

MINUTES OF EVERETT PORT COMMISSION
SPECIAL MEETING
April 25, 2019

PRESENT: Glen Bachman President
 Bruce Fingarson Vice President
 Tom Stiger Secretary
 Les Reardanz Executive Director
 Eric Russell Chief Finance Officer

ABSENT: Port Attorney Brad Cattle was absent due to out-of-town business travel.

RECONVENE: Commission President Glen Bachman reconvened the meeting at 9:05 a.m.

CONSENT AGENDA

- Approval of Minutes for March 5, 2019, and Minutes for March 12, 2019
- Approval of Bills for March 2019

Commissioner Tom Stiger moved to approve the items of the Consent Agenda. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Retreat Discussion (Continued)

Chief of Business Development Terrie Battuello provided an overview of available Port properties and leasing activities with tenant mix, as well as a status report for phase one of the Waterfront Place Central (WPC) development project. In the second phase of WPC, even if the Port had all of the required funding available, the very earliest the Port could get started on the second phase is 2021. As a result, the Port has been extending the leases for Milltown Sailing Club, the Everett Yacht Club, WSU and the other tenants that occupy the area in the North Marina through the year 2020. Plans for the second phase include a fine dining concept or a combination of fine dining and casual dining; the Port is in negotiations with a party who would be a great addition to Waterfront Place Central. Other concepts for the second phase include housing and light manufacturing/educational facilities. Funding required by the Port to begin the second phase of WPC development is approximately \$23 million.

Generally, office leasing is on the rise in Everett, industrial lease rates are on the rise, and it looks like there are a lot of new industrial projects being developed out by Paine Field. There is also a lot of interest being generated by a number of hotels wanting to relocate by the new Paine Field Airport. The construction boom is projected for three more years before a downturn.

Terrie Battuello reported that she has been working with the Cities of Marysville and Arlington on the Manufacturing Industrial Corridor (MIC) whereby she is on a committee to develop a marketing and master plan for a 142-acre development next to the Arlington Airport.

In housing, the trends are continuing towards smaller homes surrounded by walking trails which bodes well for the Port of Everett.

Staff has been working on miscellaneous items that include a licensing agreement for a data system at Fisherman's Harbor, the transfer of infrastructure (roads, sewer, storm and trails) at Riverside Business Park to the city of Everett whereby the City will be responsible for the maintenance operation of the infrastructure items. Construction is gearing up for the substation to be built by the PUD on the Ameron site, and Staff is working with the Biringers on their farm lease termination.

Retreat - Next Steps

Les Reardanz reported that the Facilitator for the Retreat, Charla Skaggs, is developing the basis for the Strategic Plan update and then Staff will bring the results back to the Commission to make sure that the outlined format is consistent with the discussion and the Commission's direction. This will then set the foundation to launch into the next steps which include the public meetings beginning on May 23.

For lessons learned, Les Reardanz asked the Commission and Staff for feedback. All three Commissioners indicated that the Retreat was worthwhile and they liked the Facilitator and format.

May Commission Meetings

Les Reardanz reminded the Commission that the Commission meetings are May 7 and May 14; however, the May 14 meetings begins at 9 am instead of the normal 4pm start time to facilitate transport of Port Staff to the Washington Public Ports Association (WPPA) Spring Meeting in Spokane.

Les Reardanz announced that Eric Johnson has accepted the role of Executive Director for the Port of Tacoma, so WPPA will be looking for new leadership.

Lastly, regarding the Kimberly-Clark property, the Port was considering doing a guest commentary signed by Port Commissioners and former Port Commissioners, and to make sure from a legal standpoint that there is no perception that it was done outside of a public meeting, Les asked the Commission to authorize Staff to develop the guest commentary for the Commission to sign.

Commissioner Bruce Fingarson moved that the Commission authorize Port Staff to develop a guest commentary for the newspaper with the current Port Commissioners and former Port Commissioners. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

2. **CHIEF FINANCE OFFICER'S REPORT**

Banking Resolution No. 1125 (2019)

Chief Finance Officer Eric Russell reported that the Port currently has a money market account with Opus Bank to provide short-term investment liquidity as an alternative to the State Local Government Investment Pool. Resolution No. 1125 (2019) continues that relationship and updates the authorized signers with current Staff members.

Upon discussion, Commissioner Bruce Fingarson moved that the Commission approve Resolution No. 1125 (2019) authorizing depository accounts with Opus Bank. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

3. **INITIATIVE ONE: SEAPORT MODERNIZATION**

Cranes Update

Chief Operating Officer Carl Wollebek reported that the two gantry cranes from Evergreen Terminal in Los Angeles officially became property of the Port of Everett on February 18, 2019, along with an inventory of spare parts for the cranes.

A lot of work goes into bracing the cranes and this work started shortly after the Port acquired the cranes. The Port was told by Evergreen that the Port of Los Angeles is doing a wharf strengthening similar to the Port of Everett's wharf strengthening project and they needed to get the cranes off of their dock no later than June 3, 2019. The Port has contracted with Nordholm Companies to brace the cranes, load the barge and unload the barge at the South Terminal. The Port elected to contract with Foss Maritime directly for the actual towing of the cranes.

The cranes are scheduled to arrive at the Port on June 11, 2019 and they require a week to unload and remove the bracing. The current plan is to put them into upland storage and then have the cranes painted. Port Staff is still developing pricing for painting the cranes. The drive systems for the cranes are obsolete (brains of the cranes) and will have to be replaced.

Staff still needs to go through the cranes to find out what other mechanical repairs need to be done. When the costs have been identified and the pricing is developed, Staff will be asking for a budget amendment.

4. DEPARTMENT REPORTS

Amendment No. 1 – Washington State University School of Food Science

Terrie Battuello reported that the Washington State University (WSU) School of Food Science is operating out of Marina Village but relies upon industry experts like those at NSF Seafood, Inc. to provide the most current and useful support for the seafood industry. As such, WSU would like to amend their lease with the Port to allow NSF to occupy two suites which are currently included in WSU's lease. Suite 223 and 227 (678 square feet) plus associated triple net expenses would be removed from WSU's lease for the amendment.

Terrie Battuello asked the Commission to approve Amendment No. 1 to WSU's Office Lease at Marina Village as substantially presented.

After discussion, Commissioner Tom Stiger moved that the Commission authorize the CEO to sign Amendment No. 1 to the WSU School of Food Science Office Lease removing possession of and expenses related to Marina Village Suites 223 and 227 (678 square feet) from their lease and without impacting other terms within the lease, in a form substantially as presented. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

NSF Seafood, Inc. Office Lease

Terrie Battuello explained that NSF Seafood, Inc. is a not-for-profit organization providing seafood evaluations, laboratory testing, certification, audits/inspections, speciation and training for the seafood industries. The parent company is NSF International out of Michigan. Previously located at a Seattle Terminal, NSF has relocated to join forces with the WSU School of Food Sciences as part of the Port's work to attract and support marine-related and food processing industries. The three-year 678 square foot lease is offered at the market rate of \$21 per year/per square foot or \$1,186.50 per month. NSF has agreed to provide three months' cash security deposit and will have a 3% annual escalation. NSF will pay leasehold excise tax of 12.84% and their share of triple net costs.

Upon discussion, Commissioner Tom Stiger moved to authorize the CEO to sign the NSF Seafood, Inc. Office Lease for Marina Village Suites 223 and 227, with a three-month cash security deposit, in a form substantially as presented. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Stiger, Fingarson, Bachman

No.: None
Abstained: None
Motion carried.

Mariner Marine Services Office Lease

Terrie Battuello reported that Mariner Marine Services has been operating for a year as a sole proprietorship owned by Christopher Lund of Marysville. The proposed leased facility will act as the business office for marine-related repairs and installation of plumbing, electrical and mechanical equipment services. Port Staff has conducted a credit and criminal history report and recommends the three-year, 382 square foot lease at \$18.50 per year/per square foot or \$588.92 per month. The Port is not making any further tenant investment in the property and Staff requests that the Commission authorize a three-month cash security deposit in the amount of \$1,766.75. The lease is triple net (tenant will pay proportional share of landlord expenses to operate), will include the pass through of the state's leasehold excise tax (12.84%) and will have a 2.5% annual escalation.

After discussion, Commissioner Bruce Fingarson moved to authorize the CEO to sign the Mariner Marine Services Office Lease for Marina Village, 382 square feet, Suite 214, with a three-month cash security deposit, in a form substantially as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Commission President's Report

Commissioner Glen Bachman commented that the Retreat was rewarding and informative.

Commission Discussion

Commissioner Fingarson agreed that the Retreat was worthwhile and Staff were well prepared. Commissioner Stiger concurred.

Citizen Comments

There were no Citizen comments.

THE SPECIAL MEETING was recessed into Executive Session at 10:06 a.m. for approximately 40 minutes - to conclude by 10:45 a.m. The purpose of the Executive Session was to discuss with legal counsel the acquisition of real estate, for which public discussion could disadvantage the Port's negotiations.


At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Special Meeting was adjourned at the conclusion of the Executive Session.

THE SPECIAL MEETING WAS ADJOURNED at 10:45 a.m.

APPROVED this 11th day of June, 2019.

EVERETT PORT COMMISSION

By: 
Glen Bachman, President


Bruce Fingarson, Vice President



Tom Stiger, Secretary



Port of Everett

Claims Voucher Nos	86580 - 86760		Total
			\$3,589,628.01
Claims - PCard Transactions			\$42,965.10
Claims Electronic/Wire Transfers:			
3/1, 3/4, 3/8, 3/13, 3/20	Electronic Transfer - BPAS		7,165.75
3/1, 3/18	Electronic Transfer - IRS	\$	217,405.03
3/7, 3/25	Electronic Transfer - WA St Dept of Rev	\$	111,610.22
3/1, 3/4	Electronic Transfer - U.S. Bank	\$	2,317.45
3/25	Electronic Transfer - ACH - Banc of America Leasing	\$	28,103.70
3/25	Electronic Transfer - ACH - Adv American Const.	\$	2,019,044.26
	Total Claims		\$6,018,239.52
Payroll Voucher Nos.	50003 - 50018	\$	257,952.20
Guardian - Dental Claims	3/18	\$	5,834.58
Payroll Wire Transfers:			
3/5, 3/12, 3/19, 3/26	PMA Payroll (Longshore Labor)	\$	288,393.78
	Total Payroll	\$	552,180.56
Wire Transfers:			
3/1	Wire Transfer - US Bank LOC		3,382.23
3/1	Wire Transfer - RFI		20,416.81
3/19	Wire Transfer - LGIP		2,500,000.00
Total Payments			\$9,094,219.12

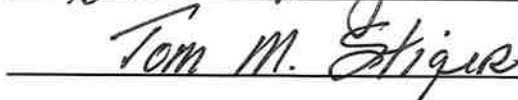
I, the undersigned, do hereby certify under penalty of perjury that the material have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the Port of Everett and that I am authorized to authenticate and certify to said claim. Authorize signature

Attest:  Port Auditor

We, the undersigned Commissioners of the Port of Everett, Snohomish County, Washington, do hereby certify the following vouchers/warrants have been certified and approved for payment this the 25th day of April, 2019:

 President

 Vice President

 Secretary