

MINUTES OF EVERETT PORT COMMISSION  
REGULAR MEETING  
June 10, 2014

ORIGINAL

PRESENT:	Tom Stiger	President
	Troy McClelland	Vice President
	Glen Bachman	Secretary
	John Mohr	Executive Director
	John Carter	Chief Finance Officer
	Brad Cattle	Port Attorney

CALL TO ORDER: The Regular Commission Meeting of June 10, 2014 was called to order at 5:05 p.m. by Commission President Tom Stiger.

CONSENT AGENDA FOR JUNE 10, 2014

- Permit Indemnification with City of Everett

Commissioner Troy McClelland moved to approve the Consent Agenda for June 10, 2014. Commissioner McClelland seconded the motion. A vote was called for:

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

Motion carried.

1. EXECUTIVE DIRECTOR'S REPORT

**June 17, 2014 Special Meeting**

Executive Director John Mohr reminded the Commission and the public that on June 17, the Port will hold a Special Commission Meeting. The Commission determined that the Port would not hold a meeting on June 3, but rather hold the meetings on June 10 and 17, respectively. Commissioner Troy McClelland said that he would have to participate in the meeting via teleconference.

**IDC Annual Meeting – June 17, 2014 at 4:50 pm**

The Port will hold the Annual Industrial Development Corporation (IDC) meeting on June 17 at 4:50 pm which is required by the corporate laws of the State of Washington. Chief Finance Officer John Carter added that IDCs are set up to be issuing non-recourse revenue bonds for the purposes of developing facilities primarily for the private sector. IDC issued bonds do not have a security pledge from the Port and are secured solely by the project proponents. With interest rates falling over the last several years, there has not been much activity with the IDC, but in the past, the Port has used those bonds to finance a number of different projects. As interest rates change or the financing changes, the use of an IDC is one tool that is available for economic development purposes to get projects done that may otherwise not have access to the tax exempt market. The Port Commissioners serve as the governing board for the IDC, and that is why the Port has the annual meeting.

John Mohr said that the Annual IDC meeting will be held at 4:50 pm on June 17, 2014 in the Blue Heron Room of the Waterfront Center Facility.

**Promotions**

John Mohr reported that Lisa Lefeber has been promoted to Director of Public Affairs and will be taking on the federal legislation activities in addition to the state legislative activities, and the overall communication with the community. One of the key responsibilities of Catherine Soper, who works with Lisa, is to manage the social media and other efforts to inform the public about the different activities that are going on at the Port.

Port Staff received notification today from the American Association of Port Authorities (AAPA) that the Port of Everett received an Award of Excellence (gold medal) for its efforts on the promotional campaign for the Terminals. Lisa Lefeber and Walter Seidl developed the campaign.

Effective July 1, 2014, Terrie Battuello, Chief of Business Development, will assume the responsibility of managing the Marina in addition to property development. Marina Director Jeff Lindhout will continue to run the Marina operations.

#### **Advanced Composite Center Manufacturing Institute Proposal**

John Mohr provided the Commission with a letter that he was prepared to send in support of the Advanced Composite Corporation (ACC) grant application that Port Staff has been working on. The effort at the state of Washington is one of five that is being considered for a program through the Department of Energy that could make the state and its program eligible for billions of dollars in support of a center of excellence for composites. This is something that the Port has been working on with the Economic Alliance of Snohomish County and a number of other groups, including the Commerce Department for the state of Washington. These groups now need to be able to show support for the ACC proposal which would put an Advanced Composites Center facility in Snohomish County if they are successful. As part of that effort, there is a minimum funding level of \$16,000 per year for the next five years. John Mohr said that without an objection from the Commission, he was prepared to make that commitment.

Commissioner McClelland said that this opportunity, which would include a federal grant, is highly coveted and is building off of a national model such as in Virginia and Kansas that have successful institutes similar to this proposal. From a Snohomish County perspective, Economical Alliance and the Port have been working on this strategy as part of a diversification plan. Snohomish County is being favorably considered by the Department of Commerce for this facility, and it is also very competitive in the state.

