

City of Fort Smith  
Port Authority Meeting  
12:00 Noon, Monday, April 22, 2013  
City of Fort Smith Administrative Offices  
623 Garrison Avenue, Fort Smith, Arkansas

MINUTES

The Fort Smith Port Authority held its regular quarterly meeting at 12:00 Noon on April 22, 2013 at the City of Fort Smith's Administrative Offices, Room 326, 623 Garrison Avenue, Fort Smith, Arkansas.

The meeting was called to order by Chairperson Larry Combs, and a quorum was noted present. Port Authority members present were Larry Combs, Eddie Norman, Bob Worley, Jeff Taake, and Dustin Collyge. Others present were Marty Shell and Wesley Daniels of Five Rivers Distribution, and Jeff Dingman of the City of Fort Smith.

Dustin Collyge introduced himself as the newly appointed member of the Port Authority, and was welcomed by the other members. Mr. Collyge was appointed by the city Board of Directors at their February 19 meeting to complete a vacated term and to then serve a full term.

Mr. Norman moved approval of the minutes of the January 17, 2013 meeting. Mr. Worley seconded and the motion carried by unanimous vote.

Mr. Shell of Five Rivers Distribution delivered the tonnage report for the First Quarter of 2013. Mr. Shell reviewed materials and tonnage reports for January, February, and March through the Ports of Fort Smith and Van Buren as provided to the members in their meeting packet. A total of 120,976 tons of product moved through the Ports of Fort Smith and Van Buren in the First Quarter 2013, compared to 59,512 tons during the same period last year. Mr. Shell noted that business moving coal was strong for this first quarter. Mr. Taake moved acceptance of the tonnage report, Mr. Norman seconded and the motion carried by unanimous vote.

Mr. Dingman reviewed the financial report for the First Quarter, showing the summary of tonnage indicated above and associated revenues (from rent & royalties) and expenses to date. The Port Authority received \$5,656.02 from the operator for rent and royalties for the quarter. To date, the Port Authority has unencumbered cash on hand of \$19,840.99. Mr. Dingman also reviewed the accounting of capital investment made by Five Rivers and associated reimbursement by the Port Authority. To date, Five Rivers has invested \$114,867.86 in improvements to the port facility. The Port Authority has reimbursed \$37,387.29 to date, including \$1,885.34 for the 1Q 2013, and still owes Five Rivers \$77,480.57. Mr. Worley moved acceptance of the financial report, Mr. Taake seconded and the motion carried unanimously.

The Chair asked Mr. Shell for the operator's report. Mr. Shell reiterated the increase in coal traffic, particularly in February, as coal was moved from storage to market. This accounted for a significant increase to February's tonnage numbers. A new customer was brought on board in March moving livestock feed. There has been an uptick in business related to alternative chicken feed products, including offgrade wheat, cottonseed hulls, and DDG's. Mr. Shell reported that he his watching what happens with Gerdeau

(MacSteel), in anticipation of possible increase in business moving scrap metal if Gerdeau is able to increase production in its facility as has been reported.

Mr. Worley asked Mr. Shell about the facility at Navy Road, particularly if there are maintenance or facility issues that need to be addressed. Mr. Shell reported that the rail track within the Navy Road facility will need attention very soon. The rail getting to the property has all been upgraded or repaired, but the track within the facility itself, installed in the early 1970's, is sinking into the ground. He suspects that approximately 300 yards of track needs to be rehabilitated, that at least 60% or more of the ties are bad and need to be replaced. After some group speculation as to what the costs of repair would be, the Port Authority asked Mr. Shell to contact three or four railroad contractors for quotes on performing the necessary repairs, and report his findings at the next regular meeting.

There was no Unfinished Business noted on the agenda. Under New Business, Mr. Dingman noted that the first five year term of the 2008 Operator Agreement with Five Rivers Distribution was set to expire in June, 2013, and that Mr. Shell of Five Rivers had asked to exercise the first (of two) five year extension as provided in the aforementioned Operator Agreement. A Resolution acknowledging and approving the Operator's exercise of its five year renewal option through June 30, 2018 was presented for the Port Authority's consideration.

Mr. Shell noted that Five Rivers Distribution, LLC anticipates continuing its good relationship with the Fort Smith Port Authority, and asked that, in addition to acknowledgment of the Operator's five-year option, that the Port Authority consider altering the 2008 Operator Agreement by adding two additional 5-year Operator Options, which could carry the Operator Options through June, 2033 in five year increments. The Port Authority membership generally agreed that the relationship with the Operator has been good since its inception in 2008, but also discussed the relationship with the previous port operator and the difficulty that was involved in removing that operator from a long-term contract when the relationship soured.

After discussion, the Port Authority agreed to amend the proposed Resolution to acknowledge the five year option as requested and to supplement the Operator Agreement with a provision for one additional five-year Operator Option for renewal. Mr. Worley moved approval of the Resolution as amended, Mr. Norman seconded, and the motion carried by unanimous vote. Mr. Dingman was asked to assemble the necessary documents for the Operator Agreement amendment and forward to Mr. Combs & Mr. Shell for signature.

The next meeting of the Port Authority will be held July 18, 2013, with the location to be determined. There being no further business, the meeting adjourned at approximately 12:35 p.m.

Respectfully submitted,



---

Jeff Dingman  
Deputy City Administrator  
City of Fort Smith, Arkansas