

MINUTES
SPECIAL COMMISSION MEETING
OCTOBER 29, 2020

The Port of Tacoma Commission met for a special meeting, October 29, 2020. Commissioners Ang, Keller, McCarthy, Marzano and Meyer were all present via telephone/video conference. The Commission meeting was held remotely in accordance with the governor's 'Stay Home, Stay Health' proclamation, and Proclamation 20-28.11. The meeting was streamed live via the Port's website and a call-in number was also provided for the public to listen live.

8:30 AM CALL TO ORDER

1. CALL TO ORDER AND FLAG SALUTE: Commissioner McCarthy called the meeting to order at 8:30 a.m. and lead the Pledge of Allegiance.
2. REVIEW OF FACTORS AFFECTING REAL ESTATE VALUES.
Presented by Eric Johnson, Executive Director
Mr. Johnson provided a list of factors affecting real estate values in the immediate Port area. The factors were reviewed generally at last week's Port Commission open public meeting. They include:
 - Proximity to Port operations.
 - The size of the property
 - Relevance of the property to the Port's development plans
 - Whether the property adjoins other property owned by the Port
 - Whether the property retains or creates new jobs and the quality of those jobs
 - Potential tenants that may or may not lease the property, their creditworthiness.
 - Condition of the property/preexisting conditions, anything that impacts the use of the property (structures, environmental conditions, etc.).
3. PUBLIC COMMENT – ITEMS 2 AND 7A: Members of the public were invited to provide comments on these factors as well as to comment on the proposed acquisition of property located at 2235 and 2311 Ross Way, Tacoma, Washington. There were not comments from the public either submitted in written or offered person.
4. RECESS TO EXECUTIVE SESSION: At 8:52 a.m., the Commission President announced that the Commission would be recessing for an executive session pursuant to RCW 42.30.110(1)(b) to consider the acquisition of real estate by lease or purchase. The executive session began at 9:00 a.m. and lasted one hour. No votes or actions were taken during executive session.
5. RETURN TO ORDER: The Commission reconvened at 10:15 a.m.
6. PUBLIC COMMENT: Members of the public were invited a second time to provide testimony on any of the day's agenda items. Instructions on how to participate on public comment are posted on the Port's website and included on the posted agenda. No public comments were offered.
7. ACTION:
 - A. Property Acquisition 2235 and 2311 Ross Way, Tacoma, Washington
Presented by Scott Francis, Director, Real Estate
This acquisition was originally presented at the October 15, 2020 meeting. There were questions regarding the acquisition and condition of the property the Commission wanted addressed before any potential action. The purchase and sale agreement was amended to extend the feasibility period and closing date to allow for the receipt of additional information.

Mr. Francis provided a property description and purchase terms. As part of the purchase, the Port agrees to lease to Premier Transport, Inc. (which is controlled by the seller), for a term of three years with two one-year extensions subject to mutual approval of the parties. The lease terms were described.

The Port's environmental department's review of the property included both Phase 1 and 2 environmental reports. Per the Phase 2 review, no detections in soil greater than MTCA Method Unrestricted levels was found, Lead and petroleum contamination was detected in groundwater. Weathered petroleum is currently at or below

cleanup level and will continue to attenuate primarily through degradation. Lead in groundwater is likely associated with the adjacent Sound Battery site. Phase 2 results are likely biased high due to sample turbidity. Lead in groundwater, if present, will continue to attenuate via the completed source treatment actions. Environmental staff recommendations were highlighted. A financial summary was presented and the lease term is at market rate. These properties are located within the Port's Strategic Focus Area.

It was moved and seconded to authorize the Executive Director to complete the execution of the Purchase and Sale Agreement dated August 7, 2020, amended October 21, 2020, with Transport Ventures, LLC (Seller) for the property located at 2235 and 2311 Ross Way, Tacoma, WA also known as Pierce County tax parcels 6965000240, 6965000230 and 6965000220. This entails authorizing the Executive Director to execute all additional documents and take any and all additional actions necessary or required in connection with the completion of the purchase.

Discussion

- Commissioner Meyer thanked Transport Ventures for allowing additional time to consider the purchase. Acknowledge the role of the trucking community to the Port.
- Commissioner Keller thanked the environmental team for the additional information regarding Phase 2 findings and that fact that the Port is being proactive by sampling and monitoring groundwater.
- Commissioner McCarthy does not like the language of the motion as it does not say the Port Commission is authorizing the purchase of the property and does not like the last minute way the action was brought to the Commission for consideration.

It was moved and seconded to amend the motion to add the words Commission approval of the purchase and after the word "request" and before the word "authorization" in the first sentence.

The motion passed unanimously.

It was moved and seconded to approve the amended motion.

The motion passed 4-1 by the following vote:

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	No
Commissioner Marzano	Aye
Commissioner Meyer	Aye

8. STUDY SESSION – DRAFT PORT STRATEGIC PLAN:

A. Transportation Advocacy Priorities

Presented by Eric Johnson, Deirdre Wilson, Sr. Planning Manager and Christine Wolf, Sr. Planner
Matt Hoffman, Maul Foster Alongi (Consultant)

- Staff presented a history of transportation planning at the Port from 2011 to current, the decision lifecycle, draft transportation goals and advocacy strategies.
- Staff emphasized that while the Port may not own the rights of way or infrastructure, it can influence planning and project delivery to address the strategic needs of the region. Commissioner Meyer noted that a lack of funding for physical infrastructure projects should not stop the Port from advocating for what is needed in the Tideflats. He would rather see the foundational goal refer to "transportation investment" versus "transportation advocacy."
- The draft Foundational Goal which reads: "Partner with lead agencies to support and advance transportation infrastructure vital to the maritime and regional economy."
- Key Performance Indicators (KPIs) were discussed. Two indicators discussed include turnaround times and safety.
- The importance of identifying the relative importance and significance of projects initially was noted.
- Commissioners provided feedback on the four draft strategies toward the foundational goal presented.
 1. Develop criteria and policies to guide decision-making for Port transportation advocacy efforts, and prioritization of infrastructure investments.
 2. Develop a long-range understanding of regional transportation projects that support port-related mobility

3. Advocate for the transportation infrastructure and system management needs of port-related businesses in the Tideflats and Pierce County
4. Support completion of the Port of Tacoma Road and Interstate 5 interchange improvements and the SR 167 Gateway project.

B. Financial Guidance for the Strategic Plan

Presented by Eric Johnson and John Carter (Consultant)

- Mr. Carter presented his analysis of the Port's financials and included a review of Port Commissioner concerns relating to the Port's existing level of debt, ability to achieve appropriate financial returns on investment, distributable cash from NWSA operations, and the Port's financial capacity for initiating its strategic plan.
- An overview of debt General Obligations Bonds and Revenue Bonds and their uses was provided.
- Potential risks to the Port's financial model include that the current business model of the Port prescribes typically long-term (decades) investment choices. Other risks include overbuilding or sitting on project for a long period before returns are realized (e.g. remediation of land before development) and projects not meeting projections.
- Port expenses have increased. Some increases are due to environmental remediation that needs to be expensed in a current year rather than capitalized.
- Mr. Carter did not see anything concerning regarding the structure of the Port's overall portfolio as to debt structure. He described the structure as conservative, noting the 2x debt coverage ration and six-month operating expense reserve.
- Commissioner Meyer highlighted the Port's financial obligation for the cutback on the Blair Waterway and the Blair dredge itself. This financial obligation must be recognized when considering whether to launch any new initiatives.
- Commissioner Marzano commented that it is satisfying to learn the positive standing the Port has with rating agencies, and that if a project were to come up, the Port could draw down reserves and still be in a healthy position.
- Mr. Carter commented that it is his general opinion that the Port is not over leveraged. The standards the Port wants to meet are clear as to debt service coverage and the Port has a history of being in excess of that ration. From his perspective the Port continues to meet its conservative standard.

9. ADJOURNMENT: There being no further business, the meeting adjourned at 1:15 p.m.



John McCarthy, President
Port of Tacoma Commission

Attest:



Don Meyer, Secretary
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma