

**MINUTES
REGULAR MEETING
FEBRUARY 18, 2021**

The Port of Tacoma Commission met for a regular meeting, February 18, 2021. Commissioners Ang, Keller, McCarthy, Marzano and Myer were all present via telephone/video conference.

1. CALL TO ORDER

The meeting was called to order at 12:00 noon and the Pledge of Allegiance was led by Commissioner Marzano.

2. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

3. SPECIAL ORDERS OF BUSINESS

None.

4. CONSENT AGENDA

It was moved and seconded (Keller/Meyer) to approve the consent agenda consisting of items 4A, 4B, 4D consisting of:

- A. Commission Meeting Minutes of January 21, 2021.
- B. Approval of the payment of checks 228936 through 229138, excluding check 228937, and wire transfers in the total amount of \$13,842,702.52 during the period of January 2, 2021 through January 29, 2021.
- D. Adoption of Master Benefit and Salary Resolution 2021-07-PT, which amends and supersedes Resolution 2020-01-PT.

The motion passed unanimously.

It was moved and seconded (Meyer/Keller) to approve consent agenda item 4C consisting of:

- C. Approval of the payment of check 228937 in the amount of \$6,842.55 to the State Auditor's Office, during the period of January 2, 2021 through January 29, 2021.

The motion passed 4-0. (McCarthy abstained)

5. PUBLIC TESTIMONY

None.

6. EXECUTIVE DIRECTORS REPORT

- Eric Johnson provided an update regarding the vessel fire at Pier 25.
- The City of Tacoma has released its draft Tideflats Regulations for development. Staff conducting an impact assessment for the Port. The Port will participate in the March 3, 2021 public hearing on that topic.
- The state legislative session is in full swing.
- Britt Doughtie was introduced as the Port's new Director of Financial Planning and Treasury.
- He summarized the day's agenda.
- A series of Port Commission work sessions are in development on topics such as transportation planning, prioritizing projects, action plans on environment issues, real estate and other topics.

7. COMMISSION ACTIONS

A. Refunding of General Obligation (GO) 2016 Refunding Bonds

Presentation by David Morrison, NWSA CFO

(Present: Scott McJannett (K&L Gates), Peter Shellenberger (Public Financial Management (PFM)))

It was moved and seconded (McCarthy/Keller) delegate to the Executive Director, authority to approve the final terms of the refunding bond and delegating to staff the ability to pay all fees associated with the loan and to adopt Resolution 2021-04-PT, authorizing the sale and issuance of limited tax general obligation refunding bonds of the Port in the aggregate principal amount of not to exceed \$18,075,000; and authorizing the designated Port representative to approve certain matters relating to the bonds including the sale of the bonds, execution of all documents and actions necessary to sell and deliver the bonds and implement a plan of refunding.

The motion passed unanimously.

Discussion:

- Staff presented a refunding opportunity regarding the 2016 GO Refunding bonds. Extremely low interest rates are available in the bank and publicly traded market. Staff recommends an Invitation to Bid (ITB) to banks. The terms were presented.
- Commissioners will be provided with bid results.
- Peter Shellenberger of PFM provided information regarding the callability of and changes in tax rules.

B. Interlocal Agreement (ILA) between the Port of Tacoma and Metropolitan Park District of Tacoma (Metro Parks) – Joint Municipal Action Committee (JMAC) and Economic Recovery

Presentation by Evette Mason, Manager, Government Affairs

(Present: Peter Mayer and Debbie Terwilleger (Metro Parks))

It was moved and seconded (Keller/Ang) to authorize the Executive Director, or his designee, to enter into an ILA with the Metro Parks pursuant to the Interlocal Cooperation Act (Chapter 39.34 RCW). This agreement is for the Port's share to jointly fund the development of collaborative innovation strategies addressing recovery from the COVID-19 pandemic for the benefit of the Port of Tacoma and Metro Parks constituents. The total financial commitment by the Port of Tacoma shall not exceed \$6,000.