All Commissioners were in support of sending the letter under John Mohr's signature.

#### **Riverside Business Park – General Transfer Agreement**

John Mohr said that the Commission previously approved the General Transfer Agreement (GTA) of the utility systems at the Riverside Business Park to the City of Everett substantially as presented. There was a minor addition to the agreement at the City Council level which Brad Cattle will address.

Brad Cattle said that the Everett City Council, at one provision of the GTA, added language identifying the public access routes at Riverside Business Park. Port Staff and City Staff have discussed this in concept, and Port Staff believes that it will be accomplished well within the timeframes of the other items contained within the Agreement.

If the Commission is comfortable, Staff will proceed with its earlier authorization and have John Mohr sign the agreement.

Commissioner Bachman said that he attended the City Council meetings and he felt the addition was redundant, but the spirit of the thing was just to make sure there was public access. Commissioner McClelland said he was comfortable with Staff's recommendation. Commissioner Stiger agreed with Staff's direction.

Brad Cattle said that Staff will proceed with the earlier authorization and John Mohr will sign the agreement.

#### **Erik Gerking**

Chief of Engineering John Klekotka reported that Erik Gerking has successfully completed the requirements of the Project Management Professional Credential with the Project Management Institute.

#### **Economic Alliance of Snohomish County**

Commissioner Troy McClelland announced that he was the President and CEO of Economic Alliance Snohomish County (EASC) and felt that it was appropriate that the second most senior member of the EASC staff provide the annual report to the Port Commission.

John Monroe provided a summary of the work accomplishments that the EASC performed in 2013 as well as the business plan for 2014/2015.

John Monroe said the EASC actively promotes Port properties. When Port properties meet the requirements spelled out in a Request for Proposals, the EASC includes them; and sometimes when the Port properties don't meet all of the requirements, the EASC includes them as well. The investment the Port makes in the Alliance is a worthy expenditure and a good return on that investment. The EASC is a positive advocate for the Port of Everett and uses every opportunity to recruit new companies to the Port and help existing local companies expand.

A copy of the EASC Annual Report can be found on the EASC website at [economicalliancesc.org](http://economicalliancesc.org).

2. CHIEF FINANCE OFFICER'S REPORT

**Financial Guidelines**

Chief of Finance John Carter reported that the Financial Guidelines have been presented and discussed with the Commissioners at several prior Commission meetings. The Financial Guidelines were initially presented to the Commission as a document intended to outline the financial management practices of the Port. The document provides key guidance for managing all aspects of the Port's finances, including revenue streams, priorities of expenditures, and approval of a reserve policy. In addition, a formal debt policy and an investment policy are included as addendums to the guidelines.

Staff is requesting that the Commission approve the Financial Guidelines as presented.

Commissioner Troy McClelland said that the Financial Guidelines are very well written and are very clear, and it is a great step forward. It gives the Commission from a policy perspective, a much clearer document to lean on as the Commission makes some major decisions in the next several years. Commissioner Bachman said he agreed with Troy's comments. Commissioner Stiger said the document was well written.

Commissioner Troy McClelland moved that the financial guidelines be approved as written. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

**Equipment Master Lease with Bank of America – Resolution No. 1012**

John Carter reported that the Commission authorized a Request for Proposals in April 2014 seeking proposals from banking institutions asking for the terms and conditions to open a master lease agreement for the lease purchase of larger equipment pieces procured by the Port. The Port subsequently did solicit such proposals and through a review process, the Bank of America was deemed to offer the best terms. The Port, through K&L Gates, has negotiated and drafted a Resolution authorizing Staff to enter into such a leasing agreement.

Resolution No. 1012 provides the framework authorizing the execution of a Master Lease Agreement with the Bank of America for the lease purchase of equipment up to \$11.8 million. The terms provide that the lease agreement will be subordinate to other Port debt and that payment shall be secured by the Operating Revenues of the Port.

Commissioner Stiger asked if the transporter was leased under this program. John Carter said that it can be and that the first draw very well could be the transporter, some new reach stackers and the mobile crane.

Commissioner McClelland thanked John Carter for his leadership in setting up this financing stream.

Commissioner Troy McClelland moved that Resolution No. 1012 for equipment master lease with Bank of America be approved as written. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

### **State Audit**

Bob Marion, Senior Accountant, reported the Port has just concluded the 2013 financial and accountability audit with the State Auditor. The State found that in all areas examined, the Port's internal controls were adequate to safeguard public assets, and the Port complied with all state laws and regulations. The Port received another clean opinion on its financial statements with no findings and no management letter which makes the 17<sup>th</sup> consecutive year with no findings.

## 3. DEPARTMENT REPORTS

### **Properties**

Properties Manager Taylor Nuccitelli reported that the Everett Community College ORCA program is growing and needs to expand into contiguous leased space at the Waterfront Center. The ORCA program will be occupying what is currently the suite for ISIS Holdings and the Port Sandpiper meeting room. ISIS Holdings has agreed to move to the first floor lobby in Suite 102. The Port will also be moving the Sandpiper Room to a less prominent location on the first floor interior of the building. Due to the expansion, the ORCA program will need to enter into a new five-year lease for a total of 7,339 square feet at \$23.02/SF which includes the amortization of the tenant improvements and triple net costs. Funding for the tenant improvements is financed through the future anticipated revenues from the lease. In accordance with the broker contract, this lease is subject to a brokerage fee.

Port Staff recommends that the Commission authorize the Executive Director to approve the Everett Community College lease agreement substantially as presented.

Commissioner Troy McClelland moved that the Everett Community College ORCA lease be approved as written. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

### **ISIS Lease Renewal**

Taylor Nuccitelli reported that lease tenant ISIS is relocating from Suite 202 to the first floor Suite 102 to allow the expansion of the ORCA program into space contiguous to its existing classroom and lab space on the second floor of the Waterfront Center. ISIS has agreed to transfer to the 1<sup>st</sup> floor lobby of the Waterfront Center and enter into a new agreement. The lease is a one-year lease with four (1) year renewals at \$18/SF with Annual 3 percent increases. ISIS is a tenant in good standing. Funding for the tenant improvements is financed through the future anticipated revenues from the lease.

Staff recommends that the Commission authorize the Executive Director to approve the ISIS lease agreement substantially as presented.

Commissioner Troy McClelland moved that the ISIS lease is approved as written. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

**Eagle Mortgage Lease**

Taylor Nuccitelli reported that Universal American Mortgage Company, dba Eagle Mortgage, would like to open a mortgage branch in an interior suite in the lobby of the Waterfront Center. It is proposed that Eagle Mortgage will maintain regular office hours and operate an office of six mortgage professionals in Suite 103. The proposed lease is a five-year agreement for 1,168 square feet at \$18.00/SF. Their lease rate includes the amortization of the required \$71,300 expenditure for the build out of this new space. Funding for tenant improvements is financed through the future anticipated revenues from the lease. The lease allows for a three-year termination with penalties including a portion of the unamortized tenant improvements costs. In accordance with the broker contract, this lease is subject to a brokerage fee.

Staff recommends that the Commission authorize the Executive Director to enter into the Eagle Mortgage lease agreement substantially as presented.

Commissioner Troy McClelland moved that the Eagle Mortgage lease be approved as written. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

**Operations**

**Marina Report**

Marina Director Jeff Lindhout asked the Commission for approval to adopt Resolution No. 1013 which authorizes Staff to proceed with the public sale of vessels, dinghies and abandoned items in storage units that are abandoned through the non-payment of moorage/storage fees under RCW 53.08. Attached for the record is Exhibit A including a list of the vessel, dinghies and units that are scheduled for auction.

