

**Minutes of Everett Port Commission
Special Meeting
June 24, 2022**

PRESENT:	Tom Stiger	Secretary
	Lisa Lefeber	Executive Director
ZOOM:	David Simpson	President
	Glen Bachman	Vice President
	Eric Russell	Chief Finance Officer
	Jordan Stephens	Port Attorney

CALL TO ORDER: Commission President David Simpson called the meeting to order at 1:00 p.m.

CEO/EXECUTIVE DIRECTOR'S REPORT

CEO/Executive Director Lisa Lefeber reminded the commission that there may need to be a Special Commission meeting in July and August, depending on project schedules and bid openings. There has been at least one project asking for additional time so it may not line up with the July 12 and August 9 Regular Commission meeting dates.

Commissioner Tom Stiger recognized the passing of Jeff Wishko, an attorney at Anderson Hunter Law Firm, who passed away suddenly on June 15, 2022.

CHIEF FINANCE OFFICER'S REPORT

FY21 Audit Exit Conference

Chief Financial Officer Eric Russell introduced Audit Supervisor Erika Davies and Audit Lead Heide Brillantes to present the FY21 Audit Exit Conference.

Brillantes reported on the financial audit results from January 1, 2021 through December 31, 2021. Brillantes was pleased to report that the auditors are issuing an unmodified audit opinion {a clean opinion} on the Port's financial statements. Also, the auditors did not identify any weaknesses or concerns with the Port's processes, nor did they identify any instances of noncompliance that would affect the fair presentation of the financial statements. The auditor's evaluation showed no instances or possibilities where controls were circumvented.

Brillantes also reviewed the results of the Federal Grant Compliance Audit (Single Audit) which covered the period January 1, 2021 through December 31, 2021. The objective of the single audit is to ascertain whether the Port materially complied with requirements of receiving federal funding. The auditors will be issuing an unmodified audit opinion on the Port's compliance of federal grant requirements. This opinion provides assurance that federal funds were expended in according with their intended purpose and all requirements have been followed. The standards also require that the auditors gain an understanding of the Ports internal controls in place to ensure federal grant requirements are followed. The auditors did not identify any reportable concerns in the Ports process.

The auditors performed an assessment audit of the Ports component unit, the Port of Everett Industrial Development Corporation, for the period January 1 through December 31, 2021. As the corporation did not have any activity during the audit period, they performed limited procedures to confirm the accuracy of its annual report submission.

Davies stated auditor's office would like to extend their gratitude to all the Port officials and staff for timely communications throughout the audit process. Specifically, they thanked Bob Marion for his assistance during the audit and appreciate the Ports partnership in facilitating the remote audit.

WATERFRONT PLACE

Anisoptera LLC Spa – New Lease

CEO/Executive Director Lisa Lefeber reported Anisoptera LLC will be a higher end spa run by Kippi Eldred and Christine Habertheier, with financial backing from Jason Brooks and Elizabeth Brooks. The lease term is for 10 years with two 5-year options, and will span 5,000 square feet in the interior, 2,000 square feet of rooftop and 1,000 square feet of patio in the Fisherman's Harbor A12 building. Services will include massage, facials, nails, spa, float pods, etc.

Base rent is \$45 per square foot of interior space, \$10 for outdoor space and \$20 for the rooftop space with a 4 percent annual escalation and percentage rent of 6 percent. There will be a market adjustment at year 5 and upon exercise of an option period. There is a security deposit of \$64,070.

This is part of the Destination Retail experience being developed with Schuster, and the intent is that Schuster will exercise their option to build this building and assume this lease. The plan is to be open late 2023.

After discussion, Commissioner Glen Bachman moved that the Commission approve and authorize the CEO/Executive Director to execute the Commercial Lease with Anisoptera LLC, substantially in the form as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, Stiger, Simpson
No:	None
Abstained:	None

Motion carried.

MUKILTEO WATERFRONT DEVELOPMENT

Mukilteo Parklet ROW Improvements Maintenance Agreement

Director of Planning Laura Gurley reported a Right of Way Improvements Maintenance Agreement is required by the City of Mukilteo to ensure that the Port will maintain site improvements and furnishings associated with the Parklet project that are within the City's right of way. The agreement includes hold harmless language; therefore, Commission authorization is necessary. The improvements include asphalt paint, landscape planters, and other site furnishings. Port legal has reviewed and approved the document, but the City still has to perform its final review and approval. Therefore, staff is requesting approval of the agreement as substantially presented.

Commissioner Tom Stiger suggested the Port put up a plaque or signage on the parklet to let the public know that the Port of Everett owns the property. CEO/Executive Director Lisa Lefeber indicated staff will look into some type of signage. Commissioner Glen Bachman agreed with that suggestion.

Upon discussion, Commissioner Tom Stiger moved that the Commission approve and authorize the CEO/Executive Director to sign the City of Mukilteo Right of Way Improvements Maintenance Agreement substantially in the form as presented. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote:	3-0
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Yes: Stiger, Bachman, Simpson
No: None
Abstained: None
Motion carried.

DEPARTMENT REPORTS

Marine Terminals

Cargo Handling Equipment – Competitive Bid Exemption and Authorization to Purchase

Chief Operating Officer Carl Wollebek reported the Port has budgeted \$3.73 million in 2022 for the acquisition of cargo handling equipment to replace aging equipment as well as purchase additional equipment to meet cargo needs. Staff recommends purchasing one reachstacker, one container handler, three forklifts, one 180-foot lift, four bomb carts (yard chassis) and two Mafi trailers (wheeled platforms for breakbulk cargo). Cargo handling equipment is in high demand, and, with the current material and labor shortages, staff needs to get orders into the manufacturer as soon as possible to minimize the lead time. Staff are currently getting estimates of lead times of 60-64 weeks. Adding a competitive process would add an additional 12-16 weeks to that timeline, therefore, staff is recommending that the commission exempt this equipment from competition and allow orders to be placed as soon as possible. There is no statutory requirement to competitively bid this equipment so the exemption would waive the Port established competitive bid requirements.

After discussion, Commissioner Glen Bachman moved that the Commission approve the Competitive Bid Exemption for Cargo Handling Equipment and authorize the CEO/Executive Director to sign purchase agreements for the acquisition of needed cargo handling equipment. Commissioner Tom Stiger seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bachman, Stiger, Simpson
No: None
Abstained: None
Motion carried.

Properties

Hyesoon Choi dba Precious Medical Spa Expansion

Real Estate Manager Tara Hays reported Hyesoon Choi, the owner of Precious Medical Spa, has been a tenant since 2019 within Marina Village, Suites 206, 208, and 212. Hyesoon Choi provides CoolSculpting, hair removal, and esthetic skincare. She has requested to expand to Suite 210 consisting of 592 square feet, which the existing tenant vacates July 15, with Choi taking possession of the space and commencing the lease as of July 16 with an expiration of the lease co-terminus with the existing lease, in January 2024. Rent for the premises is starting at \$19.13 rentable square feet per year with 3 percent escalations year over year. The expansion suite represents 2 percent of the leasable area of the building and their total rentable square footage of 1,307 represents 8 percent of the leasable area of the building. They will pay their proportional share of operational costs and utilities, plus Washington State Leasehold Excise Tax. The Port will receive gross revenue of \$17,327.19 for this expansion over the remaining term of the lease. There are no commissions owed or other initial leasing costs. The net effective rate is \$19.51 per rentable square feet and the tenant has an existing security deposit on file in the amount of \$5,703.

Upon discussion, Commissioner Tom Stiger moved that the Commission approve and authorize the CEO/Executive Director to sign the Commercial Lease agreement with Hyesoon Choi dba Precious Medical Spa for the premises. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote: 3-0
Yes: Stiger, Bachman, Simpson
No: None
Abstained: None

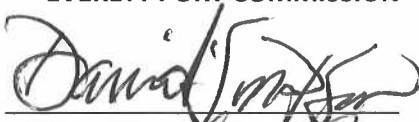
Motion carried.

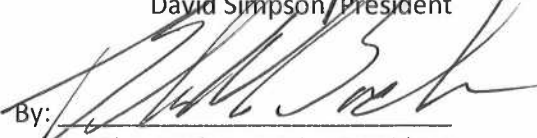
ADJOURN

THE REGULAR MEETING WAS ADJOURNED at 1:49 p.m.

APPROVED this 12th day of July, 2022.

EVERETT PORT COMMISSION

By: 
David Simpson, President

By: 
Glen Bachman, Vice President

By: 
Tom Stiger, Secretary