

December 9, 2025
9:01 A.M.
Newport, OR

PORT OF NEWPORT COMMISSION SPECIAL MEETING MINUTES

This is not an exact transcript. The video of the session is available on the Port's website.

The Port of Newport Commission met on the above date and time virtually via Microsoft Teams. In attendance were Commissioners Sylvia, Retherford, Lackey, and Ruddiman. Commissioner Dziak was excused. Also in attendance were Deputy Executive Director Aaron Bretz, Finance Director Mark Brown, Port Counsel Pete Gintner, and Administrative Assistant Gloria Tucker. Members of the audience included Walter Chuck and Summit PR Representative Angela Nebel.

NEW BUSINESS

Approval of the Engagement Letter and Agreement with Shannon Martinez Law.

Sylvia introduced the agenda item. Brown presented his report included in the packet. Sylvia asked what would be the cost of having a special bankruptcy attorney, roughly. Brown replied it is \$465 an hour. Gintner replied bankruptcy is like tax law or FCC law, and even at his firm's largest, he would have needed a specialist. He explained this has too many layers of creditors, fixtures in the building, a building the Port owns, and a building they own but are leasing the land. He noted he knows Shannon well, and she is not an over-biller. He stated he would not be surprised by a cost of \$100,000 because they are trying to protect millions. Brown noted she has already been consulting with staff because there are contaminants on the floor and leaks. He explained this is a worse-case scenario in bankruptcy. He indicated Oregon Brewing Company essentially sent everyone home and left a mess. He added he is already in touch with the trustee. Bretz stated it is a pretty straightforward issue. He noted Cambrian is trying to decommission their equipment they have connected to Rogue's system. He explained staff are trying to protect Port property and any impact to the public. He indicated staff are able to do that and just need some legal assistance. He added staff need someone to talk to because everyone has a different interest in how this works out.

Brown reported he has talked to Shannon Martinez about the property taxes that are owed, since [the County] are going to ask the Port to pay. He explained the Port is asking it be part of what the Port claims as a lease lienholder, so the Port is second priority in payment. Gintner stated he will talk to Shannon and Commission when he returns because there are court of appeals cases where a public entity can't owe taxes to another public entity. He noted Commission may be discussing something down the road either through court of appeal or Oregon Supreme Court because he thinks Lincoln County is overzealous trying to collect those taxes. He indicated for the purposes of the bankruptcy, it's OK to go ahead and do that. He added when he gets back, the Commission has to have a serious discussion about voluntarily paying the county \$900,000 since that doesn't comport with current Oregon law.

Lackey stated he doesn't see the Port has any other option but to hire a bankruptcy attorney. He requested going forward, the Commission be updated and get things in writing in advance, either logistics for tax implications, the mess or environmental issues, or the numbers of financially dealing with potential paths. He stated he wants to know what the Port's liabilities are and where

the decision points lie. He indicated doesn't know what the proper timeline for that is. Brown replied Shannon Martinez's initial reaction is the Port will probably be made whole. Gintner replied some of these details will be discussed in executive session, especially when it comes to the county. He explained right now, Bretz and Brown are trying to stop the flow of counter claims, claims, and issues. He indicated once staff stop the boat from leaking, then the Commission can decide which direction they are going.

Sylvia asked how much is the Commission involved in making decisions, some may need to happen very quickly. He asked does Commission need to have more special meetings and executive sessions than normal. He asked to what degree do Commission let staff handle it and only inform Commission. Gintner replied for the initial month, the staff are literally handling environmental issues, cross claims, and people showing up at the door. He explained going forward Commission will see filings with the court, and every one of those decisions should be run by the Commission. He indicated after a month, Commission will be involved with all the pleadings. Bretz replied it makes sense to have the Commission understand and make decisions, and it also slows things down if there is an urgent need or need to take action to prevent harm to another party or the Port. He explained staff are doing things currently in accordance with procurement rules, and if there is a large enough purchase staff will bring that to Commission. He added staff need the power to act when there is an urgent situation, but for decisions for longer term or larger consequence monetarily, staff come to the Commission. Lackey replied that sounds appropriate. He stated his suggestion is if there is a lot going on in between monthly meetings that the Commission get an update even if approval is not needed.

Sylvia explained Brown called him to see if staff should go ahead with the attorney because of timeliness and then have Commission approve it afterward at the next meeting. He asked how often Commission should meet to approve things and how often does Commission let staff and himself handle it. He confirmed with Commission that he will work with staff on when to schedule meetings as needed. He added this process could take a year or longer. Brown added the Port may be looking at two years, maybe more.

Sylvia asked if the phrase of being made whole includes opportunity costs or delayed dollars. Gintner replied most bankruptcies are dry holes, and if anyone gets anything, it is fairly lucky. He explained whole means the Port is not going to lose its stuff. He indicated opportunities costs are pie in the sky. He added if the Port gets its stuff back and the property is able to be rented that is a plus, and lost potential income is not considered. Brown replied the Port will likely get its back lease money. He noted there is really only one other lienholder, and they have half of their lien already. Sylvia noted even made whole, there will still be real losses to the Port because of the bankruptcy; there will be costs the Port is not compensated for. He added he wants to make sure Commission understands so they are not surprised at the end of the process.

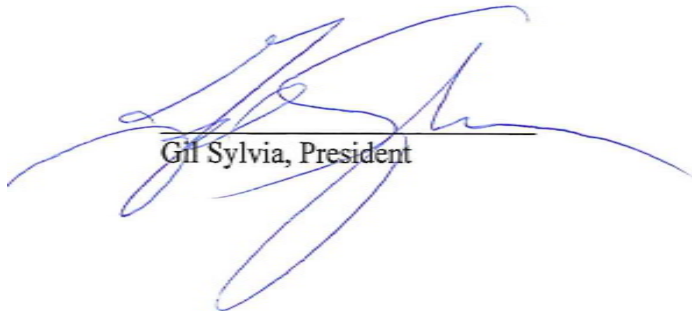
Retherford stated this is such a sad situation. She noted the burden on the Port is sad. She asked even being made whole down the road, how will the Port handle all this. She indicated this puts the Port in a harsh place. Brown replied it is not easy for the Port. He explained cash flow-wise, the Port is going to be OK. He noted at the next Commission meeting, there will be budget cuts. He indicated there will be projects the Port can't do now or next year until the Port can rent that building out again.

MOTION was made by Lackey, seconded by Ruddiman, that the Executive Director, or her designee (Mark Brown or Aaron Bretz), be authorized to sign the engagement letter and agreement to retain Shannon Martinez as the Port's bankruptcy attorney in the matter involving Oregon Brewing Company. In addition, the Executive Director or her designee may take actions,

based on Shannon Martinez's recommendations, that will maximize returns and preserve the Port's claim against Oregon Brewing Company. Sylvia, Lackey, Retherford, and Ruddiman voted in favor.

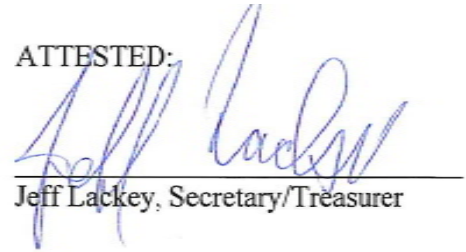
ADJOURNMENT

Having no further business, the meeting adjourned at 9:25 a.m.



Gil Sylvia, President

ATTESTED:



Jeff Lackey, Secretary/Treasurer