

Port of Pasco Commission
Minutes of Regular Meeting of Port Commission
Held remotely and in person with Public Access
Port of Pasco, 1110 Osprey Pointe Blvd., Ste. 201, Pasco, Washington, 99301
October 27, 2022 | 10:30 a.m.

CALL TO ORDER

Commissioner Gordon called the meeting to order at 10:30 a.m., the meeting was attended in person and remotely via Zoom with Public Access through call in to 1-301-715-8592, meeting ID 6676918983.

Present: Commissioner Vicki Gordon, Commissioner Jean Ryckman, Commissioner Jim Klindworth, Executive Director Randy Hayden, Port Attorney Heidi Ellerd, Airport Director Buck Taft, Deputy Airport Director Don Faley, Finance Director Donna Watts, Director of Economic Development and Marketing Stephen McFadden, and Property Leasing Associate and Administrative Assistant Audrey Burney.

Guests: Scott Musser, Ben Hoppe of JUB Engineering, Bryan Watts, Ann Marie, and Patrick McBurney.

Excused: Director of Properties Mayra Reyna and Executive Staff and Assistant & Human Resources Lori French.

APPROVAL OF AGENDA

Commissioner Ryckman moved, and Commissioner Klindworth seconded to approve the agenda. Motion passed unanimously.

CONSENT AGENDA

- a) Regular Meeting Minutes of October 11, 2022.
- b) Vouchers and Warrants #98710 - 98799 in the amount of \$791,739.01 and Direct Deposits #22690 - 22729 in the amount of \$89,332.95.
- c) Accept as Complete- Battelle Hangar Electrical Work.

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

PUBLIC CITIZEN COMMENT

No Comments

PUBLIC HEARINGS AND RESOLUTIONS

Public Hearing for the 2023 Final Budget- Commissioner Gordon opened the Public Hearing for the 2023 Budget at 11:13 a.m. Ms. Watts provided a brief overview of the 2023 budget. No members of the public offered comment, and Commissioner Gordon closed the Public Hearing at 11:15 a.m.

Resolution 1591- Port of Pasco 2023 Tax Levy- Resolution 1591 adopts the 2023 tax levy for the Port of Pasco. The tax levy includes additional property taxes resulting from new construction plus a 1% increase from last year's property taxes.

Commissioner Ryckman moved and Commissioner Klindworth seconded to adopt Resolution 1591, a Resolution of the Commission of the Port of Pasco adopting the Port of Pasco's Tax Levy increase for 2023. Motion passed unanimously.

Resolution 1592- 2023 Port of Pasco Budget- Resolution 1592 adopts the 2023 budget for the Port of Pasco's regular property tax levy for collection in 2023.

Commissioner Ryckman moved and Commissioner Klindworth seconded to adopt Resolution 1592, Resolution of the Commission of the Port of Pasco adopting the Port of Pasco's budget for calendar year 2023 for the Port of Pasco's regular property tax levy for collection in the calendar year 2023. Motion passed unanimously.

The Commission thanked Ms. Watts and staff for all their hard work.

ITEMS FOR ACTION/CONSIDERATION

City of Pasco Interlocal Agreement- Mr. Taft presented, that staff has been working with the City of Pasco and FAA on the widening of Argent Road. The City of Pasco provided documentation for the Argent Road project to staff that they would need an additional .86 acres. Commission has previously released 2.67 acres in 2019 for the project. This would increase our land release contribution to 3.53 acres.

Commissioner Klindworth moved and Commissioner Ryckman seconded to authorize the Executive Director to sign Amendment no. 3 to the interlocal agreement between the Port of Pasco and the City of Pasco relating to the Argent Road project with minor changes as approved by the Port attorney once the FAA has approved the land release. Motion passed unanimously.

Project Glacier Update- Mr. McFadden reported that further discussion will happen at the upcoming meeting in November, and he believes there will be a Letter of Intent within the next 30 days.

