



MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING

HELD TUESDAY, FEBRUARY 1, 2005

HARBOR CENTER BUILDING CONFERENCE ROOM

1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON

Present:	Douglas G. Smith	President
	Jim Jorgensen	Vice President
	Scott L. Walker	Secretary
Staff:	Jim Darling	Executive Director
	John Carter	Director, Finance / Economic Development
	Bill Hager	Director, Real Estate / Planning
	Fred Seeger	Director, Facilities
	Stephan Jilk	Director, Marine Services
	Mike Stoner	Director, Environmental Programs
	Frank Chmelik	Port Counsel
	Steve Shipman	Properties Account Representative
	Mary Matyas	Executive Secretary

CALL TO ORDER

Commissioner Smith called the meeting to order at 3:00 p.m.

PUBLIC COMMENT PERIOD



There were no requests for public comment.

CONSENT AGENDA

Motion: Approve Consent Agenda items A. through C. as follows:

- A. Approve minutes of the January 4 and January 18, 2005, regularly scheduled meetings and minutes of the January 11, 2005, special Commission meeting.
- B. Approve Voucher Certification dated February 1, 2005, totaling \$1,699,246.30.
- C. Authorize the sale of vessels, pursuant to Resolution No. 947.

Motion approved with a 3-0 vote.

OLD BUSINESS

1. SPONSORSHIP OF WHATCOM MARITIME ASSOCIATION

Motion: Authorize the Executive Director to execute a Rental Agreement with the Whatcom Maritime Historical Society d/b/a Whatcom Maritime Association, a Washington non-profit organization for certain Port assets within the Bellingham Shipping Terminal.

Discussion: Mr. Steve Jilk, Director of Marine Services, reviewed that the Whatcom Maritime Association is requesting the use of the former Port of Bellingham Maintenance Shop, located at 627 Cornwall Avenue, to be used by the Association to store equipment, provide workshops on historical maritime practices for association members, and provide educational waterfront tours for the general public.

Mr. Jilk said the rental agreement will be on a month-to-month basis and includes approximately 252 square feet of exclusive storage space; and approximately 2,428 square feet of non-exclusive public education space. Mr. Jilk noted that fees for areas of mixed use on State-owned aquatic lands are calculated pursuant to the Port Management Agreement and the fees for the exclusive use of Port property are within Rental Revenue Standards. Mr. Jilk said that in lieu of rents for the non-exclusive area, the Whatcom Maritime Association would provide education about historical maritime practices, and provide the public with an interpretive, ongoing educational opportunity.

During the discussion, Commissioner Smith requested that staff look into the possibility that an organization, such as the Whatcom Maritime Association, take over the use and maintenance of the Fire Belle (waterside water emergency vessel,) when the lease with the City for its maintenance, moorage, and insurance expires at the end of 2006.

Motion approved with a 3-0 vote.

NEW BUSINESS



1. GROUND LESSOR ESTOPPEL AND AGREEMENT

Motion: Approve a Ground Lessor Estoppel and Agreement between the Port, FedEx, and MB-BLI, L.L.C.

Discussion: Mr. Steve Shipman, Port Properties Account Representative, reviewed that in July 2002, the Port and FedEx entered into a lease for premises located at the Bellingham International Airport. Mr. Shipman said that FedEx sub-leased the premises to MB-BLI, L.L.C., for the purpose of constructing a new FedEx facility, who then sub-subleased the premises to FedEx. Now, Mr. Shipman said, MB-BLI wishes to obtain a loan to refinance the cost of improvements and the lender is unwilling to provide a loan without the Port's execution of a Ground Lessor Estoppel and Agreement.

Mr. Shipman noted that the Ground Lessor Estoppel and Agreement allows the lender to enter into a new ground lease with the Port on the same terms and conditions as the FedEx lease in the event the ground lease is terminated; it allows the lender to exercise the option to renew if FedEx does not, and the renewal would be on the same terms and conditions as the underlying lease; and it allows the lender to take title to the improvements on site in the event of a default.

Motion approved with a 3-0 vote.

2. TOOLHOUSE DESIGN COMPANY BELLWETHER EXPANSION

Motion: Approve Lease Modification between the Port of Bellingham and Toolhouse Design Company for the purposes of increasing the size of their present leasehold in the Bellwether Building.

Discussion: Mr. Steve Shipman, Port Properties Account Representative, reviewed that Toolhouse Design Company has requested an expansion of their leased premises into a vacant suite and the hallway between the suites on the second floor of the Bellwether Building, resulting in the addition of 1,975 square feet to the leased premises.

Mr. Shipman said that the proposed Modification of Lease will amend the lease as follows:

- The lease term will be for a period of seven (7) years beginning May 1, 2005.
- Rent for the added premises will be \$18.72 annually and escalate 3% of each year.
- Rents for the original premises shall remain at \$18.72 annually during the remaining term of the original lease including the option periods.
- At the end of the original lease term, including the option periods, the rents for the original lease shall increase 3% annually through the extended term.
- The Port will invest a maximum of \$73,360 toward tenant improvements.

Mr. Shipman noted that the added hallway space alone for the seven year period amounts to \$62,827.29.

Motion approved with a 3-0 vote.



3. TOOLHOUSE DESIGN COMPANY TENANT IMPROVEMENT

Motion: Authorize the Executive Director to enter into a contract with Ebenal General, Inc., for Bellwether Building tenant improvement project in the amount of \$106,685.20 plus a 10% contingency for a total of \$117,353.72.

Discussion: Mr. Shipman said there was a total of three bidders for the Toolhouse project. Ebenal General, Inc., was the low bidder and bids for the project were received and opened on January 24, 2005, with the following results:

Contractor	Total Base Bid
Rosendaal-Honcoop Construction	\$117,072.00
Progressive Builders, Inc.	\$108,684.36
Ebenal General, Inc.	\$106,685.20

Mr. Shipman noted that the lease modification approved in #2 above provides for the tenant to reimburse the Port for all costs exceeding \$73,360 in a single lump sum payment.

Motion approved with a 3-0 vote.

4. WISE ENTERPRISES L.L.C. LEASE MODIFICATIONS

Motion: Approve Lease Modifications between the Port of Bellingham and Wise Enterprises L.L.C. for the purpose of reconfiguring and increasing the size of their leasehold premises located at the Airport Industrial Park.

Discussion: Mr. Shipman reviewed that the Commission approved a Consent to Assignment of Lease Agreement between John and Vera Williams and Wise for premises located at 3841 Sound Way. He said that on January 13, 2004, the Commission approved a Consent to Assignment of Lease Agreement between Aqua Clean Ships L.L.C. and Wise for adjacent premises located at 1950 Victoria Place. On July 23, 2004, Wise requested that the Port proceed to modify the general binding site plan to amend the size of the two lease sites, thereby absorbing approximately 6,702 square feet of additional space.

Mr. Shipman noted that, with approval of the Lease Modifications, the Port will net additional revenues of \$205 per month, and eliminate approximately 6,072 square feet of otherwise non-leaseable land from its inventory at the Airport Industrial Park.

Commissioner Walker asked why the 6,072 square feet of land was considered non-leaseable. Mr. Bill Hager, Director of Real Estate and Planning, explained that the land was the result of the Victoria Place Street Improvement Project. The project design called for a curve in the street, which resulted in this small previously un-leased portion.

Commissioner Smith asked if the area would have capacity to detain storm water, or if it would utilize the pond off of Airport Drive. Mr. Hager explained that it would utilize the capacity of the pond off of Airport Drive. He went on to elaborate that the Port and County had been meeting to discuss storm water requirements under the upcoming new DOE guidelines. The County has



verbally agreed with the Port's assessment that the two existing ponds have the capacity to handle all drainage for anticipated new development to current standards, with the exception of construction east of Mitchell Way. Existing impervious surfaces would be "grandfathered" in at past rate requirements. However, all new development would have to provide on site water quality treatment.

Motion approved with a 3-0 vote.

RECESS TO CLOSED EXECUTIVE SESSION

At 3:45 p.m. Commissioner Smith recessed the meeting to a closed executive session for the purpose of discussing property acquisition and pending litigation.

RECONVENE COMMISSION MEETING AND ADJOURN

As there was no further business, and on motion duly made and carried, the meeting was adjourned at approximately 5:30 p.m.

Douglas G. Smith, President

Scott L. Walker, Secretary