

PORT OF ANACORTES

Minutes-Special Meeting

October 25, 2010

The Port Commission of the Port of Anacortes held a Special Commission Meeting on October 25, 2010. The purpose of the meeting was for the Commission to hold discussions in regards to establishing a policy for real property acquisition and surplus and to take action for authorizing delegation for Bonds. The meeting was held in the Commission Meeting Room of the Port Main Warehouse Building, 1st & Commercial Avenue, Anacortes, Washington.

In Attendance: Commission President Rubin, Commission Vice President Mooney, Commission Secretary Niver, Commissioner Hopley, and Commissioner Short.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson, Director of Operations & Facilities Hachey, and Executive Assistant Lindsey.

CALL TO ORDER

At 9:02 A.M. Port Commission President Rubin called the Special Meeting of October 25, 2010 to order and announced the purposes of the Special Meeting.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment pertaining to items on the special agenda. Hearing no one with a desire to address the Commission, the floor was closed.

SPECIAL AGENDA

STUDY SESSION

Discussion Item: Establishing a Policy for Real Property Acquisition and Surplus -

Commissioner Rubin noted that the Commission did not have a policy in place to specifically address the acquisition of real estate. He hoped to provide clearer direction for Port staff in regards to potential real estate acquisitions. The Port's Strategic Plan calls for the Port to acquire and dispose of properties supporting the strategic values and goals of the Port. Commissioner Rubin asked the Commission what they would like to accomplish towards that end today.

Commissioner Niver believed that any significant use of resources should be involved in a plan. He wished to see a policy developed that any purchase of property or other major expenditure be part of a plan and that the cost of such a purchase would include a study on whether the plan is feasible.

Commissioner Short wished to set criteria for acquiring property and goals for property acquired. He gave as an example a purchase of property to protect waterfront areas for industrial use, for public access, and for buffer zones. He also wished to see the Commission consider purchase of property as part of long-range plans for future economic development and eventual family-wage job creation.

Commissioner Hopley believed it was a good idea to set a policy with some set criteria for Port staff to use as a basis for considering whether to bring a possible property purchase to the Commission. He saw criteria as the second stage of the discussion, with the policy for analyzing and prioritizing property acquisition as the primary discussion points. He favored the purchase of property to support specific projects and goals.

Commissioner Mooney stated that the Port should be studying acquisitions and have an inventory of properties available for use or lease. He believed the Port already had a method for acquisitions, including those considered in the Comprehensive Plan, and saw a value in flexibility in acquiring property so that it could be available when needed.

The Commission discussed these views and further dialog regarding feasibility, inventory, costs and financing, shoreline permitting, encroachment, economic development, and whether the Port is limited by a lack of property. Commissioner Hopley suggested the Commission develop certain percentages to be used in deciding on purchases and current and future development uses of property, such as support of commercial services, public access, and so on, and use these criteria to evaluate and prioritize property acquisition. He noted this process should be applied first to the Port's current property inventory, which would provide direction for staff on what types and locations of property to seek to acquire next.

Commissioner Niver pointed out that some requirements for public access are placed upon the Port by the City of Anacortes and that public access requirements could be part of a manufacturing plan or plan for mitigation. Commissioner Hopley noted that the Port would take that into consideration and might wish to have property in inventory that fit those types of criteria in order to fulfill public access or mitigation requirements.

Commissioner Short observed that situations could arise in which the Port might want to push aside criteria and inventory comparisons in order to obtain a certain piece of property. Commissioner Hopley acknowledged that exceptions could always be made, but it was still important to have criteria and guidelines for purchases.

Commissioner Rubin requested criteria suggestions from the Commission, whose discussions ultimately produced the following prioritized list for considering property acquisition:

Proposed Categories of Real Estate Inventory

- | | |
|-----------------------------|-----|
| 1. Economic Development | 55% |
| 2. Public Access | 20% |
| 3. Buffer | 15% |
| 4. Protection of Waterfront | 7% |
| 5. Environmental Mitigation | 3% |

Included in these criteria discussions were the subcategories of Environmental Cleanups, Adjacency, Inventory, and Protection from Encroachment, and property being a very good deal. It was agreed that each property is unique and could involve some or all criteria.

The Commission additionally discussed the subject of inventory and whether it was appropriate to have a variety of properties, such as commercial, industrial, and waterfront sited properties, fitting the above criteria available for expansion, known or future tenants, and other potential uses. The Commission requested an inventory listing, including square footage of existing inventory. In response to questions from the Commission, Director Hachey noted that a property inventory is present in the 2008 Comprehensive Plan.

ACTION ITEM

Resolution No. 1227 – Authorizing Delegation for Bonds -

Director of Finance & Administration Johnson reviewed this item for the Commission which would authorize a designated Port representative to approve interest rates, maturity dates, and principal maturities for the issuance and sale of General Obligation Bonds, contingent on the Commission's approval of the 2011 Budget on November 3, 2010. He explained that as discussed at the Commission's regular meeting of October 21, 2010, the Commission had decided to move forward with bonding for replacement of E & F Docks at the Cap Sante Boat Haven. This project is included in the 2011 Budget, which the Commission will consider for approval on November 3rd at 4:00 p.m. In order to provide the best opportunity for obtaining a good price in the bond market and interest rate for the Port, Bond Advisors Susan Musselman and Jane Towery recommended that the Commission pass a resolution delegating authority to a representative of the Port who would be present at the time of the Bond offering. As noted in the resolution, this bonding was contingent on the Commission's approval of the 2011 Budget.

Director Johnson explained that the Port representative, most likely himself, would have a responsibility to operate within the parameters of the resolution, which were fairly specific. Commissioner Niver concurred, noting that the Port has had to do this in the past and that the best thing was to set criteria within the document, as done in this case. Director Johnson noted that if for some reason there were questions with the budget as a whole, staff could still ask the Commission to approve the specific E & F Dock replacement project and bonding for that project. While a different day could be found to sell the bonds, the farther into November, the more difficult it would be to sell them and do so at a good rate.

Commissioner Mooney moved to adopt Resolution No. 1227 - delegation for General Obligation Bonds as noted on the first page of the resolution. Commissioner Short seconded the motion. Commissioner Rubin called for discussion. Commissioner Hopley was of the opinion that adopting the resolution was presuming Commission action on the 2011 budget. He preferred amending the 2010 budget to include E & F Docks.

Commissioner Short observed that the purpose of the resolution was for market considerations and low interest rates. He saw no conflict in approving the resolution.

Commissioner Rubin inquired whether the Commissioners would object to laying the action item on the table and then modifying the 2010 budget to include the project and then take it off the table.

Commissioner Hopley inquired whether the 2010 budget could be amended. Director Johnson affirmed that it could.

Commissioner Niver noted that the Commission could also modify the 2011 budget prior to its approval. However, he pointed out that the Commission knows the docks need to be replaced and know that they would need to bond in order to do so, and that this bonding was included in the 2011 budget, with only the details of the bond sale remaining. Commissioner Niver observed that the Commission could approve the bonding or put it off for approval at the time of the 2011 budget hearing. He saw these as two independent actions and noted he would prefer to not change the 2011 budget, which was just made available to the public that morning.

Commissioner Rubin was of the opinion that the Commission was getting ahead of itself in approving the delegation stated in Resolution No. 1227 prior to the 2011 budget adoption. With discussion concluded, he called for a vote on the motion, which carried 3-2 with Commissioners Mooney, Niver, and Short in favor and Commissioners Rubin and Hopley opposed.

COMMUNICATIONS

Commissioner Hopley stated he had been reading the draft of the Port's sulfur permit from the Clean Air Agency wished to state for the record that in regards to the monitoring for sulfur, planned for shipment at Pier 2 in 2011, "From day one I've said that we needed to have specific, objective, monitor-able standards. Based on what I've read, I don't think we have those standards and what we have is not meeting my needs." Commissioner Niver thought the criteria were pretty clear. Commissioner Hopley noted that he had only seen the draft and not the final permit on-line at the Clean Air Agency website, but he did not believe the permit as drafted was adequate as it had no mention of a dust management plan. Commissioner Niver observed that the standards may be set by Clean Air's requirements and regulations.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment on subjects not listed on the agenda. Hearing none, the floor was closed.

ADJOURNMENT

Having no other business to discuss at this time, Commissioner Rubin called for a motion to adjourn. Commissioner Short moved to adjourn the special meeting. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously and the special meeting adjourned at 11:49 A.M.

Attest:

Keith Rubin, President

Pat D. Mooney, Vice President

Ray Niver, Secretary

William L. Short, Commissioner

Steve Hopley, Commissioner

Julie Johnson Lindsey, Executive Assistant
October 25, 2010