

DRAFT COOS COUNTY URBAN RENEWAL AGENCY

MINUTES

Friday, June 22, 2012

7:30 a.m.

Port of Coos Bay Conference Room

1. Call to Order/Self Introductions

Chairman Todd Goergen called the meeting to order at 7:32 a.m.

Agency members: Gene Melton, Joe Benetti, Todd Goergen, Howard Graham, Fred Messerle, Mike Stebbins, Mike Vaughan, Port Commissioner Caddy McKeown and Port Commissioner Dan Smith. Absent: Cam Parry and Janet Rubin.

Guests: Rickie Wiley. Port Staff: David Koch, Martin Callery, Elise Hamner, Donna Scholl and Megan Richardson.

2. Open Public Hearing for Proposed FY12/13 Budget

Chairman Goergen opened the public hearing at 7: 32 a.m.

A. Open Public Comment Period

Chairman Goergen opened the public comment period at 7:33 a.m.

B. Hear Public Comment

There was no public comment.

C. Close Public Comment Period

Chairman Goergen closed the public comment period at 7:35 a.m.

3. Close Public Hearing for Proposed FY12/13 Budget

Chairman Goergen closed the public hearing for the proposed FY 2012/13 budget at 7:36 a.m.

4. Open Agency Board Meeting

Chairman Goergen opened the CCURA board meeting at 7:36 a.m.

5. Approval of Minutes: March 16, 2012 CCURA Board Meeting Minutes; May 4, 2012 CCURA Budget Committee Meeting Minutes

Chairman Goergen called for a motion to approve the minutes from these two previous meetings.

Upon a motion by Commissioner Smith (second by Mr. Graham), the CCURA Board voted unanimously to approve the March 16, 2012, CCURA Board meeting minutes. Motion carried.

Upon a motion by Mr. Melton (second by Mr. Benetti), Board members Benetti, Goergen, Graham, Melton, Vaughan, and Commissioner Smith voted to approve the May 4, 2012,

CCURA Budget Committee meeting minutes. Commissioner McKeown abstained for non-attendance. Motion carried.

6. Approval and Adoption of Budget Resolution FY11/12-2, a Resolution adopting a Budget for Fiscal Year 12/13

Chairman Goergen reviewed the budget Resolution FY 11/12 – 2 and asked if there was any discussion. There was no discussion, so he asked for a motion to approve the resolution.

Upon a motion by Mr. Melton (second by Mr. Graham), the CCURA Board voted unanimously to approve Resolution FY 11/12-2 adopting the budget for Fiscal Year 2012/13. Motion carried.

7. Updated Financial Report

Chairman Goergen reviewed the financial report in the absence of Ms. Nichols. He started on page 38, saying the information for the individual fund balances was current as of June 13, 2012, as follows:

Debt Service Fund	\$120,000
Capital Projects Fund	\$362,753
Special Revenue Fund	\$267,529
General Fund	<u>\$ 2,356</u>
Total	\$752,638

He said in the checking account reconciliation the State Investment Pool has a balance of \$538,655.41 and the Umpqua MMA account has a balance of \$213,982.54. Chairman Goergen said there was a slight typographical error on the balance of June 30 MMA fund. It reads June 30, 2011, and should read June 30, 2012.

On page 40, Chairman Goergen reviewed the revenues collected year-to-date. The prior year tax revenues were \$9,740.57 and the current tax revenue including the increment that was adopted the prior year is \$225,678.90. The interest brought in was \$2,070.51. There were bank fees of \$115.25 which were deducted from the balances bringing the total in the Government Pool to \$237,274.73. Chairman Goergen asked if there were any questions on the finances and there were none.

8. Budget Committee Member Term Expirations/Appointments

Chairman Goergen said he had spoken to Ms. Nichols about the committee expirations and appointments and those who had submitted resumes for the vacancies. He said the Board did not need to take any action at today's meeting and the vacancies could be reviewed at the next meeting.

9. Other - Project Updates

Mr. Koch gave the Board members a handout. He said the Board was given a lengthy update related to the LNG project, the bulk terminal facility, an offshore wind project and the Port's efforts concerning the west berth/general purpose cargo facility. He said the LNG project is continuing to move forward and is not dead despite reports to the contrary. He said it is working its way through the process. An open house is scheduled in June in Coos Bay related to the pipeline. Jordan Cove also will be doing open houses along the pipeline corridor with FERC to discuss that portion of the project. Mr. Koch said the permit process is moving forward and is expected to continue on for at least another year and a half prior to any major construction. He

said some work may begin to occur from the standpoint of site preparation. He said none of the excavation will be happening or facilities installed. It will be the pre-work that needs to be done in anticipation of the major construction.

Mr. Koch said due diligence continues on the bulk terminal project with Project Mainstay. The exclusive negotiating agreement has been extended through December. He said the Port expects to be talking more publicly about the project and who is involved within the next one to two months.

Mr. Koch referred to the scope of work he distributed for a request for qualifications that was put out this week for one or more design, planning, engineering firms to come together as a team to be the professional consultants on the planning, design, permitting and ultimately construction management for the General Purpose Cargo Terminal that has been discussed for the west berth of the slip and access channel to be developed as part of the Jordan Cove project. Mr. Koch said the permit from the Oregon Department of State Lands (DSL), which was issued in December, authorized the waterway slip and the access channel to the federal navigation channel. He said it permitted only limited upland facility areas that did not have any significant upland wetland impacts. The DSL permit authorized a general purpose liquid bulk facility, not necessarily an LNG facility, but something with storage tanks and liquid bulk as well as a dry bulk facility for silo storage including grain, soybeans or other items. He said the Port doesn't consider it as optimal use for the site, but it could be permitted without being limited by the federal process for the LNG export. Mr. Koch said recognizing it would be a bigger lift to get the LNG approval, the Port was able to convince DSL to separate out the LNG project for just the slip and access channel, that way the Port is permitted and can seek modifications to the permit for a larger build out that would be more ideal use of the waterway infrastructure as it is developed. Mr. Koch said Jordan Cove and will be applying for an additional permit to modify use of the east berth to build the terminal facility, the power plant on the mill site as well as the pipeline to connect the natural gas from the main domestic system out of Coos Bay. He said the Port is looking at a companion project to that for the west berth, which is an alternate to the silo storage dry bulk export facility that is covered in the basic permit.

Mr. Koch said the Port's concept is to have a facility that is flexible, that can handle a variety of cargoes that need to find a place to move across a dock in Coos Bay at any given time. He said the Port doesn't just want to build something large and hope business comes. Rather, the Port is doing advance planning. Project Effectuate may need a place to receive, assemble and stage offshore wind floats and deploy them. Port staff also knows that Oregon Resources Corporation needs a facility from which to export chromite. Mr. Koch said there is a ship in today at the Roseburg Forest Products facility and he heard it was going to take seven or eight days to finish vessel loading, because the physical layout of that property is not suited for moving this product. He said ORC would be a potential user of the Port's facility if it were built to incorporate the need for a covered storage facility and an easy ability to convey the cargo under dryer conditions that exist today from the warehouse onto the vessels.

Mr. Koch said that when another log boom occurs and it would provide another location to move that cargo and other types of general purpose cargo. He said if the Port is going to do this project, it wants to make sure it is done right by building the complex with flexibility and ability to adapt and expand it as necessary for cargoes now and ten to fifteen years from now.

Mr. Koch said the deadline for responses to the Oregon Gateway Marine Terminal request for qualifications is July 10. He said there are a number of professional consulting firms the Port has worked with in the past for North Spit projects. He expects to see many of those same firms make submissions but not necessarily all on the same team. Mr. Koch said it would be a challenging process to go through and identify the best fit is for this project and then start the planning and design process for this facility, along with helping the Port through the permitting process. The terminal site will impact some wetlands at the Henderson Marsh site, which will require mitigation and a project all unto itself. Mr. Koch said the plan is to get through the process and do construction in conjunction with Jordan Cove's build out to piggyback construction contracts and only pay 10 – 20% of the construction costs for the west berth.

Mr. Koch said once the consultant is on board and there is a scope of work and proposed budget, Port staff will probably come back to the Urban Renewal Agency looking for assistance in funding this design and planning stage of the project. That would move the project to the point of knowing estimated permitting, construction and construction management costs.

Mr. Callery said contracts were let this week on the Coos Bay Rail Line major track rehabilitation. Bids were opened last week. The project is divided into three segments as follows; west Eugene to Mapleton, Mapleton to the North Spit, and the North Spit to Coquille. The last segment has been divided into two sections. This project is primarily tie replacement and ballast rock additions to the rail line to increase track speeds from between 25 mph and in some locations 40 mph, which will give Coos Bay Rail Link (CBR) better operating conditions and it won't take two days to get a train from point A to point B. Mr. Callery said the hope on segment 3A to Bunker Hill will extend service to additional shippers. CBR is currently transloading for Georgia-Pacific at Hauser, because G-P was very anxious to start moving commodity by rail. Once the repairs reach the G-P plant site, the Port expects to see wood chips moved by rail. Mr. Callery said staff has had meetings with ORC and company officials believe there are opportunities to ship some bulk commodities by rail. ORC will need to put in additional rail infrastructure to do that.

Mr. Callery said the other approved contract was for the Coal Bank Slough bridge repairs. The contract is approximately \$95,000. This project is key to serve Georgia-Pacific and ORC. He said the Port hopes to have to the end of the line in Coquille open by the end of this year when Roseburg Forest Products will have service. There are some other potential shippers in that area who are interested in rail service. Mr. Callery said CBR started with two or three shippers and now has ten. CBR General Manager Tom Foster and his crew are doing a great job. Chairman Goergen asked how ORC was moving its product in sacks at the Roseburg terminal. Mr. Callery said ORC is using specially designed super sacks. ORC worked with a number of suppliers to find a bag design that would work. The company stockpiles the super sacks in an old building at the shipping terminal. They go to the vessel side on a flatbed trailer and the stevedoring company has a spreader system to lift either eight or ten bags at a time and then swing them into the vessel hold. Mr. Callery said depending on the commodity, the super sacks can hold either a ton or a ton and a half. He said super sacks are widely used especially in the Gulf, where rubber from South America comes in super sacks, in addition to cocoa and coffee beans and a variety of other products. They are also being used in the northwest for higher value agricultural commodities that don't justify being shipped in bulk. Mr. Graham asked where the product was being shipped. Mr. Callery said this shipment is going to a foundry supply company in China. China has a huge metal production industry and this was a project ORC has been working on but didn't anticipate a shipment into China quite so soon. Mr. Callery said the Roseburg facility is an experiment. It is

a difficult configuration because they have to drive onto the dock, turn, back the trailer up, grab the lift and the next trailer has to be ready to immediately pull in behind the first trailer. Mr. Callery said it is not the ideal situation but hopefully it will work for awhile.

Chairman Goergen asked if there were any additional comments or discussion. Commissioner McKeown asked how the request before Coos County to change the way the Urban Renewal Agency does business might impact the agency's operation. If that were to come to reality, she asked how it would fit in with the scope of work and moving forward if there is no assurance that this agency would be able to continue working on projects long term. Mr. Messerle said the County has a request to enact an ordinance that would require any major change in the urban renewal district, with either an extension in time or extension of amount to go to a public vote. He said it was similar to the discussion and what they have implemented in Clackamas County. He said his sense of the situation is that some urban renewal agencies have moved away from focusing on infrastructure improvements and there is pressure to bring those agencies back under more local control. He said he didn't know yet what form that would take with Coos County. County Counsel is in the process of trying to develop language for what the proposal would be.

Mr. Koch said the impact on the Port's project could be significant. With the current Urban Renewal plan and current budget debt capacity, the project could move through the initial planning and preliminary design phase that is scoped out. In the second phase of technical terminal design, he anticipated there would be time and budget to be able to help the Port in funding that portion as well. He said phases three and four, which are the permitting process and achieving the construction of the terminal, would require an agency plan modification to extend the term because the Port would want to finance a project over a 20-year term and not cram it into whatever time was left in the existing Urban Renewal plan. He said the good news is the Port wouldn't get to the point of construction on this facility unless Jordan Cove was at the point of construction on its facility. As a result, the community can anticipate increment Urban Renewal revenues coming from the \$4 billion Jordan Cove facility that would be developed. Mr. Koch said that if the county adopts an ordinance for the Urban Renewal agency, any plan amendment and an increase in the amount of indebtedness or an extension of the period of time for the Urban Renewal agency would qualify as a major plan amendment require a vote to get to phase three, phase four. Potentially three fourths of the work, then, would require a countywide vote to accomplish it.

He said he didn't think it was the end of the world for these projects, which the public might support, but vote uncertainty would create a level of risk in accomplishing the project. He said it would be beneficial to avoid particularly in trying to seek private investors as partners in this project. Mr. Koch said his expectation was the Urban Renewal Agency will not be expected to fund 100 percent of this, rather there will be private partners paying a portion of it. He said if businesses are looking to come in as investment partners, they need the certainty the Port is going to be able to accomplish the project. If it has to go out for a vote, it significantly undermines the Port's ability to provide that certainty. Chairman Goergen said it certainly adds a lot of stress to the stakeholders and the private parties who want to come in and invest. He said it sends a signal and politicizes it. Mr. Koch said the economic development game is to remove obstacles and not create additional ones.

Mr. Stebbins asked Mr. Messerle to explain the County's timing. Mr. Messerle said it would have to be resolved by the end of this year. He said the other avenue for the proponents would be to present a referendum. He said there are two ways you can look at it. One is grab it by the

horns and take the initiative by saying if we are going to do this, let's be proactive by getting it done and get it in place. He said the worst thing that could happen is this turns into a local nitpicking situation within the community and the County that detracts from the whole situation. Mr. Messerle didn't think the County could avoid it entirely. Commissioner McKeown asked whether the County Commissioners could increase the cap and extend the life of the Agency prior to enacting an ordinance that would then put anything beyond that to a vote. Mr. Messerle said his understanding was the ordinance would say you have to put the extension or the expansion to a vote. Mr. Koch asked if an expansion could be done and extension of the Urban Renewal Agency before the ordinance is enacted. Commissioner McKeown said the Port's partners would then have some assurance of stability. Mr. Benetti asked whether the Agency could enact something before the ordinance is put out. Commissioner McKeown said the County has to extend the life and increase the cap. Mr. Stebbins said a major plan amendment would have to go to all of the different taxing districts.

Mr. Benetti asked whether Mr. Taylor, who commented at the budget meeting in support of the Agency projects, would be opposed to an extension of the Agency timeline. Chairman Goergen said he talked to Mr. Taylor after the meeting and explained the difference between this Agency as a County Agency versus some of the other urban renewal agencies in the cities, the difference being the property owners who are affected. Chairman Goergen said his understanding was Mr. Taylor is in support of what this Agency is trying to accomplish. Mr. Koch suggested a more formal meeting with Mr. Taylor and his group to explain what the Agency is trying to do. He said the Port doesn't want to derail this project, because it is the culmination of the attempt to leverage the Jordan Cove/Weyerhaeuser transaction to provide property for the multi-purpose cargo terminal in addition to eventually an intermodal container terminal on the rest of the Henderson site. Mr. Koch said the Port is at the critical point where the project is all starting to come together. Chairman Goergen said this Agency is different than a city agency, which might be deciding on marketing grants and those sorts of things.

Mr. Messerle said the problem is that the issue of a vote is already on the table. He said he wasn't sure if the County Commission would be willing to follow the request. He said it raises the whole discussion of whether the Agency is trying to sneak something in under the line. Mr. Koch said he wouldn't want to do it without having a conversation with Mr. Taylor and his group. Mr. Wiley suggested educating taxpayers so they won't revolt against the Agency. He felt the facts should be made known, because these projects are important to the economy. Mr. Messerle said the meeting should take place sooner rather than later, so there's the ability to say the community is behind this project. Mr. Koch said he would try to schedule a meeting with Mr. Taylor and have Chairmen Goergen there as well. Commissioner McKeown asked if there was anyone else who should be invited so they would understand the scope of work the Port was attempting to accomplish and why this particular project was so important. Mr. Benetti commented if there are people supporting the project instead of opposing it, then there won't be an issue. Mr. Wiley said there is also a group pursuing a county charter that is also putting in stipulations about Urban Renewal. He felt education was the biggest key. Commissioner McKeown commented she didn't think there was any intention of trying to keep it quiet, but the project is looming and she wants to figure out how to maneuver through this in the best possible way to eliminate risk.

Mr. Wiley suggested a work session. Mr. Koch commented that the timing is wrong in that this point the project is an idea. The Port hasn't completed the research and won't before the fall. He

said Agency needed to act sooner. He said there would be public meetings as part of the scoping and identifying how to use the facility.

Mr. Benetti asked if the Port could determine what it might need and then expand the Agency plan. He asked what the plan was at now and what could the Agency do or not do now under the existing plan. Mr. Stebbins said the Agency can operate until 2016. Commissioner McKeown asked if the indebtedness had to end in 2016. Mr. Stebbins said it would or the Agency could do a major plan amendment. Mr. Benetti said the Agency would do a plan amendment now to extend it. Mr. Stebbins said the other taxing districts affected by the action would need to be included in the discussion because anything the Agency does will benefit them as well. Mr. Koch said the affected property is not in either of the cities so there is a limited number of taxing districts that are affected by the Urban Renewal Agency. The college, the fire district, the library district, the airport district, the Port, the school districts and the County are the major ones.

Mr. Messerle said it is his understanding is the Agency has enough capacity, but the real issue is the timeline. Mr. Stebbins said there is no question about the timeline, but he didn't know the numbers well enough to make further comment. Commissioner McKeown asked whether the agency had enough capacity for the construction project. Chairman Goergen said he thought the original plan total project was around \$65 million. Mr. Koch said until the Port gets through the initial phases of work he couldn't give costs. He said his construction cost estimate is between \$50 million and \$150 million. He said he couldn't give the Board any better sense of the cost until the project evolves.

10. Adjourn at 8:15 a.m.