

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, NOVEMBER 17, 2009  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

---

Present:	Jim Jorgensen Douglas G. Smith	Vice President Secretary
Staff:	Fred J. Seeger Rob Fix Art Choat Mike Stoner Dan Stahl Sylvia Goodwin Lydia Bennett Ally Vincent Mary Matyas	Interim Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Marine Services Director, Planning and Development Director, Real Estate Event Facility Coordinator Executive Secretary

---

**CALL TO ORDER**

Commissioner Jorgensen called the meeting to order at 3:05 p.m., noting Commissioner Walker's excused absence.

**RECESS TO PUBLIC HEARING – 2010 OPERATING AND CAPITAL BUDGET**

The Commission meeting was recessed to a public hearing at 3:06 p.m. The purpose of the public hearing was to receive comment regarding the 2010 Operating and Capital Budget.

There were no public comments.

**CLOSE PUBLIC HEARING AND RECONVENE COMMISSION MEETING**

The public hearing regarding the 2010 Operating and Capital budget was closed at 3:07 p.m. and the Commission meeting was immediately reconvened.

**RECESS TO INDUSTRIAL DEVELOPMENT CORPORATION (IDC) BOARD MEETING AND IDC PUBLIC HEARING**

At 3:07 p.m., the Port of Bellingham Commission meeting was recessed to a meeting of the Industrial Development Corporation (IDC) and IDC Public Hearing.

The purpose of the public hearing was to receive comment on the issuance of Industrial Revenue Bonds by BP West Coast Products LLC.

Ms. Deanna Gregory, an associate with K&L Gates (the Port's bond counsel) explained that BP West Coast Products LLC is borrowing money through the use of conduit bonds to construct solid waste control facilities at the company's Cherry Point refinery. In June 2007, the IDC board authorized the use of tax exempt revenue bonds by BP with approval of IDC Resolution No. 64. She introduced Mike Abendhoff, Director of Government and Public Affairs with BP, who reported the financing will be for a series of projects pertaining to two (2) major processes at the refinery: solid waste disposal and sewage capital costs.

Mr. Rob Fix, Chief Financial Officer, reviewed that the Port, through the IDC serves as a conduit for private companies to access the tax exempt finance market. Neither the IDC nor the Port provides any security to the bond. The applicant is solely responsible for the repayment of the debt which will be fully secured. It was noted BP reimburses the Port for its cost by paying a 1/10 of 1% annual servicing fee on the year-end balance of bonds outstanding.

Commissioner Smith voiced appreciation to BP for its additional contribution to economic development in this community; funds the Port receives from BP are used for economic development activity in Whatcom County.

There were no public comments.

#### **CLOSE IDC PUBLIC HEARING AND RECONVENE IDC MEETING**

The public hearing regarding the issuance of Industrial Revenue Bonds by BP West Coast Products LLC was closed at 3:21 p.m. and the IDC meeting was immediately reconvened.

#### **NEW BUSINESS – INDUSTRIAL DEVELOPMENT CORPORATION**

##### **1. APPROVE INDUSTRIAL DEVELOPMENT CORPORATION (IDC) MINUTES**

Motion: Approve minutes of the August 4, 2009, IDC Board meeting.

Motion approved with a 2-0 vote.

##### **2. INDUSTRIAL DEVELOPMENT CORPORATION BOND ISSUANCE AND SALE RESOLUTION FOR BP WEST COAST PRODUCTS LLC**

Motion: That the Board of Directors of the Industrial Development Corporation (IDC) of the Port of Bellingham adopt Resolution No. 68 authorizing the issuance and sale of Environmental Facilities Industrial Revenue Bonds, Series 2009 (BP West Coast Products LLC Project) in the principal amount not to exceed \$26,000,000 and approving the documentation in connection with the issuance of said bonds, appointing a trustee and providing for other matters relating thereto.

Motion approved with a 2-0 vote.

