site and other opportunities may come up. There was discussion of the Port's intent to lease DSL properties at Tongue Point. Denny Houle, OECD representative, commented he believes DSL does want to lease out property. The property is getting a lot of attention. Crider stated in order to move forward TPI needs to show site control by the end of the month so they will have the mechanism to go forward for financing purposes.

With discussion and clarification Tongue Point Investors are paying for an option, and they will work with the Port on adjusting the site location for future planning purposes - and with review by the Port's attorney, Commissioner Holcom moved to approve the Lease Option Agreement. Commissioner Pfund seconded the motion. The motion carried unanimously.

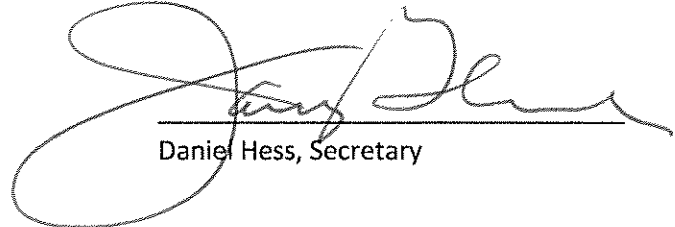
There being no further business, the meeting was adjourned.

APPROVED:



William Hunsinger, President

ATTEST:



Daniel Hess, Secretary



Port of Astoria

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PORT OF ASTORIA

COMMISSION

MEETING ATTENDANCE SHEET

DATE: May 26, 2010

NAME

PRINTED NAME

Denise Houle, Business Oregon

Ted Thomas Ted Thomas

Lori Duckheim

TONGUE POINT INVESTORS LLC / DALE HERBERT

Michael Desmont, KAST Radio

JOHN ESTUOS

Empty lines for additional meeting attendees.