



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

DECEMBER 13, 2011 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Commission meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

Board Members: Skip Novakovich, President
David Hanson, Vice-President
Gene Wagner, Secretary

Staff Members: Tim Arntzen, Executive Director
Tana Bader Inglima, Director of Governmental Relations & Marketing
Larry Peterson, Director of Planning & Development
Tammy Fine, Director of Finance/Auditor
Teresa Hancock, Real Estate Analyst & Project Specialist
Bridgette Scott, Executive Assistant
Lucinda J. Luke, Port Attorney

PLEDGE OF ALLEGIANCE

Lieutenant Herb Penrose, Coyote Ridge Corrections Center, led the Pledge of Allegiance.

PUBLIC COMMENTS

Mr. Novakovich requested anyone wishing to address the Commission speak at the front of the room and state their name and address for the record.

Tim Dalton, 5811 W. Victoria Avenue, Kennewick. Mr. Dalton commented on behalf of the Kennewick Downtown Association Partnership, that the Port Commission and staff have made great progress in 2011. For example: The improvements to the causeway and parking lots, demolition of the Beaver building, and the clean-up of Duffy's Pond during the ShareFest event, just to name a few. He is very pleased to see the Port move forward and make progress. The Kennewick Downtown Association is hopeful they can partner with the Port in 2012 and pursue a viable project for Columbia Drive. Mr. Dalton presented 2012 calendars to the Port featuring the 1948 flood.

No further public comments were made.

CONSENT AGENDA

The consent agenda consisted of the following:

- A. *Approval of Direct Deposit and Warrants Dated November 30, 2011*
Direct Deposit totaling \$28,400.66 and Expense Fund Voucher Numbers 32568 through 32571 totaling \$10,977.14; for a grand total of \$39,377.80.
- B. *Approval of Warrant Registers Dated December 14, 2011*



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Expense Fund Voucher Numbers 32572 through 32626 totaling \$63,619.31. Construction Fund Voucher Numbers 3230 through 3236 totaling \$190,572.39.

- C. *Approval of Commission Meeting Minutes Dated October 11, 2011*
- D. *Approval of Commission Meeting Minutes Dated October 25, 2011*
- E. *Approval of Commission Meeting Minutes Dated November 8, 2011*
- F. *Approval of Commission Meeting Minutes Dated November 22, 2011*
- G. *Approval of Lease Renewal EST Electronic Systems Technology; Resolution 2011-50*
- H. *Approval of Lease Renewal North American Alloys; Resolution 2011-51*
- I. *Approval of 2011 Budget Amendment*

MOTION: *Commissioner Wagner moved approval of the consent agenda; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

The Commission is in consensus to move the Blair Land Sale agenda item after the Consent Agenda.

NEW BUSINESS

A. *Blair Sampson Land Sale; Resolution 2011-52*

Mr. Peterson stated a resolution has been prepared which would authorize a land sale to Blair Sampson for the development of a medical complex in the Spaulding Business Park. The building will be located on approximately five and one-half acres of freeway frontage between ARC of the Tri-Cities and the medical office, known as the CB Development Building. Mr. Sampson, and a group of community doctors, plan to construct 50,000 square feet of medical space, involving the surgery center. This will bring an additional 50 jobs to the area. The total investment is close to \$10 million.

Mr. Sampson and Mr. Dirk Stricker are in attendance to answer any questions. Mr. Sampson stated he toured several sites on west side of the State and wanted to bring some of the state-of-the-art technology to the Tri-Cities.

Mr. Peterson commented the recently adopted Comp Scheme identified Spaulding Business Park to be a key sector for growth. This new business will draw patients from Pendleton, La Grande, Walla Walla and Moses Lake.

MOTION: *Commissioner Hanson moved approval of Resolution 2011-52 authorizing the Port Executive Director to execute all necessary documents associated with the land sale with Blair Sampson and to take a necessary action to close the transaction; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*



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PRESENTATIONS

A. Washington State Department of Corrections, Coyote Ridge Work Crew, Letter of Appreciation

Mr. Novakovich stated the Port appreciates the work of the Coyote Ridge Corrections Center, their supervisory staff, and the inmate labor they provide. Mr. Novakovich introduced Superintendent Jeff Uttecht, Lieutenant Herb Penrose, Sergeant Rich Carmody, Officer Ralph Tanguma and Officer John Tompson.

Mr. Arntzen stated the Port owns or operates more than 232,000 square feet of buildings and 1,000 acres of land. The services provided by the Coyote Ridge work crews allow the Port to maintain the taxpayer's facilities in an efficient and cost-effective manner. Mr. Novakovich recognized crew supervisors Ralph Tanguma and John Tompson and stated they are professional, polite and helpful and are great to work with. Their professionalism ensures that their work crews conduct themselves safely and they eliminate any concerns with their crews working on the island and other Port properties. The work crews have, and continue to do, an outstanding job. They also perform special tasks, for example: they deconstructed an old boat and kept it from sinking and soiling the river/Clover Island harbor; deconstructed an unused, cinder block building at the Willows, salvaging the blocks and keeping some materials from the landfill; and helped save the Clover Island West Causeway shoreline when unexpectedly high water threatened the recently improved \$700,000 shoreline!

On behalf of the Port of Kennewick, Mr. Novakovich expressed gratitude for the Coyote Ridge Corrections Center. Your partnership and your services allow us to continue making improvements which benefit the public.

Mr. Hanson suggested a copy of the letter be sent to the Governor's Office.

B. Clover Island and Columbia Drive, Gary Hansen, PixelSoft Films LLC

Mr. Hansen shared a video demonstrating the improvements on the island since 1999. Mr. Peterson stated still photos from the video were included in the Comp Scheme to help secure grant funding. Mr. Novakovich stated the video provides a vision of how the island can be developed. The Port believes the island will be economically viable and a waterfront destination that many people will want to visit. Mr. Arntzen stated the video is a draft and is a tool to help envision what the island could become; it can be used as a recruiting tool. Mr. Arntzen stated the 2005 Clover Island Master plan included pictures; however, the video allows for more creativity and provides a visual aid.

Mr. Hansen shared photos for a conceptual building on Columbia Drive. The conceptual design utilizes the current structure of the existing building and revitalizes the building by updating façade, etc. Mr. Arntzen stated one of the novel ideas for this area is to redirect traffic from Columbia Drive and create a new main street which passes through the middle of the concept building, creating narrow streets and slowing traffic significantly. The conceptual building utilizes a European model using alternative paving materials such as cobblestone, and making



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pedestrians a dominating participant and vehicles subservient participants in the area. This design is in-line with the Pattern Language guidelines. Mr. Arntzen would like to confirm the Port is on the right track by acquiring properties on Columbia Drive, and obtaining enough of them to make it possible for quality revitalization to occur. Mr. Novakovich stated by sharing the conceptual plans and ideas with the public before implementation, it gives the public the opportunity to make comments.

C. *2011 Year-End Report (LARRY - PowerPoint)*

Mr. Peterson described the following accomplishments of the Port:

<u>Project</u>	<u>Location</u>	<u>Square Footage Constructed</u>	<u>New Jobs Created</u>
Eden Medical Building	Spaulding Business Park	40,000	100
Bob's Burgers	Southridge	6,900	100
ARC of Tri-Cities	Spaulding Business Park	13,000	25
CV Development Building	Spaulding Business Park	25,000	60
Ben-Franklin Human Society	Oak Street	9,500	15
Cadwell Labs Expansion	Vista Field	22,000	20
Tri-Cities Chaplaincy	Spaulding Business Park	12,000	30
Willamette Dental	Vista Field	14,000	45

A total of 466,000 square feet of new construction, with a conservative assessed value of \$43+ million, were added to the tax rolls in 2011.

The Port completed the following Port-owned projects in 2011:

- ✓ Demolished 205 E. Columbia Drive
- ✓ Shoreline Enhancements
- ✓ Purchase of 305 E. Columbia Drive (Mejia)
- ✓ Lighthouse Plaza paint and railing upgrades
- ✓ Demolished 407 E. Columbia Drive (Beavers)
- ✓ Site clean-up initiated at 315 E. Columbia Drive (Durfee)
- ✓ Reconstruction of Cedars Parking Lot
- ✓ Vista Field Master Plan completed March 2011
- ✓ Request and select FBO operator for Vista Field
- ✓ Comprehensive Scheme of Developments and Harbor Improvements completed for the first time in 50 years.
- ✓ Received \$158,000 grant for Vista Field pavement improvements
- ✓ Received \$150,000 grant for Oak Street Building renovation
- ✓ Clean-up of Duffy's Pond (ShareFest and City of Kennewick)
- ✓ Became member of the U.S. Lighthouse Society and obtained a Clover Island Lighthouse Stamp
- ✓ Received Concrete Aggregate award for the lighthouse



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2012 Pending Developments:

- ✓ Land Sale in Vista Field to Pacific Cataract Laser Institute; 20,000 square feet building and 80+ jobs
- ✓ Land Sale in Vista Field to Industrial Park II; 50,000 square feet and 50+ jobs
- ✓ Land Sale on Hedges Peninsula to Questar; 100,000 square feet and 90+ jobs
- ✓ Land Sale in Spaulding Business Park to Blair Sampson; 50,000 square feet and 50 jobs

Mr. Novakovich feels the Port has accomplished a great deal in 2011. Mr. Novakovich inquired how much new construction will be built and jobs will be created in 2012. Mr. Peterson stated currently 220,000 square feet and 305 jobs are scheduled for 2012 and the year has not started yet.

NEW BUSINESS

B. BK Attorney Services LLC Hangar Lease; Resolution 2011-53

Ms. Hancock stated a new small business is looking to expand in our area and selected the corporate hangars at Vista Field. The owner has two airplanes and travels throughout the State for his law firm. The Lessee practices aviation and bankruptcy law; and operates a direct mail service, which will bring activity to the airport. The general terms of the lease are: 12 months; \$1,215 per month, plus leasehold tax, with a 5% escalation for renewal every year thereafter; and tenant paid utilities, with the exception of water and sewer. The Lessee employs five employees and hopes for a 15% increase in personnel.

MOTION: *Commissioner Hanson moved approval of Resolution 2011-53 for the new one-year lease for Jay S. Jump, dba BK Attorney Services, LLC and authorizes the Executive Director to execute the contract; Commissioner Wagner seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

B. Alternative Financing Mechanism; Resolution 2011-54

Ms. Fine stated the 2012 budget was reviewed and adopted by the Commission and included several capital projects that were in the “unfunded” or “to be funded at a later date” categories. Ms. Fine believes it is the Commissions intention for staff to continue to stimulate economic development and growth and also create jobs, specifically since we have the highest unemployment rates in many years. Staff has been working hard to find alternative funding options such as partnerships and grants; however, this has not been very successful due to severe budget cuts and the spending levels of our federal, state and local agencies. The Port staff requested proposals from depositories to refinance the line of credit to take advantage of the low interest rates and provide additional opportunities for economic development. Currently the Port does not have any long term debt, other than the \$3 million line of credit. Ms. Fine feels it is in the best interest of the Port to lock in the funds to help generate jobs for the economy. The revenues generated from these projects, or from grant funds, can be used to repay the line of credit. The refinance of the line of credit with GESA will be at a long term, fixed rate, which allows flexibility for cash flow. GESA is licensed to do business with public entities, as they are a qualified public agency.

Mr. Novakovich commended Ms. Fine for her work. Mr. Wagner agreed and feels this will



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be in the best interest of the Port.

MOTION: *Commissioner Wagner moved approval of Resolution 2011-54 authorizing the Port's Executive Director to restructure the existing line of credit to a security loan of \$3 million with a qualified depository and the Executive Director and the Director of Finance/Auditor are hereby authorized to draw on the loan for economic development projects, property purchases and capital projects that generate a return on investment for our greater community projects that benefit the taxpayers as a whole and that the signatures of the Executive Director and Director of Finance/Auditor shall be required to draw on the security loan, the Commission also directs the majority of the proceeds of the restructured loan are to be used on a good return of investment projects and/or projects that have high job creation to help reduce the Port's operating gap and stimulate the economy; Commissioner Novakovich seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

C. 2011 Cost Savings

Ms. Fine stated the Port of Kennewick has been tracking cost savings since late 2009 in three categories: cost savings, cost avoidance, and revenue enhancement. Cost savings is defined as Port staff taking measures to reduce costs on existing items. Ms. Fine stated that although the work the Coyote Crew performs is not tracked, the cost savings would be substantial. Cost avoidance is defined as taking measures to avoid costs (The Facilities department performs repairs versus hiring a contractor.) Revenue enhancement is defined by the Port taking measures to enhance revenue support on properties or projects.

Ms. Fine stated Mr. Arntzen proposed a creative cost savings mechanism (alternative contracting) to save money on travel expenses. For instance, instead of paying the hourly consultant rate of \$140 per hour and the attorney rate of \$195 per hour for a business trip, the Port paid the actual travel expenses in lieu of the hourly rate; saving the Port, and ultimately the taxpayers, \$8,040.

Ms. Fine reported the total cost savings to date is \$286,438; cost avoidance is \$595,379 and Revenue Enhancement is \$9,836; for a total of \$891,653 since 2009.

Mr. Novakovich feels Port employees do a wonderful job conserving resources and looking for opportunities to save or reduce costs.

D. Cancellation of December 27, 2011 and January 24, 2012 Regular Business Meetings

Mr. Arntzen requested cancelling the December 27th meeting due to the holiday; and the January 24, 2012 because two of the Commissioners will be attending the Wine Symposium. The Commission is in consensus to cancel the meetings.

Holiday Office Hours

Mr. Arntzen requested closing the office at noon on December 23, 2011 and December 30, 2011 for the holidays. The Commission is in consensus.



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PRESENTATION

2011 Friend of the Port

Mr. Novakovich stated each year the Port has the opportunity to recognize someone special for making extra effort and taking time to share their talents and energy to care about our community, and especially the Port of Kennewick. Mr. Novakovich stated it is an honor to present the 2011 Friend of the Port award to Chief Ken Hohenberg.

Chief Hohenberg commented he began working for the Kennewick Police Department in 1978 and was assigned to the east end of Kennewick. As he worked in the area, his love for the City of Kennewick, especially downtown Kennewick, became an important part of his life. Chief Hohenberg commended the Commissioners and staff and appreciates the relationships that have been established. Mr. Hohenberg stated he is honored to receive the award and will display it proudly.

REPORTS COMMENTS AND DISCUSSION ITEMS

A. *Clover Island Cedars Parking Lot Project Update*

Mr. Peterson stated the project is 98% complete. A few parking lot lights will be installed when the decorative light poles arrive. Mr. Peterson commented seven fiberglass boat planters were installed in the outside seating area at Cedars. Mr. Boehnke painted stripes and names on the planters.

B. *Vista Field FBO Contract Update*

Mr. Arntzen received the final draft of the FBO contract from Ms. Luke and will forward it to Dr. Shannon for his review. The term of the lease agreement is three years, with optional extensions up to twenty years. Mr. Arntzen commended Ms. Luke for generating the document.

C. *WPPA Annual Conference Report*

Mr. Novakovich, Mr. Wagner, Facilities Manager Mike Boehnke, and Port Counsel Lucinda Luke attended the WPPA Annual conference in Bellevue, Washington. Mr. Novakovich and Mr. Wagner also attended the New Commissioner session and received a large amount of new information. Forty new commissioners attended the conference.

Eric Johnson, WPPA Executive Director, explained that Washington State ports were very fortunate when they were established and that the powers given to ports will never be duplicated again. Mr. Johnson stated ports should not expect help from other jurisdictions: city, state or federal.

The current WPPA President, Scott Walker, feels cities have a bad case of "port envy" because of the powers ports possess that the cities do not. In the future, it may be that other jurisdictions may look to ports to take on some of the programs they have because port districts have proven to be successful.

Jim Darling, former Executive Director in Bellingham, stated a strategic plan is a road map for ports. Mr. Darling feels it should be set and adhered to. Mr. Novakovich heard multiple times that a port is a business and must make a profit without using tax levies. The funds from tax levies are supposed to be used to fund capital expenditures, not operations. WPPA suggested



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ports look at ways to increase profits and/or decreasing expenditures.

Mr. Novakovich feels the Port of Kennewick is ahead of the curve. He feels it is exciting to know the Port is on the right path.

Mr. Wagner stated people inquired at the conference how the Port of Kennewick is so successful. Mr. Wagner explained that the credit should be given to the staff.

Mr. Novakovich stated State Auditor Fox stated "control costs by limiting staff and outsourcing tasks when feasible in the best interest of the public."

Tom Tanaka, the Chief Counsel at the Port of Seattle, manages 18 Port attorneys. He presented at the conference regarding integrity and ethics. Mr. Tanaka is willing to give the same presentation at a future Commission Meeting.

Mr. Novakovich also attended the Board of Trustees meeting. The Port of Benton nominated the Port of Kennewick for the Port of the year award.

Mr. Wagner stated they received many compliments from delegates at the conference regarding the accomplishments of the Port of Kennewick.

Ms. Luke attended the CLE session and the environment, legal and finance group meeting and was able to meet other port's counsel.

D. *Commissioner Meetings (formal and informal meetings with groups or individuals)*

Mr. Hanson attended two TRIDEC luncheons and the Tri-Cities Visitor & Convention Bureau meeting.

Mr. Wagner had no meetings to report.

Mr. Novakovich attended regularly scheduled Port meetings, several meetings with the Columbia Basin Veteran's Coalition, several meetings with the Humane Society Building Committee; attended the swearing-in of a new Kennewick Police Officer and Ken Hohenberg's surprise birthday party.

E. *Non-Scheduled Items*

1. Ms. Bader Inglima inquired if the Commission is interested in applying for a grant through the State's Clean Vessel Program. The State notified public jurisdictions that a 100% funded grant for pump out projects, up to \$80,000, is available. The Port is interested in obtaining a portable sewage pump as a backup for our fixed pump. The Commission is in consensus for staff to pursue the grant.
2. Mr. Arntzen stated when the Shoreline Contract was approved last meeting; it brought a huge cost-savings to the Port and brought the "Dream Team" together for the project. The cost-avoidance saved was \$315,656.
3. Mr. Peterson presented the new Commission District maps, which are located on the Port's website at www.portofkennewick.org under the "About" and "Commission" tabs.
4. Ms. Fine stated the Port's 2011 budget looks good and is on-line. The benchmark for



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revenues is set at 91.7% and the actual total revenue is 119%. Operating expenditures are at 90%. The budget amendment is mainly attributed to copier lease, legal costs and some unexpected repairs.

OATH OF OFFICE FOR 2012

Mr. Novakovich pledged his Oath of Office. Mr. Novakovich shared his appreciation for the opportunity to serve the public.

PUBLIC COMMENTS

Mike White, 1118 W. 22nd Avenue, Kennewick. Mr. White feels the illustration for the island is good, and encouraged the use of the process for Vista Field.

No further public comments were made.

