

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, APRIL 7, 2009
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Scott L. Walker	President
	Jim Jorgensen	Vice President
	Douglas G. Smith	Secretary
Staff:	Jim Darling	Executive Director
	Rob Fix	Chief Financial Officer
	Art Choat	Director, Aviation
	Mike Stoner	Director, Environmental Programs
	Sylvia Goodwin	Director, Planning and Development
	Lydia Bennett	Director, Real Estate
	Dodd Snodgrass	Economic Development Specialist
	Adam Fulton	Project Engineer
	Rich Davis	Port Counsel
	Mary Matyas	Executive Secretary

CALL TO ORDER

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

PUBLIC COMMENT PERIOD

Ms. Sharon Heaps, 1401 W. Holly Street, #201, Bellingham, Washington. Ms. Heaps voiced concern regarding changes in the lease with Bellwether Gate. She does not understand why, if Ebenal is no longer having residential condominiums on the 4th floor, the building will still include four (4) stories. Ms. Heaps remarked she foresees major traffic problems in the area and noted she wants more view corridors which could be achieved if the building was only three (3) stories. Commissioner Walker noted CH2M Hill is leasing three floors of the building and it is anticipated they may be interested in the 4th floor when the time comes for the building to be occupied. Ms. Shirley McFearin, Real Estate Development Manager/Broker, noted Bellwether Gate plans to transfer the residential component to one of the other buildings on the site.

RECESS TO INDUSTRIAL DEVELOPMENT CORPORATION (IDC) BOARD MEETING

At 3:12 p.m., the Port of Bellingham Commission meeting was recessed to a meeting of the Industrial Development Corporation (IDC).

1. APPROVE IDC MINUTES

Motion: Approve minutes of the February 17, 2009, IDC Board meeting.

Motion approved with a 3-0 vote.

2. INDUSTRIAL DEVELOPMENT CORPORATION INDUCEMENT RESOLUTION FOR EPOD SOLAR, INC.

Motion: Adopt Inducement Resolution No. 66 by the Board of Directors of the Industrial Development Corporation (IDC) of the Port of Bellingham. This Inducement Resolution supports the application of EPOD Solar Inc. (EPOD) to capture costs associated with the firm's expansion for purposes of funding through tax exempt Industrial Revenue Bonds.

Discussion: Mr. Dodd Snodgrass, Economic Development Specialist, reported that EPOD Solar Inc. is a vertically integrated solar energy company based in Kelowna, B.C., covering key phases of solar power business operations from panel manufacturing through power generation. EPOD is proposing to build a manufacturing plant in Washington or Oregon and is considering Whatcom County a possibility. The possibility of tax exempt Industrial Revenue Bonds is one of many tools being lined up to make Whatcom County attractive.

Mr. Jim Darling, Executive Director, reminded the Commission that the Port, through the IDC, serves as a conduit for private companies to access the tax exempt finance market and neither the Port nor the IDC provides any security to the bond. The applicant (EPOD) will be solely responsible for the repayment of the debt which will be fully secured.

Mr. Rob Fix, Chief Financial Officer, noted the Inducement Resolution starts the spending clock ticking and is an early step in the process. If deciding on Whatcom County, EPOD may decide not to proceed with the bond process and may be better served by federal stimulus funds or other means of funding. EPOD will reimburse the Port for its costs through a \$1,000 application fee and by paying a 1/10 of 1% annual servicing fee.

Motion approved with a 3-0 vote.

RECONVENE COMMISSION MEETING

The Industrial Development Corporation meeting was adjourned at 3:20 p.m. and the Port of Bellingham Commission meeting was immediately reconvened.

CONSENT AGENDA

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

- A. Approve minutes of the March 3, 2009; and March 17, 2009; regularly scheduled Commission meetings and the February 27, 2009; March 4, 2009; and March 20, 2009 special Commission meetings.
- B. Approve Voucher Certification February 25, 2009 – March 25, 2009, totaling \$2,561,393.95.

