

# REGULAR COMMISSION MEETING

**PORT OF KENNEWICK**

**JANUARY 9, 2007**

**MEETING MINUTES**

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## CALL TO ORDER

Commission President David Hanson called the Regular Commission meeting to order at 2:30 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive in Kennewick, Washington.

### Members Present:

David Hanson, President  
Gene Wagner, Vice President  
Linda Boomer, Secretary

### Staff Present:

Tim Arntzen, Executive Director  
Dan Cryer, Director of Operations  
Larry Peterson, Director of Planning and Development  
Tammy Huffman, Director of Finance/Auditor  
Teresa Hancock, Real Estate Analyst/Special Projects Coordinator  
Ken Rice, Port Counsel  
Sherrie Bowers, Administrative Assistant/Records Manager

## PLEDGE OF ALLEGIANCE

Commissioner Hanson led the Pledge of Allegiance.

## ELECTION OF 2007 OFFICERS

- ❖ *In keeping with tradition of rotating officers' positions annually, Commissioner Linda Boomer moved the following slate of officers effective January 23, 2007: Commissioner Gene Wagner, President, Commissioner Linda Boomer, Vice President and Commissioner David Hanson, Secretary. Commissioner Gene Wagner seconded and the motion carried unanimously.*

## CONSENT AGENDA

*The consent agenda consisted of the following:*

- ***Regular Commission Meeting minutes of December 12, 2006***
- ***Special Commission Meeting minutes of December 19, 2006***
- ***Payment Roster dated December 21, 2006***
  - Airport Operations Fund Voucher No. 40490 totaling \$522.01
  - Construction Fund Voucher No. 2132 totaling \$55,233.00
  - Expense Fund Voucher Nos. 26054 - 26074 totaling \$13,392.19
- ***Payroll Roster dated December 29, 2006***
  - Expense Fund Voucher Nos. 26042-26053; 26075-26076 totaling \$19,665.55
- ***Payment Roster dated January 9, 2007***
  - Airport Operations Fund Voucher Nos. 40491-40499 totaling \$5,608.11
  - Construction Fund Voucher Nos. 2133-2137 totaling \$29,837.35
  - Expense Fund Voucher Nos. 26077-26122 totaling \$94,424.57
- ***Resolution 2007-01 Authorizing Cancellation of an Unclaimed Warrant***

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- ❖ *Commissioner Wagner moved approval of the consent agenda. Commissioner Boomer seconded and the motion carried.*

### NEW BUSINESS

- *Resolution 2007-02 Approving 2007 Organization Representation*  
Executive Director Tim Arntzen stated the 2007 Organization Representation list included local and state organizations and the Commissioners and Staff assigned to represent the Port for each organization.
- ❖ *After discussion, Commissioner Wagner moved approval of Resolution 2007-02 approving the 2007 Organization Representation with discussed revisions. Commissioner Boomer seconded and the motion carried unanimously.*
- *Resolution 2007-03 Approving Purchase and Sale Agreement at the Oak Street Industrial Park with KIST, LLC*  
San Juan Fiberglass Pools President Todd Sullivan and Regional Vice President Mike Copeland addressed the Commission regarding the purchase and sale agreement before the Commission for approval. Mr. Copeland distributed the company's brochure explaining the company had state of the art manufacturing facilities in Florida, Indiana, Arizona and Toronto, Canada. He explained the facility they hoped to build and operate in Port's Oak Street Industrial Park would include the Northern California to Canada territory and would support the Port of Seattle by using the port for distribution to Hawaii. Mr. Copeland informed the Commission the proposed manufacturing facility would not only support the local economy but also the state and regional economies and encouraged the Commission to approve the purchase and sale agreement with San Juan Pools.  
  
After a brief discussion, Commissioner Hanson tabled this agenda for discussion during today's Executive Session.
- *Resolution 2007-04 Approving Funding for Vista Field Airport Site Study*  
Mr. Arntzen explained in its 2007 work plan, the Port Commission had asked staff to provide alternatives with respect to the future of Vista Field. As a result of that requested action, staff contracted with J-U-B Engineering to determine the cost of siting a new small airfield within the Port district. The Commission authorized \$10,000 for the first segment of the study, which provided basic information regarding expense of a new airfield. He explained a task order to finish the report has been presented by J-U-B Engineering for estimated cost of \$15,000. Due to the City of Kennewick's interest in the future of Vista Field, Kennewick City Manager Robert Hammond and Mr. Arntzen had discussed the city assisting financially with the completion of the study. Mr. Arntzen

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recommended approving the resolution, which was a formal request to the City for a financial contribution in the amount of \$15,000 for the final phase of the study. Mr. Arntzen noted several Vista Field users were present and recommended the Commission allow them to speak if they so desired.

Vista Field airport user Mr. Chep Gauntt addressed the Commission stating there had been significant improvements to Vista Field in the past few years. He had heard about the study and he and other airport users requested the opportunity to review the siting study. Due to its interest in Vista Field, Mr. Gauntt felt the City of Kennewick should participate in the final phase of the study.

Kennewick Irrigation District Manager Victor Johnson also agreed City of Kennewick should participate in the study and asked to review the document. Mr. Arntzen stated a copy would be provided.

❖ *After discussion, Commissioner Boomer moved approval of Resolution 2007-04 requesting City of Kennewick participation in the Vista Field Siting study in the amount of \$15,000. Commissioner Wagner seconded and the motion was unanimously carried.*

➤ *Resolution 2007-05 Approving Ground Lease in West Richland*

Director of Operations Dan Cryer stated owners of Red Mountain Wine Estates, LLC intended to build three wine production facilities on twelve acres of Port-owned property within the Red Mountain Center. The construction would be completed over a seven-year period with each facility being between 22,000 and 30,000 square feet. He explained the lease provisions included an inception date of February 1, 2007, a thirty-year term with an option to purchase the land after ten years and specified land use as a commercial wine facility.

Mr. Arntzen added this project had taken at least a year to come to fruition with it being the first industrial development proposal within the City of West Richland. He stated partners with this project included City of West Richland, Benton REA and MacKay & McDonald. If approved, application of the building permit would be submitted within days. Mr. Arntzen stated this project provided the Port of Kennewick Commission the opportunity to set the stage with the first industrial project in West Richland and would complement the entire Red Mountain area. He stated this was the best proposal the Port had received in the West Richland area thus far and felt it was a very exciting project for the Port.

Commissioner Hanson asked if the City of West Richland had completed the preliminary planning. Mr. Arntzen stated the planning phase had been very productive but felt it was time to initiate the development phase.

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Director of Planning and Development Larry Peterson reiterated this would be the first industrial user in West Richland and the City of West Richland's public works department had worked very hard to bring this project forward. He added the West Richland Area Chamber of Commerce and the Red Mountain American Viticulture Area (AVA) members were very excited about this project.

Mr. Arntzen stated, if the ground lease was approved, Port would be left with three acres of property and announced another proposal for 1.5 of those three acres was forthcoming. He explained the remaining 1.5 acres would hopefully be reserved for the wine incubator study funding by Community Economic Revitalization Board (CERB) and retained by the Port.

- ❖ *Commissioner Wagner moved approval of Resolution 2007-05 approving a thirty-year ground lease, with option to purchase, with Red Mountain Wine Estates, LLC and authorizing the Executive Director to execute all necessary documentation associated with this transaction. Commissioner Boomer seconded and the motion was carried unanimously.*

The Commission congratulated staff on the successful transaction.

Mr. Arntzen stated for the record City of West Richland staff had been wonderful partners and suggested a joint meeting with the West Richland City Council in the near future similar to the joint meeting recently held with City of Richland. The Commission agreed.

### REPORTS, COMMENTS AND DISCUSSION ITEMS

#### ➤ **Clover Island Marina Rebuild Update**

Change Order: Mr. Arntzen explained there had been a discrepancy regarding payment of the building permit fee for the marina reconstruction. Due to work window constraints for the project, Mr. Arntzen stated he had split the expense of the permit fee with the contractor. He explained the Port could choose to reimburse the portion paid by the contractor in the future.

#### ➤ **Washington State Audit Results**

Director of Finance/Auditor Tammy Huffman announced there were no findings or management letters as a result of the 2005 Washington State Audit. She explained the auditors reviewed financial statements, cash receipting, payroll and revenue procedures as well as conflict of interest issues, the Open Public Meetings Act and promotional hosting. She explained the Port's internal controls policy also reviewed due to the new rules and regulations for 2007.

Mr. Arntzen complimented Ms. Huffman on the clean audit and the Commission appreciated her efforts.

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➤ **Line of Credit Discussion**

Ms. Huffman explained a \$3 million revolving line of credit had been established through AmericanWest Bank in Kennewick. She introduced AmericanWest Bank Vice President of Commercial Banking Brad Wright. He thanked the Commission for the opportunity to work with the Port to help facilitate improvements to Clover Island and other Port projects. Mr. Wright felt this was a wonderful opportunity for his financial institution and explained the appropriate conditions and covenants were in place to ensure protection for citizens of the Port District as well as the Port. On behalf of AmericanWest Bank, he thanked the Commission for their business.

