

Chelan Douglas Regional Port Authority

Meeting Agenda

July 14th, 2020

1:00 pm (time change)

**In order to maximize social distancing related to COVID-19,
the meeting will be held remotely using Zoom Virtual Conference Room**

I. CALL TO ORDER

**Note: When the Chelan Douglas Regional Port Authority meeting is called to order, the Port of Chelan County and Port of Douglas County meetings are simultaneously called to order.*

II. INTRODUCTIONS

- Introduction of Bealinda Tidd – Accounting Specialist
- Introduction of Sam Williams – Intern

III. CONFLICT OF INTEREST

IV. CONSENT AGENDA

CDRPA: Approval of Chelan Douglas Regional Port Authority Minutes of June 23rd, 2020 Meeting; and Check Register Pages #2020-16-#2020-23, including electronic transfers

POCC: Approval of Port of Chelan County Check Register Page #2020-11

PODC: Approval of Port of Douglas County Check Register Pages #2020-10-#2020-11, including electronic transfers

V. CDRPA ACTION ITEMS

1. Executive Flight Building – Emergency Contract HVAC Heating System
2. Salcido Enterprises – Additional Extension – Contribution in Aid of Construction Payment
3. Approval of Memorandum of Understanding with S.P.O.R.T Fitness Center, LLC – Columbia Street Property
4. Approval of Annual Financial Report – Pangborn Memorial Airport
5. Approval of Annual Financial Report – Port of Douglas County

VI. INFORMATIONAL ITEMS

- Update on Approach Lighting System
- LOJO Property Update
- Subsplash Space Marketing
- Business Leads
 - Huney Jun
 - L.E. Wilson
- Actapio Space Marketing
- Airport Parking Lot

VII. CDRPA – ECONOMIC DEVELOPMENT INITIATIVES RELATED TO COVID-19 (Third Party Resources)

- Department of Commerce Working Washington Small Business Emergency Grants
- Douglas County CARES Act Grant
- Chelan County Grant
- Community Development Block Grants

VIII. CDRPA ECONOMIC DEVELOPMENT INITIATIVES RELATED TO COVID-19 (Regional Port Funding)

- Rent Participation Fund
- Getting Ready to Reopen Fund
- What's Next?

IX. CDRPA – COVID-19 OTHER

- FAA CARES Act Grant
- Tenant Rent Relief Request Updates

X. MISCELLANEOUS STAFF REPORTS

XI. PUBLIC COMMENT

XII. REVIEW CALENDAR OF EVENTS

XIII. ITEMS FROM BOARD OF DIRECTORS

- XIV. EXECUTIVE SESSION:** An Executive Session may be called during the meeting. The purpose must be announced and is limited by RCW 42.30.110. Examples include: (1) to discuss with legal counsel litigation, potential litigation and/or legal risks (RCW 42.30.110(1)(i)); (2) to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110(1)(b)); and (3) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing public property shall be taken in a meeting open to the public)(RCW 42.30.110(1)(c)); and (4) to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee(RCW 42.30.110(1)(g))

XV. ADJOURN

PLEASE NOTE: The agenda is tentative only. The Board of Directors may add, delete, or postpone items and may take action on any item not on the agenda (This does not apply during a "special" meeting). The Directors may also move agenda items during the meeting. If you wish to address the Regional Port Authority on a non-agenda or an agenda item, please raise your hand to be recognized by the President. When you have been recognized, give your name and address before your comments. The Board of Directors are committed to maintaining a meeting atmosphere of mutual respect and speakers are encouraged to honor this principal.

The Port Authority office is ADA compliant. Please contact the Administrative Office at 509-884-4700 at least three (3) days in advance if you need any language, hearing or physical accommodation.



**Chelan Douglas Regional Port Authority
Board of Directors
SUGGESTED MOTIONS
July 14th, 2020**

IV. CONSENT AGENDAS

CDRPA CONSENT AGENDA

To approve the Chelan Douglas Regional Port Authority (CDRPA) Consent Agenda consisting of Minutes of June 23rd, 2020 Meeting; and Check Register Pages #2020-16-#2020-23, including electronic transfers, as presented.

POCC CONSENT AGENDA

To approve the Port of Chelan County Consent Agenda consisting of Check Register Pages #2020-11, as presented.

PODC CONSENT AGENDA

To adopt PODC Consent Agenda consisting of Check Register Pages #2020-10-#2020-11, including electronic transfers, as presented.

V. CDRPA ACTION ITEMS

(1) CDRPA Resolution No. 2020-13 Declaring a State of Emergency regarding HVAC at Executive Flight Building

To adopt CDRPA Resolution No. 2020-13 declaring that a state of emergency exists due to significant issues with the HVAC system for the Executive Flight Building which could result in catastrophic failure; and authorizing and ratifying, purchase of services, materials and equipment and the award of contracts necessary and appropriate to address this emergency situation.

(2) Salcido Enterprises – Additional Extension – Contribution in Aid of Construction Payment

To authorize the CEO to sign an additional extension – contribution in aid of construction payment with Salcido Enterprises.

**(3) Approval of Memorandum of Understanding with S.P.O.R.T Fitness Center, LLC
– Columbia Street Property**

To Authorize the CEO to enter into a non-binding Memorandum of Understanding with S.P.O.R.T Fitness Center, LLC.

(4) Approval of Annual Financial Report – Pangborn Memorial Airport

To approve the 2019 Pangborn Memorial Airport Annual Financial Report, as presented.

(5) Approval of Annual Financial Report – Port of Douglas County

To approve the 2019 Port of Douglas County Annual Financial Report, as presented.



**Board of Directors
Chelan Douglas Regional Port Authority
Meeting Minutes
Zoom Meeting
June 23rd, 2020
9:00 am**

Present:

Directors

JC Baldwin, Director (via Zoom)
Donn Etherington, Director (via Zoom)
*Rory Turner, Director

*Jim Huffman, Director
W. Alan Loebsock, Director (via Zoom)
Mark Spurgeon, Director (via Zoom)

Staff

*Jim Kuntz, Chief Executive Officer
*Monica Lough, Director of Finance & Admin.
Ron Criddlebaugh, Director of Economic Development
Craig Larsen, Business Development Manager
Tricia Degnan, CTC Manager
Sarah Deenik, Communications Coordinator
Cami Harris, Executive Assistant
Laura Camarillo Reyes, CTC Assistant

*Trent Moyers, Director of Airports
*Bobbie Chatriand, Administrative Asst.
*Quentin Batjer, Legal Counsel
Stacie de Mestre, Property & Facilities Mgr.
Randy Asplund, Port Engineer
*Pete Fraley, Legal Counsel

*Commissioner Turner, Commission Huffman, Jim Kuntz, Monica Lough, Trent Moyers, Quentin Batjer, Pete Fraley, and Bobbie Chatriand in person; others via Zoom.

Guests (all via Zoom):

Ray Dobbs, City of Chelan
Linda Haglund, Wenatchee Downtown
Carrie Larson, Carrie Larson Daycare
J.R. Norvell, T-O Engineers
Jared Wingo, T-O Engineers
Chris Mansfield, T-O Engineers
Nathan Cuvala, T-O Engineers

Alec Seybold, Flight Tech
Richard Scott, Flight Tech
Ron Nielsen, SBDC
John Morosco, SBDC
Taryn Harris, SPORT Gymnastics
Flint Hartwig, for SPORT Gymnastics

The Chelan Douglas Regional Port Authority (CDRPA) Meeting was called to order at 9:00 am. Due to the COVID-19 virus outbreak, the meeting was held at Confluence Technology Center via Zoom as previously posted in the required Public Meeting Notice.

Director Turner inquired how his fellow Directors are doing during COVID-19, and each Director gave a short report. Roll call was taken.

Conflict of Interest – None.

Guest Carrie Larson – Kuntz introduced Carrie Larson of Carrie Larson Daycare. Carrie was recently awarded a grant from the Regional Port to assist her business affected by COVID-19. Carrie expressed her gratitude for the grant and told the Commissioners the grant helped save her daycare business.

Addition to Agenda – Kuntz requested the Board add "Authorization to Enter into Interlocal Agreement with Chelan County – CARES Act" to the agenda. The Board agreed.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY ACTION ITEMS:

Lease Termination Agreement – Ultra Polymers – Kuntz provided information on the early lease termination with Ultra Polymers. Ultra Polymers will vacate the space in IB#5 on July 31st, 2020. The Chelan County PUD has agreed to lease the space vacated by Ultra Polymers. Discussion ensued and the following action was taken:

Motion No.	06-09-20 CDRPA
Moved by:	JC Baldwin
Seconded by:	Jim Huffman
	To authorize the CEO to sign the Lease Termination Agreement with Ultra Polymers.

Motion passed 6-0.

Authorization to Enter into Interlocal Agreement with Chelan County – CARES Act Grant - Kuntz provided information on a proposed Interlocal Agreement with Chelan County concerning the \$920,000 CARES Act Grant. Chelan County Commissioners have expressed an interest in the Regional Port administering the program for Chelan County to assist small businesses affected by the COVID-19 pandemic. The Interlocal Agreement outlines the agreement between Chelan County and the Regional Port. Discussions ensued and the following action was taken:

Motion No.	06-10-2020 CDRPA
Moved by:	Donn Etherington
Seconded by:	Mark Spurgeon
	To authorize the CEO to enter into an Interlocal Agreement with Chelan County related to COVID-19 CARES Act Small Business Fund.

Motion passed 6-0.

PRESENTATIONS:

Small Business Development Center (SBDC) – Ron Nielsen & John Morosco – Ron Nielsen provided an overview of the SBDC’s 2020 year-to-date activities. The SBDC has conducted very successful online meetings and workshops, and has experienced a high volume of businesses contacting them since the outbreak of COVID-19. Nielsen thanked the Board for administering the grant funds to Chelan and Douglas County small businesses. John Morosco introduced himself as a new SBDC Counselor working with Nielsen in the Wenatchee office. He provided information on his background. The Board welcomed him and thanked the SBDC for the hard work in assisting businesses during the pandemic.

Columbia Street Property Proposal for Purchase (H Buildings) SPORT – Kuntz & de Mestre provided information on the Columbia Street Property Request for Proposals (RFP) for H Buildings. The RFP was advertised in May as well as sent to previously interested parties. As a result of the RFP, one proposal was received.

De Mestre introduced Flint Hartwig, investor and local developer with Eider Construction; and Taryn Harris, Owner and Director of SPORT Gymnastics. Hartwig and Harris provided a presentation on their proposal including their vision of the adaptive reuse of the buildings, regional interest for such a business in the area, and timeline for construction and opening. Discussions ensued.

The Board, Legal Counsel, and Regional Port staff agreed the next step is to draft a Memorandum of Understanding between the Regional Port and SPORT. The following action was taken:

Motion No.
Moved by:
Seconded by:

06-11-20 CDRPA
Jim Huffman
Mark Spurgeon
To accept SPORT's proposal as the successful applicant in the Request for Proposal process for Lineage South H Buildings and authorize staff to proceed with the Memorandum of Understanding process.

Motion passed 6-0.

Airport Approach Lighting and Instrument Approach System T-O Engineers – The T-O Engineers team, along with input from members of Flight Tech, provided an update on the existing instrument approach system and a proposed approach lighting system. Pangborn is currently the only airport in Washington and Oregon without an approach lighting system. Kuntz reviewed “going forward strategies” including terrain survey work, new approach lighting system (including land acquisition), offset runway instrument system, and relocating the ASOS and/or installing runway visual range equipment. Discussions ensued and Board directed staff to proceed with top priority projects: a new terrain survey, and begin the process of procuring an approach lighting system which includes land acquisition. Staff will begin contacting land owners.

Regional Port Economic Development Initiatives Related to COVID-19 (Third Party Resources & Regional Port Resources) – Lough reviewed the list of all available grants and funding amounts in Chelan and Douglas Counties related to COVID-19 relief for small businesses. She reviewed status of applications and amounts paid out to date. This list will be updated prior to each meeting for Board review.

CDRPA INFORMATIONAL ITEMS:

LOJO Property – Kuntz reviewed the LOJO Property Purchase & Sale Agreement. The agreement is for a purchase price of \$1,377,500 for 72.5 acres and has a 90 day contingency period ending September 11, 2020. A Phase One Environmental Assessment has been ordered and staff will begin working on water supply issues with Malaga Water District and the Chelan County PUD. Discussions ensued.

Giga Watt – Kuntz provided an update on the former Giga Watt site. The third party clean-up is complete. The Regional Port has full control of the property. The Regional Port has applied for a CERB Grant for a study on potential future uses for the site.

Lineage South – de Mestre, Fraley and Asplund provided updates on items at the Lineage South Property buildings discovered in preparation for a Boundary Line Adjustment. Items include a Burlington Northern SF (BNSF) Railroad shipping container and fence located on the property, and access issues to the loading docks off Kittitas Street. Discussions ensued.

Executive Flight HVAC and Space Study Projects – de Mestre provided an update on the HVAC and Space Study Projects for Executive Flight Building. The HVAC replacement will need to be done in phases in order to have heat to the Regional Port administrative offices this winter. De Mestre is reviewing the HVAC replacement cost estimates provided yesterday by Holaday Parks. A detailed update will be provided at the July 14th Regional Port Meeting.

CTC HVAC Replacement Project – In Degnan’s absence, Lough provided an update on the HVAC Replacement Project at the CTC. The project is complete and came in on time and under budget.

Kuntz provided information and updates including:

- The Regional Port has offered Chelan County the empty space previously occupied by AgroFresh to temporarily store various PPE equipment at no cost to the County. The Regional Port can cancel the use of the space upon 30 days notice. The County has also expressed interest in said space for use as an Emergency Management Operations Center in the future.
- The next Tri Commission meeting will likely be on August 11th.
- Offered a summer internship to Sam Williams. He starts July 1st and will be with the Regional Port until he returns to school in August. He will do various jobs for the Port.

Lough provided information and updates including:

- New Accounting Specialist, Bealinda Tidd, will start at the Regional Port on Wednesday.

Moyers provided information and updates including:

- Crack sealing in Executive Flight parking lot is complete.
- On July 15th, Horizon will begin two flights per day out of Pangborn for the summer.
- Avis-Budget is leaving Pangborn as a tenant on August 1st.
- Travelling to Spokane on Friday to look at Spokane International Airport’s fully-automated parking system.
- Update on a hangar tenant who is behind in rent. The tenant has been given notice that if the rent is not paid in full, Pangborn may auction off the abandoned aircraft, per the lease agreement.

De Mestre provided information and updates including:

- Moving some funds in the Capital Projects budget for 2020 from IB#3 to IB#5 for gutter replacement due to leaks.

Larsen provided information and updates including:

- Munch Machines is purchasing a building in Cashmere and will be staying in Chelan County.

Cridlebaugh provided information and updates including:

- Working on Department of Commerce ADO reports that are due early July.
- Working with a value-added agriculture company who is looking for 10,000-15,000 square feet in Chelan or Douglas counties.

Public Comment – An opportunity for public comment was provided; however no public comments were made.

REVIEW CALENDAR OF EVENTS – Not reviewed at this time.

ITEMS FROM BOARD OF DIRECTORS:

- Commissioner Huffman encouraged all Board members and Regional Port staff to wear masks to help stop the spread of COVID-19.
- Commissioner Spurgeon provided updates on the last Wenatchee Chamber of Commerce Board meeting including increased number of home sales in the Leavenworth area to buyers from the Westside.
- Commissioner Etherington requested the next meeting on July 14th be moved to 1:00 pm to accommodate cherry harvest; Board and staff agreed.

EXECUTIVE SESSION:

An Executive Session was called at 12:50 pm to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110(1)(b)). Kuntz estimated the time in Executive Session would be 20 minutes.

Meeting moved out of Executive Session at 1:01 pm into Regular Session and was immediately adjourned at 1:01 pm with no action taken.

Signed and dated this 14th day of July, 2020.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY

JC Baldwin, Director

Jim Huffman, Director

Donn Etherington, Director

Mark Spurgeon, Director

Rory Turner, Director

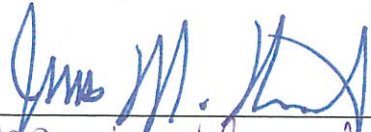
W. Alan Loeb sack, Director

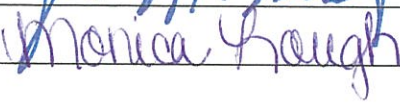
**Chelan Douglas Regional Port Authority
Check Register Listing**

Issued	Register #	Reason	First #	Last #	Amount
06/05/20	2020-16	Small Business Grants	5739	5747	\$ 28,134.00
06/09/20	2020-17	Equipment Purchase		5748	10,070.28
06/12/20	2020-19	Small Business Grants	5839	5870	118,127.03
06/15/20		Payroll Mid-Month Draws		EFT	3,250.00
06/15/20	2020-18	Mid-Month Payables	5749	5838	227,957.05
06/18/20		VIMLY Benefit Solutions - HRA		EFT	446.64
06/19/20	2020-20	Small Business Grants	5871	5891	121,500.00
06/23/20		VIMLY Benefit Solutions - HRA		EFT	307.02
06/26/20	2020-21	Small Business Grants	5892	5922	170,964.12
06/26/20		WA Dept of Revenue - Sales Tax		EFT	2,309.48
06/30/20	2020-22	Payroll	5923	5927	227,500.98
06/30/20	2020-23	Month End Payables	5928	5973	386,888.64

235 checks, EFTPS, and electronic payroll deposits for approval July 14, 2020 total:
\$ 1,297,455.24

We, the undersigned Directors of the Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify the merchandise or services hereinafter have been received and that the checks listed above are approved for payment.

Chief Executive Officer 

Dir. of Finance & Admin. 

Director Baldwin _____

Director Etherington _____

Director Huffman _____

Director Loeb sack _____

Director Spurgeon _____

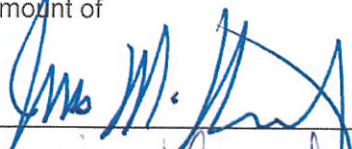
Director Turner _____

**Chelan Douglas Regional Port Authority
Check Register
2020-16**

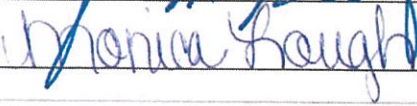
We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 5, 2020 checks 5739 - 5747 in the amount of \$ 28,134.00

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin



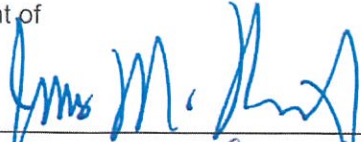
Date Issued	Claimant	Purpose	Check Number	Amount
WWSBEG REIMBURSEMENT - DOUGLAS COUNTY				
6/5/2020	Arseneault Automation		5739	5,000.00
6/5/2020	Chandler Business Interiors		5740	3,134.00
6/5/2020	Chinook Music Services, LLC		5741	5,000.00
6/5/2020	Nail Pro		5745	5,000.00
6/5/2020	Golden East Restaurant, LLC		5747	5,000.00
	Net WWSBEG Reimbursement - Douglas County			<u><u>23,134.00</u></u>
WWSBEG REIMBURSEMENT - CHELAN COUNTY				
6/5/2020	Edible Art, LLC		5742	5,000.00
	Net WWSBEG Reimbursement - Chelan County			<u><u>5,000.00</u></u>
	TOTAL			<u><u>28,134.00</u></u>
	VOIDS #5743, 5744, 5746			

Chelan Douglas Regional Port Authority
Check Register
2020-17

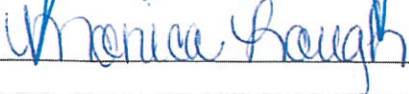
We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 9, 2020 check 5748 in the amount of \$ 10,070.28

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin



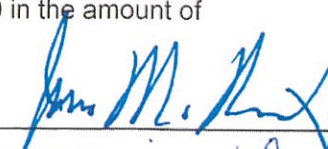
Date Issued	Claimant	Purpose	Check Number	Amount
		CDRPA Miscellaneous Equipment		
6/9/2020	Luft Trailer Sales	2020 CB 7X14 Dump 36'	5748	10,070.28
		Net CDRPA Miscellaneous Equipment		10,070.28
		TOTAL		10,070.28

**Chelan Douglas Regional Port Authority
Check Register
2020-19**

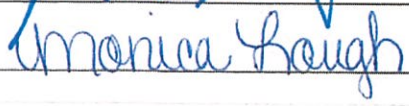
We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 12, 2020 checks 5839 - 5870 in the amount of \$ 118,127.03

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin



Date Issued	Claimant	Purpose	Check Number	Amount
WWSBEG REIMBURSEMENT - DOUGLAS COUNTY				
6/12/2020	Apple Blossom Floral Inc.		5843	5,000.00
6/12/2020	AR Studio 92		5844	2,797.59
6/12/2020	Caroline McGregor's Licensed Child Care		5846	3,134.00
6/12/2020	Carrie D Larson Childcare		5847	5,000.00
6/12/2020	Columbia Yard Service LLC		5850	5,000.00
6/12/2020	Common Sense Roofing		5851	5,000.00
6/12/2020	Lashes & Mustaches		5870	2,901.53
6/12/2020	Mt the Attic		5858	5,000.00
6/12/2020	Rebekah's Photography		5861	2,300.00
6/12/2020	San Francisco Sourdough Eatery		5862	5,000.00
	Net WWSBEG Reimbursement - Douglas County			41,133.12
WWSBEG REIMBURSEMENT - CHELAN COUNTY				
6/12/2020	97 Rock House		5839	5,000.00
6/12/2020	A Book For All Seasons		5840	5,000.00
6/12/2020	Actualize Sports & Fitness		5841	5,000.00
6/12/2020	Anna's Creations Bridal Boutique & Tuxedo		5842	5,000.00
6/12/2020	Fresh Burger Café		5845	5,000.00
6/12/2020	Class with a Glass		5849	5,000.00
6/12/2020	Hope Mountain Farm LLC		5854	5,000.00
6/12/2020	Integrity Piercing		5855	5,000.00
6/12/2020	Seven Auto Sales		5869	5,000.00
6/12/2020	Shakti's		5864	5,000.00
6/12/2020	Futbol-Era LLC Soccer Store		5853	5,000.00
6/12/2020	Studio No. 7		5865	2,500.00
6/12/2020	Team Bales Trucking LLC		5866	5,000.00
6/12/2020	The Sugaring Hut		5867	5,000.00
	Net WWSBEG Reimbursement - Chelan County			67,500.00

**Chelan Douglas Regional Port Authority
Check Register
2020-19**

CDRPA - RENT PARTICIPATION GRANTS

6/12/2020	Cascade Property Group LLC	Polished Day Spa	5848	500.04
6/12/2020	EGN Legacy LLC	Mission Peak Physical Therapy PLLC	5852	1,000.00
6/12/2020	M & M Plaza LLC	Nail Pro	5857	1,000.00
6/12/2020	Our Silver Lining	Pine River Ranch	5859	1,000.00
6/12/2020	Pybus Public Market	Anderson Family Farm	5860	993.87
Net CDRPA-Rent Participation Grants				<u><u>4,493.91</u></u>

CHELAN COUNTY GRANTS

6/12/2020	Tumbleweed Shop and Studio LLC		5868	5,000.00
Net Chelan County Grants				<u><u>5,000.00</u></u>

TOTAL

118,127.03

Void #5863, 5856

**Chelan Douglas Regional Port Authority
Check Register
2020-18**

We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 15, 2020 checks 5749 - 5838 in the amount of \$ 227,957.05

Jim Kuntz, Chief Executive Officer

Monica Lough, Director of Finance & Admin

Date Issued	Claimant	Purpose	Check Number	Amount
<u>CASHMERE MILL DISTRICT</u>				
6/15/2020	Chelan County PUD	Electricity	5765	461.96
6/15/2020	City of Cashmere	Water / Sewer	5769	623.50
6/15/2020	Waste Management	Dumpster/Refuse Pickup	5827	320.60
	Net Cashmere Mill District			<u>1,406.06</u>
<u>CONFLUENCE TECHNOLOGY CENTER</u>				
6/15/2020	Banner Bank-TD	Signs, Masks	5759	244.54
6/15/2020	Cascade Natural Gas	Natural Gas	5762	34.65
6/15/2020	Chelan County PUD	Water / Electrical	5764	6,978.47
6/15/2020	City of Wenatchee	Wastewater	5771	334.67
6/15/2020	City of Wenatchee	Refund Reservations	5773	1,438.03
6/15/2020	Consolidated Electrical Distributors	Building Lights	5776	474.84
6/15/2020	Dept of L&I-Elevator Program	Renew Annual Operating Certificate	5778	480.90
6/15/2020	Fire Chief Equipment Co., Inc.	Replace Fire Dept Connection	5787	3,942.78
6/15/2020	Firefly	D-Link 52-Port Switch	5788	27,237.37
6/15/2020	Firefly	Renew Subscription:Normadix AG5900	5791	3,249.58
6/15/2020	GFC Services	Janitorial & Preventative Sanitize Cleaning	5792	4,079.60
6/15/2020	Local Tel Communications	Fire Suppression & Sprinkler	5801	635.81
6/15/2020	Lowe's	Maintenance Supplies	5802	44.29
6/15/2020	North Central ESD	Video Conference Contract	5805	2,409.00
6/15/2020	Office Depot	Office Supplies	5806	287.48
6/15/2020	Pacific Security	Security System	5808	352.25
6/15/2020	TLC Management, Inc.	Landscaping	5819	2,192.96
6/15/2020	Waste Management	Dumpster/Refuse Pickup	5825	804.54
6/15/2020	Weinstein Beverage Co.	Coffee Service Supplies	5830	99.74
6/15/2020	Zply Fiber	Phone	5836	636.00
	Net Confluence Technology Center			<u>55,957.50</u>
<u>DOWNTOWN WENATCHEE SOUTH</u>				
6/15/2020	Cascade Natural Gas	Utilities	5762	13.78
6/15/2020	Chelan County PUD	Utilities	5766	788.47
6/15/2020	City of Wenatchee	Fire Sprinkler	5772	797.86
6/15/2020	Keyhole Security Inc.	Rekey	5798	254.87
	Net Downtown Wenatchee South			<u>1,854.98</u>

**Chelan Douglas Regional Port Authority
Check Register
2020-18**

OLDS STATION BUSINESS PARK

6/15/2020	Cascade Natural Gas	Natural Gas	5762	13.78
6/15/2020	City of Wenatchee	Stormwater	5770	553.05
6/15/2020	Consolidated Electrical Distributors	Building Lights	5776	57.37
6/15/2020	Home Depot Pro	Irrigation Repair Supply	5803	5.65
6/15/2020	Keyhole Security Inc.	Duplicate Keys	5798	63.96
6/15/2020	Lowe's	Building Maintenance Supplies	5802	350.45
6/15/2020	S & W Irrigation	Irrigation Repair Supply	5815	342.02
6/15/2020	Stemilt World Famous Compost	Landscaping	5818	70.00
6/15/2020	Waste Management	Dumpster/Refuse Pickup	5824	245.40
6/15/2020	Keyhole Security Inc.	Duplicate Keys	5838	14.11
	Net Olds Station Business Park			1,715.79

PANGBORN AIRPORT

6/15/2020	Ag Supply Co.	Fuel (M&O)	5749	1,042.41
6/15/2020	Airside Solutions, Inc.	Reflective Markers	5750	730.12
6/15/2020	Alliant Insurance Services, Inc.	20-21 Policy: Storage Tank	5751	8,658.00
6/15/2020	AvFuel Corp	Jet A Inventory	5754	15,998.91
6/15/2020	Banner Bank-RR	Terminal Maint Supplies, Vehicle Maint	5757	1,764.17
6/15/2020	Banner Bank-TF	Safety Labels, Vehicle Maintenance	5760	55.45
6/15/2020	Calhoun & Dejong, Inc.	FBO Maintenance Supplies	5761	2,325.41
6/15/2020	Cintas Corporation	Laundry-Uniforms	5768	117.22
6/15/2020	Douglas County PUD	Airfield/Terminal Electricity	5779	1,951.00
6/15/2020	Dwayne McMahon	Hangar Deposit Refund	5783	205.00
6/15/2020	East Wenatchee Water District	Water	5786	733.00
6/15/2020	Firefly	Computer Service	5790	2,165.19
6/15/2020	Home Depot Pro	Janitorial Supplies	5803	193.10
6/15/2020	Legend Data Systems, Inc.	Regulatory Compliance Supplies	5800	1,212.65
6/15/2020	Local Tel Communications	Terminal - Service Call	5801	88.81
6/15/2020	Lowe's	Airfield Maintenance Supplies	5804	44.65
6/15/2020	Oxarc	Supplies	5807	79.37
6/15/2020	Platt Electric Supply	Light Bulbs	5811	249.73
6/15/2020	ProDIGIQ, Inc.	Maintenance Support	5812	785.00
6/15/2020	Spectrum Communications, Inc.	Preventative Maint, Repairs	5816	3,102.14
6/15/2020	Verizon Wireless	Jet Pack Phone	5820	18.02
6/15/2020	Verizon Wireless	On Call Phones	5821	64.29
6/15/2020	Waste Management	Dumpster/Refuse Pickup	5828	812.08
6/15/2020	Cintas Corporation	Laundry-Uniforms	5837	58.61
	Net Pangborn Airport			42,454.33

PANGBORN AIRPORT BUSINESS PARK

6/15/2020	Douglas County PUD	Electricity	5781	3,662.00
6/15/2020	East Wenatchee Water District	Water	5785	315.85
6/15/2020	Peaceful Retreat Yard Care & Landscaping	Landscaping	5809	2,842.88
6/15/2020	WW Pumping Service Inc.	CWICC - Pumped Septic Tank	5822	877.23
6/15/2020	Net Pangborn Airport Business Park			7,697.96

**Chelan Douglas Regional Port Authority
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<u>RPA OFFICE/AVIATION CENTER</u>				
6/15/2020	Banner Bank-RR	Bldg Maintenance Supplies	5757	(34.95)
6/15/2020	Cascade Natural Gas	Natural Gas	5762	601.25
6/15/2020	Douglas County PUD	Electricity	5780	749.00
6/15/2020	East Wenatchee Water District	Water	5784	265.45
6/15/2020	iPro Building Services, LLC	Janitorial	5796	750.00
6/15/2020	Platt Electric Supply	Light Bulbs	5811	91.47
6/15/2020	Waste Management	Recycle/Dumpster/Refuse Pickup	5826	349.26
	Net RPA Office/Aviation Center			2,771.48
 <u>LAKE CHELAN AIRPORT</u>				
6/15/2020	Chelan County PUD	Utilities	5763	21.25
	Net Lake Chelan Airport			21.25
 <u>MANSFIELD AIRPORT</u>				
6/15/2020	Douglas County PUD	Utilities	5782	43.00
	Net Mansfield Airport			43.00
 <u>ORONDO RIVER PARK</u>				
6/15/2020	Bi-Mart	Supplies	5756	26.44
6/15/2020	Keyhole Security Inc.	Rekey, Service Call	5798	479.90
6/15/2020	Pacific Security	Security Service	5808	402.74
6/15/2020	Peaceful Retreat Yard Care & Landscaping	Landscaping	5810	3,065.36
6/15/2020	Stacie de Mestre	Supplies	5817	21.39
6/15/2020	Waste Management	Dumpster/Refuse Pickup	5829	123.15
6/15/2020	Wilky's Water	Water Management	5833	500.00
6/15/2020	York Building Services	Clean/Sanitize Restrooms	5835	460.00
	Net Orondo River Park			5,078.98
 <u>PYBUS INCUBATOR</u>				
6/15/2020	Apple Pi Janitorial LLC	Janitorial Services	5752	379.52
	Net Pybus Incubator			379.52
 <u>ADMINISTRATIVE & GENERAL</u>				
6/15/2020	Banner Bank-PE	Office Supplies, Membership	5755	777.37
6/15/2020	Banner Bank-SD	Office Face Masks	5758	45.43
6/15/2020	Coleman Oil Company	Fuel for Truck	5774	124.61
6/15/2020	Community Glass Company	Custom Sneeze Guards, Plexi Glass	5775	455.70
6/15/2020	CrossRoads Strategies, LLC	Consulting	5777	3,333.33
6/15/2020	Firefly	Computer Service	5789	2,982.07
6/15/2020	Landline Surveyors	Prep Elevator Certificate	5799	262.50
6/15/2020	Quadient Leasing USA	Postage Meter	5813	233.94
6/15/2020	Quincy Valley Chamber of Commerce	Membership	5814	350.00
6/15/2020	Stacie De Mestre	Supplies, Travel	5817	361.38
6/15/2020	Washington Manufacturing Alert	Subscription: C Larsen	5823	151.90
6/15/2020	Xerox	Copier Lease & Meter Charge	5834	504.93
	Net Administrative & General			9,583.16

**Chelan Douglas Regional Port Authority
Check Register
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BUSINESS DEVELOPMENT & MARKETING

6/15/2020	Banner Bank-PE	Misc Marketing, FB Job Posting	5755	137.81
6/15/2020	Banner Bank-RC	Misc Marketing	5756	22.73
6/15/2020	Cherry Creek Media	Advertising-"Shop Local"	5767	2,365.00
6/15/2020	Wenatchee World	Advertising-"Shop Local"	5831	1,600.00
	Net Business Development & Marketing			4,125.54

CAPITAL PROJECTS

6/15/2020	Arrow Construction Supply, Inc.	Crack Sealer/Compressor	5753	71,478.00
6/15/2020	Halme Builders, Inc.	Terminal Capacity Improvements	5793	21,040.38
6/15/2020	Halme Builders, Inc.	Security & Safety Improvements	5794	2,027.24
6/15/2020	Journal of Business	RFP: Downtown Wenatchee South	5797	180.00
6/15/2020	Wenatchee World	Prop. Surplus:Downtown Wenatchee S	5832	141.88
	Net Capital Projects			94,867.50

TOTAL

227,957.05

Void #5795

**Chelan Douglas Regional Port Authority
Check Register
2020-20**

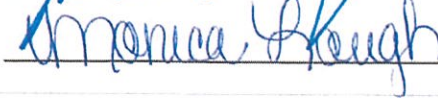
We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 19, 2020 checks 5871 - 5891 in the amount of \$ 121,500.00

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin



Date Issued	Claimant	Purpose	Check Number	Amount
WWSBEG REIMBURSEMENT - DOUGLAS COUNTY				
6/19/2020	Pom-Arleau Transfer & Storage		5885	5,000.00
6/19/2020	The Rock Bar and Grill		5888	5,000.00
	Net WWSBEG Reimbursement - Douglas County			<u>10,000.00</u>
WWSBEG REIMBURSEMENT - CHELAN COUNTY				
6/19/2020	Café Columbia		5872	5,000.00
6/19/2020	iLa Yoga		5876	5,000.00
6/19/2020	Lany's Beauty Salon		5879	5,000.00
6/19/2020	Pins & Needles		5884	5,000.00
6/19/2020	Traci and Friends Childcare		5889	5,000.00
6/19/2020	Wenatchee School of Karate		5891	5,000.00
	Net WWSBEG Reimbursement - Chelan County			<u>30,000.00</u>
DOUGLAS COUNTY CARES ACT GRANTS				
6/19/2020	Bellagio Nail & Spa Salon		5871	10,000.00
6/19/2020	Golden Grain Cafe & Spirits		5874	5,000.00
6/19/2020	Mansfield Family Market		5881	10,000.00
6/19/2020	Mansfield Hardware		5882	10,000.00
6/19/2020	Rockridge 4WD		5886	10,000.00
6/19/2020	Split Rock Auto		5887	10,000.00
	Net Douglas County CARES Act Grants			<u>55,000.00</u>
CDRPA - RENT PARTICIPATION GRANTS				
6/19/2020	Kimberly Habich	Cast Gold Restorations, Inc.	5878	1,000.00
	Net CDRPA-Rent Participation Grants			<u>1,000.00</u>

**Chelan Douglas Regional Port Authority
Check Register
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CHELAN COUNTY GRANTS

6/19/2020	Collins Fashions	5873	5,000.00
6/19/2020	Haglund's Trophies	5875	5,000.00
6/19/2020	Longdrop Cider	5880	5,000.00
6/19/2020	North Shore Café	5883	5,000.00
6/19/2020	Tropical Salvadoreno Restaurante	5890	5,000.00
	Net Chelan County Grants		<u><u>25,000.00</u></u>

CDRPA Ready to Reopen Grants

6/19/2020	Katelynn Marie Photography	5877	500.00
	Net CDRPA Ready to Reopen Grants		<u><u>500.00</u></u>

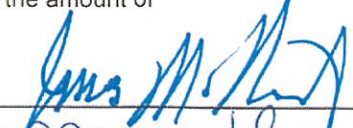
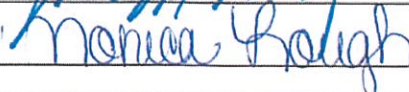
TOTAL

121,500.00

**Chelan Douglas Regional Port Authority
Check Register
2020-21**

We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 26, 2020 checks 5892 - 5922 in the amount of \$ 170,964.12

Jim Kuntz, Chief Executive Officer 
 Monica Lough, Director of Finance & Admin 

Date Issued	Claimant	Purpose	Check Number	Amount
WWSBEG REIMBURSEMENT - DOUGLAS COUNTY				
06/26/2020	EbbigHausen Construction Services		5900	5,000.00
	Pursuit Carpentry		5915	5,000.00
	Revive Salon		5917	5,000.00
	Studio C		5920	1,905.71
	Net WWSBEG Reimbursement - Douglas County			<u>16,905.71</u>
WWSBEG REIMBURSEMENT - CHELAN COUNTY				
06/26/2020	American Shoe Shop		5893	5,000.00
	Indigo Salon		5903	5,000.00
	Kristi Bryant-Mayer		5906	1,035.56
	Melinda Raven		5910	3,795.32
	Nancy's Party Rentals		5912	5,000.00
	The Thai Restaurant		5922	5,000.00
	Net WWSBEG Reimbursement - Chelan County			<u>24,830.88</u>
DOUGLAS COUNTY CARES ACT GRANTS				
06/26/2020	All American Ice Cream		5892	10,000.00
	Apple Blossom Floral, Inc.		5894	5,000.00
	Bridgeport Plaza		5896	10,000.00
	Common Sense Roofing		5898	5,000.00
	Fluegge Family Dentistry		5901	8,000.00
	Hometown Hearing		5902	10,000.00
	Jacob's Painting		5904	10,000.00
	Little Handz Daycare		5907	3,629.36
	LNG Construction		5908	10,000.00
	PH Fortune		5913	10,000.00
	Polished Day Spa		5914	9,000.00
	Radillo Law Firm		5916	10,000.00
	Screaming Octopus		5918	2,900.00
	SureStay Wenatchee		5921	6,698.17
	Net Douglas County CARES Act Grants			<u>110,227.53</u>
CDRPA - RENT PARTICIPATION GRANTS				
06/26/2020	Jay Byers	Mid-Valley Fitness	5905	1,000.00
	Net CDRPA-Rent Participation Grants			<u>1,000.00</u>

**Chelan Douglas Regional Port Authority
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2020-21**

		CHELAN COUNTY .09 GRANTS	
06/26/2020	Apple Cup Café	5895	5,000.00
	Cuc Tran Café	5899	5,000.00
	Slidewaters	5919	5,000.00
	Net Chelan County Grants		<u><u>15,000.00</u></u>
		CDRPA Ready to Reopen Grants	
06/26/2020	Club West Fitness	5897	1,000.00
	Lovely Nails	5909	1,000.00
	Nail Pro	5911	1,000.00
	Net CDRPA Ready to Reopen Grants		<u><u>3,000.00</u></u>
TOTAL			<u><u>170,964.12</u></u>

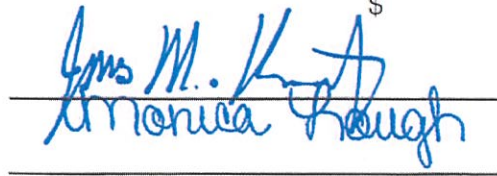
Chelan Douglas Regional Port Authority
Check Register
2020-22

We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 30th, 2020, checks 5923-5927 & electronic payments in the amount of:

\$ 227,500.98

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin

Date Issued	Claimant	Purpose	Check Number	Amount
Payroll				
06/30/20	Baldwin, JC	June Payroll	ACH	1,476.68
06/30/20	Beidler, Camryn	June Payroll	ACH	1,605.33
06/30/20	Camarillo Reyes, Laura	June Payroll	ACH	2,655.22
06/30/20	Chatriand, Bobbie	June Payroll	ACH	2,687.89
06/30/20	Cridlebaugh, Ron	June Payroll	ACH	5,669.76
06/30/20	de Mestre, Stacie	June Payroll	ACH	4,953.95
06/30/20	Deenik, Sarah	June Payroll	ACH	4,018.34
06/30/20	Degnan, Tricia	June Payroll	ACH	4,239.59
06/30/20	Etherington, Donn	June Payroll	ACH	1,520.35
06/30/20	Flaget, Todd	June Payroll	ACH	3,660.33
06/30/20	Harris, Cami	June Payroll	ACH	3,001.91
06/30/20	Huffman, James	June Payroll	ACH	1,439.35
06/30/20	Kuntz, James	June Payroll	ACH	11,280.63
06/30/20	Lamb, Kenneth	June Payroll	ACH	4,000.95
06/30/20	Lamb, Shane	June Payroll	ACH	1,418.23
06/30/20	Lape, Felicity	June Payroll	ACH	4,344.95
06/30/20	Larsen, Craig	June Payroll	ACH	6,012.80
06/30/20	Loebsack, W. Alan	June Payroll	ACH	305.68
06/30/20	Lough, Monica	June Payroll	ACH	7,495.14
06/30/20	Martinez, Rafael	June Payroll	ACH	3,209.12
06/30/20	McKivor, Esther	June Payroll	ACH	3,580.69
06/30/20	Millian, Edwin	June Payroll	ACH	568.88
06/30/20	Moyers, Trent	June Payroll	ACH	7,147.41
06/30/20	Orr, Marcus	June Payroll	ACH	3,628.34
06/30/20	Parks, Lisa	June Payroll	ACH	6,892.50
06/30/20	Ramos, Jorge	June Payroll	ACH	2,137.40
06/30/20	Russ, Ron	June Payroll	ACH	5,512.52

06/30/20	Russell, Justin	June Payroll	ACH	3,469.19
06/30/20	Sanchez, Edwin	June Payroll	ACH	1,189.68
06/30/20	Sanchez, Isidro	June Payroll	5923	426.65
06/30/20	Scott, Tristan	June Payroll	ACH	2,217.72
06/30/20	Smith, Charles	June Payroll	ACH	3,373.00
06/30/20	Spurgeon, Mark	June Payroll	ACH	678.52
06/30/20	Tidd, Bealinda	June Payroll	5924	765.89
06/30/20	Turner, Rory	June Payroll	ACH	1,476.67
06/30/20	Vargas, Manuel	June Payroll	ACH	3,873.32
06/30/20	Sarah K. Deenik	June Sunshine fund	5925	122.00
06/30/20	HRA VEBA Trust	June VEBA	5926	2,000.00
06/30/20	Washington Counties Insurance Fund	July Insurance	5927	27,975.81
06/30/20	Department of Retirement Systems	June Retirement	ACH	34,596.63
06/30/20	US Treasury	June Payroll taxes	EFTPS	40,871.96
	Net Payroll			<u>227,500.98</u>

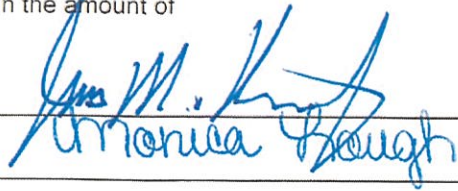
**Chelan Douglas Regional Port Authority
Check Register
2020-23**

We, the undersigned Directors of Chelan Douglas Regional Port Authority, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 30, 2020 checks 5928 - 5973 in the amount of \$ 386,888.64

Jim Kuntz, Chief Executive Officer

Monica Lough, Director of Finance & Admin



Date Issued	Claimant	Purpose	Check Number	Amount
<u>CASHMERE MILL DISTRICT</u>				
6/30/2020	Local Tel Communications	Fire Alarm Services	5957	181.77
6/30/2020	Tom's Tilling & Mowing	Landscaping	5967	1,407.90
6/30/2020	Waster Management	Refuse Collection	5970	384.84
	Net Cashmere Mill District			1,974.51
<u>CONFLUENCE TECHNOLOGY CENTER</u>				
6/30/2020	Cascade Natural Gas	Natural Gas	5933	16.51
6/30/2020	Crown Paper & Janitorial Supply	Custodial Supplies	5938	653.15
6/30/2020	Express Services, Inc.	Contract Labor	5944	108.15
6/30/2020	Firefly	IT, Managed Services	5946	1,410.50
6/30/2020	Janice Brown	Deposit Refund	5951	507.20
6/30/2020	Kelley Imaging Systems, Inc.	Copier Lease	5953	168.19
6/30/2020	Local Tel Communications	Telephone	5957	517.09
	Net Confluence Technology Center			3,380.79
<u>DOWNTOWN WENATCHEE SOUTH</u>				
6/30/2020	Cascade Natural Gas	Utilities	5933	75.49
6/30/2020	Wenatchee World	Legal Ad-Prop Surplus Hearing Notice	5972	141.88
	Net Downtown Wenatchee South			217.37
<u>OLDS STATION BUSINESS PARK</u>				
6/30/2020	Cascade Natural Gas	Natural Gas	5933	13.78
6/30/2020	Chelan County PUD	Electricity, Water	5934	2,484.33
6/30/2020	Home Depot Pro	Gloves	5948	9.74
6/30/2020	Local Tel Communications	Alarm Systems	5957	572.88
6/30/2020	Tom's Tilling & Mowing	Landscaping	5967	379.05
6/30/2020	Valley Tractor & Equipment, Inc.	Chainsaw, Cutter, Blower, Lawnmower	5968	2,604.60
6/30/2020	Wilbur-Ellis Company LLC	Landscaping Supplies	5973	91.62
	Net Olds Station Business Park			6,156.00

**Chelan Douglas Regional Port Authority
Check Register
2020-23**

PANGBORN AIRPORT

6/30/2020	Ag Supply Co.	Terminal & Aviation Maintenance Supplies	5928	38.91
6/30/2020	AvFuel Corp	Jet A/Ave Gas Purchase	5930	47,051.76
6/30/2020	Cintas Corporation	Uniform Laundry	5935	58.61
6/30/2020	Fastenal Company	PPE	5945	236.73
6/30/2020	Firefly	IT Managed Services	5946	1,732.80
6/30/2020	Home Depot Pro	Hand Sanitizer, Supplies	5948	90.90
6/30/2020	Les Schwab Tire Center	Tires for New Trailer	5955	462.56
6/30/2020	Local Tel Communications	Phone / Internet / Cable	5957	829.33
6/30/2020	Moon Security Services, Inc.	Security	5959	42.24
6/30/2020	Office Depot	Office Supplies	5961	255.16
6/30/2020	Platt Electric Supply	Lamp Fuses	5962	24.22
6/30/2020	Volaire Aviation Inc.	Air Service Development Retainer	5969	4,000.00
	Net Pangborn Airport			54,823.22

PANGBORN AIRPORT BUSINESS PARK

		CWICC HVAC Service/Maintenance;		
6/30/2020	Alpine Aire Heating & Cooling, Inc.	(1) New HVAC Rappel Base	5929	10,256.17
6/30/2020	Harvest Valley Pest Control	3310 5th Street	5947	142.96
6/30/2020	Local Tel Communications	CWICC Fire Alarm Services	5957	171.13
	Net Pangborn Airport Business Park			10,570.26

RPA OFFICE/AVIATION CENTER

6/30/2020	Cascade Natural Gas	Natural Gas	5933	233.91
6/30/2020	Dept of L&I-Elevator Program	Renewal for Annual Operating Certificates	5940	134.10
6/30/2020	Home Depot Pro	Janitorial Supplies	5948	91.54
6/30/2020	Rosales Landscaping	Landscaping (2 mos)	5964	4,239.95
	Net RPA Office/Aviation Center			4,699.50

WATERVILLE AIRPORT

6/30/2020	Douglas County PUD	Electricity	5943	27.00
	Net Waterville Airport			27.00

ORONDO RIVER PARK

6/30/2020	Douglas County PUD	Electricity	5943	99.00
6/30/2020	Kenneth R Lamb	Picnic Table Setup	5954	25.01
	Net Orondo River Park			124.01

ADMINISTRATIVE & GENERAL

6/30/2020	Berk Consulting, Inc.	Consulting: Wenatchi Landing	5931	1,155.00
6/30/2020	Cascade Auto Center	Subaru Oil Change,/Rotate Tires	5932	87.47
6/30/2020	Coleman Oil Company	Manual's Truck	5936	73.34
6/30/2020	Commercial Printing Inc.	Business Cards-B Tidd	5937	54.15
6/30/2020	Davis Arneil Law Firm, LLP	General - Legal	5939	6,927.50
6/30/2020	DOH Associates	Cashmere Mill Site Property Study	5941	595.62
6/30/2020	Donn Etherington*	Mileage	5942	14.84
6/30/2020	Firefly	IT Managed Services, C Harris PC	5946	7,301.64
6/30/2020	J Rivera Associates	Spanish Translation:Grant Documents	5949	322.74
6/30/2020	J.C. Baldwin	Mileage	5950	111.55
6/30/2020	Jim Huffman	Mileage	5952	8.51
6/30/2020	LiftOff LLC	Exchange Online Plan	5956	21.00
6/30/2020	Local Tel Communications	Telephone	5957	1,004.57
6/30/2020	Mark M Spurgeon*	Mileage	5958	14.95

**Chelan Douglas Regional Port Authority
Check Register
2020-23**

6/30/2020	Office Depot	Office Supplies	5961	485.23
6/30/2020	Rory Turner	Mileage	5963	34.56
	Net Administrative & General			18,212.67
 <u>BUSINESS DEVELOPMENT & MARKETING</u>				
6/30/2020	DOH Associates	Huney June	5941	228.00
6/30/2020	Kenneth R Lamb	Work Boots	5954	173.26
	Net Business Development & Marketing			401.26
 <u>NON-PROFIT CONTRACTS</u>				
6/30/2020	Wenatchee Downtown Association	Grant for Possibilities Tour & Econ Dev Efforts	5971	3,000.00
	Net Non-Profit Contracts			3,000.00
 <u>CAPITAL PROJECTS</u>				
6/30/2020	North Cascades Heating & A/C	CTC HVAC Replacement - Direct Cost	5960	11,079.98
6/30/2020	Rudnick & Sons LLC	USFS Helipad - Direct Cost	5965	189,540.47
6/30/2020	T-O Engineers	USFS Helipad - A & E	5966	8,167.53
6/30/2020	T-O Engineers	Environmental Assess - A & E	5966	75,731.17
6/30/2020	T-O Engineers	Approach Lighting System - Direct Cost	5966	1,062.90
6/30/2020	T-O Engineers	Terminal Capacity Improvements- A & E	5966	720.00
	Net Capital Projects			286,302.05
TOTAL				386,888.64

Port of Chelan County
Check Register Log
Tuesday, July 14th, 2020

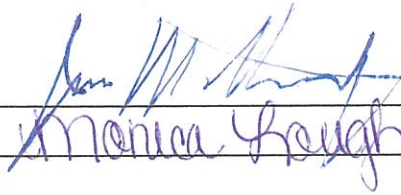
<u>Issued</u>	<u>Register #</u>	<u>Reason</u>	<u>Amount</u>	<u>First #</u>	<u>Last #</u>
6/15/2020	2020-11	Mid-Month Payables	\$ 52,500.00	5073	5074

2 warrants for approval July 14, 2020 total: \$ 52,500.00

Voided checks: None

We, the undersigned Commissioners of Port of Chelan County, in the State of Washington, do hereby certify the merchandise or services hereinafter have been received and that Warrants listed above are approved for payment.

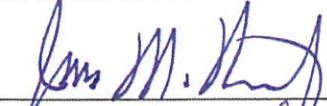
Executive Director
Dir. of Finance & Admin.
Commissioner
Commissioner
Commissioner

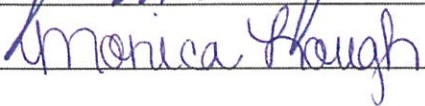


Port of Chelan County
Check Register
2020-11

We, the undersigned Commissioners of Port of Chelan County, Chelan County, Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 15, 2020, checks 5073-5074 in the amount of \$ 52,500.00

Jim Kuntz, Executive Director 

Monica Lough, Director of Finance & Admin 

Date Issued	Claimant	Purpose	Check #	Amount
		Bank Loan Fee - Rate Reduction/2020		
6/15/2020	Banner Bank	Bond Resolution Amendment	5073 \$	2,500.00
6/15/2020	Central Washington Title Services, Inc.	Earnest Money - Lojo Orchards	5074 \$	50,000.00

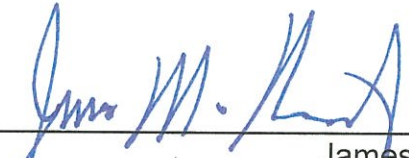
**Port of Douglas County
Check Register Log
June 2020**

<u>Issued</u>	<u>Register #</u>	<u>Reason</u>	<u>Amount</u>	<u>First #</u>	<u>Last #</u>
6/15/2020	2020-10	Mid-month Payables	\$ 7,260.00	5048	5049
6/22/2020	Wire	USFS Ref Rev Bond	\$ 107,185.00		
6/30/20/20	2020-11	End of Month Payables	\$ 1,127.00	5050	5051

4 warrants and 1 Wire Transfers for approval July 14, 2020 **\$ 115,572.00**

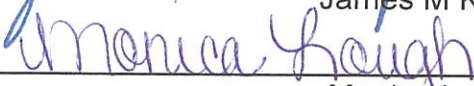
We, the undersigned Commissioners of Port of Douglas County, in the State of Washington, do hereby certify the merchandise or services hereinafter have been received and that Warrants listed above are approved for payment.

Executive Director



James M Kuntz

Dir. of Finance & Admin.



Monica Lough

Commissioner

James D Huffman

Commissioner

Mark M Spurgeon

Commissioner

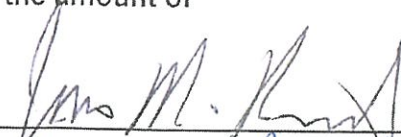
W Alan Loeb sack

**Port of Douglas County
Check Register
2020-10**

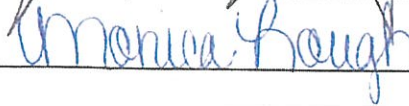
We, the undersigned Port of Douglas County, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 15, 2020 checks 5048 & 5049 in the amount of \$ 7,260.00

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin



<u>Date Issued</u>	<u>Claimant</u>	<u>Purpose</u>	<u>Check Number</u>	<u>Amount</u>
06/15/20	Hames, Anderson, Whitlow & O'Leary	Legal-Giga Watt Bankruptcy	5048	1,770.00
06/15/20	Teresa D Johnson, CPA Inc.	Acctng-2019 Report	5049	5,490.00

TOTAL 7,260.00

**Port of Douglas County
Check Register
2020-11**

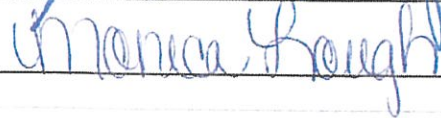
We, the undersigned Port of Douglas County, in the State of Washington, do hereby certify that the merchandise or services hereinafter have been received and that checks listed below are approved for payment.

For approval June 30, 2020 checks 5050 & 5051 in the amount of \$ 1,127.00

Jim Kuntz, Chief Executive Officer



Monica Lough, Director of Finance & Admin



<u>Date Issued</u>	<u>Claimant</u>	<u>Purpose</u>	<u>Check Number</u>	<u>Amount</u>
06/30/20	Chelan Douglas Regional Port Authority	CWICC Land Lease - PMA	5050	491.00
06/30/20	Davis Arneil Law Firm	Giga Watt Bankruptcy	5051	636.00

TOTAL 1,127.00

Memo

To: Board of Directors

From: Stacie de Mestre

cc: Jim Kuntz

Date: July 9, 2020

Re: Executive Flight – HVAC Replacement Contract – Emergency Resolution

Attached please find Resolution No. 2020-13 declaring the replacement of the HVAC system at the Executive Flight Building an emergency. As stated in the resolution, by declaring an emergency, the CDRPA is permitted to waive competitive bidding requirements. If the resolution is approved, staff intends to enter into a contract with Holaday Parks for the design and replacement of the HVAC system serving the northern portion of the Executive Flight Building. By entering directly into a contract with Holaday Parks we are able to eliminate over 13 weeks from the project schedule. Please see attached for a memo from RH2 Engineering outlining the project schedule if the typical public bidding process were followed.

On June 8, 2020 staff received Holaday Parks' final report containing the findings of their HVAC evaluation – these findings have previously been presented to the Board. On June 22, 2020 staff received a replacement proposal and budget pricing from Holaday Parks. The report and proposal/budget were sent to Paul Young, a licensed mechanical engineer with RH2 Engineers, to perform an independent review. Please see the attached memo for his review comments.

Staff has been working with Holaday Parks to refine their proposal and pricing. A total project budget will be presented during the July 14, 2020 Board of Directors meeting.

**CHELAN DOUGLAS REGIONAL PORT AUTHORITY
RESOLUTION NO. 2020-13**

**A RESOLUTION OF THE CHELAN DOUGLAS REGIONAL PORT
AUTHORITY, DECLARING THAT A STATE OF EMERGENCY
EXISTS DUE TO SIGNIFICANT ISSUES WITH THE HVAC SYSTEM
FOR THE EXECUTIVE FLIGHT BUILDING WHICH COULD
RESULT IN CATASTROPHIC FAILURE; AND AUTHORIZING AND
RATIFYING, PURCHASE OF SERVICES, MATERIALS AND
EQUIPMENT AND THE AWARD OF CONTRACTS NECESSARY
AND APPROPRIATE TO ADDRESS THIS EMERGENCY
SITUATION.**

Whereas, the policy of the State Washington is to encourage competitive bidding of purchases and services by municipalities in order to obtain the lowest responsive bid;

Whereas, RCW 39.04.280(1)(c) permits the CDRPA to waive competitive bidding requirements in the event of an emergency;

Whereas, the Executive Flight Building, located at One Campbell Parkway, East Wenatchee, Washington, has been experiencing significant and increasingly costly issues with the HVAC system in since the building was purchased by the CDRPA in January 2020; and

Whereas, in February 20, 2020, the CDRPA selected a firm through a standard procurement process to evaluate the CDRPA HVAC system; and

Whereas, that firm determined that five of the seven heating units must be shut down because they were exhausting carbon monoxide directly into the building through cracked heat exchangers, endangering the employees; and

Whereas, a functioning HVAC system is critical for the proper operation of the CDRPA; and

Whereas, components of the HVAC system must be sourced, ordered and replaced immediately before additional units fail and before the cold weather arrives in the fall; and

Whereas, the CDRPA Facility and Property Development Manager has exercised diligence consisting of searching and inquiring about the availability of similar equipment, and contacting dealers and distributors of such equipment to ultimately determine that the time required for another vendor to evaluate the building, source the equipment and make the repairs would risk more damage and more delay; and

Whereas, unforeseen circumstances beyond the control of the CDRPA present a real immediate threat to the proper performance of essential functions of the regional port and will likely result in material loss or damage to property, and bodily injury if immediate action is not taken.

Now, Therefore, the Board of Directors for the Chelan Douglas Regional Port Authority hereby resolves as follows:

Section 1. Emergency Exists. The Board of Directors finds and declares there is a critical need to replace the HVAC system immediately in the Executive Flight Building in order to ensure continued operation of the CDRPA and to maintain heat during the winter months. The actions taken and to be taken by the CEO and authorized designees are reasonable and necessary to ensure no further loss or damage to property and the continued safety for all employees within the Building.

Section 2. Declaration of Emergency. There is hereby declared a state of emergency for the HVAC system for the Executive Flight Building and that all competitive bidding that might otherwise apply regarding the purchase of material, equipment, items and services, and the award of related contracts necessary to address this emergency situation, are hereby waived.

Section 3. Authorization of the CEO to Execute Necessary Agreements. The Chief Executive Officer is authorized to purchase services, materials and equipment and award a contract necessary and appropriate to address this emergency.

ADOPTED by the Board of Directors of the Chelan Douglas Regional Port Authority this 14th day of July, 2020, and duly authenticated in open session by the signatures of the Board of Directors voting in favor thereof.

JC Baldwin, Director

Jim Huffman, Director

Donn Etherington, Director

Mark Spurgeon, Director

Rory Turner, Director

W. Alan Loeb sack



MEMORANDUM

Project: Executive Flight HVAC Replacement Project – Phase 1

Subject: Estimated Project Schedule – Public Bidding process

By: Randy Asplund PE

Date: July 8th 2020

The purpose of this memo is to document the estimated schedule for the HVAC replacement project if the work was to be bid using the normal public bidding process. As shown below, using the normal public bidding process, the earliest date a new heating system could be operational in the office wing of the Executive Flight building is estimated to be sometime in February 2021.

Estimated Schedule

With completion of the HVAC Evaluation Report for the Executive Flight Building by Holaday Parks and our review meeting on June 30th to go over the findings and conclusions in the Report, we now know the condition of the existing HVAC equipment and the scope of the improvements necessary to restore heat to the CDRPA offices.

To restore heat to the CDRPA offices five HVAC units and air handlers will need to be replaced along with repairs to the ducting, economizers, and the addition of building pressure relief systems. In addition to this work, Holaday Parks is recommending installing return air ducting within those areas of the CDRPA offices that presently use the plenum to improve efficiency and minimize cold air entering the offices.

To expedite the replacement project, only work necessary to provide heat to the CDRPA offices including the northern half of the west building wing is included in the Phase 1 project. The estimated schedule based on using the public design – bid- build process is summarized below:

July 14th – Commission authorizes preparation of Bid Documents for Phase 1 Project (6 weeks),

Aug 25th – Bid Documents Complete, Commission authorizes bidding of the Phase 1 Project,
(3 week bid period and 1 week for review and analysis),

Sept 22nd – Bid Award by Commission,

Oct 5th – Contract signed and notice to proceed given,

Oct 26th – Design and submittal reviews complete, Equipment ordered (8 weeks to delivery),

Nov 9th – Begin demo, return plenum, ducting and economizer/pressure relief system modifications,

Dec 28th – Equipment On-site, begin installation (35 days),

Jan 29th – Installation Complete, begin Testing/Commissioning,

Feb 12th – Project Completion



RH2 ENGINEERING
East Wenatchee

300 Simon Street SE, Suite 5
East Wenatchee, WA 98802
1.800.720.8052 / rh2.com

July 9, 2020

Ms. Stacie de Mestre
Facility and Property Development Manager
Chelan Douglas Regional Port Authority
One Campbell Parkway, Suite A
East Wenatchee, WA 98802

Sent via: Email

Subject: Executive Flight HVAC Evaluation

Dear Ms. de Mestre:

RH2 Engineering, Inc., (RH2) was asked by the Chelan Douglas Regional Port Authority (Port) to review the Executive Flight HVAC Survey prepared by Holaday-Parks, Inc. (HP). Specifically, the Port requested information on the design-build model of the heating, ventilation, and air conditioning (HVAC) industry and HP's qualifications for this project, as well as a review of HP's evaluation methods, findings, and solution to the HVAC issues at Executive Flight.

HVAC Systems and Public Projects

There are several ways an HVAC project can be designed and constructed. The more common methods are design-bid-build and design-build.

Design-Bid-Build

A design-bid-build project utilizes an engineering firm to work with the owner to determine the scope of the project and complete the design by creating plans and specifications. After these are complete, the project is then advertised for contractors to provide bids to the owner. This method is used on a wide range of public projects.

WASHINGTON LOCATIONS

Bellingham
Bothell (Corporate)
East Wenatchee
Issaquah
Richland
Tacoma

OREGON LOCATIONS

Medford
Portland



Design-Build

RCW 39.04.290 allows for exemptions from the competitive bidding requirement involving the design, fabrication and installation of building engineering systems which includes HVAC systems.

Under this exemption, a public entity can utilize a request for proposal process to select a qualified company that can design a project with in-house engineers and then be the contractor for installation and commissioning. HVAC projects are well suited for the design-build method. In part, because all commercial buildings need an HVAC system that is continuously maintained, and a company that can bundle multiple HVAC services will be more efficient and cost effective.

In the greater Wenatchee area, there are several HVAC companies that perform the installation and maintenance of HVAC equipment. However, RH2 is not aware of any of these companies having the capabilities to size and design a complex system such as the Executive Flight building. However, in Seattle, where there are much larger commercial buildings, there are several companies, like HP, that have in-house HVAC engineers, control system engineers, sheet metal fabrication facilities, installation crews, and service and maintenance personnel. HP is an experienced design-build HVAC firm that routinely designs and builds a variety of projects.

The advantages to using a firm capable of design-build are as follows:

- 1) Lower costs. The designer also being the installer allows for improved constructability. Furthermore, any changes that need to occur during construction due to design inaccuracies or omissions are handled by one company under one contract, eliminating the need for the owner to mitigate issues between the designer and contractor.
- 2) The time from start of design to project completion is reduced. Part of the reduction in time is because there is no bidding period. Additional time reduction occurs because equipment with long lead times can be ordered prior to the final design completion.
- 3) Historically, there are fewer change orders and delays in schedule.

HVAC Report Review

HP performed a detailed inspection of the Executive Flight building's HVAC system and documented the existing condition of the air conditioners, heaters, supply fans, exhaust fans, air-side economizers, and relief system. Airflow measurements were taken at fans, diffusers, and grilles and compared with the original design drawings. A thorough as-built drawing of the duct work and equipment layout was created.

The engineering department at HP performed a load calculation for each heating and cooling unit to verify airflow, cooling capacities, and heating capacities. The calculation was based on the current envelope of the building and used today's standard ventilation rates. The analysis determined the existing unit capacities are adequately sized and potentially slightly oversized.

The most significant recommendations by HP are to replace the air conditioning units with heat pumps, replace the outside economizers, fully duct the return air and pressure relief, and install a control system. HP also recommends consulting with a building envelope specialist to fix leaks in the envelope that are creating drafts and increasing the energy consumption of the building.



Analysis

RH2 reviewed the survey and HP’s proposal and quote for the Phase I repairs and replacements of the HVAC system. After the review was complete, RH2 had a conference call with HP and the Port on June 30, 2020 to discuss, in detail, both the report and the proposal. The meeting minutes from this call can be found in **Appendix A**.

RH2 finds the evaluation method and conclusions drawn from the report by HP to be reasonable. HP’s recommendations meet the goals of this project by repairing the HVAC equipment and creating a more efficient system through the significant changes mentioned previously.

The change to the heat pumps will allow the first stage of heat for the building to come from electricity instead of natural gas. The heat pump will be both more efficient and cheaper to operate than the natural gas burners.

Replacing the outside economizers on each unit will not only increase energy efficiency by allowing the building to utilize free-cooling but it also will improve the ventilation to the interior and create a healthier environment.

Sealing and insulating the supply duct will improve the efficiency of the HVAC system, saving the Port money in energy costs.

The return duct and pressure relief modifications will further improve the efficiency of the system and building comfort. The relief system is currently a source of cold drafts in the winter and these repairs, along with the envelope improvements recommended as a separate project, should eliminate this issue.

The recommended controls upgrade is also a beneficial building modification. A certain level of building controls is already required by the Washington State Energy Code, and the recommended system by HP will provide the Port with a detailed view of the building systems and allow for future expansions and integrations with security systems, fire alarm controls, etc.

Summary

The design-build method for contracting an HVAC project such as this facility improvement is industry standard. Holaday-Parks provided a detailed analysis of the existing systems and recommendations for repairing or replacing the equipment that will improve the comfort and energy performance of the Executive Flight building.

Sincerely,

Paul Young, PE
Project Engineer

RP/PY/sp/jh



Signed:
7/9/2020



Signed:
7/9/2020

Attachment: Appendix A – Meeting Minutes

Appendix A - Meeting Minutes

Holiday-Parks HVAC Proposal Review Meeting for Executive Flight Tuesday, June 30, 2020

Attendees: Stacie De Mestre (Port), Randy Asplund (RH2), Paul Young (RH2), Brent Walley (HP), Michael Cook PE (HP)

All answers provided by HP in red.

- 1) Can we get a more detailed cost breakdown of the "Mechanical and Electrical" price? It does not need to be extremely detailed, but a breakdown by general category, i.e. AC unit replacement, duct insulation, pressurization fixes, return ductwork, TAB, etc.
 - a. HP will work on this and provide as soon as possible
- 2) Thoughts on adding insulation above the ceiling grid? Would this be something the Port should hire a separate contractor for?
 - a. Typically, this is not offered by HP. Wait until after the Envelope analysis. Could be offered as a sub but has 15% mark-up from HP.
- 3) Was the relief damper ducting going to go from the exterior to the louver to the existing egg crates in the space? Should the fabric dampers be replaced with gravity dampers?
 - a. Reuse louvers and add new dampers (motorized). Each air handler will have wall-mounted pressurization controls for dampers
- 4) Do the ducts need to be sealed prior to wrapping with insulation? The report mentions sealing as well as wrapping but the proposal only mentions wrapping.
 - a. Yes, they need to be sealed per Code. Will add insulation where needed.
- 5) The proposal says the existing curbs and sleepers will be reused, but there is no mention of adding sleepers like the report suggested.
 - a. All equipment are on a "sleepers." It is unknown if there needs to be changes based on equipment weights. The units are properly roofed in and sealed.
- 6) Why was the server room unit being replaced (CU-8 and SF-8)? The report noted this unit was in good condition. Also, a replacement unit is missing from the proposal. The space this unit serves will likely no longer have a large server load.
 - a. It serves the electrical room and the vestibule. HP will look at getting rid of the connection to the vestibule. HP asked if there is known heating load on racks in the server room and any known future plans? (The Port does not know at this point.)
 - b. Recommended to upgrade the unit due to the refrigerant type (currently R-22). Will also examine sizing during design and potentially recommend a VRF system.
 - c. Unit was installed in 2006, so reaching its end of life.
- 7) Are there concerns about replacing SF-1 and not correcting the electrical clearance issue? Will L&I allow this replacement? Do we need to address the clearance issue?
 - a. Issue with NEC changes for past 20 years. Will try and get equipment configured so that it fixes the issues but, if not, will have to contact L&I inspector. Asked to clarify in proposal.
- 8) Is the plan to use the HP load calculation for the airflows when balancing? Some of the proposed airflows are significantly higher than the original design. Has ductwork sizing been verified for the proposed airflows? (The modification of this ductwork is excluded from the estimate.) Perhaps the intent is to refine the load calculation during the design?

