

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, APRIL 3, 2012  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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

Staff:	Rob Fix	Chief Financial Officer, Deputy Director
	Carolyn Casey	Director, External Affairs
	Elizabeth Monahan	Director, Human Resources
	Mike Stoner	Director, Environmental Programs
	Shirley McFearin	Real Estate Development Manager
	John Hergesheimer	Senior Project Engineer
	Terry Ilahi	Real Estate Analyst
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

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**CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION.**

Commissioner Walker called the meeting to order at 1:30 p. m. and reported the purpose of the closed session would be to discuss real estate transactions and personnel matters and pending litigation pursuant to RCW 42.30.110(1) (c) (g) (i) and the closed session was expected to last approximately 1 1/2 hours with no formal action to be taken by the Commission in the discussion.

**RECONVENE PUBLIC MEETING AND REVISE THE AGENDA.**

Commissioner Walker called the meeting to order at approximately 3:05 p.m. Commissioner Walker then announced that due to the many people signing up for the public comment period, the meeting agenda would be revised to allow the guests from Australia present for the Aluminum Boats America Ltd Action Item number 5 on the agenda to go first.

**ACTION ITEMS:**

**5. NEW COMMERCIAL LEASE FOR ALUMINIUM BOATS- AUSTRALIA SUBSIDIARY ALUMINIUM BOATS AMERICA (ABA).**

Motion: Approval of a new lease with Aluminium Boats America LTA (ABA) for Building 7 and associated property located at the Fairhaven Marine Industrial Park (FMIP) at 811 Harris Avenue, Bellingham, Washington.

Discussion: Real Estate Development Manager Shirley McFearin introduced guests and ABA employees, Roy Whitewood, Yuan Ling, Karen Whitewood, Madelyn Whitehead, Stuart Pascoe and Brett Coleman. Ms. McFearin reported that the proposed lease is the result of the combined efforts of many including the City of Bellingham, Whatcom County, Bellingham

Technical College, Washington Department of Commerce, Governor's Office of Regulatory Assistance, Northwest Workforce Council, Robb Dale, President, Unity Group, Wood Stone Corporation, The Woods Coffee, and Mt. Baker Theatre, Gene Moses, local attorney working with ABA on the US subsidiary incorporation, Wells Fargo, Greg Boos, Immigration Attorney Max Legg, Moss Adams, Steve Shropshire (ABA's local legal counsel) and Captain Elgin McKillop of Western Pacific Marine Group (who made the initial introductions to the Port). Ms. McFearin added that the proposed lease is for an initial 5 year term beginning May 1, 2012; monthly rent will be \$10,780 and include a three month no rent period to allow them to facilitate the opening of the business, hire employees and prepare the facility.

Ms. McFearin explained that the proposed lease provides for three five year renewal options with rents to be renegotiated for each renewal term. Ms. McFearin also advised the Commission that the lease contains a thirty day due diligence period which would allow ABA to terminate the lease. Ms. McFearin further explained that ABA is interested in establishing a U.S. presence with plans to employ 15 to 25 people within the first three to five years.

ABA CEO Stuart Pascoe, Proprietor and Administration Manager Karen Whitewood and Director Roy Whitewood presented a power point presentation which outlined ABA, founded in 1999, as a state of the art boat building facility in Australia producing a wide range of commercial vessels such as passenger ferries/tourism vessels and custom leisure craft private owner vessels.

Motion approved with a 3-0 vote.

Commissioners McAuley, Walker and Jorgensen thanked the staff and welcomed ABA to the Port.

**PUBLIC COMMENT PERIOD:** The following people signed up for and participated in the public comment period:

1. Elizabeth Kilanowsky, (*Marina customer*) 2621 S Harbor Dr., Bellingham, WA- Fire. Present at the scene of the fire last week and called 911. Asked that the Port consider buying a fireboat. Ms. Kilanowsky reported that while a fireboat could not have saved the two that perished, it may have assisted the firefighters in fighting the fire. Has spoken to the MAC and expressed that she would like the Port to consider obtaining a fireboat to protect not only the marina but the entire waterfront.
2. Mike Granat, (*Bellingham Maritime Museum*) 800 Cornwall Avenue, Bellingham, WA- Aluminium Boats - Congratulated Shirley McFearin and the Port staff in working to bring ABA to Bellingham and welcomed ABA to the community.
3. Dan Pike, (*former City of Bellingham Mayor*) 506 Cypress Road, Bellingham, WA - Executive Director- Should not be reading in the paper to find out what is going on; appears the Executive Director has the support of community with the exception of the Commission, asked the Commission to consider the over \$110,000 spent on the Executive Director job search, asked the Commission to step back, figure a better way

forward than throwing a year and a half away. Mr. Pike added that while he did not agree with Charlie Sheldon on everything - Mr. Sheldon had integrity, backbone and confidence and is working hard for the community. Mr. Pike also suggested that a 5 person commission might improve the communication process.

4. Mark Kandianis, (*Commercial fisherman for 45 years*) 6821 Hawk Ridge Drive, Ferndale, WA, - Executive Director - Mr. Sheldon knows his way around the waterfront and the airport (from SeaTac experience). Mr. Kandianis commented that the trip for the aviation director to meet with industry leaders was justified, offered to write a check to pay the \$10,000 for the trip, and called for the recall of Scott Walker.
5. Doug Thomas (*Bellingham Cold Storage, 14 year CEO*), 1915 Blakely Court, Bellingham, WA - Executive Director - The last 18 months to 2 years have been the best stretch of time working with the Port, working extremely well, we like Charlie, we like his leadership, "he gets it".
6. Mark Lowry (*Labor leader and Labor activist*), 2442 Pheasant Way, Bellingham, WA - Executive Director- Tough time to be a labor leader and labor activist in Whatcom County. Georgia Pacific. 860 jobs gone when GP site closed, Port's Economic Development mission refocused and that the players work together.
7. John Munson (*Retired Longshoreman*) 2195 Lummi Shore Road, Bellingham, WA, - Executive Director- worked with Charlie at the Port of Seattle, Charlie was able to deal with problems, over 40 years of experience working with ports, proceed with the development of GP site with Charlie's skill of accomplishing the "art of the possible", retain , do not allow Charlie Sheldon to resign, extend his contract, cannot afford another \$100,000 to go into a search for a new director.
8. Jim Kyle (*Commercial Fisherman*), 4102 Linnell, Deming, WA - Executive Director - Whatcom County native, 30 Year harbor moorage customer, Charlie Sheldon has brought a positive atmosphere and partnership among the working people, failure to keep the Charlie Sheldon spirit will be tragic loss for all.
9. Milan Slipcevic (*Commercial Fisherman, CFA member*), 156 Windward Drive, Bellingham, WA - Executive Director- Speaking for CFA and we have strong feelings for Charlie Sheldon, huge positive changes, keep Charlie as Port Director of our port, anything we can do, best person we have ever had - "port looks like the chicken coop without the rooster , without Charlie".
10. Buck Meloy (*Commercial Fisherman and Port tenant since early 70s*), PO Box 572, Bellingham WA - Executive Director- many Commissioners and Executive Directors, the best were the 70s and the current return to the real mission of Port supporting industry is good for the community, Charlie Sheldon has been doing the Commissioners bidding making room for different views and opinions, he understands compromise and understands people. We owe him a lot and the Commission for hiring him; we will not find a better one.
11. Hue Beattie, (*small businessman*) 2104 McKenzie Avenue, Bellingham, WA - 5 Commissioners, wrong to have 3 Commissioners, supports the bill by Harriett Spinel, if

there had been 5 Commissioners, this would not have happened.

12. Mitch Friedman, 2831 Lyle, Bellingham, WA - Trust & Transparency in Port Governance, (had to leave, no comment made).
13. Anne Marie Faiola, (*business owner, employer*) 2131 Humboldt, Bellingham, WA - Transparency. Former Bellingham Bay member, undo whatever damage, move forward, Bellingham too valuable, one of the best Executive Directors we've had.
14. John Watts (*former City of Bellingham Council member*), Executive Director - GP site and redevelopment of the waterfront, joint venture with city, urged to keep momentum going, retain Charlie and his experience.
15. Robin Dexter (*30 year Commercial Fisherman*) - Executive Director, great waterfront , apologize for not coming in sooner to say how much he likes Charlie, made a big difference to the working waterfront.
16. John Blethin (*30 yr. businessman and WAG committee member*) - Executive Director, Ran in commission race against Scott Walker, would like to see Commission board expand to 5 Commissioners, Charlie Sheldon had a good attitude, was excited about the waterfront, reaching out to the fishing community..
17. Lyle Jansen (*5<sup>th</sup> generation, "average citizen"*) - Executive Director- Noted that nothing adverse has been said about Charlie, seeing what is happening at the airport, he is a friend, hard to find a person that everyone agrees on.
18. Frances Badgett - Executive Director. Thanked everyone for coming out and would like the Commission to take into consideration; terribly sad this is for our community, talent and ability, has been such optimism, a working waterfront with jobs, functioning airport. Hiring a new Executive Director will "dead stop any progress we are making" with the City and the waterfront; not going to be easy to find another Charlie Sheldon, he is an asset to the community.

The Commissioners were presented with emails addressed to the Commission in support of retaining Charlie Sheldon from Executive Director Kenneth O'Hollaren from the Port of Longview, Lori Province, and Riley Sweeney and Barbara Christensen. The emails also included one from "A Concerned Live Aboard" in support of a fire boat, safety ladders and Tsunami warning system in the Bellingham marina.

Click here for documents:

<http://www.portofbellingham.com/DocumentCenter/Home/View/1362>

## **CLOSE THE PUBLIC COMMENT PERIOD AND RECONVENE THE REGULAR COMMISSION MEETING.**

### **NEW BUSINESS: EXECUTIVE DIRECTOR**

Commissioner Scott Walker explained that Charlie Sheldon submitted his resignation dated April 3, 2012, which requires a vote by the Commission and asked for a motion.

Commissioner Jorgensen asked to make comments. Legal counsel Frank Chmelik explained that the resignation did not require a vote; however the separation agreement would require a commission vote because of the payment to Mr. Sheldon. Commissioner McAuley indicated he would not make that motion and that the task would fall to Commissioner Jorgensen. Commissioner Jorgensen acknowledged strong feelings for Charlie Sheldon adding that he considered Charlie a good friend. Commissioner Jorgenson further acknowledged that he understood the recent events had surprised people, but the Port, because of issues with the commission and senior staff, needed to make some changes in the direction. Commissioner Jorgensen then read the following motion:

Motion: to accept the separation agreement between the Port of Bellingham and Charlie Sheldon which provides for his continued employment through the end of April. A lump sum severance equal to five months pay and a standard release by Mr. Sheldon of all potential claims.

Discussion: Commissioner McAuley stated that an Objection to the motion supersedes the motion and forces a vote. A vote was then taken with Commissioner Walker reiterating that a yes vote would remove the motion from discussion and a no vote would be to move on to the separation agreement.

Objection defeated: 1-2 vote. Commissioner McAuley voted to remove the motion, Commissioners Jorgensen and Walker voted against.

Commissioner McAuley asked Commissioner Jorgensen to again read the motion:

Motion: to accept the separation agreement between the Port of Bellingham and Charlie Sheldon which provides for his continued employment through the end of April. A lump sum severance equal to five months pay and a standard release by Mr. Sheldon of all potential claims.

Discussion: Commissioner McAuley explained that a great deal of expense, time and consideration went into hiring Charlie Sheldon and that he would like the same effort dedicated to accepting his resignation. Commissioner McAuley explained that he cannot discuss what is discussed in closed session, but he can discuss what is not.

Commissioner McAuley began his comments by saying that as a commissioner he wanted to “trust and verify” issues that came before him. He cited an example of a positive review of legal services by Port’s legal counsel provided by Mr. Sheldon to the Commission. Commissioner McAuley also discussed recent issues raised by the Commission regarding personal service agreements, the aviation director’s conference attendance, and staff memory training, lobbyist and architect expenses. Commissioner McAuley noted these expense items are included in the monthly unaudited financial statements made available to each commissioner and are within the budgetary limits of the Commission approved budgets. Commissioner McAuley further explained that it was unfair to Mr. Sheldon that there was constant delay in providing a performance review by the commission and that the commission had never voiced its concerns to Mr. Sheldon. Commissioner McAuley explained that Charlie Sheldon was following the Delegation of Powers per the Resolution 1106N with regard to these matters and the Port’s travel policy when approving the travel

expense included in the Commission approved budget.

Commissioner McAuley stated that each commissioner must absolutely trust each other but added that the Commission has by its failure lost a man (Mr. Sheldon) that the Commission had asked to be part of this team and for that, the Commission has failed. Commissioner McAuley moved to postpone this motion indefinitely.

Commissioner Walker said he was not going to be a debate. Commissioner Walker explained that years ago, there was no delegation of authority and that no matter how much is delegated, the Port Commission is ultimately responsible, the Executive Director is a keeper of the policies of the Port and the lack of prior notification of travel, errors regarding consultant contracts and purchasing procedures were a violation of policy and it was his sense that the Executive Director acted in violation of policy.

Commissioner McAuley again moved to postpone the discussion indefinitely. Mr. McAuley took exception with the comment regarding Charlie Sheldon's violation of policy noting again that each item was included in the approved budget. Commissioner Walker then repeated Commissioner McAuley's motion.

Motion: All in favor of postponing the discussion indefinitely.

Motion Defeated with a 1-2 vote. Commissioner McAuley voted in favor of postponing and Commissioners Jorgensen and Walker voted against.

Commissioner Jorgensen said it was important that people in attendance know that something developed between Mr. Sheldon and senior staff and that they are looking to take the Port in a different direction. Members from the public spoke out during commission discussion and asked for a second chance, more time, and a performance review and not to be discounted. Commissioner Walker stated that the Port Commission listened to a lot of people and other departments and supports the motion to move on in another direction.

Motion repeated: All in favor of postponing the discussion indefinitely.

Motion Defeated with a 1-2 vote. Commissioner McAuley voted in favor of postponing and Commissioners Jorgensen and Walker voted against.

Commissioner McAuley again asked for a debate on the motion stating that the people deserve to know what is going on and why; whether or not Charlie Sheldon performed as the Commission asked him to perform. Commissioner McAuley added that he will vote against the motion because the Commission failed to give Charlie Sheldon the direction he needed to succeed and added that if he had trouble with staff or problems with the community, it was unknown to him. Commissioner McAuley further added that he has not had a single conversation with Charlie about this issue and asked that they do not accept the motion. Commissioner McAuley stated that while he understood Charlie Sheldon was resigning; having a meeting so quickly is a disservice to the community by accepting his resignation. Commissioner McAuley then praised and offered support to staff and thanked the other Commissioners for allowing him to present his opinions. Commissioner Jorgensen agreed in supporting the staff and senior staff. Commissioner Walker reported that a motion has been made to accept the articles of separation.

Motion Approved with a 2-1 vote. Commissioners Walker and Jorgensen voted in favor of the separation agreement, Commissioner McAuley voted against.

### **CONSENT AGENDA**

Motion: To adopt Consent Agenda items A through D as follows:

- A. Approve the minutes of the March 6, 2012, and March 20, 2012, regularly scheduled Commission meetings.
- B. Motion to approve Voucher Certification and Approval for March 7, 2012, - March 28, 2012, totaling \$4,472,599.82.
- C. Authorize the Chief Financial Officer to engage the Washington State Auditor to complete the 2011 Audit at an estimated cost of \$35,447 plus travel and out-of pocket costs.
- D. Approve a Commercial Lease with Oilette Brothers Yacht Charters, Inc. d/b/a Bellingham Yacht Charters and a Commercial Lease with Oilette Brothers Yacht Sales, Inc. d/b/a Bellingham Yacht Sales.

Discussion: None.

Motion approved with a 3-0 vote.

### **ACTION ITEMS**

**Appointment of Interim Executive Director:** Before moving on with the agenda action items, Commissioner McAuley recommended making the following motion:

Motion: Accept appointment of Rob Fix as the Interim Executive Director, pending the hiring of a new Executive Director.

Discussion: There was none.

Motion Approved with a 3-0

**Appointment of Port Auditor:** Newly appointed Interim Executive Director Rob Fix suggested he be removed as the auditor while serving as the Interim Executive Director and recommended that Controller, Tamara Sobjack be appointed to serve as the Port Auditor and Valerie Schorr be appointed as the assistant. Commissioner McAuley made the following motion:

Motion: Appoint Tamara Sobjack as the Auditor and Valerie Schorr as the Assistant Auditor.

Discussion: There was none.

Motion Approved with a 3-0 vote.

## **ACTION ITEMS**

### **1. AMENDMENT TO THE AGREED ORDER FOR THE RI/FS AT THE I & J WATERWAY SITE.**

Motion: Authorize the Interim Executive Director to execute an amendment to the Agreed Order for performing a Remedial Investigation/Feasibility Study (RI/FS) at the I&J Waterway site, pending confirmation by the Department of Ecology.

Discussion: Environmental Programs Director Mike Stoner explained that the proposed amendment is in response to an Ecology request for additional sediment and water sampling at the I & J Waterway site, under the state Model Toxic Control Act (MTCA).

Motion Approved with a 3-0 vote.

### **2. AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS FOR THE PHASE 1 GENERAL AVIATION APRON DESIGN PROJECT.**

Motion: Authorize the Interim Executive Director to approve PSA Amendment No. 2 with URS for the General Aviation Apron Design Project in the added amount of \$39,820 for a total authorized amount of \$281, 540, and amend the 2012 Capital Improvement Program budget by transferring \$100,000 from line item 75 to line item 17.

Discussion: Senior Project Engineer John Hergesheimer explained that the proposed amendment is for an additional scope of work and budget for tasks not previously included in the original PSA or Amendment No. 1 pertaining to the de-icing system design, Gate 7, 8 southeast corner area grading, plane wash, fuel truck containment and fuel spill capture system pads, geotechnical investigations and Department of Ecology permitting costs..

Motion approved with a 3-0 vote.

### **3. MODIFICATION OF A HARBOR LAND LEASE FOR ZEPHYR INVESTMENTS, INC., PROPERTY LOCATED AT SQUALICUM HARBOR.**

Motion: Approve a Modification of Harbor Land Lease between the Port of Bellingham and Zephyr Investments, Inc. for property located at 2551 Roeder Avenue, Bellingham, Washington.

Discussion: Real Estate Analyst Terry Ilahi explained that the proposed modification for property on the corner of Roeder and Coho Avenue will allow the tenants to expand their marine operations.

Motion approved with 3-0 vote.

### **4. NEW COMMERCIAL LEASE WITH HALIBUT HENRY'S LLC FOR OPERATION OF THE BELLINGHAM CRUISE TERMINAL (BCT) CAFÉ.**

Motion: Approve a Commercial Lease Agreement between the Port of Bellingham and Halibut Henry's LLC for use of the restaurant/café property located at the Bellingham Cruise Terminal (BCT).

Discussion: Real Estate Development Manager Shirley McFearin explained that the proposed new lease is a month to month agreement for the space at the Bellingham Cruise Terminal to be operated by Vicki Rogers the owner and operator of the Inside Passage gift shop also at BCT. Ms. Rogers also owns and operates Halibut Henry's at the Bellingham International Airport. Ms. McFearin introduced Vicki Rogers and Commissioner Walker commented that he had been waiting for Ms. Rogers to do this for a long time. Ms. Rogers introduced General Manager Starla Meyers and reported that together they will operate the café which will be a grab n go, coffee, sandwiches and pastries etc. format with fair prices and consistency of hours (8:00 to 3:00- with the exception of Alaska ferry hours which will be longer). Ms. Rogers added that signs from 10<sup>th</sup> Street on would help draw visitors and locals to the BCT and Marine Park area.

Motion approved with a 3-0 vote.

### **ADJOURN**

As there was no further business, the meeting was adjourned at 5:15 p.m.

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Scott L. Walker, President

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Michael McAuley, Secretary