The motion passed unanimously.

Discussion:

- Commissioner Keller is the Port's representative in JMAC; she provided initial comments. The JMAC is looking to create some actual activity as a joint municipal action group rather than just information sharing. They are using COVID-19 as a starting point to align what each are doing with a goal of being both a good political action committee and community action committee.
- Staff provided the background of the JMAC. The purpose of the JMAC is to identify common interests among its members. Its membership is composed of a representative from the elected leaders from the City of Tacoma, Metro Parks, Pierce County, Port of Tacoma, The Puyallup Tribe of Indians, and the Tacoma School District.
- JMAC representatives from five of the six members agreed to ask their leadership for up to \$6000 each for consultant costs to assist with the development of strategies supporting the recovery from the COVID-19 pandemic, development of a "common language" and

governance structure for JMAC, and to develop a process whereby multiple jurisdictions can better serve the same community by integrating project.

- A high level illustration of the desired Scope of Work and timeline were presented.
- The funding being requested from the Port was not budgeted in the 2021 budget. The proposed source of funds is the Executive Directors operating budget.
- Commissioner Keller noted certain projects identified involve Justice Equity Diversity and Inclusion (JEDI) elements and fit into what the Port is trying to accomplish with its related proclamations and resolutions.
- Commissioner Meyer supports working collaboratively and moving beyond information sharing. He commented that the scope and projects are not clearly or adequately described. Peter Mayer of Metro Parks provided a more detailed overview of the envisioned projects.
- Commissioner McCarthy commented on the bonding of leadership and relationship building opportunity collaborations such as this present. He agreed with Commissioner Meyer that the scope and project descriptions are vague. He cautioned against the collaboration becoming political rather than a community collaboration, noting that the larger entities tend to dominate the decision making. He objected to language in the ILA regarding amendments to the ILA. Staff and legal counsel confirmed the Delegation of Authority does not extend to ILAs. If an ILA is to be amended it will come before the Commission for authorization.
- Commissioner Kelle is on the steering committee for this project and will make sure the Port's interests and commissioner input is heard.

C. Lease Amendment – Portside 55 North, LLC

Presentation by Scott Francis, Director, Real Estate

It was moved and seconded (Meyer/Keller) to approve and authorize the Executive Director, or his designee, to execute Lease Amendment No. 4 for Portside 55 North, LLC for the property located at 1514 Taylor Way, Tacoma, Washington to modify the respective obligations of the parties related to a recent environmental covenant and order, update the list of environmental documents affecting the Property, and specify the language required in termination notices.

The motion passed unanimously.

Discussion:

- Staff presented a background on the property and lease history. Ecology required an Agreed Order to cap the property as part of its development. Ecology has confirmed completion of the work required under the Agreed Order. The current Lease requires the Lessee to comply with all the terms of the Agreed Order including cap inspections and report requirements.
- The Port's Environmental Department recommends the Port take over responsibility for cap inspections and the related report requirements. This change will provide the Port with better control over monitoring the cap and complying with the Agreed Order.
- A new Ecology Enforcement Order was executed in 2020 that impacts the property. The proposed Lease Amendment clarifies the related Lessor and Lessee responsibilities.
- A correction was made by staff to the financial summary slide (slide 9). The lease generates rent in the amount of \$23,460 per month.
- The financial summary presented by staff asserts that taking over the inspection and reporting requirements for the cap adds "minimal cost." Commissioner McCarthy asked staff to quantify "minimum cost" and asked what the Port is getting in return for taking over these responsibilities. Scott Hooton, Environmental Project Manager II informed that the costs are approximately \$2,500 per year. He added the Port is named in the covenants and what it

- gains is greater control putting the Port in the position to comply with the covenant requirements. He added the Port also enjoys some economies of scale because this is the type of activity that staff is doing at many other port-owned properties.
- Staff confirmed that the Lessee has the responsibility to maintain the cap and to comply with the Agreed Order. The lease amendment does not change any responsibility regarding those issues.
 - Commissioner Marzano stated he likes that the Port will monitor and help control. He stated it is critically important that the Port not get broad sided because the Port isn't out there seeing what is happening.

