PORT OF NEWPORT
MINUTES
February 25, 2014
WORK SESSION

I. CALL TO ORDER

Commission President JoAnn Barton called the Work Session of the Port of Newport Board of Commissioners to at 12:00 p.m. in the South Beach Marina Activities Room.

Commissioners Present: JoAnn Barton, President; David Jincks, Vice-President; Walter Chuck, Secretary; Dean Fleck, Assistant Secretary; and Treasurer, Ken Brown Treasurer.

Port of Newport Management and Staff: Kevin Greenwood, General Manager; Pat Albaugh, Finance Director; Darlene Webster, Administrative Assistant.

Others: Pat Ruddiman, ILWU Local 53; Robert Moody, TKW; Tim Johnson, Columbia Bank; Alan Brown; Harry Noah, Yaquina Bay Fruit Processors; Dennis Anstine, News Times; and Jim Cline, Rogue Ales.

II. ANNUAL PORT OF NEWPORT AUDIT FROM TKW

Robert Moody of TKW presented his overview of the financial audit completed December 31st, 2013 and filed to meet all regulations necessary. Mentioned were highlight points presented in his report of new and upcoming accounting reporting regulation changes forthcoming and to be aware of them. Particularly Gatsby 65 which targets bonds, assets etc, Gatsby 66, & 68 covers PERS reporting, 69 covers merging municipalities and 70 that covers guarantee of debt issues. TKW's report goes into detail into these new accounting controls and their impact to reporting guidelines. And that TKW would help implement the new accounting guidelines if requested.

III. YAQUINA BAY FRUIT PROCESSORS (YBFP) LEASE RENEWAL

Harry Noah, YBFP, presented information regarding his business expansion and discussed extending his lease with the Port. The presentation provided an overview of the business, and current and future plans, explained what YBFP is looking from the Port, requests from YBFP clarification of the lease, background of the Maraschino business (classic "niche" business) approximate 45,000,000 pounds processed and sold in the USA each year (estimate), total of six companies in the US process 98% of the cherries consumed in the USA. What businesses utilize YBFP product line, the recent purchase of the "Blue Diamond" facility for processing (significant acquisition) and what impact or future possibilities that this new facility would have for growth. And the start of a candy product line in Newport with a tourist draw similar to the Tillamook Cheese factory excluding the restaurant side of business and what possible economic impact that would have on our community. Harry also noted the amount of new jobs that the development would add (non-seasonal positions but year around positions) if the lease is to be granted.

YBFP presented a foot print design for a new building and future needs for storage space. YBFP noted in their presentation the current constraints for growth (lack of space for bottling production, space for value added manufacturing and power capacity to run equipment). Mr. Noah was firm on wanting to know the Commission's decision to extend the lease as previously presented by YBFP or what was their position for the delay. And reminded the Commission that the lease will be expiring soon and that YBFP needed to make future plans to stay or move the current operations outside of Newport. Commissioner Barton she was not comfortable in making a definitive decision yet. The other Commissioners agreed that more information is needed to make a comfortable decision. General Manager asked Commission if it would prefer to study future opportunities for the site or enter into negotiations with Mr. Noah. After Mr. Noah's departure a brief discussion followed by the Commissioner and agreed that since YBFP has made unsuccessful attempts to get answers from the Commissioners that the matter would be assigned to the General Manager to gather the necessary information and make a recommendation to the Commission on the lease.

It was the consensuses of the Commission to have the General Manager enter into lease negotiations with Harry Noah to extend his lease and make a recommendation to the Commission.

IV. ROGUE DISTILLERY EXPANSION

Jim Cline, Rogue Ales presented to the Commission the need for additional space in order to facilitate future growth. They hope to build an additional 10k square foot building that would be attached to the existing buildings that they occupy currently. They would kike to build this building this summer and, in order to reach a summer deadline; they will require the Commission's approval in the near future so that they can begin working with the local contractors to line up this project. A few of the Commissioners were able to view the marked off area in an attempt to visualize the space that is being proposed. It was a consensus that the Commission that viewed the site area was satisfied with where the construction was to occur. As to the rate of the lease to be agreed upon by the Commission it was concluded that more information was needed to make an informed decision. In further discussion the Commission felt that Kevin Greenwood should be assigned to gather the necessary information to present to the Commission at a later time.

Ken Brown motioned and Walter Chuck second to have General Manager gather more information in regards to the lease rate and follow up with gathered recommendation. Motion passed 5-0.

V. UPCOMING MEETINGS/EVENTS

A. Work Session Meeting, South Beach Marina Activities Room, March 25, 12:00pm
B. Regular Meeting, South Beach Marina Activities Room, March 25, 6:00 pm
C. Marina Users Meeting, South Beach Marina, March 19, 2014, 8:30-9:30 am

VI. ADJOURNMENT

The Work Session was adjourned at 12:50 pm

ATTEST

JoAnn Barton, President	Walter Chuck, Secretary

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