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- C. Approve Resolution No. 1265, a resolution of the Board of Commissioners of the Port of Bellingham, delegating administrative authority to the Executive Director to execute Interlocal Agreements for use of Port property for training purposes.
- D. Commission authorization to sell vessels, pursuant to Resolution No. 947.
- E. Approve Resolution No. 1266 by the Board of Commissioners of the Port of Bellingham. This Resolution will support IDC Resolution No. 66 relating to the issuance of tax exempt Industrial Revenue Bonds for the benefit of EPOD Solar Inc.
- F. Approve a Renewal and Modification of Lease for Bellingham Aviation Services, LLC (BAS) for office space, tanks and tank pads at Bellingham International Airport's General Aviation Terminal.
- G. Authorize the Executive Director to execute a Personal Services Agreement with TEC, Inc. for \$52,883 to perform consulting services for the Port's Environmental Compliance Assessment Program through March 31, 2010.
- H. Authorize the Executive Director to execute purchase orders for the purchase of a new 13,000 lb. capacity boom truck to Cascadia International, LLC (engine and chassis) for \$67,691.24 and to Northend Truck Equipment Inc. (crane and installation) for \$67,130.04 for a total cost of \$134,821.28 including Washington State sales tax.
- I. Authorize the Executive Director to sign Amendment No. 3 to the Professional Services Agreement with Rosario Archaeology, LLC for archaeology screening at the Bellingham International Airport. This amendment will increase the contract budget by \$15,280 to a contract total of \$39,437.
- J. Authorize the Executive Director to settle for the Port of Bellingham the claim for damages against Salmon Bay Barge Line, Inc. relating to the March 4, 2007 incident (Salmon Bay #1).
- K. Authorize the Executive Director to settle for the Port of Bellingham the claims for damages against Squaticum Marina moorage customers, Chris and Posi Beaudin and Mark Mackiewicz.
- L. Authorize the Executive Director to settle for the Port of Bellingham claims for damages against Western Towboat Company and K-Sea Transportation relating to the April 2006 incidents.
- M. Authorize the Executive Director to sign a Sworn Statement in Proof of Partial Loss by the Port of Bellingham to the Lexington Insurance Company.

Motion approved with a 3-0 vote.

NEW BUSINESS

1. PROJECT APPROVAL FOR PORT SMALL CITY ECONOMIC DEVELOPMENT FUNDS

Motion: Approve the funding of three Small City Economic Development Fund projects totaling \$50,000.

Discussion: Mr. Dodd Snodgrass, Economic Development Specialist, reviewed that the Port's 2009 capital budget includes \$50,000 to assist small cities with project implementation. Port staff and the Small City Partnership reviewed applications and recommends the Port assist in the following projects:

- Blaine: Boblett Street Construction (\$33,000). Funds are to be used for engineering support toward construction of Boblett across the now closed Blaine Airport (34 acres of commercial and industrial land). This project is funded with federal stimulus dollars administered through the Washington State Department of Transportation. Blaine is providing \$87,000 in local funds toward engineering.
- Sumas: Bob Mitchell Avenue Economic Stimulus Project (\$7,000). Funds are to be used for engineering services toward the resurfacing of Bob Mitchell Avenue; this heavy haul road services the Sumas industrial area and was originally built by the Port. This project is funded with federal stimulus dollars.
- Everson: Wellhead Protection Area Improvements (\$10,000). Funds are to be used for engineering, planning and legal services toward street and drainage improvements in the Strandell area of town. Everson is providing \$10,000 in local funds toward the professional service.

The total request by Blaine, Everson and Sumas is \$50,000 in Port funds. The Blaine and Sumas projects leverage \$468,000 in federal funds through the American Recovery and Reinvestment Act of 2009. Blaine is spending another \$282,000 for construction.

Motion approved with a 2-0 vote. Commissioner Jim Jorgensen recused himself since he is a citizen of Blaine living on Boblett Road.

2. SUBRECIPIENT AGREEMENT FOR FEDERAL GRANT FOR INNOVATION PARTNERSHIP ZONE FACILITY

Motion: Authorize the Executive Director to sign a Subrecipient Agreement between the Port of Bellingham, the Washington Public Ports Association (WPPA) and its Education Foundation for \$240,000 toward construction of the Innovation Partnership Zone Facility; and amend the Port of Bellingham Capital Improvement Program Budget Line Item No. 285 "Innovation Zone" to \$1,740,000; and amend the Port of Bellingham Capital Improvement Program Budget Line Item No. 286 "Grant for Innovation Zone" to \$1,485,000.

Discussion: Mr. Dodd Snodgrass, Economic Development Specialist, explained that the Washington Public Ports Association (WPPA) secured a \$248,000 U.S. Housing and Urban Development Economic Development Initiative Special Project grant for a statewide education program for small ports on economic development. WPPA found that it needed to use the funds on a capital project and agreed to commit the funds to the Port of Bellingham's Innovation Partnership Zone (IPZ) research and technical trades facility; the Port agreed to provide an educational training course on behalf of the WPPA regarding the IPZ. The WPPA Education Foundation is included in the agreement to perform the grant administration function and will retain up to \$8,000 of the grant for this purpose.

Acceptance of the WPPA funds increased the capital improvement budget for the Innovation Partnership Zone (IPZ) facility to \$1,740,000. The IPZ capital improvement budget is funded by several sources as summarized below:

State CTED Grant	\$1,000,000
Federal HUD Grant/Bellingham	\$245,000
Federal HUD Grant/WPPA	\$240,000
Port of Bellingham	<u>\$255,000</u>
Total Project Budget	\$1,740,000

It was noted the agreement has been approved by the WPPA and WPPA Education Foundation. Commissioner Walker reported that as a member of the Washington Public Ports Association (WPPA) Executive Board he abstained from the vote pertaining to the WPPA providing funds to the Port of Bellingham. Commissioner Walker noted he would vote on the POB motion pertaining to accepting the funds from the WPPA.