D. Portside 55 North, LLC Lease Assignment – 1514 Taylor Way

Presentation by Scott Francis, Director, Real Estate

It was moved and seconded (Keller/McCarthy) to approve and authorize the Executive Director, or his designee, to execute a lease assignment from Portside 55 North, LLC to CPUS Portside, LP for the lease located at 1514 Taylor Way, Tacoma, Washington.

The motion passed unanimously.

Discussion:

- The proposed lease assignment is related to the same property as topic 7C. Avenue 55 has two leases in this area. Portside North (1514 Taylor Way) and Portside South (3401 Lincoln Avenue).
- Staff provided a background of the property and its development and subtenants Burkhart Dental Supply and MacMillan-Piper.
- Portside 55 North is selling the two Class A industrial buildings they constructed on the site, to CPUS Portside LP which is owned by the CBRE Global Investors.
- Staff summarized the lease terms and noted the assignment does not change the terms.
- Commissioner Meyer asked how much the tenant has invested in the site. Staff ballparked at \$100/sq. ft. and 450,000/sq.ft. He was also concerned with what happens to the buildings at the end of the lease. Staff informed that if the building are maintained and in leasable condition, the Port keeps the buildings. If not maintained or unleaseable, they can be removed. Commissioner Meyer noted the Port has an interest in the buildings being maintained and the Port should be added as an additional insured on the property insurance.
- Commissioner McCarthy asked legal counsel present, whether the assignment from an LLC to an LLP poses any additional financial risk that doesn't otherwise exist with the LLC. Legal counsel responded that as a general matter she would not assume any significant difference in risk between an LLC and an LP structure. She noted, for full disclosure, that as to real estate matters and this lease in particular, the Port is represented by other counsel.

E. Portside 55 South, LLC Lease Assignment – 1514 Taylor Way

Presentation by Scott Francis, Director, Real Estate

It was moved and seconded (Meyer/McCarthy) to approve and authorize the Executive Director, or his designee, to execute a lease assignment from Portside 55 South, LLC to CPUS Portside South, LP for the lease located at 3401 Lincoln Avenue, Tacoma, Washington.

The motion passed unanimously.

Discussion:

- The proposed lease assignment is related to the same property as topic 7C but for Portside 55 South, LLC for the lease located at 3401 Lincoln Avenue, Tacoma, Washington.
- Staff provided a background of the 9.13-acre property.
- Subtenants are Wyse Logistics and Article.com. Staff provided background information on each.
- This is a triple net lease.
- Staff estimated the same value estimate on this site \$100/sq. ft. Staff commented that this site, and the site subject of item 7D were likely more costly to develop due to the environmental issues and for this site, the dismantling of the previous structure. Commissioner Meyer wants to be informed by staff of the sale price once the transactions are recorded.

8. NON-ACTION – NEW BUSINESS

Commissioners Keller and Meyer will serve on the Port's Workforce Development Committee.

Commissioners Ang and Marzano will serve on the Port's Diversity Committee.

Plans for starting those committees will commence once the Port's Strategic Plan is complete which will provide solid direction.

Commissioner Ang is interested in the Port's local and regional collaboration for emergency response. Discussion took place regarding the communication related to the recent vessel fire. The new Communications Director was recently briefed on the Port's Incident Command Communication Protocols. A briefing regarding the greater external communication protocols is needed. Executive Director Johnson will follow up.

Commissioner Meyer suggested that Workforce Development is a component of the Port's education initiatives and should be included in the Committee work. Commissioner Keller agrees. She serves on the Workforce Development Council and with K-12 programs.

9. COMMITTEE REPORTS

None.

