



PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 26, 2024 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Skip Novakovich called the Regular Commission Meeting to order at 2:01 p.m.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Skip Novakovich, President (via telephone)
Kenneth Hohenberg, Vice President (via telephone)
Thomas Moak, Secretary (via telephone)

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive (via telephone)
Nick Kooiker, Deputy Chief Executive Officer/CFO (via telephone)
Larry Peterson, Director of Planning (via telephone)
Amber Hanchette, Director of Real Estate (via telephone)
Michael Boehnke, Director of Operations (via telephone)
Bridgette Scott, Executive Assistant (via telephone)
Lisa Schumacher, Special Projects Coordinator
David Phongsa, Marketing and Capital Projects Coordinator (via telephone)
Carolyn Lake, Port Counsel (via telephone)
Taud Hume, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Mr. Peterson led the Pledge of Allegiance.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated March 19, 2024**
Direct Deposit and E-Payments totaling \$86,847.09
- B. Approval of Warrant Register Dated March 26, 2024**
Expense Fund Voucher Number 105730 through 105762 for a grand total of \$70,530.08
- C. Approval of Regular Commission Meeting Minutes March 12, 2024**

MOTION: Commissioner Hohenberg moved to approve the Consent Agenda presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

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ACTION ITEM

A. *Clover Island Inn Lease*

Ms. Hanchette stated CII Hospitality Group has expressed interest in purchasing the Clover Island Inn from the Clover Island Development Company. Ms. Hanchette stated the Clover Island Inn has been an ambassador to the community and the island for over twenty years. Ms. Hanchette stated Resolution 2024-07 approves the Port to enter into a ground lease with CII Hospitality Group and stated the lease will consist of a 20-year term with three consecutive ten-year options with a 3% escalation.

Mr. Hume, Port Counsel added Exhibit D of the lease agreement outlines a property improvement plan, which requires the tenant to perform those improvements over time.

Bill Lampson, on behalf of the Clover Island Inn Development Group gave a brief history of the Clover Island Inn and believes this is a win win for all parties concerned.

Bal Gosal and Aly Leon of the Kishan Group presented information on the improvement plan and past hotels that they have rehabilitated (*Exhibit A*).

Mr. Arntzen thanked Ms. Hanchette and all who have been involved in this transaction and stated this a three-part agreement between the Port, the Clover Island Inn Development Group, and the Kishan group and he believes our constituents are the winners.

MOTION: *Commissioner Hohenberg moved to approve Resolution 2024-07 approving a ground lease with CII Hospitality LLC upon purchase of the building and assets from Clover Island Development LLC; and that all action by Port officers and employees in furtherance hereof is ratified and approved; and further, the Port Chief Executive Officer is authorized to take all action necessary in furtherance hereof; Commissioner Moak seconded.*

PUBLIC COMMENTS

No comments were made.

Discussion:

Commissioner Hohenberg thanked the Clover Island Development group for their continued efforts to the hotel, that has a million-dollar view. Commissioner Hohenberg expressed his appreciation for Mark Blotz, for fostering a relationship with the Port and the City of Kennewick. Commissioner Hohenberg is excited about the opportunities in the future and thanked staff for putting together a very thorough packet. Lastly, Commissioner Hohenberg appreciated the preparation that went into this and is fully supportive.

Commissioner Moak welcomed the Kishan Group to Kennewick and stated there were several options in the Hilton improvement plan and inquired if they decided internally which of those options will be available to use within the hotel.

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Mr. Gosal stated that they will try to maintain most of the amenities the hotel already has. We are unable to fully negotiate with Hilton until we own the hotel. What drew us to the hotel was the incredible location and view. The proximity to the water gives hotels a resort feel and when that is the case, you want to offer as many amenities as possible.

Commissioner Moak stated the hotel is a 50-year-old hotel and inquired how much life is left in it.

Mr. Gosal was concerned about age; however, the bones are really good from the mechanical to the roof. We will be renovating all of the lobby, and the rooms will get a new look and new furniture.

Commissioner Moak stated Hilton is requiring a lot of work to do, and he appreciates that.

Mr. Gosal stated what Hilton calls budget would have been their middle of the road properties 10 years ago. The minimum to renovate the property is \$2,600,000. This is a Hilton and there are standards and there are over a 100 million Hilton reward members and 90% of customers are Hilton reward members.

Commissioner Moak appreciates the Hilton brand and inquired about the timeline.

Mr. Gosal is hoping to take over the hotel on the April 9, 2024, then we will work with Hilton and the designers. Mr. Gosal stated operations will run the same this summer and, in the winter, we will close half of the rooms and renovate 74 rooms. Once those are complete, we will start on the other portion of the hotel. It will take a few months to get designers and our goal is to be the nicest Hilton Spark destination.

Commissioner Novakovich stated this is a three-part- agreement, and likes the commonsense approach presented by Mr. Gosal. Commissioner Novakovich thanked Mr. Lampson and Mr. Blotz for what they have done to improve the hotel and create vibrancy on the island. Commissioner Novakovich stated it has been a wonderful partnership and hopes to partner on other things as we go forward. Commissioner Novakovich is looking forward to the additional vibrancy the hotel will create on Clover Island. This will be a tremendous benefit to our constituents and the region, and he is in favor of this. Commissioner Novakovich thanked Ms. Hanchette for all of her work on this and for staff turning this around so quickly.

With no further discussion, motion carried unanimously. All in favor 3:0.

B. Oak Street Update

Mr. Peterson outlined the history of the property at 1328 East 3rd Avenue, the fire in April of 2023 and the recent findings related to rebuilding. Mr. Peterson presented Resolution 2024-06, which rescinds Resolution 2024-02, and directs staff to move forward to rebuild a portion of the building and demo part of the building damaged by fire. Resolution 2024-06 also stipulates a 90-day notice of termination for the tenants.

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Ms. Hanchette reached out to the ports of Benton and Pasco to see if they had any availability and researched industrial spaces through the MLS and other internet sites. It was an unfortunate accident and unfortunately the existing tenants will need to locate elsewhere. Ms. Hanchette provided a list of experienced commercial agents that might be able to assist the tenants in finding a space for our four tenants.

Commission and staff discussion ensued regarding the Oak Street property and tenants.

David Robison of Strategic Construction Management believes it will be approximately a year before the facility is completed.

MOTION: Commissioner Moak moved to approve Resolution 2024-06, rescinding Resolution 2024-02 and directing staff to proceed with the partial demolition and reconstruction of Oak Street Development Building D and provide tenants an extended lease termination notice period of 90-days; and further authorize the Port Chief Executive Officer and employees to take all action necessary in furtherance hereof; Commissioner Hohenberg seconded.

PUBLIC COMMENTS

No comments were made.

With no further discussion, motion carried unanimously. All in favor 3:0.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Grants Update

Ms. Bader Inglima gave a presentation regarding the process staff follows to evaluate grant opportunities for projects prioritized by the port and shared some examples of past grant/funded projects where the port leveraged its matching funds with a variety of other agency's money (*Exhibit B*).

Mr. Boehnke outlined the projects for the current Local Park Maintenance Grant:

- Marina bathrooms rehabilitation;
- Wood plank walking path: resurfacing, replacing and staining;
- Marina boardwalk overlay project: adding three colors to the boardwalk.

B. Commissioner Meetings (formal and informal meetings with groups or individuals)

Commissioners reported on their respective committee meetings.

C. Non-Scheduled Items

Commissioner Novakovich complimented the operations and maintenance staff for responding quickly to the vandalism on the island.

Commissioner Novakovich thanked Ms. Hanchette for all of her work on the Clover Island Inn lease transfer and making it happen on such short notice.

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PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 3:25 p.m.

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS

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Skip Novakovich

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Skip Novakovich, President

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Kenneth Hohenberg

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Kenneth Hohenberg, Vice President

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Thomas Moak

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Thomas Moak, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2024-06

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK
RELATED TO OAK STREET DEVELOPMENT BUILDING D***

WHEREAS, Oak Street Development Building D suffered fire damage on April 11, 2023, sustaining significant damage to unit 8 and unit 9 located at 1328 East 3rd Avenue; and

WHEREAS, Port staff has been working with various consultants, the City of Kennewick, and the Port's insurance carrier to determine the best path forward; and

WHEREAS, on January 9, 2024, the Port Commission adopted Resolution 2024-02 directing staff to proceed with rebuilding Oak Street Development Building D located at 1328 East 3rd Avenue to its original condition, using the Port's insurance carrier proceeds on a fully reimbursable basis; and

WHEREAS, Port staff diligently pursued the reconstruction path which uncovered significant concerns from the permitting entity and practicality concerns related to potential code upgrade requirements; and

WHEREAS, Port staff presented an alternate path involving utilization of insurance carrier proceeds for the partial demolition of the fire damaged segments of the building; and

WHEREAS, partial demolition and reconstruction would serve the Port's best interest by both provision of space for the Port's Maintenance Department and control of activities within the building.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission hereby rescinds Resolution 2024-02; and approves Resolution 2024-06 directing staff to proceed with the partial demolition and revision to the damaged building at 1328 E. 3rd Avenue utilizing insurance carrier proceeds.

BE IT FURTHER RESOLVED that the Port Commission hereby directs staff to provide the affected tenants the required notice to vacate the building and with an extended lease termination notice period of 90-days.

BE IT FURTHER RESOLVED that the Port Commission hereby approves all action by port officers and employees in furtherance hereof; and directs the Port CEO to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 26th day of March, 2024.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: DocuSigned by:
Skip Novakovich
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SKIP NOVAKOVICH, President

By: DocuSigned by:
Kenneth Hohenberg
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KENNETH HOHENBERG, Vice President

By: DocuSigned by:
Thomas Moak
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THOMAS MOAK, Secretary

PORT OF KENNEWICK

Resolution No. 2024-07

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AUTHORIZING THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A GROUND LEASE AGREEMENT WITH
CII HOSPITALITY LLC***

WHEREAS, the Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, CII Hospitality LLC, wishes to enter into a ground lease with the Port upon their purchase of building and assets from Clover Island Development LLC; and

WHEREAS, said ground lease would include Clover Island parcels identified in Exhibit A; and

WHEREAS, said ground lease will exist for a lease term of twenty years (20) years with three (3) options to renew for an additional ten (10) years each subject to the terms and conditions of the ground lease; and

WHEREAS, Port staff and legal counsel have reviewed the proposed Lease and find it is in proper form and it is in the Port’s best interest; and

WHEREAS, after consideration of the attached Lease, the Port Commission has determined that the lease is proper.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby approves a ground lease with CII Hospitality LLC upon the purchase of building and assets from Clover Island Development LLC; and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the Port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 26th day of March, 2024.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

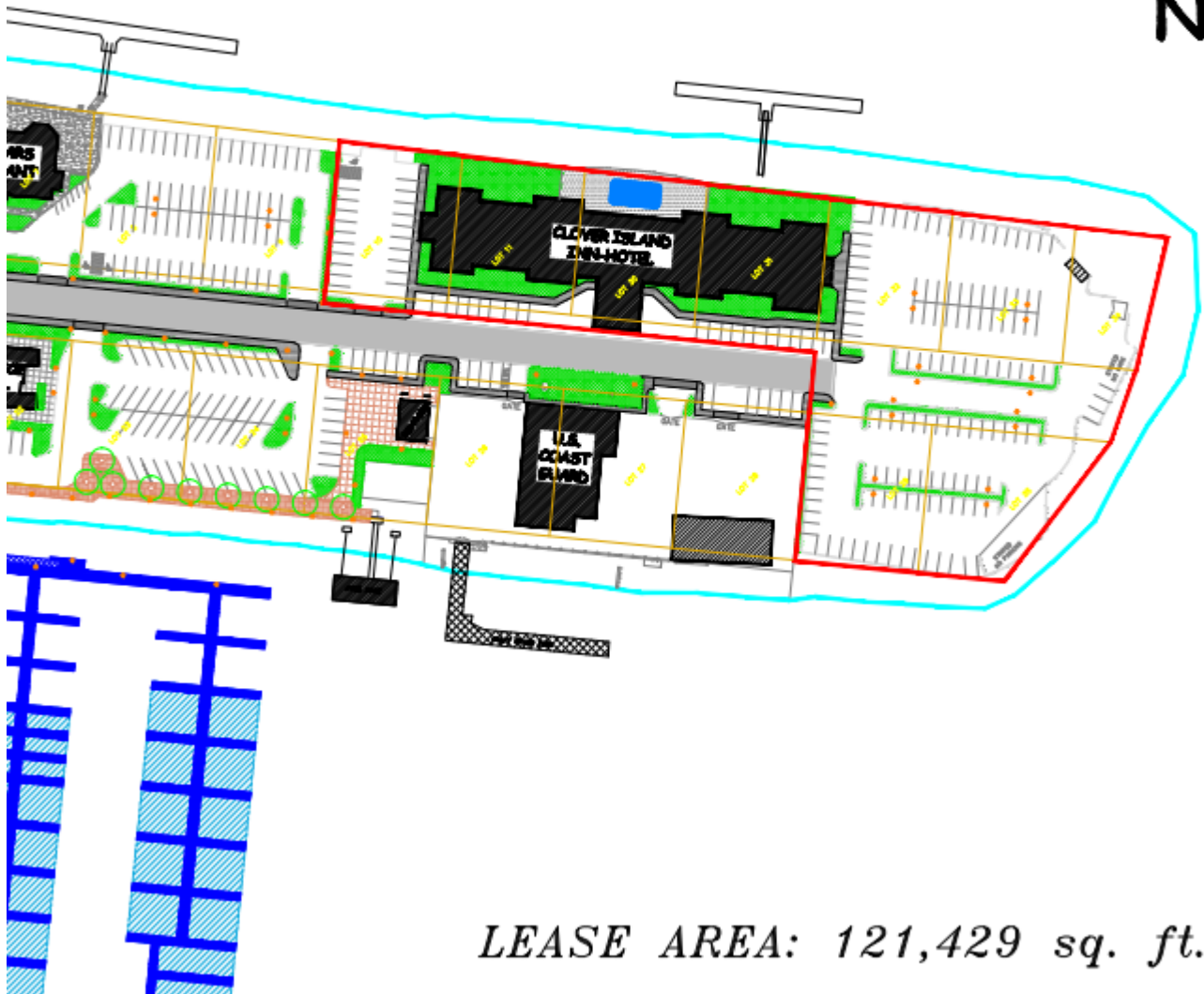
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Skip Novakovich
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SKIP NOVAKOVICH, President

