

	<p align="center"><b>PORT OF KLINKITAT BOARD OF COMMISSIONERS MEETING MINUTES April 18 , 2006 REGULAR SESSION</b></p>	
<u>TOPIC</u>	DISCUSSION/ASSESSMENT/FINDINGS	ACTION/FOLLOW UP
<u><b>ATTENDANCE:</b></u>	<p><b>Port Commissioners (PC)/Staff Present:</b> Port Commissioners (PCs) Norm Deo (Chair), Rodger Ford &amp; Wayne Vinyard; Port Counsel Teunis J. Wyers; Executive Director (Exec.D) Dianne Sherwood and Minutes secretary, Peter Frothingham</p> <p><b>PC/Staff Absent:</b></p> <p><b>Guests Present:</b> Matt Riley (Rapid Ready Mix); Tim Hearn (Bingen City Council), Wayne Wooster, (Klickitat County Economic Development); and Don McDermott (Dallesport Community Council).</p>	Next meeting May 2, 2006 4:30 p.m
<p><u><b>PUBLIC COMMENT</b></u></p> <p><u><b>COUNSEL'S REPORT</b></u></p> <p><u><b>Verizon Entry &amp; Testing Agreement:</b></u></p> <p><u><b>Option to Purchase Personal Property, Bldg. &amp; Fence-- DIP #39</b></u></p> <p><u><b>Lease Agreement - Underground Specialties, LLC</b></u></p>	<p>Meeting opened at 4:31 by Chairman Norman Deo. There was no public comment at this time.</p> <p>Port Counsel, Teunis Wyers, said that the agreement with Verizon has been completed. There is a copy in the packet.</p> <p>A possible purchase from Rapid Readymix Co. was discussed pertaining to a building of approximately 3,000 sq. ft. as well as the fence on that parcel. There has been an application to lease this building from POK. Legal counsels had determined that the Port does not own the building so the Port has prepared an option to purchase the building and the fence for \$45,000. Exec.D Sherwood has verified that is a fair price with Lee Ast, a commercial broker. A tentative lease agreement has also been prepared. If the option is utilized, the price of the option would come off the purchase price. \$45,000 is the proposed price for the building and the fence. The recommendation of counsel is to get the deed and purchase completed as soon as possible and the lease agreement and the option to buy could bridge the gap if there should be any difficulty in getting the deed. Exec.D Sherwood discussed the proposed lease agreement with Underground Specialties. The term of the lease is 3 years with two 1 year options to renew. There is a 3% increase on the rent per year. If for some cause beyond their control Underground Specialties is unable to continue their lease, they can terminate the lease and pay 6 months rent with 30 days notice. Exec.D Sherwood requested approval for the amount of the security deposit which is 2 months rent as this amount is consistent with what has been done with other tenants, although the RCWs require one year's rent, if not approved by the PC (which is pretty onerous). PC Vinyard clarified that the security deposit covers delinquency in rent and also any damage to the property. PC Vinyard was concerned that the security deposit would not cover much damage, however, other provisions of the master lease would provide environmental protection. Exec.D Sherwood stated that the tenant will carry insurance, noting the Port as an also insured, and she will ensure that the building is covered under the Port's WGEF insurance. Counsel Wyers suggested adding casualty insurance to Section 20 relating to fire insurance and require the tenant to carry that.</p>	<p><i>PC Vinyard moved to authorize Exec.D. Sherwood to purchase the building and fence on Parcel #39 for \$45,000, or to secure a \$5,000 down-payment for an option to buy; seconded by PC Ford - motion carried.</i></p> <p><i>PC Vinyard moved to approve the lease and security deposit as presented; seconded by PC Ford – motion carried.</i></p> <p><i>Counsel to add casualty insurance to Section 20 of the lease agreement.</i></p>
<p><u><b>ADMINISTRATIVE MATTERS</b></u></p> <p><u><b>• Consent Agenda</b></u></p>	<p>Regarding the March 7, 2006 minutes, Exec.D. Sherwood explained that the commissioners had seen the minutes and that they have been updated as the PC requested. Exec.D Sherwood stated that the minutes for the April 4<sup>th</sup> meeting are started but not completed. The problem encountered with the tape recorder was found to be that it was too close to the computer CPU, which caused interference.</p> <p>Exec.D Sherwood discussed the vouchers and answered questions from the PC, pertaining to DSP Architecture (Building 1E), the new website, and the replacement of PC Ford's payroll/expense warrants (due to washing machine damage).</p> <p>January 2006's financials have been posted, and Exec.D Sherwood discussed the financial statements noting that the reports look different due to an update of the accounting software. Exec.D Sherwood will get the financials up to date, and will provide a trend report through March and then give a more in depth review of finances. Exec. D. Sherwood stated she has observed a few things in the financials that needed to be corrected.</p>	<p><i>PC Ford moved to approve the consent agenda as presented; seconded by PC Vinyard -- motion carried</i></p>

