

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

COMMISSIONERS PRESENT:

1. Dick Marzano, President
2. Don Meyer, Vice President
3. Clare Petrich, Secretary
4. Don Johnson, 1st Assistant Secretary
5. Connie Bacon, 2nd Assistant Secretary

STAFF PRESENT:

1. John Wolfe, CEO
2. Carolyn Lake, Port Counsel
3. Judi Doremus, Executive Assistant/Clerk of the Port
4. Scott Hooton, Environmental Project Manager II
5. Tong Zhu, CCO
6. Scott Francis, Director, Real Estate
7. Tara Mattina, Director, Communications
8. Rod Koon, Sr. Manager, Communications
9. David Morrison, Director, Treasury & Financial Planning

10:00 AM: EXECUTIVE SESSION

1. CALL TO ORDER:

Commissioner Marzano called the meeting to order at 10:00 am and then recessed into Executive Session.

2. RECESS INTO EXECUTIVE SESSION:

- A. One (1) Real Estate-Buying/Leasing Item-RCW 42.30.110 (1)(b)
- B. One (1) Litigation Item-RCW 42.30.110 (1)(i)

12:00 NOON: COMMISSION MEETING

1. RETURN TO ORDER:

- A. Flag Salute

2. CONSENT AGENDA:

- A. Minutes of March 16, 2017
- B. Voucher Certification: Checks #212277 through #212700 and wire transfers in the total amount of \$12,154,896.07 during the period of March 7, 2017 through April 12, 2017 were certified.
- C. Ecology Oversight of Kaiser: Project increase of \$19,508, for a total authorized amount of \$10,579,041 to complete and close-out the remedial action construction at this site.

“Approve the above Consent Agenda”.

Motion was made by Commissioner Johnson, seconded by Commissioner Petrich:

VOTE: MOTION CARRIED 5-0

3. AGENDA:

- A. Frederickson Parcel 60-2 Purchase and Sale Agreement:

Motion was made by Commissioner Bacon, seconded by Commissioner Johnson:

“Authorize the Purchase and Sale Agreement dated March 1, 2017 with Abston Henricksen Land and Timber Company, Inc. (Buyer) to:

- 1) Sell Port Parcel 60-2 also known as Tax Parcel 0319363040, located in Pierce County, Washington;
- 2) Authorize the Chief Executive Officer or his designee to:
 - a. Execute any additional documents and take any additional actions necessary or required in connection with the completion of the sale, and
 - b. Enter into an amendment to the Purchase And Sale Agreement, if needed, to adjust the purchase price consistent with the fair market value of the property as determined by the average of two appraisals in accordance with RCW 53.25.140, provided that such an amendment shall not decrease the average price per square footage of usable property upon which the price in the current Purchase And Sale Agreement is based.”

Discussion Included:

1. Two appraisals have been done. We are still waiting for the second appraisal report to return. Offer is not contingent on the appraised value. We are asking for approval prior to receiving the second appraisal as the Port of Tacoma Commission only meets monthly, the buyer is anxious to close and we have already waited two months.
2. Commissioners expressed concerned about allowing the CEO to negotiate the sales price if the second appraisal comes in higher. RCW requires us to sell at market value after two appraisals. Staff believes that \$4.50/sq. ft. is market value, which is the current sale price that the buyer has agreed to. Staff will return to Commission if the second appraisal comes in higher and report that price. We are required by law to sell at the higher price.
3. Economic investment: This sale will result in a warehouse business. The buyer is a developer and will not be the end user, so it is difficult to estimate how many jobs it will create and the investment they will make in the property.

PUBLIC COMMENT: None.

VOTE: MOTION CARRIED 5-0

B. GP Gypsum Upland Lease Termination:

Motion was made by Commissioner Petrich, seconded by Commissioner Meyer:

"Authorize the Chief Executive Officer (CEO) or his designee to approve the early termination of the 4.88 acre lease with GP Gypsum, LLC located at 1225 Alexander Avenue, Tacoma, WA."

