



APPROVED 5-18-2010

**MINUTES
OF THE
BOARD OF COMMISSIONERS
MEETING**

HELD ON

**Tuesday, April 20, 2010
6:00 p.m.**

AT

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

1. Call to Order

Board Vice President Ken Bell called the meeting to order at 6:00 p.m.

2. Recognition of Persons Present

Commissioners: Ken Bell (Vice President); John Ficher (Secretary); and Jim Young (Treasurer).
Commissioner Jerry Dove (Board President) appeared by telephone at 6:02 p.m.

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

Public: Gus Meyer; Jill Williams; Georgine Beveridge; Tom Jayred; Gerald "Butch" Parker, Director, Tillamook County Department of Community Development; Jennifer Grunest (Eco Proteins); and Lee Ann Neal (Headlight Herald).

3. Public Comment

There was no public comment.

4. Port Financial Report Discussion and Approval

Ms. Bradley discussed the monthly Port financial report with the Board. Following the Board's recent request to include a different monthly report, she has included two different format reports for the Board to discuss.

(Commissioner Dove now present in the meeting by telephone.)

The Board discussed the Port financials. Commissioner Bell said it may be time to borrow some money or at least have a plan to pay the bills. Commissioner Young said he would like to see the report in a different format and said the Port should show a better forecast and ensure it is following it. Ms. Bradley agreed. She said staff is available to meet with him to discuss what type of report he would like to see. There was a continued discussion on how best to provide budget reporting.

There was a brief discussion on the reimbursement schedule for FEMA monies and how they are reflected in the current budget and recently adopted supplemental budget.

There was a discussion of the Port's examination of new accounting software. Ms. Bradley discussed the involvement of Oregon Emergency Management (OEM) in this. OEM receives a portion of FEMA funds for management of this disaster as Statement Management Costs (SMCs). OEM has been discussing its willingness to provide the Port with a portion of its SMC costs for the Port's acquisition of certain technical business equipment it will need to manage the Alternate Projects. This will allow the Port to acquire equipment earlier than it would take a Project Worksheet through FEMA to be reviewed and obligated. Port staff is working on the details of this.

Commissioner Ficher made a Motion to approve the Port Financial Report. Commissioner Young seconded the Motion. The Motion was carried by a unanimous vote of those Commissioners present.

5. Railroad Financial Report Discussion and Approval

Ms. Bradley said Banks Lumber has moved forty-three (43) cars this month, which is 70% of what they did all last year. Commissioner Bell asked about the cars moved off of the Port. Ms. Bradley said that no bills have been received yet.

Commissioner Young made a Motion to approve the Railroad Financial Report. Commissioner Ficher seconded the Motion. The Motion was carried by a unanimous vote of those Commissioners present.

6. Approval of Minutes from 3/16/10 and 4/12/10

There were no corrections to the Minutes.

Commissioner Ficher made a Motion to approve the Minutes. Commissioner Young seconded the Motion. The Motion was carried by a unanimous vote of those Commissioners present.

7. FEMA Alternate Projects

a. Discussion of support letter from Governor Kulongoski regarding FEMA Alternate Projects

Ms. Bradley discussed the Governor's letter with the Board which commends the work performed by OEM and FEMA for work involving the railroad.

b. Update on Status of Alternate Project requests

Mr. Palter read the April Report to those present at the meeting.

c. Discussion and Consideration of a Resolution POTB 2009-2010 #12 Accepting a Grant from the State of Oregon Department of Administrative Services; and Authorizing General Manager Michele Bradley to Sign the Grant and any Additional Documents on Behalf of the Port of Tillamook Bay

Ms. Bradley discussed the grant terms and the purpose of the resolution with the Board. The grant represents the State's matching fund portion for the Port's Alternate Projects. There will be two bond sale periods, the first of which will occur in May of this year, the second will occur in March of 2011. Each bond sale has a two-year timeline for expenditure of the bond funds. Port staff has spent a lot of time in recent weeks prioritizing the alternate projects and has developed a budget and spending plan for the four (4) top priority projects over the next two years. The balance of the Port's Alternate Projects will be included in the second bond sale. The Port will be able to keep the interest on the bonds from the first bond sale; the interest from the second bond sale will be used to pay the debt service on the bonds. The resolution authorizes the Port's acceptance of the State matching funds through this grant and authorizes Ms. Bradley to sign the documents on behalf of the Port.

Commissioner Ficher made a Motion to approve POTB Resolution 2009-2010 #12. Commissioner Young seconded the Motion. The Motion was carried by a unanimous vote of those Commissioners present.

8. Industrial Park Report

a. Discussion of Letter Received from Oregon DSL Regarding Permit #33129-RF (Resort Project)

Ms. Bradley said the letter from DSL discusses the required permit renewal fee of \$643. The permit is expected to expire on July 13, 2010. An updated application must be provided with the fee.

Mr. Parker discussed the recent decision of the Tillamook County Planning Commission and its effect on the Conditional Use Permit for the resort project. The Port's noncompliance with the terms of the Planning Commission's decision will probably result in the loss of the conditional use. If the Port wishes to move forward with the resort project, it will need to apply to Tillamook County for a new conditional use permit. He said there remains value to the Port maintaining the DSL permit.

Mr. Palter discussed the history of the DSL permit with the Board. The DSL permit was acquired in the Port's name and was subsequently transferred to The Bunkers Group for development. Later, The Bunkers Group requested the permit be transferred back into the Port's name shortly after

learning from DSL that Bunkers would be responsible for posting the approximate \$240,000 bond at a dollar to dollar match for the mitigation work related to development of the project. It is Mrs. Palter's understanding from prior discussions with DSL staff that these types of permits are renewable in perpetuity, with periodic reviews (normally each five years). Mr. Palter agreed with Mr. Parker's opinion that there remains value to the Port maintaining the permit active if the Port looks to develop the property.

Commissioner Dove made a Motion to approve renewal of the Port's DSL Permit #33129-RF. Commissioner Young seconded the motion. The Motion was carried by a unanimous vote of those Commissioners present.

b. Discussion of IFA Letter regarding Port Planning and Marketing Grant #826

Ms. Bradley discussed this letter with the Board. No action was taken.

c. Discussion of IFA Letter regarding Port Planning and Marketing Grant #827 closeout

Ms. Bradley discussed this letter with the Board. No action was taken.

d. Discussion of IFA Letter regarding Port Planning and Marketing Grant #833

Ms. Bradley discussed this letter with the Board. No action was taken.

e. OBDD Project Notification and Intake form for Port Master Plan

Ms. Bradley discussed the availability of monies for assistance with development of a Port Master Plan Update. This application estimates a total project cost of \$31,250. Ms. Bradley said she felt the cost of a master plan might be around \$75,000 to complete. She said that OBDD would give preference to other Ports which have not completed a strategic business plan; however, we are still encouraged to apply for these funds. POTB completed its Strategic Business Plan in 2009.

f. Update on Tillamook Lightwave

Ms. Bradley discussed the status of the cable landing station acquisition with the Board. This should be completed soon.

OTHER

There was a discussion about the Port's recent termination of its lease with American Truss for failure to pay lease payments and its payment history over the last seventeen (17) months as contributing to this action.

9. Railroad Division Reports

a. Update on Banks-Sellers Road grade Crossing Project

Mr. Palter discussed the project's status with the Board. No protests were received to the Notice of Intent to Award Contract. Contract documents have been signed; and the Port has received the Payment and Performance Bonds, and insurance certifications. The Notice to Proceed letter has

been sent to the contractor. Contract work will be performed during the two-week closure period of Banks-Sellers Road in late July into early August. The contractor has been directed to coordinate all construction work with POTB's Roadmaster John Lewis during this period.

b. Modoc Rail Status

Ms. Bradley discussed a recent ad in the Headlight Herald and a letter from Modoc to the Pacific Railway and Navigation Company. The Port is still waiting to hear an update from Modoc directly.

Ms. Bradley also commented on a recent email from the City Manager of Banks regarding high-speed FIOS cable and the desire to use a portion of the Port's railroad right of way for this purpose.

10. Airport Report

a. TPA Newsletter

TPA is behind a month on its newsletter. No further report was given.

b. Connect Oregon III Update

Ms. Bradley discussed her recent attendance and presentation at the Northwest Area Commission on Transportation (NWACT), as ODOT looked to rank regional projects. She said the Port's application ranked third among projects for the Tillamook/Clatsop area.

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

Ms. Bradley discussed the general concept of the project and said plans are about 90% complete to direct waters away from the airport hangar and runway area and to provide for better drainage along the fence line during heavy rain events. A pre-bid conference is scheduled for Thursday, April 22; and the contractor will issue the Call for Bids sometime after that.

11. Digester Report

a. Biomass Tax Credit Update

Ms. Bradley said disbursement calculations have been completed and submitted to Alex Schay, for processing. Checks should be going out within the next week to ten (10) days, with the Port expecting to receive about \$100,000. The participating farmers have been made whole, with these credits representing 100% of the material hauling costs to the digester facility.

b. Insurance Update

Ms. Bradley discussed her recent meetings with the insurance folks. The Port expects to be receiving more claim funds from Special Districts for the recent damages to the digester during the winter storms.

OTHER

Ms. Bradley discussed the potential for Ports to be listed as a line item to receive Production Tax Credits, a potential \$30,000-\$50,000 as a yearly tax credit the Port has historically been ineligible to receive.

Ms. Bradley discussed her recent attendance at a meeting attended by the newly appointed Oregon State Treasurer Ted Wheeler. The bio-energy feasibility project (cow mortalities) has recently received additional funding towards completion of a feasibility study.

12. Vacancies

a. Discussion of Filling Board and Other Vacancies Due to the Resignation of Art Riedel

Ms. Bradley said the Port has received five (5) applications for the position vacated by Mr. Riedel. The application deadline is April 30, 2010. A discussion was held about scheduling interviews of applicants in early May. Applications received so far: Sandy Bell; Georgine Beveridge; Carolyn Decker; Norm Myers; and Jill Williams.

There was a discussion of appointing a replacement to the Oregon Solutions Committee. Commissioner Dove offered to fill this roll. There was a consensus of the Board to appoint Commissioner Dove to the position of liaison to Oregon Solutions.

Ms. Bradley discussed including the Port's Organizational Assignment List as a yearly review/adoption at the Board's first fiscal meeting in July.

There was a brief discussion about the Port's representation to Tillamook Lightwave (TLW). Recently, TLW is requiring more and more time of Ms. Bradley. She suggested it would be more appropriate to have a Port Commissioner assume this role. There was a discussion of Commissioner Young's prior experience in telecommunications and the appropriateness of his serving in this capacity.

Commissioner Dove made a Motion to appoint Commissioner Young as the Port's Representative to Tillamook Lightwave. Commissioner Ficher seconded the motion. The Motion was carried by a unanimous vote of those Commissioners present.

13. Lease Orders and Amendments

a. AP-10-06 Terry Spath, Hangar A1

b. IP-10-07 Sheldon Oil Company, Building 21

c. AP-10-08 Scott Browning, Hangar A6

d. AP-10-09 Oregon Mainline Paving, Equipment Parking

e. IP-10-10 Roscoe Higginbotham, Building 69 B

Commissioner Young made a Motion to approve the Lease Orders. Commissioner Ficher seconded the Motion. The Motion was carried by a unanimous vote of those Commissioners present.

14. Communications

Commissioner Bell read the communications.

15. Public Comment

Ms. Jennifer Grunest (Eco Proteins) provided a document entitled "Eco Proteins, Inc., Executive Summary of Business Plan" and made a brief presentation of her business to the Board as Eco Protein's request for a letter of support for a grant. The Board discussed Eco Protein's work to date on their proposal; and said they would be willing to support the idea of the project in its conceptual form, without any obligation on the part of the Port. Ms. Grunest will be providing a draft letter of support to the Port.

16. Commissioner Comment

Commissioner Bell said the Port should adopt a policy on how it handles lease defaults. He would also like to see a water and sewer hookup fee adopted. There were no other commissioner comments.

Ms. Bradley said that Good Morning America will be showing a short spot on the Whiskey Creek Shellfish Hatchery on April 22nd.

There was a brief discussion held about mandatory vacations. Employees have been taking these. Ms. Bradley will be taking her vacation in June.

16. Adjournment

The meeting was adjourned at the hour of 7:35 p.m.

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