



APPROVED 01-19-2010

**MINUTES
OF THE
BOARD OF COMMISSIONERS
MEETING**

HELD ON

**Tuesday, December 15, 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 6:06 p.m.

2. Recognition of Persons Present

Commissioners: Jerry Dove (President); Ken Bell (Vice President); John Ficher (Secretary); Commissioner Riedel (Treasurer); and Jim Young (Commissioner).

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

Public: Marilyn Hankin (King Realty); Rhonda Bently (First American Title); Debbie Carr (First American Title); Wayne Cook; Mark Wiegardt; Norm Myers (Pacific Coast Appraisals); Jic Elizo; Richard Gentry; Kathleen Baker; Pam Zielinski (Prudential Northwest); Margaret Page (Coldwell Banker); Gus Meyer; Butch Parker (Director, Tillamook County Department of Community Development); Lisa Phipps (Director, Tillamook Estuaries Partnership); Dick and Ann Warren (Robert Warren Trucking); Tony Sambokie; Scott Trant; Dan Patsula, Dick Carr and Ken Margala (Bunkers Group); Don Gragert (Tillamook Gun Club); Andy Neal (Director, Tillamook Chamber of Commerce); Tom Raley; Aaron Dunn; Ed Gorzynski; Roby Lane; Bob Weeks; Shirley Peters (Business Owner); Les Gardner; Shelby Van Tassel (Robert Warren Trucking); Patricia Witt; Dawn Braden; Matt

Johnson (Robert Warren Trucking); John Peters (Business Owner); Keith Hoskins, Jr.; Barbara Hodgen (Renewable Green Energy Unltd – Pacific City); Dan Hodgen (Call Dan Computer Repair – Pacific City); Leancon Loving; Marshall Doak (Director, Tillamook Economic Development Council); Joe Larallso (Friend of The “Bunkers”); Georgine Beveridge; Matthew S. Johnston; Benjamin Johnston; and Lee Ann Neal (Headlight Herald).

3. Public Comment

Commissioner Dove said he will allow two (2) minutes for each public comment because of the number of people present (about 50).

Margaret Page suggested the Board move the Resort Report to the beginning of the meeting. Commissioner Dove responded the Board has been advised by its attorney not to discuss any particulars of the project because of the potential for litigation and said there would be little discussed under that item. Commissioner Bell disagreed. Ms. Page continued and said she supports the Resort project. Norm Myers said the Port should look at any option which would bring competition to the area. Pam Zielinski said we need something to spiff up the County’s image. Wayne Cook thanked the Board for not using FEMA funds towards the resort. He doesn’t want residents to be on the hook should the project fail. Commissioner Riedel responded this would not be true. There was a brief discussion about recent Bunkers presentations and false information being provided to the public. Ed Gorzynski said he is not against the project but is against FEMA money being used for it. He read a prepared statement to the Board. Shirley Peters said she would like to see the project go through for economic injection into downtown Tillamook and said outlying businesses need the competition. Kathy Baker said Tillamook is not a destination but it needs to be. She discussed the many reasons to come to Tillamook. Gus Meyer said we need a convention center that serves 200-250 people and discussed the current lack of capacity. Scott Trant said there really is no destination reason to come to Tillamook and said we need all the jobs we can get. Mark Weigardt asked the Board if the Bunkers is leasing from the Port and if they have made their rent payments. There was a brief discussion regarding the status of the Bunkers lease. Ms. Bradley responded the lease is currently in default for lack of insurance and previously Board-deferred rental payments for 2007 and 2008 will be due on December 31, 2009. Dan Patsula clarified that Bunkers made an original payment to acquire the lease. Keith Hoskins, Jr., said he is looking forward to the resort for the jobs and would like to see more jobs come into the community. Tony Sambokie said Tillamook does need something. Bob Weeks said he is in favor of the project but is concerned over the size. He asked what FEMA money would be used for. Commissioner Dove responded that FEMA money would be used for infrastructure development on Port property. Aaron Dunn asked about the FEMA math money component and asked about the risk of loss. Dick Warren asked how the Port would lose the property if it is leased.

Commissioner Dove provided a brief history of the project and the Board’s recent decisions. He said that if Bunkers does not make its lease payments by the end of December, the lease is dead. He commented on the Bunkers recent discussion of litigation and said the Port needs to continue to follow its attorney’s advice.

Ken Margala made a brief statement about project financing and said that a non-profit corporation would sell the bonds for and hold all of the risk of the project. Mr. Palter asked to provide a response and said that this matter has been vetted by the Board, its attorneys and Bunkers and its attorneys at length and Port’s counsel has indicated this delegation of authority to a non-profit entity is

unconstitutional under Oregon law. Mr. Margala responded that the project would sell Build America Bonds, and he said the project should be funded with FEMA money. He said the Board has not been willing to talk with Bunkers about project financing. Commissioner Dove responded this is not so and that there have been multiple meetings with Bunkers and the Board about multiple financing packages all of which have been unacceptable to the Board because of the risk involved. He asked the public if they would be willing to put up their own personal property for a project which had substantial financial risk associated with it. At least eight people responded they would. Commissioner Dove indicated to Bunkers they should contact these folks for financing.

There was no further public comment.

4. Port Financial Report

Ms. Bradley presented the financials to the Board. She said loan payments have been made. The Museum is down about \$2,800. Commissioner Bell commented the digester is bleeding and asked how to fix this. Ms. Bradley discussed recent digester problems from the very cold weather and said income is not down too much.

5. Railroad Financial Report

Ms. Bradley said the railroad remains in the positive for the year. This is in part to surplus liquidation. Commissioner Bell commented he continues to be disturbed by car hire. Ms. Bradley indicated that car hire is not invoiced until the cars hit the main line. An estimate could be determined. There are roughly 41 cars subject to car hire.

Commissioner Bell made a Motion to approve the financials as presented. Commissioner Ficher seconded the Motion. The Motion was carried by a unanimous vote.

6. Approval of Minutes from 11/17/09 and 11/20/09

Submitted corrections have been made. Commissioner Bell said he appreciated that Ashley transcribed a portion of the prior Minutes. Ms. Bradley responded this was done upon the advice of Port Counsel.

Commissioner Ficher made a Motion to approve the Minutes from 11/17/09 and 11/20/09. Commissioner Young seconded Motion. Commissioners voting aye were: Dove, Bell, Ficher, and Young. Commissioner voting nay was: Riedel. The Motion was carried by a vote of 4-1.

7. Discussion and Consideration of Resolution 2009-2010 #6 regarding boundary change in the Tillamook County Enterprise Zone (Marshall Doak – Tillamook County Economic Development Council Executive Director

Mr. Doak provided the Board with a history of the Enterprise Zone and its benefits. The Resolution before the Board is a housekeeping item. Other partners have adopted similar resolutions. He is recommending the Board adopt this resolution.

Commissioner Bell made a Motion to adopt the Resolution. Commissioner Riedel seconded Motion. The Motion was carried by a unanimous vote.

8. Discussion and Consideration of Resolution 2009-2010 #7 regarding the Port of Tillamook Bay Strategic Business Plan – 2009

Ms. Bradley presented the final Plan to the Board and discussed the history of the process. There have been no changes made following the last public meeting. Turnout at public meetings has not been up to expectations. Ms. Bradley said the Plan follows the statewide plan and is the Port's first Strategic Business Plan since the '80s.

Commissioner Riedel made a Motion to adopt the Strategic Business Plan for 2009. Commissioner Ficher seconded Motion. The Motion was carried by a unanimous vote.

9. Resort Report

(a.) Monthly Status Report (November 2009) (not received for review as of posting time)

Ms. Bradley said the report was received by email today. She discussed the 12-day appeal process following the Tillamook County Planning Commission's recent hearing and read its recent Order. Commissioner Riedel said Bunkers should be thanked for carrying the water on the Port's appeal.

Ms. Bradley discussed the Board's recent decisions and the current status of agreements. Bunkers' lease has been placed in default for failure to carry insurance; and there has been no response from Bunkers on the Notice. Deferred lease payments are due on December 31, 2009.

Commissioner Bell made a Motion that the Board allocate \$19,154,200 of its FEMA funds towards infrastructure development for the hotel and convention center project. Commissioner Riedel seconded the Motion. Discussion: Commissioner Bell said this money would be leveraged against \$80 million in bond money. He said Measure 5 takes care of the taxing authority issue. Commissioner Dove said the Board canceled the development agreement at its last meeting, referenced the Port attorney's recent advice and said the Port should continue to follow its attorney's advice. He asked Commissioner Bell if he would listen to a lay developer or our attorney. Commissioner Bell responded he feels strongly that the Port should obligate FEMA money to this project. Commissioner Dove said the meeting should be recessed into Executive Session to contact the Port's attorney prior to making any decisions; and he read the appropriate statute for this purpose. Commissioner Bell indicated there is a Motion and a Second on the table. The Motion was called for a vote. Commissioners voting aye were: Bell and Riedel. Commissioners voting nay were: Dove, Ficher and Young. The Motion failed to carry by a vote of 2-3.

(Whereupon the meeting was recessed into Executive Session per ORS 192.660 (2)(e) and (f) between the hours of 7:18 p.m. and 7:45 p.m.)

The meeting went back into regular session and the public was invited back into the meeting room. A brief recess was requested.

(There was a brief recess taken between the hours of 7:46 p.m. and 7:50 p.m.)

Commissioner Bell made a Motion that the Board reconsider its previous Motion to terminate the 2002 Development Agreement with ISI Oregon Facilities. Commissioner Riedel seconded

the Motion. Commissioners voting aye were: Bell and Riedel. Commissioners voting nay were: Dove, Ficher and Young. The Motion failed to carry by a vote of 2-3.

Mr. Carr said that Bunkers has formally asked the Port to discuss this matter and continues to make this formal request. Commissioner Dove said the Port has responded to Bunkers requests.

10. Railroad Division Reports

(a.) Request for additional equipment into surplus

Ms. Bradley provided recommendations to the Board for surplus items based on a recent review of equipment. Commissioner Bell asked about approaching The Garibaldi museum to take locomotive #4414. Ms. Bradley said this could be explored; but the equipment would still need to be declared as surplus.

Commissioner Bell made a Motion to declare Locomotives #4406, #4432 and #4414 into surplus. Commissioner Ficher seconded the Motion. The Motion was carried by a unanimous vote.

(b.) Information Requests – IBIS and PBS

Ms. Bradley said Mr. Palter is handling these recent requests and is processing them as per the Board's adopted policy.

(c.) Modoc Rail Update

Ms. Bradley discussed recent meetings she'd had with Modoc. They will be providing firm numbers. Marshall Doak commented he has spoken with them about their moving to the area and will keep the Port informed. The interest is in recruiting them to the area if beneficial.

(d.) Banks Lumber Logging

Ms. Bradley discussed the agreement with Banks Lumber; they have decided to cut the lumber in place. The Port will rail it to Buxton. We have two (2) log cars available. The estimate is about 40 loads. Banks no longer wishes to purchase the property. There was Board direction to look into the property value and approach Banks Lumber.

(e.) Notifications and Safety

No discussion.

(f.) Property Sale Update

Ms. Bradley said a survey of the property is in process.

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 application has been filed and received, and it should be reviewed and decided by August of next year.

(c). AIP (Airport Master Plan, Drainage and Fence)

Ms. Bradley said Precision Approach is doing the master plan and should start in January. Drainage and flood control will be looked at in the process. The fence will also be completed.

12. Digester Report

(a.) PTC/Lobby Update

Ms. Bradley discussed two (2) emails from the lobbyist regarding pass-through tax credits for producers.

(b). Operations Update

Ms. Bradley said it has been a horrible past three weeks for the digester. The recent cold snap has caused havoc on the engines. The repaired engine failed upon restart; and the replacement engine was delivered with the wrong head attached to it. Insurance claims have been made through SDAO.

13. Industrial Park Report

(a.) Woody Biomass Facility – discussion and consideration of LD Jellison Scope of Work for Feasibility Study

Commissioner Bell said he is not in favor of the Port putting money into this project. Mr. Doak commented about private expressions of interest for the project. He would like to see private companies step up and take some ownership in the process. Ms. Bradley reiterated the Port's prior position: The Port has the land available for the project but is not going to be the financier of the project. There was a Board consensus to support the project but not to fund it.