1. Lessee is requesting the termination, as they have not used the land due to difficulty with the permit process and the required investment for stormwater infrastructure. The intended use was to store gypsum on the property.
2. No jobs are lost by this action.
3. There was not a due diligence period. As they are a long-term customer and we did not have another customer for this property, no penalty for termination will be imposed.

PUBLIC COMMENT: None.

VOTE: MOTION CARRIED 5-0

C. Litigation Authorization-Sonatore Port Holdings:

Motion was made by Commissioner Johnson, seconded by Commissioner Bacon:

"Authorize the CEO or his designee to commence litigation to enforce terms of a temporary easement and recover damages."

1. Mare Street is not paved, but is in grave need of repair.
2. Ray Schuler, Kidder Matthews, stated that the Port is asking Sonatore to change their access driveway, which makes the use of the land awkward by cutting it in half with the entrance in the middle of a queuing lane. Port Legal Counsel responded that the Port has not made this request. The City of Tacoma dictates the location of the property access.
3. The easement required Sonatore to maintain the roadway, which they did not fulfill. The Port's issue is just fixing the current roadway.
4. Cost to improve the road and take care of the stormwater issues is estimated at \$400,000.
5. Commissioner Marzano proposed tabling this issue for 60 days to see if a resolution can be found.

PUBLIC COMMENT: Ray Schuler, Kidder Matthews: Stated that he is a partner of a neighbor to Sonatore. He is asking for the Port to work with Sonatore Port Holdings, LLC to find a resolution. He feels the Port is not being a good neighbor. He would like to negotiate to make the road usable rather than going to trial.

Motion was made by Commissioner Meyer, seconded by Commissioner Petrich:

"Table the following action for 60 days: Authorize the CEO or his designee to commence litigation to enforce terms of a Temporary Easement and recover damages."

VOTE: MOTION TABLED FOR 60 DAYS: 3-2

Commissioner Bacon:	Nay
Commissioner Meyer	Yay
Commissioner Johnson	Nay
Commissioner Marzano	Yay
Commissioner Petrich	Yay

4. STAKEHOLDER UPDATE:

A. Nick Kawamura, ITS Chairman, Retirement:

1. Commissioner Marzano read a letter from both of himself and NWSA Co-Chair Albro (attached) thanking Chairman Kawamura for his many years of service and congratulating him on his retirement.
2. Chairman Kawamura made brief comments and introduced his replacement, Mr. Kubo.
3. Commissioners made brief comments of appreciation.

5. GENERAL BUSINESS:

A. Port of Tacoma Centennial Celebration:

1. The plans for the 100-day celebration of 100 years were reviewed.
2. It is anticipated to start at the end of July with Maritime Fest and wrap up on or around November 5th, the 100th anniversary of the formation of the Port of Tacoma.
3. Legacy project: Staff is planning for a port museum interactive exhibit. Commissioners would like to see the exhibit provide a lasting connection with the community and be interactive. Examples of possible exhibits were shown.
4. Some Commission warned against a legacy project that would require a lot of maintenance. Others would like a project that could be updated and utilizes the technology available to keep it relevant. Perhaps an intern could be utilized to update the information. Whether or not the museum exhibit should be updated on an ongoing basis or not was discussed.
5. The current budget for the celebration, including the legacy project, is \$280,000.
6. Commission requests that staff partner with Labor.
7. Commissioner Petrich would like to involve the community in the development of the overall celebration.

B. Port of Tacoma Investment and Debt Overview:

1. Investment of cash guidelines were reviewed. The objectives are safety of investment, liquidity and the return on investment.
2. Refunding of bonds was reviewed.
3. Commercial Paper program was also discussed.

C. Month-to-Month Lease for PSE Equipment Storage:

1. This construction laydown yard will store equipment to improve the utilities and the roadway as part of PSE's obligations for their LNG project lease.
2. The value of the improvements PSE will make is \$5 million.
3. This lease is expected to be in place for approximately eight months.
4. This is within the authority of the CEO and does not require Commission action, but for transparency purposes, CEO Wolfe wanted to make the Commission and public aware.

