

COMMISSION MEETING – July 18, 2019



**BOARD OF COMMISSIONERS
The Fabulich Center
3600 Port of Tacoma Road, Tacoma, WA**

COMMISSIONERS PRESENT:

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

COMMISSIONER EXCUSED:

Clare Petrich, President

STAFF PRESENT:

Eric Johnson, Executive Director
Carolyn Lake, Legal Counsel
Scott Francis, Director, Real Estate
David Morrison, Dir. Financial Planning & Treasury
Scott Hooton, Environmental PM II
Leslie Barstow, Mgr. PR
Judi Doremus, Executive Assistant
Juliet Campbell, Clerk

11:00 AM EXECUTIVE SESSION

CALL TO ORDER AND RECESS INTO EXECUTIVE SESSION:

Commissioner Johnson called the meeting to order at 11:00 a.m. and recessed into executive session for 30 minutes to discuss one litigation/potential litigation item per RCW 42.30.110(1)(i). No votes or actions were taken.

12:00 NOON SPECIAL COMMISSION MEETING

1. RETURN TO ORDER:

Commissioner Johnson reconvened the commission meeting at 12:00 noon and lead the Pledge of Allegiance.

2. CONSENT AGENDA:

- A. Minutes of June 13, 2019.
- B. Check/Wire Certification.

Item 2C was removed from the Consent Agenda at the request of Commissioner McCarthy for individual consideration.

It was moved and seconded to approve the Consent Agenda as amended, including approval of the Minutes of June 13, 2019 Special Port Commission Meeting, and approval of the payment of checks 223552 through 223822, and wire transfers in the total amount of \$9,648,856.02 during the period of June 1, 2019 through July 5, 2019.

VOTE: 4-0 - MOTION CARRIED

- C. WJR/Calbag Sublease Agreement for property located at 1602 Marine View Drive.
Presenter: Scott Francis

It was moved and seconded to authorize the Port of Tacoma Executive Director or his designee to approve a Sublease Agreement between WJR Tacoma, LLC (Sublessor) and Calbag Tacoma, LLC (Sublessee) for the 5.43-acre Lease located at 1602 Marine View Drive, Tacoma, WA.

- WJR has been a tenant of the Port since 1996. They have 5.43 acres leased for a metal recycling business. They would like to sublease that property to their affiliate, Calbag Metals.
- The memo incorrectly states that the 5.43-acre area is currently leased to Calbag, and that there is a 3.31-acre area leased by WJR. Those numbers should be reversed.
- The primary lease remains intact, with no changes to the terms.
- There will be no changes to the business operations on the property.
- Commissioner McCarthy would like to adhere to a principle that anything involving property within the Tideflats be listed as an agenda item with a public presentation - not within the Consent Agenda.

VOTE: 4-0 - MOTION CARRIED

3. PUBLIC COMMENT: None.

4. ACTION AGENDA:

A. 2019 REFUNDING BONDS:

Presenter: David Morrison

It was moved and seconded to approve the following Resolutions as presented:

Resolution 2019-07-PT

A resolution of the Port Commission of the Port of Tacoma, authorizing the issuance and sale of revenue refunding bonds of the Port in the aggregate principal amount of not to exceed \$41,630,000, for the purpose of refunding certain outstanding obligations of the port and funding the common reserve requirement; setting forth certain bond terms and covenants; and delegating certain authority in connection with the sale.

Resolution 2019-08-PT

A resolution of the Port Commission of the Port of Tacoma, authorizing the issuance and sale of subordinate lien revenue refunding bonds in an aggregate principal amount not to exceed \$90,000,000, for the purpose of refunding certain outstanding bonds of the Port and paying costs of issuance, providing for alternative interest rate modes and methods of determining the dates, forms, terms, maturities, and interest rates of such bonds; authorizing the execution and delivery of credit and liquidity facilities relating to said bonds; authorizing the execution, delivery and performance of remarketing agreements relating to said bonds; authorizing the initial sale of the bonds, covenants and agreements with respect thereto.

