

Discussion ensued and the following action was taken:

Motion No. 06-10-09

Moved By: Craig N. Larsen

Seconded By: JC Baldwin

To ratify the award of the bid received by the CTC Condo Association from GG Richardson in the amount of \$139,200 plus Washington State Sales Tax for the construction of a satellite maintenance and storage building, and to authorize the Executive Director or CTC Manager to sign an agreement for this purpose. Motion Carried.

Hank Manriquez addressed the commission with regard to the Leavenworth Chamber's purchase of the condominium space at their present location. Manriquez asked commissioners to reaffirm the port's budgeted funding.

Commissioners reassured Manriquez the commission's intent is to assist in some way. Pete Fraley, Port's legal counsel, must research the statutory authority for the Port to participate in the Chamber's purchase. The Port's investment may require the Port to have ownership in the property. Discussion ensued. No action taken.

Manriquez reported to commissioners on a visit he received from two men working for the Washington State Wine Commission. He shared a new publication "Vine to Wine" being distributed throughout the Puget Sound area. Manriques also explained new efforts on compiling and publishing culinary/wine locations on the Cascade Loop. The Loop is seeking state funding for a staff person to manage the effort.

Discussion ensued. No action taken.

Mid-year review to discuss Port properties, projects, activities and agreements, including real estate holdings, local airports, and community partnerships

Commissioners reviewed and discussed what the port has done so far this year, and what the port will likely complete by year's end.

Industry Clusters




Ron Johnston-Rodriguez (RJR) updated commissioners on cluster activities: Agriculture: staff has been and is working more proactively than reactively in the agriculture cluster. Aviation cluster: nothing is being pursued at this time. Energy generation: The Port facilitated Chelan PUD and Link Transit to work together for the smart grid demonstration project applications for federal stimulus funds being handled through Bonneville Power Administration.

RJR explained the Port has been a catalyst for an innovative culture to motivate other organizations and businesses to move forward. Other players need to be worked for commitment toward creating jobs.

Mike Armstrong commented that Chelan County is getting the reputation as a leader in new technologies and innovations. It is slow to have a tangible payoff just as how Link's four electric trolley's came directly from the PowerUp Summit.

The ag industry is being driven toward electrifying agriculture equipment. This could affect how local businesses operate their businesses. The Port is developing partnerships to help make those businesses/industries viable for the long term. Discussion ensued on vehicle electrification and the level of resources the Port should continue to invest.

RJR stated the opportunity is now for the advance vehicle initiative. All the stimulus funding dollars are being awarded to large metropolitan communities. The Port may have a niche since no rural community in the country is as advanced in the vehicle initiative as Chelan County.

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The electrification of the agriculture sector is open with good partners like the Tree Fruit Research Center and Wenatchee Valley College. Plus, we have an equipment manufacturer in the local area. There will need to be rural electrification charging stations in time.

The local economic impact is for the automotive dealers to live or die. Automotive technician education already has WVC as a partner with WSU spearheading the educational/training program which was developed with stimulus funding. The private companies involved in vehicle electrification that come to the area all want to go to the college and see where the education/training is taking place.

RJR is working with Morel Industries in Entiat; the company needs equipment financing for upgrades that would definitely create new jobs.

BPA has asked the Port to play an advisory role in their smart grid demonstration project for the NW. There is a possibility of some stimulus funding coming to Chelan County. When opportunities arise that fit within the existing budget, staff will bring them to the commission. The opportunity for the state is the plug-in center focus going to Seattle. There might be something for Chelan County in terms of being the model for rural electrification.

The POWERUP SUMMIT was \$8,000 out of pocket hard dollars this year. Assuming there is no resistance to another summit next year, the CTC might be a good venue. Staff could ratchet the cost down with the hotel in Olds Station, plus utilize videoconferencing availability at the CTC.

Commission consensus is for Port staff to continue planning for another PowerUp Summit to capitalize on the positive exposure the port receives for the efforts.

Urdahl suggested staff work the conferences booked into Chelan County, and develop a better relationship with local realtor groups to cultivate leads on potential business recruitment opportunities. The Port needs to show tangible economic impact from its investments.