Motion approved with a 3-0 vote.

3. MODIFICATION OF ALLEGiant AIR, LLC, LEASE AGREEMENT AT BELLINGHAM INTERNATIONAL AIRPORT

Motion: Approve a Modification to Allegiant Air, LLC, Lease Agreement at Bellingham International Airport to add reimbursement for marketing expenses in support of new flights to Los Angeles, California, for a twelve month period beginning May 2, 2009.

Discussion: Mr. Art Choat, Director of Aviation, explained that the proposed Modification of Lease amends Section 3.5 "Marketing" in support of Allegiant Air's new destination of Los Angeles, California, effective May 2, 2009. For a period of one (1) year the Port will reimburse Allegiant Air \$3.00 per enplaned revenue passenger flying to Los Angeles, California, from Bellingham International Airport. He noted that this is the same incentive the Port of Bellingham has offered to Allegiant and other airlines in the past.

Motion approved with a 3-0 vote.

4. PROFESSIONAL SERVICES AGREEMENT – FORMER BULK FUELING FACILITIES BASELINE ENVIRONMENTAL ASSESSMENT

Motion: Authorize the Executive Director to execute a Professional Services Agreement with Landau Associates, Inc. to perform a baseline environmental assessment at the Yorkston Oil and Roeder Avenue Inactive Tank Farm Sites for an estimated cost of \$44,200 plus a 10% contingency for an initial authorized budget of \$48,620.

Discussion: Mr. Mike Stoner, Director of Environmental Programs, reported that in February 2009 the Port issued a Request for Professional Services for environmental consulting services to complete a baseline soil and groundwater characterization at the Yorkston Oil and Roeder Avenue Inactive Tank Farm Sites. Landau Associates, Inc. of Edmonds, Washington, was unanimously selected as the most qualified firm. The project will be managed under existing accounts: Yorkston Oil (13-1805-54) and Inactive Tank Farms (13-1805-52).

Motion approved with a 3-0 vote.

5. FAIRHAVEN STATION WINDOWS, GUTTERS & FLOORS: BID AWARD

Motion: Authorize the Executive Director to execute a contract with Advanced Construction, Inc. of Mukilteo, Washington, for the Fairhaven Station Windows, Gutters, and Floors Project in the amount of \$130,200 plus a 10% contingency for a total authorized contract amount of \$143,220; and authorize a CIP budget transfer of \$10,000 from 2009 CIP Budget Line Item No. 216 to No. 235.

Discussion: Mr. Adam Fulton, Project Engineer, reported that this project will replace 38 windows in the building, paint the exterior of 19 windows, replace 100 lineal feet of gutter on the canopies and refinish the terrazzo tile floors throughout the track level and second floors.

Mr. Fulton mentioned that Advanced Construction's bid was very low so Port staff performed a due diligence review that included an interview with the contractor, checking the contractor's references and checking the credibility of the bid. Mr. Fulton reported the contractor is standing behind his bid; noting he is using the job as fill-in to keep his crews busy. Staff determined the bidder is both responsive and responsible.

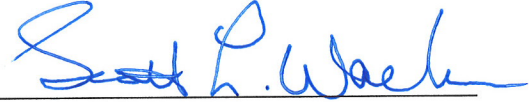
Bids were received on March 26, 2009, as follows:

Contractor	Base Bid	Alternate No. 1	Alternate No. 2	Total
CLK Construction	\$226,375.49	\$27,789.02	\$24,955.00	\$279,119.51
Vertical	\$218,227.00	\$18,662.00	\$12,912.00	\$249,801.00
Tiger Construction	\$188,790.00	\$14,647.50	\$10,850.00	\$214,287.50
Larry Brown Construction	\$182,280.00	\$18,043.55	\$12,331.03	\$212,654.58
Boss Construction	\$184,233.00	\$14,973.00	\$11,609.50	\$210,815.50
Upland Developers	\$185,133.65	\$13,671.00	\$10,707.86	\$209,512.51
Advanced Construction Inc.	\$108,500.00	\$10,850.00	\$10,850.00	\$130,200.00

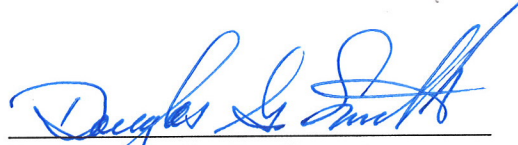
Motion approved with a 3-0 vote.

ADJOURN

As there was no further business, the meeting was adjourned at 3:48 p.m.



Scott L. Walker, President



Douglas G. Smith, Secretary