

**PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING**

March 27, 2006

CALL TO ORDER

President Pottle called the meeting of March 27, 2006, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioner Van Schoorl was also in attendance. Commissioner Telford was out of town.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Communications Manager Patti Grant, Harbor Director Bruce Marshall, Marine Terminal Director Jim Amador, Marketing Director Kari Qvigstad, Business Development Sally Alhadeff, Marketing Program Assistant Maureen Malahovsky, Airport Director Rudy Rudolph, and Property Director Heber Kennedy.

Public in attendance were as follows: Tom Howdeshell, Stanley Stahl, and Patricia DiFransisca. Representing *The Olympian* was Rolf Boone.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

No public comment given.

COMMISSIONERS REPORTS

Commissioner Van Schoorl reported the Port Commission held a joint meeting with the Olympia City Council last Monday, it was a good meeting with discussion on coordination of development of downtown Olympia.

Commissioner Pottle recognized the passing of Evalyn Poff, he commented that she was a source of inspiration. President Pottle also indicated that he attended the Presidential Inauguration of St. Martins University just prior to the meeting where they inaugurated Douglas Astolfi as the 8th President.

President Pottle congratulated the Rainier Educational Foundation for a recent auction they held. The foundation helps to send students to college with scholarships. He commented that Rainier is a small town, with not a lot of big names; however, they raised \$34,000 at the recent auction. President Pottle attended and supported the event.

President Pottle indicated that on the next trip to Washington DC, he would like Commissioner Van Schoorl represent Port.

EXECUTIVE DIRECTOR REPORT

Mr. Ed Galligan reported that the Amstelgracht was in port over the weekend discharging bagged garnet and some mining equipment parts. Garnet is a regular cargo for the Port and is used in waterjet cutting and sand blasting. The mining equipment was a used ball mill brought in from the Philippines for refurbishing and will be reshipped to Nome, Alaska for a gold mining project later this year.

Mr. Galligan also noted that the Port facilitated a meeting between the Market District Association and Intercity Transit to discuss developing alternatives for DASH short term parking in the Market District parking lot during the 2007 legislative session. The MDA leases, maintains and monitors the parking lot adjacent to the Farmers Market, Anthony's restaurant and the Market Place office building. The MDA will meet again in April to discuss possible options.

Mr. Galligan also reported that the Marina Staff would be working at the Tacoma Boat Show starting this Wednesday through Sunday.

Consent Calendar

The Consent Calendar was approved as follows.

Minutes. The Commission unanimously approved the minutes from the March 13, 2006 meeting.

Bills and Vouchers Approval. The Commission unanimously approved the Bills and Vouchers in the amount of \$902,026.85. General Fund Checks Issued: 039295, 039296-039393, 039394-039417, 039418, 039419-039421, 039422, 039423-039503, 039504-039524, 039526-039558, 039559, 039560-039594, and 039595-039607. Voided Checks: 038108.

Lease Amendment: Prime Development

The Lease Amendment No.1 memorializes the Tenant's submittal of Binding Site Plan (BSP) describing the accurate size of the leased premises, which is a requirement of the original land lease. Once the premises are determined by the BSP, the parties have agreed to amend the lease to reflect the accurate premises and adjust the rent/surety accordingly. The premises are now described as 1.7 acres, which will be developed in two phases. Rent will commence on the date of receipt of the Occupancy Permit, but no later than July 31, 2006 for Phase I, and date of occupancy of any portion of Phase II area for a total of \$1,422.25/mo. The Commission unanimously ratified the lease with Prime Development.

Lease: Rutledge North

The Lease offers the Tenant a 12-acre site for agricultural use at the south end of the Olympia Regional Airport. The lease is on a year basis at the rate of \$3,180/yr for a period of one year (through February 28, 2007), plus 2 Options of one year each. This lease is in addition to Tenant's separate lease of 2.6 acres for agricultural use. The Commission unanimously ratified the lease with Rutledge North.

ACTION CALENDAR

Resolution 2006-05 – Foreign Trade Zone Activation

Mrs. Kari Qvigstad indicated that the Port of Olympia serves as Grantee of the South Puget Sound Foreign Trade Zone (FTZ #216) and is responsible for administration of the foreign-trade zone. As Grantee, the Port Commissions authorizes all requests for zone activations. Our fourth activation request, this activation expands activities at the marine terminal property for general purpose zone use to Site 3-A in Lacey, Washington.

Ms. Qvigstad reported that FTZ#216 has promoted foreign-trade zones as an economic development tool since approval of the zone was granted in 1996 and increased interest over the past year. Marine terminal customers take advantage of zone benefits. She noted that zone benefits include U.S. customs duty deferral, quality control services and administrative efficiencies for imported merchandise. Ms. Qvigstad reported that Port staff would administer and operate the zone on behalf of its users. An application for zone activation to U.S. Customs has been submitted.

Commissioner Van Schoorl asked Ms. Qvigstad what product would go on site. Ms. Qvigstad responded

that it is a consumer product that is currently being stored on the Marine Terminal in Warehouse A.

President Pottle asked if we still have FTZ in Lewis County. Ms. Qvigstad responded that we currently have a site in Lewis County, although no one is currently using it. President Pottle asked about Mason County? Ms. Qvigstad responded that Mason County is not currently in our zone area. However, the Port of Olympia or the Port of Grays harbor could support their request.

The Commission unanimously approved Resolution # 2006-05 supporting activation of zone site 3-A for general-purpose use.

Public Records Policy 903 Adoption

Ms. Sevier provided the Commission with an overview of the proposed revised Public Records Policy 903 that was presented at the March 13, 2006 meeting. She noted that the policy has been revised to include: identification of office hours, identification of a public records officer, indexing, instructions for making a request, copying and inspection of records, listing exemptions, process for denials of a public record or request, and clarification of requests

In addition, Ms. Sevier noted the changes that have been made to the policy since the March 13th meeting.

The Commission unanimously adopted Policy 903 – Public Records Requests.

ADVISORY CALENDAR

Visitor and Convention Bureau Advisory

Ms. Kari Qvigstad indicated that the Port of Olympia contracted with the Olympia – Lacey – Tumwater Visitor & Convention Bureau for the first time in 2005 for services promoting tourism and ensuring long-term economic vitality and diversity throughout Thurston County. Highlights from the 2005 service contract included marketing products & services such as the VCB Visitor Guide, Website and media relations, tourism development such as the Information Kiosk Program and Cruise Lines support, and Market Research for Swantown Marina.

She indicated that the Port of Olympia benefits from the knowledge and resources of the VCB for tourism development marketing, the ability of tourism to provide positive economic return and the implementation of strategies that attract targeted business. Services provided by the VCB include market research and support to Port staff and Commission on tourism development initiatives.

Ms. Qvigstad indicated the 2006 service agreement with the Olympia – Lacey – Tumwater Visitor & Convention Bureau incorporates several of the Port of Olympia's priority projects into the scope of work. These include: wayfinding, destination development, cruise lines, market research, and promotional plan.

In addition to Ms. Qvigstad's presentation of work plan elements, Ms. Tamara Garcia, VCB Executive Director, highlighted how the VCB promotes and develops tourism opportunities that will generate quality communities and lead to a local economy that is vibrant and sustainable. Specifically, she reviewed the basic strategic efforts of the organization for 2006-08 and showcase results from our 2005 agreement. Ms. Garcia indicated that Thurston County ranks 9 out of 39 counties for visitor spending.

Ms. Qvigstad indicated that the Olympia – Lacey – Tumwater Visitor & Convention Bureau efforts complement the work of the Port staff and when viewed together are consistent and supportive of the effort to create a vital economy. The Port of Olympia budgeted \$5,000 in 2006 for contract services by the VCB. Port staff looks forward to continued coordination on Port and VCB tourism development initiatives in the coming year.

Commissioner Van Schoorl complimented the Visitor & Convention Bureau for their targeted research he commented he felt they are moving in the right direction.

President Pottle asked how we would rank if we had meeting facilities in Olympia. Ms. Garcia indicated that we are loosing revenue each year for people coming to meetings here.

Resolution 2006-06 – Real Estate Reinvestment Account Advisory

Mr. Steve Davis indicated that the purpose of this proposed resolution is to create a real estate reinvestment account and reserve all financial proceeds that the Port receives from the sale of its real estate assets. Further, that such financial proceeds will be used solely for the purchase of other real estate and investment in any infrastructure that may be deemed necessary to make such purchased real estate development-ready.

Mr. Davis noted that core to the Port of Olympia's mission is the management of real estate resources in a manner that creates sustainable economic growth in Thurston County. Pursuant to that goal, from time-to-time the Port engages in the buying and selling of real estate.

Mr. Davis indicated that a recent example of such an engagement is the Port's sale of property, located on the West Bay, to the City of Olympia. It was determined that those particular parcels of land were better suited for ownership by the City for its development of a public park as opposed to the Port's more typical commercial, industrial and mixed use developments. However, to ensure adequate funding is available to replace real estate sold, and thus not deplete this vital resource, the proceeds from the Port's real estate sales will be reserved in the Real Estate Reinvestment Account. This reservation will enhance the prospects for maintaining and potentially expanding the Port's relative amount of developable real estate that is so essential to building and sustaining the County's economic vitality.

Commissioner Van Schoorl indicated that since he has been a commissioner, we have sold several parcels of property. He commented that there are a number of opportunities within the county and he wanted to bring focus to the funds so we do not loose track of the trust that we have been designated to manage. He noted that if we sell land we have a commitment to reinvest in land. Commissioner Van Schoorl noted that the main purpose of this resolution is to make sure that when we sell property we put the money aside to preserve the trust of the Port.

The Commission indicated they would like the proceeds from the City of Olympia for the West Bay property and from State for the property at New Market Industrial Campus to be included in the fund.

The Commission unanimously adopted Resolution 2006-06.

Washington DC Trip Report

Mr. Ed Galligan thanked Commissioner Pottle for traveling to DC, for taking the time to travel both nationally and internationally, his attendance and commitment as an elected official carries extra weight. Mr. Galligan noted that this trip was very important to the Port and the main purpose of the trip was primarily to advance and support the Port's FY 2007 appropriations request of \$1,918,000 in funding for the U.S. Army Corps of Engineers to complete the federal Olympia Harbor, WA Operations and Maintenance dredging project.

Mr. Galligan provided an overview of the goals and objectives for the visit to Washington DC. He indicated that Commissioner Steve Pottle and Executive Director Ed Galligan traveled on Tuesday, February 14 and returned on Friday, February 17.

Mr. Galligan indicated to support this effort, meetings were held with Representative Brian Baird and staff, Representative Adam Smith and staff, staff to Senator Patty Murray and Senator Maria Cantwell, and

Taunja Berquam and Roger Cockrell, the clerks of the House (Taunja) and Senate (Roger) Appropriations Subcommittees on Energy and Water Development – the subcommittees that appropriate funding for U.S. Army Corps of Engineers projects.

Mr. Galligan reported that meetings with congressional decision-makers in Washington, D.C. are a critical element of the Port's strategy to lobby for federal funding for the Corps' portion of this critical dredging project. The appropriations subcommittees begin working on the FY 2007 Energy and Water Appropriations bill this spring. Final decisions on this bill, including funding for the Olympia Harbor, WA project, are expected later this fall.

In addition, while in Washington DC, the Port team conducted a conference call to include Thurston County Economic Development Council (EDC) Director, Michael Cade, to further the implementation of one element of the Port of Olympia's "South County Economic Development" strategy. A priority project since 2005, Port staff has been working with the Thurston County on strategies to promote business development in South County. Mr. Galligan noted that the team discussed a process for the preparation of a rural economic development grant proposal, sponsored by the Thurston County EDC, which dovetails with the Port's economic development strategy. Port staff and our consultants will continue to work with the Thurston County EDC on this proposal, to be submitted early April.

Mr. Galligan noted that a dinner meeting was also held with David Russell, who was Chief of Staff to Senator Ted Stevens (AK), then chief counsel to the Senate Committee on Commerce, Science & Transportation. Within the past calendar quarter, Mr. Russell, accepted a Senior Vice President appointment with the Bryan Cave Strategies, LLC firm in Washington DC. The subject of this meeting was potential Port partnerships with Alaska.

Mr. Galligan indicated that overall this trip was very successful, however, the real success is when we get funding for this project.

President Pottle indicated that he thought the trip was very efficient, and complimented Ball Janik for setting this trip and the scheduling the itinerary.

Patricia DiFrancisco, asked what the relationship is with Bryan Cave Strategies and Ball Janik. President Pottle responded that there is not a relationship. Ms. DiFrancisco asked if they are competitors? President Pottle responded that they could be, but they could also be strategic partners.

Other Business:

President Pottle followed up with comments about the joint Olympia City Counsel Meeting and indicated that they talked about sites that are potentially developable, but also potentially contaminated, and that this could be an important initiative we could work with the city on. He commented that the Port knows what we are doing when it comes to clean up, we have been successful in the past, and we have access to funds for environmental clean ups.

President Pottle indicated that he hopes the City Counsel has a clear understanding that timing is important to the Port. We spent three years for West Bay property, for future partnerships there has to be an understanding that the City has to move the process along. Commissioner Van Schoorl indicated he concurred, but does not want to move too quickly on a process, making sure we have the timing, but to make sure we have forward motion.

Commissioner Van Schoorl indicated he has concerns and questions about the Parking Garage at the Market District. He would like a briefing with staff to better understand the planning underway.

Tom Howdeshell, resident of Olympia, indicated he was pleased with the joint meeting with the City counsel, and commented that there should be held more than once a year. President Van Schoorl indicated he would be working with the Intergovernmental Committee on a quarterly basis at a minimum.

Soon as we have issues to put on the table a meeting will be scheduled. Commissioner Van Schoorl indicated they would meet as often as needed to move the process forward.

ADJOURNMENT

President Pottle adjourned the meeting on March 27, 2006 at 6:35 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer