

**MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM PUBLIC DEVELOPMENT AUTHORITY
BPDA BOARD ROOM
104 WEST MAGNOLIA STREET, SUITE 308, BELLINGHAM
TUESDAY, JANUARY 17, 2012**

CALL TO ORDER

The meeting was called to order at 12:00 p.m. by Scot Barg, Chairperson.

ATTENDANCE

A quorum of the Board was in attendance, including the following Board members:

Scot Barg, Chairperson
Rud Browne
Anne-Marie Faiola
Heather Wolf, Vice Chairperson

Others in attendance included:

Alison Henshaw, BPDA Administrative Assistant
Jim Long, BPDA Executive Director
Steve Moore
Paul Schissler, PSA Inc.

OPEN PUBLIC COMMENT PERIOD

There were no comments from public participants.

APPROVAL OF PRIOR MINUTES

Heather Wolf moved to approve the minutes of the December 13, 2011 Regular Board Meeting. The motion was seconded by Anne-Marie Faiola and approved 3-0. Rud Browne abstained as he was not present at that meeting.

COMMITTEE REPORTS

1. Executive & Finance Committee:

The committee met on January 10, 2012 and met the accountants who will be working for the BPDA, first on updating the 2011 City Cost Basis for the BPDA properties, then on monthly financial reports for the committee. The committee also talked about briefings and coordination of the BPDA's ongoing operations with the new City administration and Council.

BUSINESS CARRIED FORWARD FROM PRIOR MEETINGS

There were no unfinished Board action items carried forward from prior meetings.

NEW BUSINESS

1. Approval and Adoption of Resolution 2012-1 for Obtaining 'Absolute' Social Security Coverage:

This is a house-keeping item that came up as a result of a survey sent to the BPDA by the State Department of Retirement Systems (DRS). DRS is the State Social Security Administrator. Employees who have a retirement plan through DRS (PERS) should not have Social Security withholding, as PERS is considered a replacement for Social Security. However, employees with a retirement plan through DRS can also have Social Security withheld provided they have Section 218 'absolute' coverage. The options for BPDA were a) to stop withholding Social Security and process corrective wage reporting or b) continue withholding Social Security by obtaining Section 218 coverage. As the BPDA's only employee, Jim chose to continue withholding Social Security, so the proposed resolution is the paperwork needed for the coverage.

Heather Wolf moved to approve and adopt Resolution 2012-1, as proposed. The motion was seconded by Anne-Marie Faiola and approved 4-0.

CURRENT OPERATIONS & EXECUTIVE DIRECTOR'S REPORT:

1. General & Administrative

a) Accounting Services and City Cost Basis Update:

BPDA staff is working with their recently engaged accountants, Varner Systma Herndon (VSH), to update the City Cost Basis, through the end of 2011, with the update to be reported to City Management and City Council per the City-BPDA Operating Agreement. The BPDA's accounting and financial reporting systems to be developed by VSH will be integrated into the City's budget and reporting systems. The BPDA asked for a report in 90 days, which will go to the Executive and Finance Committee.

b) Coordination with City Management and City Council:

During the six month Buyer's due diligence period for the contemplated 1100 Cornwall purchase and sale (projected for July 2012), the BPDA proposes to conduct a series of informational and orientation briefings with the Mayor and City Council on the BPDA's purposes, operating agreements, ongoing BPDA projects and provisions for City oversight of BPDA operations. Jim prepared a detailed overview of the BPDA and its set-up as a basis for these briefings. The first meeting is proposed with Mayor Linville for a briefing on the Charter, the City-BPDA Operating Agreement, Strategic Plan, BPDA properties and projects, and City oversight. With the Mayor's concurrence the City Council will be briefed on these documents.

A second series of briefings would address the updated City Cost Basis in BPDA properties and the recovery of that investment. A third series would address the proposed Army Street Project strategy and plan, as the BPDA Board of Directors approval of the sale of the 1100 Cornwall property recommended that proceeds from that sale should be reserved for planning and development of BPDA projects per the Strategic Plan.

At the Board's request, Jim will prepare a condensed executive summary of the BPDA overview to facilitate the briefings, which are to be scheduled.

2. 1100 Cornwall Due Diligence

Due diligence by the purchaser/developer (Catholic Community Services) continues. The six month due diligence period commenced December 5, 2012 with City Council's ratification of the Purchase and Sale Agreement (and accompanying Development Agreement) and runs through June 5, 2012. Closing could occur in early July 2012 depending upon the outcome of the purchaser's due diligence.

3. Federal Building Adaptive Reuse and re-Tenancing Project:

Work continues to finalize the Adaptive Reuse and Re-Tenancing Plan, being drafted by Paul Schissler. The report outlines the fundamentals underlying the BPDA strategy for re-tenancing the building with uses consistent with downtown plans and redevelopment goals, and research conducted to date to identify potential categories of tenants and the feasibility of those uses.

The report is expected to be presented to the BPDA Board's 1100 Cornwall and Federal Building Committee for review in early February and recommendation to the BPDA Board. Following the BPDA Board's approval, the Mayor and City Council will be briefed on the plan to provide direction for next steps in the implementation of the plan.

Focus remains on the conversion of the building for use by BABA (Bellingham Arts Business Accelerator) with that program developed and managed under the auspices of Western Washington University. Other related uses include governmental functions, particularly for City departments requiring additional space or facilities, and quasi-governmental or civic entities involved in downtown development and redevelopment.

Funding focus on minimized building renovations and conversion costs remains Economic Development Investment funds. Application for these funds would follow negotiation of Letters of Intent or Contingent Lease Proposals with the prospective tenants.

4. 600 West Holly work-in-progress:

Further progress is pending delivery of business plans and lease proposals to the BPDA from prospective owner/ developers for interim uses including an aquaponics facility and a demonstration urban farm.

ADJOURNMENT

The meeting was adjourned at 12:55 p.m. by Scot Barg, Chairperson.

Final Minutes Approved:

Respectfully submitted,
Alison Henshaw, BPDA Administrative Assistant


Scot Barg, BPDA Chairperson