

**Eastport Port Authority
October Meeting Minutes
10/20/2014**

Present: Dean Pike
Jett Peterson
Hollis Ferguson

Larry Post
Bob Peacock

Staff: Chris Gardner
Toby Urquhart
Natalie Brown

Public: Edward French

1. Call to Order: 5:04

2. Adjustments: None

3. Minutes:

**Motion to accept the September minutes.
Peacock/Post/Pass unanimous**

4. Financials:

**Motion to accept the 3rd Quarter Financials with the understanding
that City Services will be looked at in December since the City is on a
fiscal year ending in June 2015.**

Peacock/Pike/Pass unanimous

Motion to accept the September financials.

Peacock/Pike/Pass unanimous

5. Director's Report:

Gardner read his prepared report:

This month we will be providing the third and final quarterly budget adjustment for 2014. With a couple of changes in forecasts we are pleased to report that we should end the year in the black. We will be working a few final numbers on this on Monday and as such we will provide the final numbers at meeting.

We have started pulling floats for the fall season and as the board can see, we have made an effort to extend the season as long as we could. The weather has cooperated some so we have gone well past the usual October 1st removal date. For the winter storage we have worked out arrangements with the Friends of the Boat School as in years past while fixing a pricing issue we had with them. We may not store all the floats at the Boat School as we are examining our beaching options in consideration of cost.

The Board may be aware that we received another great representation in the most recent Maine Magazine earning an 8-9 page feature talking about the changes we have been trying to make here in Eastport. We were proud to be a small part of the article and hope it has done the people of Eastport proud.

Estes Head/FMT/TBI Report:

We have come to some agreements with FMT on contract renewal. I can give the board more detail in executive session to see if we are in agreement. Once we have final agreement we certainly can make those details public. But suffice it say it stays within the original framework of our current longstanding agreement.

We are pleased to report that we have early indication that cow shipments will return to Eastport in the coming weeks. Although preliminary, Sexing Technologies has begun the customary container preparation in advance of the shipments so all indicators are very good.

Recently we took part in some rail discussions with other interested parties at all levels including local, state and federal government and private industry. There is a real interest in examining the long term prospect of returning rail service to the Port in varying forms. Perhaps most importantly we have engaged leaders of the Passamaquoddy Tribe and the Town of Perry as this regional project would certainly effect our three communities the most. We will continue to work on these early talks.

The Chip Deal remains in process. We have heard the update from Mr. Chute last month and those issues continue to be worked out. We recognize the need to manage expectations on this project as we have been close on at least two occasions only to have outside forces set us back. While we are reluctant to talk time frames we still remain committed to its completion. In connection to that we again were visited by our Irish partners last week working out more details.

Salt importation talks continue. As such we continue to look at the infrastructure investments needed to accomplish this. Some of those have been undertaken in house as they are minor in the form of a new hopper for the main conveyor which Charlie can construct. Other investments such as on pier hoppers are slightly more significant and several options are being looked at in those regards. We do not anticipate any expenditures that will exceed operating line items but should they do so we will keep the board apprised before any extraordinary expenditure.

As the Board is aware Rubb President and CEO Dave Nickerson came to the port and personally inspected the issues with the both our new and initial Rubb buildings. I am pleased to report that we have come to some agreement that I feel meets our needs and I can provide the Board with an update in that regard at time of meeting for discussion. **For Discussion**

Tug Boat Operations

We have an interested party of the Captain MacIntyre that we are actively negotiating.

Cruise Ships

I am pleased to report that the final Cruise Ship visits went extremely well. A tremendous amount of credit goes to Chris Brown for leading this effort along with Tess Ftorek and the entire team of volunteers that work on these visits. What is very notable that with out offerings we have gotten to a point that the income from the vessels is starting to cover some of our overall operational and marketing costs. We are very hopeful for the coming year but obviously the Breakwater situation is an unknown that will make planning difficult. In working with Amy Powers of Cruise Maine along with Chris Brown I am sure we will try and sprt those details out at next years Cruise Show in Miami as we should have better idea on construction timing by then.

Breakwater/Fish Pier

I recently had the opportunity to speak with Commissioner Bernhardt at the rail meeting previously discussed and there we got a chance to talk about the Breakwater project. I again spoke of our finding challenges along with getting an update on our outstanding permitting issue. We believe the Army Corp permit should be in by November 1st and bidding can be going out by November 5th.

