

TOPIC	DISCUSSION / ASSESSMENT / FINDINGS	ACTION
Attendance	<p>Commissioner/Staff Present: Port Commissioners (PCs) James Herman, William Schmitt (via teleconference), Wayne Vinyard; Executive Director (ED) Margie Ziegler; Maintenance Technician (MT) David Sauter; and Administrative Assistant (AA) Bonita Snyder.</p> <p>PC/Staff Absent: None. Guests Present: Bill Eling, Port Attorney (via teleconference); Mike Engle, SDS Lumber; Dorie Cothren, Dallesport Log Yard; Mike Haglund, SDS Lumber (via teleconference).</p>	Meeting called to order by PC Vinyard at 4:32 PM.
<p>Administrative Matters Approval of Minutes</p> <p>Approval of Vouchers</p>	<p>Minutes – July 18, 2023.</p> <p>Vouchers – July 25, 2023, #29629-29634, \$35,216.54.</p> <p>Vouchers – August 1, 2023, #29635-29642, \$76,885.91.</p> <p>Payroll Vouchers – August 4, 2023, #D13547-D13563, \$16,157.93.</p>	<p>PC Schmitt M to approve the minutes, PC Herman S, MP 3-0.</p> <p>PC Vinyard M to approve the vouchers, PC Vinyard S, MP 3-0.</p>
Old Business	None.	
<p>New Business Consideration of SDS Lumber Co. Proposal to Lease Dallesport Lot 43 as Assignee of Dallesport Log Yard, LLC</p>	<p>ED Ziegler stated SDS Lumber approached the Port about assigning the Dallesport Log Yard lease from August 1, 2023 to December 31, 2023 and leasing Lot 43 for five years.</p> <p>Ziegler reviewed key points for discussion:</p> <ul style="list-style-type: none"> • Renewal Options: Ziegler noted the Port is considering how to put the barge dock to its best and highest use, and therefore was not offering any renewal options. She added the Port would be willing to revisit the term length in the fifth year of the lease term. • Exclusivity: Ziegler stated the Port was a public agency maintaining a dock for the import and export of goods. As such, the Port would 	By consensus, the PC directed ED Ziegler to assign the Dallesport Log Yard lease to SDS from August 1, 2023 to December 31, 2023 and negotiate with SDS Lumber LLC in conjunction with Port Council for a five year lease.

New Business (cont.)

Consideration of SDS Lumber Co.
Proposal to Lease Dallesport Lot 43
as Assignee of Dallesport Log Yard,
LLC (cont.)

not grant exclusive use rights to a single user, but would consider all offers, promote, and market the barge dock as needed.

- Rental Rate: Ziegler said the Port has transitioned its leases to follow the US Census Bureau’s annual Consumer Price Index to more accurately reflect the market.
- Lessee Obligations: Ziegler noted the Dallesport Log Yard Amendment Nine language regarding Lessee Obligations, Maintenance and Repairs would be brought into a new lease.
- Security Deposit: Ziegler stated the Port would return Dallesport Log Yard’s Security Deposit to Dallesport Log Yard at the end of the assigned lease and addressed the Security Deposit that would be required of SDS Lumber for a new lease.
- Insurance: Ziegler discussed the adjustments to bring insurance thresholds to a current standard, and noted she was still working with legal counsel to integrate marine liability and pollution control language, in keeping with other Ports.

Ziegler stated the legal description for Lot 43 was received from the Port’s surveyor today. She said she would develop a marine terminal agreement for scheduling and transport of goods.

Mike Haglund, SDS Lumber, stated he felt confident the language on most points could be worked out, however the issue of exclusivity would be a deal killer. Haglund clarified SDS Lumber is not proposing exclusive use to the dock for all commodities, but for language stating SDS Lumber would be the only port tenant that could move logs across the dock. He further explained SDS Lumber is a purchaser of public timber and thereby is prohibited by Federal regulations from log export.

Haglund reiterated the intent of SDS Lumber to import logs from Eastern Washington to supply local mills and support 350 Klickitat County jobs. He further described an opportunity SDS Lumber was exploring allowing

New Business (cont.)

Consideration of SDS Lumber Co.
Proposal to Lease Dallesport Lot 43
as Assignee of Dallesport Log Yard,
LLC (cont.)

export of lumber and plywood to contribute to oceangoing barges in conjunction with Teevin Brothers to Hawaii and Alaska. He described the need for a wharfage provision in the lease. Ziegler said she intended to include wharfage language in the terminal agreement rather than the lease. Haglund said that practice was consistent with other Ports.

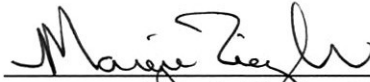
Haglund stated he is looking to finalize the lease and terminal agreement as quickly as possible in order for SDS to stage the equipment as early in August in possible in order to process cleanup before inclement weather.

Significant discussion followed regarding federal restrictions requiring timber purchasers to have no adjacent log export activity. Haglund said the regulations state a public timber purchaser cannot have any adjacent export operations. Haglund noted due to the confined nature of the land around the dock, there would be no way for SDS Lumber to legally meet the federal requirement if log export was taking place, as Lot 43 is directly adjacent to the dock. Haglund described the legal complications preventing adjacent export and domestic log sort operations, and stated he would strongly advise SDS Lumber to not enter into a lease with the Port if the narrow exclusion of log export was not included in the lease. Haglund emphasized SDS Lumber was not asking for restrictions on any other commodities, only logs. PC Herman noted the practical exercise of log handling for export was unlikely due to the limited remaining space. MT Sauter asked what proximity was needed to meet the regulation. Ziegler asked if the exclusion would only pertain to whole logs or all wood products such as chips. Mike Engle, SDS Lumber stated his assumption was that the restriction was for whole logs only. Bill Eling, Port Attorney, requested a copy of the relevant federal regulations from Haglund for review. Haglund stated he would send them to Eling by the end of the week. PC Vinyard stated export was a key issue, and advised Ziegler to work with Eling to explore the Port's options.

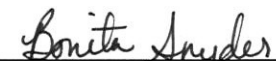
<p>Executive Director’s Report 2022-04 DIP Well #2 Disinfection and Improvements</p>	<p>ED Ziegler said Darrin Eckman, Tenneson Engineering and Beam Construction spent several days troubleshooting, however, the flow meter is still displaying a “no water in pipe” error. Eckman is seeking information from the flow meter manufacturer. Ziegler noted the deadline for the project had been extended to July 20, 2023, but the system was not working by that deadline. Ziegler stated she spoke with the USDA which said funds would not be released until the project is completed, however the failure to meet the deadline would not be counted against the Port, as it was due to circumstances beyond the Port’s control. Ziegler stated the amount of water Well #2 can produce is far greater than Well #1, so the project is important.</p>	
<p>Executive Director’s Report (cont.) CERB Application – 151E Bldg.</p>	<p>ED Ziegler stated the CERB grant/loan application for \$1,000,000 to build 10,000 square feet of 151E was submitted July 28, 2023. She noted she and MT Sauter will present the application before the board September 21 in Dayton, Washington with the committed private partner, Tom and Holly Wood. PC Vinyard expressed his appreciation of the Klickitat County letters of support and the focus on the under utilized and under served business zones. Discussion followed.</p>	
<p>Executive Director’s Report (cont.) General Updates</p>	<p>ED Ziegler stated she worked directly with Umpqua Bank and was able to correct the setting causing sweeps to incorrectly transfer deposits.</p> <p>Ziegler noted the upcoming conferences and vacation time she had planned.</p> <p>Ziegler stated she spoke with Hamilton Construction today. Their project is winding down and she is working with them to determine cleanup and lease needs.</p> <p>Ziegler noted Maintenance Lead Jeff McClain is working on maintaining Lot 9 and Lot 6 weeds.</p>	

Executive Director's Report (cont.) General Updates (cont.)	Ziegler stated there was information in the PC's packets about a contractor working with the Department of Fish & Wildlife who would like to remove bullfrogs from the wetland. Ziegler stated the contractor indicated a desire to attend the meeting, but was not present. Ziegler stated the process for bullfrog removal was to kayak in the wetland from 12am to 3am each new moon. Ziegler expressed concern about the risk to the contractor and the Port. Ziegler stated her intent to decline and describe the reasons behind refusal. PC Vinyard advised Ziegler to avoid additional detail which may invite negotiation.	
Commissioners Remarks	PC Vinyard complimented ED Ziegler and staff for the work on the CERB Grant. He said he tentatively planned to attend the rescheduled Klickitat County Public Economic Development Authority meeting. Vinyard stated he wanted to be prepared in order to touch all the right bases to continue in good standing with the County. PC Herman stated he will meet with Jessica Metta from the Mid-Columbia Economic Development District in order to become familiar with his new role as a board member.	
Public Comment	None.	
Adjournment	PC Vinyard adjourned the PC Meeting at 5:42 PM.	

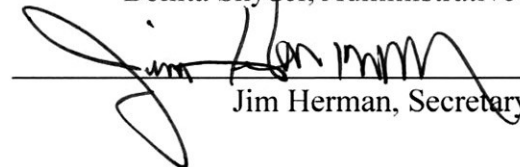
Approved on August 15, 2023
(Date)



Margie Ziegler, Executive Director



Bonita Snyder, Administrative Assistant



Jim Herman, Secretary