

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, NOVEMBER 5, 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
	Daniel Zenk	Aviation Director
	Mike Stoner	Environmental Director
	Carolyn Casey	External Affairs Director
	Fred Seeger	Facilities Director
	Tamara Sobjack	Finance Director
	Elizabeth Monahan	Human Resources Director
	Dan Stahl	Maritime Director
	Shirley McFearin	Real Estate Director
	Dodd Snodgrass	Economic Development Specialist
	John Hergesheimer	Senior Project Engineer
	Adam Fulton	Senior Project Engineer
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

CALL PUBLIC MEETING TO ORDER AND ROLL CALL Commissioner Jorgensen called the meeting to order at approximately 3:03 p. m.

PUBLIC COMMENT PERIOD

1. Lori Province, 2501 W. Street, Bellingham, Washington- Ms. Province presented a letter to the Commission regarding future plans for transfer of ownership, sale of GP property.

PUBLIC COMMENT PERIOD

Commission President Jim Jorgensen congratulated Executive Secretary Diane McClain for completing the training to become certified as a Public Records Officer through the Washington Association of Public Records Officer (WAPRO) program.

CONSENT AGENDA

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

- A. Approval of minutes of the October 1, 2013, and October 14, 2013, regular Commission meetings.
- B. Voucher Certification and Approval for period October 2, 2013 – October 23, 2013, totaling \$2,176,767.41.

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- C. Authorize the Executed Director to execute Amendment No. 33 to the Professional Services Agreement with Anchor QEA for the Whatcom Waterway Phase 1 Site Clean-up Project, for National Pollution Discharge Elimination System (NPDES) permit compliance services, in the amount of \$26,269.00 plus a contingency of \$5,254.00 for a total of \$31,523.00 and a total authorized amount of \$8,374,450.50.

Discussion: None.

Motion approved with 3-0 vote.

AGENDA REVISION

To better accommodate guests from Seattle, Executive Director Rob Fix asked that the Industrial Development Corporation (IDC) business and supporting Agenda Action Item No. 8 on the agenda be moved up in the order. The Commission agreed to revise the order of the agenda.

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

1. APPROVAL OF MINUTES

Motion: Approval of the minutes of the September 3, 2013, IDC meeting.

Discussion: None.

Motion approved with 3-0 vote.

2. INDUSTRIAL DEVELOPMENT CORPORATION (IDC) RESOLUTION NO. 75 AUTHORIZING THE ISSUANCE AND SALE REVENUE AND REFUNDING BONDS, SERIES 2013 FOR HEMPLER FOODS GROUP LLC.

Motion: That the Board of Directors for the Industrial Development Corporation (IDC) of the Port of Bellingham adopt Resolution No. 75 authorizing the issuance and sale of its Revenue and Refunding Bonds, Series 2013 (Hempler Foods Group LLC Project) in the principal amount not to exceed \$10,000,000 and approving the documentation in connection with the issuance of said bonds; appointing a trustee and providing for other matters relating thereto.

Discussion: Economic Development Specialist Dodd Snodgrass explained that Hempler Foods Group LLC is borrowing money through the use of conduit bonds to finance building improvements and equipment to expand its meat processing facility in Ferndale, Washington, and using the proceeds to refinance the balance of Series 2006 bonds issued by the IDC pursuant to IDC Resolution No. 62. Mr. Snodgrass introduced Scott McJannet from K&L Gates in Seattle (bond counsel) who further explained the purpose of conducting a public hearing on the issuance of nonrecourse revenue bonds for the 2013 Project and for refunding the 2006 Bonds issued by the IDC. No one asked to speak and the public hearing was recessed.

Motion approved with 3-0 vote.

CLOSE THE INDUSTRIAL CORPORATION (IDC) BOARD MEETING AND RECONVENE THE PUBLIC MEETING

ACTION ITEMS

8. RESOLUTION NO. 1325 APPROVING THE ISSUANCE OF BONDS THROUGH THE INDUSTRIAL CORPORATION (IDC) FOR HEMPLER FOODS GROUP LLC.

Motion: Approval of Resolution No. 1325 in support of IDC Resolution No. 75 relating to the issuance and sale of its Revenue and Refunding Bonds, Series 2013 in the principal amount not to exceed \$10,000,000 for Hempler Foods Group LLC.

Discussion: Economic Development Specialist Dodd Snodgrass explained that Port Resolution No. 1325 proposed to the Port of Bellingham Board of Commission supports the earlier action, IDC Resolution No. 75 approved by the IDC Board of Directors.

Motion approved with 3-0 vote.

