



APPROVED 12-15-2009

**MINUTES
OF THE
BOARD OF COMMISSIONERS
MEETING**

HELD ON

**Tuesday, November 17, 2009
6:00 p.m.**

AT

**Port of Tillamook Bay
4000 Blimp Boulevard
Tillamook, Oregon**

1. Call to Order

Board President Jerry Dove called the meeting to order at 6:04 p.m.

2. Recognition of Persons Present

Commissioners: Jerry Dove (President); Ken Bell (Vice President); John Ficher (Secretary); and Jim Young (Commissioner). Commissioner Riedel (Treasurer) was not present at the meeting.

Staff: Michele Bradley (General Manager); John Lewis (Roadmaster); and Aaron Palter (Project Coordinator).

Public: Aaron Zorko (Oregon Coast Scenic Railroad); Don Hurd (TURA); Georgine Beveridge; Linnea Burden; Richard Carr, Dan Patsula, Ken Margala and Howard Keim (The Bunkers Group); Ingrid Weisenbach and Tony Snyder (ODOT); Jill Williams; Wayne Cook and Don Gragert (Tillamook Gun Club); David Rangel and Suzanne Berdall (Modoc Rail); Gus Meyer; Matt Mumford (TCTD); and Lee Ann Neal (Headlight Herald).

3. Public Comment

Mr. Wayne Cook said he might have a response on behalf of the gun club depending on any presentation from the Bunkers Group regarding the gun club's recent lead reclamation activities at their site.

4. Presentation by ODOT – Ingrid Weisenbach, ODOT Region 1 – US 101/OR 6 Improvement Proposed Project

Ms. Weisenbach and Mr. Snyder are here to discuss the Board's willingness to enter into negotiations for the purchase of the Port's railroad right of way on Front Street in Tillamook. Ms. Weisenbach discussed the proposed project for the Highway 101 and Oregon Highway 6 intersection as ODOT's efforts to address mobility issues at the site and its concepts moving forward towards an environmental assessment.

Mr. Snyder said the project would be completed by 2015. They discussed alternatives C-1 and C-4 with the Board (attached). These have been discussed with local businesses. Both alternatives involve the construction of a new bridge over Hoquarton Slough and the widening of travel lanes between 1st and 3rd Streets from on Main and Pacific Avenues in Tillamook by two (2) feet on either side, with a reduction in sidewalk depth of two (2) feet on either side. There may be issues with sidewalk reconstruction, as some sidewalks in the proposed area double as ceilings for basements of adjoining properties. First Street at the Intersection of Highway 101 and 6 would become a two-way street, with two lanes running westbound and one lane running eastbound to address traffic egress east to the Portland area. Alternatives differ to address Front Street access for both trucking needs as well as access to the Hoquarton Slough Park, where the bridge design would be dependent on the Board's response regarding its right of way, possibly effecting project costs by \$3 million. Not acquiring the Port's right of way could be a fatal flaw of the project. There was a discussion about various bridge designs as well as environmental issues. Mr. Snyder provided a history of how we got to this point through House Bill 2001 (JTA).

There was a Board consensus to have staff work with ODOT.

5. Presentation by Modoc Railway Academy – Dave Rangel, Deputy Director

Modoc is here to discuss its proposal to lease that current isolated section of the Port's railroad for use as a training facility. Modoc is the #1 independent railroad training facility in the Country and has been in operation since 1995. Modoc has outgrown their current facility and is examining the Port as a complete relocation site. Modoc would move their equipment to the Port and may also like to use some of the Port's equipment to train new engineers and conductors, and they would use additional square footage at the Port as classrooms/dormitories. In return for this use, Modoc proposes to take over maintenance of the railroad track, grant the Port two (2) training scholarships and possibly buy the stranded rail cars. Modoc has been in discussions with the governor's office for support in looking for monies for relocation. Modoc has also discussed grants and/or state lottery funds and sources of other monies for the project. Funding so far has been to purchase equipment. Modoc indicated their mandate would be to provide a return of the equipment to the Port should the program ever go out of operation.

Ms. Bradley asked about Modoc's ability to move material to the digester along the rail. Modoc can provide this service and is willing to discuss.

Commissioner Bell made a Motion for staff to work with Modoc on an agreement proposal. The Motion was seconded by Commissioner Young. The Motion was carried by a unanimous vote of those present.

6. Port Financial Report

Commissioner Bell discussed the makeup of the financial report and other things he would like to see in it and commented the accounts payables are close for the Port side but upside down on the railroad side. Ms. Bradley said the Port received the match money for the hangar grant this week.

7. Railroad Financial Report

Ms. Bradley said that rail car hire is a direct reflection of the accounts payable numbers. There was a discussion about the rail car hire billing process and the potential for using FEMA funds to purchase the cars as equipment. Commissioner Bell commented on a discrepancy in the report. Ms. Bradley responded she will look into this; it could be additional invoices were added. Commissioner Dove asked if aged receivable letters continue to go out. Ms. Bradley responded they are. Banks moved 24 cars last month.