Mr. Arntzen explained the line of credit was established in response to the Commission's request for staff to research other financing mechanisms available to the Port rather relying solely on taxpayers' dollars. He explained the procedure for use of the line of credit would require his signature as well as Ms. Huffman's signature and would also require formal Commission approval to activate the line of credit and to draw from the line of credit. He stated the money could be used for unanticipated expenses such as securing projects funded by grants where there was a delay in receiving the grant funding.

Mr. Steve Young addressed the Commission stating he had been contracted by Port staff to review contract compliance procedures and had been in the office regularly over the last few weeks. He felt establishing this line of credit with AmericanWest Bank was an extraordinary achievement by Mr. Arntzen and Ms. Huffman and would greatly benefit the citizens of the Port district. That being said, he expressed concern with the intentions of a particular employee of AmericanWest Bank. It was his understanding that the employee intended to run for a seat on the Port of Kennewick Board of Commissioners in 2007 and felt that situation could pose conflict of interest since activating the line of credit would require Commission approval.

➤ **Commissioner Calendar Review**

Commissioner Hanson stated the upcoming meetings calendar appeared to be correct.

➤ **Meeting Reports**

- Commissioner Boomer reported meeting with Karen Kriswell with Berger-Abam and Mark Showalter from P.S. Media regarding the Port's media campaign.
- Commissioner Wagner reported attending a Benton-Franklin-Walla Walla County Good Roads and Transportation meeting, a Benton-Franklin Council of Governments Policy Advisory Committee meeting and a Benton-Franklin Council of Governments Executive Board meeting.

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- Mr. Peterson met City of Kennewick Director of Economic Development Ken Nelson and City of Kennewick Fire Marshall Mark Yaden regarding the marina's fire sprinkler system.
- Mr. Arntzen reported meeting the officers of AmericanWest Bank.
- Mr. Cryer attended a preconstruction meeting for the Keene Road Extension into the Red Mountain Center.

### ➤ **Non-Scheduled Items**

Mr. Arntzen stated Community Economic Revitalization Board (CERB) board member Mr. Robert Sandoval of recommended the Port attend the upcoming Unified Wine and Grape Symposium in Sacramento January 23-25, 2006. Mr. Arntzen explained the event would benefit the Port with its efforts in West Richland and would feature barrel makers, cork manufacturing and various other industry opportunities. He suggested he and Ms. Huffman attend the event. The Commission agreed.

### **EXECUTIVE SESSION**

- ◆ *Real Estate Matter: RCW 42.30.110(b)*
- ◆ *Personnel Matter: RCW 42.30.110(g)*

After a fifteen-minute recess, the Regular Commission meeting was recessed into Executive Session at 3:40 p.m. for discussion of real estate and personnel matters. Executive Session was anticipated to last approximately one hour with action expected.

### **OPEN SESSION RECONVENED**

Commissioner Hanson reconvened open session of the Regular Commission meeting at 4:35 p.m. and opened discussion regarding Resolution 2007- 03.

### ➤ *Resolution 2007-03 Approving Purchase and Sale Agreement at the Oak Street Industrial Park with KIST, LLC*

Mr. Peterson explained San Juan Fiberglass Pools had offered to purchase approximately twenty-four acres in the Oak Street Industrial Park for \$540,144.00 plus interest. He explained the company planned to operate a regional distribution facility for in-ground swimming pools and would create approximately one-hundred non-Hanford jobs with a wide pay scale range. He recommended approval of the resolution.

- ❖ *Commissioner Boomer moved approval of Resolution 2007-03 authorizing the Port's Executive Director to execute all necessary documentation associated with the land sale to KIST, LLC and to take all other action necessary to close this transaction. Commissioner Wagner seconded and the motion carried unanimously.*

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- Mr. Arntzen stated the Port had received a letter of intent to lease land on Clover Island from Ms. Nancy Thurston and recommended the Commission authorize staff to proceed with negotiations of the lease.

❖ *Commissioner Boomer moved to authorize the Executive Director to take the necessary action to negotiate a land lease with Nancy Thurston. Commissioner Wagner seconded and the motion carried unanimously.*

**ADJOURNMENT**

With no further business to bring before the Board the Regular Commission meeting was adjourned at 4:45 p.m.

**APPROVED:**

**PORT OF KENNEWICK  
BOARD OF COMMISSIONERS**

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*David Hanson, President*

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*Gene Wagner, Vice-President*

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*Linda Boomer, Secretary*