TCABC Project Lease Rate- Mr. Hayden briefed Commission on the background of a proposed lease with Mr. Musser for Lots 51A and 51B at the Tri-Cities Airport Business Center (TCABC). Two easements were left off of the original schematic map and survey that were prepared for Mr. Musser. One easement is for water and sewer utilities that bisect the site. The other is for a shared access driveway along the east side of the lot. By the time the easements were identified, Mr. Musser had already expended funds and effort to draw up construction plans which were not compatible with the easements. Mr. Musser stated that he has since revised the plans to accommodate the easements and requested that the areas either be removed from the lease or that they be included at no charge because of the revisions he had to make to his plans. Staff explained that standard port practice is to include easements areas as part of the leaseable area as long as they can be used by the tenant, in this case for parking and access.

Commissioner Ryckman moved and Commissioner Klindworth seconded to approve an intent to lease parcels 51A and 51B to Mr. Musser, at a rate of \$0.30 per square foot adjusted downward to remove the square footage of the utility and easement access areas. Motion passed unanimously.

Broker Agreement for Potential Land Purchase- Mr. Hayden presented the Buyer's Agency agreement from Kirt Shaffer with Tippet Company. This agreement will assist the Port with acquiring new industrial land and it includes services to procure an option to purchase along with outright purchase.

Commissioner Ryckman moved and Commissioner Klindworth seconded to approve a Buyer's Agency Agreement with Tippet Company to locate property for purchase, lease, or option to purchase. Motion carried unanimously.

UPS First Amendment- Mr. McFadden summarized BT-OH, LLC (UPS) executed a Purchase and Sale Agreement for 12.02 acres of Pasco Industrial Center-395 on September 12, 2022. The original agreement intended a closing on or around January 10, 2023.

There is a need for a first amendment that addresses two specific items in the PSA: the length of the investigation period; and the expected completion date of the relocation of the Cascade Natural Gas line and subsequent removal of the decommissioned pipe.

1. The investigation period of 90 days would have concluded on December 11, 2022. To date, the company has not been able to access the site to conduct geotechnical testing. For that reason, this amendment changes the investigation period to 150 days. It also allows additional 30-day extensions to a maximum investigation period of 180 days.
2. The gas line relocation and removal process in the PSA was scheduled for completion on January 31, 2023. Cascade Natural Gas has had challenges in procuring the pipe and securing a contractor to complete the project. As a result, the utility changed the anticipated completion date to March 30, 2023. This amendment captures that change in timing.

Per the PSA, closing will occur within 30 days of the completion of the inspection period.

Commissioner Ryckman moved and Commissioner Klindworth seconded to authorize the Executive Director to execute the BT-OH, LLC first amendment extending the inspection period to 150 days and changing the completion date of the gas line project to March 30, 2023. Motion passed unanimously.

Old Dominion Fourth Amendment- Mr. McFadden presented the fourth Amendment for Old Dominion Freight Line for an unforeseen circumstance which would extend the inspection period to January 12, 2023. They executed a purchase and sale agreement on February 16, 2022, which included a 150-day inspection period that originally concluded on July 16, 2022. Three prior amendments extended the inspection period to November 12, 2022 and established that Old Dominion will pay for removal of a decommissioned natural gas line.

The inspection period was designed to provide Old Dominion sufficient time to work with third party firms to complete due diligence. This includes securing the final geotechnical assessment of the land and the preliminary site grading plan. Old Dominion recently learned that they must repeat their geotechnical testing due to a staffing issue with their consultant, necessitating the extended extension period.

Per the purchase and sale agreement, closing of the land sale can occur within 15 days of the completion of the inspection period.

Commissioner Ryckman moved and Commissioner Klindworth seconded to authorize the Executive Director to execute the Old Dominion Freight Line Fourth Amendment extending the inspection period to January 12, 2023. Motion passed unanimously.

ITEMS FOR DISCUSSION

September Financials- Ms. Watts presented the September financials for discussion.

Tenant Delinquent List- Ms. Watts presented the Tenant Delinquent List for discussion.

Fixed Base Operator (FBO) Update- Mr. Taft reported, that on October 5, Sullin Air Jet Center was served by the Port to pay fuel flowage fees and rent or vacate and a notice terminating the lease. The FBO owed rent and fuel flowage in the amount of \$4,504.88, including fuel flowage reports that have not been provided for the months of July 2022 through September 2022. The amount owed of the missing fuel flowage reports will be determined once the Port receives the reports.

The FBO was also in default of Section 7 of the lease for failure to use the premises for providing the full range of aeronautical services provided by a Fixed Base Operator.

The FBO was also notified that they are in default of Section 24 of the lease due to the foreclosure and Sheriff's sale of the fuel tanks. This default is what caused the termination of the lease.

On October 12th, staff was notified that John Sullins had filed for Chapter 7 Bankruptcy.

Ms. Ellerd was at the meeting electronically through zoom and explained the Chapter 7 bankruptcy process.

Mr. Patrick McBurney, who was representing Bryan Watts at the meeting, stated that he was also John Sullin's attorney. He mentioned that the bankruptcy trustee is Mr. Kevin O'Roarke. Mr. McBurney stated that his client Bryan Watts would be willing to step into the lease to operate the fuel tanks as an interim operator until the bankruptcy proceedings are complete and a new FBO operator is selected.

Director Reports:

1. Executive Director

- a. Mr. Hayden informed Commission that staff was working with Lampson Inc. to transition their lease of Big Pasco Warehouse 3 Bay 4 up to the new published rates. Mr. Lampson communicated that the higher lease rate would not work with their business plan and requested an additional 6-months at their current rate as they transition to vacate the bay.
- b. Mr. Hayden noted that he was asked to partake in the Tri-City Regional Chamber MyTri effort as Chair of the Ag Council tasked with creation of an Ag Innovation Center/District for the Tri-Cities region.

2. Airport Director

- a. Mr. Taft discussed the August Airport Activity Report.

3. Airport Deputy Director
 - a. Runway is back open from the Aircraft incident.
4. Finance Director
 - a. The Accountability Audit will begin.
5. Director of Economic Development and Marketing
 - a. The Colima-Pasco (COPA) Trade Committee was notified that the Economic Development Director of Colima would like to visit Pasco to explore opportunities.
 - b. The WA State Community and Economic Revitalization Board (CERB) had previously awarded the Port a grant and loan of \$2.9 Million for the TCA Road and Taxiway Project to support Solgen Power's expansion plans. Due to rising construction costs, the project budget has increased from \$3.6M to \$6.5M. The Port will be making a request to CERB to increase the loan/grant amount to \$5M to help cover the project increase.

Commissioner Reports:

Commissioner Ryckman noted that the Washington Public Ports Association is still in the interviewing process for an Executive Director.

CALENDAR OF EVENTS

Commissioners and staff discussed the calendar of events.

RECESS

Commissioner Gordon recessed the meeting at 12:00 p.m. until 12:15 p.m. for lunch. The meeting was resumed at 12:15 p.m.

EXECUTIVE SESSION

At 12:55 p.m., Commissioner Gordon announced that Commission would go into Executive Session for 15 minutes until 1:10 p.m. to discuss minimum sale price, potential litigation involving the Port and the position to be taken by the governing body during the course of any collective bargaining. At 1:10, the executive session was extended for 10 minutes until 1:20 p.m. The regular meeting resumed at 1:20 p.m.

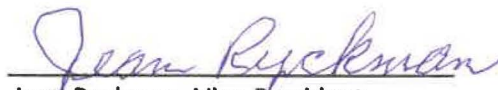
ADJOURNMENT

The meeting was adjourned at 1:20 p.m.

Port of Pasco Commission:



Vicki Gordon, President



Jean Ryckman, Vice-President



Jim Klindworth, Secretary