

**MINUTES OF THE PORT OF WALLA WALLA
COMMISSION MEETING
Thursday, January 14, 2010**

The meeting of the Port of Walla Walla was called to order by Commission Vice President Mike Fredrickson at 11:30 a.m. at the Walla Walla Regional Airport Terminal Building, 45 Terminal Loop Road, Walla Walla, Washington. From 11:30 a.m. to 12:50 p.m. Commissioner and Staff photos were taken along with a workshop session from 12:00 to 12:50 p.m. at Caravaggios Restaurant, 45 Terminal Loop Road, Walla Walla, Washington. At 1:00 p.m. Commissioner Fredrickson convened the regular Commission Meeting at Port of Walla Walla offices, 310 A Street, Walla Walla, Washington.

In attendance for the meeting were:

Commissioner Mike Fredrickson
Commissioner Paul Schneidmiller
Commissioner Ron Dunning
Jim Kuntz, Executive Director
Paul Gerola, Economic Development Director
Becky Hulse, Executive Assistant
Jennifer Skoglund, Airport Manager
Gary Stewart, Maintenance & Operations Supervisor
Anna Christen, Auditor/Treasurer
Keith Elefsen, USKH
Justin & Melonie Gagnon, Citizen
Heidi McCaffray, SERCO
Dr. Fred Bennett, Retired Port Commissioner
Denice Trimble, Special Port Counsel via conference phone

APPROVAL OF MINUTES

Commissioner Schneidmiller moved and Commissioner Fredrickson seconded the motion that the minutes of the Port Commission meeting held on Wednesday, December 30, 2009 be approved as mailed. Motion unanimously carried.

OATH OF OFFICE

Commissioner Fredrickson issued the Oath of Office to Commissioner Ron Dunning. Commissioner Dunning will serve as Port Commissioner for District 3 with a term from January 1, 2010 through December 31, 2015.

ELECTION OF OFFICERS

Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion nominating Mike Fredrickson as President, Paul Schneidmiller as Vice President and Ron Dunning as Secretary for fiscal year 2010. Motion unanimously carried.

PUBLIC COMMENTS

Former Port Commissioner Fred Bennett updated Commissioners on a recent Benton, Franklin, Walla Walla County Governmental Conference Policy Committee Meeting on transportation issues.

OLD BUSINESS

A. Port of Walla Walla

1. Northwest Grain Growers – Wallula Lease Agreement

Port Commissioner Fredrickson and Executive Director Kuntz reported on a recent meeting with Northwest Grain Growers concerning their lease agreement with the Port for property in Wallula. Northwest Grain Growers is seeking revised lease terms in consideration the Blue Mountain Railroad is charging them additional fees to shuttle grain cars to Wallula. Kuntz reviewed with Commissioners draft revised lease terms. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion to approve the revised lease terms and further to authorize the Executive Director to enter into a lease modification with Northwest Grain Growers. Motion unanimously carried.

2. WSDOT/U.S. Highway 12 Interchange Project/Port Land Appraisals

Commissioners reviewed two appraisals completed on the Port's behalf regarding property in Burbank which is needed by the Washington State Department of Transportation for the U.S. Highway 12/SR124 Interchange Project.

Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing the Executive Director to submit the appraisals to the Washington State Department of Transportation reflecting the Port's concurrence that the appraisals represent the fair market value of the land.

MEETING RECESS

At 1:30 p.m. Commissioner Fredrickson recessed the Port of Walla Walla Commission meeting in order to hold the annual Port of Walla Walla Public Corporation Meeting.

Commissioner Fredrickson reconvened the regular Port Commission Meeting at 1:40 p.m.

OLD BUSINESS CONTINUED – Port of Walla Walla

3. Chevron Access Agreement

Port Special Legal Counsel Denice Trimble reviewed with Commissioners (via conference phone) the final draft Access Agreement between Chevron and the Port. The Access Agreement would grant Chevron permission to enter into the Port's Burbank Industrial Park to commence with environmental remediation work. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing Executive Director to enter into the Access Agreement with Chevron. Motion unanimously carried.

B. Walla Walla Regional Airport

1. Gagnon Farm Lease

Executive Director Kuntz reported the Gagnon Farm Lease at the Walla Walla Regional Airport expired when the last crop was harvested in 2009. The Port is in the process of seeking a new farm operator in consideration there is an outstanding rental balance due of approximately \$88,000. Justin Gagnon addressed the Port Commission with an interest in continuing to lease the farm. Mr. Gagnon also reviewed with Commissioners his input costs associated with preparing and planting a portion of the property in wheat. Commissioners concurred with staffs' position that a new farm operator should be secured and further authorized Executive Director Kuntz to work with Mr. Gagnon to come up with an equitable payment concerning his input costs for the fall wheat crop.

NEW BUSINESS

A. Port of Walla Walla

1. The Odom Corporation – Lease Renewal

Executive Director Kuntz reported The Odom Corporation's lease agreement for the Port-owned Isaacs Building comes up for renewal in March 2010. While The Odom Corporation would like to renew the lease for an additional period of five years, they have requested the rental rate be reduced in consideration of challenging economic times. Commissioners reviewed several options regarding the lease rate. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing the Executive Director to offer a 5% reduction in the rental rate for the next five years only. Motion unanimously carried.

2. Managing Authority Resolution 01-14-10

Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion to adopt Resolution 01-14-10 establishing the Executive Director's Managing Authority for fiscal year 2010. Motion unanimously carried.

3. Personal Service Contracts Policy

Executive Director Kuntz reported a new state law requires Port Districts to establish policies governing Personal Service Contracts. Commissioners reviewed a proposed Personal Service Contract Policy for the Port. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion to establish the policy as presented. Motion unanimously carried.

4. Commissioner Input – Burbank Business Park Formation Documents & CC&Rs

Executive Director Kuntz reported that at the January 28 Port Commission Meeting, the Burbank Business Park formation documents including the establishment of covenants, conditions and restrictions (CC&Rs) governing the development of the Burbank Business Park will be ready for Port Commission adoption. Commissioners will receive the final CC&Rs for their review in advance of the next Commission Meeting.

5. Crown Building – Brick Tuck Pointing

Commissioners were informed the southwest brick wall of the Crown Building needs repairing via tuck pointing. Approximately 450 linear feet of wall at the parapet level needs tuck pointing at an estimated cost of \$16,000 plus tax.

Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing the Executive Director to proceed with obtaining a contractor to repair the brick. Motion unanimously carried.

B. Walla Walla Regional Airport

1. Authorization to Extend Lease – Army Corps Annex Building, 725 E Street

Airport Manager Jennifer Skoglund reported the General Services Administration would like to extend its lease agreement for the Army Corps annex building located at 725 E Street. Skoglund reviewed proposed terms and conditions of the lease extension. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing the Executive Director to enter into the lease extension. Motion unanimously carried.

CORRESPONDENCE & REPORTS

A. Leases Entered into by Administrative Staff

Commissioners reviewed a listing of leases entered into and/or renewed by administrative staff from December 10, 2009 through January 13, 2010.

B. January 2010 Carry Forward Balances Port & Airport

Commissioners reviewed the carry forward balances of both the Port and Airport as of January 1, 2010. Both the Port and Airport had larger carry forward balances than projected at the planning retreat on December 1, 2009.

C. Port and Airport Income & Expense Reports

Port Commissioners reviewed the Port's and Airport's income and expense statements for December 2009. Executive Director Kuntz commented that both the Port and Airport exceed revenue projections for the year in addition to bringing expenses in under budget.

D. Enplanement Report

Commissioners were informed the airport had its best year ever for passenger enplanements which totaled 33,430. Enplanements for 2009 were up 13% over 2008.

E. Air Traffic Control Activity Report

Airport Manager Jennifer Skoglund reviewed with Commissioners the air traffic control activity report which documents aircraft operations by type at the airport. Air Traffic Control Manager Heidi McCaffray reviewed with Commissioners options to extend tower hours to capture the 8:50 p.m. Horizon flight into Walla Walla. Executive Director Kuntz commented it is critical to have the tower open whenever possible for commercial flights to keep the local cost share financial contribution to a minimum.

F. Airport Gift Shop

Commissioners were informed the latest gift shop operator has closed due to a lack of business. Commissioners and staff discussed options for turning the space into offices and/or a lounge for passengers waiting to board a Horizon Air flight.

G. 2009 Aviation Fuel Report

Airport Manager Jennifer Skoglund reported the aviation fuel system in 2009 produced a net revenue of \$28,227. The aviation fuel system still has outstanding debt of \$58,438 once the 2009 revenues are applied to the debt service.

H. 2010 EDC – Economic Development Plan

Commissioners provided Economic Development Director Paul Gerola with suggested modifications to the Port's proposed 2010 EDC plan. The economic development plan will be presented to the Economic Development Advisory Committee on January 26th and then to the Port Commission for approval on January 28th.

I. February 11 Port Commission Meeting Date Change

Commissioners decided to move the February 11th Port Commission Meeting to February 10th in order to accommodate a meeting with Department of Ecology concerning the Burbank Sewer plan on February 10th.

The meeting was adjourned at 5:40 p.m.

APPROVED:

PORT OF WALLA WALLA COMMISSIONERS

MICHAEL FREDRICKSON, PRESIDENT

PAUL H. SCHNEIDMILLER, VICE PRESIDENT

RONALD W. DUNNING, SECRETARY