

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, OCTOBER 5, 2010
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen Michael McAuley Scott L. Walker	President Vice President Secretary
Staff:	Fred J. Seeger Rob Fix Art Choat Dan Stahl Sylvia Goodwin Lydia Bennett Norm Gilbert Terry Ilahi Judy Harvey Frank Chmelik Diane McClain	Interim Executive Director Chief Financial Officer Director, Aviation Director, Marine Services Director, Planning and Development Director, Real Estate Project Engineer Real Estate Analyst Real Estate Representative Port Counsel Interim Executive Secretary

CALL TO ORDER

PUBLIC COMMENT PERIOD

There were no requests for public comment.

CONSENT AGENDA

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

- A. Approve the minutes of the September 7, and September 21, 2010, regularly scheduled Commission meetings.
- B. Approve the Voucher Certification and Approval for the period September 1, 2010 – September 29, 2010, totaling \$8,869,953.83.
- C. Authorize the Interim Executive Director to enter into insurance contracts for the renewal of the Port's liability and auto insurance coverage for the policy period October 1, 2010 through September 30, 2011.

Motion approved with a 3-0 vote.

NEW BUSINESS

1. STATUS REPORT ON THE EXECUTIVE DIRECTOR SEARCH.

Commission President Jim Jorgensen opened the discussion by thanking Facilities Director Fred Seeger for serving the past fifteen (15) months as the Port's Interim Executive Director; adding that Mr. Seeger's role was critical to the organization while the Commission worked on filling the position of Executive Director. Commissioner Jorgensen reported three (3) candidates participated in the selection process which included a community reception, a series of panel interviews with the Commission, Port staff and external stakeholders. Commissioner Jorgensen thanked executive search firm Waldron and Company for providing their assistance in gathering the feedback necessary for the Commission to make their selection. Commissioner Jorgensen made the following comments regarding the three (3) candidates:

"Mark Beaty (with a Homeland Security background) has a strong leadership style and presence and clearly demonstrates his commitment to public service."

"Greg Borossay is highly organized and professional and his strengths are in the business of Ports and generally container type of work."

"Charles Sheldon has years of experience across Port lines of business and has demonstrated the large scale project management skill set that we are looking for."

Commissioner Walker agreed with Commissioner Jorgensen's comments adding while the first group of candidates was qualified; they were not the right candidates for the right time. Of this second group of highly skilled and articulate individuals, Commissioner Walker declared Charlie Sheldon has the breadth of experience and skills the Port is looking for in an Executive Director. Commissioner McAuley inserted that while all candidates are qualified, he also supported the selection of Charlie Sheldon for the Executive Director position. Commissioner Jorgensen made the following motion.

Motion: Authorize Waldron and Company to extend an offer of employment for the position of Executive Director to Charles Sheldon and to begin the discussion regarding the compensation package within the parameters previously discussed.

Motion approved with a 3-0 vote.

2. 2010 SQUALICUM SAWTOOTH DOCK AND INNER HARBOR FLOAT PROJECT.

Motion: Authorize the Interim Executive Director to execute a contract with American Construction Co., Inc. of Tacoma, Washington for the 2010 Squalicum Sawtooth Dock and Inner Harbor Float Repair Project in the amount of \$432,871.90 plus a 15% contingency for a total authorized contract amount of \$497,802.34.

Discussion: Project Engineer Norm Gilbert explained the work is a combination of two (2) capital projects and one maintenance project addressing necessary repairs to the Squalicum Sawtooth Dock and Inner Harbor Float repairs identified as corrections of electrical, structural and maintenance deficiencies. Mr. Gilbert added three bids were received. Upon a bid protest filed by American Construction alleging Northwest Marine Construction's bid bond did not meet the required "5% of total bid amount; American Construction Inc. was the found to be the lowest, responsive bidder. Port counsel Jon Sitkin reiterated the identified bid bond requirement and deficiency as stated by Mr. Gilbert.

Motion approved with a 3-0 vote.

3. MODIFICATION OF LEASE TO POINT ROBERTS PRESS INC. AT BLAINE HARBOR.

Motion: Approve a Modification to Point Roberts Press Inc.'s Lease at Blaine Harbor.

Discussion: Real Estate Analyst Terry Ilahi explained that the Port approved a land lease with point Roberts Press, Inc. in June of 2005 and approved a modification in 2009 and the lease requires rents be renegotiated every five (5) years.

Motion approved with a 3-0 vote.

4. ENVIRONMENTAL LIABILITY SETTLEMENT AGREEMENT WITH WESTMAN MARINE INC.

Motion: Approve the Settlement Agreement between the Port of Bellingham and Westman Marine Inc. and its owners individually for the environmental liability on the Westman Marine leasehold site.

Discussion: Real Estate Director Lydia Bennett described the Westman Marine, Inc. leasehold site in Blaine as a boatyard and shipyard since 1976; it was originally owned and operated by Carl Westman. Mr. Westman subleased space from fish processor Boundary Fish. In 1998, Jack Dawson and Jim Prill formed a partnership and purchased the company and renamed it Westman Marine, Inc. executing a new lease directly with the Port of Bellingham. Bob Gudmunson joined the partnership and currently, Westman Marine, Inc. (Dawson, Prill, Gudmunson) has been in a month to month tenancy since the lease expiration on October 31, 2009.

Ms. Bennett reported historic boat/shipyard operations resulted in environmental impacts at the site and future extensive clean-up costs. Through negotiations, Westman Marine, Inc., and the Port agreed to a tentative settlement proposal in which Westman will transfer to the Port the haul- out equipment, an 80'x60'x40' portable tent structure, demolish and properly dispose of the shop building and all debris from the site and provide cleanout, service and maintenance of the pressure wash systems, including the waste water collection sump and treatment system. In addition, Westman Marine, Inc. will pay to the Port \$240,000 cash

within 10 days of the execution of the Settlement Agreement and continue to lease the site on a month to month basis beginning December 1, 2010; the Port will provide two (2) month's rent abatement while the site cleanup is underway. Ms. Bennett added upon approval of the Settlement Agreement, the Port will explore future commercial and recreational marine development of the site.

Motion approved with a 3-0 vote.

5. APPROVE CONSENT OF GROUND LESSOR FOR AN EASEMENT AGREEMENT FOR PARKING WITH BELLWETHER GATE LLC.

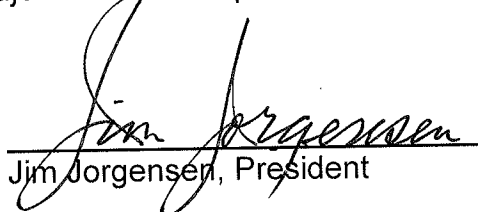
Motion: A motion by the Commission approving a "Consent of Ground Lessor" for an Easement Agreement for Parking with Bellwether Gate LLC.

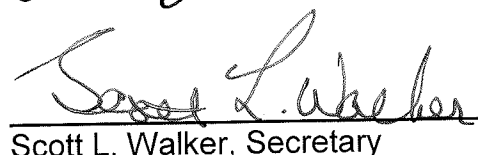
Discussion: Real Estate Representative Judy Harvey explained the Port and Bellwether Gate LLC entered in to an Amended and Restated Capital Ground Lease for the construction of Building A (Parcel A-1) in March 2009 and for Building B (Parcel B-1) in November 2009. Ms. Harvey added Bellwether Gate LLC is seeking financing for the construction of Building B with the Bank of the Pacific and Building B (currently under construction) will contain two (2) garage parking units for the two (2) residential units. First Mutual Bank, a Division of Washington Federal Savings, as beneficiary of a Construction Deed of Trust, has a Security Agreement and Fixture Filing for Building A secured by Parcel A-1 and therefore must provide its consent prior to the The Bank of the Pacific releasing funds. The lenders require assurance that there is adequate parking for tenants, guests, customers and employees for Building B. To meet this lender requirement the Easement Agreement for Parking for the benefit of Building B grants an easement for use of a portion of Bellwether Gate's parking garage. As owner of the land and holder of the Lease with Bellwether Gate LLC, upon which Building B is being constructed, the Port also must provide its consent by the Consent of Ground Lessor before funds are released to Bellwether Gate LLC.

Motion approved with a 3-0 vote.

ADJOURN

As there was no further business, the meeting was adjourned at 4:03 p.m.


Jim Jorgensen, President


Scott L. Walker, Secretary