

MINUTES OF EVERETT PORT COMMISSION REGULAR MEETING

November 10, 2009

PRESENT:

Philip B. Bannan	President
Michael F. Hoffmann	Vice President
Duane Pearson	Secretary
John M. Mohr	Executive Director
Karen Clements	Chief Fin. Officer
Brad Cattle	Port Attorney

CALL TO ORDER: The meeting was called to order at 9:00 a.m. by Commission President Phil Bannan.

APPROVAL OF MINUTES:

Commissioner Michael Hoffmann moved to approve the Work Session Minutes of October 6, 2009, Port Commission Regular Meeting of October 13, 2009, and Special Meeting Minutes of October 20, 2009. Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0

Yes: Hoffmann, Pearson, Bannan

No: None

Abstained: None

Motion carried.

1. EXECUTIVE DIRECTOR'S REPORT

Veteran's Day Holiday

Executive Director John Mohr reported that the Port Offices will be closed on November 11, 2009 in recognition of Veteran's Day.

Commissioner Duane Pearson

John Mohr announced that unless there is a Special Meeting called, this will be the last Commission meeting for Commissioner Pearson. John Mohr thanked Commissioner Pearson for his tremendous effort while serving on the Commission.

Commissioner Bannan and Commissioner Hoffmann also thanked Commissioner Pearson for his commitment to the Port while serving on the Commission.

Bauer Evans Purchase & Sale Agreement – Second Amendment

Port attorney Brad Cattle presented the revised Second Amendment to the Bauer Evans Purchase and Sale Agreement that calls for the sale of the 2911 Bond Street Administration Building. The change to the date of the monthly payments was incorporated in the Second Amendment indicating that they would commence on February 1, 2011 and be made on the 1st day of each month thereafter. That is the only change to the agreement. It is a real estate contract that is required by statute. This amendment is an amendment to the Purchase and Sale Agreement that is in place that calls for the sale of the Administration Building. It changes an all-cash sale to a term sale, or a sale that would allow the Port to carry the contract. The terms of the sale are at 6.5 percent interest and the monthly payments will occur for a period of 10 years based on a 300 month amortization schedule, and the remaining balance would be paid off at that time. The Second Amendment accomplishes this through the Real Estate Contract.

Commissioner Michael Hoffmann moved to authorize the Executive Director to execute the Second Addendum to the Purchase and Sale Agreement with Bauer Evans. Commissioner Duane Pearson seconded the motion.

Lauren Bivens raised concern about potential incompatible uses concerning relocating the Administration Office to the MSRC Building. He also raised concern about the ability for marine businesses to perform painting and fiberglass repair work in the building. Chief of Properties Larry Crawford responded that the additions proposed for the MSRC building are consistent with what the additions were from the inception of the project. The use of the building has not changed since the original proposal. Port staff have told Lauren Bivens in the initial negotiations with Harbor Marine that he would not be able to do

ORIGINAL

fiberglass work inside the space because it would not adhere to current code. Port staff will continue to work with Harbor Marine on the matter.

David Mascarenas commented that the Port should not be involved in the proposed sale as it is structured and should hold off until the new Commissioners come on board in January.

Valerie Steel commented that she felt the proposed purchase and sale agreement was a violation of Section 7 of the Washington State Constitution in that credit is not to be loaned. She stated that by the Port financing the transaction, the Port is actually gifting the Port's credit. Port attorney Brad Cattle responded that the Port statute specifically authorizes a contract sale of real property. The purchase and sale agreement is clearly not a lending of credit in violation of the State Constitution.

Commissioner Phil Bannan called for the question.

Vote: 2-1

Yes: Hoffmann, Pearson

No: Bannan

Abstained: None

Motion Passed.

2. CHIEF ADMINISTRATIVE OFFICER'S REPORT

Health Benefits

Chief Administrative Officer Jerry Heller provided an update to the Commission regarding the health benefits for the Port's employees. As announced last year commencing in 2010, the insurance policies that the Port has had in the past would no longer be offered, and additional costs would be required to be paid. The anniversary date for the health benefits insurance policy is April 1.

In order to take advantage of the current health care package, Port staff asked its insurer, Regence, to change the policy renewal date to December 1. Regence agreed to this. When the policy comes up for renewal next year, the policy will not be as comprehensive as it is currently. The premium amounts are within the budget amounts and within the amounts that the Port has agreed to with the Union.

3. OPERATIONS REPORT

Marina Report

Marina Director Cyndy Olson reported that at the start of October, the Port began the remodel of restroom and shower facilities located at the South Marina Office breezeway. The scheduled completion date of the work is November 12, 2009.

Also in October, the Port began adding supplemental floatation and performing concrete float surface repairs on A, B and C docks in the South Marina. Both projects are being performed to provide safe walking surfaces for moorage customers and to extend the useful life of the floats. Work is being performed on a half a float basis, and Port staff must temporarily relocate vessels moored in the project areas. Work is completed on the north half of A dock, and the vessels that are normally moored in this area are returning to their slips. The vessels on the south half of A dock will be moving to temporary moorage accommodations on J dock at 12th Street.

The Marina continues to see vessel departures in October, but not as many as September. The Marina normally has terminations in the smaller slip sizes in the fall that have other storage or moorage options available to them. The North and South Marina is currently 76 percent full which reflects a 3 percent decrease from the same time last month. The majority of these departures are in slips that are 32 feet or under in length. There is a smaller increase in vacancies in the slips that are 36 feet and over. The 12th Street Marina remains the same as last month, at 75 percent full.

On December 5, 2009, the Mukilteo Yacht Club will have the lighted boat parade that will leave the Everett Marina at 6:30 p.m. to watch the tree lighting in Mukilteo at 7:30 p.m. On December 12, 2009, the Everett Yacht club will host their annual holiday lighted boat parade. The parade begins at 5 p.m. on the Snohomish River in front of the 10th St. Boat Launch and will be followed by a 6:45 p.m. public viewing on the South Visitor dock. The

Port and City of Everett are working on a holiday tree lighting to coincide with the lighted boat parade.

4. PROPERTIES REPORT

Properties Manager Steve Hager provided a comprehensive report and power point presentation to the Commission on all properties held by the Port of Everett. A copy of the report is attached as part of the record.

5. APPROVAL OF BILLS

For the month of October 2009, Claims Voucher Nos. 53560 - 53827, in the amount of \$2,222,832.34, Claims Wire Transfers, IRS, in the amount of \$129,389.58, Union Bank of California in the amount of \$25,555.55, Hirofumi Oshio in the amount of \$2,010.60, Washington State Dept. of Revenue in the amount of \$34,160.65, Payroll Voucher Nos. 31759 - 31961, in the amount of \$336,722.51, and Payroll Wire Transfers, PMA Payroll (Longshore Labor) in the amount of \$108,590.50, with the total amount of \$2,859,261.73, were presented to the Port Commission for approval of payment by Chief Finance Officer Karen Clements.

Commissioner Michael Hoffmann moved to approve payment of the vouchers for the month of October 2009. Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0
Yes: Hoffmann, Pearson, Bannan
No: None
Abstained: None
Motion carried.

6. COMMISSIONER COMMENTS

Commissioner Duane Pearson said it has been a privilege and honor to serve as the District 2 interim Commissioner. He thanked Port staff for their support and also thanked the public for their attendance and input. Duane Pearson thanked the Commission for allowing him to serve.

Both Commissioners Bannan and Hoffmann thanked Commissioner Pearson for a job well done.

7. CITIZEN COMMENTS

Ralph Quaas, Everett, commented that he has been a marina tenant for over 42 years. When the boats turned to fiberglass in 1968, it virtually locked him into keeping his wooden boat in the Marina. He sold his business three years ago and he is living on social security. He asked the Commission to consider a reduction in his rates.

Commissioner Bannan asked Port staff to provide an answer to Mr. Quaas.

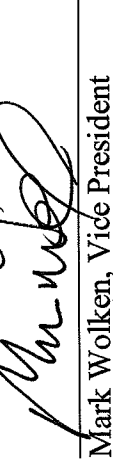
The meeting was recessed to Executive Session at 10:26 a.m., and is expected to last 45 minutes. The purpose of the Executive Session is to discuss with legal counsel a pending litigation matter and the review of the performance of a public employee. At the conclusion of the Executive Session, there will not be action taken by the Commission, and there will not be any announcement. The Work Session will be adjourned at the conclusion of the Executive Session.

THE REGULAR MEETING was adjourned at 11:15 a.m.

APPROVED: this 12th day of January 2010. EVERETT PORT COMMISSION

By:


Michael Hoffmann, President


Mark Wolken, Vice President


Troy McClelland, Secretary

Properties Overview

Nov. 10, 2009

Good morning, my name is Steve Hager, Properties Manager, Port Staff

I thought it would be a good time to present a comprehensive overview of the properties the Port of Everett controls from Mukilteo to the Beringer farm.

Mission Statement

I would like to put this in terms of the property.

“Responsibly utilizing the property to its highest and best use. From the Marine Terminals to Jetty Island, each playing its vital part.”

What does the Port Look Like?

Tour of Port Properties

Property Overview Map

When I came on board in June I was tasked with coordinating all the properties, collecting and filing as much information as I could find into a Data Base that could be accessed by Port Staff. This has been completed and is ongoing, a work in progress.

A complete listing of all the Tax parcels has been compiled and organized into 16 distinct areas. We have approximately 2900 acres of land under our control, 350 as useable, 2000 in tidelands or unusable, 100 acres on Jetty Island and 380 acres in conservation and mitigation.

Parcel

Mukilteo

Aerial

We have several parcels of land in Mukilteo. There are two small parcels that ether sit within the park area or are tidelands in front of the condominiums, for reasons beyond me. We have the Ferry Dock which we lease to WSDOT, currently on a month-to-month hold over. Within the same parcel on the northside of the Ferry is the Fishing Pier providing unique Public Access to the water for fishing or crabbing.

Tank Farm

Mount Baker Terminal

Aerial

To the north we have the Tank Farm and the Mount Baker Rail Barge Facility. The Rail Barge Facility is on leased land from WSDOT and is a vital connection in support of the regional aerospace industry and other users. With this we have developed Edgewater Beach to the north as mitigation and public access. This is restricted at this point until the Tank Farm is turned over to the Port for control. When control is granted to the Port, we will be able to open this up to the public. The Tank Farm, when it happens, in and of itself will provide many challenges and opportunities due to the number of stakeholders involved.

Port Gardner Bay

As we move northward there are 6.4 acres of tideland we own lying beneath the bluffs.. I'm sure history will reflect, if found, that they were used in the days of the strong timber industry to store log rafts.

Shipping Terminals

Next in line is the Terminal Facilities. It is comprised of several distinct entities, South Terminal, Pacific Terminal, Pier 3, Pier 1 and Hewitt terminal, that constitutes the major economic engine Port under the direction of Carl Wollebek. Public access is restricted due to of the National Security and safety issues due to the strictly controlled operations. We do however provide public access on a trail outside the restricted area to Pigeon Creek allowing beach access to the 20 acre tidelands south of the terminal.

At Pier 3 ESY has completed its relocation from Port Gardner Wharf and will continue to provide shipyard work for the region on a long-term lease.

Aerial

Aerial

Bay View Building

We are all familiar with this building and it's disposition. The 15,700 sf building was built in 1955 and sits on a .32 acre parcel. The parking lot across the street is .34 acres.

36th Street

We have two parcels of land at the 36th Street site totaling 3.83 acres. Diversified Industries, as a tenant, provides non-profit recycling services to Rubatino and others in a Class c Metal building. The other parcel is rented by several small tenants for construction staging yards .

South Marina

Marina Facilities

As we jump across the Kimberly Clark paper mill and the Naval Shipyard we find ourselves at the South Marina. We have approximately 25 acres within the upland wharf area. The Marina moorage facilities consists of 60 Acres, The Ports operations are limited to the Marina Building, Marina operations and control of the parking lot areas.

We have several Land leases in the South Marina. Everett Marina Partners, LLC leases the western end of the marina wharf, which includes Anthony's and Woodfire restaurants' and several other buildings with various tenants.

We also have a land lease with Westview, LLC, at the east end, for the buildings that house West Marine, Dykeman Architects, NW Emergency Medical and Lombardi's restaurant. We also have a land lease with the operators of the Port Garner Inn and Meyers Cafe.

Weyerhaeuser

Also residing in this area, under Port control, is the Weyerhaeuser building. Built in 1923 as the corporate headquarters of Weyerhaeuser Everett, it showcased the mill products of that time. It was originally located at Mill site A where the Aluminum Dome is located.

Vacant since 2003, it has recently received some minor repairs in support of a recent Historical tour during September. Asbestos abatement has recently been completed.

Considering options.

Port Gardner Wharf

Craftmens District

Aerial

Port Gardner Wharf, North Marina and the Craftsman District contain approximately 66 acres.

Until the Maritime Trust bankruptcy is resolved limited opportunities are available. However cleanup work continues and the Port is moving forward with the Craftsman District. New rental agreements have included Thain Boatworks, in the Puget Sound Trucking building and restructuring the rental agreement with Pacific Craftsman, consolidating their space while increasing the rent, in the building adjacent to Scuttlebutts.

Popeyes is a tenant in the middle of the wharf. Once the Port consolidates it's operations and staff in the new Administration offices at the MSRC building, we anticipate relocating Popeyes to the Marina offices in South Marina.

With the advent of construction beginning on the MSRC building we are currently negotiating with Harbor Marine to be a Prime tenant. Initial occupancy of the facility is scheduled at the end of 2010.

