

MINUTES OF EVERETT PORT COMMISSION REGULAR MEETING
August 10, 2010

PRESENT: Michael Hoffmann President
Mark Wolken Vice President
Troy McClelland Secretary
John Mohr Executive Director
Karen Clements Chief Finance Officer
Brad Cattle Port Attorney

CALL TO ORDER: The meeting was called to order at 5:00 p.m. by Commission President Michael Hoffmann.

APPROVAL OF MINUTES:

Commissioner Mark Wolken moved to approve the Combined Meeting Minutes of July 6, 2010. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0

Yes: Wolken, McClelland, Hoffmann

No: None

Abstained: None

Motion carried unanimously.

1. EXECUTIVE DIRECTOR'S REPORT

Governance Structure – Pro/Con Committees

Port Attorney Brad Cattle presented the final explanatory statements for the two propositions regarding Port Governance Structure for placement in the November 2010 general election voter's pamphlet.

Executive Director John Mohr stated that Snohomish County Election Manager Garth Fell indicated that it is the expectation from the Auditor's Office that the Commission designate the Pro / Con Committees and their respective chairs for the Port's ballot measures. Brad Cattle stated Garth Fell also indicated that the Auditor's Office would accept the committee appointments on August 11 as opposed to the August 10 deadline. The Port's Public Affairs consultant, Ellen Hiatt Watson, provided the Commission with a list of volunteers who were interested in participating on the Pro / Con Committees for both of the Port's ballot propositions.

From the volunteers listed, Commissioner Mark Wolken moved to appoint the following committees:

Proposition No. 1 – Five Member Commission

Pro Committee:

Peggy Toepel, Chair
Duane Pearson
Frank Foster

Con Committee:

Phil Bannan, Chair
Don Hopkins
Jeff Lalone

Proposition No. 2 – At-Large Commissioner Positions

Pro Committee:

Dwayne Lane, Chair
Frank Foster
Peggy Toepel

Con Committee:

Phil Bannan, Chair
Don Hopkins
Jeff Lalone

ORIGINAL

Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0
Yes: McClelland, Hoffmann, Wolken
No: None
Abstained: None

Motion carried.

Administration Move to Waterfront Center Facility

Executive Director John Mohr reported that December 10, 2010 is the designated date for moving Port staff into the Waterfront Center Facility. Staff is recommending that the Port Commission meeting be moved from December 14 to December 16, 2010 in its current location on Bond Street. In January, the Commission would begin the regularly scheduled Commission meetings at the Waterfront Center.

The Commission concurred.

2. **CHIEF ADMINISTRATIVE OFFICER'S REPORT**
Everett Maritime Bankruptcy Report

Chief Administrative Officer Jerry Heller reported that he attended a hearing in Chicago on August 5 regarding the Everett Maritime Bankruptcy proceedings whereby final arguments were presented. No decision was made. On August 18, it is expected that the bankruptcy judge will announce a decision regarding the temporary restraining order.

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

Property Insurance Renewal Presentation

Debbie Bovee of Alliant Insurance, the Port's insurance broker, provided a report on the Port's property insurance renewal policy. Ms. Bovee reported that while 2009 was a very difficult year for the property market due to the economic crisis with low investment yields, 2010 has been a much better investment year. The recent earthquakes have not greatly affected the world market. While previous property insurance renewal projections were that rates would be flat to a 10 percent increase, ports actually received a small decrease for the 2010 - 2011 renewal year. The Port of Everett's property insurance renewal rates have decreased by 4 percent over last year's rates.

2011 - 2015 CAPITAL IMPROVEMENT PLAN

Senior Accountant Bob Marion provided a brief overview of the preliminary budget for the 2011 - 2015 Capital Improvement Plan (CIPs). The preliminary budget represents projects previously approved and new capital project plans that will be presented for Commission consideration in October as part of the consolidated budget process. Prior to seeking approval of any new projects, Staff will be providing the Commission with relevant analysis during the October meetings to give the Commission sufficient information to make any decisions on the proposed projects.

The 2011 - 2015 Preliminary Capital Improvement Plan is available for review on the Port's Web site at www.portofeverett.com. Public comments will be taken at the Commission meeting on October 19, 2010.

4. **OPERATIONS REPORT**

Marina Report

Acting Marina Director Scott Grindy reported on the Marina Customer Service Survey recently taken at the Marina. Grindy said the outcome of the survey indicated that communication with the boaters was an issue, and noted the actions implemented to date in response to the survey. Scott Grindy said that overall, the survey was positive.

Scott Grindy reported there were 39 new moorage sign-ups for the month of July. Marina events for July included the Marina Customer Appreciation Barbeque and the first annual Everett Yacht Club North Sound Cruise-in. Upcoming events include the Port of Everett Marina booth at the Shilshole Marina Boat Show on August 11 - 15, and the Fresh Paint Arts Festival on August 21 - 22.

5. PROPERTIES REPORT

Waterfront Center Leasing Activity

Properties Manager Steve Hager reported that through significant negotiations, staff has reached an agreement with Scuttlebutt Brewing Company to relocate its operations to the new Waterfront Center Facility. Hager reported that a restaurant provides an amenity that has the potential to act as a draw to the tenants at the 12th Street Marina increasing overall tenancy, while at the same time increasing the attractiveness of the retail office and boat repair facilities at the Port, thus increasing revenue at the Waterfront Center.

The deal points of the lease include an initial term of 74 months with occupancy occurring in February 2011 for construction of the tenant improvements. The scheduled opening is planned for April 2011. There are five 5-year options for renewal at market rates potentially extending the lease out for 31 years. The initial term recognizes that Scuttlebutt has a current lease with the Port that runs through 2017. The proposed new lease has an existing base rent starting with their current lease rate, then increasing annually to \$18 sq. ft plus 5.25 percent of gross sales over break point occurring in year 6. As with all leases at the Waterfront Center, the tenants will be responsible for leasehold taxes, utility costs and a pro rata share of triple net expenses which includes building insurance and facility maintenance.

Steve Hager asked the Commission to authorize the Executive Director to sign the lease agreement substantially in the form presented and subject to final review by the Executive Director and Port legal counsel. Cash flow projections are in line with the goal of full lease-up by 2013, and asked for Commission approval to proceed with the Scuttlebutt lease as proposed.

Executive Director John Mohr stated that the Scuttlebutt lease, due to the participation in the gross sales and sharing of the common area maintenance, does not conform to the Port's current standard lease form agreement and is the reason that Staff is bringing this particular lease agreement to the Commission for consideration. Port attorney Brad Cattle said that these deal points are substantially advantageous to the Port. It is a very good lease and recommended that the Commission approve the lease.

Commissioner Mark Wolken moved to authorize the Executive Director to sign the lease with Scuttlebutt Brewing Company substantially in the form presented and subject to final review by the Executive Director and Port legal counsel. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0
Yes: McClelland, Hoffmann, Wolken
No: None
Abstained: None

Motion carried.

6. APPROVAL OF BILLS

For the month of July 2010, Claims Voucher Nos. 56217 - 56502, in the amount of \$2,948,223.92, Claims Wire Transfers, IRS, in the amount of \$148,333.06, Union Bank of California in the amount of \$34,753.96, Wash. St. Dept. of Revenue in the amount of \$35,937.57, Hirofumi Oshio in the amount of \$1,598.92, and Payroll Voucher Nos. 33599 - 33842, in the amount of \$383,839.22, and Payroll Wire Transfers, PMA Payroll (Longshore Labor) in the amount of \$94,288.56, with the total amount of \$3,646,975.21, were presented to the Port Commission for approval of payment by Chief Finance Officer Karen Clements.

Commissioner Mark Wolken moved to approve payment of the vouchers for the month of July 2010. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0
Yes: Wolken, McClelland, Hoffmann
No: None
Abstained: None

Motion carried.

7. COMMISSIONER COMMENTS

Commissioner Troy McClelland commented that he appreciated Port staff's hard work in putting together the initial Capital Improvement Plan and reiterated there will be opportunity for the public to review and comment on the CIP projects during the three October budget meetings.

8. CITIZEN COMMENTS

There were no Citizen comments.

No Executive Session was held.

THE REGULAR COMMISSION MEETING WAS ADJOURNED at 6:29 p.m.

APPROVED: this 14th day of September 2010. EVERETT PORT COMMISSION

By:


Michael Hoffmann, President


Mark Wolken, Vice President


Troy McClelland, Secretary



Port of Everett



ORIGINAL

Port of Everett
Voucher Approval List
for the month of
July
2010

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 August, 2010:

Claims Voucher Nos 56217 - 56502	Total	\$2,948,223.92
Claims Wire Transfers:		
7/1, 7/16	Wire Transfer - IRS	\$ 148,333.06
7/26, 7/30	Wire Transfer - Union Bk of Calif	\$ 34,753.96
7/23	Wire Transfer - Wa St Dept of Rev	\$ 35,937.57
7/9	Wire Transfer - Hirofumi Oshio	\$ 1,598.92
Total Claims		\$3,168,847.43

Payroll Voucher Nos. 33599 - 33842	\$ 383,839.22	
Payroll Wire Transfers:		
7/7,7/13,7/20,7/27	PMA Payroll (Longshore Labor)	\$ 94,288.56
Total Payroll	\$ 478,127.78	

Total Expenditures	\$ 3,646,975.21	
		President
		Vice President
		Secretary

Attest: Karen R.A. Clemente Port Auditor