

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, NOVEMBER 2, 2010
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen Michael McAuley Scott L. Walker	President Vice President Secretary
Staff:	Charlie Sheldon Rob Fix Art Choat Mike Stoner Fred J. Seeger Dan Stahl Sylvia Goodwin Lydia Bennett Adam Fulton Frank Chmelik Diane McClain	Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Facilities Director, Marine Services Director, Planning and Development Director, Real Estate Project Engineer Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 1:30 p.m., Commissioner Jorgensen called the Commission meeting to order and immediately recessed to a closed executive session to discuss real estate transactions pursuant to RCW 42.30.110(1)(c). Commissioner Jorgensen noted that no formal action would be taken during the closed session and he expected the closed executive session to last approximately 1 ½ hours.

RECONVENE PUBLIC MEETING AND RECESS TO IDC MEETING

The Commission meeting was reconvened at 3:05 p.m. and immediately recessed to an Industrial Development Corporation (IDC) Board meeting.

1. INDUSTRIAL DEVELOPMENT CORPORATION (IDC) BP WEST COAST PRODUCTS LLC INDUSTRIAL REVENUE (IRB) BOND AMENDMENT

Motion: Approval by the Board of Directors of the IDC adopting Resolutions No. 70 and 71 approving a supplemental indenture with respect to the IDC's outstanding Environmental Facilities IRB (BP West Coast Products LLC) Series 2006 and 2007.

Chief Financial Officer Rob Fix introduced bond counsel Cynthia Weed from K & L Gates to brief the Commission on the BP West Coast Products, LLC. Industrial Revenue Bonds (IRB). Ms. Weed explained the tax exempt bonds issued through the Port's IDC are utilized locally

to provide long-term financing for qualified pollution control and removal of solid waste facilities in Whatcom County. In 2006 and 2007 BP West Coast Products issued IRBs in the amount of \$50 million and \$61 million respectively and these IRBs have several conversion dates on which the "mode" can be changed. BP wishes to take advantage of the December 1 conversion date and current low interest rate environment and change these bonds to a fixed rate mode.

Chief Financial Officer Rob Fix added the proposed Port Resolutions No. 70 and 71 amend the maturity date of both of these IRBs.

Motion approved with a 3 - 0 vote.

2. APPROVE IDC MEETING MINUTES

Motion: Approve the minutes of the February 2, 2010 Industrial Development Corporation (IDC) meeting.

Motion approved with a 3 - 0 vote.

RECONVENE COMMISSION MEETING AND RECESS TO PUBLIC HEARING REGARDING TEFRA (TAX EQUITY AND FISCAL RESPONSIBILITY ACT) NOTICE

Bond counsel Cynthia Weed from K & L Gates Ms. Weed explained the TEFRA passed by Congress in 1982. Ms. Weed added the Port was required to publish a notice in the local paper inviting the public to comment at a public hearing to testify on the issuance of bonds and this particular hearing pertains to the issuance of Port of Bellingham Revenue Bonds Series 2010.

There were no public comments received.

CLOSE TEFRA PUBLIC HEARING AND RECONVENE COMMISSION MEETING

1. INDUSTRIAL REVENUE BOND (IRB) SERIES 2010A, 2010B AND 2010C

Motion: Approve Resolution No. 1288 authorizing the issuance of revenue bonds in the amount of \$43,470,000.

Discussion: Chief Financial Officer Rob Fix explained Resolution No. 1288 supports the issuance of taxable revenue bonds to be offered in the market for the funding of the airport terminal expansion project (\$31 million) and the marina gate 3 laterals F & G dredging and construction project (\$11.4 million). Mr. Fix further explained \$28.1 million of the revenue bonds are in Build America bonds which are taxable but act as tax exempt to the issuer due to the refunding capacity of the interest paid and the these bonds available through the Rebuilding America act expires December 31st. Ms. Weed spoke of the maximum annual debt service, reserve fund and paying of the debt service.

Motion approved with a 3 - 0 vote.

2. BOND AMENDMENT RESOLUTIONS TO THE INDUSTRIAL DEVELOPMENT CORPORATION (IDC) – BP WEST COAST PRODUCTS LLC

Motion: Approval of Port Resolution Nos. 1286 and 1287 by the Board of Commissioners for the support of the IDC Resolution Nos. 70 & 71 relating to the first supplemental indenture for Series 2006 and 2007 Industrial Revenue Bonds (IRB) for BP West Coast products LLC (BP).

Discussion: Chief Financial Officer Rob Fix explained as the IRBs have been utilized to provide tax exempt long-term financing for Whatcom County pollution control facilities, the proceeds of the Port IRBs loaned to BP will finance qualified pollution control facilities at the company's Cherry Point refinery. The first supplemental indentures will allow BP to convert the 'mode' of the bonds with the intent to change the mode of both Series 2006 and 2007 bonds to a fixed rate mode.

Motion approved with a 3 - 0 vote.

PRESENTATION

Chief Financial Officer Rob Fix reported the draft 2011 Strategic Budget was presented to the Commission two weeks ago and following their recommendation, some changes have been incorporated into the budget.

In an overview of the 2011 proposed document, Mr. Fix stated:

Expenses in the Operating Division Budgets for 2011 (in comparison to the 2010 budget) show:

- Aviation expenses increased by \$632,000 (while revenues increased by \$2 million)
- Marinas and Marine Terminals expenses were reduced by \$175,000 and \$157,000 respectively
- Real Estate expenses increased by \$50,000

Mr. Fix also reported per the Commission direction at the October 17th Commission meeting the proposed 2011 Operating and Capital Budget shall now reflect:

- Collection of the 2011 property taxes to be reduced by 5% or \$370,000.

- Operating Expenses to be reduced by 1% (\$143,791 to be used for economic development project to be determined at a later date) and employee Salaries and Benefits to be reduced by \$50,645.

Following some discussion whereby Commissioner Walker stated for the record that he protested the Port's current level of financial support, the Commission agreed the issue of Marine Life Center/ Touch tank expenses will probably need to be revisited before the adopting of the budget next year.

RECESS TO PUBLIC HEARING REGARDING THE 2011 OPERATING AND CAPITAL BUDGET

Chief Financial Officer Rob Fix explained the purpose of the public hearing is to receive comment on the preliminary 2011 Operating and Capital Budget.

Commissioner McAuley thanked Mr. Fix and staff for the work revising the budget to incorporate the Commission requested reduction in expenses and property tax revenue collected.

RECONVENE PUBLIC COMMENT PERIOD

Arthur Reber, 2226 Sunrise Drive, Point Roberts, WA –Mr. Reber opened by requesting an adjustment in the budget in support of a dock replacement at Lighthouse Marine Park in Point Roberts. Mr. Reber stated he had received 700 signatures in support of a petition to replace the storm damaged small craft launch dock and pier facility at Marine Park. Mr. Reber asked that the Port contribute \$70,000 in matching fund to support an effort to obtain a \$600,000 grant. Commissioner Jorgensen responded by saying it is not in the Port's proposed budget and Commissioner McAuley suggested the matter be further explored by staff.

3. CONSENT AGENDA

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

CONSENT AGENDA

- A. Approve minutes of the October 5, 2010, and October 19, 2010, regularly scheduled Commission meetings and the October 3, 2010, October 4, 2010, October 5, 2010, and October 14, 2010 special Commission meetings.
- B. Voucher Certification and Approval October 6- October 27, 2010 in the amount of \$13,007,227.49.
- C. Authorized the Human Resources Manager to act on behalf of the Port of Bellingham Commission to amend the Personal Services Agreement (PSA) with Waldron & Co. to conduct the Executive Director search increasing the budget by \$5,000 for a total

authorized budget of \$40,000 and extend the terms of the agreement until December 1, 2010.

- D. Approval of a motion to write off of the delinquent account balance for Whatcom County Current Industries in the amount of \$13,764.40.

Motion approved with a 3 - 0 vote.

4. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS CORPORATION FOR THE COMMERCIAL TERMINAL EXPANSION PROJECT.

Motion: Authorize the Executive Director to amend the Professional Services Agreement with URS Corporation to perform architectural design services and construction administrations for the Commercial Terminal Expansion Project in the amount of \$1,408,339 for a total authorized PSA of \$2,810,070 and increase the CIP design budget from \$1,401,731 to \$2,349,600.

Discussion: Project Engineer Adam Fulton provided an overview of Phase 1 of the project and explained the proposed amendment will allow for continuance of the design effort (Phase 2) for the expansion of the remainder of the airport commercial terminal from its existing 26,000 square feet to approximately 90,000 square feet.

Motion approved with a 3 - 0 vote.

5. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ANCHOR QEA FOR THE SQUALICUM CREEK RESTORATION PROJECT.

Motion: Authorize the Executive Director to amend the Professional Services Agreement with Anchor QEA to perform engineering and design services for the Squalicum Creek Restoration Project in the amount of 476, 750 for a total authorized PSA amount of \$131,750.

Discussion: Project Engineer Adam Fulton summarized the history of the project and outlined the restoration plan for the creek which includes replacement of the Roeder Avenue bridge, replacement of the BNSF bridge, removal of the concrete bottom creek bed, lowering of the City's sanitary sewer line, and enhancement to the nearby estuary. The PSA Amendment with Anchor Environmental includes the design of these elements.

Motion approved with a 3 - 0 vote.


WORK-STUDY SESSION

- 1. Update on the Whatcom Waterway Cleanup and Marina Development.**

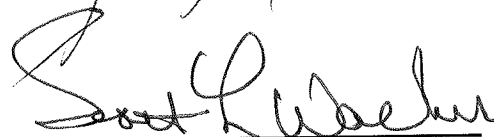
Environmental Director Mike Stoner reported on the status of a proposed Consent Decree Amendment pertaining to the cleanup of the Whatcom Waterway site, including the federal channel, the inner waterway, the Aerated Stabilization Basin (ASB) and other outlying areas of marine sediment contamination. While the Port, the Department of Ecology and other government stakeholders are in agreement on the substantive issues pertaining to the proposed amendment, the project schedule still depends on finalization of specific language in the amendment. In addition, the Department of Ecology is planning on issuing the draft document for review and comment by other agencies participating in the Bellingham Bay Demonstration Pilot, prior to formal public review and comment. Agency review is expected in December, followed by public comment in early 2011.

ADJOURN

As there was no further business, the meeting was adjourned at 5:05 p.m.



Jim Jorgensen, President



Scott L. Walker, Secretary