Mr. Novakovich anticipates the Executive Session to last approximately 20 minutes, with no action expected. Mr. Novakovich asked the public to provide contact information if they would like to return after the Executive Session. The public will not return.

Mr. Novakovich recessed the meeting at 4:00 p.m. for approximately 5 minutes.

Mr. Novakovich reconvened the meeting into Executive Session at 4:06 p.m.

EXECUTIVE SESSION

Real Estate (selection of site/acquisition), per RCW 42.30.110(1)(b)


Ms. Hancock exited the meeting room at 4:26 p.m. and extended the Executive Session 5 minutes.

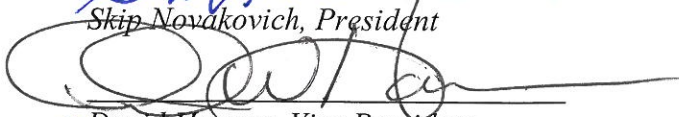
Executive Session adjourned at 4:29 p.m. The regular meeting reconvened at 4:29 p.m.

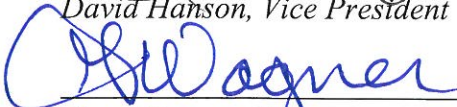
ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 4:29 p.m.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**


Skip Novakovich, President


David Hanson, Vice President


Gene Wagner, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2011-50

***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
PORT OF KENNEWICK APPROVING A LEASE AGREEMENT
BETWEEN THE PORT OF KENNEWICK AND
ELECTRONIC SYSTEMS TECHNOLOGY, INC.***

WHEREAS, The Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, a 3-year lease renewal with one 3-year option with annual 3.5% base rent increases has been negotiated between the Port and Electronic Systems Technology, Inc.; and

WHEREAS, the terms and conditions of said lease agreement have been reviewed by the Port Commission and deemed proper and acceptable; and

WHEREAS, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper; and

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners agrees to enter into a lease with Electronic Systems Technology, Inc.. as presented and hereby authorize the Port's Executive Director to execute all documents and agreement on behalf of the Port to complete the transaction as specified above.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 13th day of December, 2011.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***



SKIP NOVAKOVICH, *President*



DAVID HANSON, *Vice President*



GENE WAGNER, *Secretary*

PORT OF KENNEWICK

Resolution No. 2011-51

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING A LEASE AGREEMENT WITH NORTH AMERICAN ALLOYS, INC.

WHEREAS, The Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, a one (1) year lease renewal with a annual 5% base rent increase has been negotiated between the Port and North American Alloys, Inc.; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and is in the Port's best interest; and

WHEREAS, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper; and

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port's Executive Director to enter into a Lease Agreement with Electronic Systems Technology, Inc. as presented and hereby authorizes the Port's Executive Director to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 13th day of December, 2011.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: 
SKIP NOVAKOVICH, President

By: 
DAVID HANSON, Vice President

By: 
GENE WAGNER, Secretary

PORT OF KENNEWICK

Resolution No. 2011-52

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT
WITH K. BLAIR SAMPSON**

WHEREAS, K. Blair Sampson (Purchaser), has offered to purchase 5.57 acres for the area graphically depicted on "Exhibit 1" in Spaulding Business Park, Richland, Washington from the Port of Kennewick (Seller) for the of sum of \$1,000,000.00; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Purchase and Sale Agreement and find it is in proper form and is in the Port's best interest; and

WHEREAS, the Port Commission finds that said property is surplus to the Port's needs and the proposed sale is consistent with all previous Port policies, including its comprehensive scheme of development;

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port's Executive Director to execute a Purchase and Sale Agreement with K. Blair Sampson in the sum of \$1,000,000.00 and hereby authorize the Port's Executive Director to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that the Port Commission declares that said property is surplus to the Port's needs and the proposed sale as referenced above are consistent with all previous Port policies, including its Comprehensive Scheme of Development.


ADOPTED by the Board of Commissioners of the Port of Kennewick on the 13th day of December, 2011.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

By:


SKIP NOVAKOVICH, President

By:


DAVID HANSON, Vice President

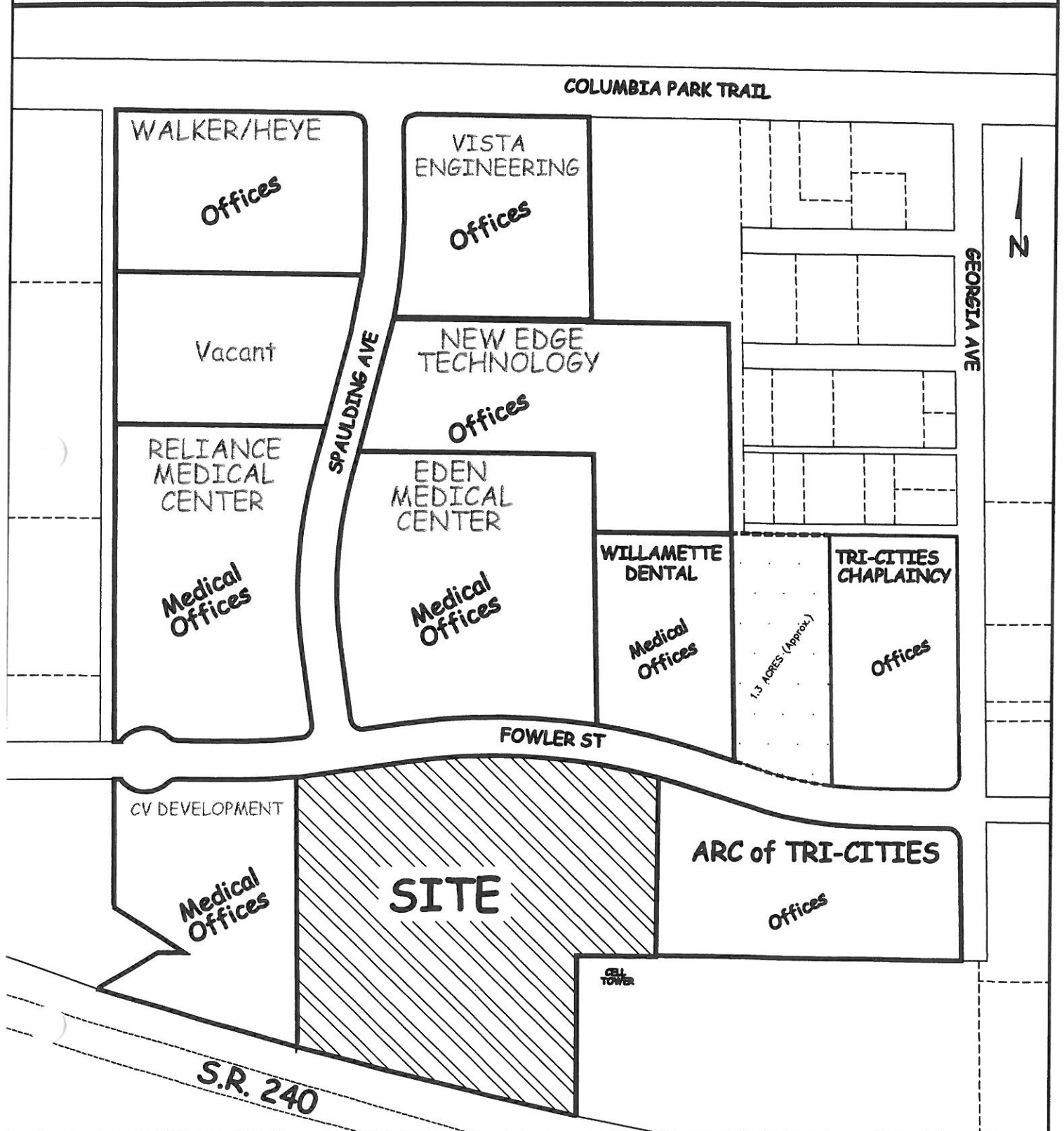
By:


GENE WAGNER, Secretary

Exhibit 1

**PORT OF KENNEWICK
SPAULDING BUSINESS PARK**

Land Sale to K. Blair Sampson December 2011



PORT OF KENNEWICK

RESOLUTION No. 2011-53

***A RESOLUTION OF THE PORT OF KENNEWICK BOARD OF
COMMISSIONERS APPROVING A LEASE AT
VISTA FIELD CORPORATE HANGAR #B***

WHEREAS, The Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, a one (1) year lease with one (1) year option and annual 5% base rent increase has been negotiated between the Port and BK Attorney Services LLC.; and

WHEREAS, the terms and conditions of said lease agreement have been reviewed by the Port Commission and deemed proper and acceptable; and

WHEREAS, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper; and


NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners agrees to enter into a lease with BK Attorney Services, LLC. as presented and hereby authorize the Port's Executive Director to execute all documents and agreement on behalf of the Port to complete the transaction as specified above.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 13th day of December, 2011.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***


SKIP NOVAKOVICH, *President*


DAVID HANSON, *Vice President*


GENE WAGNER, *Secretary*

PORT OF KENNEWICK

Resolution No. 2011-54

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK APPROVING RESTRUCTURING ALTERNATIVE FINANCING MECHANISM

WHEREAS, the Port of Kennewick Commissioners have reviewed the preliminary budget for 2012 and several capital projects in the 2012 preliminary budget are in the unfunded category or to be funded at a later date; and

WHEREAS, the Port of Kennewick Commissioners intend to continue to spur economic development and growth in an economically uncertain environment by pursuing economic development projects, property purchases and capital projects that have good return on investment, or are great community projects that benefit the taxpayers as a whole; and

WHEREAS, the Port of Kennewick Commissioners and staff are pursuing several grants to fund potential economic development opportunities, property purchases and capital projects; however, the grant funding is very limited due to the economy; and

WHEREAS, RCW 39.46.050 allows local government to enter into lines of credit with any qualified public depository; and;

WHEREAS, the Port of Kennewick currently has a line of credit in the amount of \$3,000,000 which the Commission would like to restructure and take advantage of the low interest rates while stimulating the economy; and

WHEREAS, restructuring the Port's line of credit of \$3,000,000 is in the best interest of the Port of Kennewick due to the longer term for payback (increasing cash flow) and low interest rate which is needed for potential economic development opportunities, property purchases and capital projects and will pay back the line of credit when revenues or grant funds and/or property taxes are received; and

WHEREAS, Port staff received several proposals from qualified public depositories (American West Bank, Gesa, and Baker Boyer Bank; Bank of the West did not respond). Port staff desired long-term repayment (highest cash flow scenario), low interest rate, no prepayment penalty, and low cost to establish loan. The best cash flow proposal was received from Gesa. In all proposals, collateral is required.

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port's Executive Director to restructure the line of credit with a qualified public depository up to \$3,000,000.

BE IT FURTHER RESOLVED that the Port's Executive Director and the Director of Finance/Auditor are hereby authorized to refinance for economic development projects, property purchases and capital projects that have good return on investment or are great community projects that benefit the taxpayers as a whole, that the signatures of these two officers shall be required to draw on such line of credit and that the Director of Finance/Auditor is hereby authorized to determine the amount and the timing of draws and repayment for the Port.

BE IT FURTHER RESOLVED the Board of Commissioners also directs that a majority of the proceeds of the restructured loan are to be used on good return on investment projects and/or projects that have high job creation to help reduce the Port's operating gap and stimulate the economy.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 13th day of December 2011.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: 
SKIP NOVAKOVICH, *President*

By: 
DAVID HANSON, *Vice President*

By: 
GENE WAGNER, *Secretary*