

RESOLUTION NO. 1207

A RESOLUTION OF THE COMMISSION OF THE PORT OF BELLINGHAM REGARDING THE PURCHASE AND PRE-FUNDING OF POLLUTION LEGAL LIABILITY SELECT CLEANUP COST CAP FROM AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, NEW YORK, NEW YORK.

WHEREAS, the Commission of the Port of Bellingham (the "Port") has previously approved Resolution No. 1206 providing for the acquisition of the real property from Georgia-Pacific Corporation and Georgia-Pacific West, Inc. (collectively "Georgia-Pacific"), pursuant to the terms and conditions of a purchase and sale agreement (the "Purchase and Sale Agreement") by and between the Port and Georgia-Pacific; and,

WHEREAS, the Port will, pursuant to the terms and conditions of the Purchase and Sale Agreement, assume responsibility for certain environmental remedial actions in and around the Bellingham waterfront both on and off the property the Port will acquire from Georgia-Pacific; and,

WHEREAS, the Port has been designated as a "potentially liable party" for most of the Department of Ecology designated sites included in the transaction; and,

WHEREAS, the Port has conducted a detailed due diligence examination of the environmental risks, hazards, and liabilities for all of the Department of Ecology designated sites included in the transaction and all the property it will acquire from Georgia-Pacific; and,

WHEREAS, RCW 53.08.145 authorizes the Port to acquire appropriate insurance for risks, hazards, and liabilities associated with facilities and projects undertaken by the Port; and,

WHEREAS, the Purchase and Sale Agreement requires that pollution legal liability select cleanup cost cap insurance be acquired; and,

WHEREAS, after a competitive selection process, the Port has negotiated the terms and conditions of the pollution legal liability select cleanup cost cap insurance policy with American International Specialty Lines Insurance Company; and,

WHEREAS, the negotiated insurance policy requires the pre-funding of one-half of the anticipated cleanup costs for the environmental remedial actions and the payment of certain other fees and costs; and,

WHEREAS, the Port is relying on the availability of grant funding from the State of Washington (through the Department of Ecology administered fund available for local governments to conduct environmental remedial actions) to provide one-half of the funding necessary for the environmental remedial actions; and,

WHEREAS, the Port is allocating cash reserves obtained through net operating income from Port operations, tax proceeds, and other non-operating revenues to fund the pre-funded portion and other fees of the insurance obligation.

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Port of Bellingham that the Port shall acquire pollution legal liability select cleanup cost cap insurance from American International Specialty Lines Insurance Company consistent with the terms and conditions of the attached policy and accompanying declarations.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Commission of the Port of Bellingham that the Port's Executive Director is directed and authorized to take all actions and to execute all documents necessary to pre-fund the insurance consistent with the terms of the insurance policy agreement and to bind the insurance coverage.

ADOPTED in open session at a regular meeting of the Commission of the Port of Bellingham on the 18th day of January, 2005, and duly authenticated by the signatures of the Commissioners and the seal of the Commission affixed hereto.

Commission President

Commission Vice President

Commission Secretary

POB/EXECUTIVE/ACQUISITION PROJECT/FINAL DOCUMENTS - JANUARY 10, 2005/RESOLUTIONS/INSURANCE RESOLUTION - FINAL(RSV)