

A **Special Meeting** of Port District No. 1 of Grant County was held at the Port District office at 101 F Street SW on **Monday, June 7, 2021**, to discuss Industrial Wastewater Project.

President Curt Morris called the meeting to order at 5:07 p.m. Also present were Commissioners Brian Kuest and Patric Connelly, Darci Kleyn, Chris Ries and Michael O'Donnell

Brian began with discussion by updating everyone present:

Ongoing meetings have been occurring on Thursdays over the last few weeks between the Port, Chris Ries, the Industrial Users Group (IUG), and counsel from Lamb Weston (LW). At first it appeared the project was moving forward as executives from LW did approve the latest scope of work from Navix. In addition to the extended scope of work, the following need to occur--approval of the financing agreement with Key Bank for the \$6 million interim loan, finalization of the Special Assessment Agreement between the Port and the IUG, and the approval of several contingencies requested by the City of Quincy. While LW has agreed to the new scope of work and has instructed the Port to move forward with the project, they appear to be dragging their feet on those three items. They have stated that changes need to be made to the documents, but revised documents have not been presented to Chris Ries. Also, last week the IUG began questioning the Port on the overall design of the project and pushing the Port to produce items that can not be completed until the previously mentioned agreements are in place. It appears that LW does not trust the Port's process for this project. At the last Thursday meeting Brandon Mauseth brought up the possibility of breaking the project into phases. This has never been a topic of discussion and appears completely out of place this far into the process. Chris Ries has learned that there may be an issue with the projected \$42 million cost of the project because at that price approval is taken away from local LW executives and needs approval from LW's Board of Directors. The Port had previously been told that the local representatives of LW had already received approval for the project. Brian is concerned about how LW's sudden push to modify the terms and design of the project will appear to the Department of Ecology, Bureau of Reclamation and the Irrigation District, and how the Port's relationship with those entities may be damaged. Especially since Brandon is suggesting that the Port may need to request an extension on discharging wastewater into the canals.

Chris Ries then shared his thoughts:

From the beginning, the understanding on the financing is that \$6 million in interim funds will be put in place that will then roll into a \$42 bond that will fund construction. LW has pushed for this to get in place and now they are stating that they may not be able to get approval. Key Bank has provided an offer for the \$6 million that is good for the next 60 days. Key Bank is not willing to change their terms this late after all the work has been completed. The concern is that if we enter into the commitment for the \$6 million that LW will not approve the later \$42 million package.

LW apparently has approval for the \$6 million which is why they are now bringing up the idea of phases. Phase 1 could possibly be the purchase of the BAM property and the construction of the storage pond. The issue is where the water would go from there if the remainder of the project is not completed. Would the Irrigation District let the "cleaner" water from the pond back into the canal?


During the remaining open discussion, the following points were brought up:

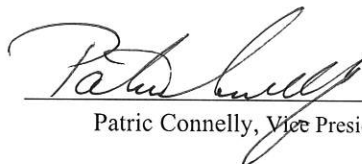
- Perhaps this needs to switch over to a private project controlled by LW
- City of Quincy's contingencies have been extended to July 31
- The phase concept does not appear to make much sense if you do not have a place for the water to go once it is in the pond
- It needs to become clear to the Port as to who has the authority to speak for LW
- The concept and design of the project has not deviated much from the beginning, and it is confusing as to why LW is challenging that this so far into the process
- Navix is looking to eliminate as much cost as possible, but the whole thought process has not changed from the beginning
- The project suffered at least a 90 day delay due to the Vickery/Sahli option that LW seemed to push
- One change that has occurred is the switch from Road R to Road S, but that has decreased the overall cost
- There are concerns as to how the Bureau and City will respond to new changes and extensions, and this may back the Port into a corner
- Full IUG approval is needed to move forward
- Perhaps the IUG has worked behind the Port's back and have made their own arrangements with DOE, Bureau, Irrigation District. Maybe the IUG has already secured time extensions on discharge
- Maybe the Port should complete the initial design phase and then hand the project over to the IUG
- The Port can continue to move the design phase forward since we do have LW's approval, but what happens after design
- Property rights need to be acquired now; it cannot wait until after the design is completed
- If the Port moves forward and does not end up with LW approval, then that leaves the Port holding commitments that cannot be met.
- When the design is at 40% the understanding how to move forward should be clear, but if financing is not in place what good will that do
- It appears that Amway and Quincy Foods are agreeable to the project, but if LW, the major player, is not on board the project cannot continue

5:35 pm the Board went into executive session.

6:05 the Board came out of executive session. No further discussion was had, and the meeting was adjourned at 6:07 by Brian.

PORT DISTRICT NO. 1 OF GRANT COUNTY


Curt Morris, President


Patric Connelly, Vice President


Brian Kuest, Secretary

ATTEST BY Recording Secretary:

