



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Commission meeting to order at 10:00 a.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

Board Members: Skip Novakovich, President
Don Barnes, Vice-President
Gene Wagner, Secretary

Staff Members: Tim Arntzen, Executive Director
Larry Peterson, Director of Planning & Development
Teresa Hancock, Real Estate Analyst & Project Specialist
Bridgette Scott, Executive Assistant
Lucinda J. Luke, Port Attorney

PLEDGE OF ALLEGIANCE

Ms. Luke led the Pledge of Allegiance.

PUBLIC COMMENTS

Mr. Novakovich requested anyone wishing to address the Commission speak at the front of the room and state their name and address for the record.

Ed Frost, 609 W. Albany Avenue, Kennewick. Mr. Frost thanked the Port for the extra effort made to inform the public of special meetings. He stated the legal requirement of notifying the public is to place a legal advertisement; however, the Port goes above and beyond by placing a display advertisement.

No further public comments were made.

PRESENTATION

A. 2013 Planning Workshop

The following are highlights of the September 25, 2012 Port of Kennewick 2013 Planning Workshop.

Mr. Peterson presented the draft 2013 Work Plan and stated each year a Planning Workbook is produced to identify Port properties and suggestions from staff of what projects may be undertaken in the upcoming year. The Planning Workshop is held in conjunction with the budgeting process. After discussion and direction from the Commission, staff will modify the document to reflect the desire of the Commission.



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

The Port's prospective vision includes the following:

- Understand the Vista Field Airport Economic and Transportation Potential
- Continue to Maximize Economic Efforts by Obtaining Strategic Real Property
- Focus on Waterfront Development/Redevelopment
- Realize & Support Economic Development Opportunities with Wine & Tourism Industry
- Provide Additional Development Building Space Throughout the Port District
- Continue to Secure Grant Funding Opportunities
- Operational Expenses Offset By Operational Incoming - "Close the Gap" (Cost-Benefit Analysis)
- Fund Projects with Resources In-Hand, Not with Bond or Loan Financing
- Pursue Projects with Development Partners Demonstrating Support; (Match Funding, Political Support and Enthusiasm)
- Pursue Fewer Projects While Selecting Projects with the Greatest Investment Return (ROI) to the Port and the District Taxpayers

Mr. Arntzen commented that the Port received the largest public records request in its history in 2011. In order to accommodate the request, the Port hired Ms. Luke and a paralegal to help process the request. Even though the Port outsourced most of the first request, it still took a lot of staff time to work on the request.

Mr. Arntzen stated the Port received a public records request yesterday, which is as large as the 2011 request, or larger. The new request is focused mainly around the Vista Field airport; however, it lists 22 items and all documents related to each item. Mr. Arntzen estimates it will take 100 hours of attorney time to determine what is being requested. Once the request is defined, the process of locating, reviewing, redacting and copying begins. The law requires records requests to receive priority status and to be processed in a timely fashion. Mr. Arntzen believes the Work Plan should be rearranged to accommodate the processing of the public records requests.

Mr. Novakovich addressed item #22 "All contracts or payments with or to Esprit Printing and/or Skip Novakovich." Mr. Novakovich stated he has no contracts with the Port of Kennewick. Esprit has done work for the Port of Kennewick for 20 years. When he became a Commissioner, he lost that work.

Discussion

Mr. Ed Frost inquired if Mr. Arntzen would read the list of requested items. Mr. Arntzen read "Exhibit A" of the Kovarik's records request into the record.

Mr. Barnes stated the Port will handle this request in a professional manner, with the respect and attention it deserves. However, at the same time, the Port has an obligation to other activities that are vital to the Port; which we will continue to pursue and manage. Mr. Barnes



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

stated the Port will not be deterred or intimidated. The Port is trying to do the right thing with Vista Field, trying to find out where we stand with Vista Field. It is the constituents, the taxpayers, that own the Port and Port assets. We would like to see a consensus from the constituents on Vista Field and give them an opportunity to share their opinions. Vista Field has an assessed value of roughly \$20 million. This is not a decision that should be taken lightly. It deserves a thorough, unbiased, and fair study.

Mr. Barnes commented the Port could look at this records request as a way to thwart the study, to encourage the Port to forgo the study and the expenses associated with the study. However, Mr. Barnes feels the Port is doing the right thing and would like to move forward with the study. Mr. Novakovich and Mr. Wagner agreed.

Mr. Arntzen stated the Belt Collins study was a study conducted and paid for by the City of Kennewick. The recommendation accepted by the City was that the airport should be closed and redeveloped. The Belt Collins study is the official document of the City. Mr. Arntzen stated the Tri-City Herald Letter to the Editor by the President of the Washington Pilots Association, reported this detail wrong. The Belt Collins study was not a Port study, it is a City study. Mr. Arntzen stated the City was invited to participate in a process that may lead to a different outcome and they chose to decline the invitation.

Mr. Arntzen will address the priority levels in the Work Plan and will also set aside time and funding for the public records requests. There will be some cuts to projects to support the request. Mr. Arntzen feels the public will be proud of the response to the request by the Port.

Mr. Peterson suggested the Commission may wish to review the capital projects and budget in mid 2013 to determine how to proceed.

Mr. Peterson reviewed the Port's 2012 achievements:

CLOVER ISLAND

- Construction Project—Metz Family Plaza Trellis & Artwork Installation (100% Complete)
- Construction Project—Causeway West (100% Complete)
- Construction Project—Cedars & Hotel Parking Lot Reconstruction (100% Complete)
- Marina at 100% Occupancy
- Corp of Engineers Deed Restriction Removed on Corner Parcel

COLUMBIA DRIVE

- Demolished to Grade Beaver Building (100% Complete)
- Demolished to Grade 205 E. Columbia Drive (100% Complete)
- Demolished to Grade 315 E. Columbia Drive (100% Complete)
- Mejia Properties Under Contract (Chieftain Motel, Labor Ready, The Pawn Shop)



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

SPAULDING BUSINESS PARK

- Design—Freeway Monument Sign (85% Complete)
- Design & Construction Project—Replacement/Upgrade of Light Poles (75% Complete)
- Closed 1.58 ac Land Sale (Willamette Dental) - \$ 230,000
- Pending 5.65 ac Land Sale (Blair Sampson) - \$1,000,000

WEST RICHLAND INDUSTRIAL PARK

- Planning- Racetrack Concept Development Plan (100% Complete)
- Partnered with City of West Richland, Benton County, Benton REA & WSDOT in Support of the West Richland Red Mountain Interchange Project
- Negotiated Lease with Alexander Farms To Continue Perfecting Water Rights

VISTA FIELD AIRPORT

- Vista Field 2011 Airport Master Plan Update (100% Complete)
- Closed 3.50 ac Land Sale (Pacific Cataract & Laser Institute) - \$ 470,000
- Leased Corporate Hangar B to Aviation Related Business - \$ 15,780 (Annual Income)

VISTA FIELD INDUSTRIAL PARK

- 100% Occupancy - VFDF A and VFDF B
- Benton PUD Energy & Lighting Rebate for Vista Field Development Buildings
- Closed 5.27 ac Land Sale (Vista Field II—VFIP II LLC) - \$ 490,000

OAK STREET INDUSTRIAL PARK

- DB1 & DB2 Rehabilitation Design - 25% Complete)
- Obtained Benton PUD LEED Rebate for Lighting Upgrades DB#1 & #2 - \$ 17,380
- Obtained Benton PUD LEED Rebate for Lighting Upgrades Ag Engineering- \$ 11,490
- 100% Occupancy—DB 3
- 75% Occupancy—DB 4
- Partnered with Local and Regional Fire, SWAT and Police Departments for Training
- Closed 2.45 ac Land Sale (Donald L. Becker) - \$ 119,600

FINLEY / HEDGES / TWIN TRACKS INDUSTRIAL

- Pursue Water Right Transfer for Pending PACLAND Land Sale (90% Complete)
- Deed Land to Benton County and CID for Piert Road Improvement Project
- Surveyed and Updated Hedges Parcel Holdings (100%)
- Reconfigure Property Rail Holdings For Divestment
- Pending 37.43 ac Land Sale (PACLAND—Hedges) - \$ 220,000



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

DISTRICT WIDE

- Completed Comp Update to Comprehensive Scheme of Development
- Completed Redistricting Required Following Census
- Transferred Rail Spurs to Private Sector

Mr. Peterson reviewed the work in progress, and the suggested work and property management plans.