## **RECONVENE COMMISSION MEETING**

The Port of Bellingham Commission meeting was reconvened at 3:25 p.m.

## **PUBLIC COMMENT PERIOD**

There were no public comments.

## **WORK-STUDY SESSION**

### **1. Update on Runway Rehabilitation at Bellingham International Airport**

Mr. Art Choat, Director of Aviation, reviewed that URS Corporation is the consultant that was selected to work with the Port to design the Bellingham International Airport Runway 16-34 and Taxiway A Rehabilitation Project. The project includes resurfacing the 6,750 foot runway and widening and resurfacing the 7,250 foot taxiway that parallels the runway. He reported the FAA recently changed the original scope of work from designing for Group III aircraft size (the 150-passenger MD-80 is a Group III aircraft) to designing for Group IV aircraft size (the 200+ passenger 757 is a Group IV aircraft). The FAA wants Bellingham to be prepared to accommodate bigger, heavier aircraft.

Mr. Choat noted briefings will be given to the Commission at 30% of the planning phase, 60% of the planning phase and again at 90% of the planning phase. He also reported the airport will be closed for a yet to be determined length of time to accomplish the work.

Noting this first briefing is for 30% of the planning phase, Mr. Choat introduced Mr. Shammi Ratti, Senior Aviation Project Manager from URS Corporation. Mr. Ratti reviewed the pavement structural assessment, the Group III to Group IV transition, and pavement layout. He reviewed the cost estimate at this time as follows:

- Construction cost: \$17,509,000
- Contingency: \$3,329,000 (19% of the construction cost)
- Total including contingency and sales tax (8.5%): \$22,609,000
- Total engineering, CM, inspection, testing, and other soft costs: \$2,000,000
- Total project cost including contingency and taxes: \$24,609,000
- Port share (5%): \$1,230,450
- FAA share (95%): \$23,378,550

Mr. Ratti also reviewed the proposed schedule which includes submitting 90% engineering plans to the Port and FAA by January 28, 2010; awarding the project by April 2, 2010; starting construction by June 1, 2010; and having the construction project completed by September 15, 2010.

When questioned by the Commission regarding noise levels for Group IV aircraft, Mr. Choat reported that the 757 is a newer and quieter airplane than the MD-80; the MD-80 is currently the largest aircraft flying regularly out of Bellingham International Airport. Mr. Choat explained that noise impacts would be studied as part of the runway planning process. The FAA DNL (Day-Night Average Noise Level) takes into consideration frequency of flights, time of day of the flights, and classification of the aircraft. He noted staff does not anticipate sound contours will move; if Allegiant switches to the larger planes, they will in all probability reduce their amount of flights since they would be carrying more passengers.

## **2. Update on Whatcom Waterway Cleanup and Marina Development Project**

Mr. Mike Stoner, Director of Environmental Programs, reported that staff had planned to update the Commission on the Whatcom Waterway Cleanup and Marina Development Project, but is now withdrawing the update from the agenda. He reported that staff is working on preparing a Preliminary Design Concept Report for Ecology which is due in January. Mr. Stoner explained that staff has a few details they are still working on and plans to update the Commission by the end of the year. The item was withdrawn.

## **3. Update on proposal for promotional and other discounts on Meeting and Event rental facilities**

Ms. Ally Vincent, Event Facility Coordinator, reported that Meetings and Events staff is working to promote the Technology Development Center and increase meeting/event rental revenues. She reviewed that existing discount rates offered include the community rate (50% off the rental rate) which is given to events that are free, open to the general public and widely advertised; and the Port-sponsored discount rate of 100% for Port-sponsored events that are generally on topics related to specific Port divisions in exchange for Port recognition in all advertising and publications for the meeting/event.

Ms. Vincent reported staff is proposing additional discounts be available to offer when rental bookings are low.

