



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

AUGUST 23, 2016 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Regular Commission meeting to order at 2:01 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

Board Members: Skip Novakovich, President
Thomas Moak, Vice-President
Don Barnes, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Financial Officer/Auditor
Larry Peterson, Director of Planning and Development
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Ms. Ruth Giese led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: Commissioner Barnes moved to approve the Agenda, as published; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

Dan Smith, 124 West Kennewick Avenue, Kennewick. Mr. Smith, executive director of Historic Kennewick Downtown Partnership, offered his support and assistance to the Port of Kennewick. Mr. Smith reported the KOI Pond building was recently sold to a furniture repurpose estate sale business which was previously located in Richland and is expected to open October 1, 2016. Additionally, the restaurant located at 117 West Kennewick Avenue will be closing, and he is hopeful another eatery will open soon. Mr. Smith invited the Commission to a ribbon cutting and first anniversary celebration for Foodies on September 1, 2016 at 4:00 p.m.

No further comments were made.

CONSENT AGENDA

Consent agenda consisted of the following:

- A. Approval of Direct Deposit and E-Payments Dated August 17, 2016**
Direct Deposit and E-Payments totaling \$48,674.55
- B. Approval of Warrant Registers Dated August 23, 2016**
Expense Fund Voucher Numbers 38194 through 38234 for a grand total of \$90,053.15



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C. Approval of Commission Meeting Minutes Dated August 9, 2016

MOTION: *Commissioner Moak moved for approval of the Consent Agenda, as published; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Columbia Drive Update

Mr. Peterson presented current photos of the construction at the Columbia Gardens Wine Village and updated the Commission on the progress of the project. During the excavation work, Big D's Construction found two basements of homes below the current grade, which meant additional site excavation. The additional excavation was imperative to ensure there would not be any settling issues with the new buildings. Mr. Peterson stated the Columbia Gardens bid package will be available for review on August 29, 2016, and sealed bids will be opened on Thursday, September 22, 2016 at 2:00 p.m.

Mr. Peterson reported that the City of Kennewick recently awarded the streetscape bid to 2F Enterprises to complete landscaping, sidewalks, and new bus pull-out area.

Mr. Novakovich inquired if there will be an extra cost for the additional excavation.

Mr. Peterson is currently working on the final numbers for the additional excavation which will be tabulated with base unit pricing.

B. Columbia River Land Conveyance Letter

Mr. Arntzen stated at the August 9, 2016 meeting the Commission discussed the Columbia River Land Conveyance and approved a letter, dated August 9, to be sent to Mr. Peterson, Mr. Fisher and Former Congressman Hastings related to the reconveyance. The Port of Benton approved a letter to Mr. Peterson, Mr. Fisher and Former Congressman Hastings dated August 10, 2016, which conveys a similar stance as the Port of Kennewick. Both letters address the processes that may be involved when discussing the reconveyance with the community and the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and the treaty issues.

Mr. Moak appreciates that Mr. Peterson, Mr. Fisher and Former Congressman Hastings approached each entity about the reconveyance and hopes they continue to follow up with the CTUIR and other tribes and local jurisdictions who would be receiving lands, in the potential transfer.

C. Vista Field

1. Update

Mr. Arntzen stated Port and City staff continue to work on the final draft of the Master Plan, which is a compilation several documents. When the two staffs reach a consensus, the final document will be presented to the Port Commission. Once the Commission approves the Master Plan, staff will present the final document to the Kennewick City Council.



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2. High-Tech

Mr. Arntzen stated at the Washington Public Ports Association Executive Directors Meeting, Port of Whitman County executive director Joe Poire, gave a presentation on fiber optics. The Port of Whitman County has been installing fiber optics, which is run from a hub in Spokane, 60 miles into their Port district in an effort to provide fiber optic services to local businesses and port tenants. Additionally, Port of Whitman County ran fiber optics down to the Port of Clarkston, which is able to piggyback off the Port of Whitman County's system. The Port of Whitman County believes this is a service more ports should be providing to their larger developments and can potentially partner with their community to provide this level of access. Mr. Arntzen stated Vista Field does not have fiber optics and believes this is an important topic to research to draw potential businesses and residents to the area. Mr. Arntzen would like to take the opportunity to learn more about fiber optic opportunities at Vista Field now, while Phase 1A infrastructure is still in the planning stages. Mr. Poire has graciously agreed to help Port staff in this endeavor.

Mr. Novakovich stated this is an excellent opportunity and another example of partnership and inquired if Mr. Poire is able make a short presentation to the Commission.

Mr. Arntzen stated he and appropriate staff would travel to the Port of Whitman County to view the system, then Mr. Poire would tour Vista Field on September 13, 2016 and make recommendations and if appropriate, brief the Commission that same day.

Mr. Moak stated there are businesses in need of high-tech capabilities and it is important for the Port to be aware of the market and how we might be able to form a partnership, to bring fiber optics to Vista Field.

Mr. Barnes stated this is a great time to evaluate whether or not the Commission wants to include fiber optics in Vista Field. As the Port embarks on Phase 1A of Vista Field it is imperative to research fiber optics and gain a better understanding of the technology and whether it is feasible and what the benefits may be. Mr. Barnes is pleased that the Port of Whitman County is happy to share their knowledge and what course of action the Port should pursue and what to avoid.

Mr. Novakovich stated Vista Field is a new and forward thinking development and having fiber optics will help us recruit the right businesses and occupants.

3. Industry Head Hunter

Mr. Arntzen reported having an industry head hunter would give Vista Field a competitive advantage if the Port is looking to build an edge within the high-tech industry and believes the Port needs a recruitment effort to build the niche we are trying to create at Vista Field. Mr. Arntzen stated if the Port is going to pursue high-tech companies and provide the infrastructure, we will need help from an industry head hunter to market to those kinds of firms. Mr. Arntzen suggested the Port could continue to use TRIDEC and add additional recruitment efforts.



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Mr. Moak recalls the Commission deciding to reduce Port dues to TRIDEC and use those funds to market to Vista Field. TRIDEC does not typically market to the industry or business that the Port is looking for at Vista Field, whether it is high-tech or specialized retail. Mr. Moak believes the Port is going to need specialized assistance and an industry head hunter knows where the money and businesses are. It is essential to look forward and utilize expertise at the right time.

4. *Financing Plan Update*

Mr. Arntzen stated as Port and City staff continue working on the Master Plan, there are several other details that need to be finalized. Mr. Arntzen and the finance department have been working on a financing plan and put out a request for information to the banking industry for a loan for Vista Field. Mr. Arntzen and Mr. Kooiker have met with a number of banks and believe two can provide the Port with a plausible finance plan. Mr. Arntzen will request that the banks update their proposals and numbers and will bring the financing plan to the Commission in the fall. There are two banks that are quite viable and can provide a hybrid loan with characteristics of a bond.

Mr. Novakovich stated Mr. Kooiker and Ms. Fine have indicated there are certain State Auditor loan restrictions that the Port must comply with and requested staff brief the Commission on the restrictions and guidelines and how not to jeopardize the Port's standing with the State Auditor's Office.

Mr. Arntzen confirmed the finance team will meet with the Commission regarding the proposals and educate them on the State Auditor's Office requirements. Unlike a bid, the law does not require the Port to take the lowest responsible bidder, but the best proposal, however, the further you get away from lowest price, the more difficult it is to justify.

5. *Development Agreement*

Mr. Arntzen stated another document Port and City staff need to address is the Development Agreement. The City has used Development Agreements before and just recently with the Southridge Development. The Development Agreement states that the City and the Port have an approved Master Plan for Vista Field and neither entity cannot alter any and all related documents for a certain period of time, unless both entities agree. The time frame for a Development Agreement is generally 10 to 20 years.

Mr. Novakovich confirmed that the Development Agreement is not between the elected officials, but between the institutions.

Ms. Luke confirmed that is correct.

