

**Port of Pasco Commission**  
**Minutes of Regular Meeting of Port Commission**  
Held at Port of Pasco, 1110 Osprey Pointe Blvd, Suite 201, Pasco, WA 99301  
January 24, 2019 | 10:30 a.m.

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**CALL TO ORDER**

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Commissioner Ryckman called the meeting to order at 10:30 a.m.

**Present:** Commissioner Jean Ryckman, Commissioner Jim Klindworth, Executive Director Randy Hayden, Port Counsel Dan Hultgrenn, Director of Airports Buck Taft, Director of Properties Mayra Reyna, Director of Economic Development Gary Ballew, Senior Accountant Diana Newman, Deputy Director of Airports Don Faley, and Administrative Assistant Audrey Burney

**Phoned In:** Commissioner Vicki Gordon

**Guests:** Carl Adrian – TRIDEC, Mitch Gilbert and Jeff Gindrey – Eaty Gourmet, Paul Giever – Meier Architect, Kirt Shaffer – Tippet Company

**Excused:** Director of Finance Donna Watts

**APPROVAL OF AGENDA**

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Commissioner Klindworth moved and Commissioner Ryckman seconded to approve the agenda with the deletion of item 8.E. Quest Fiber Agreement. Motion carried unanimously.

**CONSENT AGENDA**

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- a) Regular Meeting Minutes of January 10, 2018.
- b) Vouchers and Warrants #91365 - 91441 in the amount of \$478,288.81

Commissioner Klindworth moved and Commissioner Ryckman seconded to approve the consent agenda as presented. Motion carried unanimously.

**ITEMS FOR ACTION/CONSIDERATION**

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**TRIDEC 2019 Agreement** – Mr. Adrian discussed TRIDEC's overall mission is to improve the economic health of the Tri-Cities region by facilitating job creation and capital investment in primary employment industries in Benton and Franklin Counties.

Primary Roles: Small Business & Entrepreneurs, Business Recruitment, Community Initiatives, Business Retention & Expansion (BRE) and Federal Programs.

Commissioner Ryckman moved and Commissioner Klindworth seconded to authorize the Executive Director to execute the 2019 Economic Development Agreement with TRIDEC. Motion carried unanimously.

**ITEMS FOR DISCUSSION**

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**Osprey Pointe Letter of Intent Update** – The Port of Pasco entered into a Letter of Intent (LOI) on June 28, 2018 with a Master Developer (Eaty Gourmet) interested in developing a mix of uses, which could include a cluster of high-end restaurants, a boutique hotel, outdoor entertainment venue and other residential and commercial uses at Osprey Pointe. The LOI expired on December 28, 2018. Mr.

Gilbert asked Commissioners if they could extend his LOI to April 30, 2019. He believes this will be enough time to finalize a few more items to present to Port Commission.

Commissioner Klindworth moved and Commissioner Ryckman seconded to authorize the Executive Director to sign an Amendment extending the LOI with Eaty Gourmet from June 28, 2018 to April 30, 2019. Motion carried unanimously.

#### **ITEMS FOR ACTION/CONSIDERATION**

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**Air Service Agreement** – Mr. Taft reported that staff has been working with United Airlines and Dan Hultgrenn, Port Counsel, to negotiate an agreement with United Airlines for the LAX Service. This agreement outlines the responsibilities of both parties and will be valid for twelve months unless additional time is negotiated. Terms of the agreement will terminate March 31, 2020. Revenue Guarantee is \$920,000. The original plan was to provide a revenue guarantee for two years, however, United asked for one year. The two-year analysis provided by Volaire showed revenue guarantee reimbursement between \$175,000 - \$650,000. This should hold true for the one-year agreement as the first six months usually use most of the guarantee.

Commissioner Klindworth moved and Commissioner Ryckman seconded to approve the air service agreement between United Airlines, Inc. and the Port of Pasco. Motion carried unanimously.

**Air Service Escrow Agreement** – Staff has worked with Port Counsel, Mr. Hultgrenn, to come to an agreement to have the Minimum Revenue Guarantee (MRG's) funds held in an escrow account. MRG's are designed to reduce an airline's risk of losing money for the start-up period of new service. In the contract, United Airlines, will have a target amount of revenue and if United Airlines does not meet that target, the MRG fund is invoiced for the difference. The FAA prohibits airports from using airport revenue for MRG programs, but communities are allowed to offer additional financial support for new and expanded air service. The escrow account will receive checks from community sponsors including the Port of Pasco, distribute funds to United Airlines quarterly, and receive SCASD grant revenue checks endorsed to the escrow account by the Port of Pasco.

Commissioner Ryckman moved and Commissioner Gordon seconded to authorize the Executive Director to sign the escrow agreement with Kuffel, Hultgrenn, Klashke, Shea & Ellerd, Llc ("Escrow Agent"). Motion carried unanimously.

#### **ITEMS FOR DISCUSSION**

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**Land Purchase** – Mr. Shaffer from Tippet Companies discussed progress on identifying potential industrial land in north Pasco with Port Commission and staff. Minimum land criteria is:

- Over 100 contiguous acres
- Within existing city limits, urban growth area or to be expanded into the UGA
- Good transportation access (rail access preferred)
- Compatible Zoning/Land Use and surrounding development

The Commission discussed financing the purchase, including the following options:

- Real estate contract with seller financing. The seller provided some initial terms.

- Port financed through bonds or other financing. The terms may be more attractive for the Port.

Other items considered as part of the potential purchase:

- Water rights would be included as part of the purchase and reviewing the water rights would be part of the due diligence.
- Irrigation equipment would be included as part of the purchase and would also require review during due diligence.
- Lease back for farming as part of the PSA, a seller requirement. Discussion of lease rates under 'dry' and 'wet' lease and responsibilities of the lessor and lessee under both.

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#### **ITEMS FOR ACTION/CONSIDERATION**

**Meier Addendum #3** – Mr. Faley reported that due to re-bidding of the Battelle Hangar Project and design cost savings, increased design and construction administration costs have occurred. Commissioner Ryckman moved and Commissioner Klindworth seconded to approve Addendum #3 with Meier Architecture and Engineering in the amount of \$11,216.04, the Port of Pasco will be responsible for \$7,676.04, which brings the total contract amount with Meier to \$222,676.04. Motion carried unanimously.

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#### **RECESS**

At 12:00 p.m., Commissioner Ryckman recessed the meeting for fifteen minutes for lunch. At 12:15 p.m. the meeting was reconvened.

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#### **EXECUTIVE SESSION**

At 12:15 p.m., Commissioner Ryckman announced the board would go into executive session for Thirty minutes to consider the selection of a site or the acquisition of real estate by lease or purchase and to consider the minimum price for a real estate purchase. At 12:45 p.m., Mr. Hayden announced on behalf of the Port of Pasco Commissioners that the executive session would be extended for an additional fifteen minutes. At 1:00 p.m., Mr. Taft announced on behalf of the Port of Pasco Commissioners that the executive session would be extended for an additional fifteen minutes. At 1:15 p.m., the meeting reconvened.

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#### **RECESS**

At 1:15 p.m., Commissioner Ryckman recessed the meeting for five minutes. At 1:20 p.m. the meeting was reconvened.

Commissioner Gordon signed out of the meeting at 1:20 p.m.

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#### **ITEMS FOR ACTION/CONSIDERATION**

**LB Hangars Assignment & Amendment** – Mr. Taft reported that the original land lease agreement between the Port of Pasco and LB Hangars LLC (Loren Watts) in 2016 was for 25,600 square feet. As a result of some adjustments during construction, the hangar Mr. Watts completed was smaller than originally planned in 2016. As a result, the original lease needs to be amended with the following changes regarding the premises use, rent, and bond/deposit amount.

In addition, Mr. Watts requested to assign the lease from LB Hangars LLC to Tri-Cities Hangars LLC. Mr. Hultgrenn prepared a document to amend the lease incorporating the changes listed above and to assign the lease from LB Hangars LLC to Tri-Cities Hangars LLC.

Commissioner Klindworth moved and Commissioner Ryckman seconded to approve the lease amendment, assignment and assumption of lease and consent of lessor between the Port of Pasco and Loren Watts of LB Hangars LLC and Tri-Cities Hangars LLC with the amended changes to the premises (from 25,600 sf to 19,200 sf), the rent (\$390/month to \$291.84/month) and the bond requirements (from \$1,760 to \$1,318) and to assign the lease from LB Hangars LLC to Tri-Cities Hangars LLC, effective 2/1/19. Motion carried unanimously.

#### **ITEMS FOR DISCUSSION**

**Earth-quake Analysis** – Commissioners requested an analysis of earthquake risk for Port properties and Conover provided an analysis.

| Study Methodology    | Predicted Aggregate Loss for: |                     |
|----------------------|-------------------------------|---------------------|
|                      | 500-Yr Earthquake             | 1,000-Yr Earthquake |
| 2018 "AIR" Model     | \$28,797                      | \$158,267           |
| 2018 "RMS" Model     | \$981,181                     | \$5,185,483         |
| 2015 Model           | \$19,074                      | \$378,344           |
| 2019 Policy Coverage | \$10,000,000 Coverage         |                     |

Commissioners agreed to leave the policy as it is.

#### **Director Reports:**

1. Executive Director
  - a. Laurie Lancaster with Benton Franklin County Fairgrounds is looking for space to hold their meetings. They would like to be added to our affiliation list for renting our boardroom. Commissioner Ryckman moved and Commissioner Klindworth seconded to authorize adding Benton Franklin County Fair to the Port of Pasco Association list. Motion carried unanimously.
  - b. Mr. Hayden traveled to Olympia to lobby for Community Economic Development board bills related to funding and internet broadband.
2. Airport Director
  - a. The Government shutdown has had minimal impact so far. The TSA workers seem to have a good attitude, but morale is down. Port staff is coordinating assistance from those offering to help out. The following organizations have assisted so far:

- GESA, HAPO, Martha's Cupboard, Frost Me Sweet, Tri-Cities Visitor and Convention Center, Tri-Cities Food Bank, Tailwind, Private Citizens, A1 Hospitality and Battelle.

Friday is the second missed paycheck and staff is expecting to see some impact. Port staff is working with TC Monitoring to assist in certain areas of TSA responsibility in the event we have severe operational issues.

3. Economic Development and Marketing Director
  - a. Joint meeting on January 28<sup>th</sup> at 7:00 p.m. at City of Pasco regarding Public Market Report and Mexico Trade Mission update.
4. Property Director
  - a. Properties are filling up and staff is hoping it continues.
5. Commissioners Reports
  - a. Commissioner Klindworth
    1. Asked about the Connell Interchange. Mr. Hultgren reported that the Department of Transportation is taking over as the project lead instead of Port of Moses Lake or the City of Connell.

#### CALENDAR OF EVENTS

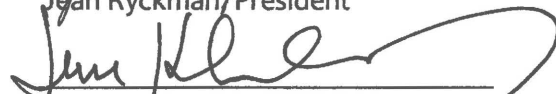
Commissioners and staff discussed the calendar of events.


#### ADJOURNMENT

The meeting adjourned at 2:01 p.m.

Port of Pasco Commission:

  
Jean Ryckman, President

  
Jim Klindworth, Vice-President

  
Vicki Gordon, Secretary