WORK STUDY

1. Waterfront District Master Plan Discussion

As part of an ongoing series of updates on the revitalization of the Bellingham Waterfront, Environmental Programs Director Mike Stoner presented an update of the City of Bellingham Council activities and the upcoming schedule of Port Commission and City Council meetings. Mr. Stoner reported that as the waterfront plan (associated packet of documents) nears approval, the City Council continues to deliberate on various significant issues including the Commercial Green, Revisions to the Sub-Area Plan, Affordable Housing, the Facilities Interlocal Agreement, Site Clean-ups and Habitat Restoration. Mr. Stoner reiterated that any changes to the documents must be adopted by both the Port and City as both entities must adopt the same package of final documents. Regarding the Granary Building Adaptive Re-Use responses, Executive Director Rob Fix reported that while the Port has received 3 proposals for the Granary, the Port is scheduled to hear a fourth presentation by an interested Master Developer, United Creatives on November 7th. Mr. Fix suggested that staff delay making any recommendations to the Commission with regard to the interested developers for the 10 acre site and/or the Granary Building until after the last presenter has been heard and the Master Plan has been adopted by the City Council and Port Commission. Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2836>

2. Presentation – 2014 Port of Bellingham Strategic Budget

Finance Director Tamara Sobjack reported that the public hearing on the agenda is an opportunity for the public to comment on the Port's 2014 Preliminary Strategic Budget

document made available to the public on October 24th. Ms. Sobjack reported that the 2014 draft Strategic Budget includes \$23.7 million in Operating Revenues, \$14.4 million in Expenses, and \$6.3 million in net capital costs for new 2014 Capital Projects. The final 2014 Strategic Budget document is scheduled for Commission approval on November 19th following another public hearing; the adopted 2014 Strategic Budget is to be filed with the Whatcom county treasurer on December 2nd.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2834>

RECESS PUBLIC MEETING AND OPEN PUBLIC HEARING ON THE 2014 STRATEGIC BUDGET

No one signed up for public comment on the 2014 Strategic Budget.

CLOSE THE PUBLIC HEARING AND RECONVENE THE COMMISSION MEETING

ACTION ITEMS

1. PORT, CITY AND COUNTY SHARED STATE LEGISLATIVE OBJECTIVES FOR 2014 LEGISLATIVE SESSION

Motion: Approval of the proposed Port, City and County shared state Legislative Objectives for the 2014 Legislative Session.

Discussion: External Affairs Director Carolyn Casey reported that the Port, City and County plan to continue the strategy and partnership started in 2013 for shared legislative representation. The proposed 2014 list of Legislative Objectives include the Transportation Budget, Model Toxics Control Act (MTCA), Marine Tourism Bill, Community Economic Revitalization Board (CERB), Aquatic Invasive Species Control, Restore Public Works Assistance Account, Social Services and Judicial Funding and the Growth Management Act. Ms. Casey further added that the shared legislative effort will enhance the Port's ability to complete its environmental cleanups and increase opportunities to secure grants and loans for waterfront redevelopment capital projects.

Motion approved with 3-0 vote.

2. INCREASE AUTHORIZED AMOUNT OF CONTRACT WITH STRIDER CONSTRUCTION FOR THE GP WEST CAUSTIC PLUME/CELL BUILDING INTERIM REMEDIAL ACTION PROJECT.

Motion: Authorize an increase to the total authorized contract amount with Strider Construction Co., Inc. for the GP West Caustic Plume/Cell Building Interim Remedial Action Project in the amount of \$300,000 for a new total authorized contract amount of \$3,683,754.

Discussion: Senior Project Engineer John Hergesheimer explained that the Port entered into a contract with Strider Construction in 2012 to complete the GP West Caustic Plume/Cell Building Interim Remedial Action as approved by the State Department of Ecology. In 2013, the Commission approved an increase to the contract for overruns in quantities of

contaminate materials and associate clean back fill material. Mr. Hergesheimer further explained that the proposed increase will cover costs for the removal and disposal of the two flooring slabs and associated contaminated materials. A portion of the clean-up work is funded by an existing Model Toxics Control Act (MTCA) Remedial Action Grant with Ecology; a portion would be reimbursed through the Port's pre-funded environmental insurance policy.

Motion approved with 3-0 vote.

3. AMENDMENT NO. 3 TO THE PROFESSIONAL SERVICES AGREEMENT WITH BERGER/ABAM FOR THE HARRIS AVENUE PIER REPLACEMENT.

Motion: Authorize the Executive Director to execute Amendment No. 3 to the Professional Services Agreement (PSA) with Berger/ ABAM for Phase 2 of the design and permitting services for the Harris Avenue Pier Replacement Project in the amount of \$373,100 for a total authorized amount of \$554,150.

Discussion: Senior Project Engineer John Hergesheimer explained that the Phase 1 work of the Harris Avenue Pier Replacement Project initiated in 2007 was completed in 2013. The Phase 2 proposed scope of work in Amendment No. 3 will include design drawings, draft specifications, cost estimates, construction schedule and critical areas report and final environmental permit applications for the site.

Motion approved with 3-0 vote.

4. PROFESSIONAL SERVICES AGREEMENT WITH FAITH GROUP, LLC FOR CONSULTING SERVICES FOR THE MULTIPLE USER PASSENGER PROCESSING SYSTEM AT THE AIRPORT COMMERCIAL TERMINAL EXPANSION PROJECT-PHASE 2 .

Motion: Authorize the Port of Bellingham to execute a Professional Services Agreement with Faith Group, LLC to provide consulting services for the Passenger Processing System at the Airport Commercial Terminal Expansion Project – Phase 2 in the amount of \$25,760 plus a 10% contingency for a total authorized amount of \$28, 300.

Discussion: Senior Project Engineer Adam Fulton explained that the Multiple User Passenger Processing System (MUPPS) will allow for full utilization of the newly constructed terminal and supporting infrastructure. The system allows flexibility to accommodate the airlines fluctuating travel activity by allowing any airline to use any ticket agent position and/or boarding gate position. The Port received four responses to its advertised Request For Professional Services and Faith Group, LLC was selected as the most knowledgeable and best qualified to assist staff in installation and implementation of the MUPPS.

Motion approved with 3-0 vote

5. COMMERCIAL LEASE FOR BELLWETHER MEDICAL ACUPUNCTURE AT THE BAYVIEW CENTER BUILDING, SUITE 219.

Motion: Approve a Commercial Lease Agreement between the Port of Bellingham and Bellingham Medical Acupuncture, PLLC, Inner Landscape Acupuncture, PLLC, and A Better Way Massage LLC, d/b/a Bellwether Medical Acupuncture for 1300 square feet at the

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Bayview Center Building, Suite 219.

Discussion: Real Estate Representative Judy Harvey reported that Bellwether Medical Acupuncture is a newly formed business providing acupuncture, massage therapy services. Ms. Harvey added that the proposed lease agreement is for a two year term with three consecutive two-year renewal options and the rent meets the Port's rental revenue standards.

Motion approved with 3-0 vote

6. SECOND AMENDMENT TO AMENDED AND RESTATED CAPITAL GROUND LEASE FOR BELLWETHER GATE D, LLC.

Motion: Approve the Second Amendment to the Amended and restated Capital Ground Lease with Bellwether Gate D, LLC.

Discussion: Real Estate Director Shirley McFearin explained that the Port and Bellwether Gate D entered into an Amended and Restated Capital Ground Lease in 2010 and modified the Lease in 2013. Bellwether Gate D was to commence construction of its Building D on or before November 1, 2013. The proposed Modification of Lease would extend the commencement date to May 1, 2015, with substantial completion by October 31, 2016. Bellwether Gate D would pay the Port \$30,000 for the delay in base rent and agree to repair the crosswalks on Bellwether Way no later than April 1, 2014.

Motion approved with 3-0 vote

7. APPROVAL OF MODIFICATION OF LEASE FOR NAUTIGIRL BRANDS LLC.

Motion: Approve the Modification of Lease between the Port of Bellingham and Nautigirl Brands LLC.

Discussion: Real Estate Director Shirley McFearin explained that the proposed Modification of Lease establishes a seasonal flex-rent schedule for the approximate 867 square feet free-standing kiosk on the Plaza at Bellwether for a period of one year. Ms. McFearin reported that because the tenant is experiencing financial difficulty, base rent will be reduced from \$1,000 to \$500 per month until the Port is able to secure a new Tenant at which time the Lease with Nautigirl Brands will be terminated with 30 days written notice.

Motion approved with 3-0 vote

8. RESOLUTION NO. 1325 APPROVING THE ISSUANCE OF BONDS THROUGH THE INDUSTRIAL CORPORATION (IDC) FOR HEMPLER FOODS GROUP LLC.

Agenda Revision- This item moved to earlier in the agenda.

9. APPROVAL OF LETTER TO CITY OF BELLINGHAM REGARDING THE FIRE BOAT FUNDING.

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Motion: Approval of a letter to Bellingham Mayor Kelli Linville outlining level of Port support for the acquisition of a fire boat for the Bellingham waterfront.

Discussion: Executive Director Rob Fix reported that in addition to the proposed letter outlining the Port's level of support, the Commission had received an email from Doug Karlberg expressing the Whatcom County Fishermen's Association's support for joint City/Port effort to replace the fireboat in Squalicum Harbor.

Motion approved with 3-0 vote

NEW BUSINESS

1. Heritage Flight Museum. Commissioner McAuley asked about the Heritage Flight Museum's decision to move to Skagit County. Aviation Director Daniel Zenk reported that the group is opting to move to Skagit to obtain more room, additional ramp and hangar space.

ADJOURN

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

Jim Jorgensen, President

Scott L. Walker, Secretary