By: DocuSigned by:
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KENNETH HOHENBERG, Vice President

By: DocuSigned by:
Thomas Moak
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THOMAS MOAK, Secretary

Resolution No. 2024-07
EXHIBIT A

CLOVER ISLAND INN LEASE AREA



LEASE AREA: 121,429 sq. ft.



CONVERSION GUIDE

V1.1 APRIL 2023

REVISED DECEMBER 2023



SPARK **SPRING** FF&E PACKAGE

EXHIBIT A



SPRING - RECEPTION



SPRING - KING GUEST ROOM



SPRING - LOBBY



SPRING - GUEST BATH

THE KISHAN GROUP

Conversion Projects



*AIDEN BY BEST
WESTERN*

RENO, NV



BEFORE



AFTER



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BEFORE



AFTER



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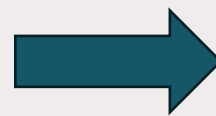


QUALITY SUITES → *FOURS POINTS BY SHERATON*

Anchorage, AK



*BOULDER INN
& SUITES
HOTEL*



Boulder City, NV

*BEST
WESTERN
HOOVER DAM
HOTEL*



THANK YOU

Miami, FL

Grant Seeking

“There’s no such thing as *free* money”



Sources / Notifications

Grants.gov (Federal Grant Register)

Grant Station (Foundation & Corporate Funding)

WA State Recreation & Conservation Office (RCO)

WA State Dept. of Commerce

NonprofitWebAdvisor

Congressional Staff Notices

Benton Franklin Council of Governments

City HUD & CDBG

TRIDEC

Requirements, Measurements, Administration & Maintenance

Researching:

Work Plan? Project Fit?

Matching Funds? Amount Worthwhile?

Writing Proposals / Making Presentations

Tracking, Reporting & Administering

Fulfilling Maintenance Obligations

Eligibility & Fit

Community Economic Revitalization Board (CERB)

median wages / shovel ready

Department of Commerce / Economic Development Administration

jobs & workforce education / manufacturing & industrial / 1 job per \$30k funding

Public Works Trust Fund

roads & infrastructure / port districts not eligible

Agency Priorities: Housing, Equity, Climate Change

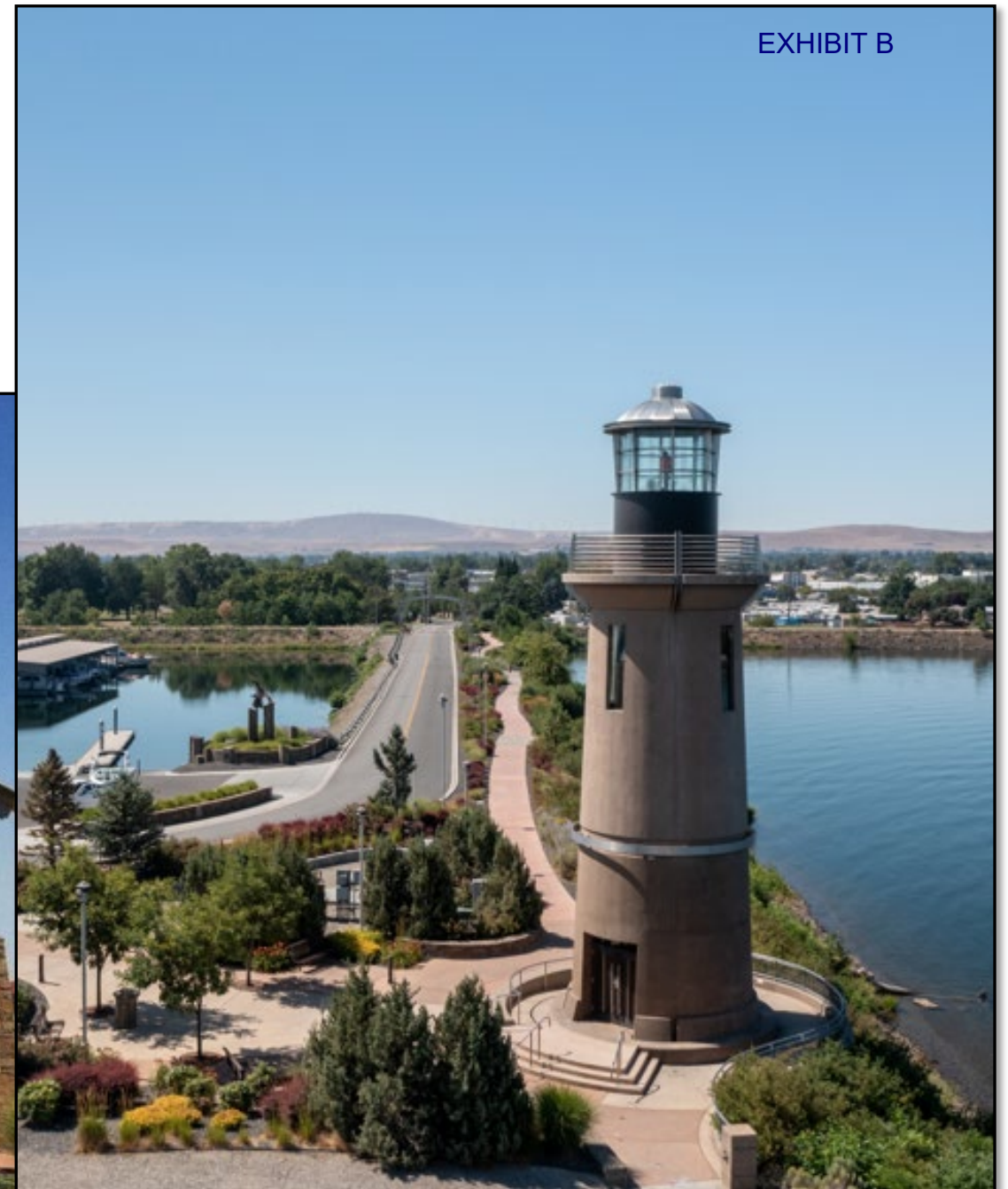
West Causeway, Lighthouse & Gateway

\$ 500,000 RCO ALEA

\$ 322,350 City HUD/CDBG

\$1,105,650 Port Match

EXHIBIT B





Clover Island Boat Launch Restroom
\$ 238,146 RCO Boating Facilities Grant
\$ 357,208 Port Match
\$ 6,000 Private Party Basalt Benches



Columbia Gardens Phase 2a

\$ 550,000 Benton County RCCF *Port* Allocation

\$ 550,000 Benton County RCCF *City* Allocation

\$ 150,000 Hanford Area Economic Investment Fund



Local Parks Maintenance Grant for Clover Island

156 grants submitted – **ONLY 39 funded!**
One of only two grants awarded to port districts

\$82,375

no match required

However, State has new criteria for grants



*Grant Scoring
Criteria
Changing to
be More
Equitable*

Grants Secured

\$13.4 million *since 2008*

But it takes:

Staff Resources/Opportunity Cost

Timing



Project Fit

Matching Funds



Reporting

Maintenance