Resolution 2019-09-PT

A resolution of the Port Commission of the Port of Tacoma, amending and restating Resolution No. 2011-01, originally approved as Resolution No. 2008-04 on February 21, 2008 and initially amended and restated by Resolution No. 2011-01 on April 7, 2011, and most recently amended and restated by Resolution No. 2014-04, on April 17, 2014, which resolution authorized the issuance and sale of subordinate lien revenue refunding bonds in an aggregate principal amount not to exceed \$120,000,000, for the purpose of refunding certain outstanding senior and subordinate lien revenue bonds of the Port.

2019-10-PT

A resolution of the Port Commission of the Port of Tacoma, amending and restating Resolution No. 2008-09, originally approved on July 2, 2008, as amended and restated by Resolution Nos. 2009-09, 2012-05 and 2015-02; which resolution authorized the issuance and sale of subordinate lien revenue bonds in an aggregate principal amount not to exceed \$133,000,000, for the purpose of financing or refinancing the cost of acquiring, improving and equipping Port capital facilities.

- The proposed actions will not increase overall Port debt outstanding. The purpose of the actions is to reduce risk and eliminate a known increase in interest expense caused by changes in the US tax code.
- The Port's Executive Director, Eric Johnson, recommended approval of the resolutions. He added that issuance costs will be paid back in about two years. He confirmed with staff that this action would not impact the financial obligations of the Port associated with The Northwest Seaport Alliance.
- Commissioner Meyer asked if the Port adopts the Resolutions as proposed, what is the fixed rate vs. variable mix is there. Staff answered that because of the swap, it will be mainly fixed right now, and it will grow over time to more variable. He then the reason for more fixed rate at this stage. Staff explained that the Port must have at least as much variable rate bond to match the swap. Peter Shellenberger of Public Financial Management provided additional comments related to the credit spread.

PUBLIC COMMENT: Dave Bryant. Citizen of Pierce County. He asked if staff calculated risk exposure to the citizens of Pierce County if there were to be runaway inflation. Staff responded that the bonds are guaranteed only by the revenue from the Port, not the tax levy. Tax levy money cannot be used to pay revenue bond interest and principle.

VOTE: 4-0 - MOTION CARRIED

B. RESOLUTION 2019-06-PT APPOINTING A NEW PUBLIC RECORDS OFFICER

Presenter: Carolyn Lake

It was moved and seconded to approve Resolution 2019-06-PT appointing Erin Galeno, Chief Financial and Administrative Officer and her designees, as the new Port of Tacoma Public Records Officer

- The Port is required to appoint and publicly identify a public records officer pursuant to RCW 42.56.580. The Port's previous public records officer retired. Erin Galeno, the Port's CFAO is identified to take on this role.
- Legal counsel confirmed the Port's public records policy and procedures are posted to its website.

VOTE: 4-0 - MOTION CARRIED

C. TAYLOR WAY AND ALEXANDER AVENUE FILL AREA

Presenter: Scott Hooten

It was moved and seconded to authorize additional project authorization in the amount of \$212,000 for a total authorized amount of \$462,000 for the Taylor Way and Alexander Fill Area (TWAFA) Master Identification No. 101082.01.

- Port Parcel 117 is part of a 50-acre cleanup site known as TWAAFA. Potentially Liable Parties (PLPs) include the former landfill owner, originators of hazardous material placed in the landfill, owners of active and abandoned hazardous waste facilities, and current property owners. The Port's potential liability stems solely from ownership of the property. The Port never operated on this property or caused any release of hazardous material. Nor does the Port profit from entities that release hazardous materials. The property was purchased by the Port from the City of Tacoma several years ago as part of another deal that never happened.
- Washington Department of Ecology (ECY) included Parcel 117 in the Agreed Order based on suspicion that fill soils along the common boundary may contain hazardous substances.
- The work requested will support efforts to develop Parcel 117 and authorization of this project will allow the Port to perform an extensive soil and groundwater assessment for the various chemicals that have been found in the landfill (slide 8). If approved, staff expects to know by the end of the year whether hazardous material is found.
- Passing this action today will still allow legal counsel to confirm the Port complied with any call for public bid requirements.
- Commissioner McCarthy brought up discussions related to the Master Policy directive, reminding the executive director and others that if they think a project or contract is going to end up being over \$300,000 that it needs to come before the Commission before it gets close to that amount.
- Discussion took place regarding risk. Commissioner Johnson summarized that we have a Data Gap Work Plan that ECY bought off on after many hours of investigation. Ecology was part of the design of the level for the new wells. The staffing issue at ECY that that lead to ECY approving implementation of aspects of the Work Plan as an independent action, is a current issue, not an issue during the design of the project. Ecology and the PLPs agree with the Work Plan. The plan can change based on what is found, but that will always be a risk.
- This is a step the Port will need to take if there is to be development of the parcel.

VOTE: 4-0 - MOTION CARRIED

D. LOCAL ECONOMIC DEVELOPMENT INVESTMENT FUND PROGRAM

Presenter: Leslie Barstow

It was moved and seconded to approve funding recommendations provided by the Local Economic Development Investment Fund program review committee for 2019, for a total authorized amount of \$197,500.

- The committee spent a lot of time vetting the applications.
- The policy priorities and procedures were rewritten this year.
- Commissioner McCarthy said he and Commissioner Petrich are in support of the recommendations being brought to the full Commission.
- The recommendations fall \$53,000 below the budgeted amount authorized by the Commission. Commissioner Johnson recommended a plan be developed of

what to do with funds not spent, perhaps accumulating those funds to use toward future, larger projects.

VOTE: 4-0 - MOTION CARRIED

6. GENERAL BUSINESS:

A. Executive Director Events, Announcements, and Recognitions

- Onboarding of the Executive Director continues.
- The Port will hold its annual boat tours on July 28, 2019. There are six tours fully booked.
- The Executive Director received requests from sister/friendship ports to renew the understandings with the Port. He will be taking a strategic look at those relationships to see whether we need to line up our business opportunities.
- The Tideflats Subarea Planning (SAP) process continues. The first meeting of the Steering Committee was held two weeks ago. There was some direction to the planning staff that generated some concerns from the Port. There is nothing to report other than the Port remain engaged. The City of Tacoma has provided a draft RFP for a consultant. It has not been issued, and Port staff has not yet commented.
- A study session is tentatively scheduled for August 7, 2019 where UW Tacoma students will present student projects on issues in the Tideflats.
- As the Port begins working on its strategic plans, one issue the Executive Director would like to see some focus is the Port's interaction profile with the education institutions in Pierce County.

7. COMMISSIONER COMMENT:

Commissioner McCarthy: The SAP Steering Committee deems it important to stick to the Work Plan that was negotiated and approved. The Committee is attempting to ensure that the Work Plan is adhered to as a priority before discussions on other issues. Last week, Sean Eagan, Tacoma Rail, NWSA and the Port were involved in having 10 legislators tour Tacoma Rail. There were discussions on issues that came up during the legislative session. There were two leaders of one of the most significant committees that the Port deals with involved. He viewed the event as a success. More meetings, tours and visits with other legislators are scheduled. He attended his first Pacific Northwest Waterways Association meeting and found it an informative program with a lot of good and helpful information.

Commissioner Meyer: Followed up on the Executive Director's comments for a plan for interaction with education institutions. He does not want the Port to be reactive to their requests. He said the Port needs a comprehensive program with established criteria. He would also like to see in the fairly near future, a game plan for approaching the overall strategic plan process. This is a priority.

Commissioner Johnson: Added to Commissioner Meyer's comments that all effective strategic plans need to have a detailed implementation plan.

Commissioner Marzano: Added to the comments made regarding a plan of interaction with higher education. He wants high school and vocational schools included.

8. **ADJOURNMENT:** There being no further business before the Commission, the meeting adjourned at 1:38 p.m.

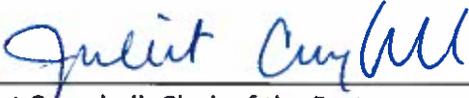


Clare Petrich, President
Port of Tacoma Commission

ATTEST:



Don Johnson, Vice President
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma