



PUBLIC MEETING: Special Commission Meeting

DATE: Thursday **October 27, 2022, 4:30 PM**

LOCATION: <https://us02web.zoom.us/j/85806615790>

MINUTES

1. Meeting Called to Order at 4:34
2. Roll Call
 - a. President Groves
 - b. Vice President Lorang
 - c. Commissioner Caldwell
 - d. Commissioner Stipan
 - e. Commissioner Bump
3. Modifications, Changes, and Additions to the Agenda
 - a. P Groves wants to start with Pat McCormick first, followed by Stephen King
4. Discussion Items
 - a. Business Park Proposal - Stephen King
 - i. Stephen King has been working with the Port and Mark Johnson about some plans in the Business Park. Previously, King has come to some meetings to give a presentation about some of their plans, but some have changed towards utilizing Flex 6, such as a data center and using 10 acres out of the 25 on Cramblett Way to develop for said data center. These ideas have been in discussions since February, but things have unraveled with the other potential partners of Flex 6. Parts of some problems were supply chain issues, as they were planning to put in a new build, 18-24 months. The offices in Flex 6 are ideal for local job training, a headquarters, and retrofitting for data center. The proposal lays out how his company sees themselves fitting in and how they can make it financially. To step back, he tells they are a new company putting data centers out in 4-5 places across the country such as in the East Coast, West Coast, and Southwest California and Arizona. They are also looking at Detroit and Maryland, with financial backing from East Coast funders. He gives some background about data centers which is finding property big enough and being able to have access to energy and power, which is difficult to find around here. He calls them "boutique" data centers that help research facilities for customers, one of their first sites in the Pittsburgh. They are coming to the community saying, "we are going to bring hi-tech business and help finance the community, bring jobs, providing value." The

advantage of having multiple locations is for cloud services. For example, in Portland, there isn't a huge amount of research compared to the amount that Pittsburgh has with all the universities there, which cost of energy is high there. They provide customers with a mix of clients that are different than what they can find here, but with much better energy costs and higher renewable energy is in that mix. They could come in as Google or Amazon and say to give them anything they have and go up against hundreds of communities to buy data centers but are trying to be the opposite of that. They don't want to squeeze the communities they go into but want to provide value. He continues that Flex 6, gives them 6-9 months of jump on the market to start selling, providing customers with service and help finance the other side of the building. Data centers are measured in megawatts, roughly speaking in a non-high density, they would get about a single megawatt per acre. Flex 6 would have 3.6 megawatts, and would have to remove the walls, not the bearing walls, about a \$1 million in retrofitting. The other building across on Cramblett would have around 7.2 megawatts, total 10-11 megawatts. The 7 megawatts would go on the 10 acres. The benefit of Flex 6 are the offices, which they wouldn't need to put them into the other building. They would need a long-term lease to make what will be going into the building, 25-30-year lease. They need to be able to treat it as their own property, even if it isn't, but need to treat it as their own for the books as an asset. For them to pull this off, it would take around 12-15 months to have it ready to have clients. Supply chain issues for switches would still be a factor. They would start January 1 on rent and would need to pay half the rent for 2023 and think it would work with the timing of Business Oregon and would normally offer it for \$1.15 sq ft, pay it half initially but also build that amount on top of the rent for next year and amortize it 10 years' time. In 2024, they would go back to \$1.15 for rent, with annual increases of 2% and a whole set of other moneys that he is proposing. Cramblett would take total of 10 acres in a 36-month option balance of the 25 acres, lease to begin January 2023. As they are building their building, they would pay \$450 per acre per month, for 2 years or when they have customers, soon going to \$2,000 per acre per month. At their Pittsburgh site, they are buying 10 acres for \$945,000. In addition to leasing fees, they are trying to build a model for other communities, which it happens to be that since they have a good relationship

with the Port, they want to bring value to the community. There are a couple of ways to generate money such as wielding charges for power, which is to be worked out, and because energy is low here compared to other locations, it's about 50% of what it's worth. If you tack on half a cent to what the customers are paying, it can keep King's business competitive and build another base for revenue. They would give the Port equity in the project and become common stock. On the sale of the building, data centers are selling for a lot of money but don't plan on selling for 10 years because one of the investors is an opportunity zone investor. He put together a spreadsheet with the lease on Flex 6, which would be \$296 this coming year and then \$593 moving up. He states, from his proposal, that 2023 looks higher than 2024 when the 2023 amount should be half. 10 acres for 54 and Profit Share is projected to be around \$6-7 million, expecting that they sell around year 10. They might extend further into the Cramblett property, but this is assuming they stick with the Flex 6 building and the 10 acres. The total revenue is \$21 million, plus, or minus. The 10-year horizon would go beyond that besides some C based funding, 25-30 years for low rates. The other piece is that the site would be perfect for enterprise tax credit and the capital investment for Flex 6 is around \$35-40 million with operating and interest reserves, \$85 million in capital, well over \$100 million in local investment. There would be a lot of jobs but also a lot of tax for property assessments and are competitive to people like Google and Amazon. They must push to get the enterprise tax credit. The tax will have to go back into something, their agreement is they would take 25% of tax credit would come back to local stuff, such as potentially an Investment Committee. Their requirement is to have it be spent responsibly but aren't worried about it, and they can have who they want on the committee. Potentially for having 5-8 years of tax abatement. The other side of this is jobs, data centers are known for being job creators and have other pieces they are adding to this. The projects should bring about 62 jobs, data centers have around 18-20 people. With the salary ranges he is proposing combined, it is well over the local average, a couple million and a half dollars. Their national HQ for the data centers would be across the country with sets of management and administration positions, operations in sales and marketing, those jobs are higher. He says he is not sure how many people want to bring in jobs averaging 150k a year. There is a

software development application platform where a considerable number of jobs will be and has potential to grow over time. A lot of it would be providing cloud services for large corporations and researching centers. An advantage of Flex 6 would be to start having platform development people in there. It will take several years to ramp up, on the job development side, they are committed to local hires and local talent. They are working with a partner called Salute, who are their recruiting/job training folks. They started off focusing on veterans and getting veterans jobs, they are also very good at implementing a job training program. Most money is coming from East Coast and are talking with Key Bank about getting CRA credits. Generally speaking, they will finance 75% of it and 25% will be equity. Equity would come from opportunities with funds from investors. King says they would like to get moving now because Flex 6 is just sitting there and due to supply chain slowdowns, their time for ground-up building is taking longer and will start the same work on the other 10 acres, just need to build from the ground up. P Groves thanks King for this. He wants to put out a caution to everyone on Zoom and continues to say that normally this is an Executive Session presentation but also does not want this to be a big public topic until the Commission decides. P Groves asks for King's opinion on next steps. King says that there are some small structural stuff to be done, cross T's and dot the I's, since he has been to the property and has had discussions since February. For financing, their funders want to see property control first and this would be one part of the two steps. This particular deal is better for CL than Pittsburgh because the benefits are better. He says if this is something the Port would like to do, then they would like to get stuff drafted with attorneys now to be able to get in by February and on his part, will provide letters from investors. P Groves states how important this can be to the Port and the City. P Groves asks for the number of megawatts when it is built out, King replies they will need 3.6 for Flex 6 and 7.2 for the 10 acres. King says the next step is to figure out price of power, cannot pay full in the first year. He says they could fill the other 15 acres, but the flip side is that the Port may want to keep some diversity to have other businesses along the road. If they built all 25 acres and Flex 6, they would get up to 25-30 megawatts. When he talked with retired City Admin Zimmerman, he told them the max was 20-25, with some work that is going to be done anyway. The timing of the rollout

would be getting 3 megawatts per year and if they wanted to build another data center on the 15 acres, the Port and City would need help to keep up with power use. P Groves asks about the time dates for Flex 6, King replies with the dates January 1 for rent, but can pay first and last months on Dec 1. Johnson asks about the cooling capacity, King replies there are not but could be. He continues that in this case, the Gorge has cooler weather but no water cooling from somewhere local. King says they have information about chilling systems but will tell GM and P Groves later. VP Lorang says that the motion is premature due to it being known to him 20 minutes ago and not being brought to EDSC. He says that there has been no meeting about this until today, it needs reviewed. C Caldwell says that there was a presentation in executive session before, VP Lorang says that it was different.

C CALDWELL MOTIONS TO DRAFT AN AGREEMENT WITH STEPHEN KING AND ATTORNEY. P groves continues without a second.

- ii. Fallon says that this would be a challenge with HRC due to the water usage, King says th at it would be a one-time fill and will share info later. Fallon says that public input would be best and asks if King has provided the Port with financials. P Groves says that isn't a public comment session, VP Lorang says this is an open meeting but should come back to EDSC for further discussion before going before the Commission again. P Groves says he doesn't know about the water discussion but agrees with VP Lorang this should come back to EDSC. VP Lorang says most Commissioners didn't know about this until today and since it was made as a public meeting, the public should know about it. P Groves isn't opposed to bringing this to EDSC and believes this proposal has been had for a while, VP Lorang says this is a new proposal. GM says C Stipan asks for this to be in Executive Session, P Groves agrees but also doesn't mind for some of this to be public. Fallon says that she couldn't see some of it, P Groves says that this isn't a city matter nor a citizen matter. Dave Lipps says that this needs to be a community discussion and that there have been more meetings that haven't been public and thinks those need to be brought to community knowledge. Lipps says it isn't fruitful to have these conversations in Executive Session. P Groves says that decisions aren't made in Executive Session. Lipps says that the Commission is pushing the public out and wants the rest of the town to know what is going on. P Groves says that the

Commission kept the Lipps' information private while going through their own business development. C Caldwell says that with her making the motion, it helps them to continue with conversations and wants the public to know they are looking at someone serious but need to leave this in Stephen's hands too. Fallon wants to encourage the port to think about housing and that the new City Administrator is having a hard time finding a house and this needs to be a broader discussion due to power, water, and limited property and wants the Port to think about using the property wisely. Fallon also says the community was blindsided, P Groves asks what decisions are being made. Lipps adds in that he wants the Port to be transparent because it isn't fair for people to be kicked out of Executive Sessions. P Groves says that Dave Lipps should know about the rules of Executive Session. Caroline Lipps adds that her and Dave Lipps had requested to have the discussions of their business be public, but the Commission didn't. P Groves is going to send this to EDSC and wants everyone to respect people who come to this community and adjourns the meeting.

b. Media Consultant - Pat McCormack

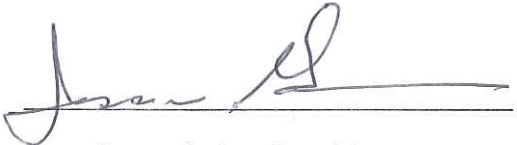
- i. Pat McCormick is here as a Media Consultant for the Port. He expects his personal firm to be closed by the end of the year but says it is a pleasure to come back to Cascade Locks and see the progress made since the last time he was around. P Groves says it is a pleasure to have McCormick here today and has a great reputation, especially after him helping through the Nestle. P Groves wants to begin by talking about the Sternwheeler negotiations and wants to know McCormick's opinion in how to make the message more positive. McCormick says he has had a chance to talk with the GM and Mark Johnson, and believes he has some basic coverage of the media. He says the most basic coverage was from OPB and in talking to GM and Johnson, their discussion was consistent in making sure those who are close to us have a clear understanding of what the stakes are and the process. There are stakes that are high with this issue with AWI that aren't public yet and wants to bring forward information about these opportunities. In his experience, stories like this are difficult to find a reporter to do the research to cover the evolving story and sounded like the GM did this with OPB and this was the key factor in improving media relations around this topic. What would be done typically is to work with the Commission about messages, what can

be said, what can be do in context with a reporter and to look forward building the relationship with ACL, so that there is a partner in helping with publicity. He understands and wants to have more time with GM and Johnson when it comes to the tribes as it is very important. P Groves say that the main thing that they talked about in their last meeting was that the Port isn't able to run the Sternwheeler ourselves but want to see to it that it will be run. He also wants it to be known that the Sternwheeler will not be sent off, but it will stay here as it is iconic to the area. P Groves wants to continue to work with McCormick, GM, and Johnson to make a plan of operation for the Sternwheeler and opportunities. McCormick agrees and wants to talk more with the GM next week. C Caldwell thanks McCormick for being here and thanks GM and Johnson for all their work. She continues saying that the negative of the publicity about the Sternwheeler saying there are millions of dollars needed to be done on the ship, she feels like that isn't as important because the truth is that the boat has been built by the best people and is in the best condition, and wants the public to understand that and all the work that the Commission did on it. Johnson appreciates McCormick's even mannered demeanor and continues to ask if he thinks there are any value in the Port putting together new communication before some of the other pieces have settled out, or if it would be best to wait until there is a larger story for the pieces to be put together. He asks if the message should come from the Port via press release or from a reporter. McCormick replies that he thinks it is better than chasing a story with press releases or getting into a contest with Portland Spirit. He continues that GM has been answering to KOIN6 and in a situation like this, you can end up behind on it, so it is best to have a better situation in being able to deliver the whole story. Next week, he wants to spend time looking at social platforms to expand what we are doing but doesn't suggest putting together a new piece about the Sternwheeler until there is something new. He brings up what C Caldwell said about the history and context of what is going on that would be illuminating of the story and the interesting parts of it. He wants to go into that deeper to look at the communication details we already have. Cathy Fallon asks if the Port has had a recent study from an engineering company about the condition of the Sternwheeler. P Groves replies that the Coast Guard is in charge of doing evaluations and that we need repairs with engines, it does

need some face lifting on the interior. She replies it would be interesting to see a report about what is going well structurally, what isn't, and additions the Sternwheeler needs besides engines. P Groves says we hired a Marine Consultant that did a study on the boat about things that need to be done. Fallon asks how recent the study is, P Groves replies within the last 6 months. P Groves says we don't have full information on what else is needed, such as the ACVC motor, unknown of cost. Fallon asks structurally about the boat, P Groves restates that the Coast Guard is in charge of that and in March, there will be a "hull inspection" to determine for rust repairs and such. Fallon replies it would be good for that information to be public. VP Lorang replies that ballpark costs are around half a million to million and a half. P Groves agrees but hasn't seen a plan to replace the VC system. Fallon asks if the Port has a plan for the wintertime because the boat can't stay. P Groves says it has been outside in the winter before and will this year. VP Lorang asks if we had a dock in Portland, P Groves replies there was a dock where it was during winter for Christmas cruises and then came back afterwards. C Caldwell adds that there were Valentine's cruises. Rob Peterson asks if an operator isn't selected before next summer, what options are available for public knowledge. P Groves said that we are exploring those options currently, and adds that AWI turned down those offers, not the Port turning those down. VP Lorang asks if the refurbishing and repairs will take place next season. P Groves says that they will, with CAT engines. VP Lorang asks if it can technically run next season while waiting for engine, P Groves replies yes. Johnson asks if after the hull inspection, will they be able to put the engines in if they come in time. P Groves agrees and as far as he knows, the generator needs cleaned but otherwise ready for engines. Fallon asks where the engines will be put in and if they need to be dry docked. P Groves says he asked the consultant the same question and adds that there are certain parts that can be put into the engine room while dry docked because they have the pierce the hull. Fallon asks if that is when the engines will be placed, P Groves replies they will be put in dockside. Fallon asks how long the boat will be dry docked, GM replies it depends on how long it takes to put in the keel coolers, which can be a couple of days. P Groves thanks McCormick for being here.

5. **Adjournment** 6:27 pm

Port of Cascade Locks:



Port Commission President

Jess Groves



Port Commission Secretary/Treasurer

Joeminne Caldwell

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting by contacting the Port of Cascade Locks office at 541-374-8619.