

MINUTES OF EVERETT PORT COMMISSION
FIRST REGULAR MEETING
June 2, 2015

PRESENT:
(Via Teleconference)

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

CALL TO ORDER: Commission Vice President Glen Bachman called the meeting to order at 5:02 p.m.

Commissioner Bachman noted that Commissioner McClelland would be participating in the meeting telephonically in accordance with Resolution No. 1019, Section 5, and his participation was previously approved by the Port Commission Vice President after Staff verified that there would be a physical quorum at the Commission meeting. Resolution No. 1019 does allow for the remote participation by phone, provided that the Port has a full phone connection, the conversation is audible, and the minutes are able to be recorded.

1. EXECUTIVE DIRECTOR'S REPORT

Announcements

CEO/Executive Director Les Reardanz reported that thanks to the good work of Elise Gronewald, Erik Gerking and the ESY team, public access has been restored and reopened around the ESY cleanup site. That is good work and good news to have the access back open as it is now much safer for people to walk.

August Meetings

Les Reardanz asked the Commission to consider having one meeting in August which would be Tuesday, August 4, and then cancel the meeting for Tuesday, August 11.

The Commissioners agreed to hold one meeting on August 4 at 5:00 pm. The meeting for August 11, 2015 has been cancelled.

Legislative Update
State

Director of Public Affairs Lisa Lefebber reported that the Governor has called a second special session. The House and Senate are in the process of reconciling the budget, but are still approximately \$500 million apart in finding a consensus. The hope is that they will be able to reach a budget agreement before the government shutdown or funding ends which is June 30.

Currently the House and the Senate have both passed their operating budgets, and a supplemental transportation budget (STB). The STB is base bones with limited funding and does not include any rail bank loan funding. Unless a transportation package is passed, there is no rail bank loan funding available for the Port's projects. If the transportation package is passed, the Port is hopeful that the 41st Street Freight Corridor project will be funded and that the freight rail program will be enhanced which would allow for the funding of the Port's \$1.3 million rail bank loan.

The capital budget is still unknown, and likely will be the very last thing that gets through the process. The Port has a \$7 million remedial action grant that is tied to the capital budget. The Port continues to work this issue very thoroughly.

Federal

Lisa Lefebvre reported that for the Energy and Water Appropriations, the House passed its version which directed the US Army Corps of Engineers to follow the directives and implement Section 2102 of the Water Resources Act which allows and provides for donor ports to be able to access Harbor Maintenance Tax funds and to be able to compete for funding for contaminated berth dredging projects. For the Port of Everett, it means the interim action for Mill A – the removal of a wood waste pile – could move forward. It would be a pot of money that would be very attractive for the Port's dredging projects near the berths going forward.

The Senate passed the Trade Promotion Authority Bill along with three other Trade Bills in May. It is expected that the House will take this up sometime in June. The Trade Bills are part of the Port's legislative agenda. For the Ex-Im Bank, the Senate Majority Leader has promised to take a vote on Ex-Im Bank reauthorization this month. The House Speaker said he would take up any Senate passed reauthorization Bill, which will likely get attached to some kind of must pass bill like the MAP 21 extension. Congress just passed a two month extension for MAP 21, and the Senate Environment and Public Works Committee scheduled their markup on the long term reauthorization bill for June 24, but the expectation is that it will get kicked over and extended as well.

2.

CHIEF FINANCE OFFICER'S REPORT

Revenue Bonds – Status Report

Chief Finance Officer John Carter reported that he has met with the Port's underwriters and several banks surrounding the concept that the Port would potentially go out to market this summer for revenue bonds, given the fact that the Port has done a lot of capital work over the last 12 months, and is continuing to expend resources relative to the Port's Capital Improvement Plan. Staff, along with the assistance of the Port's underwriters, Piper Jaffrey, is considering going out for approximately \$20 million of financing utilizing the current low interest rates. The financing would be done under a revenue bond structure, and the bond issue would be split into two pieces, i.e., one being a parity bond that would be a primary lien up to about \$10 million, and the second portion would be a subordinate lien which could be done through a direct bank placement. It likely would be a variable rate transaction, and it could be a line of credit. Having some variable rate debt over the long haul would save the Port money with regard to the interest rates; and the direct bank placement would allow flexibility with regards to lower issuance costs, no bond rating would be required and it would provide flexibility.