Coast Guard

With the successes of our heating system design in the new office we are looking at the potential of doing something similar at the Coast Guard Station this would involve going to on demand propane boilers instead of the large conventional boiler in place now. Simply switching that large boiler to propane had already given us better performance and cost savings o now going even further to on demand propane is anticipated to work all that much better. Also as part of that we would look to bury the propane tank in like manner to the office setup which offers better performance as the tank currently is subjected to extreme temperatures in the winter and on the coldest days when we need the propane the most the temperature actually makes vaporization of the propane more difficult which is counter productive to efficiency. Burying the tank will take those issues away. This project is in the estimating stage.

We have not heard much on the Fuel System proposal and as such have not included it in the Breakwater designs to date. We left it in the GSA/Coast Guard's hands to accept or reject our design proposal and they have not responded.

Office Project

The office is probably a month or so from completion. We have started to figure out some of the interior issues such as furniture and are pleased to report that The First has donated several articles of furniture that will go nicely in the new office. As such we don't see much of a need for many new purchases beyond some reception desks for Toby and Natalie and a new Board Room table. In fact we think that we can outfit some of the rented space if asked to do so.

Recently regional management of GSA and CBP traveled to Eastport to examine the new GBP space anticipated at the new building. They were very impressed and extremely interested in trying to get the details worked out. We went so far as to discuss some particular changes that they would like to see with the complete understanding that we could not go much further in that regard until we had an agreement in place. We are pleased that overall they were very happy with the overall layout and the changes are very very minor. That being said we have put a stop work on that side of the building until we get these details fleshed out.

The financing has come through on the building and we are able to finish the building on the the mortgage funds rather than out of cash as we have been doing. In all the loan on the building will be under the 400K amount we had hoped.

Motion to accept an offer in the \$20,000 range for the Capt. Mackintire.

Peacock/Pike/Pass unanimous

Motion to accept the Director's Report.

Pike/Peacock/Pass unanimous

6. FMT Report:

None

7. Open Forum:

Peacock spoke with passengers of the cruise vessels visiting this year and noted how happy they were with the city and community support. He suggested the Board write "Thank You" notes to the volunteers.

Pike suggested inviting Chief Ruh to a Board Meeting to welcome him.

8. Executive Session:

Motion to adjourn to Executive Session 6:10 PM.

Peacock/Pike/Pass unanimous

Motion to adjourn Executive Session 6:37 PM

Peacock/Pike/Pass unanimous

Motion to adjourn 6:37 PM

Post/Ferguson/Pass unanimous



Director's Report

November 17th, 2014

Directors Notes:

As we reach the end of the year we are preparing for the winter months ahead. All the floats are in and accounted for and all other equipment storage matters are taken care of.

For the boards information, I have been asked to represent the Port of Eastport on a panel discussion being held at the annual MDOT/MBTA transportation conference in Augusta on December 4th. The panel is a Maine three port discussion and it will give us tremendous exposure to related parties throughout the state.

Also as an FYI I attended the November 12th meeting of the City Council at their request and offered a Port update and opportunity for questions.

Estes Head/FMT/TBI Report:

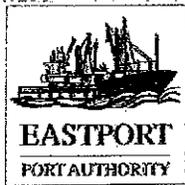
As the board is aware we have signed a contract extension with FMT that runs through the end of 2015. The terms of such remain essentially static under our current agreement. This one year extension is a deviation from the planned 5 year extension that was deemed necessary due to the shipping volume uncertainties that made a 5 year agreement unreachable at this time. It is our hope that next year we can in fact find terms that allow us to extend through the end of the 2019 option that FMT currently enjoys.

As the board is aware, we have been undertaking some initial discussions on road/rail improvements to the island with several stakeholders. Initially we are working with the City, the Passamaquoddy Tribe and the Town of Perry officials to see what long term improvements to transportation can be made to help facilitate further growth at the Port while at the same time being sensitive to the wants and needs of our other community partners. So far the Maine Department of Transportation is very receptive to this approach and we are getting interest as well from our federal representation. We are submitting these ideas to US Federal Highway as part of their planning process simply to get the ideas on the proverbial radar screen for upcoming projects. There are some initial studies that will assist in that regard that we should look to procure and will need be discussed. **For Discussion**

The new road project is progressing at the port as test borings have been completed. We understand that this is most likely the last part of the process that will occur before the winter months and as such activity will return in the spring.

Wood chips remain moving forward at a slow but steady pace. As discussed previously we recognize the want for more immediate action but all we can say at this time is that we remain pleased with the progress and direction of the initiative. We can give a more detailed update in executive session if necessary. **Executive Session**

We are still hopeful for salt import potentials and as such we have been getting the conveyor system prepped for an inbound cargo which is slightly different from all of our original plans. As such we have constructed the necessary additions to execute imports. Primarily it is in the form of a hopper for the top of the C2 conveyor. Also in relation FMT positioned the shiploader to C2 for the first time to prepare and train for this potential cargo. In that process we found a couple of issues with the machine that are usual "bugs" that one may expect from an initial run of a piece of equipment of the size and nature as the shiploader. We have been in touch with Aumund, the unit manufacturer, to get these issues addressed. All in all we were glad to get some initial training underway for this unit.



Director's Report

November 17th, 2014

We have reach conclusion with Rubb on building repairs after some initial confusion on the planned remedies. At time of report Rubb was on site finishing repairs and we hoped to have final signoff this week.

Tug Boat Operations

We have reached agreement for sale on the Captain MacIntyre for a price of 20K without the new generator on board which is valued at approximately 5K. As part of sale we will need to deliver it to Belfast but that is done with full cost reimbursement so it does not affect the 20K sale price. As soon as weather and time permits we will get the vessel moved and the sale executed.

Cruise Ships

At the current time the only matter on tap for the cruise side of the house is the anticipation of going to Cruise Miami in February .

Breakwater/Fish Pier

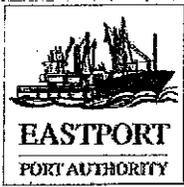
The Breakwater project was due to go out on November 12th but a last minute permit review by MARAD delayed that yet again. All of the work needed and necessary at both the local and state level is complete and it is at the federal level that we await final approval for bid placement. At this time we expect a December date for bid advertisement.

We are paying all final bills on project design and engineering as we reach the close of the year. We have approximately 210K that was left to pay. We have already issued a 155K payment that took care of the majority and we are planning the final payment at the end of the year. By meeting time I will have the total paid to date on the repair and design for the boards final information.

Coast Guard

The USCG and GSA have followed up with us and it was found that an issue on their end caused a pause in the fuel system design work that we had been anticipating. After finding this they have re-engaged us to see the design work to incorporate the system into the new Breakwater build. We have reconfirmed with Child's Engineering a cost of approximately 32K to complete this work and that number has been given to GSA to contractually provide to undertake the work. With those agreements signed the work will be commencing. Again it must be stated that this is not a Port Authority project by any means, this is a federal project that they are undertaking thus the reason that all costs associated with it must be covered by them.

We will be undertaking some security repair and upgrades at the station due to the aging portions of the buildings lock systems. In essence the 10 year old key pads on the building are failing due primarily to their proximity to the salt water. In this repair we will look to account for this for extended life while considering that 10 years was not all that poor of a performance. Also being undertaken will be a redesign of the front gate lock which has effectively never worked due to its poor design. We will be getting quotes from security firms on this work to competitively award the project.



Director's Report

November 17th, 2014

Office Project

We are hopeful that move in date to the new building will be on or about the 1st of December and as such the Eastport Port Authority may be holding its last meeting in our current location. In relation to that we will be looking for direction from the board as to how we proceed in repurposing this building. There has been some discussion about making it available to the city but knowing that is not a proposal fully embraced by all parties we will seek guidance on how to proceed.

We are continuing our discussions with GSA and CBP on their space and have offered a floor plan redesign for their review that was based upon some of their requests and suggestions.

On November 24th We will be attending a zoning board meeting to address the size of our signage as it has been found to be in need of a variance due to its size. The current sign on the new building is the sign that had been up on this building for several years now and we inadvertently figured it would be ok on the new building but have found that may not be the case. The board may recall that we went with the size of the current sign initially to account for the fact that transient boaters and other outside harbor users could not necessarily "find" our office due to its remote location and the large sign was to allow them to see us upon approach from the water. We would maintain that its usefulness and necessity in that regard remains the same in the current location and will seek a variance as such.

Executive Session:

Business Updates

Respectfully Submitted,

Christopher M. Gardner