10. ISSUE BRIEFINGS

A. Draft Port of Tacoma Strategic Plan

Presentation by Eric Johnson, Executive Director; Deirdre Wilson, Senior Planning Manager; Rod Koon, Senior Manager, Communication, and Jim Darling (Maul Foster & Alongi, Inc.)

The draft Strategic Plan was presented for Commissioner comment. Commissioners provided Feedback on the elements of the Plan.

- Maritime is not adequately represented in the draft. Maritime terminal operations, longshore jobs are 80 percent of what the Port does. It is critical to incorporate the roles of the Port in the Northwest Seaport Alliance (NWSA) with growing the marine terminals.
- Debate took place amongst the Commissioners related to appropriate metrics of the Foundational Goal, Economic Vitality.

- Staff noted changes to the Foundational Goal, Environmental Stewardship. Commissioners commented that the language as presented doesn't convey the significant work the Port has undertaken and continues to undertake to clean up contaminated land. Efforts regarding fish habitat/fish passage should be emphasized. Commitments by the Port related to the 2017 NWSA GHG resolution and Northwest Ports Clean Air Strategy (NWPCAS) goals should be acknowledged.
- Discussions regarding Foundational Goal, Organizational Success. Commissioner McCarthy wants the word "financial" to be added to the goal statements. The Port cannot accomplish its goals if it can't pay for it. Commissioners also discussed the need for added emphasis on customers, stakeholders and citizenry. Commissioners discussed whether Diversity, Equity and Inclusion (DEI) goals belong under this Foundational Goal, or another perhaps Community Connections. Staff noted it is in the value statement and other places, but it can be added in more places.
- Commissioners discussed whether Foundational Goal, Transportation should call out specific transportation projects (SR 167 and I-5 Interchange), take a 10,000 foot view or a combination of both. Waterways need to be added to strategy TA-2. Commissioner Ang suggested communication/digital/technology infrastructure should be included somehow to address transportation issues (eg. congestion, traffic flow).
- Foundational Goal, Community Connections was presented by Eric Johnson. Commissioner Meyer suggested adding language to reflect the Port's connections should extend beyond federal, state and local governments.
- Discussion took place regarding the Plan of Action (POA). The POA is a separate document. Commissioner McCarthy emphasized the need to set priorities for projects and not just pick low hanging fruit to check off projects getting done. Commissioner Meyer noted that the POA should be a component of the budget process reviewed each spring.

11. ANNOUNCEMENTS/COMMISSIONER COMMENTS

Commissioner Keller commented that the "non-interim regulations" being proposed by the City of Tacoma are not any more beneficial than the interim regulations. She encouraged everyone to view the proposed non-interim regulations on the City's website. She noted they are very unpredictable for businesspeople and concerning for both business and labor.

Commissioner Ang thanked the Port's environmental and engineering staff who were on sight of the vessel fire. She thanked the communications team for the timely updates and wants to see the coordinated efforts continue to bring information to the public and community living near the Tideflats. She also thanked the team working on the Port's Strategic Plan.

Commissioner McCarthy congratulated Commissioner Marzano on his retirement after 50 years working on the waterfront.

Commissioner Meyer is not comfortable with the City's subarea planning process. Eric Johnson added that from reviewing the draft non-interim regulations it doesn't appear that the planning commission or staff listened to the Port's testimony last month, nor were any of the redlines provided by the Port incorporated. He commented that he doesn't see how any business owner expects to get through the process

Commissioner Marzano informed the rest of the Commission regarding a tour this morning for Lieutenant General Spellman and others the navigation and dredging project along the Blair. He reported they were quite impressed. The Port team providing the tour expressed the importance of getting the project done as well as the importance of finalizing the Saltchuk habitat site with the dredging materials from that site.

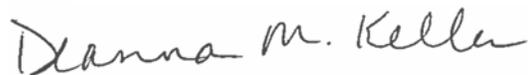
12. ADJOURN

The meeting ended at 2:59 p.m.



Dick Marzano, President
Port of Tacoma Commission

Attest:



Deanna M. Keller, Secretary
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma