



**BOARD OF COMMISSIONERS
REGULAR MEETING
JUNE 16, 2009, 6:03 P.M.**

MINUTES

APPROVED 07-21-2009

1. Call to Order by Board President

The Meeting was called to order by Board President Jerry Dove at 6:03 p.m.

(Commissioner Meyer not present in the meeting room.)

a. Recognition of Persons Present

Commissioners: Jerry Dove – President; Arthur Riedel – Vice President; Ken Bell – Secretary; Joe Meyer – Commissioner; and John Ficher – Commissioner.

Port Staff: Michele Bradley – General Manager; Aaron Palter – Project Coordinator.

Public: Georgine Beveridge; John Main; Gary and Tiffany Wright; Parry Hurliman; Dan and Danika Laviolette; George and Sheryl Devore; Pat Patterson; Deb Maynard; Lee Ann Neal (Headlight Herald).

b. Public Comment

Mr. John Main said he has concerns about the Port's wasteful use of its industrial park property and money on a golf course and said it seems very risky to use FEMA funds. No one who lives in this area will be able to afford to use this resort. He asked if other industries are interested in the Port.

Dove responded the Port is only using FEMA funds for the infrastructure related to the project. If the development does not happen, the Port will still have the infrastructure for future industrial park development. The developer is putting up the match money for this purpose. Once completed, the project will pay the Port \$400,000 a year plus utilities and into a set fund for maintenance. In 20-30 years, the project ownership will revert back to the Port. If financing for the project is achieved, the Port will get \$8 million for the property. The Port is

currently \$2 million in debt. The Port has been approached by Bi-Mart and Lowes about locating at the Port. Many groups would come to use the resort. Bell responded that a lot of Port property is not industrial use. A lot of it is farm and forest and wetlands. He said if the financing people did not believe this project was worth investing in, it would not happen.

Mr. Dan Laviolette asked why the Port would be pursuing another golf course when he is undertaking the same type of project at Alderbrook Golf Course. He asked what would be done with the elk on the Port property. He said he cannot see anyone coming to golf on a course among cow manure. He questioned the impact of the project on the surrounding economy. He suggested the Port install windmills on its property to generate wind energy. Miss Danika Laviolatte discussed their plans for the current project in Bay City. She questioned the availability of the public base to support the Port's project.

Riedel responded this may be a problem with the proximity of the airport but that the Port would look into it.

Bell discussed the Digester as one of the Port's other projects using FEMA funding.

Mr. Gary Wright questioned where the money was coming from for the project. Mrs. Tiffany Wright asked about the FEMA restrictions. She also discussed her concerns about the railroad and its effect upon the mill and jobs. She asked if the developer is legit.

Dove responded the developer has built lots of projects. Dove said the CEO of Hampton Lumber at one meeting has said that they do not need the railroad. Trucking has shown itself to be cheaper than rail transport. He discussed the profitability of the railroad in recent years. The railroad has made nothing. He discussed the grain and lumber transload facility as a potential upcoming Port project using FEMA funds. There was a brief discussion about the Port's debt history. Riedel said the developer is raising the money. The Port is not spending money on the project.

Mr. Parry Hurliman asked what would happen once construction starts. He stated that ODFW let the elk herd issue get out of hand.

Dove discussed a recent letter received from ODFW on the elk.

Dove said that unless the developer gets financing, FEMA monies will not be used. He discussed the history of the process, FEMA funding and the Port's decision to get where it is now. There may be a need for an environmental impact study to be performed here and the project would not proceed without it, if required.

Mr. Pat Patterson discussed the history of the Port's railroad. He is asking the Port not to dump the railroad and suggested using it as an emergency conduit for medical purposes.

Dove responded that nothing is happening to the currently operating railroad in Tillamook. It is still in use.

Mrs. Georgine Beveridge asked about the bond sale and the public/private partnership. If the bonds fail, who is responsible. The bondholders would be ultimately responsible.

Mrs. Deborah Maynard cautioned the Port about FAA regulations relating to the project. There may be issues not yet addressed.

Dove responded the Port will consider all options available to it.

2. Port Financial Report

Bradley discussed the report with the Board. Commissioner Bell's previous request has been responded to. The Port is doing well this month. We were upside down last month due to the hangar repairs. This has been corrected. We are at about positive \$200,000 for the month.

Bell questioned the accounts receivables. Bradley responded we have sent four people to collections two weeks ago. We are having some success with this. We are discussing a policy to get tenants back on track with payments.

(Commissioner Meyer entered the meeting room at 6:49 p.m.)

3. Railroad Financial Report

Banks Lumber is going full board. A locomotive is being moved to Banks. Rail storage people are being contacted.

Commissioner Riedel made a motion to accept the Port Financial report and Railroad Financial Report. Commissioner Bell seconded the motion. Commissioners voting aye: Dove, Riedel, Bell, Ficher and Meyer. The motion was carried.

4. Approval of Minutes from 5/26/09, 6/4/09, 6/8/09, 1/29/09 Special meetings and 5/26/09 Regular meeting

Dove said he is adding the Minutes of 4/30/09 and 4/6/09 for approval.

A correction to the Minutes of 5/26/09 was discussed to make clear the motion to not include FEMA funds within the proposed budget. A correction to the Minutes

of 6/4/09 was discussed to make clear the motion was not made within executive session. There were no additional corrections.

A motion was made and seconded to approve the Minutes as corrected. Commissioners voting aye: Dove, Riedel, Bell, Ficher and Meyer. The motion was carried.

5. Manager's Report

a. EDC Amendment #3 update

Bradley stated that this amendment has been rescinded. Not all of the parties agreed to it.

b. TLW Proposed Budget

Not many changes from last year.

c. Audit issues and update

Moss Adams will be getting the Port an estimate to shore up this work and calculation for the railroad closeout. The financials have had to be redone. We have a do-not-exceed contract with them.

Other:

Nehalem Bay Dredging was the successful bidder on the dredging project in Garibaldi. They hope to start in July.

Dove indicated to those present the Port's examination of potential FEMA funding for South Jetty repairs.

Other:

Bradley discussed FEMA's recent forgiveness of the \$84,000 loan for the emergency tunnel work. This is conditioned on the Port keeping current on its other loans.

6. Resort Report

a. Monthly Report

Bradley said the monthly report from Bunkers has been provided. Mr. Sennett's letter is included. She discussed Monday's meeting with the Board. The title company considers the Purchase and Sale Agreement to have expired and will need a letter from the Board with a new closing date to continue the agreement.

Dove suggested drafting the letter and consulting with Port counsel on it. There was a consensus of the Board to proceed with the letter and ask the attorney if the date should be extended.

Weekly meetings will occur from now on with the Bunkers team and at least one commissioner and staff. Port Commissioners as committee members was discussed. The recollection of the Board was that no committee was ever set up in this manner and weekly meetings should include at least one commissioner be present.

Meyer discussed the Board's actions at its June 4 meeting following advice of counsel present that the Board consult with a Bond Counsel. He remains concerned with this. Dove responded that bond counsel would not be involved until the funding is in place. Bunkers cannot get funding until the FEMA question is answered. He summarized that the Board would like to review the previous letter of advice from bond counsel and whether the date for the purchase and sale agreement should be extended.

7. Railroad Division Reports

a. ODOT Inspection Report

Bradley discussed the report with the Board. All cars in storage have been inspected.

b. Rails to Trails Support Request

Bradley said the Board is being asked for a letter of support.

Bell said there is too much work to make the area safe for trails. Dove said there may be an opportunity here for the Port, but we should wait on the letter. There was consensus of the Board to wait.

c. OCSR Draft Trackage Amendment to Amended Agreement

Bradley presented the draft amendment to the Board. We cannot continue to subsidize them. Right now we only get paid for track inspections.

Bell discussed track spraying and maintenance. Dove said this should be built into the lease agreement. The amendment provides \$10,000 per season in revenue to the Port. This covers Garibaldi to Rockaway runs.

d. Signals

John Lewis is handling this now; he will do monthly and yearly inspections. He is being trained by P&W Railroad's signal expert. The Latimer crossing is scheduled to be repaired soon.

e. Alternate Project Pro-forms

Bradley said she met with Pacific Rail Solutions to get numbers for use and expansion in Buxton and a pro forma for car storage. Car storage was discussed.

8. Airport Report

a. Hangar Availability

Bradley said there is one new hangar and two others available. D35 and A24 are vacant. Noreen Stoffel has been contacted regarding her outstanding debt to the Port. She thinks she has sold another airplane.

Item Taken out of Order 10d. Industrial Park Status – Interested Parties to locate on Industrial Park

Bradley discussed a draft lease agreement for Tim and Deb Maynard to the Board. This has been fashioned from a previous lease (Cassinelli). The Maynards are proposing an amendment to the terms regarding transfer of the hangar to the Port. Section 2.02 to be after the exercise of the two five-year options, the Port would then get the title to improvements. This changes the term from 30 years to 40 years for the lease.

The Board asked about the Maynards. The Maynards are looking to relocate from Alaska to Tillamook to care for a family member and retire. They have no intention to inspect or repair other peoples' planes within the hangars or to live in the building.

There was a brief discussion about a tenant within the Erickson hangar. This will need to be addressed. Mrs. Maynard said there are good points to having someone on-site living in a hangar for security purposes.

Bell questioned the rates being charged. The Port has no established rate schedule. Dove said the Port should base its rent on the appraised value of the property. There was a brief discussion of the lease terms and setbacks. Dove wants to look at the property prior to making a decision. The Board will have an answer by its next meeting. Bradley discussed getting a hold of standard rates.

9. Digester Report

a. Garick Agreement dissolution update

Bradley said there has been no word from Garick yet.

b. Operator Discussion

i. Scope of work

ii. Request for Proposal

Bell said he would like to see a business plan developed for the digester, perhaps by the Economic Development Council. Dove asked George Devore to comment.

George Devore said we do not need the extra expense of Garick at this point. We need to keep wages down to help the bottom line. We already have the people in place to run the digester. He suggests building a second digester next to the one already in place and then retrofit the existing digester. This will keep operations going without interruption. The new digester will save us on propane costs. He also suggested setting up a fiber dryer and bagging system to get the material dry enough and stable enough to market it where the Port could use the services of Gary Trinetti for this.

There was a discussion about using a separate 200,000 gallon tank with hot water piping to preheat the material. Gary's people do not want this.

There was a discussion of setting up a workshop to discuss this project. The project will be dependent on the FEMA monies schedule. A workshop was scheduled for Tuesday July 7, 2009 at 12:00 to discuss the engineering and other issues. In the meantime, it was discussed to do a search on community-based methane digesters which are being used successfully. Staff will look into this.

c. Farmer meeting date

Bradley said communication has been lacking between the Port and the farmers. She is looking to set up a meeting to discuss the Garick agreement disposition and suggested going back to a monthly meeting schedule. The Port also needs to set a price for bedding and would need to look at the percentages for trucking costs.

10. Industrial Park Status Report

a. Hangar B Update

Bradley said that work should be completed within the next ten days

b. Discussion of Setting Fees for Water and Sewer hook-ups within Industrial Park

Bell said the Port needs to set some rates for water and sewer connection rates over the cost of doing this work. Currently, the Port is only doing these installations for cost. A discussion was held about various charged rates around Tillamook County. Some of these rates are based on the installation of whole water systems and future usage impacts. Bell discussed his research on local rates. We just cannot continue to do this at cost.

Commissioner Bell made a motion to establish a temporary water connection fee of \$6,000 plus costs and a temporary sewer connection fee of \$6,000 plus costs based on a ¾" pipe size until a uniform rate schedule could be developed. Commissioner Meyer seconded the motion.

Discussion: A discussion was held about residential connection rates versus commercial connection rates. There was a discussion of costs relating to materials and how to set up a rate system for these types of hookups.

Commissioner Bell amended the motion to reflect the following: The establishment of a minimum water connection fee of \$6,000 and a minimum sewer connection fee of \$6,000 both of which fees do not include the actual cost of service and materials for installation. Commissioner Meyer seconded the amended motion. Commissioners voting aye: Dove, Riedel, Bell, Ficher and Meyer. The motion was carried.

Staff will prepare a schedule of rates up to and including a 4" pipe installation.

c. Bio-Solids application

Robert Miller is continuing his biosolids application. To date, 180,000 gallons have been applied. We are down to 48" in the tank, with every 20,000 gallons out allowing 20,000 gallons back in.

d. Interested Parties to locate on Industrial Park (Continued)

Bradley discussed a recent letter from the Bi-Mart Corporation. They have been looking for a site in Tillamook for years and seem very interested. They currently have 72 facilities and lease most of them. We would need to go through a zone change process with the county if we proceed. Other interested parties were discussed, i.e., Zwald trucking, Near Space.

11. FEMA Update

a. Status Update

Bradley has made another call to FEMA. No final date is known. Dove informed the Board of Bunkers' request to write a letter to the governor asking for his assistance with OEM and FEMA. Bell presented a copy of the letter to the Board he received in today's email. He will forward the letter to everyone for review. Riedel has requested that emails be sent to all commissioners on all issues regarding Bunkers. Bradley told the Board of counsel's opinion on this. As long as the commissioners do not discuss and reply to all commissioners, there is no violation.

12. Lease Orders

a. Patrick Brockhaus – Airport Hangar #5

Bradley said this will house a J8 Kitten plane.

Commissioner Bell made a motion to accept the Lease Order. Commissioner Ficher seconded the motion.

Discussion: This is a \$178.24 monthly fee with an annual CPI adjustment of three (3%) percent.

Commissioners voting aye: Dove, Riedel, Bell, Ficher and Meyer. The motion carried.

13. Presentation by General Manager – What the Port of Tillamook Has to Offer

Item skipped in lieu of time.

14. Reports and Communications

a. Tuesday, June 23, 2009 4:30 pm Budget Meeting at Port office

No comments.

b. Monday, June 29, 2009, TLW monthly board meeting, PUD, noon

No comments.

c. Schedule of Workshop for Alternate Projects?

Other:

Bradley discussed her upcoming vacation with the Board. She will be gone June 28th through the July 4 weekend.

15. Commissioner Comments

Bell discussed his recent email regarding a timber trespass issue on the Port's right of way. Aaron Palter will send out a letter to those involved to re-address this matter from 2007.

Commissioner Dove indicated his thoughts on Mr. LaViolette's blasting of the Port's proposal. Mr. LaViolette is making a ridiculous claim where the Port is seeking to work together with the community and their project.

Bradley discussed an upcoming SDAO training opportunity with the Board and said the Port might be better served by having our attorney come to discuss this. We can also involve other Ports in this and share costs. There was consensus of the Board to set this up in July.

16. Adjournment

The meeting was adjourned at the hour of 8:58 p.m.

Respectfully submitted by Aaron Palter, Project Coordinator.