

ITEM NO. 6b

DATE OF
MEETING March 8, 2011

**THE INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE**

NOTICE OF THE ANNUAL MEETING

The Special Annual Meeting of the Industrial Development Corporation of the Port of Seattle will be held on Tuesday, March 8, 2011, in the Commission Chambers, Pier 69, 2711 Alaskan Way, Seattle Washington, during a recess of the Port of Seattle Commission Regular Meeting, which convenes at 1:00 p.m. The Agenda includes:

1. Approval of the minutes of the Industrial Development Corporation of the Port of Seattle Special Meeting of August 24, 2010.
2. Approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2011.
3. Review of the Annual Report for the Industrial Development Corporation for year ending December 31, 2010.
4. Update on the Tourism Promotion for the Port's China Tourism Trade Program.
5. Authorization for the Use of the Industrial Development Corporation (IDC) Surplus Funds for Tourism Promotion, and for the Economic and Trade Fellowship Program in 2011.
6. Attachment for reference: Overview of the Industrial Development Corporation and Frequently Asked Questions (FAQs).

Adjournment of the Annual Meeting of the Industrial Development Corporation of the Port of Seattle.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 1

Date of Meeting March 8, 2011

DATE: February 22, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Diane Campbell, Senior Corporate Financial Analyst

SUBJECT: Approval of the Proposed Minutes of the Industrial Development Corporation of the Port of Seattle Meeting of August 24, 2010

REQUESTED ACTION:

Approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle Meeting of August 24, 2010:

**Proposed MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
August 24, 2010**

On August 24, 2010, during a recess of the Port of Seattle’s Commission regular meeting, which convened at 12:40 p.m. in the Airport Office Building International Auditorium, Seattle-Tacoma International Airport, Seattle, WA. a special meeting of the Board of Directors of the Industrial Development Corporation (IDC) of the Port of Seattle, Washington, was held. Directors present included Tom Albro Bill Bryant, John Creighton, and Rob Holland. Director Gael Tarleton participated via GoToMeeting video and audio.

1. Approval of Minutes of the Industrial Development Corporation of the Port of Seattle Meeting of August 10, 2010.

Minutes of the IDC meeting of August 10, 2010 were approved as follows:

Motion for approval – Holland

Second – Creighton

Motion carried by the following vote:

In Favor: Bryant, Creighton, Holland, Tarleton (4)

Commissioner Albro did not vote because he was absent from the subject meeting.

2. Adoption of Resolution No. 77: Authorizing the transfer of surplus funds for an amount not to exceed \$50,000 from the Industrial Development Corporation to the Port of Seattle to fund economic development activities in support of the Port's China Initiative Program

Request Documents: IDC Memorandum dated August 17, 2010 from Diane Campbell, Senior Corporate Financial Analyst, Finance & Budget. Also provided was a copy of the Resolution.

Mr. Bryant stated that there had been a vote to approve the request for the use of IDC assets at the August 10, 2010 meeting, and clarified that this Resolution is required to authorize the transfer of those funds.

Motion to adopt IDC Resolution No. 77 – Creighton

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

**Clerical note – IDC resolutions do not require 2 Readings, but can be adopted with one reading and vote.

3. Adjournment

There being no further business, the special meeting of the Board of Directors of the Industrial Development Corporation of the Port of Seattle was adjourned.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 2
Date of Meeting March 8, 2011

DATE: February 22, 2011
TO: Tay Yoshitani, Chief Executive Officer
FROM: Diane Campbell, Senior Corporate Financial Analyst
SUBJECT: Election of Officers

REQUESTED ACTION:

Approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2011.

BACKGROUND:

In accordance with the Bylaws for The Industrial Development Corporation of the Port of Seattle, following is a list of the Board of Directors and Officers for the Corporation:

Bill Bryant, President
Rob Holland, Vice President
John Creighton, Secretary
Tom Albro, Assistant Secretary
Gael Tarleton, Director

“Section A. Number and Qualifications. The officers of the Corporation shall be the same as the officers of the Port Commission and such other officers as may be determined by the Board of Directors from time to time to perform such duties as may be designed by the Board of Directors.”

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 3

Date of Meeting March 8, 2011

DATE: February 22, 2011
TO: Tay Yoshitani, Chief Executive Officer
FROM: Diane Campbell, Senior Corporate Financial Analyst
SUBJECT: Industrial Development Corporation Annual Report for 2010

SYNOPSIS:

The Industrial Development Corporation of the Port of Seattle, also known as IDC, was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84). The IDC is a special purpose government with limited powers and was established for the purpose of facilitating industrial expansion through tax-exempt financing by providing companies with access to the tax-exempt credit market through the facilities of the IDC.

Any company with a project that qualifies for tax exempt financing and qualifies under RCW 39.84 and IDC policy may apply for IDC financing. The Port is not the lender and cannot lend credit or give money to the IDC. Debt issued by a company through the IDC is the sole responsibility of the company and is always non-recourse to the Port and to the IDC. Bond proceeds go directly to the company borrowing through the IDC. The companies pay their debt service (principal and interest) to a trustee.

Any city, county or port in the state may establish an IDC, and a number of other jurisdictions have done so, including King and Pierce Counties; the cities of Seattle, Auburn, Redmond and Kent; and several other ports.

The IDC also offers one or more Fellowships to eligible Port employees who wish to improve their skills to pursue the “economic development” core mission of the Port. The annual Fellowship(s) commenced in 2001, and 19 awards have been made since then.

The IDC is governed by a board of directors comprised of the members of the Port Commission; accordingly, both the IDC Board and the Port Commission must approve any IDC bond issue. The IDC Board currently meets twice a year during a Commission meeting. In addition to electing new officers and reviewing the IDC’s annual financial results at the winter meeting, the IDC’s Board provides guidance about the level of funding to be approved for the IDC Fellowship Program. At the summer meeting, the IDC’s Board, approves the fellowship nominations.

ANNUAL REPORT SUMMARY:

Attached are the financial statements of the Industrial Development Corporation of the Port of Seattle (IDC). The IDC had assets totaling \$280,314 at year-end 2010. Total income of \$8,000 came primarily from investment income on the IDC fund balance, as well as from the customer fee paid by companies with outstanding IDC debt. The IDC incurred administrative expense of \$378,

and \$15,000 of scholarship expenses related to its contribution to the Port's Economic and Trade Fellowship program. Other expenses incurred were \$3,144 for the State Auditor's Office audit, and \$45,139 for the Governor's Trade Mission to China, approved by the Board in August 2010.

STATUS OF IDC BONDS:

At the end of 2010, there were three companies with outstanding IDC debt totaling \$81,000,000. The IDC collects an annual customer fee from the companies based on their annual debt service payments, except for Northwest Airlines, which made a lump sum payment at the time its bonds were issued. The table below shows the companies, their outstanding balance and final maturity date of their debt as of December 31, 2010.

Company	Outstanding Debt (12/31/2010)	Maturity Date
Crowley Marine Services	\$ 8,700,000	2021
Sysco (refunding CCC Realty)	8,000,000	2025
Northwest Airlines	64,300,000	2030
TOTAL	\$ 81,000,000	

INDUSTRIAL DEVELOPMENT CORPORATION

Tay Yoshitani, Chief Executive Officer

February 22, 2011

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MANAGEMENT DISCUSSION:

The customer fee decreased from \$174 in 2009 to \$97 in 2010. Since most IDC debt is variable rate, the customer fee amount fluctuates with interest rates. Interest rates declined during 2010 and are anticipated to remain at a low level during 2011. Accordingly, the customer fee for 2011 is projected to be the same as the 2010 amount. The IDC receives on-going customer fees from Sysco and Crowley Marine Service. Northwest Airlines made a one-time lump sum fee payment in 2001 when its bonds were issued.

IDC assets are invested in the Port's investment pool. The IDC's allocated interest income from the pool in 2010 was \$7,224; and, due to the continued lower interest rate environment, the investment income for 2011 is projected to remain the same as the 2010 amount.

The Administrative Expense was \$378 in 2010. Scholarship Expense was \$15,000 in 2010 as requested and approved by the Board. There were two Other Expenses in 2010: (i) \$3,144 attributable to the Washington State Auditor for the audit process that happens approximately every three years, (the last audit fee in 2007 was \$2,279), and (ii) \$45,139 for the Governor's Trade Mission to China expense which is lower than the \$50,000 the Board approved.

The IDC's charter permits its funds to be transferred only to the Port. Under an amendment to RCW 39.84.130, funds of the IDC that are not otherwise encumbered for the payment of revenue bonds and are not anticipated to be necessary for administrative expenses of the IDC may be transferred to the Port to be used for growth management, planning or other economic development purposes. In order to transfer funds, the Board of Directors of the IDC needs to adopt a resolution authorizing the transfer. Any transfer of funds would reduce the assets of the IDC and the interest earnings on these assets.

MINIMUM FUND BALANCE RECOMMENDATION:

Staff recommends that the IDC maintain a minimum fund balance of \$75,000 to ensure adequate investment earnings to fund annual operating expenses. Funds in excess of this amount may be transferred to the Port for allowable purposes like the Economic Development Fellowship, or retained by the IDC and generate interest income.

OTHER DOCUMENT(S) ASSOCIATED WITH THIS ANNUAL REPORT:

- Industrial Development Corporation Frequently Asked Questions (FAQs), see agenda item 6.

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
BALANCE SHEET**

	December 31, 2010	December 31, 2009	December 31, 2008
ASSETS			
Cash and Cash Equivalents	\$ 280,250	\$ 324,464	\$ 325,316
Accounts Receivable	64	100	556
TOTAL ASSETS	\$ 280,314	\$ 324,564	\$ 325,872
LIABILITIES AND EQUITY			
E&T Fellowship Reserves ⁽¹⁾	\$ 41,624	\$ 30,251	\$ 30,035
Accounts Payable	\$ 40		
Equity	238,650	294,313	295,837
TOTAL LIABILITIES & EQUITY	\$ 280,314	\$ 324,564	\$ 325,872

⁽¹⁾ The Economic & Trade (E&T) Fellowship Reserve, the "Reserve", is the undistributed balance of approved Scholarship awards to the E&T Fellowship. The Reserve balance was \$16,709 at 12/31/2006. The Reserves are included in this report due to a change in accounting methodology in 2007. In prior years the Reserve was accounted for and presented in the Port of Seattle financial statements.

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
INCOME STATEMENT
AND CHANGES IN EQUITY**

	December 31, 2010	December 31, 2009	December 31, 2008
INCOME			
Customer Fee	\$ 97	\$ 174	\$ 824
Investment Income	7,224	9,141	13,328
Miscellaneous Income	678		
EXPENSE			
Administrative Expense	\$ 218	\$ 840	\$ 658
Scholarship Expense	15,000	10,000	10,000
Miscellaneous Expense	160		
Other Expenses:			
China Trade Mission	45,139		
State Audit	3,144		
NET INCOME	\$ (55,662)	\$ (1,525)	\$ 3,494
BEGINNING EQUITY	\$ 294,313	\$ 295,837	\$ 292,343
ENDING EQUITY	\$ 238,650	\$ 294,313	\$ 295,837

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
STATEMENT OF CASH FLOWS**

	December 31, 2010	December 31, 2009	December 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from bond issuers	\$ 134	\$ 630	\$ 1,061
Cash received from Port of Seattle ⁽¹⁾	0	0	0
Cash paid for expenses	(51,571)	(10,624)	(10,105)
Net cash provided by operating activities	\$ (51,438)	\$ (9,993)	\$ (9,044)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities			
Sale of investment securities			
Interest on investments	\$ 7,224	\$ 9,141	\$ 13,328
Net cash provided by investing activities	\$ 7,224	\$ 9,141	\$ 13,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,213)	(852)	4,284
CASH AND CASH EQUIVALENTS			
Beginning of year	\$ 324,464	\$ 325,316	\$ 321,032
End of year	\$ 280,250	\$ 324,464	\$ 325,316

⁽¹⁾ Cash received from the Port of Seattle represents the Economic & Trade (E&T) Fellowship Reserve, the "Reserve". The Reserve is the undistributed balance of approved Scholarship awards to the E&T Fellowship. The Reserve balance was \$16,709 at 12/31/2006. The Reserves are included in this report due to a change in accounting methodology in 2007. In prior years the Reserve was accounted for and presented in the Port of Seattle financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 4

Date of Meeting March 8, 2011

DATE: February 28, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: B. J. Stokey, Senior Manager, International Tourism Development

SUBJECT: Tourism Promotion for the Port's China Tourism Trade Program - Update

BACKGROUND:

On February 23, 2010, the IDC Board asked staff to investigate alternative allowable uses of the IDC's surplus funds. On August 10, 2010, after the recommendation to fund the International Tourism department's China Initiative Program, the IDC Board approved the use of up to \$50,000, and subsequently adopted Resolution No. 77 on August 24, 2010.

Staff requested funding to support a tourism track for the Governor's Trade and Tourism Mission (TM) to China in September 2010. Seminars, trade shows, receptions and sales calls were conducted by an 11-member private/public sector delegation for key members of the Chinese tourism industry in Shanghai and Beijing. The total budget, which includes the tourism track, Port of Seattle support for the China Relations Council event in Shanghai plus support of the Governor's TM to China was \$45,139, was less than the \$50,000 requested. The tourism component of the Governor's TM provided an opportunity to educate Chinese tour operators and media face-to-face about Seattle and Washington State as a destination for their clients. The TM generated media exposure, cultivated relationship building between suppliers and buyers and created momentum in this potentially very lucrative market.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 5

Date of Meeting March 8, 2011

DATE: February 28, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Diane Campbell, Senior Corporate Financial Analyst
Jane Kilburn, Director, Public Affairs

SUBJECT: Use of the Industrial Development Corporation (IDC) Surplus Funds for Tourism, and Economic and Trade Fellowship(s) in 2011.

REQUESTED ACTION:

Request the IDC Board to: authorize the transfer of approximately \$165,000 of IDC surplus funds to (1) contribute to the funding of tourism promotion, and adoption of Resolution No. 78, and (2) fund up to three Economic and Trade Fellowships for 2011.

SYNOPSIS:

Staff is seeking IDC Board authorization to transfer approximately \$165,000 of IDC surplus funds to the Port to fund up to three Economic Development Fellowships in 2011 and to contribute to the funding of tourism promotion. This transfer will deplete the IDC's surplus funds, and the remaining IDC assets will satisfy the remaining obligations (unspent balances of previous Fellowship recipients), and maintain the recommended minimum fund balance of \$75,000, an amount expected to generate sufficient interest income to pay for the on-going administrative expenses of the IDC.

BACKGROUND:

The IDC currently has surplus funds of approximately \$165,000. The statute authorizing the expenditure of surplus funds from the IDC is quite restrictive. Specifically, RCW 39.84.130 provides that the IDC surplus funds can be transferred to the Port only for growth management, planning, or other economic development purposes. Once transferred to the Port, the Port must use the surplus funds for those purposes for which the Port is authorized under its statutes. Under RCW 53.08.245, the Port can engage in economic development programs and can contract with non-profit entities to further the Port's economic development activities.

Each year since 2001, the IDC has authorized the transfer of surplus funds for the Economic and Trade Fellowship to support the development of Port staff in the field of economic development. In 2010, the IDC authorized the transfer of surplus funds to support efforts to promote Chinese tourism to King County and Washington State (King County receives half of all tourism spending in the state). Staff recommends that new tourism promotion efforts be supported in 2011.

