



March 12, 2019

Senate Committee on Environment and Natural Resources

**RE: Written Testimony for the Committee on Environment and Natural Resources Regarding SB 695  
Submitted by John Burns, CEO, Oregon International Port of Coos Bay**

The Oregon International Port of Coos Bay (Port) is seeking to amend ORS 777.447 to remove language which caps the amount at \$1 million of funds borrowed through a promissory note, as well as language that limits the term of promissory notes to five years. These thresholds are too low for ports in the State of Oregon, who at times require significant funding to support capital investments and other economic development initiatives. Lending institutions thoroughly vet lenders to ensure that the amount borrowed does not exceed the borrower's ability to repay funds or risk default. The amount of funds a port can borrow from a lending institution should be market driven. This limit is unnecessary because financial institutions are equipped with the internal checks and balances to ensure that ports do not borrow more than they can reasonably pay back, negating the needs for an express limit of \$1 million.

The Port's concern with this language arose when working to execute an agreement for a revolving loan fund through a private lending institution. In reviewing the contract documents, the Port could not generate a positive opinion letter due to the \$1 million cap in ORS 777.447. To secure the necessary funds the Port was able to utilize an alternative funding method, however, this resulted in a significant increase in cost both in time and expense. The \$1 million limit should be removed for the following reasons:

1. In order to secure the necessary funding, additional dollars had to be spent in attorney fees and support from the Special Districts Association of Oregon to utilize a different method to obtain funds
2. Additional time was spent to secure funding, slowing project progress.
3. As a result, with the additional time added to secure funds, the interest rate on the funds increased, increasing the overall project cost.

The \$1 million threshold is dated and limits the ability of ports in Oregon to obtain necessary funding to support port activities and projects. The five-year time limit for repayment of funding is not feasible in scenarios where a larger loan is taken. The Oregon International Port of Coos Bay respectfully requests support of SB 695 to ensure that Oregon ports are able to respond to funding needs in a reasonable, timely, and cost-effective manner.

Respectfully,

John Burns, CEO  
Oregon International Port of Coos Bay

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