

**BOARD OF COMMISSIONERS
THE FABULICH CENTER, ROOM 104
3600 PORT OF TACOMA ROAD, TACOMA, WASHINGTON**

COMMISSIONERS PRESENT

Don Meyer, President
Don Johnson, Secretary
John McCarthy, 1st Assistant Secretary
Dick Marzano, 2nd Assistant Secretary

STAFF PRESENT

John Wolfe, Chief Executive Officer
Carolyn Lake, Port Counsel
Scott Francis, Dir. Real Estate
Jason Jordan, Dir. Environmental Planning
Michael Dehner, HR Manager
Evette Mason, Government Affairs Manager
Juliet Campbell, Clerk of the Port

COMMISSIONERS EXCUSED

Clare Petrich, Vice President

2:00 PM: EXECUTIVE SESSION

1. CALL TO ORDER:

Commissioner Meyer called the Special Commission Meeting to order at 2:00 p.m. and recessed into Executive Session for approximately one and one-half hours.

2. RECESS INTO EXECUTIVE SESSION:

- A. Two litigation/potential litigation items RCW 42.30.110(1)(i)
- B. One collective bargaining item RCW 42.30.140(4)(b)

No votes or actions were taken.

3:30 PM: SPECIAL COMMISSION MEETING

1. RETURN TO ORDER:

Commissioner Meyer reconvened the Special Commission Meeting at 3:30 p.m. and lead the Pledge of Allegiance.

Commissioner Meyer announced that promptly at 5:00 p.m. the Commission will break to hold a Public Hearing (Item 4A). Following the Public Hearing, the Commission will consider the associated Action Item (Item 5A).

2. CONSENT AGENDA:

- A. Minutes of August 16, 2018, August 22, 2018, and September 6, 2018.
- B. Check/Wire Certification approving the payment of checks 219710 through 220122, and wire transfers in the total amount of \$12,992,335.31 during the period of August 4, 2018 through August 31, 2018.
- C. Amendment of Deed Restrictions: 1640 East Marc Street, Tacoma, Washington.

It was moved by Commissioner Johnson; seconded by Commissioner Marzano to approve the Consent Agenda.

Discussion:

- An explanation of Item 2C was requested. The sales and transfers of the subject property included restrictions on its use including, "peeling, treating, cutting, milling and storage of lumber, logs and poles and related uses, including sawmill and lumber processing operations" or "industrial complex which includes a new wood preserving plant and sawmill." The Property owner is requesting amendment of the use restriction to, "industrial purposes permitted under then-current zoning codes or grandfathered under applicable law." The requested amended language is typical of what the Port normally puts on a deed restriction.
- The Commission agreed to move forward and approve all items on the Consent Agenda, with the understanding that in the future, land use items should have a full public presentation and not be included on Consent Agenda. (A full memo explaining the action and a property map, were provided to commissioners and posted to the public website prior to the meeting. Hard copies were also available to the public at the meeting).

Vote: Motion Carries 4-0 (Commissioner Petrich excused)

3. PUBLIC COMMENT:

- Marilyn Kimberling. Asked about the recent fire in the Tacoma tideflats and whether a study regarding the contaminants released is being performed and how the Port intends to prevent future fires. (It was clarified for the public that the fire was not on Port property).
- Kathy Lawhor. Independent reporter. Also commented on the fire at Simon Metals in the Tacoma tideflats and asked about a fire station. She provided additional comments related PSE LNG, and the Northwest Detention Center.

Additionally, Commissioner Meyer invited public comment during each specific Agenda Item. Comments by the public on an identified agenda item are noted within the corresponding item.

4. PUBLIC HEARING:

- A. To consider declaring certain Port-owned property as surplus and to amend the Port's Comprehensive Scheme of Harbor Improvements and consider the sale of real property to the City of Tacoma: Port Parcel 98 and portions of Port Parcels 5 and 103 (Tax Parcels 2275200440, 5000350050 and 0321263046).

Commissioner Meyer opened the Public Hearing at 5:00 p.m.

A presentation was given by the Port's Director of Real Estate, Scott Francis providing a property description, background, and anticipated use if purchased by the City of Tacoma.

Commissioner Meyer announced that the hearing is being held pursuant to RCW 53.08.090 and that public notice of the hearing was provided pursuant to 53.20.010 and 53.20.020. He then invited public comment.

Commissioner Meyer called upon Kathy Lawhor, who then indicated she had signed up in error, and wished to save her comments for general topics.

There being no public comment, the Public Hearing was closed and the commission continued with Action Item 5A on the Agenda.

5. ACTION AGENDA:

- A. Port Parcel 98 and Portions of Port Parcels 5 and 103.

It was moved by Commissioner Johnson and seconded by Commissioner Marzano to declare by Resolution (2018-03-PT), Port Parcel No. 98, and portions of Port Parcels No. 5 and No. 103 as surplus to the Port's needs and to amend by Resolution (2018-03-PT), the Port's Comprehensive Scheme of Harbor Improvements to delete such real property.

Vote: Motion Carries 4-0 (Commissioner Petrich excused)

- B. ILWU 22 Port Workers Labor Contract.

Presented by Michael Dehner, HR Manager

It was moved by Commissioner Johnson and seconded by Commissioner Meyer to authorize the Chief Executive Officer (CEO) or his designee on behalf of the Port of Tacoma, to enter into a five-year labor agreement with ILWU, Local 22 (Port Workers) for the period of April 1, 2018 to March 31, 2023.

Discussion:

- Commissioner Marzano will abstain from voting due to his affiliation with the ILWU.
- The Commission expressed its appreciation for the Port's labor force the Port's negotiating team.

Public Comment:

- Dax Koho, President, ILWU Local 22. Thanked everyone for their work to reach the agreement and encouraged the Commission to approve the contract.
- Jairus Brenneise, Business Agent for ILWU Local 22. He thanked the Port's negotiating team for bargaining in good faith. He is especially proud of five-year deal. Thanked the management team for forecasting into the future and including Local 22.

Vote: Motion Carries 3-0 (Commissioner Petrich excused; Commissioner Marzano abstains)

C. Subarea Plan Intergovernmental Agreement.
Presented by Evette Mason, Government Affairs Manager

It was moved by Commissioner Marzano and seconded by Commissioner McCarthy to approve to delegate signing authority to the Port's CEO, or his designee, to enter into an Intergovernmental Agreement (IGA) with the Puyallup Tribe of Indians, and the City of Tacoma ("funding parties") concerning cost sharing for a subarea plan of the Tacoma Tideflats, as currently proposed or as amended. The Port's contribution is up to \$500,000. The Commission's vote is expressly contingent upon two things: 1. The Commission's understanding shared by the City as expressed at the City Study Session of September 19, 2018 that approval of the work plan referenced in the IGA requires agreement by everyone on the steering committee, 2. That there are no changes to the IGA as approved by the City and Tribe. This action supersedes previous two subarea plan actions.

Discussion:

- Steve Victor from City of Tacoma was in the audience and clarified that it is the City's intention to include work related to an update to the Shoreline Master Plan within the scope of this process. It would be part of the staff coordination and be reviewed by the steering committee.
- The IGA will rest on the work plan and the process. Commissioners expressed their optimism that once the work plan is situated, the parties will be able to move forward to benefit the community.
- The IGA before the commission is in substantially the same form as when the group met and discussed it earlier this month. The Commission is considering it in that form as a show of good faith recognizing that it requires agreement by everyone on a work plan.

Vote: Motion Carries 4-0 (Commissioner Petrich excused)

D. First Reading: Best Way Trucking, Inc. (d/b/a GSC Logistics) Lease – 3600 Port of Tacoma Road, Tacoma WA.
Presented by Scott Francis, Dir. Real Estate

No action was requested. Per the Master Policy Resolution, leases are subject to a first and second reading prior to final authorization. This is the first reading. The second reading will take place at a future meeting.

Discussion:

- GSC Logistics does a lot of business in Oakland and this may be an opportunity to grow their business in the Tacoma area, creating jobs for this Port.
- This lease will bring the Fabulich Center (3600 Port of Tacoma Road) to 72% occupancy.
- The rate is \$20/SF per year. That is market rate for a Class B type building such as the Fabulich Center. Rent escalation is based on CPI-U.

Public Comment:

- Marilyn Kimberling. Identified herself as a concerned citizen. Requested the Commission consider road capacity if GSC Logistics expands its business.

E. Purchase property at 3604 40th Avenue E. Tacoma, Washington.
Presented by Scott Francis, Dir. Real Estate

It was moved by Commissioner McCarthy and seconded by Commissioner Marzano to approve the Purchase and Sale Agreement dated September 4, 2018 with Stan and Judy Chichinski (Seller) to purchase the property located at 3604 40th Avenue E. Tacoma, Washington also known as Pierce County tax parcel 0320132103, and authorize the Chief Executive Officer or his designee to execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the purchase.

Discussion:

- The property will provide expansion opportunities to the Port's existing Upper Clear Creek Mitigation Bank. The development of wetland and fish habitat supports the Port's goal to advance environmental stewardship. This will also allow the Port to obtain additional fish conservation and/or wetland credits.
- By purchasing this property, the Port adds \$800,000 to its mitigation bank because it can move a paper buffer that ends at a property line and extend that into this purchased property. If the Port chooses to enhance the site it is expected that the Port can get \$1.2 million per acre in mitigation credit that the Port can use itself for its own development, or sell to other entities.

Vote: Motion Carries 4-0 (Commissioner Petrich excused)

F. **Frederickson Purchase and Sale Agreement for Port Parcels 60-3 and 60-4.**
Presented by Scott Francis, Dir. Real Estate

It was moved by Commissioner Johnson and seconded by Commissioner Marzano to approve the Purchase and Sale Agreement dated July 5, 2018 with Logistics Property Company, LLC (Buyer) to sell Port Parcels 60-3 and 60-4 also known as Tax Parcels 0318012013 and 0318012005, located on 192nd Street East in Unincorporated, Pierce County (Frederickson), Washington, and authorize the Chief Executive Officer or his designee to execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the sale.

Discussion:

- The Port purchased the property in 1964 and it was surplused in 2012. These parcels are two of the last three remaining parcels the Port has out in Frederickson.
- Logistics Property Company, LLC specializes in industrial development and investment in state-of-the-art warehouse, distribution, and manufacturing facilities throughout the US. They plan to build a speculative building in Frederickson to meet the areas growing warehouse demand.
- Special provisions in the purchase and sale terms include, in part, that the property shall only be used for industrial or commercial purposes permitted by applicable zoning and other applicable law.
- Commissioners are interested in staff putting together an overall history of Frederickson and the Port's involvement. They are interested in the investment return and the net value of jobs created by this employment center and what it has meant to the community.

Public Comment:

- Kathy Lawhor. Identified herself as a Hilltop resident. Requested comment on Buyer's LLC status.

Vote: Motion Carries 4-0 (Commissioner Petrich excused)

6. **GENERAL BUSINESS**

A. **Q2 Review: Port of Tacoma CEO Goals and Expectations.**
Introduced by John Wolfe, CEO for Commission discussion

Discussion:

- This is a mid-year check-in of goals and expectations set early this year. Updates are needed to: 1. reflect outcomes from the August 22, 2018 Special Study Session related to development of the Wheeler-Osgood property, and 2. reflect discussions on expanding partnership opportunities with Tacoma Public Schools exposing local students to Tacoma tideflat job opportunities.
- Staff provided an explanation on the Saltchuk mitigation site. It is marine mitigation that could be added to the Port's bank and, depending on the impact, could potentially be used for mitigation as opposed to one of the Port's other habitat sites. The term "Saltchuk" mitigation site is a reference to the former owner of the property, not the parent company of TOTE.

B. **2018 June Year-to-Date Financial Results and Forecast for all 2018**
Presented by David Morrison, Dir. Financial Planning & Treasury

Discussion:

- Comparison of budget verses actual results YTD. NWSA was better by \$8.4 million in Joint Venture Revenue so the Port's half of that is \$4.2 million. This was due lower expenses. Total revenue for the Port is better by \$5.1 million. Operating expenses are down \$3.1 June YTD due to timing of environmental and maintenance spending. Staff noted these are timing savings not necessarily permanent reductions in expenses. The June year-to-date actuals were \$9.3 million better than budget. Strong Q2 results.
- Prior year to current year was discussed. In 2017 actual net income was \$15.4 million. In 2018 it is \$17.9 YTD.
- 2018 forecast was discussed. Staff expects spending by the Alliance for work in the summer months. Staff also expects lower operating costs for the Port of Tacoma due to lower environmental liability and staffing changes.
- Key measures for 2018 were highlighted.

7. **COMMISSIONER COMMENT:**

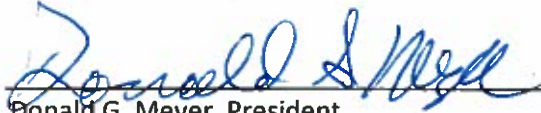
Commissioner McCarthy: Pierce County Regional Council is having educational forum, directed toward leaders and elected leaders, to learn about training opportunities for regional engagement and for a vision 2040 plan. Commissioner McCarthy will attend as the Port's representative to the committee.

Commissioner Meyer: Plans on bringing a draft RFP for the recruitment of an executive leader for the Port of Tacoma to the Commission at an October 1, 2018 meeting. He provided the status of a letter of support for the Foss Waterway Development Authorities' Harbor Line Adjustment. He will be recommending the Port's public meeting regular meeting time return to noon.

Commissioner Marzano: The Port's "Touch a Truck" event is October 6, 2018 and is free to families. The Tacoma Historical Society's Destiny Dinner is October 20, 2018.

8. ADJOURNMENT:

There being no further business, Commissioner Meyer adjourned the meeting at 5:23 p.m.

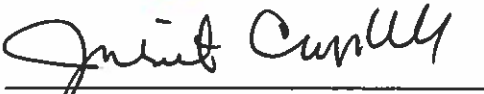


Donald G. Meyer, President
Port of Tacoma Commission

ATTEST:



Donald C. Johnson, Secretary
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma

