

## **PORT OF NEWPORT MINUTES**

April 24, 2017

Commission Special Meeting

### **I. EXECUTIVE SESSION**

Commission President Walter Chuck called an Executive Session of the Port of Newport Board of Commissioners to order at 12:00 noon at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, OR, pursuant to ORS 192.660(2)€ for deliberations to negotiate real property transactions. No decisions were made in Executive Session.

**Commissioners Present:** Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice-President; Patricia Patrick-Joling (Pos. #5), Secretary/Treasurer; Stewart Lamerdin (Pos. #3); and Steve Beck (Pos. #2).

**Management and Staff:** Kevin Greenwood, General Manager; and Karen Hewitt, Administrative Assistant.

**Members of the Public and Media:** Dennis Anstine, Newport News-Times

Executive Session was adjourned at 12:45 pm.

### **II. CALL TO ORDER**

Commission President Walter Chuck called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 12:47 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

**Commissioners Present:** Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice-President; Patricia Patrick-Joling (Pos. #5), Secretary/Treasurer; Stewart Lamerdin (Pos. #3); and Steve Beck (Pos. #2).

**Management and Staff:** Kevin Greenwood, General Manager; and Karen Hewitt, Administrative Assistant.

**Members of the Public and Media:** Yale Fogarty, ILWU; Pat Ruddiman, ILWU; Sara Skamser, Foulweather Trawl; Lee Fries, PON Volunteer Mates; Barrett Tower, ILWU; Jeff Lackey, F/V Seeker; Dennis Anstine, Newport News-Times; and Doug Cooper, Hampton Lumber.

### **III. INTERNATIONAL TERMINAL SHIPPING FACILITY UPDATE**

#### **A. Agreement with USDOT for TIGER grant**

Greenwood introduced the staff report and attached documents. He called attention to page 9, the TIGER grant agreement, and page 10, Section 2.2 Summary of Project's Estimated Schedule. The NEPA report is complete and permits are in place. Greenwood referred to Port reporting requirements on page 13, Section 4.2, Annual Budget Review and Program Plan, and on page 14, Article 5, Performance Reporting. Greenwood said no statements of changes were anticipated under Article 7 on page 15. Greenwood also referred to Article 8 on pages 15-16 regarding Termination and Expiration of the contract. Greenwood

said that documentation needed under Article 11 would be part of the bid documents and agreements with contractors. Beck asked about the Buy American Requirements, specifically the use of Chinese steel. Greenwood said this requirement would also be part of contractors bid documents. Greenwood said the costs estimates on page 27 were still good for bidding. Greenwood responded to a Commissioner query that TIGER won't fund contingencies, so it would help if bids came in under budget. The project will follow the traditional path of design, bid, build. For attachment D on page 30, Greenwood said this would be reported in gross tons, which is currently zero.

#### **B. Resolution Accepting State of Oregon IFA loan**

In reference to the IFA loan, Greenwood said the State required the Commission adopt a Resolution authorizing the loan, drafted on page 31. Greenwood noted the reimbursement terms in Section 3. In Section 4(B), Greenwood pointed to the opportunity to have the interest rate decreased. Beck commented that over the 25-year loan payment period this 1% would result in significant savings, which is an incentive to look for another commodity to be shipped through the Terminal as soon as possible. Under Covenants of Recipient, Greenwood said he spoke with Chris Cummings to confirm the Teevin lease would comply. Greenwood noted page 47, Exhibit B, regarding full faith and required collateral.

#### **C. Agreement with Silvan Forestry for Capital Contribution; D. Agreement with Silvan Forestry for capital contribution.**

On page 49, Silvan Forest agreement, Greenwood said this draft was prepared by Port Attorney, Pete Gintner, based on the previously signed MOU. This document has been forwarded to Silvan. Silvan has asked, if Teevin fell through, Silvan would like to step in as a lease. Terms in Section (1) Project and Section (2) are key. The provision not to increase tariffs would only apply to Sylvan. The funding terms include a provision that the Port is not obligated to make payments toward the loan if Silvan is not making shipments. Greenwood said that although the agreement calls for an additional Port employee. That employee would be not be a joint employee and would not be restricted to Silvan tasks.

#### **D. Lease with Teevin Bros. for 9-Acre Parcel**

Greenwood said this draft was prepared by Gintner based on the lease option, and is only for the lay-down area. Greenwood noted Section 7 which held Lessee responsible for maintenance and repair. Beck asked if that language was different from the lease option which included something about damaged property. Patrick-Joling said maintenance and repair are two different things. Greenwood said he will go back to Teevin; their attorney has not yet reviewed the draft. Lamerdin asked about the environmental impact from drainage into the Bay. Greenwood said the Port would have to comply with the 1200-Z permit and staff will look at this more closely.

#### **E. Agreement with Rondys for Property Management**

Greenwood said this document was an information MOU. The Port is about half way through a 20 year lease with Rondys. The Port is responsible for removing sand off of the Rondys property. The wetlands will basically be filled in with Rondys letting us use their property for mitigation. Engineering costs are approximately \$19,200, so mitigation costs about \$24,000. Greenwood said there is a large amount of dredge spoils there, and the Port agreed that a lot of that will be moved onto Rondys property for the industrial park. The cost to the Port for moving the material is approximately \$20,000. Greenwood said he hoped to have the draft agreement next week. The Port's costs will be approximately \$145K for easements (6) and mitigation. Beck asked for a copy of the budget. Greenwood that the budget will be provided as part of the engineer's report.

**F. Scope of Work and Contract with Stuntzner Engineering for Engineering/Project Management Services**

These documents are not yet available, no discussion.

**IV. PUBLIC COMMENT**

Skamser asked if improvements would be made other than those listed, such as paving other parts of the Terminal. Greenwood said if the project came under budget, the Port could ask if it could be used for other projects. Skamser also commented that the fleet from Alaska is back and the moorage at the Terminal is fully occupied. Since the last time logs were shipped from the Terminal, the size of the fleet and the size of the boats have both increased. There are no assurances for the fishermen.

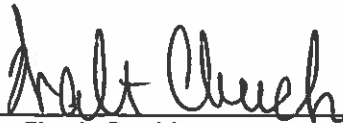
Cooper said he had asked the Commission at the prior meeting to investigate the risks, which they are apparently doing. Since the funding involves Federal and State money, the Port has an obligation to the state. Cooper said the project would put jobs at risk. The funding applications claim 50 jobs will be created, but there are no details given. For the TIGER grant, he noted the Buy American clause, and pointed out that logs would be shipped to China for use as construction material.

Fogarty said it takes about 40 longshoremen to load a ship. He expects there would be more than 50 jobs created. Hampton exports a lot, and he would have rather seen Hampton plan to use the facility to ship lumber; he would rather load lumber than logs.

**V. ADJOURNMENT**

Having no further business, the meeting adjourned at 1:37 pm.

ATTESTED:



Walter Chuck, President



Patricia Patrick-Joling, Secretary/Treasurer

-###-