Commissioner Troy McClelland moved to adopt Resolution No. 1013 as presented. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

**Projects Update**

Chief of Engineering & Planning John Klekotka reported that the Mt. Baker Terminal was originally constructed in 2006 and opened for service in 2008. The roadway to serve the terminal, running from the Mt. Baker Avenue railroad grade crossing to the site, could not be completed until the Mukilteo Tank Farm was transferred to the Port. The transfer occurred in late 2013, and the final design and permitting is now underway.

As reported to the Commission in October 2013, Staff has engaged the services of David Evans & Associates (DEA), the original civil engineering sub-consultant for the project, to complete the roadway and utility design. Due to additional requirements by the City of Mukilteo and the Mukilteo Water & Wastewater District, the additional Port need for a storage facility, the addition of construction phase services, and in order to satisfy prior Shoreline Permit conditions, the scope of DEA’s work has substantially increased, and Commission authorization is needed to complete the design work.

Staff requests that the Commission authorize Contract Modification No. 2 for the Mt. Baker Terminal Roadway and Utilities with David Evans & Associates in the amount of \$102,854.

Upon discussion, Commissioner Troy McClelland moved that the Commission authorize Contract Modification No. 2 with David Evans & Associates in the amount of \$102,854

for the Mt. Baker Terminal Roadway and Utilities project. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

**COMMISSION PRESIDENT'S REPORT**

Commissioner Stiger said that he and John Mohr represented the Port of Everett at the presentation of the Department of Commerce Presidential E Awards in Washington DC on May 28. This is the highest award that any export entity can receive. It is primarily for exports and there were 64 recipients. Tom Stiger thanked Port Staff, the longshoremen, stevedoring companies, tug and barge operators, and the shipping lines because all of these people made this award possible. The Port received the E Award from the Secretary of Commerce, and also a flag and some pins for the Commissioners.

John Mohr said there was a tremendous amount of effort involved in this and recognized Walter Seidl and Lisa Lefebber in putting this application together.

**COMMISSION DISCUSSION**

Commissioner Troy McClelland said that he and John Mohr did a presentation at the AAPA Commissioners Seminar and talked about the Port of Everett's transition from an operational port to a strategic port and the presentation was very well received.

**CITIZEN COMMENTS**

Dick Massey, who is a liveaboard at I-42, presented some safety concerns and mail delivery suggestions for the Marina. Commissioner Stiger asked Marina Director Jeff Lindhout to coordinate the concerns and get back to the gentleman.

THE REGULAR COMMISSION MEETING was recessed into Executive Session at 6:38 pm - to conclude by 8:15 pm. The purposes of the Executive Session were to discuss with legal counsel 1) the acquisition of real property for which public discussion could disadvantage the Port's negotiations; 2) a potential litigation matter; and 3) to review the qualifications of an applicant(s) for public employment.

At 8:15 pm, Port attorney Brad Cattle announced in the public meeting that the Executive Session was to be extended by one-half hour - from 8:15 until 8:45 pm.

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

THE REGULAR COMMISSION MEETING WAS ADJOURNED at 8:45 p.m.

APPROVED: this 8<sup>th</sup> day of July, 2014.

EVERETT PORT COMMISSION

  
Tom Stiger, President

  
Troy McClelland, Vice President

  
Glen Bachman, Secretary

**Auction 07/16/2014  
Vessels and Dinghies**

**Exhibit A**

	Last name, First	Acct #	Vessel ID	Vessel Name	Year	Lgth	Make	Type
1	Stein, Tim	20845	WN-7712-RG	Ripple	1972	27'	Catalina	Sail
2	Ruckman, Aaron	20892	WN-5410-NK		1965	32'	Tolly	Power
3	Beer, Bryan	21949	WN-7174-W	Napeequa	1976	29'	Pearson	Sail
4	Lee, Jason	21021	WN-2238-W		1974	23'	Coronado	Sail
5	Unknown	22668	Unknown					Power
6	Low, Thomas	21569	WN-8146-JC	London Lady	1978	27'	Bayliner	Sail
7	Jablonski, Jerney	22173	WN-255-TUL	WN-4536-W	1973	30'	Trojan	Power

Several Dinghies found abandoned

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