D. CEO Announcements:

1. Port of Tacoma Earth Day, 4/21/17: Port Biologist, Jenn Stebbins, will conduct free tours on the Gog-le-hi-the wetlands starting at 8:00 am. Space is limited to 10 per tour. To reserve your spot, email Community@portoftacoma.com or call 253-428-8662.
2. Goose Cam: A pair of Canadian geese have nested in our Administration Building's stormwater rain garden, and the babies have hatched. There is video available of the chicks on the Port of Tacoma's Facebook page.
3. Workforce Development: On 4/25/17 the Port will be hosting the second of two career-oriented tours for youth through Pierce County Goodwill's Career Support Program. This is an excellent opportunity for the Port to showcase careers in the maritime industry.

6. PUBLIC AND COMMISSIONER COMMENT:

Public Comment:

Todd Iverson, ILWU Local 23: Regarding the centennial celebration: Thanked the Commission for including Labor. Labor and Commission have a long history of working together. He recommended we also look at those who have lost their lives on the job.

Regarding the LNG project: MOL shipping line is looking to put four 20,000 TEU vessels into service that would be powered by LNG. Our LNG plant may induce other shippers to switch over to the cleaner fuel as well.

Regarding APM Terminal: With APM leaving, he doesn't want to see jobs move out of Pierce County.

Commissioner Comment:

Commissioner Bacon: Stated that she was happy to hear that a delegation from the Port of Tacoma Maintenance Department, ILWU Local 22, went to China to check on the cranes we have on order.

Commissioner Marzano: Spoke to the subarea plan that the Port will be working on with the City of Tacoma. This will be a collaborative effort of the whole Commission working with the City. Commissioners Marzano and Johnson will be the leads for the Commission.

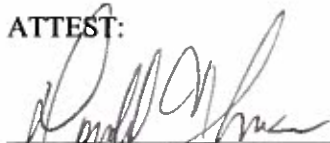
7. ADJOURNMENT:

There being no further business, President Marzano adjourned the meeting at 2:22 pm.

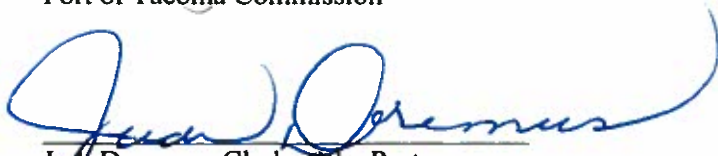


Richard P. Marzano, President
Port of Tacoma Commission

ATTEST:



Donald C. Johnson, First Assistant Secretary
Port of Tacoma Commission



Judi Doremus, Clerk of the Port
Port of Tacoma



April 20, 2017

Mr. Naoki (Nick) Kawamura
Chairman & CEO
International Transportation Service, Inc.
1281 Pier G Way
Long Beach, CA 90802

Dear Kawamura san,

On behalf of our fellow Managing Members and staff, we would like to recognize your many contributions to The Northwest Seaport Alliance. You played an instrumental role in helping facilitate the migration of "K" Line from the North Harbor to the South Harbor nearly 30 years ago.

We were thrilled to have you back to the PNW in 2010 when you became Senior Vice President of International Transportation Service, Inc. and later, Chairman and CEO. Thanks to your leadership and foresight, we were able to further cement our partnership into the future through the 20-year lease term extension at Husky Terminal signed in 2016.

Throughout, you have been a consistent advocate and promoter of the Puget Sound Gateway. You are a true friend, and we consider you a valued member of The Northwest Seaport Alliance team!

Many congratulations! We wish you the best in all your future endeavors.

Respectfully,

Dick Marzano
Commission President, Port of Tacoma
Co-Chair, The Northwest Seaport Alliance

Tom Albro
Commission President, Port of Seattle
Co-Chair, The Northwest Seaport Alliance