The concept would be \$10 million on a fixed rate with a 20 to 25 year amortization, and \$10 million on a variable rate basis for a 7 to 10 year placement. Staff would place this late July or early August for the purpose of reimbursing the Port for existing projects that have been completed over the last few months as well as those that are in place currently. The Port is able to do this through the delegation that the Commission provided to the Chief Finance Officer a year ago to do reimbursement certificates. As Port Staff has opened up infrastructure type projects, the Chief Finance Officer has been filling out reimbursement certificates which provide the Port with the potential to look back and capture those costs for financing at a later date. Staff would pull those certificates out and use those as the baseline for putting together financing.

John Carter said the Port has a lot of capacity to take on additional revenue bond debt. Staff will move forward with the idea of bringing proposals out to the market place. The Port's underwriters, Piper Jaffrey, will provide additional information at next week's Commission meeting. The Commission concurred.

Banking Relationship – Request for Proposals

John Carter said he has been working with Staff to develop banking proposals for complete banking services for the Port. The scope of the proposal would include the general depository and checking requirements, procurement cards, merchant services and other services. Port Staff anticipates completing the development of the Request for Proposals by the end of June and expects to be out on the street in July through mid-August soliciting proposals. By the end of August, the proposals will have been evaluated and then Staff will bring the selection of a new banking relationship back to the Commission in September for consideration.

3.

DEPARTMENT REPORTS

Marina – Auction Results

Marina Director Jeff Lindhout provided an update on the Marina’s May 13 auction. Eleven boats were included in the auction and 5 boats sold in the amount of \$18,000, including the Port owned Munson boat. Six boats went unsold and of the 6 that were unsold, 2 of them actually got picked up by Sailboat Wrecking Yard out of Bellingham. The remaining 4 boats that were unsold are scheduled for demolition by Port of Everett staff. The Marina will schedule another auction in the Fall.

Projects

Pier 3 Utility Upgrades – Authorization to Bid

Project Manager Steve Hager reported that Pier 3 at Hewitt Terminal is over 42 years old, having been constructed in 1973. Utilities serving the Pier and berthage, including water, power and communications have deteriorated and need replacement. This is consistent with the Port’s business resiliency and infrastructure maintenance goals.

Steve Hager asked that the Commission authorize Staff to solicit public works bids for the Pier 3 Utility Upgrades project.

Commissioner Tom Stiger moved to authorize Staff to solicit public works bids for the Pier 3 Utility Upgrades project. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0

Yes: McClelland, Stiger, Bachman

No: None

Abstained: None

Motion carried.

Commission President’s Report

Commissioner Troy McClelland reported that he will be in Europe on business next week and will not be at the June 9 Commission meeting.

Commission Discussion

Commissioner Stiger reported that he, Erik Gerking, Liz Olson and John Carter attended the Spring Meeting of the Washington Public Ports Association (WPPA) meeting recently. The Port received an environmental award primarily for the Waterfront Center Phase 1 cleanup project. WPPA started a training program for Staff members and Port Commissioners which has a total of six training modules. Port Staff attended the module on Port powers. WPPA will continue to offer those modules during the Annual and Spring meetings.

Commissioner Bachman reported that he recently attended the Trade Development Alliance (TDA) Export Market Assessment meeting through the Puget Sound Regional Council. The Port of Everett, City of Everett and Snohomish County are participants in the Steering Committees.

Les Reardanz reported that the Port received its 18th consecutive clean audit. Commissioner McClelland said that he attended the Audit Exit Conference and it was clear that Port Staff did a great job both in preparation and process.

Commissioner Bachman said that on June 16, he will be providing a Port presentation to the Valley View Neighborhood Association held at the South Everett Police Department.

Citizen Comments

There were no Citizen comments.

THE FIRST REGULAR MEETING was recessed into Executive Session at 5:35 p.m. for approximately 30 minutes - to conclude by 6:05 p.m. The purposes of the Executive Session were to discuss with legal counsel the acquisition of real estate, for which public discussion could disadvantage the Port's negotiations; and a potential litigation matter.

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

THE FIRST REGULAR MEETING WAS ADJOURNED at 6:05 p.m.

APPROVED this 14th day of July, 2015. EVERETT PORT COMMISSION

By:


Troy McClelland, President


Glen Bachman, Vice President


Tom Stiger, Secretary