



PORT OF NEHALEM

P. O. Box 476
Nehalem, OR 97131-0476

PORT OF NEHALEM BOARD MEETING DECEMBER 17TH, 2014

CALL TO ORDER:

Vice President Rick Dart called the meeting to order at 7:32 p.m.

Commissioners present: Lindy Scovell, Jim Peters and Des Kahrs. Public present Laura Swanson – North Coast Citizen, Dave Bell and Loren Remy – Wheeler City Council, Secretary: Karrie Purdom

1. ADMINISTRATION

A. Minutes of November 5th, 2014 Special Meeting – Approved

Minutes of November 19th, 2014 Board Meeting - Approved

B. 1. Bills for November 2014 – Approved

2. Financial Statement for November 2014 – Approved

D. Channel Crew

1. Gregory: Time to paint, it's been 3 years. Rick and Lindy felt this was an accurate time frame. However we should wait until re-dredge is completed.

2. River:

2. OLD BUSINESS

A. Dredge Update – Jim reported a re-dredging update noting that as of 12/16/14 Vern Scovell is half finished with eleven working days passed in Garibaldi. At the current workday rate, the earliest he'll be finished will be Christmas. However, Vern will be taking Christmas and New Year's off. Therefore Vern will be able to begin on our re-dredge after the first of the year. Vern is now aware of the Ports extension date of February 15th, 2015.

Jim wished to continue with a recap of the dredging expenses, but first wished to explain his duty and code of ethics as a commissioner, pointing out that based on his duty, is his reason for the necessity to address the issue of cost and expenditures. It is not his intention to be argumentative or painting his personal opinion, but merely stating the facts.

Jim questioned the board on the reason for hiring the attorneys. Rick stated his recollection was back in December 2013 there were about 10 days of inclement weather, in addition to the office secretary's absence for 15-16 days. During that time the Port received a notice from DSL stating that if we did not comply with

them by the 20th of December, then we would be under an enforcement order. Unfortunately that notice did not get to the commissioners before the December meeting. Consequently we discovered the letter two weeks later four or five days before we were to be fined and reprimanded by DSL. At that time we were advised by Bill Campbell that it might be prudent for the Port to contact DSL and be able to work with them in order to relieve the situation the Port was in. This is what was done.

Jim discussed in detail the expenses related to the attorneys, and being of minimal assistance to the Port, all the while generating massive amounts of billable hours. Jim shared the breakdown to be 1% related to the Garren & DSL meeting, 5% of which were communications with Rick, 10% communications with Bill Campbell, and 84% is churning billable hours talking amongst themselves.

B. Karrie reported to the board that after contacting both the Tillamook County Clerk and Ticor Title, the listing of Jack Smith as 100% owner on the county tax records is in fact accurate. The way the contract was created between the Port of Nehalem and Jack Smith is considered a "land sale contract" and therefore the Port will only be listed as the owner once the contract is paid in full.

C. Jim asked the board if they'd be willing to agree to Jim sending a letter to Jack Smith requesting his consideration to an early payoff of the loan. Jim noted that the loan is causing a distortion to the Ports bill sheet as well as the fact that we're paying 6 ½ % interest all the while having the money to be able to pay it off. Jim asked if the board would prefer to wait until Dale was able to attend the next meeting since Dale was a board member at the time the purchase and loan were made, noting that he may have valuable input on the matter. Des mentioned he had spoken with Dale since the last meeting. Des described the loan was established in the way it was as an income investment for Jack Smith. Des also stated that in his conversation with Dale that he highly doubted that Jack would be open to any changes. Rick said he has no problem with writing a letter to Jack, and that he saw no harm in trying. Des agreed with Rick.

Rick noted that all monies in the channel maintenance fund are specifically designated to that and cannot be used for any other purpose. Jim questioned if one of the commissioners should perhaps discuss the issue with the Ports CPA to determine if there's a way to move funds into an escrow account and make payments from it rather than the current lender we pay through. Rick felt it would likely need to wait until our annual budget meeting to re-budget the money towards the general funds account to facilitate the loan payoff.

3. NEW BUSINESS:

A. Mail of Interest: Karrie invited any of the board members to attend a meeting with Troy from SDAO at 11:30 Thursday morning. He will be updating us on our coverage and the services that are available to us.

B. We received donation requests from both Cartm and the North Coast Symphony. It was determined that we would not be donating to the North Coast

Symphony. It was also determined that we had already made a donation in June to Cartm and this will only be done once a year.

C. The state timber revenue report was included this evening for the boards awareness.

4. COMMISSIONER COMMENTS: None

5. PUBLIC COMMENTS: Loren Remy noted that as a tax payer, he felt it was very unfortunate that the Port would do a project that would end up costing a half million dollars or so, which is 5 years of tax revenue, without any real economic value to the local area or the three cities involved. He continued to note that he feels it was a terrible expenditure of tax payer money. He hopes that in the future the Port will do its due diligence in matters of this size. Rick responded with appreciation, as well as briefly describing the reasons for the need of the dredge and some of the overhead expenditures. Rick continued by mentioning that the board had several meetings asking the public for input and suggestions, with very little public response at the time.

6. ADJOURN: 8:50 P.M.

Attest _____
Secretary

Approved _____
Vice President