

MINUTES OF THE METRO COUNCIL MEETING

May 10, 2001

Metro Council Chamber

Councilors Present: Susan McLain (Deputy Presiding Officer), Rex Burkholder, Rod Park, Bill Atherton, Rod Monroe, Carl Hosticka

Councilors Absent: David Bragdon, Presiding Officer - excused (on Metro business)

Deputy Presiding Officer McLain convened the Regular Council Meeting at 1:30 pm.

1. CONTRACT REVIEW BOARD

- 1.1 **Resolution No. 01-3073**, For the Purpose of Considering the Request of Specialty Transportation Services, Inc. to Assign its Obligations Under Metro's Solid Waste Transport Service Agreement to CSU Transport, Inc.

Mike Burton, Executive Officer, introduced Mike Hahn, CEO of Churchill. They would be taking responsibility for the transport of waste.

Motion: **Councilor Atherton** moved to adopt Resolution No. 01-3073.

Seconded: **Councilor Park** seconded the motion.

Councilor Atherton said in December of 2000 the council approved a transfer of ownership under which STS, our solid waste transportation vendor, was acquired by the Churchill Environmental and Industrial Equity Partnership. At the time this transfer was approved, Churchill representatives indicated that they would be reviewing the financial stability of STS and that this review could result in a debt or corporate restructuring.. As a result of this review, Churchill was proposing to assign the rights and obligations of STS under the Metro Transport Service Agreement to a new entity, CSU Transport, Inc. Metro had advised Churchill that such an assignment would trigger provisions of the agreement that required Council consent to such an assignment. In a May 8th letter, Churchill formally requested Council consent for the assignment. The purpose of today's meeting was to give Churchill opportunity to present information related to the proposed assignment and to respond to any issues or questions that the council may wish to address. A full discussion of the proposed assignment will be important to insure that the interests of the region's solid waste ratepayers were protected. The proposed resolution would grant Council consent to the proposed assignment with conditions. Council also had the option of attaching additional conditions. The Council also had the option of denying its consent.

Marv Fjordbeck, Senior Assistant Counsel, said the company had requested Metro's consent for a proposed assignment to CSU.

Mike Hahn, CEO of Churchill, reviewed the history of STS and the sale of their contracts. They found that they must request approval of the assignment through the Metro Council. He reviewed locations that CSU was acquiring and summarized their financial records. He felt that CSU would be profitable. It was a well capitalize company. There would be no interruption of service. There would be no changes in management or personnel.

Councilor Park asked what happened to STS once the transaction took place and their creditors.

Mr. Hahn responded STS principle creditor was Mellon Bank. Mellon Bank had a lien on STS. The bank's decision was to try and sell STS assets.

Councilor Park asked about the impact on the rights of the unsecured creditors of STS.

Mr. Hahn said the few unsecured credits that there were would have the same rights.

Councilor Park asked, dependent upon the decision made by council today, did this impact the unsecured creditors position.

Mr. Fjordbeck said the transaction had no impact on the unsecured creditors' position.

Councilor Park asked about the second "be it resolved" in the resolution, what was the intent and effect of the conditions.

Mr. Fjordbeck responded that the second resolving clause was designed to provide flexibility over the next few days. There were some condition which were important in the previous relationship. The second resolving clause dealt with these conditions. It was Churchill's intention to continue the guarantee.

Councilor Park asked Mr. Fjordbeck, if these actions were taken as outlined, did he feel that there was adequate protection for the rate payers?

Mr. Fjordbeck responded affirmatively.

Councilor Monroe asked Mr. Fjordbeck about the contract with STS and the purchase of fuel.

Mr. Fjordbeck said that Metro purchases the fuel for this contract.

Councilor Monroe expressed concern about rising fuel costs.

Mr. Fjordbeck reiterated that Metro was responsible for fuel purchases.

Councilor Monroe noted that this did not change under the new contract but the issue was still there about the mode of transporting garbage. Metro needed to continue to explore with the new company a possible change the method of transport to save cost to the rate payers.

Deputy Presiding Officer McLain said this was not a new company, the only difference was 100% ownership versus 90% ownership. There would be no interruption of service and there would be a letter of guaranteed credit. She noted access to the equipment for the next six months. She express concerned about the unsecured debtors.

Mr. Burton clarified that Metro had the equipment for one year not six months.

Deputy Presiding Officer McLain opened a public hearing on Resolution No. 01-3073.

Mr. Terry Yamado, attorney representing Blue Line Transportation, 1515 SW 5th Ave, Portland, OR 97201 shared the concerns expressed by Council.

Deputy Presiding Officer McLain closed the public hearing.

Councilor Atherton closed by saying that this was much better capitalized entity, urged the council's support and said that the contract would be closely monitored.

Mr. Hahn said there was no question that this new company was profitable and better capitalized.

Vote: The vote was 6 aye/ 0 nay/ 0 abstain, and the motion passed with Presiding Officer Bragdon absent from the vote.

2. ADJOURN

There being no further business to come before the Metro Council, Deputy Presiding Officer McLain adjourned the meeting at 2:05 p.m.

Prepared by

Chris Billington
Clerk of the Council