- 25% off of a full day rental (Monday-Thursday).
- Book two meetings, get a third meeting for half-off.
- Book a meeting before a certain date, get a 25% discount.

Commissioner Jorgensen asked if staff had taken into consideration the effect to private businesses that rent facilities when creating the discount proposal. Ms. Vincent noted that private industry can provide discounts whenever they like, they can also waive fees whenever they like and they can hike up food and beverage costs; none of which the Port is allowed to do. The Port would not be competing on the same level and staff does not believe that offering the proposed discounts would negatively impact private businesses renting facilities.

Commissioner Smith suggested, and Commissioner Jorgensen concurred, that staff broaden the classifications for making considerations to include meetings/events that promote economic development or provides education and resources to a particular industry in our community.

## **NEW BUSINESS**

### **1. APPROVAL OF THE 2010 STRATEGIC BUDGET AND THE PROPERTY TAX LEVY AS REFERENCED IN RESOLUTIONS 1276 AND 1277**

Motion: Adopt Resolution No. 1276 approving the 2010 Strategic Budget and Resolution No. 1277 authorizing the regular property tax levy and declaring a substantial need to maintain the maximum levy capacity.

Discussion: Mr. Rob Fix, Chief Financial Officer, noted the following changes have been made to the draft 2010 Strategic Budget.

- A reduction of \$5,000 in Bellingham Waterfront Acquisition Site (BWAS) Capital Project expenses.
- An increase of \$12,000 in the Real Estate Division's operating expenses.
- A move of \$100,000 each year for four years from the Port's capital budget to the Industrial Development Corporation's operating budget. The \$100,000 will be used for the Small Cities Economic Development Fund (\$80,000) and the Small Community Development Fund (\$20,000).
- A reduction of \$1,800,000 in environmental remediation expenses in the Consolidated Cash Flow Report. This change is a result of a mathematical formula error that was double counting certain environmental expenses.

In regards to Resolution No 1277, Mr. Fix noted there is no increase to the taxes collected from existing property and the resolution maintains maximum levy capacity for substantial need, as required by Referendum No. 47.

Commissioner Smith asked if an adjustment was going to be made to the budget for the runway rehabilitation project at the airport due to the higher estimate discussed in the Work Study portion of the meeting. Mr. Seeger noted the consultant was only in the 30% design phase and the estimate was not yet firm. A budget amendment could be brought forward to the Commission once the Port has a more definite estimate for the project. He reminded the Commission that the FAA will pay 95 percent of the cost.

Motion approved with a 2-0 vote.

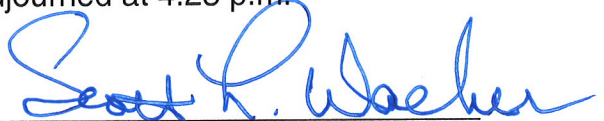
### **2. RESOLUTION NO. 1275 APPROVING THE ISSUANCE OF BONDS THROUGH THE INDUSTRIAL DEVELOPMENT CORPORATION FOR FINANCING BP WEST COAST PRODUCTS LLC FACILITIES**

Motion: Approve Resolution No. 1275 by the Board of Commissioners of the Port of Bellingham. This resolution will support IDC Resolution No. 68 relating to the issuance and sale of Environmental Facilities Industrial Revenue Bonds, Series 2009, in the principal amount not to exceed \$26,000,000 for the BP West Coast Products LLC Project.

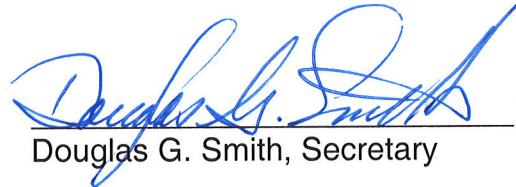
Motion approved with a 2-0 vote.

**ADJOURN**

As there was no further business, the meeting was adjourned at 4:23 p.m.



Scott L. Walker, President



Douglas G. Smith, Secretary