

MINUTES
SPECIAL COMMISSION MEETING
OCTOBER 12, 2010
PORT COMMISSION CHAMBERS

Vice President Dan Hess called the Special Meeting to order and took roll call.

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

Staff present: Executive Director Jack Crider, Terminal & Admin Services Mgr. Rita Fahrney, Deputy Director Herb Florer.

Others present: See sign-in sheet.

CHANGES/ADDITIONS. No Changes or additions noted.

PUBLIC COMMENT.

Lori Durham, 398 Atlantic, Astoria reported she attended a meeting held by the State Land Board. Present were the Governor, Secretary of State and Treasurer of State. They weren't going to let her speak, but eventually they did. She mentioned problems and concerns the Port of Astoria is encountering with the DSL. She was told the State Land Board will come to Astoria next year and hold a public meeting. Durham asked who financed the trip to Korea. Executive Director Crider responded it is approved as a budget item this year by the Budget Committee.

PIER 3 COLLATERAL AGREEMENT.

Executive Director Jack Crider reported there remain two major issues in completing the Collateral Agreement for pier 3. The first is the assurance that there are no violations of ORS 777 statutes and interstate commerce regulations. If it is determined there is, the Agreement will be instantly rejected. The next item was to eliminate references to Westerlund Log Handlers – referring to WLH as “tenant” instead. Also to have counsel clarify whether tenant violation of the lease agreement would cause a default in the Port's loan agreement. Statutes covering interstate commerce are extensive. The Collateral Agreement has to now go back to the Attorney General's office. Statutes and subsections are being added, as if the state now wants to start managing Port tenants. Crider emphasized the need to complete the process as soon as possible.

RED LION LEASE AGREEMENT

The Red Lion sign is being painted. Negotiating with a local painter to put Port logo, etc. on the board – to save grandfathering rights. SDAO turned down placing insurance on the building. Discussion followed on insurance coverage issues. Red Lion's lease expires in 2 ½ years. They continue to pay the lease payments and utilities. Crider advised Red Lion would like to extend their Tolling Agreement with the port for an additional 90 days. There is some discussion of building a new hotel structure. *Commissioner Bland moved to approve the 90-day extension. Commissioner Pfund seconded the motion.*

Commissioners Bland, Hess and Pfund voted yes. Commissioner Hunsinger abstained. Motion carried with majority vote.

NAVAL SHIP MUSEUM – DRAFT REPORT.

Commissioner Jack Bland reported the consultants have prepared a draft study on the possible opportunity to berth a Navy ship in Astoria and turn it into a museum. While the study is in agreement that Astoria is a terrific site, the question is how to make it happen and the economics. Bland pointed out the attractions Astoria has to offer and advised the next step is to put together a working group to look at 1) is there enough people interested; 2) creation of a non-profit to make money; and 3) look at available Navy ships. Discussion followed on the impact a navy ship museum can bring to the area. Commissioner Bland stated he remains interested in pursuing the possibility. Commissioner Hunsinger noted he has not had an opportunity to review the draft report. Roger Nance, Westerlund Log Handlers, and Don McDaniel, former port commissioner, both commented on Navy ship museums they have seen in place. A lot of factors need to be considered before making commitments.

ECONOMIC IMPACT STUDY.

Director Crider reported the first draft of survey questions to go to the public is completed. He would like commission members to review the questions. The survey will be matched up with a mailing list to receive as large of amount of participation as possible. South County residents are also included in the mailing list. He asked for input on whether the right questions are being asked.

CONNECT II PASSENGER SERVICE – SCOPE OF WORK.

There will be a Seaport Airlines open house on Wednesday from 2:00 p.m. to 5:00 p.m. \$80,000 is carved out of Connect II funds to market in Astoria and Newport. There are concerns when the \$40,000 Astoria subsidy is spent and when the supporting funds are gone the airline will service will end. There has been discussion on the need to search for other funding to keep the service. Chairman Holcom has stated he would like to ensure the service stays active through the City's bi-centennial celebration in 2011. Time is needed to search for additional funding/grants. An option would be to hire someone to put together a plan to solicit business instead of spending the money in advertising. Commissioner Bland agreed on the need to continue air service and get help to extend the subsidy. Federal programs may be available. Commissioner Hess recommends convening the Airport Committee to get their input. There is consensus on the importance of keeping the air service. Commissioner Hunsinger stated what worked in the past was direct flights from Astoria to Seattle and back. If past records are reviewed it will show the flight history success of flights to and from Seattle. Seaport Airlines representative, John Lansing noted that the concept is to get the word out, by word of mouth, that Astoria air service provides a connecting flight to the "rest of the world". Crider needs to get direction from the commission.

KOREA TRIP

Executive Director Crider stated he had a great trip! He was skeptical at first about the process and contacts. There was a good team effort by Dr. Sonny Park, Commission President Floyd Holcom, and him. He was impressed with the expertise and great speeches by Holcom and Dr. Park. Crider explained

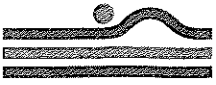
Dr. Park's involvement in the trip and that 60 shipping companies from Korea were invited to come and meet with the Port of Astoria while they were in Korea. He was impressed that 20 companies were interested. K-1 Plant in Korea is interested in assisting the Port in acquiring a crane. Port of Busan has indicated willingness to help with funding sources available. Crider also showed pictures taken during his trip to Korea. Information is being generated on cost/benefits and investment required. The Korean companies asked for more detail than was prepared. He declared the trip was "well worth it".

LOG EXPORT SCHEDULE. Director Crider congratulated Westerlund Log Handler's Roger Nance, for getting started on his yard operation. Nance responded they are excited to get going. The first log ship is now scheduled for November 2, 2010. He expects it to load approximately 1 – 1.5 million board feet of logs. WLH's target is to bring in a vessel for a full load by year's end. Director Crider explained the port's dredging season begins November 1st. Port staff will want to keep up with the schedule and how full the ship will be when it comes to Astoria. Some questions followed. Roger Nance emphasized the need to get approvals for WLH to have the pier three area to use. Commissioner Hess offered his thanks and congratulations to WLH.

PUBLIC COMMENT

Don McDaniel, former commissioner, Astoria, voiced his agreement with Commissioner Hunsinger in the need to incorporate Seattle into Astoria air service. Specifically Seattle/Astoria/Newport/San Francisco would tie into two major hubs. McDaniel noted he drives to Portland, having no economic advantage to use the air service. The Seattle airport provides for more places he personally wants to go to. Funding is needed for a study to look into future routing. His second comment is on the Red Lion status. It has been known for years the status of the lease terminating and everyone has sat back and waited. He believes there are two aspects to consider: #1.) Community outreach on how the property should be used – open space, hotel, condos, what? The public should have the feeling they had a say before any decision is made. #2.) Competitive bidding should be done in the event it is decided to rebuild a hotel, going out to the big players rather than just the Red Lion. Commissioner Hunsinger agreed with McDaniel, he does not like the direction the Red Lion is going and does not want to negotiate unless there is good competitive bidding – if that is the direction of the Port and the community.

There being no further business, the meeting was adjourned.



PORT OF ASTORIA

COMMISSION

MEETING ATTENDANCE SHEET

DATE: Oct. 12, 10

NAME

PRINTED NAME

Leri Durham

ROGER NANCE

Jim Hunsinger II

[Signature] JOHN ESTOOS

Multiple horizontal lines for additional entries.