OTHER

Commissioner Dove asked for a status of the mortalities project. Ms. Bradley has had multiple contacts with OBDD on this. This is another project where the Port can provide the land but is not in a position to fund. Mr. Doak said that a recently Tillamook County Commission meeting seems to support the application to OBDD for the Feasibility Study, although the treasurer wants to take a look at how it will be handled.

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

Mr. Palter said that, following the Board's adoption in October of multiple projects designed to provide economic development at the Port and a benefit to the community, he has been working on coordinating the application requests to OEM/FEMA. He showed the Board a map indicating locations and details of the projects and said the majority of the projects have been filed with OEM and he will have the remainder filed by the December 31st deadline. He said it was really quite

unfortunate that the public who were present at the beginning of this meeting to discuss one project were not here now to see what the Port is really doing with its FEMA funds to benefit the community.

Commissioner Bell made a Motion that the Board direct staff to make an extension request to FEMA. Commissioner Riedel seconded the Motion. Discussion: Commissioner Dove asked Mr. Palter about his opinion of the timeline and success of an extension request. Mr. Palter responded the Port has already requested an extension from June 30, 2009 to December 31, 2009. He does not see a problem meeting the current deadline and said that from all indications at meetings with OEM/FEMA, he does not feel a further extension request would be met with success; however, the Board is the decision maker. Commissioners voting aye were: Bell and Riedel. Commissioners voting nay were: Dove, Ficher and Young. The Motion failed to carry by a vote of 2-3.

15. Lease Orders

- (a.) AP-09-21 Clay McRoy, Hangar #6**
- (b.) IP-09-22 Rick Rollin, Hangar #11**
- (c.) IP-09-23 Bonaventure Construction, Building #23**
- (d.) IP-09-24 Laura Werner, 12.44 acres pasture land**
- (e.) RR-09-25 James Smejkal and Harvest Capital, RR Crossing**

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

16. Discussion of Amendment to POTB Resolution 2009-2010 #1, Business Matters, to remove Commissioner Riedel as Treasurer per his request

Ms. Bradley discussed a recent contact from Commissioner Riedel asking to be removed from Treasurer. Commissioner Riedel said he still wishes to be removed as Treasurer. Ms. Bradley presented Resolution 2009-2010 #8 to the Board, which would amend Port's Business Matters resolution. She said Commissioner Young has indicated he would be willing to serve in the position as Port Treasurer. There was Board consensus to accept the removal of Commissioner Riedel from the position of Port Treasurer.

Commissioner Bell made a Motion to adopt Resolution 2009-2010 #8. Commissioner Ficher seconded the Motion. Discussion: Commissioner Dove said that Commissioner Riedel has been President of the Board and has resigned that position and is now resigning as Treasurer. He asked Commissioner Riedel why he is on the Board if he keeps resigning from positions and asked him why he was now resigning as Treasurer. Commissioner Riedel responded that he is unaware of the financials of the Port and that his attorney has advised him to be removed from a position that does not have any apparent duties. Commissioner Dove responded to Commissioner Riedel that it is important to follow his attorney's advice. The Motion was carried by a unanimous vote.

17. Reports and Communications

- (a.) December 25 – Christmas Holiday, office closed**
- (b.) Special Districts Association Annual Conference Feb. 5-7 in Seaside**
- (c.) Commissioner Photos**
- (d.) Next Regular Port meeting: Tuesday, January 19, 2010**

Ms. Bradley discussed the reports and communications with the Board.

18. Public Comments

Georgine Beveridge said she observed a lot of people who don't understand what the Port does for economic development and don't understand the businesses in the community. Commissioner Dove responded that Ms. Bradley has made a number of presentations around the county on what it does; and he it is unfortunate that some people seem to only hear what they want to hear. Ms. Bradley said the Port will be updating its website. She discussed the Port's recent success with its new Facebook Fan Page.

19. Commissioner Comments

Commissioner Bell said he has a concern over materials uncovered at the Tillamook Gun Club site which are no longer there. He said he does not want to discuss particulars in the public meeting. Mr. Palter responded he will need to know the particulars in order to address them. Commissioner Bell said he will meet with Mr. Palter to discuss.

20. Adjournment

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

These Minutes were recorded and reduced to typewritten form by Aaron Palter, Project Coordinator.