- a. Do not foresee the need to increase the main trunk duct sizes.
- 9) Bathrooms currently have supply and exhaust. Does HP recommend keeping the supplies? Or would HP recommend removing the supplies and just using the exhaust fans to pull air from the adjacent spaces like a typical bathroom design? Maybe heat in the bathrooms is a concern?
- a. Because it is returned ducted throughout the space, you need to keep the supply to the bathroom. Supply will be 20 to 25% less to keep bathroom area negative pressure.
- 10) Controls system – if we used simple stand-alone controls now for all the units and came back a few years later to update to a control system, would there be a substantial cost increase from the current proposed price? What benefits does HP see in having the control system for this building? I know now is a good time when things are open to install the backbone but what exactly does that entail? Will it aid the Port or increase the value of their rentable space in the future?
- a. Energy code says (Chapter 5) a major revamp requires a certain level of DDC controls. Outside air economizer monitoring and fault detection. This cannot be done with a wall-mounted thermostat. DDC controller with heat pump and economizer is required anyway. Next level up is network interface with web access. Cost will be triple the amount later. Niagara is a BACNET interface that they can integrate with the security system. Soffit lighting, fire alarm panel, and parking lights. In-house controls work (Distec) but are not proprietary. Open protocol.
 - b. Do not want stand-alone controls for the next 30 years.
 - c. Can do a one-on-one with controls department to go over details at a later date.
- 11) Has there been any investigation into the wall that is intended to be opened up for equipment access to determine it is not load bearing?
- a. No, not yet. It is probably a fire-rated assembly. Would have to be repaired in the same way it was installed. May need to figure out if the fire rating is required. This is the worst-case option.
- 12) Anticipated costs due to COVID-19? Any idea?
- a. Will check with the other at HP on impacts and add a little more to the proposal.

Phase 1: Replace all but the two units that serve the south side storage area.

75 kVA transformer = ~6,000 BTUH

**Chelan Douglas Regional
Port Authority**

Memo

To: Board of Directors

From:  Jim Kuntz

cc: None

Date: July 9, 2020

Re: Salcido Enterprises – Request for 2nd Extension of PUD
Infrastructure Payment

Salcido Enterprises has requested a second extension of time to make these PUD Contribution in Aid of Construction payments. Please find attached their request along with some additional background information. I will provide additional information at the Board Meeting.

Jim Kuntz

From: Malachi Salcido <Malachi@salcidoenterprises.tech>
Sent: Tuesday, June 23, 2020 10:34 AM
To: Jim Kuntz
Subject: RE: upcoming CIAC payments
Attachments: Port of Douglas County.pdf

Hi Jim,

While I am thankful that our recovery and regrouping process continues with some success, it is going much more slowly than we had hoped. As a result, our near term liquidity position is still very tight. Our Pangborn Data site, which we lease from the Port, is still idled as we are continuing to pursue both the capital and the access to the needed next generation of servers, in order to return that site to operation and revenue generation. Due to these facts, we request an additional extension on the upcoming CIAC payments until either 4th quarter 2020, or sooner – if we are able to resume operations.

I would be glad to get on a call with yourself and/or commissioners to discuss my additional request further, as you deem fit.

Thank you,



SALCIDO
ENTERPRISES, LLC

“DATA OUTSIDE THE BOX”

Malachi J. Salcido, CPA
Managing Member and CEO

833-SALCIDO (725-2436)

Physical/Shipping & Correspondence:
615 C-1 North Wenatchee Ave.
Wenatchee, WA 98801

e-mail: malachi@salcidoenterprises.tech

website: www.salcidoenterprises.tech

facebook: www.facebook.com/SalcidoEnterprises.LLC/

From: Jim Kuntz <Jim@cdrpa.org>
Sent: Tuesday, April 21, 2020 9:48 AM
To: Malachi Salcido <Malachi@salcidoenterprises.tech>
Subject: RE: upcoming CIAC payments

CHELAN DOUGLAS
Regional Port
AUTHORITY

One Campbell Parkway, Suite A East Wenatchee, WA 98802 Phone: 509.884.4700 Fax: 509.662.5151 www.cdrpa.org

April 30, 2020

Malachi J. Salcido
Managing Member and CEO
Salcido Enterprises, LLC
615 N. Wenatchee Ave, Suite C-1
Wenatchee, WA 98801

Malachi,

The Chelan Douglas Regional Port Authority hereby accepts your request to delay payment of the PUD Infrastructure payments per the attached billing statement.


The revised due date is July 1, 2020.

Sincerely,



Jim Kuntz
CEO

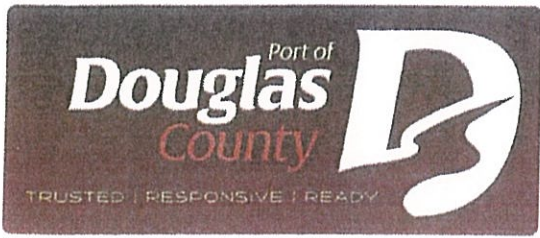
Concurrence



Malachi J. Salcido
Managing Member and CEO

BOARD OF DIRECTORS

Donn Etherington, Commissioner, Chelan County Dist. 1 Jim Huffman, Commissioner, Douglas County Dist. 1 JC Baldwin, Commissioner, Chelan County Dist. 2
W. Alan Loeb sack, Commissioner, Douglas County Dist. 2 Mark Spurgeon, Commissioner, Douglas County Dist. 3 Rory Turner, Commissioner, Chelan County Dist. 3



Invoice

Date	Invoice #
4/2/2020	1274

Salcido Enterprise LLC - CIAC
 615 N Wenatchee Ave, Suite C-1
 Wenatchee, WA 98801

Item	Description	Qty	Rate	Amount
CIAC Payments	PUD Infrastructure in the Pangborn Airport Business Park CIAC #1, May 1, 2020		6,856.80	6,856.80
CIAC Payments	PUD Infrastructure in the Pangborn Airport Business Park CIAC #2, May 1, 2020		57,570.10	57,570.10
If you have any questions regarding this invoice, please call Esther at (509) 884-4700. Thank you.			Balance Due	\$64,426.90
PLEASE REMIT TO: PORT OF DOUGLAS COUNTY One Campbell Pkwy, Ste A, East Wenatchee, WA 98802 Ph (509) 884-4700 FAX (509) 884-2337				

Received From Salcido

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
CIAC #1	40,814.00	13,713.60	13,713.60	13,713.60	13,713.60	2,285.60	-	-	-	-	97,954.00
CIAC #2	-	304,299.10	115,140.20	115,140.00	115,140.00	115,140.00	57,570.10	-	-	-	822,429.40
Total	40,814.00	318,012.70	128,853.80	128,853.60	128,853.60	117,425.60	57,570.10	-	-	-	920,383.40

Payments to the PUD

CIAC #1	25,583.91	9,795.40	9,795.40	9,795.40	9,795.40	9,795.40	9,795.40	9,795.40	3,802.29	-	97,954.00	cost
CIAC #2	-	212,461.08	82,243.00	82,243.00	82,243.00	82,243.00	82,243.00	82,243.00	82,243.00	34,267.92	822,430.00	cost
Total	25,583.91	222,256.48	92,038.40	92,038.40	92,038.40	92,038.40	92,038.40	92,038.40	86,045.29	34,267.92	920,384.00	
Net	15,230.09	95,756.22	36,815.40	36,815.20	36,815.20	25,387.20	(34,468.30)	(92,038.40)	(86,045.29)	(34,267.92)	(0.60)	
CIAC Account	15,230.09	110,986.31	147,801.71	184,616.91	221,432.11	246,819.31	212,351.01	120,312.61	34,267.32	(0.60)		

PODC CIAC Holding Account **6610

\$180,274.88
Current Balance

Last Updated: July 8, 2020 4:03 PM

[Transactions](#) [Details](#)

Date	Description	Amount	
Pending	Trsf to Savings XX6512 June CIAC PUD Payment	(\$46,019.20) \$180,274.88	⋮
JUN 30 2020	Interest Deposit	\$280.97 \$226,294.08	⋮
MAR 31 2020	Interest Deposit	\$274.50 \$226,013.11	⋮
FEB 10 2020	Monthly Service Charge Refund	\$10.00 \$225,738.61	⋮
JAN 31 2020	Service Charge	(\$10.00) \$225,728.61	⋮
JAN 3 2020	Trsf to Savings XX6610 Initial Deposit	\$225,738.61 \$225,738.61	⋮

Page totals: Credits: [4] **\$226,304.08** | Debits: [2] **(\$46,029.20)**



Philadelphia Indemnity Insurance Company
Annually Renewable Performance Bond

KNOW ALL MEN BY THESE PRESENTS: That Salcido Enterprises, LLC (hereinafter called the Principal), and Philadelphia Indemnity Insurance Company (hereinafter called the Surety), are held and firmly bound unto The Port of Douglas County, Washington (hereinafter called the Obligee), in the full and just sum of Three Hundred Twenty Thousand Six Hundred Eight and 75/100-- Dollars (\$320,608.75--), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, and each of their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has by written agreement dated the 18th day of December, 2017 entered into a Contract with the Obligee for Contribution-in-aid-of-Construction for Panghorn Airport Business Park Electrical Infrastructure which contract is hereby referred to and made a part hereof.

WHEREAS, the Obligee has agreed to accept a bond guaranteeing the performance of said contract for a period of one year.

NOW, THEREFORE, THE CONDITIONS OF THE ABOVE OBLIGATION IS SUCH, that if the Principal shall well and truly perform each and every obligation in said Contract at the time and in the manner specified during the term of this bond, and shall reimburse said Obligee for any loss which said Obligee may sustain by reason of failure or default on the part of said Principal, than this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, That this bond is subject to the following conditions:

- 1. This bond is for the term beginning 12/18/2019 and ending 12/18/2020. The bond may be extended for additional terms at the option of the surety, by continuation certificate executed by the Surety. Neither non-renewal by the surety, nor failure, nor inability of the Principal to file a replacement bond shall constitute a loss to the Obligee recoverable under this bond.
2. In the event of default by the Principal, Obligee shall deliver to Surety by certified mail, a written statement of the facts of such default, within thirty (30) days of the occurrence. In the event of default, the Surety will have the right and opportunity, at its sole discretion, to: a) cure the default; b) assume the remainder of the Contract and to perform or sublet same; c) or to tender to the Obligee funds sufficient to pay the cost of completion less the balance of the Contract price up to an amount not to exceed the penal sum of the bond. In no event shall the Surety be liable for fines, penalties, liquidated damages, or forfeitures assessed against the Principal.
3. No claim, action, suit or proceeding, except as hereinafter set forth, shall be had or maintained against the Surety on this instrument unless same be brought or instituted upon the Surety within one year from termination or expiration of the bond term.
4. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Obligee named herein or the heirs, executors, administrator or successors of Obligee.
5. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number or amount of claims brought against this bond and regardless of the number of years this bond remains in force.
6. If any conflict or inconsistency exists between the Surety's obligations or undertakings as described in this bond and as described in the underlying document, then the terms of this bond shall prevail.
7. This bond shall not bind the Surety unless the bond is accepted by the Obligee. The acknowledgement and acceptance of this bond is demonstrated by signing where indicated below. If this obligation is not accepted by way of signature of the Obligee below, this bond shall be deemed null and void.

Signed and sealed this 18th day of December, 2019.

PRINCIPAL: Salcido Enterprises, LLC
[Signature] (seal)
Malachi Salcido, CEO
(name & title)

SURETY:
Philadelphia Indemnity Insurance Company (seal)
[Signature]
Attorney-in-Fact John Drummey Jr.

THE ABOVE TERMS AND CONDITIONS OF THIS BOND HAVE BEEN REVIEWED AND ACCEPTED BY THE (OBLIGEE).

ACKNOWLEDGED AND ACCEPTED BY OBLIGEE:
BY: [Signature]
PRINTED NAME/TITLE: James M. Krutz, Benjamin David
DATE: Dec 23, 2019

PLEASE RETURN A COPY OF ACCEPTED BOND TO:
Philadelphia Insurance Companies, 2300 Clayton Road, Suite 1330, Concord, CA 94520

PHILADELPHIA INDEMNITY INSURANCE COMPANY
One Bala Plaza, Suite 100
Bala Cynwyd, PA 19004-0950

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: That PHILADELPHIA INDEMNITY INSURANCE COMPANY (the Company), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, does hereby constitute and appoint Debbie Lindstrom, John Drummey, Jr., Kathleen M. Mitchell, Scott C. Alderman, Peggy A. Firth, Jamie Stroh, Amber Engel, Brandi Heinbaugh, Timothy S. Buhite, Holly E. Ulfers, Roxana Palacios, and Katie Snider of USI Insurance Services Northwest its true and lawful Attorney-in-fact with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business and to bind the Company thereby, in an amount not to exceed \$50,000,000.

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of PHILADELPHIA INDEMNITY INSURANCE COMPANY on the 14th of November, 2016.

RESOLVED: That the Board of Directors hereby authorizes the President or any Vice President of the Company: (1) Appoint Attorney(s) in Fact and authorize the Attorney(s) in Fact to execute on behalf of the Company bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and to attach the seal of the Company thereto; and (2) to remove, at any time, any such Attorney-in-Fact and revoke the authority given. And, be it

FURTHER RESOLVED: That the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or certificate relating thereto by facsimile, and any such Power of Attorney so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

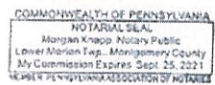
IN TESTIMONY WHEREOF, PHILADELPHIA INDEMNITY INSURANCE COMPANY HAS CAUSED THIS INSTRUMENT TO BE SIGNED AND ITS CORPORATE SEAL TO BE AFFIXED BY ITS AUTHORIZED OFFICE THIS 27TH DAY OF OCTOBER, 2017.



(Seal)

Robert D. O'Leary Jr., President & CEO
Philadelphia Indemnity Insurance Company

On this 27th day of October, 2017, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn said that he is the therein described and authorized officer of the PHILADELPHIA INDEMNITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate seal of said Company; that the said Corporate Seal and his signature were duly affixed.



(Notary Seal)

Notary Public: Morgan Knapp
residing at: Bala Cynwyd, PA
My commission expires: September 25, 2021

I, Edward Sayago, Corporate Secretary of PHILADELPHIA INDEMNITY INSURANCE COMPANY, do hereby certify that the foregoing resolution of the Board of Directors and the Power of Attorney issued pursuant thereto on the 27th day of October, 2017 are true and correct and are still in full force and effect. I do further certify that Robert D. O'Leary Jr., who executed the Power of Attorney as President, was on the date of execution of the attached Power of Attorney the duly elected President of PHILADELPHIA INDEMNITY INSURANCE COMPANY.

In Testimony Whereof I have subscribed my name and affixed the facsimile seal of each Company this 18 day of December, 20 19.



Edward Sayago, Corporate Secretary
PHILADELPHIA INDEMNITY INSURANCE COMPANY

Memo

To: Board of Directors

From:  Jim Kuntz

cc: None

Date: July 10, 2020

Re: Memorandum of Understanding S.P.O.R.T Fitness Center,
LLC

Attached is a Memorandum of Understanding between the Regional Port Authority and S.P.O.R.T Fitness Center, LLC for your review.

S.P.O.R.T Fitness Center is currently reviewing. It appears they are only going to propose some minor changes.

To keep this project moving forward, I would recommend the Board authorize the CEO to enter into the MOU subject to legal counsel final review and approval.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered this date by and between the Chelan Douglas Regional Port Authority, a Washington municipal corporation (the "CDRPA") and S.P.O.R.T. Fitness Center, LLC, a Washington limited liability company ("SPORT") sometimes collectively referred to herein as the "Parties" or individually as a "Party."

RECITALS

- A. The Port of Chelan County ("POCC") owns real property located in Chelan County, Washington and legally described on Exhibit "A", which is attached hereto and incorporated herein by this reference (the "Property"). The Property is managed by the CDRPA.
- B. The CDRPA issued Request for Proposals seeking interest in the adaptive re-use of the Property (the "RFP"). SPORT was the only respondent.
- C. At a public meeting on June 23, 2020, SPORT's proposal was reviewed and the Board for the CDRPA authorized the negotiation of this MOU consistent with the terms and conditions set forth in the RFP.

Understanding

1. Non-Binding MOU. Nothing herein obligates either Party to negotiate or sign a Purchase and Sale Agreement setting forth the material terms of the transaction between the Parties. Further, nothing herein obligates the POCC to Sell, or SPORT to purchase the Property. Either Party may terminate this MOU upon ten (10) days written notice to the other Party, in which event this MOU shall terminate and be of no further force or effect between the Parties, and without recourse or liability to either Party arising from said termination. The intent of the Parties is to resolve a number of contingencies during an initial sixty (60) day period, so that very few contingencies remain for the Purchase and Sale Agreement, wherein the earnest money deposit will be non-refundable.

2. Title. As part of the MOU, the Parties desire to address and discuss the condition of title to the Property consistent with the following provisions:

2.1 The following shall not be considered encumbrances or defects of title (hereafter "Permitted Exceptions"):

2.1.1 Rights reserved in federal patents or state deeds, and zoning, building or use restrictions general to the area;

2.1.2 Existing easements, covenants, conditions and restrictions of record or apparent on the property that burden or benefit the Property;

2.1.3 General real estate taxes, special assessment, or other levies assessed against the Property not due and payable; and

2.1.4 Matters that would be discovered by a survey.

2.2 The CDRPA shall make available to SPORT a preliminary commitment for title insurance ("Title Commitment") issued by Central Washington Title Services, Inc. SPORT shall give written notice to the CDRPA within twenty (20) days of SPORT's actual receipt of the Title Commitment of any defects or encumbrances, other than Permitted Exceptions specified in Section 2.1, in the CDRPA's title to which SPORT objects (the "Objection"). The CDRPA shall exercise reasonable good faith to attempt to remove matters to which a reasonable objection is made. If the CDRPA is unable to cure the defects objected to by SPORT within twenty (20) days after receipt of the Objection, unless the time is extended in writing, then SPORT may elect, as its exclusive remedy, either to waive such defects, or to terminate this MOU.

2.3 The intent of the Parties set forth in Section 2.2 above is to establish the condition of title to the Property that is acceptable to the Purchaser prior to entering a binding purchase and sale agreement. The CDRPA shall deliver to SPORT at or within a reasonable period following closing (as defined in the Purchase and Sale Agreement), an owner's policy of title insurance (the "Title Policy") containing no exceptions other than the customary form printed exceptions ("Standard Exceptions"), and the exceptions specified in the Title Commitment that SPORT has elected to accept during the ("Accepted Exceptions"). The CDRPA shall pay the cost of the Title Policy.

3. 60 Day Review Period. Unless sooner terminated by either Party as set forth in Section 1, above, the Parties will undertake the steps set forth in Sections 3.1 through 3.8, below, during the sixty (60) day period following the effective date of this MOU:

3.1 Feasibility Analysis. SPORT will inspect, investigate, and conduct a feasibility analysis of the Property. SPORT's inspection and investigation may include, at SPORT's option, an inspection of the Property for hazardous materials. SPORT will have the right to terminate this MOU if, in SPORT's sole and absolute discretion, the Property is not suitable for SPORT's intended use, does not meet SPORT's intended objectives, or SPORT is not satisfied with the feasibility review. All inspections are to be (a) ordered by SPORT, (b) performed by an inspector of SPORT's choice and (c) completed at SPORT's expense.

3.2 Financing. SPORT shall secure funding from private sources to purchase the Property and to provide a summary of investors to the CDRPA totaling commitments of at least \$2 million.

3.3 Plans. The architectural renderings associated with the project and submitted by SPORT in response to the RFP are accepted by the Parties as controlling the ultimate appearance of the project, and are attached hereto as Exhibit "B". The CDRPA reserves the right to request additional renderings to provide more detail as to the final exterior appearance of the project. Changes to the plans must be approved by the Parties during the 60-day Review Period. The plans

approved during the MOU process will be attached as an exhibit to the Purchase and Sale Agreement and be binding on SPORT (all as more fully set forth in the covenants mentioned below).

3.4 Pre-Application Meeting with City of Wenatchee. The Parties agree that no other planning or similar approval is necessary to pursue the project envisioned by SPORT other than a building permit. The Parties agree to schedule and hold a pre-application meeting with the City of Wenatchee at the earliest opportunity during the 60-day Review Period.

3.5 Pedestrian Connectivity. It is the intent of the CDRPA to provide pedestrian connectivity along Columbia Street and Orondo Avenue. The sidewalk plans for these public roads shall be approved by the Parties during the 60-day Review Period.

3.6 Public Parking. The form of the public parking easement, as described and required in the RFP, will be agreed upon by the Parties during the 60-day Review Period. At a minimum, the public parking easement shall provide for public parking for all stalls created east of the current buildings, provided that no fewer than 50 stalls shall be created by SPORT. The agreed upon form of easement shall be an exhibit to the Purchase and Sale Agreement and recorded at closing, all as more fully set forth in the Purchase and Sale Agreement.

3.7 Option to Repurchase. The form of the Option to Repurchase, as described and required in the RFP, will be agreed upon by the Parties during the 60-day Review Period. At a minimum the Option to Repurchase shall include the following events that will trigger the Option to Repurchase: (a) the failure to commence construction of the project within 2 years of closing, and (b) the sale or transfer of all or any portion of the Property within 5 years of closing, including a sale of the controlling interest in SPORT. The agreed upon form of the Option to Repurchase shall be an exhibit to the Purchase and Sale Agreement and recorded at closing, all as more fully set forth in the Purchase and Sale Agreement.

3.8 Covenants that will survive closing. The form of the covenants that will bind SPORT after closing, as described and required in the RFP, will be agreed upon by the Parties during the 60-day Review Period. At a minimum the covenants shall include the following events that will require the advance approval of the CDRPA: (a) any change to the agreed upon sidewalk placement and configuration; (b) any future change to the exterior appearance of the Buildings (i.e. a change occurring after the initial construction consistent with the approved plans); (c) any change in use of more than 25% of the useable space within the buildings; and (d) the duty to maintain the property and Buildings according to a standard agreed upon during the MOU process. The agreed upon form of the covenants shall be an exhibit to the Purchase and Sale Agreement and recorded at closing, all as more fully set forth in the Purchase and Sale Agreement.

4. Negotiation of Purchase and Sale Agreement; Termination. The Parties agree to document, by written or email exchange, when any matter set forth in Sections 3.1 through 3.8 has been resolved. In the event the matters set forth in Sections 3.1 through 3.8, inclusive, are resolved to the mutual satisfaction of the Parties within the 60-day Review Period, then the Parties shall exercise good faith efforts to negotiate the terms of a binding Purchase and Sale

Agreement consistent with Section 5, below, during a fifteen (15) day period following the timely resolution of the last matter set forth in Sections 3.1 through 3.8 (the "PSA Deadline"). If all of the matters have not be resolved to the mutual satisfaction of the Parties within the 60-day Review Period, or if the Parties are unsuccessful in signing a Purchase and Sale Agreement on or before the PSA Deadline, then this MOU shall automatically terminate and be of no further force or effect between the Parties and without liability or recourse by one Party against the other, unless the applicable deadline has been extended by written agreement signed by the Parties.

5. Purchase and Sale Agreement Terms. If the Parties proceed with the negotiation of a binding Purchase and Sale Agreement as set forth above in Section 4, the Parties agree that the following terms will govern the negotiations of the Purchaser and Sale Agreement:

5.1 The purchase price of Two Million and NO/100 Dollars (\$2,000,000.00 US), payable in cash at closing.

5.2 Simultaneously with signing the Purchase and Sale Agreement, SPORT shall pay the sum of \$100,000 directly to the CDRPA as non-refundable earnest money, which shall be credited against the purchase price at closing. The earnest money is non-refundable even if the conditions to closing fail and this transaction does not close. The Parties agree that the earnest money represents a good faith estimate of the damages incurred by the CDRPA associated with the delay and expense incurred if this transaction does not close. The retention of the earnest money shall be the sole and exclusive remedy for SPORT's failure to close, except as set forth in Section 5.8, below.

5.3 Conveyance of title to the Property shall be by Quitclaim Deed executed by the POCC, at closing of the transaction.

5.4 SPORT ACKNOWLEDGES IT IS FAMILIAR WITH THE PROPERTY, HAS INVESTIGATED SAME, AND HAS BEEN PROVIDED WITH ADDITIONAL OPPORTUNITIES TO INVESTIGATE THE PROPERTY PRIOR TO CLOSING. SPORT ACKNOWLEDGES AND AGREES THAT IT IS RELYING SOLELY ON ITS INSPECTION AND INVESTIGATION OF THE PROPERTY, AND ACCEPTS THE PROPERTY "**AS-IS, WHERE IS**" IN ITS PRESENT CONDITION WITH NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, ORAL OR WRITTEN, MADE BY THE CDRPA, THE POCC OR ANY BOARD MEMBER, ELECTED OFFICIAL, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE CDRPA OR THE POCC WITH RESPECT TO THE CONDITION OF THE PROPERTY. SPORT SHALL HAVE DETERMINED TO ITS SATISFACTION THAT THE PROPERTY CAN BE USED FOR THE PURPOSES IT INTENDS. SPORT ACKNOWLEDGES AND AGREES THAT NEITHER THE CDRPA, THE POCC OR THIER BOARD MEMBERS, ELECTED OFFICIALS, AGENTS AND EMPLOYEES HAVE MADE, AND DO NOT MAKE, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE HABITABILITY, CONDITION OR SUITABILITY FOR RESIDENTIAL, COMMERCIAL OR INDUSTRIAL PURPOSES, MERCHANTABILITY, POTENTIAL USE OF THE PROPERTY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, OR THE PRESENCE OR ABSENCE OF ANY HAZARDOUS SUBSTANCES, WASTES OR MATERIALS AS DEFINED BY STATE, FEDERAL OR LOCAL LAW, ALL OF WHICH WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. SPORT ASSUMES FULL

RESPONSIBILITY FOR THE CONDITION OF THE PROPERTY, KNOWN OR UNKNOWN, AND FOREVER RELEASES THE CDRPA AND THE POCC OF ANY CLAIMS, CAUSES OF ACTION, OR LIABILITY IN THIS REGARD. THIS PROVISION SHALL SURVIVE CLOSING OF THE TRANSACTION.

5.5 The only conditions to closing shall be the following: (a) SPORT must apply for a building permit no later than December 31, 2020; (b) a building permit must be issued by the City of Wenatchee consistent with plans approved during the MOU process no later than May 31, 2021; and (c) institutional financing (including a possible SBA loan) must be secured on or before March 31, 2021 and shall be in the form of a commitment letter or similar indication acceptable to the CDRPA that funding is available to complete the project (this excludes the private funds SPORT intends to raise to purchase the Property). Closing shall occur within fifteen (15) days following the satisfaction of these conditions.

5.6 SPORT may pursue a 1031 Exchange, wherein the Property is identified as the replacement property for purposes of the 1031 Exchange. In this event, the POCC will cooperate and sign documents reasonably required, so long as (a) all costs incurred by the POCC or CDRPA in reviewing the documents associated with the 1031 Exchange are reimbursed by SPORT at closing; and (b) the 1031 Exchange does not alter the terms, conditions and commitments set forth in the Purchaser and Sale Agreement.

5.7 The condition of title to the Property was addressed as part of the MOU process. So long as the condition of title does not change during the period the Purchase and Sale Agreement is entered and closing (except for the matters identified herein that will be recorded at closing), SPORT shall be deemed to have accepted the condition of title to the Property as established during the MOU process.

5.8 Sections 6 and 7 below shall also be incorporated into the Purchase and Sale Agreement.

6. Access to Property. Prior to gaining access to the Property for any purpose during the 60-day Review Period, SPORT shall name the POCC and the CDRPA as additional insureds on a commercial general liability insurance policy in an amount not less than \$1 million per occurrence and provide a certificate of insurance in this regard. The form of the certificate of insurance and the coverage provided by the insurance policy shall be approved by the CDRPA prior to entry onto the Property by SPORT. SPORT shall be provided an access key to the buildings on the Property, provided that SPORT shall notify Stacie de Mestre (Facility and Property Development Manager for the CDRPA), by phone call or email, at least 24 hours prior to each entry into the buildings on the Property. Any kind of invasive testing, including borings or samples taken of any kind, must be approved by the CDRPA prior to the test occurring.

7. Indemnity. SPORT hereby indemnifies and holds the CDRPA harmless against all claims, demands, causes of action, suits or judgments (including attorney's fees, costs and expenses) for death or injury to any person or for loss of damage to property, related to or associated with SPORT, including its engineers, surveyors, architects, contractors, agents, members and employees' access, investigation, use, and/or activities on the Property pursuant to this MOU.

SPORT understands and agrees that its duty to indemnify and hold the CDRPA harmless includes, but is not limited to, damages or injuries caused by the negligent or other conduct of SPORT, its engineers, surveyors, architects, contractors, agents, members or employees.

8. **Assignment.** The assignment of this MOU to a third party is prohibited. Nothing herein is intended to prohibit SPORT from raising private capital by selling up to 30% of the interest in SPORT to third parties.

9. **Counterpart/Facsimile/E-mail.** This MOU may be executed separately or independently in any number of counterparts and may be delivered by manually signed counterpart, facsimile, e-mail or other electronic means. Each and all of these counterparts shall be deemed to have been executed simultaneously and for all purposes to be one document, binding as such on the parties. The facsimile, e-mail or electronic transmission of any signed original document, and retransmission thereof, shall be the same as delivery of an original. At the request of either party, or the closing agent, the parties will confirm facsimile, e-mail or electronically transmitted signatures by signing an original document.

10. **Authority.** The Parties warrant that each holds the power, authority and/or authorization as required by applicable law to enter into this MOU. SPORT shall provide a resolution signed by all members of SPORT authorizing a single member to sign this MOU and to obligate and bind SPORT on any matter set forth herein.

11. **General Provisions.** Time is of the essence. There are no verbal agreements which modify this MOU. This MOU constitutes the full understanding between the CDRPA and SPORT. Any and all subsequent modifications of this MOU shall be in writing and signed by the Parties. The "effective date of this MOU" shall be the date of the last signature set forth below.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY S.P.O.R.T. FITNESS CENTER, LLC

By: _____
James M. Kuntz, Chief Executive Officer

By: _____
_____, Authorized Member

Dated: _____

Dated: _____

PORT OF CHELAN COUNTY

By: _____
James M. Kuntz, Executive Director

Dated: _____

EXHIBIT "A"
Legal Description

Tax Parcel No. 222003925060:

THE SOUTHERLY 60 FEET OF LOT 1, AND ALL OF LOTS 2, 3, 4 AND 5, ALL IN BLOCK 3, WAREHOUSE ADDITION TO WENATCHEE, CHELAN COUNTY, WASHINGTON, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 38.

Tax Parcel No. 222003440200:

THAT PORTION OF THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY'S (FORMERLY GREAT NORTHERN RAILWAY COMPANY) ORIGINAL 400.00 FOOT WIDE STATION GROUND PROPERTY AT WENATCHEE, BEING 250.00 FEET WIDE ON THE EASTERLY SIDE AND 150 FEET WIDE ON THE WESTERLY SIDE OF SAID RAILWAY COMPANY'S MAIN TRACK CENTERLINE, AS NOW LOCATED AND CONSTRUCTED UPON, LYING NORTHERLY OF THE NORTHEASTERLY EXTENSION OF THE RIGHT OF WAY FOR THE 90.00 FOOT WIDE ORONDO AVENUE, OVER AND ACROSS THE SOUTHEAST QUARTER OF SECTION 3 AND THE NORTHEAST QUARTER OF SECTION 10, ALL IN TOWNSHIP 22 NORTH, RANGE 20, EAST OF THE WILLAMETTE MERIDIAN, CHELAN COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT THE MOST EASTERLY CORNER OF LOT 5, BLOCK 5, WAREHOUSE ADDITION TO WENATCHEE, WASHINGTON, ACCORDING TO THE RECORDED PLAT THEREOF;

THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY EXTENSION OF THE SOUTHEASTERLY LINE OF SAID LOT 5, A DISTANCE OF 80.00 FEET;

THENCE NORTHWESTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK 5, A DISTANCE OF 190.00 FEET;

THENCE NORTHEASTERLY AT RIGHT ANGLES TO THE LAST DESCRIBED COURSE 45.00 FEET, MORE OR LESS, TO A POINT BEING 25.00 FEET SOUTHWESTERLY, AS MEASURED AT RIGHT ANGLES FROM SAID MAIN TRACK CENTERLINE; THENCE NORTHWESTERLY PARALLEL WITH SAID MAIN TRACK CENTERLINE TO THE INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 20.00 FEET SOUTHWESTERLY, AS MEASURED AT RIGHT ANGLES FROM SAID RAILWAY COMPANY'S MOST SOUTHWESTERLY LADDER TRACK CENTERLINE;

THENCE NORTHWESTERLY PARALLEL WITH SAID LADDER TRACK CENTERLINE TO THE INTERSECTION WITH THE NORTHEASTERLY EXTENSION OF THE SOUTHEASTERLY LINE OF PALOUSE STREET, ACCORDING TO THE RECORDED PLAT OF WENATCHEE, WASHINGTON;

THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY EXTENSION OF THE SOUTHEASTERLY LINE OF PALOUSE STREET 85.00 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF LOT 1, BLOCK 3 OF WAREHOUSE ADDITION TO WENATCHEE;

THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINES OF BLOCKS 3, 4 AND 5 OF SAID WAREHOUSE ADDITION, A DISTANCE OF 1,510.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE RIGHT OF WAY FOR 90.0 FOOT WIDE ORONDO AVENUE.

Ptn of Tax Parcel No. 222003400050

LOT 1, BLOCK 3, WAREHOUSE ADDITION TO WENATCHEE, ACCORDING TO THE RECORDED PLAT THEREOF, EXCEPT THE SOUTHERLY 60 FEET THEREOF.

EXHIBIT "B"
Conceptual Plans

ANNUAL REPORT CERTIFICATION

Pangborn Memorial Airport
(Official Name of Government)

1674
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended December 31, 2019

GOVERNMENT INFORMATION:

Official Mailing Address: One Campbell Parkway, Suite A
East Wenatchee, Washington 98802

Official Web Site Address: www.flywenatchee.com

Official E-mail Address: info@cdrpa.org

Official Phone Number: (509) 884-2494

PREPARER INFORMATION and CERTIFICATION:

Preparer Name and Title: Monica Lough, Director of Finance

Contact Phone Number: (509) 884-4700

Contact E-mail Address: monica@cdrpa.org

I certify this 1st day of July, 2020, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Preparer Signature: Monica Lough

PANGBORN MEMORIAL AIRPORT

Financial Statements

(A Compilation)

December 31, 2019

I N D E X

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Pangborn Memorial Airport's (the Airport) management's discussion and analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Airport's financial activity;
3. Identify changes in the Airport's financial position;
4. Provide information on challenges in the next and subsequent years; and
5. Identify individual fund or program issues and concerns.

Since the MD&A is designed to focus on the current year's activities, please read it in conjunction with the Airport's financial statements.

Financial Statements

The Airport's financial statements are designed so that all activities for the Airport are reported as one total for the entire Airport. They are designed to display the financial position and activity of the Airport as a whole. The Airport consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported in the same method as that used in private sector accounting. These statements include:

1. Statement of Net Position. This is similar to a balance sheet in that it reports all financial and capital resources of the Airport. The statement is prepared using the balance sheet format. All assets and liabilities are presented in order of liquidity.

The focus of the statement of net position is designed to present the net assets available to the Airport. Total net position is reported in three broad categories:

- Net Investment in Capital Assets. This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other related borrowings that are attributable to the acquisition, construction or improvement of those capital assets.
 - Restricted. This component of net position consists of assets in which creditors, grantors, laws or regulations have placed constraints.
 - Unrestricted. This component consists of all remaining assets.
2. Statement of Revenues, Expenses, and Change in Net Position. This statement is similar to an income statement and includes operating revenues, such as rental income and other tenant revenue, operating expenses, such as administrative expenses, utilities, maintenance and depreciation, and nonoperating revenue and expenses, which includes grant revenue, passenger facility funds, investment income and interest expense.

Pangborn Memorial Airport
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

3. Statement of Cash Flows. This statement shows net cash provided by, or used for, operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

An Overview of the Airport's Financial Position and Operations

The Airport's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

**TABLE 1
STATEMENTS OF NET POSITION**

	2019	2018
Current and other assets	\$ 731,246	\$ 510,574
Restricted assets	741,532	693,224
Net capital assets	<u>42,629,977</u>	<u>42,995,485</u>
Total Assets	<u>\$ 44,102,755</u>	<u>\$ 44,199,283</u>
Deferred outflows of resources	<u>\$ 101,440</u>	<u>\$ 103,454</u>
Current liabilities	\$ 1,487,637	\$ 176,648
Noncurrent liabilities	<u>1,023,829</u>	<u>1,188,457</u>
Total Liabilities	<u>\$ 2,511,466</u>	<u>\$ 1,365,105</u>
Deferred inflows of resources	<u>\$ 178,428</u>	<u>\$ 160,380</u>
Net Position		
Net investment in capital assets	\$ 42,070,617	\$ 42,975,461
Restricted	741,532	693,224
Unrestricted	<u>(1,297,848)</u>	<u>(891,433)</u>
Total Net Position	<u>\$ 41,514,301</u>	<u>\$ 42,777,252</u>

Total Assets

The Airport's total assets at December 31, 2019 were \$44,102,755, a decrease of \$96,528 from December 31, 2018. The decrease is due primarily to depreciation of assets. Passenger Facility Charge funds held in account at the end of the year were \$741,532, an increase of

Pangborn Memorial Airport
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Total Assets – continued

\$48,308 from December 31, 2018. This is due to 2019 collections being held for Application 13-11-C-00 Terminal Security project expected to be completed in 2020. Funds of \$10,818 were expended for Application 16-12-C-00 Master Plan and Commercial Apron projects. An additional \$194,535 was expended on initial construction for the Terminal Security Project.

Total Liabilities

The Airport's total liabilities at December 31, 2019 were \$2,511,466, an increase of \$1,146,361 from December 31, 2018. Accounts payable increased significantly due to an increase in capital projects and associated accrued retainage late in the year. Loans were issued by the Port of Chelan for a hangar purchase and fuel station construction. Noncurrent liabilities decreased by \$164,628 due to reduction of Net Pension Liability and Other Post Employment Benefits (OPEB).

Total Net Position

The Airport's financial position declined as net position decreased by \$1,262,951.

**TABLE 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

	<u>2019</u>	<u>2018</u>
Revenue		
Operating revenues	\$ 2,122,726	\$ 2,201,059
Nonoperating revenues	<u>880,590</u>	<u>891,845</u>
Total Revenues	3,003,316	3,092,904
Expenses		
Operating expenses	4,550,329	4,624,144
Nonoperating expenses	<u>1,603</u>	<u>3,049</u>
Total Expenses	<u>4,551,932</u>	<u>4,627,193</u>
Loss before capital grants	(1,548,616)	(1,534,289)
Capital grants	<u>285,665</u>	<u>1,152,730</u>
Change in Net Position	<u>\$ (1,262,951)</u>	<u>\$ (381,559)</u>

Major Factors Affecting the Statements of Revenues, Expenses and Change in Net Position

Operating revenue decreased 3.6% in 2019, primarily due to decreases in fuel service operations.

Nonoperating revenues reflect contributions made by the owners of the Airport, the Port of Chelan County and the Port of Douglas County, for funds to cover the maintenance and operations deficit, and interest income. Also received are funds through a reimbursable agreement with the Transportation Security Administration for a percentage of the Airport's law enforcement officer expense, the passenger facility ticket fee and the terminal advertising program.

In 2019, capital grants decreased by 75.2%. AIP Grant 40 and WSDOT Grant GCB 3239, in the amounts of \$749,882 and \$41,660, were awarded in 2019 for an Environmental Assessment, with \$132,577 and \$7,365 being expended in 2019. AIP Grant 41, in the amount of \$158,314, was awarded in 2019 for ARFF Gear and Terminal Capacity, with \$32,772 being expended in 2019.

Operating expenses decreased 1.6% in 2019. The decrease was largely due to decreased fuel expenses for fuel service operations.

Economic Factors

Significant economic factors affecting the Airport include:

- Aviation fuel sales were down 22.3% due to decreased jet fuel demand for fighting fires, and decreased aviation gas demand due to fuel tank construction not being completed until November.
- Statewide shut downs due to Covid-19 began in February 2020, with the governor's declaration of emergency. Airport revenues have been significantly impacted by greatly reduced numbers of passengers using services.

Request for Information

This financial report is designed to provide a general overview of the Airport's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Pangborn Memorial Airport
Attn: Monica Lough, Director of Finance
One Campbell Parkway, Suite A
East Wenatchee, WA 98802-9290

Pangborn Memorial Airport
STATEMENT OF NET POSITION
December 31, 2019

ASSETS AND DEFERRED OUTFLOWS

CURRENT ASSETS

Cash held by Chelan County Treasurer	
General fund	\$ 111,815
State pooled investments	79
Bank accounts	75,596
Cash on hand	<u>1,278</u>

Total cash and cash equivalents [Note 2] 188,768

Accounts receivable (net)	215,460
Grants receivable	137,931
Prepaid expenses	49,934
Fuel inventory	<u>101,901</u>

Total current assets 693,994

NONCURRENT ASSETS

Net Pension Asset 37,252

Restricted assets

Cash in bank - Passenger facility fund [Note 2] 741,532

Capital assets [Note 3]

Land and right-of-way	9,964,045
Buildings	7,587,810
Improvements other than buildings	40,606,680
Machinery and equipment	4,082,145
Construction in progress	<u>749,752</u>
Total costs	62,990,432
Less accumulated depreciation	<u>20,360,455</u>

Total capital assets 42,629,977

TOTAL ASSETS \$ 44,102,755

DEFERRED OUTFLOWS OF RESOURCES

Pension [Note 5]	98,431
Other Post Employment Benefits [Note 6]	<u>3,009</u>

\$ 101,440

Pangborn Memorial Airport
STATEMENT OF NET POSITION
December 31, 2019

LIABILITIES, NET POSITION AND DEFERRED INFLOWS

	2019
CURRENT LIABILITIES	
Accounts payable	\$ 567,247
Retainage in escrow	51,985
Accrued taxes and benefits	23,575
Accrued vacation payable	48,272
Accrued interest	208
Operating notes payable [Note 8]	786,500
Long-term debt payable within one year [Note 9]	9,850
Total current liabilities	1,487,637
 NONCURRENT LIABILITIES	
Deposits	142,849
Net pension liability [Note 5]	272,373
Other Post Employment Benefits [Note 6]	608,607
Long-term debt payable after one year [Note 9]	-
Total noncurrent liabilities	1,023,829
TOTAL LIABILITIES	\$ 2,511,466
 DEFERRED INFLOWS OF RESOURCES	
Pension [Note 5]	\$ 178,428
 NET POSITION	
Net investment in capital assets	\$ 42,070,617
Restricted	741,532
Unrestricted	(1,297,848)
TOTAL NET POSITION	\$ 41,514,301

Pangborn Memorial Airport
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended December 31, 2019

OPERATING REVENUES

Rent [Note 11]	
Space/concessions	\$ 404,678
Parking	396,133
Aviation land	133,996
Non-aviation land	100,905
Fuel service operations	901,619
Landing fees	90,982
Aviation fuel flowage fee	18,054
Security badge income	7,008
Misc. fees, permits and reimbursements	<u>69,351</u>
 Total operating revenues	 2,122,726

OPERATING EXPENSES

Depreciation	1,897,548
Salaries	668,991
Fuel service operations	
Fuel	555,506
Wages	168,560
Payroll taxes and benefits	62,855
Small tools and supplies	16,142
Merchant fees	12,406
Other expenses	71,296
Employee benefits [Note 5]	39,153
Insurance [Note 7]	111,312
Computer supplies and maintenance	56,870
Utilities	121,980
Payroll taxes	85,522
Land lease expense [Note 9]	31,044
Vehicle expense	35,979
Other professional services	220,757
Repairs	
Equipment	23,379
Buildings	52,720
Vehicles	32,994
Runways and aprons	62,621
Legal expense	38,905
State audit	17,075
Conventions, meetings and travel	16,219
Terminal building expense	20,250
Office expenses and telephone	25,455

Pangborn Memorial Airport
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 For the Year Ended December 31, 2019

OPERATING EXPENSES – continued	
Advertising and promotion	12,213
Janitor supplies	13,200
Security expense	6,135
Subscriptions and memberships	5,326
Bad debt expense	21,965
Other expenses	<u>45,951</u>
Total operating expenses	<u>4,550,329</u>
OPERATING LOSS	(2,427,603)
NONOPERATING REVENUES (EXPENSES)	
Operating grants [Note 10]	547,671
Passenger facility income	293,006
Gain on disposal of assets	27,048
Advertising income	11,639
Interest income	1,226
Interest expense	<u>(1,603)</u>
Total nonoperating revenues (expenses)	<u>878,987</u>
LOSS BEFORE CAPITAL GRANTS	(1,548,616)
Capital grants [Note 10]	<u>285,665</u>
CHANGE IN NET POSITION	(1,262,951)
NET POSITION - BEGINNING OF YEAR	<u>42,777,252</u>
NET POSITION - END OF YEAR	<u><u>\$ 41,514,301</u></u>

Pangborn Memorial Airport
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,029,050
Payments to suppliers	(2,007,432)
Payments to employees	<u>(832,214)</u>
Net cash used by operating activities	(810,596)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	550,301
Nonoperating revenues	302,703
Advances on operating bonds	794,155
Payments on operating note payable	<u>(7,655)</u>
Net cash provided by noncapital financing activities	1,639,504
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital passenger facility fund	(48,308)
Capital grants received	213,375
Proceeds from disposal of capital assets	28,787
Acquisition of capital assets	(992,940)
Payments on long-term debt payable	(9,851)
Interest paid	<u>(1,812)</u>
Net cash used by capital and related financing activities	(810,749)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>1,226</u>
NET INCREASE IN CASH	19,385
CASH - BEGINNING OF YEAR	<u>169,383</u>
CASH - END OF YEAR	<u>\$ 188,768</u>

Pangborn Memorial Airport
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

RECONCILIATION OF OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES

Operating loss	\$ (2,427,603)
Noncash expense	
Depreciation	1,897,548
Pension	(171,844)
(Increase) decrease in operating assets	
Accounts receivable	(130,211)
Prepaid expenses	7,924
Fuel inventory	(6,805)
Increase (decrease) in operating liabilities	
Accounts payable	(29,738)
Accrued taxes and benefits	8,261
Accrued vacation payable	5,337
Deposits	<u>36,535</u>
Net cash used by operating activities	<u>\$ (810,596)</u>

NONCASH CAPITAL AND RELATED
FINANCING ACTIVITIES

Capital assets included in accounts payable	<u>\$ 497,524</u>
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pangborn Memorial Airport (the Airport) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting entity

The Airport is a municipal airport situated in Douglas County, Washington, serving the air transportation needs of North Central Washington. The Airport operates as a local government agency under the statutes of the State of Washington.