Commissioner Ficher made a Motion to approve the Financial Reports. Commissioner Young seconded the Motion. Discussion: Commissioner Bell said he couldn't vote to approve the financials in their current form. Commissioner Dove said the Port needs to be able to continue to do business. Commissioners voting aye were: Dove, Ficher and Young. Commissioner voting nay was: Bell. The Motion was carried by a vote of 3-1.

8. Approval of Minutes from 10/09/09, 10/20/09, 10/27/09

(Item No. 8 of the Minutes transcribed by Ashley Arthur.)

Commissioner Dove inquired if all corrections were made on the minutes and Commissioner Bell said that he didn't receive the Floyd Holcum one that was entered in verbatim. Ms. Bradley said corrections have been made and that she would get Commissioner Bell a copy of the Floyd Holcum portion. Commissioner Bell made a suggestion that the last paragraph on the Oct. 27, 2009 minutes should not be included in the minutes. Commissioner Bell believes that since it is just a comment it doesn't need to be in the minutes. Commissioner Young inquired on how Commissioner Bell proposes that it be removed. Commissioner Bell recommended that the minutes not be approved until a way is figured out to keep the paragraph from being in the records. There was a small discussion between Commissioner Dove and Commissioner Bell about the paragraph and a letter about the comment. Commissioner Bell also believes that the meeting was over when the comment was made, Commissioner Young disagreed and said that the meeting was still going when Commissioner Dove made the comment and does not see how it can be removed as it was during a meeting and it is public record. The only way Commissioner Young believes it could be removed would be if Commissioner Dove says he mis-spoke or that he takes the comment back. Commissioner Dove said that he doesn't think that he needs to do that. Commissioner Bell and Commissioner Dove had a

discussion about making a comment at a public meeting without rebuttal. Commissioner Bell believes that this should not be discussed publicly.

Commissioner Bell made Motion to approve Minutes from 10/9/09 & 10/20/09. Commissioner Young seconded motion. Commissioners voting aye were: Dove, Bell, Ficher, and Young. The Motion was carried by a unanimous vote of those present.

Commissioner Young mad Motion to approve 3rd set of minutes dated 10/27/09 as written. He believes it is just a disagreement and doesn't agree with what is being suggested. Commissioner Ficher agreed and seconded the motion. Commissioners voting aye were: Dove, Ficher, and Young. Commissioners voting nay were: Commissioner Bell. Motion passed with a vote of 3-1.

(Ending of Portion of Minutes transcribed by Ashley Arthur.)

9. Resort Report

(a.) Monthly Status Report (October 2009) (not available at time of posting)

Ms. Bradley read a November 17, 2009 letter response by the Port to The Bunkers Group regarding their October report and then handed it to Mr. Dan Patsula (Bunkers). Ms. Bradley said that following advice of Port Counsel, she also has a November 17, 2009 letter notifying Bunkers of a default of their lease regarding insurance and handed the Notice of Default to Mr. Patsula. Ms. Bradley said she has a letter to present to ISI regarding their recent public awareness campaign and today's presentation to the Economic Development Council of Tillamook; and she handed this letter to Mr. Patsula. Ms. Bradley informed the Board that The Bunkers Group is continuing to provide information contrary to recent Board actions regarding the financing of the Resort Project.

Commissioner Bell discussed his belief of the Board's action on the 45-day deadline for discussions involving the development agreement and its relation to the Planning Commission hearing on the conditional use permit. Ms. Bradley responded that the 45-deadline for the development agreement was a separate matter from the Planning Commission hearing. Commissioner Dove indicated the Approved Minutes of the September 15 are available and can be read. Commissioner Bell responded it would not be necessary to read those Minutes.

10. Railroad Division Reports

(a.) Rockaway Beach Transportation Plan

Ms. Bradley said Josh Balmer, Railroad Operations Manager, recently attended a preliminary meeting during the transportation plan process and will keep the Board informed on its progress.

(b.) FRA Inspection Report

Ms. Bradley said the inspection resulted in no violations.

(c.) Banks-Sellers Project Update

Ms. Bradley said she met with the engineer performing the realignment. The recently surveyed rights of way are being considered wetlands.

(d.) Anderson Logging – Closure

Ms. Bradley said the matter has been closed out for just under \$4,000. Commissioner Bell asked for a history of the process. Mr. Lewis discussed the history and said he was happy to get something out of it. Potential legal issues have been avoided.

OTHER

Ms. Bradley said that the Portland and Western Railroad ConnectOregon III grant application involving the construction of a wye track near Banks, Oregon, has been presented to the Port, and P&W is requesting a letter of support for the application. Discussions involving the potential purchase of a portion of the Port's railway in this area are ongoing. This will be discussed further during executive session.

11. Airport Report

(a.) TPA Newsletter

The TPA Newsletter was presented to the Board. There were no comments.

(b.) Connect Oregon III Update

Ms. Bradley said the recent report of the deadline date being changed does not apply to the Port's municipal airport; it only applied to rural airports. The deadline for the application is November 20; and the application is complete and ready for filing. There are multiple letters of support for the application.

(c.) AIP (Airport Improvement Projects – FAA)

Ms. Bradley said this is something which has to be done every five (5) years.

12. Digester Report

(a.) FFA visit and Headlight Herald article

Ms. Bradley discussed the recent "Thank You" letter received from the FFA on their recent visit. She also mentioned the recent article in the newspaper showing multiple awards won by local students using material from the digester.

(b.) Fiber Dryer

The new dryer should be arriving soon.

OTHER

Commissioner Dove asked about the Woody Biomass facility. Ms. Bradley responded the Port has received no further information following the recent conference call with members from Jellison, EDC, the Port and others.

13. Industrial Park Report

(a.) Tillamook County Enterprise Zone Update

Ms. Bradley discussed the first meeting on November 5, 2009 during this update process. Marshall Doak, Director, Tillamook Economic Development Counsel, will be here next month looking for a resolution from the Board regarding the zoning update. He is seeking resolutions from all involved parties; and this is a requirement of the zoning update process. She discussed the Enterprise Zone for the new commissioners and public. This zoning designation provides certain tax credits for businesses looking to relocate to the Port and outlines a "String of Pearls" community for this purpose. The String of Pearls runs from Rockaway Beach to the Port's property.

(b.) Tillamook Lightwave

Ms. Bradley discussed the press release regarding a \$50,000 purchase of cable. Apparently, there are issues regarding repair of the cable and more funds will be needed. Mr. Paul Levesque will be here on Friday to discuss the larger capital investment needed.

OTHER

Ms. Bradley provided info to the Board on the elk season hunting. The entire first season has been sold out; there are about 53 spots remaining for the second season.

14. FEMA Alternate Project Updates – Aaron Palter, Project Coordinator

Mr. Palter said a recent meeting with Oregon Emergency Management and FEMA has resulted in the request for much more detail to be provided with the requests, increasing the amount of work necessary for completion of each project request form. This is contrary to past communications with OEM and FEMA. Mr. Palter said he is currently working on the project submissions and expects to have all projects filed by the end of the year. He discussed the recent structural engineering inspection performed on some of the Port's buildings. A report is expected soon. Other work has included the request and receipt of quotes for equipment, and preliminary design and cost estimates for other project requests. Later this week, Port staff will be discussing the financial accounting process for these projects.

Commissioner Bell discussed project orientation and eligibility for bonding requirements. Ms. Bradley responded that communications are ongoing, and other projects involving capital improvement should qualify. We are also discussing how the match money will be requested/received. The recent letters to local banks requesting a line of credit were discussed. Approvals will be much more project oriented. Commissioner Dove discussed the alternate project process with the audience.

15. Recess into Executive Session per ORS 192.660(2)(e) for Real Property Transactions; Reconvene regular meeting

(Whereupon Commissioner Dove read the appropriate statute for the Executive Session under ORS 192.660 (2)(e); and the meeting was recessed into Executive Session between the hours of 8:00 p.m. and 8:39 p.m.)

There was a Board consensus for a Letter of Support for the PNWR ConnectOregon III grant application. Port staff will produce the letter.

There was a Board consensus for staff to enter into discussions with ODOT on the potential for the Railroad Right of Way purchase at Front Street.

16. Lease Orders

(a.) James Reiff and Tim Hamburger – Port – 7 acres pasture land for beef cow

This will include fence repair.

(b.) Dave Hogan – RR – Annual encroachment

The Railroad will receive \$7,000 a year for this encroachment.

Commissioner Bell made a Motion to approve the lease orders. Commissioner Young seconded the Motion. The Motion was carried by a unanimous vote.

17. Reports and Communications

(a.) Discussion: Washing DC 2010

It was discussed that the Port can forgo this event this year.

(b.) Discussion: Employee Christmas bonuses

Last year, the Port gave a \$50.00 bonus in the form of a gift card to each employee.

Commissioner Bell made a Motion to approve the same level of bonus for this year. Commissioner Ficher seconded the Motion. The Motion was carried by a unanimous vote of those present.

(c.) Special meeting 11/20/09, 1:30 p.m. – Strategic Plan and TLW issues

Mr. Paul Levesque will be appearing on behalf of Tillamook Lightwave to discuss.

(d.) November 26 & 27 – Thanksgiving holiday, office closed

18. Public Comments

There was no public comment.

19. Commissioner Comments

Commissioner Bell discussed his previous motion for establishment of a water and sewer connection fee. Ms. Bradley responded there have been no recent requests for these types of connections.

20. Adjournment

The meeting was adjourned at the hour of 8:45 p.m.

These Minutes were taken and reduced to typewritten form by Aaron Palter, Project Coordinator.
Item No. 8 of these Minutes was transcribed from that portion of the audio tape of this meeting by Ashley Arthur.