

City of Fort Smith
Port Authority Meeting
11:30 a.m. Thursday, January 21, 2016
City of Fort Smith Administrative Offices
623 Garrison Avenue, Fort Smith, Arkansas

MINUTES

The Fort Smith Port Authority held its regular quarterly meeting at 11:30 a.m. on Thursday, January 21, 2016 at the City of Fort Smith's Administrative Offices, Room 315, 623 Garrison Avenue, Fort Smith, Arkansas.

The meeting was called to order by Larry Combs, Chairperson at 11:39 a.m. and a quorum was noted present. Port Authority members present were Larry Combs, Jeff Taake, Eddie Norman, Dustin Collyge, and Philip Doss. Others present were Marty Shell of Five Rivers Distribution and Jeff Dingman of the City of Fort Smith.

The minutes of the October 15, 2015 quarterly meeting were presented. The minutes were approved as corrected upon motion of Mr. Taake, which was seconded by Mr. Doss and carried by unanimous vote.

Mr. Shell of Five Rivers Distribution delivered the tonnage report for the Fourth Quarter of 2015. Mr. Shell reviewed materials and tonnage reports for October, November, and December through the Ports of Fort Smith and Van Buren as provided to the members in their meeting packet. A total of 52,806.07 net tons of product moved through the Ports of Fort Smith and Van Buren in the Fourth Quarter 2015, compared to 64,838.19 tons during the same period last year. For the year 2015, there were a total of 259,386.17 net tons, compared to 289,678.50 net tons in 2014. Mr. Doss moved approval of the Tonnage Report. The motion was seconded by Mr. Taake and carried by unanimous vote.

Mr. Dingman reviewed the financial report for the Fourth Quarter 2015, showing the summary of tonnage indicated above and associated revenues (from rent & royalties) and expenses to date. The Port Authority received \$1,569.33 from the operator for rent and royalties for the quarter. The Port Authority has unencumbered cash on hand of \$22,173.41. 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 \$127,201.53 in improvements to the port facility. The Port Authority has reimbursed \$48,810.63 to date, including \$523.11 for the 4Q 2015, and still owes Five Rivers \$78,390.90. A motion to approve the Financial Report was made by Mr. Collyge, seconded by Mr. Norman and approved unanimously.

Mr. Shell delivered the Operator's Report, noting that the tonnage for the quarter was down due to flooding in December, which was higher than the May floods. There was up to four feet of water in the lower warehouse, which starts taking water when the river is at 31 feet. Five Rivers had to move product out of the warehouse three times in 2015. The other building is a bit higher, and never took water as it requires the river to get to 35 feet. By comparison, the Port of Van Buren requires a level of 38 feet before it floods. Five Rivers just started working barges again in Van Buren in the last week, and is still not working barges at the Port of Fort Smith. There are barges stacked up waiting to get access to the Port.

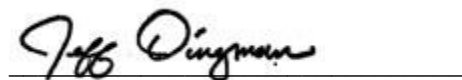
Otherwise, the business at the Port is slow. A lumber customer was lost, as the combination of the flood and access issues due to nearby construction caused an unfavorable situation for them. Five Rivers lost opportunity for four or five barges due to a combination of weather and all storage at the Port of Fort Smith being at capacity. They need the construction of the nearby Utilities project to be completed and cleaned up so that access to the Port can get cleaned up. The contractor on the project has had at least four different project managers and has not been the best neighbor. Mr. Norman moved approval of the operator's report. Mr. Collyge seconded and the motion carried by unanimous vote.

Mr. Dingman noted that the \$125,000 grant from the Arkansas Waterways Commission needs follow-up, as the money needs to be obligated before June 30. More funds are potentially available July 1. Mr. Shell noted that the current funds could be used for the dirt/grading work that is needed for the proposed new bulk warehouse facility, and potential future grant funds could be used for the next piece of the project, and so on until the project can be accomplished incrementally. Mr. Shell noted that the Arkansas Waterways Commission will be in Fort Smith in July to consider the new grant awards.

The Port Authority discussed the potential of marketing the Port of Fort Smith property for sale. The Port Authority owns the property, and has the power to sell its property autonomously, without consent of the City, although it was the consensus that the support of the city would be sought for such a move. Questions arose as to where the proceeds of the sale would go, and what would then be the role of the Port Authority, if any. Mr. Dingman suggested that he could inform the city's Board of Directors of the issue and potential action to gauge their response. The members then discussed various scenarios of how such an action might be structured, but agreed that no formal action would be taken until there was some understanding of the city's position on the matter.

The next regular meeting of the Port Authority will be held in April, 2016, at the City Administrative office. There being no further business, the meeting adjourned at approximately 12:59 p.m.

Respectfully submitted,



Jeff Dingman
Deputy City Administrator
City of Fort Smith, Arkansas