The boatyard area is state of the art and the first in Washington State to meet all the environmental requirements. It will be a significant asset to the Port and service to our Marina Tenants as DOE requirements for boatyards become increasing stringent. Future expansion, to meet the demand, is dependent on the outcome of the Collins building.

Ameron leasehold contains approximately 8 acres and is undergoing evaluation for environmental remediation.

12th Street Marina and 10th Street Boat Launch

Aerial

The 12th Street Marina and boat launch area consists of approximately 73 acres, which includes the marina. This area except for the 12th Street marina building and gated parking lot is in joint use and control with the Port, the City of Everett and Snohomish County.

We have recently leased the Marina building and moorage to Copper River Yacht Brokerage on a three year term.

We have a long term land lease with Bayside on a percentage rent basis that allows the Port to take part in the success of Bayside.

Small site adjacent to Performance Marine and leased by them for storage.

Malsby Mudflats

Approximately 60 acres, under a conservation easement. Old log raft storage area.

Jetty Island

Jetty Island and the adjacent tidelands comprise 1952 acres. Tidelands have 1852 acres while the Island itself is 100 acres.

This is quite the public amenity with over 47,000 people visiting the island this summer during Jetty Island days partaking in the beach, natural habitat and one of the premier world class Kite Boarding venues. No commercial activities are allowed on Jetty Island.

Bay Wood

The Bay wood site contains 43 acres of which 13 are upland and usable. This is currently under review for further clean-up work as described by Erik last week. Historically the development potential of this site has been driven by the adjacent Jeld Wen site and the possibility of a sale or joint venture.

There is also an adjacent 35 acre tideland area just south of Jeld Wen.

Riverside Business Park

Riverside Business Park consists of 80 developable acres of the total 172 acres which includes river channels and islands . The property is zoned M2 Heavy Manufacturing together with barge access for marine related businesses.

Sales / Leases

Recently Cymbaluk Motor Truck Company closed on the purchase of approximately 5 acres northwest of the bridge. As a condition of the sale and development permit the Port is restoring approximately 1100 lf of river shoreline including a pedestrian walkway for future public access.

We are working with Snohomish County on the sale of 20 acres which would include the Rabanco Intermodal yard. Any sale would retain rights to road access to the south properties and easements for creation of a rail spur line to serve the northern 40 acre parcel.

The Training Center building contains approximately 6,000 sf of Class "c" office space. Presently Nickel Bros leases approximately half of the building. Michels recently vacated the other half of the building and is available for rent by lower end office users or contractors.

KCom is renting approximately one acre of yard space for their ongoing fiber optic construction contracts.

We are working on subdividing the property that would allow us to break up the large 40 acre track into 5 smaller parcels, that we could offer for sale or ground lease. We have met with the city to discuss the process.

There are several challenges we are working toward resolution of that would make the property more marketable. We are working with the city to take over ownership of the bridge that would allow the planned public access. They are also considering taking over the private water system. Presently there is no natural gas service in the Park. I am working with PSE to determine the costs and benefits of bringing it to the site, with the intent they will join us in funding the improvements.

Union Slough and Beringer Farm

Union Slough and Beringer Farms are conservation areas the Port has been working on for wildlife and fisheries enhancement. We are currently engaged in a partnership with Wildlands Inc. to develop marketable mitigation credits that could be sold and transferred along with supporting the Port in any expansion plans that requires offsetting mitigation.

Once this work is completed many more acres of land will be opened for public access.

Thank you for the opportunity to present this overview. Questions?



Port of Everett

ORIGINAL

Port of Everett
Voucher Approval List
for the month of
OCTOBER
2009

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 10th day of November, 2009:

Claims Voucher Nos 53560 - 53827		Total
Claims Wire Transfers:		\$2,222,832.34
10/1, 10/16	Wire Transfer - IRS	\$ 129,389.58
10/30	Wire Transfer - Union Bk of Calif	\$ 25,555.55
10/27	Wire Transfer - Hirofumi Oshio	\$ 2,010.60
10/23	Wire Transfer - Wa St Dept of Rev	\$ 34,160.65
	Total Claims	\$2,413,948.72

Payroll Voucher Nos. 31759 - 31961	\$ 336,722.51	
Payroll Wire Transfers:		
10/7, 10/14, 10/21, 10/28	PMA Payroll (Longshore Labor)	\$ 108,590.50
	Total Payroll	\$ 445,313.01

Total Expenditures \$ 2,859,261.73

Paul B Bannan President
John Williams Vice President
John Williams Secretary
 Attest: *Karen R A Clements* Port Auditor