

**MINUTES OF THE PORT OF WALLA WALLA
COMMISSION MEETING
Thursday, May 27, 2010**

The meeting of the Port of Walla Walla was called to order by Commission President Mike Fredrickson at 4:00 p.m. Commissioner Fredrickson conducted a workshop session from 4:00 p.m. to 5:50 p.m. The workshop session included a tour of the airport crack sealing project, tour of the airport maintenance shops, tour of drainage problems at the Isaacs Business Park, a tour of the airport restaurant and dinner at El Sombrero Restaurant, 425 Ash Street, Walla Walla, Washington. At 6:00 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:

Mike Fredrickson, Commissioner
Paul Schneidmiller, Commissioner
Ron Dunning, Commissioner
Jim Kuntz, Executive Director
Paul Gerola, Economic Development Director
Becky Hulse, Executive Assistant
Jennifer Skoglund, Airport Manager
Anna Christen, Auditor/Treasurer
Walt Gobel, Mayor, City of Waitsburg
Richard McFarland, Citizen
Adam Gravley, Special Port Counsel - Gordon Derr, Via Conference Phone
Dominick Elia, Citizen
Nick Elia, Citizen
Thomas K. Baffney, Port Counsel, Reese, Baffney, Frol & Grossman, PS

APPROVAL OF MINUTES

Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion that the minutes of the Port Commission meeting held on Tuesday, May 11, 2010 be approved as mailed. Motion unanimously carried.

Commissioner Dunning moved and Commissioner Schneidmiller seconded the motion that the minutes of the Port Commission meeting held on Tuesday, May 18, 2010 be approved as mailed. Motion unanimously carried.

INVESTMENT REPORT

Auditor/Treasurer Anna Christen reviewed with Commissioners investments and checking account balances for both the Port and airport.

PAYMENT OF BILLS

Vouchers of the Port of Walla Walla audited and certified by the auditing officer as required by RCW 42.24.808. and those expense reimbursement claims certified as required by RCW 42.24.090. have been recorded on lists, which have been made available to the Board.

Commissioner Schneidmiller moved and Commissioner Dunning seconded the Board approve for payment those vouchers included in the above mentioned lists and further described as follows:

Port of Walla Walla General Fund voucher numbers 8134 through 8202 and system numbers 45065 through 45144 in the amount of \$251,660.24 and ACH/EFT in the amount of \$216,494.90. WSDOT Grain Car Fund voucher number 210 and system number 116 in the amount of \$365.72. Walla Walla Regional Airport General Fund voucher numbers 10743 through 10843 and system numbers 2860 through 2987 in the amount of \$276,369.82 and ACH/EFT amount of \$28,222.54. Motion unanimously carried.

PUBLIC COMMENTS

Executive Director Kuntz welcomed Walt Gobel, newly elected mayor of the City of Waitsburg. Mayor Gobel expressed interest in working with the Port to enhance economic development efforts within the City of Waitsburg. Commissioners expressed an interest in holding a Port Commission meeting in Waitsburg.

OLD BUSINESS

A. Port of Walla Walla

1. Wallula Gap Business Park – Water Use History

Adam Gravley, Special Port Legal Counsel, reviewed with Commissioners the recent water use history of the poplar trees being grown by Boise Paper on the Port's Walulla Gap Business Park. The poplar trees have a high water duty which would allow the Port to transfer a large portion of its water rights for other uses. As the poplar trees are harvested, the Port will need to carefully manage how to maintain the strong water use history. Gravley reviewed with Commissioners a host of options. Commissioners preferred those options that would allow the Port to bank a certain percentage of its water rights and use the remaining water rights for revenue producing crops. Commissioners directed staff to prepare more refined options for their review.

2. Burbank Industrial Park – Designated Area for Scrap Steel Uses

Executive Director Kuntz reviewed with Commissioners the Burbank Industrial Park lot layout plan. Commissioners expressed an interest in designating areas within the industrial park that could support scrap steel business. Commissioners designated the high dock, land adjacent to the high dock and the former Gen-X site as areas that could accommodate expansion of scrap steel business.

3. Burbank Industrial Park – Rail Maintenance

Executive Director Kuntz reported the Port-owned rail line within the Burbank Industrial Park needs maintenance. Westway Corporation, a rail dependent tenant has requested maintenance be undertaken by the Port. Kuntz reported he would

retain Frontier Railroad to perform the maintenance work at a cost of approximately \$4,500.

4. **Chevron Pipeline Company – Burbank Industrial Park/Groundwater**

Sampling Report

Commissioners reviewed groundwater test results from monitoring wells near the Chevron Block Valve Station located within the Burbank Industrial Park. The samples were taken on March 23 and 24, 2010.

5. **Gen-X Insurance Settlement**

Commissioners were informed a tentative settlement has been reached with Gen-X Energy Group over insurance proceeds from their insurance carrier, Penn Millers. Each party would receive 50% of the Penn Millers insurance policy which totals \$1,465,052.00. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion to accept the settlement conditioned on special legal counsel, Stephanie Grassia, approving the settlement language to ensure the Port's claim against Enduris is not impacted by the Gen-X insurance settlement. Motion unanimously carried.

B. Walla Walla Regional Airport

1. **Reiff Manufacturing Rebuild**

Executive Director Kuntz recommended the Port retain Murar Engineering to prepare plans and specifications to build a new building for Reiff Manufacturing using in part insurance proceeds from the April 12 fire at Reiff. Commissioner Schneidmiller moved and Commissioner Dunning seconded the motion authorizing

the Executive Director to enter into an engineering agreement with Murar Engineering. Motion unanimously carried.

2. Airport Restaurant

Dominick Elia reported on his family's ongoing interest in operating the airport restaurant. Mr. Elia reviewed a listing of restaurant equipment that either needs to be repaired and/or replaced. Executive Director Kuntz recommended the Port clean and repair all existing restaurant equipment prior to final decisions being made regarding equipment replacement. Commissioners concurred and asked Mr. Elia and staff to provide a more detailed cost estimate for the restaurant equipment that may need to be replaced.

NEW BUSINESS

A. Port of Walla Walla

1. WSDOT Frontage Road Agreement/U.S. Highway 12/SR 124 Interchange Project

Executive Director Kuntz reviewed with Commissioners a Frontage Road Agreement with the Washington State Department of Transportation. The agreement would grant WSDOT permission to enter Port property and construct two roads (Gateway Road and Jantz Road extended) at their sole cost and expense. Upon completion, the Port would own and operate the roadways for public use. Commissioner Fredrickson expressed concern over the agreement and whether the Port should be compensated for the land under the roadway. Commissioners agreed to postpone the Frontage Road construction agreement with WSDOT until additional details can be provided.

2. WSDOT Supplemental Agreement – Waterline and Utility Casings

Commissioners reviewed Supplemental Agreement #1 with the Washington State Department of Transportation to install a Port water line and utility casings as part of the U.S. Highway 12/SR124 interchange project. Commissioner Dunning moved and Commissioner Schneidmiller seconded the motion authorizing the Executive Director to enter into Supplemental Agreement #1. Motion unanimously carried.

3. BNSF Access Study/Dodd Road Business Park

Commissioners were informed Railex has requested the Port determine the feasibility of providing BNSF access into the Port's Dodd Road industrial park. If feasible, the industrial park would have dual BNSF and UP rail access which would make the industrial park more marketable to new business. Kuntz reported he would proceed with the study using HDR Engineering at a cost of approximately \$3,320.

B. WALLA WALLA REGIONAL AIRPORT

1. Emergency Staging Area

Executive Director Kuntz reported Walla Walla County Emergency Management Department has previously designated the Port office, 310 A Street, as the staging area in case of a county emergency. Representatives from the Washington State Emergency Management Department will be in Walla Walla during the week of June 28, 2010 and would like to confirm this designation. Commissioners expressed a willingness to have the airport be designated, however, believe the

Walla Walla Regional Airport terminal building (45 Terminal Loop Road) would be a more appropriate staging area.

2. Horizon Air 25 Years of Service

Airport Manager Skoglund reported 2010 marks the 25th Anniversary of Horizon Air serving the Walla Walla Valley. A ceremony commemorating their 25 years of service will be held at the airport terminal building on June 9th at 1:00 p.m.

3. New Wine Incubator Tenant

Commissioners were informed Matthew Erlandson, Third Leaf, LLC has applied to be a wine incubator tenant. He has an interest in leasing the wine incubator building being vacated by Trio Cellars.

4. Ash Hollow – Building 924 (1460 F Street)

Airport Manager Skoglund reviewed with Commissioners the terms and conditions of leasing Building 924 to Ash Hollow Winery.

CORRESPONDENCE & REPORTS

A. Leases Entered into by Administrative Staff

Commissioners reviewed a listing of leases entered into and/or renewed by administrative staff from May 11, 2010 through May 27, 2010.

B. Windpower Trade Show

Commissioner Schneidmiller and Executive Director Kuntz reported on the Windpower Trade Show they attended in Dallas, Texas. Approximately 20,000 people attended the tradeshow which encompassed some 1,300 exhibitors. Kuntz reported they contacted 64 companies that manufacture components for the windpower industry. Staff will follow-up with marketing letters to those companies that are considering expanding.

EXECUTIVE SESSION

Commissioner Fredrickson announced the convening of an Executive Session to discuss with Port legal counsel the following: Gagnon settlement offer and to review the performance of a public employee. The Executive Session concluded at 10:40 p.m. At 10:41 p.m. Commissioner Fredrickson reconvened the regular Port Commission meeting.

Commissioner Fredrickson reported that due to performance issues the Port Commission has decided to replace the Auditor/Treasurer at the end of May. Commissioner Schneidmiller moved and Commissioner Fredrickson seconded the motion authorizing the Executive Director to provide a severance package of two weeks salary, six months medical premium coverage, 25% of sick leave cash out and all accrued vacation leave. Motion unanimously carried.

The meeting was adjourned at 10:55 p.m.

APPROVED:

PORT OF WALLA WALLA COMMISSIONERS

MICHAEL FREDRICKSON, PRESIDENT

PAUL H. SCHNEIDMILLER, VICE PRESIDENT

RONALD W. DUNNING, SECRETARY