

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JANUARY 4, 2011
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Michael McAuley Scott L. Walker Jim Jorgensen	President Vice President Secretary
Staff:	Charlie Sheldon Rob Fix Art Choat Mike Stoner Fred J. Seeger Dan Stahl Sylvia Goodwin Lydia Bennett Carolyn Casey Terry Ilahi Ally Vincent 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 Communications Manager Analyst, Real Estate Event Facility Coordinator Port Counsel Executive Secretary

ROLL CALL AND CALL TO ORDER

Commissioner Jorgensen called the meeting to order at 3:03 p.m.

PUBLIC COMMENT PERIOD

1. Elizabeth Kilanowsky – P.O. Box 1134, Bellingham, WA 98227 - Moorage Rates Structure – Moorage Customer presented Commission with and read from a letter regarding the fairness of a moorage rate increase to one group while maintaining a lower rate for others.
2. Darren Williams – 4089 Y Road, Bellingham, WA - Cherry Point, longshoreman, referenced an article he had read (Coal for Christmas), pertaining to a potential future terminal in Whatcom County and suggested the Port get behind or take a role in attracting more business to our area.

CONSENT AGENDA

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

- A. Approve minutes of the December 7, 2010, regularly scheduled Commission meeting.

- B. Voucher Certification and Approval for December 1 – December 29, 2010 totaling \$4,961,797.93.
- C. Motion to approve the appointments of Rob Fix, Chief Financial Officer, as Port Auditor and Tamara Sobjack, Controller, as Deputy Auditor for fiscal year 2011.
- D. Approve Resolution No. 1029-P authorizing the Executive Director to sell property valued at ten thousand dollars (\$10,000) or less and superseding Resolution No. 1029-O, dated January 4, 2010.
- E. Motion to reaffirm the utilization of Chmelik, Sitkin, & Davis, P.S., Attorneys at Law, as the Port's general legal counsel, with their hourly rate at the capped rate of \$200.00 for principals, and actual billing rates for associates and paralegals.
- F. Motion to authorize the Executive Director to approve payment to the Washington Public Ports Association (WPPA) for the Port of Bellingham's 2011 membership dues in the amount of \$47,800.

Discussion: The selection process of general legal counsel was discussed and the Commissioners affirmed that they are satisfied with the current service and intend to retain the current firm.

Motion approved with a 3-0 vote.

NEW BUSINESS

- 1. **A. ESTABLISH PORT COMMISSION OFFICERS, DATES, TIMES AND LOCATION OF REGULAR PORT COMMISSION MEETINGS FOR 2011.**

Motion:

- 1. Select Commission officers for President, Vice President, and Secretary of the Board of Commissioners for the 2011 Calendar Year.

The following appointments for 2011 were determined by the three Commissioners:

President: Michael McAuley
Vice President: Scott L. Walker
Secretary: Jim Jorgensen

- 2. Establish the dates, times and location of regular Port of Bellingham Commission meetings for the 2011 Calendar Year.

Discussion: Moving the regular starting time of Commission meetings up to 1:00 p.m. was discussed and it was decided that the established dates, times and locations of the regular Commission meetings would remain. Unless posted otherwise, 2011 regular monthly Commission meetings will continue being held at 3:00 p.m. on the first and third Tuesday, in the Harbor Center Conference Room, 1801 Roeder Avenue, Bellingham, Washington.

Motion approved with a 3-0 vote.

B. ORGANIZATION AND BOARD APPOINTEES FOR 2011.

Motion: Appoint Commissioners to serve as representatives or board members for the following organizations or committees during 2011.

Discussion: Commissioners Jim Jorgensen, Michael McAuley and Scott L. Walker discussed and decided they would serve as 2011 representatives on the following organizations or committees:

Northwest Economic Council (NEC) formerly Bellingham/Whatcom Economic Development:

Scott L. Walker (Primary)
Jim Jorgensen (Alternate)

Whatcom Council of Governments (WCOG)

Michael McAuley (Primary)
Jim Jorgensen (Alternate)

Washington Public Ports Association (WPPA)

Scott L. Walker (Trustee)
Michael McAuley (Alternate Trustee)

Whatcom County Economic Development Investment (EDI) Program Committee

Jim Jorgensen

Public Art Advisory Team

Scott L. Walker

Motion approved with a 3-0 vote.

2. 2011 DELEGATION OF AUTHORITY RESOLUTION 1106-M

Motion: Approve the delegation of authority resolution with recommended staff changes, Resolution No. 1106 M.

Discussion: Commissioner Walker asked about the proposed changes and Executive Director Charlie Sheldon explained the minor changes would allow for more flexibility and a

reduction of legal fees. Commissioner Jorgensen asked about the delegation in Mr. Sheldon's absence and Mr. Sheldon explained it would be assigned as needed in his absence. Chief Financial Officer Rob Fix added the proposed changes to the Resolution pertain to the Real Property section (with the addition of the Bellingham Shipping Terminal (BST) allowing the Executive Director the same level of authority for short term leases of the facility, addition of language clarifying that short term leases are those less than five (5) years), Adjustment and Settlement of Claims (increasing the Executive Director's authority to settle claims for or against the Port) and Arrangements for Professional and Consultant Services (language change to align with Port's Personal Services Agreement and Contracting Policy based on RCW 53.19 and Port Resolution 1279 passed in February 2010), Interlocal Agreements for use Port Property for Training Purposes and Event Site Use Agreements for One Day Events (allowing the Executive Director to enter into one day agreements for events on Port sites).

Motion approved with a 3-0 vote.

3. 2011 PROFESSIONAL SERVICES AGREEMENT WITH VAN NESS FELDMAN P.C. FOR CONTINUED LEGAL COUNSEL ON THE BELLINGHAM WATERFRONT REDEVELOPMENT PROJECT.

Motion: Authorize the Executive Director to execute a Professional Services Agreement, not to exceed \$30,000, with Van Ness Feldman P.C. to continue to provide legal counsel to the Port with regard to the redevelopment of Bellingham waterfront properties.

Discussion: Communications Manager Carolyn Casey reported Van Ness Feldman has provided services to the Port since the Port acquired the former GP site in 2005. Attorney Rick Agnew, along with his associates, has assisted the Port and the City in working together to secure federal funding and useful federal legislation for the Bellingham Waterfront Redevelopment Projects. Ms. Casey added the scope of services in the Professional Services Agreement for 2011 include but are not limited to assisting the Port to assess, develop and advocate an effective case for federal funding assistance to redevelop properties on the waterfront, securing federal transportation funding and identify potential sources of funding, federal facility relocations to the area and provide counsel as needed related to regulatory agency approval for assessment and cleanup actions.

Motion approved with a 3-0 vote.

4. 2011 REIMBURSEMENT OPTIONS FOR TAX EXEMPT BONDS – RESOLUTION NO. 1183H.

Motion: Adopt Resolution No. 1183H designating the Chief Financial Officer as the responsible official for the purpose of issuing statements of official intent to seek reimbursement of capital projects costs through the issuance of tax exempt bonds.

Discussion: Chief Financial Officer Rob Fix reminded the Commission that they adopted 1183G in 2010 designating the Chief Financial Officer as the official for issuing a statement of official intent to seek reimbursement of capital projects costs through tax exempt bonds and this resolution will sunset on January 31, 2011. Mr. Fix added Resolution No. 1183G does not include any changes and will merely extend that resolution sunset date to January 31, 2012.

Motion approved with a 3-0 vote.

5. ENVIRONMENTAL DEPARTMENT – 2011 LEGAL MANAGEMENT SUPPORT SERVICES.

Motion: Authorize the Port's legal counsel to enter into contracts with Anchor QEA, LLC and other consultants to provide technical expertise in support of the legal work related to the Environmental Department up to a total of \$152,750.

Discussion: Environmental Director Mike Stoner explained legal counsel has assisted the Port by managing cost recovery efforts, grant funding programs and negotiations with the Department of Ecology concerning agreed orders and consent decrees for the 20 state-listed MTCA sites as well as managing the claims process with Chartis Insurance for the Port's cost cap insurance policy covering certain MTCA sites within the Waterfront District.

Mr. Stoner added the Environmental Department, pursuant to Chapter 39.80 RCW hires various consulting firms to provide support for the cleanup of environmental sites and Anchor QEA, L.L.C. and other consultants have been selected by the Port's legal counsel to provide support pursuant to that statute.

Motion approved with a 3-0 vote.

6. 2011 BLAINE AND SQUALICUM HARBORS' RULES, REGULATIONS AND PROCEDURES RESOLUTION NO. 1226F.

Motion: Approve changes to the Port of Bellingham Blaine and Squalicum Harbors' Rules, Regulations and Procedures with Resolution No. 1226F.

Discussion: Marine Services Director Dan Stahl explained the Harbor Rules, Regulations and Procedures are brought before the Commission for adoption every year at the first regular Commission meeting. The changes being proposed in Resolution 1226F refer to language clarification identified in the document as essential to improving the efficiency of operations at the harbors. These changes have been reviewed with and endorsed by the Marina Advisory Committee (MAC).

Motion approved with a 3-0 vote.

7. RENTAL REVENUE STANDARDS FOR FISCAL YEAR 2011.

Motion: Adopt the Port of Bellingham's Rental Revenue Standards for 2011.

Discussion: Real Estate Director Lydia Bennett explained Resolution No. 1106 Delegation of Powers (adopted annually) sets the rental revenue parameters and provides for the administrative approval of leases and other real property transactions. Ms. Bennett recommended updating the Port's Rental Revenue Standards to include verbiage applying to market conditions that will ensure consistency with the Port's financial guidelines.

Motion approved with a 3-0 vote.

8. LIABILITY INSURANCE STANDARDS FOR THE PORT OF BELLINGHAM AGREEMENTS FOR FISCAL YEAR 2011.

Motion: Adopt the Liability Insurance Standards for Port of Bellingham Agreements for fiscal year 2011.

Discussion: Real Estate Analyst Terry Ilahi explained the Liability Insurance Standards for leases, property transactions, meetings and events, and corporate events (collectively, "Agreements") with terms of five years or less was adopted in 2008 and has been adopted annually since. Mr. Ilahi reported there are no changes being proposed for 2011 and each division will continue to be responsible for enforcing the insurance requirements for the current Agreements and if new Agreements deviate from these Insurance standards, they will be brought to Commission for approval on a case by case basis.

Motion approved with a 3-0 vote.

9. 2011 AND 2012 RENTAL RATES FOR CONFERENCE ROOMS AND EVENT FACILITIES.

Motion: Establish conference room and event facility rental fees for 2011 and 2012.

Discussion: Event Facility Coordinator Ally Vincent explained the proposed rental rates beginning on January 4, 2011 are based on market comparison, demand for and fiscal management of the Port's facility and park assets. The reservations booked prior to January 4, 2011 will remain at the previously established rate. Ms. Vincent added the increased rates will generate revenue needed to improve the facilities and supply services to encourage business use of the meeting spaces.

Motion approved with a 3-0 vote.

10. ALUMINUM CHAMBERED BOATS, INC. (ACB) WRITE OFF OF ACCOUNT NOS. 57 AND 58.

Motion: Approve the write-off of delinquent account balances for Aluminum Chambered Boats, Inc. in the amount of \$171,525.65 on the lease account and \$1,775.04 on the moorage account, plus Washington State Leasehold Taxes in the total amount of \$20,415.35.

Discussion: Real Estate Director Lydia Bennett reported as a result of ceased operations, the total amount of the lease account owing the Port by ACB (including late fees) is \$191,781.04 less \$20,255.39 Washington State leasehold taxes leaving a write off balance in the amount of \$171,525.65. The Port has claimed the surety account and \$4,000 from that account is being held to pay for unbilled utility charges.

On the moorage account, Ms. Bennett reported a balance owing of \$1,935.00 less \$159.96 in Washington State Leasehold taxes leaving a write off balance of \$1,775.04.

Ms. Bennett added the proposed write off Real Estate balance will be recorded as bad debt expense in the Real Estate Division and the write off Marine Terminal balance will be recorded as bad debt in the Marine Terminal Division.

In addition, Ms. Bennett reported that the Port has executed an agreement with the Stoller Family Trust, the major creditor of ACB, in which the Trust will remit two months of rent to the Port if they are successful in liquidating the ACB equipment through a planned auction. The auction is being held at the former ACB premises, thus the Port is also receiving rent for the Stoller Trust use of the Port property.

Motion approved with a 3-0 vote.

11. CITY AND PORT RECIPROCAL USE OF FACILITIES.

Motion: Authorize the Executive Director to execute an Interlocal Agreement with the City of Bellingham for the reciprocal use of certain public facilities up to a maximum of three uses per year.

Discussion: Real Estate Director Lydia Bennett reported in 2009, the Port entered into an agreement with the City for the reciprocal use of facilities and that agreement expired on December 31, 2010. The Port facilities used by the City are those available for rent through the Meetings and Events Department. The City facilities used by the Port are generally the City Park facilities.

Motion approved with a 3-0 vote.

RECESS THE PUBLIC MEETING AND OPEN THE INDUSTRIAL DEVELOPMENT CORPORATION (IDC) MEETING.

Motion:

1. Approve the minutes of November 2, 2010, and December 7, 2010, IDC meetings.
2. Appoint IDC officers and establish the date, time and location of IDC meetings for 2011.
3. Authorize a 2011 budget for the IDC totaling revenues of \$219,565 and expenditures of \$388,810 as outlined through the attached budget and authorize the IDC Treasurer to approve the distribution and payment of IDC funds in conjunction with this budget.

Discussion: Chief Financial Officer Rob Fix recommended the minutes and the 2011 budget be approved as written and the 2011 IDC meetings continue being held as needed during the regular Commission meeting (first and third Tuesdays of each month unless specified otherwise).

The Commission appointed the 2011 Officers for the IDC:

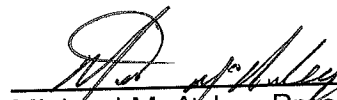
President: Michael McAuley
Vice President: Scott L. Walker
Secretary: Jim Jorgensen
Treasurer: Rob Fix

Motion approved with a 3-0 vote.

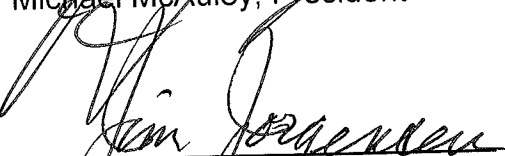
The IDC meeting was closed and the regular Commission meeting was reconvened.

ADJOURN

As there was no further business, the meeting was adjourned at 5:36 p.m.



Michael McAuley, President



Jim Jorgensen, Secretary