The Airport obtains operating resources through land and space rentals, concession agreements, user fees and an interlocal agreement between the Port of Chelan County and Port of Douglas County. The current agreement was approved in 2003 (the Port of Chelan County acts as manager of the aviation use property and the Port of Douglas County acts as manager of designated non-aviation property, and collectively the two Ports serve as the Governing Board).

In June 2019, the Port of Chelan County and Port of Douglas County entered into an interlocal agreement to functionally consolidate as of January 1, 2020 as the Chelan Douglas Regional Port Authority. With the interlocal agreement, the Joint Operating Agreement dissolved at December 31, 2019 and the airport became a division of the Chelan Douglas Regional Port Authority.

B. Basis of accounting

The accounting records of the Airport are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Airport uses the Budgeting Accounting and Reporting System (BARS) for GAAP Port Districts in the State of Washington.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Their reported fund position is segregated into net investment in capital assets, restricted and unrestricted components of net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The Airport discloses changes in cash flows by a separate statement that presents their operating, noncapital financing, capital and related financing and investing activities.

B. Basis of accounting - continued

The Airport uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The Airport distinguishes between operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with Airport principal ongoing operations. The principal operating revenues of the Airport are charges to tenants for land, parking, space and hangar leases. The Airport also recognizes as operating revenue concessions, landing fees and aviation fuel flowage fees. Operating expenses for the Airport include salaries, repairs and maintenance and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, liabilities and net position

1. Cash and cash equivalents

It is the Airport's policy to invest all temporary cash surpluses. At December 31, 2019, the treasurer was holding \$79 in short-term residual investments of surplus cash.

For the purpose of the statement of cash flows, the Airport considers all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Accounts receivable

Accounts receivable are unsecured and stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to accounts receivable. Per review of outstanding accounts, an allowance for doubtful accounts of \$20,875 was accrued at December 31, 2019.

3. Inventory

Fuel inventory is valued at cost using the FIFO (first in, first out) method, which approximates the market value.

C. Assets, liabilities and net position - continued

4. Restricted assets

The passenger facility fund is the balance of collected passenger facility charges (PFC) at year end. There are two types of projects eligible for PFC funding: (1) a project that meets Federal Aviation Administration (FAA) requirements and (2) sponsor share - PFC funds can be collected to recover the sponsor share of prior Federal Airport Improvement Program (AIP) projects. Expenditure of all PFC funds are approved and identified in the Airport capital budget.

PFC Application 13-11-C-00-EAT was approved in April of 2013 with all funds being collected as of December 31, 2016. An amendment for additional Terminal Security Project funds was approved in August 2019. Collection authority was extended to January 1, 2020 with all funds collected as of September 30, 2019. Funds of \$6,704 were utilized in 2014 to reimburse the sponsor's share of the terminal security wall project. An Aircraft Rescue & Fire Fighting truck, and auxiliary equipment project, was completed with the truck placed in service by the end of 2016. The total amount for the truck and equipment was \$730,302. Funds of \$238,314 were expended through 2019 on the Terminal Security project.

PFC Application 16-12-C-00-EAT in the amount of \$589,500 was approved April 27, 2016 and reached collection authority December 31, 2018. Amendment of PFC Application 13-11-C-00-EAT extended collection authority to April 1, 2023. Unexpended, collected funds were transferred to PFC Application 13-11-C-00-EAT. The application will cover the sponsor's share, currently 10 percent, of AIP grants. Funds from this PFC application will be used as follows: 1) Update Airport Master Plan, \$75,000; 2) Purchase SRE Equipment, \$60,000; 3) Reconstruct Commercial Apron/Glycol Recovery System, \$224,500; and, 4) Taxiway A Rehabilitation, \$230,000. Through the end of 2019, expended funds were 1) Master Plan, \$73,759; 2) SRE Equipment, \$115,510; 3) Commercial apron/Glycol Recovery System, \$21,380; and Taxiway A Rehabilitation, \$21,695.

5. Capital assets

See Note 3.

C. Assets, liabilities and net position - continued

6. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The Airport records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to a maximum of 30 days, is payable upon resignation, retirement, or death.

Sick leave may accumulate up to 60 days, and is not payable upon resignation or termination of employment, other than retirement. If an employee retires under the Public Employees Retirement System, at the time of termination of employment, the Airport shall contribute an amount equal to 25% of the value of accrued unused sick leave to a Voluntary Employee's Beneficiary Association (VEBA) account. In addition, for those employees that start the calendar year with the maximum hours of sick leave accrued, and during the year use less sick leave than the amount accrued, will also receive a contribution of 25% of the excess accrual to a VEBA account.

7. Deferred compensation

The Airport employees are eligible to participate in the Washington State employees deferred compensation plan. The annual contribution limits are the lesser of \$19,000 or 100% of the employee's gross salary.

8. Long-term debt

See Note 8.

9. Leases

As part of its normal operations, the Airport leases land and buildings to tenants. The Airport's objective is that lease terms be for a length of time that will assist in ensuring economic stability and a fair return on the value of the property being leased. Lease terms currently range from month-to-month to fifty years. All leases are accounted for as operating leases.

C. Assets, liabilities and net position - continued

10. Advertising expenses

The Airport expenses advertising costs as incurred. No direct response advertising is conducted; therefore, no advertising costs have been capitalized. Advertising expense for 2019 was \$12,213.

11. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Airport's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

A. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost.

Pangborn Memorial Airport
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

The Airport has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Airport has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight line method with useful lives of 5 to 40 years for buildings and land improvements, and 3 to 20 years for equipment.

B. Capital assets activity for the year ended December 31, 2019 as follows:

	Beginning Balance 1/1/2019	Increases	Decreases	Ending Balance 12/31/2019
Capital assets not being depreciated:				
Land and right-of-way	\$ 9,964,045	\$ -	\$ -	\$ 9,964,045
Construction in progress	234,646	1,547,128	1,032,022	749,752
Total capital assets, not being depreciated	\$ 10,198,691	\$ 1,547,128	\$ 1,032,022	\$ 10,713,797
Capital assets, being depreciated:				
Buildings	\$ 6,597,911	1,011,963	22,064	\$ 7,587,810
Improvements other than buildings	40,606,680	-	-	40,606,680
Machinery and equipment	4,075,435	6,710	-	4,082,145
Total capital assets being depreciated	51,280,026	1,018,673	22,064	52,276,635
Less accumulated depreciation for:				
Buildings	3,346,199	172,435	20,325	3,498,309
Improvements other than buildings	12,777,573	1,516,320	-	14,293,893
Machinery and equipment	2,359,460	208,793	-	2,568,253
Total accumulated depreciation	18,483,232	1,897,548	20,325	20,360,455
Total capital assets being depreciated, net	\$ 32,796,794	\$ (878,875)	\$ 1,739	\$ 31,916,180

C. Construction commitments

Grant projects open as of December 31, 2019, consist of the following:

AIP Grant 40 – A grant in the amount of \$749,882 was awarded in 2019 for an Environmental Assessment. Funds of \$132,577 were expended in 2019.

WSDOT CB 3239 – A grant in the amount of \$41,660 was awarded in 2019 for 50% of sponsor share for AIP Grant 40 Environmental Assessment. Funds of \$7,365 were expended in 2019.

AIP Grant 41 – A grant in the amount of \$158,314 was awarded in 2019 for ARFF Gear and Terminal Capacity project. Funds of \$69,849 were expended in 2019.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Airport is not aware of any issues, whether or not they would materially affect these financial statements, involving non-compliance with Washington laws or with BARS.

NOTE 5 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts - All Plans

Pension liabilities	\$ (272,373)
Pension assets	37,252
Deferred outflows of resources	98,431
Deferred inflows of resources	(178,428)
Pension expense/expenditures	9,171

State Sponsored Pension Plans

Substantially all the Airport's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2019		
PERS Plan I	7.52%	6.00%
PERS Plan IUAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July - December 2019		
PERS Plan I	7.92%	6.00%
PERS Plan IUAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	<u>Employer 2/3</u>	<u>Employee 2</u>
January - June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan I UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%
July - December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan I UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

The Airport's actual PERS plan contributions were \$36,310 PERS Plan I and \$56,608 to PERS Plan 2/3 for the year ended December 31, 2019.

Law Enforcement Officers and Fire Fighters Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, fire fighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service - 2.0% of FAS
- 10-19 years of service - 1.5% of FAS
- 5-9 years of service - 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

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Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

Actual Contribution Rates:	Employer	Employee
January - June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities		
Administrative Fee	0.18%	
Total	8.93%	8.75%
July - December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
Ports and Universities		
Administrative Fee	0.18%	
Total	8.77%	8.59%

The Airport's actual contributions to the plan were \$3,009 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the Airport as its proportionate share of this amount is \$1,942.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study and the 2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30,

2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class:	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Airport's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 257,250	\$ 205,419	\$ 160,449
PERS 2/3	513,514	66,954	(299,477)
LEOFF 2	(6,927)	(37,252)	(62,005)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Airport reported a total pension liability of \$272,373 and asset of \$37,252 for its proportionate share of the net pension liabilities and assets as follows:

	<u>Liability</u>
PERS Plan 1	\$ 205,419
PERS Plans 2/3	66,954
	<u>Asset</u>
LEOFF 2	\$ 37,252

At June 30, the Airport's proportionate share of the collective net pension liabilities and assets were as follows:

	Proportionate Share <u>06/30/18</u>	Proportionate Share <u>06/30/19</u>	Change in Proportionate Share
PERS Plan 1	0.005678%	0.005342%	-0.000336%
PERS Plans 2/3	0.007324%	0.006893%	-0.000431%
LEOFF 2	0.001710%	0.001608%	-0.000102%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

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The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the Airport recognized pension expense as follows:

PERS Plan 1	\$	(6,211)
PERS Plans 2/3		11,740
LEOFF 2		3,642

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>PERS Plan 1</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(13,724)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>17,078</u>	<u>-</u>
Total	<u>\$ 17,078</u>	<u>\$ (13,724)</u>

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<u>PERS Plans 2/3</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,183	\$ (14,395)
Net difference between projected and actual investment earnings on pension plan investments	-	(97,458)
Changes of assumptions	1,714	(28,092)
Changes in proportion and differences between contributions and proportionate share of contributions	4,814	(12,260)
Contributions subsequent to the measurement date	<u>28,416</u>	<u>-</u>
Total	<u>\$ 54,127</u>	<u>\$ (152,205)</u>
<u>LEOFF Plan 2</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,681	\$ (670)
Net difference between projected and actual investment earnings on pension plan investments	-	(7,638)
Changes of assumptions	61	(4,192)
Changes in proportion and differences between contributions and proportionate share of contributions	22,972	-
Contributions subsequent to the measurement date	<u>1,511</u>	<u>-</u>
Total	<u>\$ 27,225</u>	<u>\$ (12,500)</u>

Deferred outflows of resources related to pensions resulting from the Airport contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended December 31:	<u>PERS Plans 2/3</u>	<u>LEOFF Plan 2</u>
2020	\$ (30,443)	\$ 963
2021	(51,174)	(869)
2022	(23,338)	1,232
2023	(13,027)	2,042
2024	(6,865)	2,654
Thereafter	(1,645)	7,193

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year ending December 31, 2019:

<u>Aggregate OPEB Amounts - All Plans</u>	
OPEB liabilities	\$ 608,607
OPEB assets	-
Deferred outflows of resources	3,009
Deferred inflows of resources	-
OPEB expense/expenditures	(85,053)

At December 31, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>13</u>
Total	15

The Airport is not able to determine the number of inactive employees entitled to but not yet receiving benefits as eligibility is determined by the Washington State Office of Retirement Services and the Washington State Public Employees Benefit Board. Inactive employees entitled to but not yet receiving benefits would include any former Airport employee who retires under the public employees' retirement system and who are vested in that system. Retirees may also elect alternate coverage through Medicare and a Medicare supplemental plan.

OPEB Plan Description

The Pangborn Memorial Airport provides medical, dental, life, and long-term disability insurance to its full time employees through the Washington State Public Employees Benefit Board (PEBB). Airport employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system.

Other post-employment benefits (OPEB) are benefits provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, life, dental, and vision insurance. PEBB offers retirees access to all of these benefits and PEBB employers, through this single-employer defined benefit plan, provide monetary assistance, or subsidize, these benefits.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, PO Box 40914, Olympia, Washington 98504-0914 or it may be downloaded from the Office of the State Actuary website at <http://leg.wa.gov/osa/Pages/default.aspx>.

Subsidies

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a straightforward, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired

members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

PEBB has also historically provided subsidized basic life insurance (Plan A) coverage to retirees. This was an explicit life insurance subsidy set up by the PEBB Board and approved as part of the budget process. However, beginning January 1, 2012, the PEBB Board eliminated the explicit life insurance subsidy on a permanent basis.

Funding Policy

The Airport funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning that Airport pays these costs as they occur or become due. Therefore, there are no assets accumulating in a qualifying trust.

Actuarial Methods and Assumptions

The Airport used the alternative measurement method permitted under GASB Statement No. 75 and provided by the Office of the State Actuary. The Office of the State Actuary made the following assumptions:

Health Plan Assumptions:

- 2/3 of members select a Uniform Medical Plan (UMP plan) and 1/3 select a Group Health plan.
- UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan.
- Group Health pre-Medicare costs and premiums are a 50/50 blend of GH Classic and GH Value.
- The Group Health post-Medicare costs and premiums are equal to GH Medicare.

The actuary estimated retirement service for each active employee based on the average entry age of 35. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

Retirement, disablement, termination, and mortality rates were based on the 2018 AVR. For simplicity, the Office of the State Actuary assumed that all employees are retirement eligible at age 55, relied on the retirement rates for members with less than 30 years of service, and assumed a 100% retirement rate at the age of 70.

Each primary member was assumed to be a 50/50 male/female split, and that eligible spouses are the same age as the primary member. Age-based primary members were selected for the tool based on the overall distribution of State employees and retirees that participate in PEBB.

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Other assumptions include:

Discount Rate*

Beginning of Measurement Year	3.87%
End of Measurement Year	3.50%

Projected Salary Changes

3.5% + Service-Based Increases

Healthcare Trend Rates**

Initial rate is approximately 7%, trends down to about 5% in 2020.

Mortality Rates

Base Mortality Table	Healthy RP-2000
Age Setback	1 year
Mortality Improvements	100% Scale BB
Projection Period	Generational

Inflation Rate

2.75%

Post-Retirement Participation Percentage

65%

Percentage with Spouse Coverage

45%

The following presents the total OPEB liability of the Airport calculated using a discount rate of 3.5%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% point higher than the current rate. It also shows the total OPEB liability based on a healthcare trend rate of 7%, and 1% lower and 1% higher than the current rate.

Total OPEB Liability	1% Decrease	Current	1% Increase
Discount Rate	\$738,749	\$608,607	\$506,420
Healthcare Trend	\$490,905	\$608,607	\$764,092

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in total OPEB liability and related ratios is presented as required supplementary information following the notes to the financial statements.

Changes in the Total OPEB Liability

The following table shows the components of the Airport's annual OPEB expense for the year, the benefit payments made, and changes in the Airport's total OPEB liability as of June 30, 2019. The net OPEB liability of \$608,607 is included as a noncurrent liability in the Statement of Net Position.

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Total OPEB Liability at 07/01/2018	\$ 693,660
Service Cost	28,704
Interest	27,814
Changes in Experience Data and Assumptions	(134,198)
Changes in Benefit Terms	-
Benefit Payments	(7,373)
Other	-
Total OPEB Liability at 06/30/2019	<u>\$ 608,607</u>

The Airport used the alternative measurement method, which does not calculate deferred outflows and inflows for anything other than payments subsequent to the measurement date. Payments subsequent to the measurement date of 6/30/19 were \$3,009.

Funded Status and Funding Progress

In order to fund the OPEB plan, the Airport would have to establish an irrevocable trust, which means that the Airport would no longer have control of the money put into the trust. Even if the Airport left the PEBB program, the Airport would not be able to get the money out of the trust. As of December 31, 2019, the plan was 0% funded.

NOTE 7 - RISK MANAGEMENT

The Airport is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$5,000 of the amount of each claim, while Enduris is responsible for the remaining \$245,000 on a property loss.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool’s members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

In addition to the Enduris coverage, the Airport maintains insurance with the following companies:

Insurer	Coverage	Deductible
ACE Property and Casualty Insurance Company	Airport Owners and Operators General Liability	NIL
Colony Insurance Company	WA Storage Tank Pollution Liability	\$10,000 each claim

The Airport does not maintain Washington State unemployment insurance, where it has elected to become self-insured. The Airport expects to owe \$5,390 in premiums on unemployment losses in 2020.

NOTE 8 - LIABILITIES

The Airport’s short term liabilities consist of accounts payable, accrued taxes and benefits, retainage in escrow, accrued vacation payable, accrued interest and current maturities of long-term debt.

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In 2019, the Port of Chelan issued two loans to the Airport for current projects. Both loans were forgiven January 1, 2020 when the airport became a division of the Chelan Douglas Regional Port Authority.

	Beginning balance 1/1/19	Additions	Reductions	Ending balance 12/31/19
Note A.	\$ -	\$ 687,211	\$ -	\$ 687,211
Note B.	-	106,944	7,655	99,289
Totals	<u>\$ -</u>	<u>\$ 794,155</u>	<u>\$ 7,655</u>	<u>\$ 786,500</u>

NOTE 9 - LONG-TERM DEBT AND LEASES

Long-term debt

- A. A note payable to the East Wenatchee Water District for a Utility Local Improvement District (ULID) is payable annually at \$9,682, plus interest at 5.25%, and matures in August of 2020.
- B. A note payable to the East Wenatchee Water District for a ULID is payable annually at \$168, plus interest at 5.25%, and matures in August of 2020.

	Beginning balance 1/1/19	Additions	Reductions	Ending balance 12/31/19	Amounts due within one year
Note A.	\$ 19,365	\$ -	\$ 9,683	\$ 9,682	\$ 9,682
Note B.	336	-	168	168	168
Totals	<u>\$ 19,701</u>	<u>\$ -</u>	<u>\$ 9,851</u>	<u>\$ 9,850</u>	<u>\$ 9,850</u>

Annual debt service payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	<u>\$ 9,850</u>	<u>\$ 517</u>
Total	<u>\$ 9,850</u>	<u>\$ 517</u>

Operating leases

Beginning April 25, 1997, the Airport leases from the Port of Douglas County 11.11 acres with improvements, referred to as Airside Lot 3, for 50 years, plus five, five year options. This has been subleased to Executive Flight, Inc. The monthly lease payment was \$3,104. Land lease expense was \$31,044 for 2019. With the purchase of Executive Flight by the Port of Chelan County October 31, 2019 and subsequent relocation of all Port and Airport offices to the property, the operating lease was cancelled.

Capital leases

The Airport has no capital leases as of December 31, 2019.

NOTE 10 - JOINT OPERATING AGREEMENT

The Airport is jointly owned by the Port of Chelan County and the Port of Douglas County. A new joint operating agreement became effective January 1, 2004. The agreement states that the Port of Chelan County holds an undivided 61% interest and the Port of Douglas County holds an undivided 39% interest in the Airport. The ownership percentages have not been updated since January 1, 2004.

The Port of Douglas County manages the Port of Douglas County industrial park (Airport has rights to the airside lots) and CWICC building as defined in existing agreements between the Port of Douglas County and the Airport. The Port of Chelan County manages the aviation related activities and projects, and all other uses of the Airport property.

During 2013, the Port of Chelan County and Port of Douglas County signed an MOU to define their relationship regarding the operation and funding of the Airport. For 2018, maintenance and operations contributions from the Port of Chelan County and Port of Douglas County totaled \$383,725 and \$164,454, respectively. Capital contributions for 2018 were \$60,945 from the Port of Chelan County and \$26,119 from the Port of Douglas County. In 2017, maintenance and operations contributions from the Port of Chelan County and Port of Douglas County totaled \$330,000 and \$150,124, respectively. In addition, the Port of Chelan County contributed \$103,705 for capital projects, with the Port of Douglas County contributing \$0 for capital projects. The MOU expired as of December 31, 2017 with the Ports reverting back to the 2003 JOA as of January 1, 2018.

In June 2019, the Port of Chelan County and Port of Douglas County entered into an Interlocal Agreement to functionally consolidate as of January 1, 2020, forming the Chelan Douglas Regional Port Authority. With the formation of the Regional Port Authority, the Joint Operating Agreement ended December 31, 2019, and the airport became a division of the Regional Port Authority.

NOTE 11 - OTHER DISCLOSURES

Long-term operating leases

The Airport has historically received lease income from land, hangar space, airlines and car rental agencies.

The major leases are summarized as follows:

Land and terminal space

The Port of Douglas County has a 50 year lease on the industrial property. Lease payments are due as the property is developed. This lease ended December 31, 2019 with the interlocal agreement between the Port of Chelan and Port of Douglas County, effective as of January 1, 2020.

Alaska Airlines/Horizon Air is the carrier leasing terminal space and providing airline services to the Airport.

Executive Flight, Inc. signed a 50 year land lease in 1997 with an option for five successive five year periods. This lease was cancelled October 31, 2019 when the Port of Chelan purchased the building for the Chelan Douglas Regional Port Authority offices.

Car rental leases

The AVIS/Budget Rent-A-Car, Hertz Rent-A-Car and Enterprise Rent-A-Car annual leases include office space in the terminal and rent for parking spaces.

Other leases

The Airport has a number of other land leases, terminal leases and commission income. The primary ones consist of: the U. S. Forest Service, C & M Properties, T-hangar space, Executive Flight and TSA office space.

The Airport entered into a contract with Republic Parking on May 1, 2011 to manage the terminal parking lot. The minimum annual guaranteed revenue is \$138,000, with a 70% return of gross receipts up to \$225,000 and 80% of gross receipts in excess of \$225,000.

Minimum future rents, commissions, landing fees, etc. on non-cancelable leases for the five years succeeding December 31, 2019 are as follows:

Pangborn Memorial Airport
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December 31, 2019

2020	\$ 330,199
2021	329,492
2022	333,274
2023	543,600
2024	546,401

NOTE 12 - SUBSEQUENT EVENTS

On June 11, 2019, the Port of Chelan County and Port of Douglas County signed an Interlocal Cooperation Agreement functionally consolidating finances, management, and operations into one governing body, the Chelan Douglas Regional Port Authority, effective as of January 1, 2020. This agreement replaces the previous Joint Operating Agreement which defined the funding and management of Pangborn Memorial Airport. As of January 1, 2020, Pangborn Memorial Airport is no longer a separate legal entity, and has transferred all assets and operations to the Chelan Douglas Regional Port Authority. The Port Commissioners of both individual districts have joined together to create the Board of Directors. Financially, the consolidation will allow the organization to think and act regionally. Joining efforts will also allow resources, both internally and externally, to be utilized more fully in the best capacity.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes.

To help control the spread of the virus in our community, the Regional Port Authority administrative office will be closed until reopening is allowed by the Governor. The Regional Port Authority has asked employees who can work remotely to do so, with essential employees reporting to work practicing appropriate social distancing measures. The Regional Port Authority continues to maintain service levels to customers and tenants, and the airport terminal remains fully operational. Airports play a critical role in our nation's supply chain and maintaining the movement of cargo is essential to our local, national and world-wide economy.

SUPPLEMENTARY INFORMATION

Pangborn Memorial Airport

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Measurement Years through June 30, 2019

PERS Plan 1	2015	2016	2017	2018	2019
Employer's proportion of the net pension liability	0.005315%	0.005592%	0.005616%	0.005678%	0.005342%
Employer's proportionate share of the net pension liability	\$ 278,022	\$ 300,317	\$ 266,484	\$ 253,581	\$ 205,419
Employer's covered employee payroll	\$ 668,891	\$ 664,873	\$ 708,246	\$ 754,515	\$ 749,174
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	41.56%	45.17%	37.63%	33.61%	27.42%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%

PERS Plans 2/3	2015	2016	2017	2018	2019
Employer's proportion of the net pension liability	0.006869%	0.007175%	0.007224%	0.007324%	0.006893%
Employer's proportionate share of the net pension liability	\$ 245,426	\$ 361,256	\$ 250,999	\$ 125,051	\$ 66,954
Employer's covered employee payroll	\$ 668,891	\$ 664,873	\$ 708,246	\$ 754,515	\$ 749,174
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	36.69%	54.33%	35.44%	16.57%	8.94%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%

LEOFF Plan 2*	2015	2016	2017	2018	2019
Employer's proportion of the net pension asset	N/A	0.005120%	0.001831%	0.001710%	0.001608%
Employer's proportionate share of the net pension asset		\$ 29,779	\$ 25,408	\$ 34,717	\$ 37,252
Employer's covered employee payroll		\$ 47,038	\$ 57,268	\$ 56,468	\$ 56,472
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	0.00%	63.31%	44.37%	61.48%	65.97%
Plan fiduciary net position as a percentage of the total pension asset		106.04%	113.36%	118.50%	119.43%

* LEOFF 2 began July 01, 2016, retroactive to February 01, 2013

Pangborn Memorial Airport
 SCHEDULES OF EMPLOYER CONTRIBUTIONS
 For the Measurement Years through December 31, 2019

PERS Plan 1	2015	2016	2017	2018	2019
Statutorily required contributions	\$ 27,612	\$ 35,006	\$ 36,452	\$ 38,268	\$ 36,310
Contributions in relation to the statutorily required contributions	(27,612)	(35,006)	(36,452)	(38,268)	(36,310)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employer payroll	\$690,303	\$733,874	\$743,866	\$755,903	\$733,674
Contributions as a percentage of covered employer payroll	4.00%	4.77%	4.90%	5.06%	4.95%

PERS Plans 2/3	2015	2016	2017	2018	2019
Statutorily required contributions	\$ 41,241	\$ 45,720	\$ 51,041	\$ 56,691	\$ 56,608
Contributions in relation to the statutorily required contributions	(41,241)	(45,720)	(51,041)	(56,691)	(56,608)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employer payroll	\$690,303	\$733,874	\$743,866	\$755,903	\$733,674
Contributions as a percentage of covered employer payroll	5.97%	6.23%	6.86%	7.50%	7.72%

LEOFF Plan 2 *	2015	2016	2017	2018	2019
Statutorily required contributions	N/A	\$ 7,833	\$ 2,965	\$ 2,981	\$ 3,009
Contributions in relation to the statutorily required contributions		(7,833)	(2,965)	(2,981)	(3,009)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employer payroll		\$ 51,214	\$ 57,641	\$ 56,776	\$ 57,865
Contributions as a percentage of covered employer payroll	0.00%	15.29%	5.14%	5.25%	5.20%

* LEOFF 2 began July 01, 2016, retroactive to February 01, 2013

Pangborn Memorial Airport

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the measurement Years through June 30, 2019

Last 10 Fiscal Years*

PEBB - Health Care Authority	2018	2019
Total OPEB liability - beginning	\$ 683,008	\$ 693,660
Service cost	34,432	28,704
Interest	25,587	27,814
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(43,867)	(134,198)
Benefit payments	(5,500)	(7,373)
Other changes		
Total OPEB liability - ending	<u>693,660</u>	<u>608,607</u>
Covered-employee payroll	<u>810,983</u>	<u>806,510</u>
Total OPEB liability as a % of covered payroll	<u>85.53%</u>	<u>75.46%</u>
Notes to Schedule:		
* Until a full 10-year trend is compiled, only information for those years available is presented.		
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.		

Douglas County Port District No. 1
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

Beginning Cash and Investments

30810	Reserved	538,923
30880	Unreserved	413,848
388 / 588	Net Adjustments	-

Revenues

310	Taxes	1,029,199
320	Licenses and Permits	-
330	Intergovernmental Revenues	680,050
340	Charges for Goods and Services	861,671
350	Fines and Penalties	-
360	Miscellaneous Revenues	22,993
Total Revenues:		2,593,913

Expenditures

540	Transportation	1,863,187
Total Expenditures:		1,863,187
Excess (Deficiency) Revenues over Expenditures:		730,726

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	183,508
381, 382, 395, 398	Other Resources	1,800
Total Other Increases in Fund Resources:		185,308

Other Decreases in Fund Resources

594-595	Capital Expenditures	45,830
591-593, 599	Debt Service	802,105
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	61,974
581, 582	Other Uses	-
Total Other Decreases in Fund Resources:		909,909

Increase (Decrease) in Cash and Investments: **6,125**

Ending Cash and Investments

5081000	Reserved	323,492
5088000	Unreserved	635,404
Total Ending Cash and Investments		958,896

The accompanying notes are an integral part of this statement.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Douglas County (Port) was established in 1958 and operates under the laws of the State of Washington applicable to port districts.

The Port is a special purpose government entity which promotes economic development to the general public within Douglas County and is supported primarily through tax revenues collected by the County. The Port also supports movement of cargo and persons in and out of the area through its ownership (full or partial) of Waterville, Mansfield and Pangborn Memorial Airports.

The Port is governed by an elected three-member board.

The Port reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor’s Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government’s resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as “memo only” because any interfund activities are not eliminated. The following fund types are used:

General Fund

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This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

C. Cash and Investments

See Note 2.

D. Capital Assets

Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Compensated absences are absences for which employees will be paid. The Port recognizes personal leave benefits only when paid; although this practice does not conform to generally accepted accounting principles. But it is not material.

Personal leave may be accumulated up to 1,350 hours. Any hours above this limit shall be paid out at the end of the year. Employees may buy out unused personal leave from past year's accumulation at a rate equal to one hour's monetary compensation for each hour of accrued personal leave. Personal leave buy out can only occur for accrued time between 80 and 1,350 hours.

Upon termination of employment due to retirement, voluntary departure, layoffs, or death; an employee or an employee's estate may receive remuneration for unused paid leave at a rate equal to one hour's monetary compensation for each hour of accrued personal leave. All personal leave paid will be reported as wages for tax purposes.

F. Long-Term Debt

See Note 5, *Debt Service Requirements*.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties. When expenditures that meet restrictions are incurred, the Port intends to use reserved resources first before using unreserved amounts.

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Reservations of Ending Cash and Investments consist of \$538,923. This is a surety deposit in lieu of a bond from one tenant and funds held related to Contribution in Aid of Construction Agreements.

NOTE 2 – DEPOSITS AND INVESTMENTS

As required by state law, deposits and investments of the Port funds are obligations of the U.S. Government or deposits with Washington State banks and savings and loan institutions. The County is the treasurer for the Port and is responsible for the Port's investments.

The financial statements of Douglas County outline the County Treasurer's policy on investments.

Investments are reported at original cost.

As of December 31, 2019, the Port had the following investments:

<u>Type of Investment</u>	<u>Amount</u>
LGIP	\$ 875,516
Cash on Hand	77,155
Petty Cash	100
Total	<u>\$ 952,771</u>

It is the Port's policy to invest all temporary cash surpluses.

Investments in the State Local Government Investment Pool (LGIP)

The Port is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Port's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple

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financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the Port's or its agent in the government's name.

NOTE 3 – PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at the end of each month to the Port.

Property tax revenues are recognized when cash is received by the Port. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port regular levy for 2019 was \$0.175506 on an assessed valuation of \$5,846,549,891 for a total regular levy of \$1,026,104.

NOTE 4 – JOINT OPERATION - PANGBORN AIRPORT

The Pangborn Airport is jointly owned by the Port of Chelan and the Port of Douglas. The joint operating agreement was drafted in 2003 and became effective January 1, 2004. The agreement states that the Port of Chelan holds an undivided 61% interest and the Port of Douglas holds an undivided 39% interest in the airport.

In January of 2013 the Port of Douglas and Port of Chelan entered into a Memorandum of Understanding (MOU) for the purpose of documenting the common desire to negotiate an "Interlocal Agreement" defining their relationship regarding the operation and funding of Pangborn Memorial Airport and to outline the funding of and decision making for the Runway Extension Project. Pursuant to the MOU, the Port of Douglas was obligated to contribute 17% of its property taxes received (but not less than \$135,880) annually to help fund airport operations and capital improvements, to continue managing the CWICC building lease and the Pangborn Airport Business Park leases, and to enter into financing to pay for 30% of the local sponsor share of the Runway Extension Project in an amount not to exceed \$900,000 (the Port of Chelan was responsible for 70%, not to exceed \$2,100,000). Any payment by the Port of Douglas of its share of the Runway Extension Project Financing was credited to the 17% of annual property tax contribution.

Within the MOU, the Runway Extension Project Financing provided for separate revolving lines of credit, requiring interest only payments until project completion, for each port district's local sponsor share of the FAA funded project. Upon Project completion, each port district's separate financing would convert from an interest only instrument to a long-term loan with a term of 15 years and a variable interest rate. In late 2017, with the Runway Extension Project complete, the Port of Douglas refinanced this initial Runway Extension Project Financing with a Limited Tax General Obligation Refunding Bond in the amount of \$851,187, with a term of 15 years and a fixed interest rate of 3%. As of December 31, 2019, the amount outstanding related to this debt is \$763,573. See Schedule 9 for more information.

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At the end of calendar year 2017, the MOU expired and the Joint Operating Agreement from 2003 is again the governing document, with both port districts serving on the Airport Governing Board charged with operating Pangborn Memorial Airport.

NOTE 5 – LONG TERM DEBT

The accompanying Schedule of Long Debt (09) provides more details of the outstanding debt and liabilities of the Port and summarizes the Port’s debt transactions for the year ended December 31, 2019.

The debt service requirements for general obligation bonds, revenue bonds and notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2020	\$ 582,350	\$ 236,746	\$ 819,096
2021	590,501	224,649	815,150
2022	611,322	211,939	823,261
2023	619,643	197,954	817,597
2024	521,197	184,340	705,537
2025-2029	2,449,405	691,758	3,141,163
2030-2034	2,082,563	256,196	2,338,759
2034-2038	375,800	37,757	413,557
	<u>\$ 7,832,781</u>	<u>\$ 2,041,339</u>	<u>\$ 9,874,120</u>

NOTE 6 – PENSION PLANS

State Sponsored Pension Plans

Substantially all the Port’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERS 1 and 2/3).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2019 (the measurement date of the plans), the Port's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability
PERS 1	\$15,303	0.002134%	\$82,060
PERS 2/3	\$22,489	0.002754%	\$26,751

NOTE 7 – RISK MANAGEMENT

The Port is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property

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coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

NOTE 8 – CHELAN-DOUGLAS TRANSPORTATION COUNCIL

In 2015 the Port approved an interlocal cooperation agreement establishing the Chelan-Douglas Transportation Council as the 'Metropolitan Planning Organization' and 'Regional Transportation Planning Organization' for the two-county area of Chelan and Douglas Counties.

The interlocal cooperation agreement is made by and among Chelan County, Douglas County, City of Bridgeport, City of Cashmere, City of Chelan, City of East Wenatchee, City of Entiat, City of Leavenworth, City of Rock Island, City of Wenatchee, Town of Mansfield, Town of Waterville, Port of Douglas County, Port of Chelan County, Chelan-Douglas Public Transit Benefit Area (Link), and the Washington State Department of Transportation (WSDOT).

Dues to cover expenses shall be assessed to the members based on the bylaws of the Chelan-Douglas Transportation Council.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

The Port administers a Post-Retirement Health Care Program under a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. This plan is administered by the Health Care Authority (HCA) per RCW 41.05.065, the Public Employees Benefits Board (PEBB) created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. PEBB programs include medical, dental, life and long-term disability. Benefits are offered to retirees at a subsidized rate.

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The benefits are provided in accordance with a substantive plan, in which the plan terms are understood by the employers and plan member, but not formalized in a contract or plan document. The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong.

At December 31, 2019, the following employees were covered by the benefit terms:

		Total
Inactive employees or beneficiaries currently receiving benefits		1
Active employees/members		7
	Total	8

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

The Port reported no expenditures for OPEB for the calendar year 2019.

NOTE 10 – OTHER DISCLOSURES

Contingency

The Port participates in a number of federal, state and locally assisted programs. The grants the Port receives under these programs are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

The Port is at times a defendant in various legal actions and claims which arise during the normal course of business. In the opinion of management, the outcomes of these matters are either adequately covered by insurance or would not materially affect the financial statements.

Construction Commitments

There were no constructions commitments outstanding at December 31, 2019.

Related Parties

In 1982, the Port created the Douglas County Development Corporation. The Douglas County Port Commissioners also serve as the Development Corporation Board of Directors. The Douglas County Development Corporation, a public corporation, is authorized by the Washington State Legislature to facilitate the issuance of tax-exempt revenue bonds to finance industrial development projects within Douglas County. There are no such bonds currently outstanding.

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The Port of Chelan County entered into an Interlocal Agreement with Port of Douglas, to participate in the cost of the sewer improvement to the airport in 2005, in the amount of \$73,531. The Port of Chelan County pays Port of Douglas \$3,870, annually, until 2023.

Subsequent Events

On June 11, 2019, the Port of Chelan County and Port of Douglas County signed an Interlocal Cooperation Agreement functionally consolidating finances, management, and operations into one governing body – the Chelan Douglas Regional Port Authority, effective as of January 1, 2020. Through the creation of the Chelan Douglas Regional Port Authority, the Port Commissions of both Port Districts will join together to create the Board of Directors. Financially, the consolidation will allow the organization to think and act regionally. Joining efforts will also allow resources, both internally and externally, to be utilized in the best capacity. Douglas County has available land to be developed. Port of Chelan County came into the partnership with a strong financial base, but little available land. Both individual Port Districts will still exist in order to collect tax revenues and extinguish existing debt, with all operating activities being managed by the Regional Port Authority.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes. Management has implemented measures to comply with the requirements of the Governor's declaration and has put into place cost control measures to try to limit the financial impact. The length of time these measures will be in place, and the full extent of the financial impact on the District, is unknown at this time.

**Douglas County Port District No. 1
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.81	CERB Loan - PABP Phase II	1/31/2032	908,067	-	54,971	853,096
263.83	Loan Payable-DC Sewer District	7/1/2021	22,240	-	7,414	14,826
263.83	Loan Payable-DC Sewer District	7/1/2023	409,273	-	81,854	327,419
251.11	LTGO Bond 2011 Refunded-PABP	12/1/2031	1,075,000	-	-	1,075,000
251.11	LTGO Bond 2016 - 3310 Bldg	12/1/2035	3,595,000	-	160,000	3,435,000
251.11	LTGO & Ref Bonds 2011 - USFS	7/1/2023	510,000	-	95,000	415,000
251.11	N Cascades Bank - RW Extension	6/1/2033	808,848	-	45,275	763,573
263.81	CERB Loan - S Billingsley Dr	7/31/2038	132,500	-	5,730	126,770
263.81	CERB Loan - S Billingsley North Dr	7/31/2037	291,552	-	8,839	282,713
Total General Obligation Debt/Liabilities:			7,752,480	-	459,083	7,293,397
Revenue and Other (non G.O.) Debt/Liabilities						
263.86	Loan Payable-DC PUD, Salcido CIAC #1	6/1/2024	62,575	-	9,795	52,780
263.86	Loan Payable-DC PUD, Salcido CIAC #2	6/1/2025	568,847	-	82,243	486,604
264.30	OPEB		353,585	71,993	-	425,578
264.30	Pension Liability		143,164	-	34,353	108,811
259.12	Outstanding Balance Compensated Absences		53,576	-	37,677	15,899
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,181,747	71,993	164,068	1,089,672
Total Liabilities:			8,934,227	71,993	623,151	8,383,069

Port of Douglas County
SCHEDULE OF STATE FINANCIAL ASSISTANCE (unaudited)
For Fiscal Year ended December 31, 2019

Grantor	Program Title	Identificaton Number	Amount
State Grant from Department of Commerce			
	ADO Contract	S18-75106-557	42,653
	CERB Plan Grant ReUse Study	S18-790A0-150	50,000
	OVOF - State Grant	S18-75105-594	72,249
	CERB Grant - Salcido	S16-790A0-104	30,289
	CERB Grant - Giga Watt	S17-790A0-133	70,622
			Sub-total: 265,813
State Grant from Department of Ecology			
	Rock Island - Ecology - IPG	TCPRA-2018-PrtDgs 00037	169,859
	Rock Island - Ecology - IAA	IAA No. C1800056	509
	Ecology IAA	CI1900125	120,000
			Sub-total: 290,368
			Grand total: 556,181

Memo

To: Board of Directors
From: Stacie de Mestre
cc: Jim Kuntz
Date: July 9, 2020
Re: LOJO Orchard Phase 1 ESA

On June 16, 2020 staff tasked RH2 Engineering with performing a Phase 1 Environmental Site Assessment on the LOJO Orchard Property. On June 30, 2020 staff received the Phase 1 ESA from RH2 Engineering. Below is a summary of their findings:

- Multiple locations of apparently oil-stained soil were present in and around the shop building. All stains appear to be associated with spills of less than 1 gallon. These stains represent potential but not significant environment conditions.
- A floor drain was observed inside of the shop building with visible staining. RH2 was told the floor drain is capped, but this was not verified and the drain was not tested for contaminants. It is likely that some petroleum or other maintenance related products still reside within the floor drain.
- The shop building was not investigated for the potential presence of asbestos materials or lead paint. The shop building was built in 2005 so the risk of these contaminants is low.
- The 100 gallon underground storage tank was removed by a licensed UST removal company and observed by RH2 Engineering. There were no signs of leaks or other indications of diesel-contaminated soil underlying or adjacent to the tank. A soil sample was collected by the contractor and sent for testing. Results are pending.

- The site was not used as an orchard until 2002 therefore the soil is not likely to contain lead, arsenic, or DDT which is commonly found on older orchard lands around the Wenatchee Valley. These chemicals were phased out and restricted in the 1960s and 1970s.
- Based on the well log, there is 200+ feet of fine-grained silts and clays between the aquifer and the ground surface to protect the water resources on the site and adjacent properties.

In summary the assessment has revealed evidence of low risk that environmental conditions exist on or beneath the subject property with the exception of the shop area and floor drain. The shop area and floor drain present a moderate risk that environmental conditions at concentrations above applicable clean up levels exist due to uncertainties of where the floor drain drains to.

**Chelan Douglas Regional
Port Authority**

Memo

To: Board of Directors

From:  Jim Kuntz

cc: None

Date: July 9, 2020

Re: LOJO Property Zoning

As part of our due diligence, I asked Pete Fraley to confirm the LOJO Property zoning as Rural Industrial and to meet with Chelan County planners to make sure there are no red flags. His email is attached.

Jim Kuntz

From: Peter A. Fraley <pfraley@omwlaw.com>
Sent: Wednesday, July 8, 2020 10:58 AM
To: Jim Kuntz
Cc: Stacie De Mestre
Subject: Meeting with County - LOJO
Attachments: Mapping.pdf; DNR Property - County Property Printout.pdf

Hi Jim,

The following is a summary of my meeting with RJ Lott, County Planner:

1. The primary issue is confirming the Property is included within a Type 1 LAMIRD (limited area of more intense rural development) in Chelan County. There is no mapping per se, or other official action that RJ is aware of. I pointed out that the Comprehensive Plan simply states that the designation of any property as Rural Industrial "is considered an implementation of a Type 1 LAMIRD ... consistent with the Growth Management Act" ... there is literally nothing else to rely on. Since the Property is zoned as Rural Industrial (RI), it apparently means that it is a de facto Type 1 LAMIRD. So we discussed a few action items: (a) RJ will confirm that the Property has been zoned RI since the inception of the Growth Management Act in 1990 (reduces the likelihood of any objections in some regards and that the designation has stood the test of time); and (b) I asked if he could provide a letter confirming that the property is zoned RI and pursuant to the Comp Plan is part of a Type 1 LAMIRD. He was happy to do so. Please confirm that RJ should provide this letter addressed to you.
2. RJ indicated that expansion of RI into neighboring properties (a rezone and an expansion of the LAMIRD) will not be received well by the State (Department of Commerce). So keep in mind that expansion of this site will be unlikely ... unless the expansion is to the Northeast (property owned by ALCOA that is zoned RI). See attached map.
3. We discussed the zoning ... RJ and I agree that so long as the CDRPA/POCC owns the property, the only thing that would be necessary from a permit standpoint are building permits. If any part of the property is sold, legal lots would need to be created within the Property. I did not talk to RJ about the possibility of processing a Certificate of Exemption (an administrative process) to create 20 acre parcels (3 could be created) to provide flexibility in the future by means of a boundary line adjustment.
4. SEPA will likely be triggered by the building permits (either parking or size of building will likely exceed the threshold) ... typically not a big deal for a building permit.
5. As with all building permits that are of a substantial nature ... Public Works will want to see stormwater and Geotech reports (standard issues). RJ said that this was out of his area (not a planning issue), but we took the opportunity to try and walk through everything that we could think of.
6. There are almost no setback requirements because adjoining zones do not trigger possible setbacks (the only requirement being 10 foot front yard).
7. The parking requirements in the RI zone seemed a little rigid and we briefly discussed how the CDRPA might seek relief from these requirements if necessary in the future. RJ said he would be happy to look into in the future.
8. We briefly discuss environmental issues ... unlikely that there are legacy pesticides (due to recent age of orchard) or mule deer habitat (the two current hot topics). He is not aware of any concerns

All in all a very productive meeting. RJ is knowledgeable, cooperative, candid and straight forward ... enjoyed the meeting, quite frankly.

As an aside, ALCOA owns the property to the South (zoned RR20) and Northeast of the LOJO Property (zoned RI). The State of Washington (Department of Natural Resources) owns the property to the Southeast (zoned RR20). The property to the west is zoned RR5. See attached map and the assessor print out associated with the DNR parcel (please note it is related to the Land and Water Conservation Division for DNR). Please advise if we should track down the deed for the DNR parcel to see if there is any additional information we can discover. Since DNR owns the neighboring parcel, I recommend we look into potential habitat issues. As an aside, Jim Brown is the new Planning Director for Chelan County. I have known him for 20 years in his capacity at F&W (his prior position was the Regional Director). Brown might be a source of information.

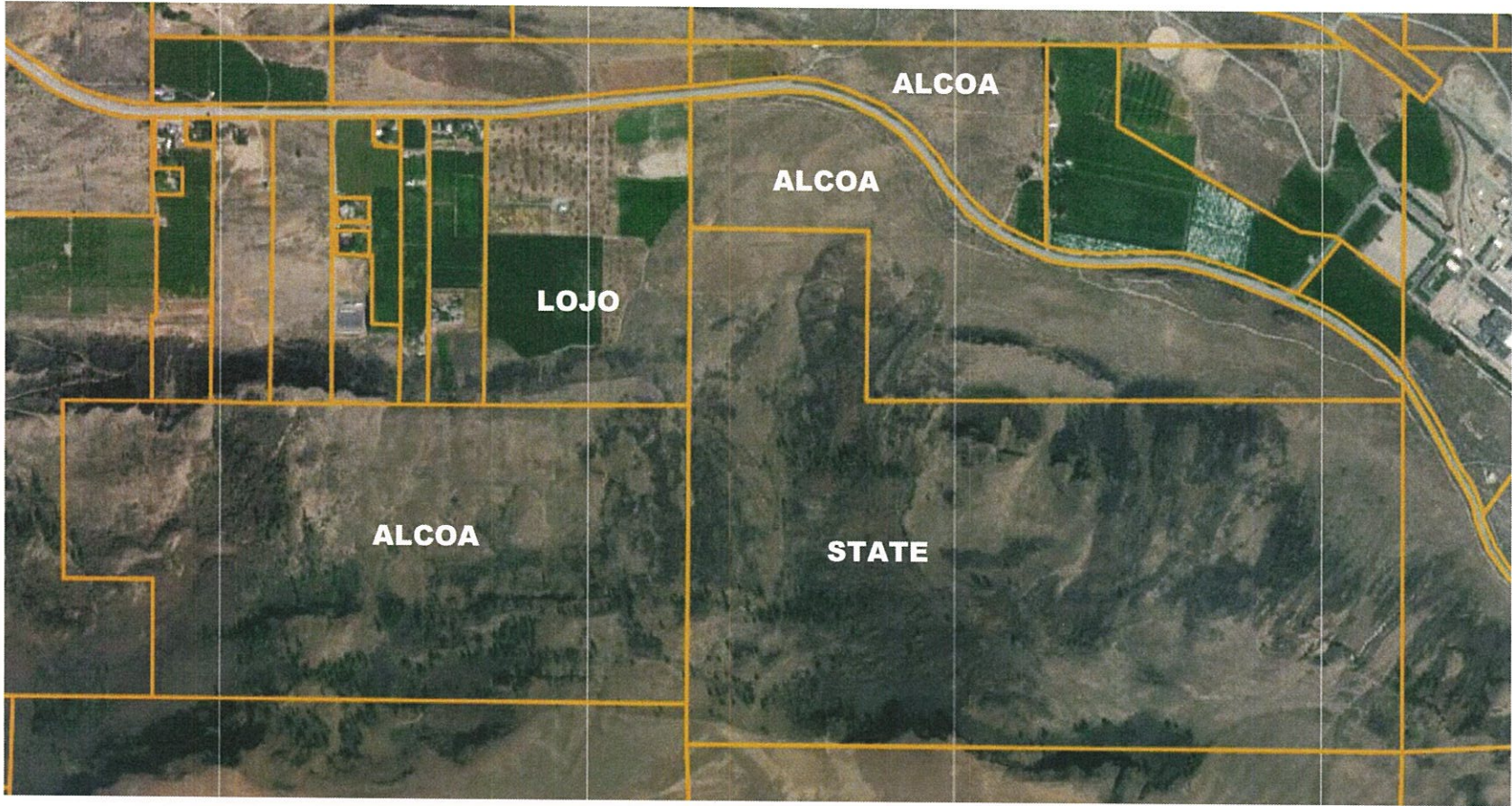
Best,

Pete

[Peter A. Fraley](#) | Attorney

Ogden Murphy Wallace P.L.L.C.
One Fifth Street, Suite 200 Wenatchee, WA 98801
phone: 509.662.1954 | fax: 509.663.1553
pfraley@omwlaw.com

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Jim Kuntz

From: Peter A. Fraley <pfraley@omwlaw.com>
Sent: Wednesday, July 8, 2020 2:46 PM
To: Jim Kuntz
Subject: FW: Malaga

FYI

[Peter A. Fraley](#) | Attorney

Ogden Murphy Wallace P.L.L.C.
One Fifth Street, Suite 200 Wenatchee, WA 98801
phone: 509.662.1954 | fax: 509.663.1553
pfraley@omwlaw.com

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From: RJ Lott <RJ.Lott@CO.CHELAN.WA.US>
Sent: Wednesday, July 8, 2020 2:43 PM
To: Peter A. Fraley <pfraley@omwlaw.com>
Cc: Blake Baldwin <Blake.Baldwin@CO.CHELAN.WA.US>
Subject: Malaga

Peter,

Thanks for taking the time to meet with me this morning. I greatly appreciate face-to-face conversations these days!

You had asked me to do a little research regarding the history of the zoning of a parcel in the Malaga area, parcel 222135100060. There appears to be no evidence that this parcel went through a site specific zone change since the GMA adoption in 1990. All indications points towards the parcel being zoned industrial.

If there is anything else that you may need, please let me know.

RJ Lott, AICP
Long Range Planning
Community Development Department



316 Washington Street, Suite 301
Wenatchee, WA 98801
Phone: (509) 667-6515 | Fax: (509) 667-6475

**Chelan Douglas Regional
Port Authority**

Memo

To: Board of Directors

From:  Jim Kuntz

cc: None

Date: July 10, 2020

Re: Rent Relief Application – Badger Mountain Brewing

Please find enclosed a Rent Relief Application from Badger Mountain Brewing. I have also included some additional background information. While I have the authority to grant this request, I would like to obtain some Board input.



Covid-19 Pandemic Rent Relief Application

Applicant Information

Name:

Last Quick First David Business Title: Owner

Business Entity: Badger Mountain Brewing, LLC

Cell Phone: 509-669-9400 Email: dquick@badgermountainbrewing.com, CC to acctmgr@badgermountainbrewing.com

Type of Authorization(s): Lease Other Describe:

Rent Relief Request

I am a CDRPA tenant or customer that is undergoing a financial hardship as a result of the Covid-19 Pandemic. I hereby request deferment of rent or fees for 3 months' (up to 3) beginning March 25, 2020 (the "Initial Deferral Date") and extending through June 25, 2020.

Business Information

Were your operations fully or partially suspended as a result of a Government order? YES NO

If yes, enter date suspended March 17, 2020, and describe if fully or partially and explain details (attach additional pages if necessary): We tried phone orders & drive up until Mar 23rd. COGS & payroll far outweighed the

income, so we closed our doors.

If no, how has your business operations been effected by the Covid-19 Pandemic? _____

How were your employees and staffing levels impacted by the Covid-19 Pandemic?

My business has laid off or furloughed staff, including: # of employees 21, out of 21 total staff, or has otherwise curtailed its workforce or been impacted; explain details (attach additional pages if necessary): _____

Due to COVID-19 stay at home order

Did your revenue substantially decrease as a result of Covid-19 Pandemic? YES NO explain in detail (attach additional pages if necessary):

Our revenue went from approx. \$60K/Jan, \$80K/Feb (note winter months). Owner sold a few kegs-to-go. We are currently open limited hours @ 25% capacity, with a skelton crew.

My B&O Tax filing information showing substantial decrease in revenue is attached? YES NO If not explain:

Have you applied for the Federal Paycheck Protection under the Coronavirus Aid, Relief and Economic Security Act?

YES NO If not, explain:

Do you qualify for business interruption coverage from your insurance? YES NO

My insurance policy is attached? YES NO

Provide additional information regarding impacts the Covid-19 Pandemic has had on you as a business tenant or a customer (attach additional pages if necessary):

It has completely devastated the business.

Provide additional information regarding actions you are taking to address such impacts beyond requesting deferred rent (attach additional pages if necessary): Enrolled in Shared Work Program (ESD). Greatly reduced hours of operation, after being allowed to reopen on June 11th, 2020.

Duty to Mitigate

As a condition of a deferred rent agreement you will have a duty to mitigate by: (1) diligently pursuing relief provided by State and/or Federal programs, (2) filing claims under business interruption insurance policies or similar for rent and other charges sought to be deferred, and (3) making your books and records available to the Port for inspection, including an audit by Port staff or a third party, to assure you have pursued relief and filed claims.

Will you agree to this Duty to Mitigate? YES NO

Signature

I hereby affirm that the foregoing information is true and correct to the best of my knowledge and that I am authorized to sign this document.

Signature



Date: July 9, 2020

Submit Button



Combined Excise Tax Return

603-119-220
 BADGER MOUNTAIN BREWING
 BADGER MOUNTAIN BREWING, LLC

Filing Period: April 30, 2020

Due Date: May 26, 2020

Filing Frequency: Monthly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Manufacturing	91.00	0.00	91.00	0.004840	0.44
Retailing	162.43	0.00	162.43	0.004710	0.77
Total Business & Occupation					1.21

State Sales and Use

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retail Sales	162.43	0.00	162.43	0.065000	10.56
Total State Sales and Use					10.56

Other Taxes

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Litter Tax	162.43	0.00	162.43	0.000150	0.02
Total Other Taxes					0.02

Deductions

Tax Classification	Deduction	Amount
Business & Occupation		
Manufacturing	Cash and Trade Discounts	0.00
Retailing	Cash and Trade Discounts	0.00
State Sales and Use		
Retail Sales	Cash and Trade Discounts	0.00

Credits

	Amount
Multiple Activities Tax Credit	0.43
Small Business Credit	0.78
Total Credits	1.21

Local City and/or County Sales Tax

Location	Taxable Amount	Tax Rate	Tax Due
0405 - WENATCHEE	162.43	0.020000	3.25
	Total Local City and/or County Sales Tax		3.25

Total Tax	15.04
Total Credits	1.21
Subtotal	13.83
Total Amount Owed	13.83

Prepared By:	Jacquilynn Bosinger
E-Mail Address:	acctmgr@badgermountainbrewing.com
Submitted Date:	5/19/2020
Confirmation #:	0-014-231-852

Payment Type:	ACH Debit/E-Check
Amount:	\$13.83
Effective Date:	5/19/2020

Jim Kuntz

From: Monica Lough
Sent: Friday, July 10, 2020 8:24 AM
To: Jim Kuntz
Cc: Esther McKivor
Subject: Badger Mountain

Monthly Rent = \$ 3,562.14

Jim,

Here is what currently is outstanding for the Badger Mountain lease:

July rent and pass-thru's	\$4,385.67
June rent and pass thru-s	\$5,709.11
Prior balance (can't tie)	\$1,235.84
TOTAL	\$11,330.62

Current lease terms are as follows (expiration of December 31, 2020, with no extensions):

1.2 Term. The term of this Lease shall commence on the “*Commencement Date*” and shall continue until the expiration of the *Term* provided in the Basic Lease Provisions (the “*Term*”); provided, however, if the *Commencement Date* is a date other than the first day of a calendar month, the *Term* shall consist of the number of full calendar months which the *Commencement Date* occurs, plus said number of full calendar months plus one consecutive calendar month, a “*Lease Year*”). Following the end of *Lease Year*, the parties shall terminate this Lease at any time for any reason by delivering at least one hundred (100) days written notice to the other party.

16.2 Holding Over. If Landlord agrees in writing that Tenant may terminate this Lease earlier than the term of this Lease, unless the parties hereto otherwise agree in writing, the holdover tenancy shall be subject to termination by Landlord or Tenant at any time upon prior written notice. If Tenant holds over without the consent of Landlord, the tenancy shall be a tenancy at will only, which shall be terminable by Landlord at any time and (a) Tenant shall be liable for all actual damages incurred by Landlord (and shall reimburse Landlord for all of Landlord's actual damages (including, without limitation, for attorney's fees) in connection with Tenant's failure to surrender the Premises in accordance with the terms of this Lease and (b) Tenant shall additionally indemnify Landlord and hold Landlord harmless from and against any and all Claims, including, without limitation, all damages, attorneys' fees, consultants' fees and court costs incurred or suffered by Landlord as a result of reason of Tenant's failure to surrender the Premises in accordance with the terms and provisions of this Lease shall be applicable during any holdover period. Tenant shall pay to Landlord from time to time upon demand, as Rent for the holdover period, without Landlord's consent, an amount equal to one hundred fifty percent (150%) of the Rent for the holdover period computed on a daily basis for each day of the holdover period. Except to the extent otherwise provided in the sentence of this Paragraph 16.2, no holding over by Tenant, whether with or without the consent of Landlord, shall operate to extend this Lease. The preceding provisions of this Paragraph 16.2 shall not apply to any holding over by Tenant without the consent of Landlord.

Monica Lough, CPA

Director of Finance & Administration

One Campbell Parkway, Suite A, East Wenatchee, WA 98802

☎ 509.884.4700 | Cell 509.669.8400 | www.cdrpa.org



Memo

To: Tricia Degnan - CTC Building Manager
From: Randy Asplund PE
cc:
Date: July 1, 2020
Re: Leaking CTC Water Feature – Recommendations

The purpose of this memo is to summarize the site inspection performed on May 18, 2020 and to provide suggested recommendations regarding repair and/or replacement of the liner system.

The CTC water feature consists of a membrane liner installed as part of the original construction of the CTC. The type of liner and its installation method is unknown. However, the typical liner used in this type of application is a 45-mil ethylene propylene diene monomer, EPDM, which is a flexible material that can easily conform to the shape of the pond or water feature. Most liners are typically installed over a woven polyethylene fabric to protect the liner from rock punctures. The life expectancy of this type of liner typically ranges between 20 to 30 years.

The CTC water feature is located above several multi-duct electrical utility trenches that enter the building through the north basement wall below the main building entrance. These trenches were backfilled with sand and as a result any leaks in the liner has resulted in water intrusion inside the basement areas. According to the building plans, there are no footing drains around the perimeter of the building. The building was backfilled with on-site materials which are a clay loam soils and are very poor draining. As a result of no footing drains, any leaking from the water feature flows into the trenches and enters the building along the cold joint between the footing and building wall. While the plans show a water stop, at this location, water has been observed coming thru at this point along the footing.

The water feature has had a long history of problems with leaks in the liner. In 2015 after numerous spot repairs, the water feature was renovated where all of the rocks were removed, the liner inspected, all punctures/cracks were repaired and a polymer coating was applied to the liner by Port maintenance staff.

In May of this year, the Chelan County PUD reported there was water intrusion into their space. To determine the source of the water and to rule out the water feature, Port staff dug several exploratory pits to determine the water level adjacent to the water feature. During my site investigation, the exploratory pits showed water levels just below the surface indicating water

was leaking from the water feature. The water feature was drained and the water intrusion stopped indicating the source of the water was from the water feature. No attempts have been made to find and repair the source of the leak(s), given the age of the liner.

Given the age of the liner and susceptibility of the basement area to have water intrusion resulting from leaks, it is recommended that options be explored as to whether or not to rebuild or replace the water feature with another type of landscaping feature. It is suggested the Regional Port Authority consider retaining a landscape architect to explore options with the goal of providing the Commission with options and budget estimates for their consideration.



Pine River Ranch
B&B AND WEDDING DESTINATION

www.prranc.com

509-763-3959

Steve Craton-Artist

Regional Post,

Thank-you so much for your generous gift to us. Being a family owned minority business is certainly a blessing but times have been tough. We certainly appreciate the support.

Patrick & Jessica Olsen
owners



Wenatchee Cherries

Jan Cook Mack

Chelon Douglas Regional Port Authority!

Thank you so very much for
your generous grant! It will be
wisely used at Collins Fashions!

We truly appreciate your
thoughtfulness!

Marcy Collins +
the staff at Collins
Fashions!

From: Monica Lough <Monica@cdrpa.org>
Sent: Saturday, June 27, 2020, 7:06 PM
To: Tamara Qualls
Cc: Ron Cridlebaugh
Subject: Re: Thank you

I'm so glad it arrived quickly and that we could assist you in such a challenging time! I'll make sure to share your note with our entire team:)

Get [Outlook for Android](#)

From: Tamara Qualls <polishedbytamara@gmail.com>
Sent: Saturday, June 27, 2020 5:24:52 PM
To: Monica Lough <Monica@cdrpa.org>
Cc: Ron Cridlebaugh <ron@cdrpa.org>
Subject: Thank you

Monica,

I received the check in the mail today from CDRPA today.

I want to thank you, and everybody at Chelan Douglas Regional Port Authority. I am truly grateful, from the bottom of my heart.

The grant has lifted a bit of the weight of the cost of reopening. It is an honor to receive it. I certainly don't take it lightly, and deeply appreciate those in our community that so graciously lend a hand.

You all are a gift. Just amazing.

We are back up and running, and are overjoyed to be with our clients again.
Thanks again for all you do.

Blessings,

Tamara Qualls L.E.
Polished LLC

**Chelan Douglas Regional Port Authority
Calendar of Events**

7/10/2020

<i>Date</i>	<i>Day</i>	<i>Event / Location / Time</i>	<i>Attending</i>	<i>Cami RSVP arrangements if applicable</i>
July 14	Tuesday	CDRPA Board Meeting; 1:00 PM; Zoom/CTC	Commissioners/Staff	
July 15	Wednesday	GWATA Board Meeting, 3-5pm; Zoom	Commissioner Baldwin	
July 21	Tuesday	Wenatchee Valley Chamber Board Meeting; 6:30 am; Zoom	Commissioner Spurgeon	
July 21	Tuesday	WPPA Commissioners Seminar; Virtual Seminar	Virtual	details to follow from WPPA
July 22	Wednesday	Douglas County Community Leadership Advisory Meeting, CDRPA Office , 2:30 pm - 4:00 pm	Ron C./Zoom	
July 28	Tuesday	CDRPA Board Meeting; 9:00 AM	Zoom/CTC	
August 11	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office	Commissioners/Staff	
August 12	Wednesday	NCWEDD Board Meeting, Chelan City Hall; 9:00 am	Craig, Commissioner Huffman	
August 13	Thursday	CDTC, 9-11am, CTC	Commissioner Baldwin	
August 13	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
August 18	Tuesday	Wenatchee Valley Chamber Board Meeting; 6:30 am, Chamber Conference Room	Commissioner Spurgeon	
August 19	Wednesday	GWATA Board Meeting, 3-5pm, Mercantile		
August 20	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
August 25	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
August 26	Wednesday	Douglas County Community Leadership Advisory Group; 2:20-4:30p	Jim Kuntz, Ron C.	
August 27	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
September 3	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
September 8	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
September 9	Wednesday	NCWEDD Board Meeting, Chelan City Hall; 9:00 am	Craig, Commissioner Huffman	

September 10	Thursday	CDTC, 9-11am, CTC	Commissioner Baldwin	
September 10	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
September 15	Tuesday	Wenatchee Valley Chamber Board Meeting; 6:30 am, Chamber Conference Room	Commissioner Spurgeon	
September 16	Wednesday	GWATA Board Meeting, 3-5pm		
September 17	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
September 22-25	Tuesday - Friday	WFOA Conference Virtual	Monica	
September 22	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
September 23	Wednesday	Douglas County Community Leadership Advisory Meeting, CDRPA Office , 2:30 pm - 4:00 pm	Ron C.	
September 24	Thursday	Partners Breakfast; 7:30am; Convention Center		
September 24	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
September 24	Thursday	GA Meeting; 6:00 pm - 8:00pm, CDRPA Office		
September 24-25	Thur-Friday	WPPA Environmental Seminar; Alderbrook Resort		
October 1	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
October 4-7	Sun - Thurs	NWAAAE Annual Conference; Jackson Hole, WY		
October 8	Thursday	CDTC, 9-11am, CTC	Commissioner Baldwin	
October 8	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
October 13	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
October 14	Wednesday	NCWEDD Board Meeting, Chelan City Hall; 9:00 am	Craig, Commissioner Huffman	
October 15	Thursday	Economic Leadership Roundtable Lunch; 11:30 am ; 230 N. Georgia, E. Wen.		
October 15	Thursday	Airport Planning Meeting; 2:00 pm		
October 20	Tuesday	Wenatchee Valley Chamber Board Meeting; 6:30 am, Chamber Conference Room	Commissioner Spurgeon	
October 21	Wednesday	GWATA Board Meeting, 3-5pm, Mercantile		
October 22	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
October 23	Friday	Cashmere Chamber of Commerce Banquet; 5:30pm-8:30pm		Tickets are \$35 each
October 22-23	Thur-Friday	WPPA Small Ports Seminar; Enzian Leavenworth		
October 27	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		

October 28	Wednesday	Douglas County Community Leadership Advisory Meeting, CDRPA Office , 2:30 pm - 4:00 pm	Jim Kuntz, Ron C.	
November 5	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
November 10	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
November 11	Wednesday	NCWEDD Board Meeting, Chelan City Hall; 9:00 am	Craig, Commissioner Huffman	
November 12	Thursday	CDTC, 9-11am, CTC	Commissioner Baldwin	
November 12	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
TBD	TBD	Wenatchee Valley Chamber Board Retreat - TBD	Commissioner Spurgeon	
November 18	Wednesday	GWATA Board Meeting, 3-5pm, Mercantile		
November 19	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
November 24	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
November 25	Wednesday	Douglas County Community Leadership Advisory Meeting, CDRPA Office , 2:30 pm - 4:00 pm	Jim Kuntz, Ron C.	
November 26-27	Thur-Friday	Thanksgiving Holiday Office Closed		
December 2-4	Tuesday - Friday	WPPA Annual Meeting, Hyatt Regency, Bellevue		
December 3	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
December 8	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
December 9	Wednesday	NCWEDD Board Meeting, Chelan City Hall; 9:00 am	Craig, Commissioner Huffman	
December 10	Thursday	CDTC, 9-11am, CTC	Commissioner Baldwin	
December 10	Thursday	Economic Development Planning Meeting; 2:00 pm	CDRPA Staff	
December 15	Tuesday	Wenatchee Valley Chamber Board Meeting; 6:30 am, Chamber Conference Room	Commissioner Spurgeon	
December 16	Wednesday	GWATA Board Meeting, 3-5pm, Mercantile		
December 17	Thursday	Airport Planning Meeting; 2:00 pm	CDRPA Staff	
December 22	Tuesday	CDRPA Board Meeting; 9:00 AM; CDRPA Office		
December 23	Wednesday	Douglas County Community Leadership Advisory Meeting, CDRPA Office , 2:30 pm - 4:00 pm	Jim Kuntz, Ron C.	