

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, APRIL 2, 2013  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

---

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

|        |                   |                                   |
|--------|-------------------|-----------------------------------|
| Staff: | Rob Fix           | Executive Director                |
|        | Lydia Bennett     | Business Development Director     |
|        | Mike Stoner       | Environmental Programs Director   |
|        | Carolyn Casey     | External Affairs Director         |
|        | Tamara Sobjack    | Finance Director                  |
|        | Elizabeth Monahan | Human Resources Director          |
|        | Sylvia Goodwin    | Planning and Development Director |
|        | Shirley McFearin  | Real Estate Director              |
|        | Adam Fulton       | Senior Project Engineer           |
|        | Norman Gilbert    | Project Engineer                  |
|        | Frank Chmelik     | Port Counsel                      |
|        | Diane McClain     | Executive Secretary               |

---

**CALL PUBLIC MEETING TO ORDER**

At approximately 11:05 a.m., Commissioners Jim Jorgensen and Scott Walker opened the public tour of the Bellingham International Airport Commercial Terminal by welcoming the participants and introducing tour guide Port Senior Project Engineer Adam Fulton. Mr. Fulton issued all attendees hard hats and safety vests and directed the group through the construction area and explained the different aspects of the ongoing Airport Commercial Terminal Expansion Project. The areas under construction and sites toured included the future TSA area, electrical room and generator facilities, Allegiant Air's commissary, Scotty Brown's restaurant and the Gate 8 expansion and the future baggage carousel configuration.

Upon conclusion of the airport terminal tour, at approximately 12:10 p.m., the group returned to the Port's Harbor Center office at 1801 Roeder Avenue, Bellingham Washington to resume the Commission meeting.

**RESUME PUBLIC MEETING AND RECESS TO CLOSED EXECUTIVE SESSION**

Commissioner Jorgensen called the meeting to order at 12:30 p. m. to report that the purpose of the closed session would be to discuss real estate transactions, and pending litigation pursuant to RCW 42.30.110(1) (c), (i).

**RECONVENE PUBLIC MEETING AND ROLL CALL**

April 2, 2013

Page 2

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

### **PUBLIC COMMENT PERIOD**

1. Ken Oplinger – President of the Bellingham/Whatcom Chamber of Commerce urged the Commission to support the proposed Airport Hotel action item on the agenda.
2. Loni Rahm – President and CEO of the Bellingham Whatcom Tourism spoke in favor of the proposed hotel development near the Bellingham International Airport (BLI as forward thinking and a tremendous asset to the community.

### **CONSENT AGENDA**

Motion: Approve Consent Agenda items A – C as follows:

- A. Approve minutes of the March 5, 2013, and March 19, 2013, regular Commission meetings.
- B. Voucher Certification and Approval dated March 6, 2013, - March 27, 2013, totaling \$4,759,275.60.
- C. Authorization to sell vessels, pursuant to Port Resolution No. 947.

Discussion: None.

Motion approved with 3-0 vote.

### **ACTION ITEMS:**

- 1. LETTER OF INTENT WITH HOTEL SERVICES GROUP, LLC FOR PROPOSED CONSTRUCTION, DEVELOPMENT AND OPERATION OF A FULL SERVICE HOTEL AT THE BELLINGHAM INTERNATIONAL AIRPORT.**

Motion: Authorize the Executive Director to execute a Letter of Intent dated March 20, 2013, between the Port of Bellingham and Hotel Services Group, LLC (HSG) whereby HSG will lease property at the Bellingham International Airport to develop, construct and operate a full service Holiday Inn Brand Hotel, subject to the outline of the Letter of Intent and ancillary documents necessary to complete the transaction including the Lease Documents.

Discussion: Real Estate Director Shirley McFearin explained that in the fall of 2012, the Port sent out a Request for Qualifications and Vision (RFQ/V) for a hotel development opportunity near the airport, and offered two location sites: the corner of West Bakerview and Airport Drive and another further south on Mitchell Way. Ms. McFearin added that all four (4) respondents to the RFQ/V selected the site closest it to the terminal and most visible from the freeway. Ms. McFearin further explained that the selection committee process involved review of the proposals and interviews of all 4 respondents submitting proposals. Hotel Services Group (HSG) was selected as hotel management and ground-up development

specialists currently operating eight nationally branded hotels in Western Washington. Ms. McFearin added that the proposed hotel development and construction cost is estimated at \$19-20 million and HSG plans to hire approximately 40 full time equivalent employees for the hotel operation plus another 40-50 employees for the restaurant operation. Ms. McFearin explained that the next step in moving forward with the development of a hotel near the airport is the proposed Letter of Intent which outlines the transaction and sets forth the mail deal points with regard to the proposed lease.

Ms. McFearin introduced Dan Mitzel, Chairman and Managing member of Hotel Services Group (HSG), Mark Simpson, CEO and President, Al Reingold and Ed Shaw from the InterContinental Hotels Group, Holiday Inn's parent corporation. These gentlemen enthusiastically presented their vision / interest and overview for the development of a Holiday Inn brand hotel with 150 rooms, underground parking, workout room and pool, large meeting space, and restaurant near the Bellingham International airport. Commissioner Jorgensen shared that he was excited about the location and exposure for the airport and found the amenities favorable as did Commissioner Walker. Commissioner McAuley voiced support for the development of a hotel but not the site selected; stating he would prefer a buffer from the freeway and would not vote in favor due to the site selection.

Motion approved with 2-1 vote. Commissioners Jorgensen and Walker voted in favor; Commissioner McAuley voted against.

Click here for photograph: <http://www.portofbellingham.com/DocumentCenter/View/2414>  
<http://www.portofbellingham.com/DocumentCenter/View/2415>

## **2. CAPITAL BUDGET AMENDMENT TO PROVIDE BASIC UPGRADES TO THE LIGNIN BUILDING ON CORNWALL.**

Motion: Approve a capital budget amendment not to exceed Three Hundred Thousand Dollars (\$300,000) to provide basic upgrades to the Lignin Building to bring the property on-line for lease. The capital expenditure will come from the 2013 Bellingham Waterfront Acquisition Site (BWAS) budget and the revenues will be posted the BWAS budget to pay back the cost of the upgrades.

Discussion: Real Estate Director Shirley McFearin explained that the Lignin Building acquired in 2005 as part of the Georgia Pacific site purchase, includes approximately 50,000 square foot warehouse space of minimal use due to the lack of electrical service, and fire sprinkler systems and other items needing approximately \$300,000 in capital investment to bring the facility up to code for basic unheated storage rental property. Commissioner McAuley spoke in favor of making the investment while Commissioner Walker commented that he did not believe it would pay back in 5 years nor did he feel that investing in the facility supports the vision to produce a first class development on the waterfront. Commissioner Jim Jorgensen concurred. This item and motion was tabled until further notice for future discussion and/or action. Click here for photograph:

<http://www.portofbellingham.com/DocumentCenter/View/2413>

### **3. BELLWETHER ARTS MARKET 2013.**

Motion: Approve the Event and Site Use Agreement with Allied Arts of Whatcom County for the Bellwether Arts Market in 2013.

Discussion: Community Relations Coordinator Marie Duckworth explained that both proposed Agenda items 3 and 4 are similar Port sponsored corporate events that are budgeted and intended to develop community connections and draw the public to the Bellwether property. Marie Duckworth explained that in 2012 the Port began working with Allied Arts of Whatcom County to offer the Bellwether Arts Market on Sundays in August. Ms. Duckworth introduced Kelly Hart from Allied Arts and reported that between 1,200- 2,000 people attended each Sunday in 2012, and that 2013's event will include more than 20 artists, complementary vendors, free live music and art activities. Ms. Duckworth added that the Port's expense will be \$17,000 and that Allied Arts has received a tourism promotion grant of \$3,500 from the City of Bellingham to market this event up and down the I-5 corridor and in Seattle publications. Commissioner Walker expressed reservations about providing marketing support for one group of tenants over another and the Commission agreed to study these types of funding requests more thoroughly next year.

Motion approved with 3-0 vote.

### **4. BELLWETHER JAZZ FESTIVAL 2013.**

Motion: Approve the Event and Site Use Agreement with The Jazz Project for the Bellwether Jazz Festival in 2013.

Discussion: Marie Duckworth explained that the Port has sponsored and budgeted corporate events intended to develop community connections and draw the public to the Bellwether property. Ms. Duckworth added that the Port, working with The Jazz Project, produced the first event in 2011 which brought over 1,000 visitors to the Bellwether on the Bay and Tom Glenn Common and that in 2012; the one day event was expanded to two days. Ms. Duckworth further added that the Port's expense is \$10,000 and the event has received funding from a City of Bellingham \$1,500 hotel/motel grant and almost \$5,000 in in-kind donations such as trash, recycling, tents, etc. Similar to agenda item no.3, the Commission agreed to support this action this year, and reevaluate this type of funding request more thoroughly next year.

Motion approved with 3-0 vote.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2412>

### **5. AMENDMENT NO. 6 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH KPFF ENGINEERS FOR THE BELLINGHAM SHIPPING TERMINAL BULKHEAD AND MAIN PIER REPAIRS PROJECT.**

Motion: Authorize the Executive Director to execute Amendment No. 6 to the Professional Services Agreement (PSA) with KPFF Consulting Engineers on the Bellingham Shipping

April 2, 2013

Page 5

Terminal (BST) Bulkhead and Main Pier Repairs Project to provide a mooring analysis of the southern end of the BST pier (South Dock) in the amount of \$30,000 for a total authorized a contract amount of \$406,782.

Discussion: Project Engineer Norman Gilbert explained that the proposed amendment will authorize KPFF to conduct a mooring and structural analysis and provide a risk analysis report to assist the Port in evaluating the potential risks related to mooring vessels such as the Horizon and Artic Challenger simultaneously along the South Dock.

Motion approved with 3-0 vote.

### **NEW BUSINESS**

None.

### **ADJOURN**

As there was no further business, the meeting was adjourned at 5:00 p.m.

---

Jim Jorgensen, President

---

Scott L. Walker, Secretary