

**DRAFT** COOS COUNTY URBAN RENEWAL AGENCY

**MINUTES**

**Friday, August 24, 2012**

**7:30 a.m.**

**Port of Coos Bay Conference Room**

1. Call to Order/Self Introductions

Chairman Todd Goergen called the CCURA meeting to order at 7:36 a.m.

**Agency members:** Gene Melton, Joe Benetti, Todd Goergen, Mike Vaughan, Howard Graham, Janet Rubin, Fred Messerle, Cam Perry, Port Commissioner Caddy McKeown and Jim Coffey, Legal Counsel, Absent: Port Commissioner Dan Smith.

**Guests:** Port Staff: David Koch and Donna Nichols

2. Approval of Minutes:

June 22, 2012 Agency Board Meeting Minutes were tabled until next meeting as wrong set of documents were included in packet.

3. Discussion Items:

A. Updated Financial Report

Donna Nichols presented the pre-audited financials for June 30, 2012 stating that debt service payments had been made; the Agency collected \$228,145 for current year property taxes and \$10,872 for prior year taxes; that there was an ending balance in all funds of \$691,158 and the currently committed funds were \$90,600 for the DEQ loan match which may not be used as the North Spit Waste Water Facilities Project scope of work has changed and the feasibility study may not use all the funding. Donna said we have spent approximately \$93,000 to date of the \$150,000 loan and the Agency will be responsible for the debt service that may begin this fiscal year or next depending on when the project is completed. David Koch responded to Mr. Vaughan's question related to the project and explained the change of scope of the overall project with the City of Coos Bay's decision to move forward with their own project and the City of North Bend's system providing adequate service for a longer period of time. The longer vision and scope for the study will include long range planning and potential funding sources to provide facility planning for a municipal waste water treatment. Mr. Graham confirmed that this project was originated in the last two years. Mr. Koch said further updates will be provided by Elise Hamner, Port staff who is more directly involved with the consultants' progress of the project. Donna said the audit or annual report is scheduled to be completed in October of this year.

B. Oregon Gateway Marine Terminal

David Koch explained this was discussed during the budget process and at the last Agency meeting; that Jordan Cove (JC) has been working on developing a slip and access channel and expanding and developing a second berth with the Port that would be more flexible and serve more as a general purpose facility that would provide for various types of cargo, for

example, bulk, breakbulk, project cargoes, rail cargoes, etc. could provide; planning has started and slowed, started and slowed both for the Port and Jordan Cove due to delays with Jordan Cove and now that Jordan Cove is moving forward, the Port needs to keep up. The Port doesn't anticipate taking the position or debt associated with building a facility on speculation. Now that JC is moving forward and rapidly, the Port needs to keep up with planning on the development of the west berth. Port staff solicited for and received two proposals for this project. David Evans & Associates from Portland were chosen. The Oregon Gateway Marine Terminal, General Purpose Cargo Terminal Project, Phase 1 includes preliminary planning and design and will develop basic design elements with the various types of cargo opportunities. Because the area includes the Henderson marsh area, we know there will be environmental issues and an environmental impact statement will be required. Everything in that area is wetland and so we know we will need to mitigate acre for acre. David Evans & Associates and their consultants are familiar with the area, the project and they are also working separately with Jordan Cove on the same project, as well as other projects for the Port. We felt they were in the best position to assist us with this project to the next phase. The proposal in front of you is the Phase 1 which will provide preliminary design and plan of the facility. With the approval to move forward, the proposal has a start date of the end of August with completion by December 2012. Future phases will include initial design and engineering to completion; there will be a phase for permitting, removal permits required from the state and federal government as well as construction oversight and planning. The end of Phase 1 scope of work will provide a final task that provides a fee and schedule for Phase 2 outlining construction and building as well as assistance with funding phases 3 and 4. We are hoping that the consultants can help us identify the range of funding options for future phases and funding opportunities. Port staff will be recruiting for funding for future phases of the project that will not be speculative and the Port will be recruiting for different cargo opportunities - we will be recruiting different partners so that future tenants will have commitments and so that they have 'skin in the game' to put us in the best position with moving forward in the project.

Mr. Goergen asked Mr. Koch where Jordan Cove is in their process. Mr. Koch said they are moving forward through the FERC process; they are in the comment period currently, we are working with them and David Evans on their permit application for FERC and the Port's application with Division of State Lands is for the slip and access channel as we will be the owner and Jordan Cove will lease from us; and their current schedule is to begin excavation and site preparation in the winter of 2014 with completion the following winter.

Mr. Goergen asked what the major road block or hurdle or potential for failure is. Mr. Koch responded that an act of congress prohibiting the Port from exporting natural gas. Mr. Goergen commented that the proposal in front of us in the amount of \$481,000 and he would hate to see this go sideways. Mr. Koch said this is why this has not come before you previously, that the timing wasn't right and said the timing is now right to coordinate the construction process. Mr. Goergen commented that the synergy using the same consultants will keep the project moving forward. Mr. Koch said that using a different consultant would take longer to bring two consultants up to speed. Jordan Cove will have invested \$25m in property and between \$60-70m in permitting and they are not walking away from this project. Frankly the Port's offshore wind project is dependent on getting LNG, Oregon Resources is in need of a facility which makes this project more timely.

Mr. Graham asked about other opportunities with natural gas; he commented on the co-generation plant and the opportunity as a great power source; that a cold storage facility has been

discussed; Jordan Cove and that Verison, their parent company, have committed that they will develop this site, even if it's not for LNG. They have invested \$14 million plus an additional \$11 million before the end of this year which will then transfer the ownership of the Henderson ranch into the Port's ownership. They have invested \$25 million plus \$60-70 million in permitting and studies – they will not walk away from this project. They will make use of this property. Mr. Koch said that Jordan Cove has a lot of interested parties and hopefully will be announcing by the end of September who their main customer will be and that funding will see them through to completion of the project. They have talked about having additional capacity, but it's Mr. Koch's understanding that they wouldn't sell it into the grid but rather have individual customers.

Commissioner Parry discussed programatics and said he would like to discuss that further at another time with Mr. Koch.

Commissioner McKeown commented on their potential customers and discussion included the demand for energy in foreign countries. There is not a lack of customers and once Jordan Cove announces who their customer will be, that will be the partner that will probably take them to the completion of the project.

Commissioner Messerle asked what the Port's plans are or will be to market the idea of the west slip. Mr. Koch explained that the Port has recently contracted with Edelman Company out of Portland, a national and international marketing firm, to work on overall Port message and key on this as well as the redevelopment of maritime commerce opportunities in Coos Bay; industrial activities within Coos Bay and North Bend to the North Spit; quality of life; meeting the challenges of larger vessels; the variety of cargoes that transit through this as a gateway. There has been no specific campaign yet on this but once initial plans are underway, we will have open houses and public meetings explaining the processes. Mr. Messerle suggests that we must be very proactive and not play catch up; Mr. Koch responded saying there has been confusion with the berth and the development of the west side as a second berth – that federal agencies discouraged the Port to submit the application as a dual use facility; now we are working through the process of having a more generic facility, keeping LNG separate. The Port spent the last five years getting the permits. The Port now has a state permit to do excavation and dredging, but the federal permit died when FERC revoked the import license. FERC is getting to the understanding that they cannot hold a community hostage to LNG and this is not the choice of how we wanted to go and we are working through the understanding with the federal and state agencies that the fight is not with the slip and access channel, but with LNG as the specific component, when the berth can serve any number of different commodities. Commissioner Messerle said that will be a confusing one and Mr. Koch realizes that when the message is complicated, people don't listen and when it's a simple no, no message, people will listen.

Motion requested for funding through the Agency for Port to proceed with this project in the amount of \$481,469 with Gene making the motion, (Cam Parry 2<sup>nd</sup>) all in favor all eyes

#### 4. Other Project Updates

Mr. Koch updated the Agency on the progress of the rail rehabilitation and that we have seen work in Coos Bay on the Coquille branch working with hand tools to get the line ready for working rail cars. Work is ongoing and we should be seeing work trains in Bunker Hill by the end of September. Mechanical work has been done on the swing span bridge, it has not yet been turned; comments on the recent vandalism and the repairs made; Port staff is talking about

installing some sort of surveillance system or as Mr. Vaughan suggested a simple disconnect alert that could work as a notifier where no man hours are required.

Mr. Koch updated the Agency on efforts the Port is making in providing briefings to business and elected officials regarding Project Mainstay, coal and unit trains; Mr. Vaughan asked where the ballast for the rail rehabilitation is coming from – Mr. Koch responded from Delta Concrete Company and Knife River, and Mr. Benetti commented on attending the recent Energy Trust meeting.

5. Other – Board Comments - none
6. Meeting adjourned at 8:11 a.m.