**EXEC. DIRECTOR'S  
REPORT**

**BINGEN POINT:Building  
1E:**

**DSP Architectural  
Services Contract**

**BLDG 1E Cost Estimates**

**BLDG 1E Cost Estimates  
(con't)**

Exec.D Sherwood discussed the letter received from LL Lindberg, noting that a few statements were not factual. Some of the Time & Material (TM) charges have been refused by the Port because they were covered under the original contract, and were addressed in letters from the Port. Bob Westermann, the project manager, confirms that the contractor does not have a valid claim, and stated further that he has never before worked with a company that does not provide the background data needed (and requested) in order to file claims. Exec.D Sherwood said that Bob Westermann had run it by legal counsel who said LL Lindberg does not have a leg to stand on. Exec.D Sherwood also said that Port counsel had been cc'ed on all her letters to LL Lindberg. PC Vinyard asked that counsel be given a heads up that there may be a claim.

Exec.D Sherwood discussed the final DSP Architecture contract which took a long time to negotiate and finalize. Randy gave the Port last year's rates (which have gone up 12% for 2006). The contract also specifies an hourly basis not to exceed \$143,324.00, of which \$5,945.01 has already been billed and paid for by the Port. The contract was about \$3,000 less than what had been discussed at the March 7 meeting. The contract documents are nearing completion, with the anticipated due date of May 1.

At the last meeting the PC authorized spending \$1,927 to get better cost estimates from Architectural Cost Consultants. Alternates were discussed, to reduce the building cost. Exec.D Sherwood sought direction as to how the PC wants to proceed with the architectural & alternate plans. DSP has given options on how to proceed to get costs down and scale back the project. Deductions could include reduction or elimination of office areas, the mezzanine, landscaping, and parking lot paving. It will cost approximately \$2300 to modify the drawings to include deletion alternatives for bidding. The base building footprint is 14,000 sq. ft. with a mezzanine of 4,493 sq. ft. Fire sprinkling of the building should be included in the cost estimates.

PC Deo said that the PC needs to proceed with alternative plans even though the cost associated with re-drawing the plans is not welcome, as there is risk that some of the Port's funding will disappear, and the project is already over budget. Exec.D Sherwood said that after a discussion with the tenant's representatives, they may be willing to deal with only a building shell. Their needs seem to change almost daily due to rapid changes in their company. Discussion followed explaining the design of the building ensuring that future uses will not create significant additional plumbing costs. Exec.D Sherwood assured the commission that this has been addressed as one long main line will run the length of the building, much like all of the other Port buildings. Exec.D Sherwood said that the Port is waiting for the final appeal period for the JARPA permit, which is necessary before the building permit can be issued, and the building constructed since part of the building is within 200 ft of the shoreline. Bidding could continue during that time.

Further discussion of cost saving measures were discussed. Deletion of the mezzanine was considered as was gravel for the parking lot. PC Vinyard offered to provide some trees as a way to cut the costs for landscaping. Skin materials were examined, and the PC preferred using concrete tilt panels due to improved maintenance, wind buffeting (quiet building) and longevity considerations. The current cost is estimated to be \$2 million without considering the deduction alternates. The increased cost of steel and concrete have raised the cost over the past year.

The Port has expended \$281,000 to date, with all funding coming from the Port's budget. When the Port reaches \$400,000 then CERB funds can be accessed. Previously \$300,000 was committed from the County and \$100,000 from the Port. Then the \$525,000 in loan funds and \$475,000 in grant funds from CERB can be accessed. If there are expenses over that amount, they will have to come from the Port. If the \$300,000 from the county is not forthcoming, the Port would have to go and get a loan from a bank. If the Port must do that, we could.

Exec. D. Sherwood questioned if the PC are ready to go out to bid, if the building could be made affordable? The documents will all say that everything is contingent on the proper permits being in place, and the bid would

*PC Ford moved that when the final drawings come back from the architects that Port go out to bid – seconded by PC Vinyard –motion carried*

*Exec.D Sherwood to talk to counsel*

*Exec.D Sherwood to direct DSP to re-draw plans at a cost of approximately \$2500, providing bid alternates.*

<b><u>Bingen Lake Pump</u></b>	go out with alternates included. The contract plans and specifications should be ready May 1, and construction could begin after permits are secured. The county would get all the drawings and when the bid was back the Port would tell the county what was going to actually be built. The drawings are so good that in the past there have not been changes. Skip Grimes, KC Bldg. Official agrees to rolling permits to better facilitate the work.	
<b><u>DALLESFORT INDUSTRIAL PARK- Eiesland's Special H2O Agreement</u></b>	The horizontal pump at Bingen Lake has died and Maintenance & Facilities Supervisor, Jared Ladwig, has obtained bids to obtain another pump. PC Deo requested that the Port ensure that there isn't another pump in the same price range that would do a better job. Exec.D Sherwood will check with Jared in the morning. Exec. D Sherwood wanted to ensure the PC were current regarding the Eiesland's property status, as it is up for sale, and the use may change impacting the potential for H2O use. Apparently, additional RV sites are being added to their complex. Water right issues and concerns about precedents were expressed. The PC want to ensure that adequate water is maintained for industrial park users and potential tenants. The Port should have Port counsel or a water rights specialist take a look at the issue before considering any change or expansion of use.	<i>Exec.D Sherwood to check with Jared to be sure the replacement pump is the best one for the job.</i>
<b><u>Sheep Grazing - weed control</u></b>	Max Hernandez wants to run sheep again at Dallesport. PC Ford suggested it may be good to have sheep in the area twice since even though it was dry last year, there was a lot of growth after the sheep were pulled from the site last year.	
<b><u>MISCELLANEOUS</u></b>	Exec.D Sherwood shared an article from the internet on the creation of jobs and the places where that is happening. Bend, Oregon was highlighted, and tourism was cited as an economic development engine.  Committee Updates from the Commissioners - there were none  Exec.D Sherwood provided a scope of work to the PC from George Bennett, Sub Terra, Inc. regarding the aggregate pit at Dallesport. WPPA Spring Meeting - May 17-19; Semiahmoo Resort - Blaine, WA PC Ford has till 5/5 to make a decision, however, he sated that the Port Commissioners' meeting on July 9-11 may work better for him.	
<b><u>PUBLIC COMMENT</u></b>	Don McDermott stated that the Dallesport community council is requesting a Port report at the their next meeting (5/11), if the Port had something to report They would like to know about additional jobs coming or other items that the Port feels would affect the community.	
<b><u>ADJOURNMENT</u></b>		<i>PC Deo adjourned the regular meeting. The PC went into Executive Session pertaining to Personnel @ 5:55. The Executive session concluded @ 7:40 p.m.</i>
<b><u>EXECUTIVE SESSION - Personnel</u></b>	<b>Those present:</b> PCs Deo, Ford & Vinyard	

Approved on: \_\_\_\_\_  
(Date)

Respectfully submitted \_\_\_\_\_  
Peter Frothingham, Minutes Secretary

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Dianne Sherwood, Executive Director

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Norm Deo, Chairman