

PORT OF SKAGIT COUNTY

Work Session of the Port Commission

Tuesday, October 7, 2008 9:00 AM

MINUTES

PRESENT: Commission - Glenn Allen, Jerry Kaufman and Kevin Ware
Staff - Patsy Martin, Scott Peterson, Kristin Garcia,
Sara Young, Karmen Hardy, Paul Stannert, and
Debbie Hamilton
Others - Walt Meagher, Brad Furlong, Paul Sorenson

APPROVAL OF MINUTES

COMMISSION ACTION: The commission unanimously approved the minutes of the September 2, 2008 work session.

Changes or additions to the agenda as follows:

Executive Session to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price. Executive session will last approximately 60 minutes. Action may or may not be taken following the executive session.

Issue 1: TENANT: BBIP; Woodinville Lumber, Inc; (assignment dated 5/22/01 from Tri-County Truss) lease dated 5/1/90

Scott Peterson reported that Tri-County Truss was present to discuss the current economic downturn and its impact on their company. Staff has met with representatives of Tri-County Truss several times to discuss its sales and profit decline.

Scott Breckinridge and Roy Schiferl came before the commission to request a reduction in rent through 2009 to enable the company to remain cash neutral in this location during the housing market downturn. With a rent reduction they believe they could retain 2–2.5 jobs during this difficult time and anticipate retaining approximately 100 people employed.

Discussion

The request was taken under advisement in executive session.

Issue 2: ADMIN: Aflac Voluntary Supplemental Insurance (Oral)

Kristin Garcia reported that an Aflac insurance representative recently met with employees and offered voluntary insurance plans. These plans offer benefits to employees at no cost

to the port. Participants may purchase a plan, via payroll deduction, receiving pre-tax benefit. Staff is requesting commission consensus for continued participation.

Discussion

Commission consensus: O.k. to proceed

Issue 3: ADMIN: Budget (2009)

Kristin Garcia reported that staff met previously with the commission to review the Preliminary 2009 Budget.

Discussion

Public Hearing notices have been properly published and posted and the Preliminary 2009 Budget is now available for public review. The budget hearing is scheduled for October 21, 2008 at 5:30 p.m.

Issue 4: ADMIN: Economic Impact Study (2005)

Paul Sorenson of BST Associates reviewed the Economic Impact Study results with the commission.

The report shows the Port of Skagit County and its tenants generate significant economic activity in Skagit County and throughout Washington State, generating approximately \$250 million in direct business revenue in 2007. The Port and its tenants at its commercial and industrial properties generated \$163 million in revenue, followed by \$67 million at the Marina and \$17 million at the Airport and \$4 million in capital improvements and administration.

Discussion regarding La Conner Marina marketing.

Staff plans to prepare an Economic Impact Study every five years.

Issue 5: AIRPORT: Lot 53 Vehicular Access Road (Perkins Rd) (2008) – Approve revised development schedule

Scott Peterson reported that on February 1, 2008 the Port purchased the Concorde Group Aviation properties. As a part of the Purchase and Sale Agreement the Port agreed to lease Lot 53 to Concorde Group Aviation (CGA) for the construction of a new corporate hangar and construct the access road from Higgins Airport Way to Lot 53. Due to project cost

increases staff is in discussions with Concorde Group Aviation regarding postponement of Lot 53 access road improvements.

Discussion

The request was taken under advisement in executive session.

Issue 6: PUB AGEN: Skagit County; Worker Training (Oral)

Patsy Martin reported that she has been approached by Skagit County Commissioner Ken Dahlstedt to see if the port would be interested in leasing property for a worker training center for individuals in drug and alcohol rehabilitation. The center would be residential in nature.

Discussion

The commission requested Patsy Martin inform Ken Dahlstedt the port is enthusiastic in enabling worker training for the valley; however, it is the consensus of the commission that port property would not be appropriate for a residential training center.

Issue 7: TENANT: Genesis Management Group, LLC – Approve Lease

Scott Peterson reported that staff has been working on a new lease with Genesis Management Group, LLC for the lease of Lot 6 of the Amended Skagit Regional Airport Binding Site Plan, Phase II. Genesis Management Group, LLC plans to use the premises to construct a facility for the storage of aircraft, aircraft restoration, aircraft detailing, and other activities incidental and related to general aviation. Staff recommends the commission approve a new lease with Genesis Management Group, LLC for Lot 6 beginning October 1, 2008 and ending September 30, 2038.

Discussion

The matter was taken under advisement in executive session.

RECESS REGULAR MEETING

Regular Meeting recessed at 9:30 a.m.

EXECUTIVE SESSION

The commission entered into executive session at 10:42 a.m. to discuss the possible sale, purchase or lease of property the public discussion of which could affect the

price. Action may or may not be taken following the executive session. The executive session was estimated to end at 11:42 a.m.

11:42 a.m. The Port's legal counsel stepped out of the room to notify any members of the public the executive session was expected to conclude approximately 12 noon.

The executive session ended at 12:00 noon.

RECONVENE REGUALR MEETING

The regular meeting was reconvened at 12:01 p.m.

COMMISSION ACTION: The commission unanimously authorized staff to present an offer to Mr. Robert Hackman, of La Conner Self Storage in the form of a purchase and sale agreement pursuant to the terms discussed in executive session.

The commission requested Kristin Garcia review Tri-County Truss's financial statements to determine their financial condition and develop a policy which will define when the port will allow rent credits to struggling tenants. Staff was directed to return to the commission with this information as soon as possible.

COMMISSION ACTION: The commission unanimously authorized staff to finish plans and specifications for Lot 53 in an amount not to exceed \$120,000.

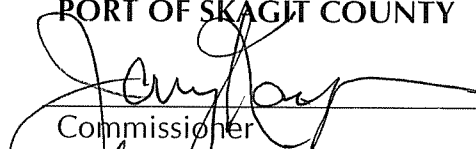
COMMISSION ACTION: The commission unanimously approved a lease with Genesis Management, LLC for Lot 6 beginning October 1, 2008 and ending September 30, 2038, with the condition that legal counsel and staff add a provision to Genesis Management, LLC's lease and the standard airport lease for land that indicates a specific construction schedule.

ADJOURNMENT

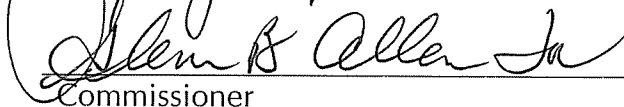
The commission adjourned the regular meeting at 12:11 p.m.

ADOPTED IN OPEN SESSION this 4th day of November 2008 and duly authenticated by the signatures affixed hereto.

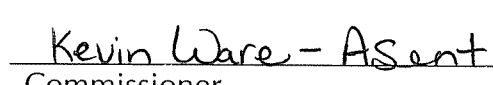
PORT OF SKAGIT COUNTY



Commissioner



Commissioner



Commissioner