Commissioner Larsen commented on the promise associated with developing agriculture technology. The Port should build on existing industry by partnering with WSU Tree Fruit Experiment, Wenatchee Valley College, and the AVI players to develop plug-in off to ag electrification. The Port needs a niche.




Mark Urdahl explained the alternative energy cluster was based on Chelan County PUD involvement. The Port needs to keep working on its relationship with the PUD, and keep the door open.

RJR reported in regards to interest forest biomass, the Port has received a number of inquiries over the last six months from companies looking for opportunity to develop a cogeneration (co-gen) plant in Chelan County. Longview Fiber is now interested in a co-gen plant, and it has control over a good portion of the privately held forest land in Chelan County. RJR has attempted to contact Longview Fiber to no avail so far. A by-product of a co-gen plant is steam which is a potential resource for a Cashmere company.

After some discussion, staff was directed to use the Port of Port Angeles study for sample questions to ensure asking for the right information. Staff and legal counsel will need to research the Port's authority for a feasibility study.

RJR reported staff will research and make a recommendation to commissioners on an Innovation Partnership Zone (IPZ) application.

RJR reviewed, updated and discussed with commissioners: a) for the Chelan county tourism industry, cluster, the wine and ag-tourism have been contracted out and, at this point, are

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progressing well; b) Commissioners want to see the outdoor recreation cluster to be more fully cultivated, maybe with an outdoor recreation summit inviting passionate partners, or possibly a manufacturers' summit for paddle sports.

Commissioners directed staff to diversify port efforts on the industry clusters.

Regular session recessed for a break at 11:51 am. Regular session reconvened at 12:noon.

Port Real Estate holdings: Olds Station

Discussion ensued on: a) public access to water; and b) alternative interim uses of vacant Port property that would not require capital investment are covenant equivalent, and that make sense for the short term use of the property which could be returned to an original projected use reasonably. No action taken.

Jon Eberle explained in regards to recruiting purposes, Olds Station property would serve the Port's goals more appreciably than Cashmere or Peshastin. Olds Station property is the business hub.

Community Partnerships—especially for the smallest communities

Brief discussion ensued on possible community partnerships with the smaller communities in the county.

Cashmere Airport

Discussion ensued on the Cashmere Airport. Chelan County would have to pay back all the monies FAA has invested if the airport were decommissioned. It is not practical to decommission the Cashmere airport.

Cashmere has Pangborn Airport relatively close. There are no apparent economic development components to the Cashmere Airport. The County sees the Cashmere Airport as preservation of a public asset. It is good for emergency landings.

It was suggested to fund the \$16,475 needed to pay for the recent improvements with a caveat that no more funding will be considered by the Port.

Discussion ensued. Commissioner Baldwin will meet with Commissioner Goehner to convey the message. The County will have to request the additional funds directly from the Port.

Pybus Public Market/Farmer's Market

Discussion ensued on the idea of the public market. The planned trip to Bellingham is a fact finding mission about resources. The proposed market should be about sustainability; it should be a home for established business.

The Port needs a copy of the existing contract on the property, and what the City's vision is.

The City should understand that if the Port owns the land, the first rent would go to the Port for the ground lease. The City would get the sales tax on and off-site.

The Port is impressed with the exciting concept of an upscale Public Market on the Wenatchee Waterfront. Staff is continuing to research. Discussion ensued.

Pangborn/Port of Douglas

Discussion ensued on having an objective third party look at building and ground maintenance jointly for both Ports and the airport. The next area to be addressed might be recruitment and marketing.

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It was suggested the Port of Douglas be responsible for the area on the historical ground lease around the Port excluding Executive Flight. The rest of the airport property should be managed by the Governing Board. It would be termed as a functional consolidation.

Port of Chelan County is supportive of PMA and is willing to put in resources to bring businesses to the airport; both counties benefit from that. Port of Chelan County would be in charge of the projects. If not agreeable, the ports should revisit Pangborn Joint Operating Agreement.

Port of Chelan County (PCC) needs a policy where the financial commitment which has grown in the last five years becomes more equal. PCC cannot afford to keep funding the airport to the same level; PCC needs more responsibility in the development of the ground.

The existing contract is adequate; it is not the issue. Commissioner Larsen will visit with Commissioner Spurgeon.

Lake Chelan Airport

Discussion ensued on the Port's continued involvement in the Lake Chelan Airport with the City of Chelan. The Port will remain accountable to the FAA for the grant assurances signed so far regardless of its continued involvement. The Port invests approximately \$62,000 per year.

Staff recommends staying involved, and move toward more reporting from the City. Discussion ensued on what the nature of the Port's relationship with the City would be.

There should and needs to be more FAA contact and coordination. The City and the Port need to speak with one voice to the FAA about both Pangborn and Lake Chelan airports.

Pete Fraley briefly reviewed a few proposed changes in the JOA with the City of Chelan for the Lake Chelan Airport in the areas of accountability, reporting requirements and in circumstances where Port approval is necessary before proceeding. The Port should stay with a \$60,000 commitment. The City of Chelan should no longer be able to count their staff time in the City's contribution to the Lake Chelan Airport budget. The Deed conferring equal title to the airport property to both entities must be made at the same time as the JOA amendments.



There should be operational areas where the Port is involved, such as input for lease rates on an annual basis, grant documentation, and decision making. There is no historical evidence of an additional investment made by the City of Chelan in airport property. The assets of the airport are available on a 50/50 basis to the partners of the JOA.

Currently, the port's participation is 70% of the deficit up to \$60,000 as is reflected in the airport budget for the year.

Discussion ensued. Commissioner Mackey, Mark Urdahl, City of Chelan Administrator and the Mayor of the City of Chelan will meet to discuss partnership JOA changes for Port to be more involved. Legal counsel will have the draft Agreement ready within a month after discussion with the City.

The new draft agreement will be premised on the understanding of a public benefit that justifies the level of financial commitment being made by the Port and a joint governing board made up of the partners.

Regular meeting session recessed for a break at 1:15 pm. Regular session reconvened at 1:20 pm.

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Peshastin

Mark Urdahl will write a scope of work for a contract with Heartland based on what he learned from the tours of public markets in the Puget Sound area, and conversation with Stephen Walker of Heartland.

Urdahl sees two concepts (one is to validate the winery concept and two) is to explore other possibilities with the Peshastin Community Council to find a way for the community to have access to the river.

Legal counsel commented that in terms of liability issues for a public property for recreational use, the statute indicates that if there is no fee, the entity is not responsible for ordinary negligence.

Commissioner Baldwin, Mark Urdahl and Dayle Rushing will meet with Steve Keene and Kathy Springer to see how the Port might best address the Peshastin community concerns about public access to the river.

Cashmere

Mark Urdahl reported the first technical memorandum from Berk & Associates has been reviewed. Some revisions are needed before Berk & Associates will issue a report to the Port.

Discussion items tabled to a future workshop:

- 1. **Surface Transportation issues**---should we be thinking about identifying a corridor through our Olds Station property for another Wenatchee River crossing--north/south corridor in Wenatchee.
- 2. **The City of Wenatchee** has requested a \$10,000 contribution to **the Pedestrian Bridge** repair project. This is not an action item for this meeting, but may be for a subsequent meeting, especially since the City of Wenatchee is experiencing significant financial difficulties.


Discussion ensued on the value of all commissioners participating in PNWA Mission to Washington D.C. Commissioners agreed it is better to spread out three visits over a couple of month period, and possibly pair up with other entities in Chelan County on mutual issues when visiting representatives in Washington D.D.

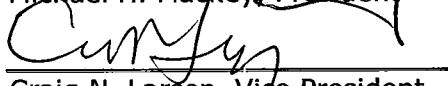
Discussion ensued on the potential of a countywide political action group to pursue strategic investments at the regional level.

Regular session adjourned at 3:10 pm.




Dated and signed this 16th day of July, 2009.

BOARD OF COMMISSIONERS


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Craig N. Larsen, Vice President


JC Baldwin, Secretary

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