CLOVER ISLAND

- Village at Island Harbor Site & Building Design
- Yacht Club Site Improvement Causeway Shoreline Enhancement Project Underway
- Applied for ALEA, RCO Boating, and CERB Grants for Clover Island Improvements
- Continue to Fund Shoreline Restoration (4 Years) - \$ 4,000,000 (Only w/Grant Funding)
- Mariner Village South A/E - \$ 119,067
- Contracted Improvements at Yacht Club/Office Building - \$ 45,000
- Shoreline Improvements (A&E Phase III and Shoreline Stabilization) - \$ 233,200
- Implement Public Art Project (Confederated Tribes of the Umatilla Indian Reservation - CTUIR) - \$ 120,000
- Implement Public Art Projects (Eagle) - \$ 9,325
- Hold Corner Parcel For Complimentary Development Project

Discussion and Public Comments

None.

COLUMBIA DRIVE

- Mejia Properties Under Contract
- Manage and Maintain Properties
- Coordinated 2nd Volunteer Cleanup at Duffy's Pond
- Created Trailhead parking Lot at Willows
- Exercise Option to Purchase Mejia Property (Chieftan Motel, Labor Ready & Pawn Shop) and Initiate Demolition—\$1,034,000
- Wine Village A/E - \$114,600
- Hold Properties Until Planning Process Complete, City of Kennewick Demonstrates Strong Partnership & Currently Owned Sites Cleared for Redevelopment

Discussion and Public Comments

Mr. Novakovich complimented staff for re-organizing the projects, addressing the partnership with the City of Kennewick, and the foresight to transfer the A&E funds set aside for Gary Black to focus on the Village at Island Harbor instead of the Wine Village.



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

Mr. Arntzen is pleased with shifting the A&E funds for Gary Black's services. Mr. Black recently told Mr. Arntzen that he has been holding off implementing the first contract for the Willows area, as he sensed the stars were not aligned. Mr. Black was excited to hear the funds would be transferred to the Village at Island Harbor, and feels it will produce a much better result. Mr. Black will bring the developer of Fourth Street in Berkeley, Denny Abrams, to visit the site at no cost to the Port. In addition, Mr. Black is a professor at UC Berkeley, and he will be writing two books regarding the Willows and Clover Island. The first book will be on the theory and the second book will detail the implementation of the project.

Mr. Barnes inquired if the funds for these projects are being carried over from previous years. Mr. Peterson replied that there are no suggested new funds for Clover Island; they are carry over items from 2011 and 2012. Mr. Peterson stated the \$114,000 for the Village at Island Harbor A&E is under contract and are 2012 funds. The \$1,034,000 is new funding to purchase the Mejia property on Columbia Drive. Last year it was \$400,000 less because the Port believed the City of Kennewick would help pay for the property.

Mr. Novakovich stated he received an email from Ms. Bader Inglima yesterday indicating the Port's application for a \$500,000 grant from Community Economic Revitalization Board (CERB) was selected for further review. Mr. Arntzen stated grants still require matching funds and also require substantial staff time to process the application. Mr. Arntzen stated this grant might be on the list of projects to cut. It is ironic that the \$4 million of Clover Island shoreline that the Port worked so hard to get, may be one of the projects that may be cut.

SPAULDING BUSINESS PARK

- Continue to Promote Park to Medical, Professional and Office Industry
- Pursue Acquisition of Additional Sites within Richland—\$300,000 (Land Sale Proceeds)
- Continue Marketing Available Property

Discussion and Public Comments

None.

WEST RICHLAND INDUSTRIAL PARK

- Marketing 1-Acre Parcel Adjacent Black Heron Distillery
- Refining Racetrack Development Concept Plan
- Development Building A & E - (2012 Budgeted Funds) - \$165,000
- 2012 Interlocal Agreement - Yakima Gateway Partnership with City (Master Planning, Façade Improvement, Signage & Recruitment Programs/Marketing) - (2012 Budgeted Funds) - \$100,000
- Gateway Preplanning / Construction Management - (2012 Budgeted Funds) - \$ 50,000
- UGA Assistance - \$50,000 (Land Sale Proceeds)



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

- Hold Racetrack Parcel
- Hold 1-Acre Parcel (Lot 4) for Future Development Building Site
- Market 1-Acre Interior Parcel (Lot 3)

Discussion and Public Comments

None.

VISTA AIRPORT & VISTA FIELD INDUSTRIAL PARK

- Vista Field Planning, Environmental and Economic Analysis
- Design/Construction of Apron/Taxiway from Taxiway A to PCLI Site
- Marketing Former Verizon Facility Parcels
- Vista Field Airport - Alternative Analysis Study - \$ 225,000
- Vista Field Airport - Construct Apron/Taxiway Condition of PCLI Land Sale - \$ 75,000
- Vista Field Airport - Apply for State Aviation Grants as Appropriate
- Vista Field Industrial Park - VFDF Building Improvements/Common Area and Landscaping - \$ 350,000
- Hold Airport Properties Until Completion of On-going Vista Field Planning, Environmental and Economic Analysis
- Market Verizon Industrial Parcel (s) Pending Completion of Vista Field Planning, Environmental and Economic Analysis

Discussion and Public Comments

None.

OAK STREET INDUSTRIAL PARK

- Remodel Underway in DB1 and DB2 to Attract Industrial Business and Lease Income
- Manage and Maintain Port Properties to Enhance Rental Revenues
- Pursuing Vacating ROW Easement Between DB4 and Lease Lot 1 for Possible Sale
- DB 1 & DB2 Remodel Project \$1,800,000 (\$75,000 HAEIFC, \$20,000 Benton PUD LEEP) \$300,000 (2011 Budgeted Funds)
- Pursue Right-of-Way Easement Vacate Resolution with City of Kennewick for Possible Land Sale Consideration
- Hold Vacant Property Southeast of Roth Until Roadway Completed
- Consider Selling Leased Parcels East of DB 4 to Roth Warehouse

Discussion and Public Comments

Mr. Novakovich feels rehabilitating the old Oak Street buildings is a very smart move. They can provide ROI projects.

DICKERSON INDUSTRIAL PARK (SOUTHRIDGE)

- Monitor City's Local Revitalization Financing (LRF) Project Progress



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

- Monitor KGH Progress
- Monitor Ridgeline Drive Adjacent to Port Parcels to Preserve Integrity / Market Value
- Monitor / Report on Development and LRF Improvements
- Establish Vision & Marketing Criteria for 8.50 Acres
- Hold 8.50 Acre Parcel Until KGH Construction Well Underway

Discussion and Public Comments

Mr. Arntzen commented Mr. Marshall requested to meet with him to discuss a land exchange. Mr. Arntzen stated the Comp Scheme and Work Plan indicate the property should be held. He inquired if the Commission would like to follow the Comp Scheme and Work Plan, or if he should meet with Mr. Marshall to discuss the offer. The Commission is in consensus to hold the property.

FINLEY / HEDGES / TWIN TRACKS INDUSTRIAL

- Remain Active in Piert Road Extension Process
- Update Parcel Surveys for Lease and Sale Potential
- Transfer Rail Improvement Property to KET
- Identify/Update Wells and Water Right Permits for Capacity on Port Ag Land
- Appraisals Ordered for Residential Properties Deemed Surplus
- Obtain Fair Market Value of Surplus Residential Properties for Possible Sale
- Transfer Rail Served Properties as Deemed Consistent with Comprehensive Plan Update
- Market Remaining Parcels Consistent with Benton County Land Use & Zoning

Discussion and Public Comments

None.

PLYMOUTH

- Address Leads As Appropriate
- Hold Island and Review Options To Assure Protection of Habitat & Cultural Resources
- Market Remaining Area Consistent with Benton County Land Use & Zoning

Discussion and Public Comments

None.

ADDITIONAL WORK PLAN PROJECTS

- Complete Projects Authorized In 2012 Budget
- Acquire Additional Property for Port Portfolio
- Pursue Grant Funding as Appropriate
- Work to Close Operating Gap



SPECIAL COMMISSION MEETING

PORT OF KENNEWICK

SEPTEMBER 25, 2012 MINUTES

- Engage Federal Governmental Relations Firm for Urban Renewal, Shoreline Enhancement, Permitting, Agency Relationships, and Advising on Federal Funding Opportunities —\$60,000
- Benton County Red Mountain West Richland Interchange Partnerships
- Miscellaneous Building Repairs / Upgrades
- Continue Building Governmental Relationships with Confederated Tribes of the Umatilla Indian Reservation (CTUIR)

Discussion and Public Comments

Mr. Arntzen stated a joint meeting with the CTUIR is planned for this fall.

Mr. Barnes inquired if the property at Vista Field is put on hold until the results of the study are received. Mr. Peterson replied Vista Field is on hold until staff is directed otherwise. The property is on hold because the Commissioners are looking at the long term needs; for example: what should occur in the area, and if it should be focused on the airport. Mr. Peterson stated it would be a shame to sell the property and then discover the Port needed it for hangars or the new FBO building.

PUBLIC COMMENTS

No public comments were made.

Mr. Arntzen shared his appreciation for the time and effort Mr. Peterson and Ms. Hancock spent to produce a wonderful Work Plan.


ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 11:59 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS


Skip Novakovich, President


Don Barnes, Vice President

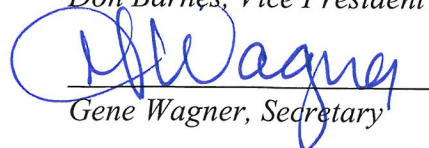

Gene Wagner, Secretary

Exhibit A

Please produce for inspection all documents, which include but are not limited to correspondence, internal memorandum, emails, contracts, notes, journal entries, daily logs, photographs, videos, witness statements, meeting minutes, resolutions, calendars, whether in electronic or hardcopy form, in the care, custody or control of the Port of Kennewick, its commissioners, staff, employees, agents and contractors regarding the following subjects:

1. All permit applications for the Cadwell laboratory expansion/construction project;
2. All permit applications for the Pacific Cataract and Laser Institute expansion/construction project;
3. All documents supporting the March 8, 2010 decision to keep Vista Field open;
4. All documents supporting the Port's decision to close Vista Field/put the closure to a public vote;
5. Internal emails between commissioners and Port staff regarding the closure of Vista Field;
6. Internal emails between commissioners and Port staff regarding the March 8, 2010 decision to keep this Vista Field open.
7. Any lease agreements or contracts dealing with the Vista Field property;
8. All calculations of damages suffered by Vista Field businesses as a result of the closure of Vista Field;
9. Pacific Cataract and Laser Institute land sale contracts for Vista Field property;
10. Clover Island capital improvements over the last 10 years;
11. Property purchase and sale documents for the properties adjacent to Clover Island that have been purchase by the Port in the last 10 years;
12. The urban renewal property purchase and sale documents;
13. All documents surrounding the buyouts of Chep Gaunt, Scott Musser and Ben Tuttle;
14. Employment contracts for Tim Arntzen and Tammy Fine;
15. Travel and expense reports for Skip Novakovich, Tim Arntzen and Tammy Fine for the last three years.
16. Income and operating expense for Vista Field for the last 10 years;
17. Incoming operating expense for Clover Island for the last 10 years;
18. All contracts, payments, invoices and associated expenses for every consultant hired for a project involving Vista Field for the last 10 years;
19. All contracts, payments, invoices and associated expenses for Duany Plater-Zyberk;
20. Any documents relating to the future of Vista Field; and
21. All documents supporting the purchases of artwork on and off Clover Island.
22. All contracts or payments with or to Esprit Printing and/or Skip Novakovich.