The travel industry consistently ranks among the major export-oriented industries in our state in terms of GDP. Total direct travel spending in the state was \$15.2 billion in 2010, and King County receives roughly half of that amount. Local and state taxes generated by visitors were nearly \$1 billion, and travel spending directly supported 143,800 jobs with earnings of \$4.3 billion.

The Port has maintained an active partnership with the state and Seattle's Convention and Visitors Bureau for more than two decades to promote international tourism to the area. Due to state budget cuts, the Washington State Department of Tourism office is being eliminated effective June 30, 2011. Tourism industry representatives, including the Port, are working to form a non-profit organization to continue some of the tourism promotion work formerly funded and managed by the State. The organization, called the Washington Tourism Alliance, has the sole mission of sustaining destination tourism marketing in the state, and will serve as a 'bridge' organization to developing a long-term sustainable tourism promotion organization.

The Port could contract with Washington Tourism Alliance and receive tourism promotion services that would directly benefit the Port's businesses and the King County economy. The contract with the Washington Tourism Alliance would demonstrate the Port's leadership as the state's major tourism transportation infrastructure provider, and would reinforce its commitment to and confidence in the non-profit's ability to provide the tourism promotion services the State is no longer providing. It also would serve as a testament to the Port's commitment to promotion of the industry in our area and serve as a catalyst for other related organizations to contribute. Port of Seattle funds for these services could be provided from the IDC.

If the IDC Board supports this recommendation:

1. Staff will proceed to publicize the Economic and Trade Fellowship and return to the Board in August for award of the Fellowship(s) and a resolution to transfer funds for that purpose. This would be the last year that the Fellowships would be awarded.
2. The attached resolution for your consideration outlines the tourism promotion recommendation.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 6

Date of Meeting March 8, 2011

DATE: February 22, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Diane Campbell, Senior Corporate Financial Analyst

SUBJECT: Overview of the Industrial Development Corporation Frequently Asked Questions (FAQs).

Industrial Development Corporation (IDC) of the Port of Seattle

Overview of the Port of Seattle's (the "Port") IDC:

- The Industrial Development Corporation of the Port of Seattle, also known as IDC, was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84)¹. The IDC is a special purpose government with limited powers.
- The IDC was established for the purpose of facilitating industrial expansion through tax-exempt financing.
- Any company with a project that (i) qualifies for tax exempt financing, and (ii) qualifies under RCW 39.84 and IDC policy may apply for IDC financing. In general, projects will be eligible for IDC financing if they will further the objectives of the Port of Seattle.²
- Debt issued by a company through the IDC is the sole responsibility of the company and is always non-recourse to the Port and to the IDC.
- The IDC is governed a board of directors comprised of members of the Port Commission; accordingly, both the IDC Board and the Port Commission must approve any IDC bond issue.
- The Port cannot lend credit or give money to IDC.
 - *[See the IDC's Frequently Asked Questions which provides more details.]*

¹ See Appendix A of Frequently Asked Questions.

² Resolution No. 2 (see Appendix B of Frequently Asked Questions) adopted April 27, 1982 is a master policy for the purpose of determining the eligibility of projects or proposals for financing.

Industrial Development Corporation (IDC) of the Port of Seattle

IDC Frequently Asked Questions (FAQs)

1.	What is the purpose of an IDC?	<ul style="list-style-type: none"> To facilitate industrial expansion through use of tax-exempt financing.
2.	Who can establish an IDC?	<ul style="list-style-type: none"> Any city, county or port in the State of Washington can establish an IDC.
3.	When and how was the Port's IDC formed?	<ul style="list-style-type: none"> The Port's IDC was established on February 9, 1982 pursuant to RCW 39.84.
4.	What is the Port's IDC's structure?	<ul style="list-style-type: none"> It is a special purpose government with limited powers. It is governed by a board of directors – comprised of the same members as the Port Commission. The Port cannot lend credit or give money to IDC. Debt is always non-recourse to the Port and to the IDC.
5.	What law(s) govern the IDC?	<ul style="list-style-type: none"> The IDC is governed by Washington State law RCW 39.84 (see Appendix A). Tax-exempt debt issued by the IDC is further governed by Federal law (tax code). In addition, the IDC is governed by resolutions adopted by the IDC board.
6.	What is IDC policy?	<ul style="list-style-type: none"> Resolution No. 2 (see Appendix B) adopted April 27, 1982 is a master policy for the purpose of determining the eligibility of projects or proposals for financing. In general, projects will be eligible for IDC financing if they will further the objectives of the Port of Seattle.
7.	Who borrows through the IDC?	<ul style="list-style-type: none"> Any company with a project that qualifies for tax exempt financing and qualifies under RCW 39.84 and IDC policy may apply for IDC financing. Both the IDC Board and the Port Commission must approve any IDC bond issue.
8.	How does the IDC get compensated?	<ul style="list-style-type: none"> The IDC is compensated by the company borrowing through the IDC, for administrative expenses related to the bond issues. The compensation is based on a percentage of the debt service. Payments can be made annually through the life of the bond or in a lump-sum when bonds are issued.
9.	Who pays the debt service (principal and interest) on the bond issue?	<ul style="list-style-type: none"> The company borrowing through the IDC pays the debt service. RCW 39.84.060

Industrial Development Corporation (IDC) of the Port of Seattle

IDC Frequently Asked Questions (FAQs)

		(Public Corporation – Limitations) permits the IDC only to incur nonrecourse revenue obligations, payable from revenues generated by the financed facility, amounts received under financing documents, and/or amounts received from other private sources. The IDC’s bond issues are structured as conduit revenue bond issues. The IDC pays the bond proceeds (less the IDC’s costs of issuance) to the company, who is then responsible for paying debt service on the bonds.
10.	Do the IDC’s financial statements get audited?	<ul style="list-style-type: none"> • Yes, the IDC’s financial statements are audited by the state auditor’s office as required by RCW 39.84.070., currently at least once every three years.
11.	Is the IDC responsible if a company fails to perform on the debt service payments?	<ul style="list-style-type: none"> • No, debt is always non-recourse to the Port and to the IDC.
12.	Does the IDC receive any bond proceeds when bonds are issued?	<ul style="list-style-type: none"> • No, bond proceeds go directly to the company borrowing through the IDC, except for reimbursement of any IDC incurred cost of issuance.
13.	Why does the IDC not show outstanding debt on its Balance Sheet?	<ul style="list-style-type: none"> • The liability shows up on the books of the company borrowing through the IDC since it is the entity responsible for debt service.
14.	Who are the bondholders?	<ul style="list-style-type: none"> • The IDC does not have this information available to it. • The companies borrowing through the IDC pay their debt service (principal and interest) to a trustee.
15.	Are there other IDCs in Washington State?	<ul style="list-style-type: none"> • There are numerous cities, counties, and ports that have IDCs. A few examples are: <ul style="list-style-type: none"> ○ City of Seattle Industrial Development Corporation, ○ King County Economic Enterprise Corporation, ○ Industrial Development Corporation of the Port of Bellingham, ○ Economic Development Corporation of the Port of Olympia, ○ Economic Development Corporation of Pierce County. <ul style="list-style-type: none"> ▪ See Appendix C for additional examples of IDC’s.

Industrial Development Corporation (IDC) of the Port of Seattle

IDC Frequently Asked Questions

Appendix A

Chapter 39.84 RCW

INDUSTRIAL DEVELOPMENT REVENUE BONDS

Chapter 39.84 RCW Industrial Development Revenue Bonds can be found in the Washington State Legislature web site, via the following hyperlink:
<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.84>.

Industrial Development Corporation (IDC) of the Port of Seattle

Appendix B

RESOLUTION NO. 2

A RESOLUTION of the Industrial Development Corporation of the Port of Seattle adopting a master policy for the purpose of determining the eligibility of projects or proposals for financing.

WHEREAS, the Industrial Development Corporation of the Port of Seattle (the “Corporation”) is a public corporation created pursuant to Chapter 300, Laws of Washington 1981 (Reg. Sess.) codified as Chapter 39.84 of the Revised Code of Washington and Resolution No. 2845 adopted by the Port of Seattle Commission on February 9, 1982; and

WHEREAS, the Corporation is now desirous of adopting a master policy to determine the eligibility of projects or proposals coming before the Corporation; and

WHEREAS, the Corporation wishes to establish and empower a Chief Staff Officer for the Corporation with the authority to amend, update and revise, when necessary, the initial procedures to carry out the adopted policies herein; and

WHEREAS, the initial procedures have been submitted to the Board of Directors of the Corporation and by adoption of this Resolution represents Board concurrence in the general context and form.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF SEATTLE, WASHINGTON, as follows:

Section 1. It is the basic policy of the Corporation to comply with the applicable Federal and State of Washington laws and amendments thereto in determining the eligibility of any project or proposal coming before the Corporation for consideration and/or approval for financing.

Section 2. The Corporation hereby adopts the following additional policy to determine the eligibility of projects or proposals for financing by the Corporation:

- A. The Corporation will consider only projects or proposals which will further the purposes and objectives of the Port of Seattle as adopted by the Port Commission December 9, 1980 or as further amended from time to time.
- B. Tax exempt industrial revenue bonds will be issued only for the financing of projects which broaden and strengthen the economic base of the Port District by enhancing trade and the movement of passengers and cargo by air or sea, including:
 - (1) the development or improvement of marine terminals and airport facilities or components thereof;
 - (2) the development and improvement of commercial and industrial land, manufacturing facilities, warehouses, terminal and transfer facilities, and related improvements which enhance trade via Port-owned or operated airport and marine facilities;
 - (3) the development and improvement of facilities which will enhance or promote the Port’s Comprehensive Scheme; and
 - (4) the development and improvement of facilities which directly support and assist the movement of passengers and cargo by air or waterborne transportation, including, but not limited to, aircraft and ship construction and repair facilities, facilities necessary for the inspection, weighing, storage, and packaging of cargo; and connecting surface transportation facilities.

Industrial Development Corporation (IDC) of the Port of Seattle

A. The Corporation will not consider projects or proposals that:

- (1) unnecessarily or unjustifiably subsidize users, i.e., proponents must demonstrate reasonable need for this form of financing;
- (2) create unfair competition or dislocate the balance of competition within the Port District;
- (3) duplicate existing facilities which already adequately meet current needs;
- (4) are proposed by others than the directly interested party, or by any proponent unable to demonstrate a sound operating financial history; and
- (5) and are not otherwise authorized by the 1981 Local Economic Development Act or other applicable laws.

Section 3. The Chief Staff Officer of the Corporation shall be the Executive Director of the Port of Seattle. The chief staff officer is hereby authorized to carry out the purposes of the policies hereby and henceforth adopted by the Corporation and may amend, update and revise the procedures of this Resolution as it is from time to time necessary due to changes in law and/or operations of the Port without prior Commission approval, except as to fees and assessments to be charged.

The initial procedures have been submitted to the Board of Directors of the Corporation and by this Resolution they concur in the general context and form.

ADOPTED by the Board of Directors of the Industrial Development Corporation of the Port of Seattle, Washington this 27th day of April 1982.

JACK BLOCK
PRESIDENT

ATTEST:
HENRY L KOTKINS

SECRETARY
(SEAL)

IDC Frequently Asked Questions

Appendix C

Examples of some local area IDCs**

City of Kent Economic Development Corporation
King County Economic Enterprise Corporation
Industrial Development Corporation of the City of Everett
Economic Development Corporation of Pierce County
City of Seattle Industrial Development Corporation
City of Redmond Economic Development Corporation
City of Auburn Economic Development Corporation
Industrial Development Corporation of Kitsap County

** Entities listed established IDCs. This is a partial representative list, and does not include all IDCs and Entities with the IDCs in the State of Washington.

RESOLUTION NO. 78

A RESOLUTION of the Industrial Development Corporation of the Port of Seattle authorizing the transfer of surplus funds for an amount not to exceed \$165,000 from the Industrial Development Corporation to the Port of Seattle to fund economic development activities in support of tourism promotion for King County and the State of Washington.

WHEREAS, the Port of Seattle (the “Port”) has created a public corporation, the Industrial Development Corporation of the Port of Seattle (the “Development Corporation”) pursuant to RCW 39.84, as amended (the “Act”) and Resolution No. 2845 of the Port Commission for the purpose of issuing and selling nonrecourse revenue bonds in order to defray the cost of acquiring, constructing and installing industrial development facilities by private users (“users”); and

WHEREAS, all costs and expenses of the Development Corporation are paid from fees collected from users; and

WHEREAS, RCW 39.84.130 prohibits the commingling of funds of the Development Corporation with funds of the Port; and

WHEREAS, RCW 39.84.130 further provides that those funds of the Development Corporation that are not otherwise encumbered for the payment of revenue bonds and are not reasonably anticipated by the Board of Directors of the Development Corporation to be necessary for administrative expenses of the Development Corporation (hereinafter referred to “transferable surplus funds”) may be transferred to the Port and used for growth management, planning or other economic development purposes; and

WHEREAS, RCW 53.08.245 authorizes the Port to engage in economic development programs. In addition, port districts may contract with nonprofit corporations in furtherance of this and other acts relating to economic development; and

WHEREAS, as provided in Article VIII, §8, the Port may engage in trade promotion activities; and

WHEREAS, RCW 53.08.255 authorizes the Port to engage in tourism promotion; and

WHEREAS, the Port has worked in partnership with the Washington State Tourism Office and Seattle's Convention and Visitors Bureau to promote tourism in our area for at least two decades, which contributes to economic activity for the Port and within the port district, for the purpose of contributing to the Port's core mission of economic development; and

WHEREAS, the Washington State Tourism Office will close June, 2011, leaving a large gap in services for the promotion of tourism in the region; and

WHEREAS, the Port and other tourism industry partners have come together to assist in the formation of a non-profit state-wide organization (Washington Tourism Alliance) that will continue the State's work of promoting tourism to the area; and

WHEREAS, this Board has determined that the balance on hand in the accounts of the Development Corporation is more than sufficient to meet the reasonably anticipated needs of the Development Corporation for 2011; and

WHEREAS, the Development Corporation has accumulated transferable surplus funds and the directors of the Development Corporation have agreed to a transfer of those funds for an amount not to exceed One Hundred Sixty Five Thousand Dollars (\$165,000.00) to the Port under RCW 39.84.130 in furtherance of the Port's economic and tourism development efforts through the services of the Washington Tourism Alliance.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Industrial Development Corporation of the Port of Seattle, as follows:

Section 1. The Development Corporation is hereby authorized to transfer to the Port an amount not to exceed One Hundred Sixty Five Thousand Dollars (\$165,000.00) of transferable surplus funds to fund, consistent with the Port's mission of economic development, the Port's continuing tourism promotion program through a contract with the Washington Tourism Alliance.

ADOPTED by the Board of Directors of the Industrial Development Corporation of the Port of Seattle this ____ day of _____, 2011.

INDUSTRIAL DEVELOPMENT
CORPORATION OF THE PORT OF
SEATTLE

President, Board of Directors

ATTEST:

Secretary, Board of Directors

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors (the "Board") of the Industrial Development Corporation of the Port of Seattle (the "Development Corporation"), DO HEREBY CERTIFY:

1. That the attached Resolution No. 78 (herein called the Resolution") is a true and correct copy of a resolution of the Development Corporation as adopted at a special meeting of the Board held on _____ day of _____, 2011.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2011.

Secretary, Board of Directors
Industrial Development Corporation of the
Port of Seattle