6. *Business Improvement District (BID)*

Mr. Arntzen stated a Business Improvement District (BID) is where tenants pay into a centralized organization to take care of things like maintenance, amenities and landscaping, which is similar to a Home Owners Association (HOA), where residents pay dues to the association to take care of common areas. Establishing a BID at Vista Field would provide a



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level of assurance that the common areas will be maintained and Mr. Arntzen has researched several models used on the Westside. Mr. Arntzen stated setting up a BID is fairly complex and will require research, however, he believes it is important to set up prior to development so buyers are aware of all the details before purchasing property or entering into a lease. With the small Port staff, it would be beneficial to partner or contract with an agency to help maintain Vista Field.

Mr. Moak confirmed that a BID would be set up prior to development and each individual would pay dues.

Mr. Arntzen believes that is correct and confirmed if the Port has the BID in place, then the buyer or tenant is aware that there are membership dues associated with the property. Mr. Arntzen stated a BID Board would be established and eventually the Port would transfer the majority control of the board to the ownership group.

Mr. Barnes understands setting up a BID is complex because of the mixed use and wide range of entities and individuals that may be in Vista Field and it is important to find something that is appropriate for this range of residents and businesses. Mr. Barnes stated all these items that Mr. Arntzen covered illustrates the complexity of issues for Vista Field. Mr. Barnes appreciates staff devoting time to these issues now, rather than later and it seems many of the elements are being addressed.

Mr. Arntzen stated Port and City staff have been working very hard on completing the Master Plan for Vista Field and it is important to ensure items are addressed and completed correctly.

Mr. Novakovich stated it is worth taking our time and doing it right the first time. The Port does not want to sacrifice the budget and the public's desire to create the vision of Vista Field. Being steadfast and taking our time ensures all possibilities are covered and there are no big surprises that jeopardize the project in the long run.

D. Rural County Capital Funds (3-year ILA)

Mr. Arntzen reported Benton County has utilized the Rural County Capital Funds and will retire the jail expansion debt and the remaining funds will be utilized for economic development projects for the County, cities and ports. Benton County will broker out the funds to jurisdictions for qualifying projects that lead to economic development and job creation. Mr. Arntzen believes the funds will last approximately seven years and begin disbursement in 2017. Mr. Arntzen and Mr. Kooiker met with David Sparks, County Administrator for Benton County to get practical suggestions on projects. Mr. Arntzen asked the Commission to review the Comprehensive Scheme Process and set aside three projects that may be meaningful within the first three years. Staff will provide the Commission with three reports and then work on establishing an Interlocal Agreement (ILA) with Benton County to alleviate meeting once a year to get the projects approved.

Mr. Moak suggested looking at a two year ILA, to follow the Port's 2017-2018 Biennial Budget and Work Plan, but does not object to a three year ILA.



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Mr. Arntzen appreciates Mr. Moak's suggestion, however, the Port has three partners that would like to submit projects jointly.

Mr. Novakovich stated if the Port has three willing partners to help fund our projects, it would be beneficial to enter into a three year ILA, however, the Commission can discuss this further at the September 10, 2016 Retreat.

E. Commissioner Meetings (formal and informal meetings with groups or individuals)

Commissioners reported on their respective committee meetings.

F. Non Scheduled Items

1. Mr. Barnes met with an acquaintance who recently moved back to the Tri-Cities after living in the Houston/Dallas area. She stated she was very happy to be back and spoke highly of Clover Island, our community, and Tri-City resources. She suggested the Port consider residential or condo development within close proximity to the water and marina, so boat owners can walk from their boat to their residences.
2. Ms. Scott shared with the public that the Commission Retreat is scheduled for September 10, 2016 from 10:00 a.m. to 3:00 p.m. at the Reach Museum. Ms. Scott stated the public notice will be advertised in the *Tri-City Herald*.

Mr. Arntzen stated the Commission Retreat is an opportunity for the Commission to discuss the Comprehensive Scheme and provide open dialogue and an opportunity for public comments.

3. Mr. Arntzen stated, in response to Mr. Barnes comments, it is very uplifting to hear such positive comments regarding Clover Island. In the next few weeks, the Gathering Place will be presented to the Commission, which connects the West Marina Professional Building to the Port Office Building. The project will include artwork, a small water feature and additional sidewalks, and the remaining two parcels of land will be ready for development. Mr. Arntzen inquired if the Commission would be interested in viewing the Clover Island Master Plan with a brief synopsis of where we are at, the projects that have been completed and potential future projects. Mr. Arntzen has met with Marie Mosely, City Manager for the City of Kennewick and the City still has a keen interest in the redevelopment of Clover Island. Mr. Arntzen suggested inviting the City if the Commission would like to discuss the Clover Island Master Plan.

It is the consensus of the Commission to have staff present a review of the Clover Island Master Plan and invite City staff.

4. Ms. Hanchette attended the dedication ceremony of Kennewick Fire Station #5 and stated there was big turnout at the event and she felt a tremendous sense of family and community.



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PUBLIC COMMENTS

Boyce Burdick, 414 Snyder Street, Richland. Mr. Burdick commented on the recent articles published by the *Tri-City Herald* regarding the Port of Kennewick and Port of Benton's position on the reconveyance of the Columbia River. Mr. Burdick stated if you had not attended the port meetings or read the letters, you would have assumed both ports were firmly behind the reconveyance effort according to the *Tri-City Herald* articles. With regards to offering high-tech amenities at Vista Field, Mr. Burdick suggested local internet service provider, One World Telecommunications (OWT), located on Deschutes Street. Mr. Burdick believes the Port should utilize local vendors for the fiber optic infrastructure and OWT has been around for a long time.

Stephanie Seamans, 1622 Terminal Drive, Richland. Ms. Seamans, Community and Economic Development Manager for Benton-Franklin Council of Governments, offered her assistance to the Commission and staff anytime. Regarding the high-tech fiber optic topic, Ms. Seamans has noticed many of companies prefer redundancy and utilize more than one internet provider. Ms. Seamans suggested staff speak with site selectors to determine the Port's needs and stated she has used several site selectors in the past and offered her assistance, as she has with the City of Kennewick. Ms. Seamans requested the Port of Kennewick's support for additional grant and loan funding for the Benton-Franklin Council of Governments which provides additional opportunities for Economic Development Funds for the Port and the City.

Mr. Arntzen asked staff to coordinate a meeting with Ms. Seamans.

No further comments were made.

COMMISSIONER COMMENTS

No comments were made.

Mr. Novakovich anticipates the Executive Session will last approximately 40 minutes, Site Selection per RCW 42.30.110(1)(b) and Real Estate Minimum Price per RCW 42.30.110(1)(c) with no action anticipated. Mr. Novakovich asked the public to notify Port staff if they will return after the executive session.

Mr. Novakovich recessed the Regular Commission Meeting at 3:20 p.m. for approximately 10 minutes.

EXECUTIVE SESSION

- A. Real Estate, per RCW 42.30.110(1)(b) – Site Selection**
- B. Real Estate, per RCW 42.30.110(1)(c) – Minimum Price**

Mr. Novakovich convened the meeting into Executive Session at 3:30 p.m. for approximately 40 minutes.

Ms. Scott exited the meeting at 4:10 p.m. and extended Executive Session for 5 minutes.

Ms. Scott exited the meeting at 4:15 p.m. and extended Executive Session for 10 minutes.



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Ms. Scott exited the meeting at 4:25 p.m. and extended Executive Session for 10 minutes.

Mr. Novakovich adjourned the Executive Session at 4:31 p.m.

Mr. Novakovich reconvened Regular Commission Meeting at 4:32 p.m.

ADJOURNMENT

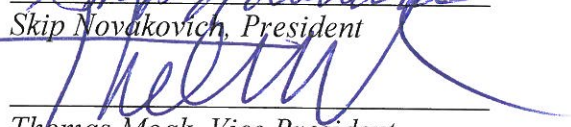
With no further business to bring before the Board; the meeting was adjourned 4:32 p.m.

APPROVED:

PORT of KENNEWICK

BOARD of COMMISSIONERS


Skip Novakovich, President


Thomas Moak, Vice President


Don Barnes, Secretary