

**PORT OF BENTON  
COMMISSION MEETING MINUTES  
September 12, 2018**

- A. CALL TO ORDER:** The regular monthly meeting was called to order at 8:30 a.m. at the Walter Clore Wine and Culinary Center, 2140 A Wine Country Road, Prosser, Washington. Present were Commissioners Jane F. Hagarty, Roy D. Keck and Robert D. Larson. Staff members present included Executive Director, Scott D. Keller, PPM®; Director of Finance, Stuart Dezember, CPA, PPM®; Director of Airports and Operations, Kevin Howard, CM; Director of Special Projects, John Haakenson; Director of Economic Development and Governmental Affairs, Diahann Howard; Director of Real Estate, Teresa Hancock; Administrative Assistant, Kelly Thompson; Director of Marketing, Wally Williams and In House Counsel, David Billetdeaux. Also in attendance were Greg Robertson, Deb Heintz, Josh Mott, Abbey Cameron, Tim Oten, J.T. Montgomery and Rachel Shaw.
- B. PLEDGE OF ALLEGIANCE:** Stuart Dezember led those present in reciting the Pledge of Allegiance.
- C. CURRENT BUSINESS:**
- 1. CONSENT ITEMS:** A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission approving the August 1, 2018, Special Commission Meeting minutes, the August 8, 2018, Commission Meeting Minutes and the August 27, 2018, Special Commission Meeting Minutes. A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission approving Resolution 18-2, to Cancel Warrant No. 067914. A motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission approving Resolution 18-22, Authorizing \$3.45 million dollars to the United States Treasury for the Removal of Deed Restrictions on 71.15 acres of Property known as the Richland Innovation Center (RIC). A motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission approving Resolution 18-23, Establishing A Procedure Regarding Payment of Defense Costs to Officers, Employees and Volunteers per RCW 4.96.041.
  - 2. CHUKAR CHERRY COMPANY:** Tim Oten, General Manager, and J.T. Montgomery, Owner, thanked the Port for their continued partnership. They complimented the Director of Special Projects for expediting the construction and working with the contractor to ensure the date of completion was on time.
  - 3. WALTER CLORE WINE AND CULINARY CENTER:** Abbey Cameron, Director, thanked the Port for their continued support. She complimented the maintenance department for their constant attention to the property and quick response to any problems that arise. She reviewed both past and upcoming events being held at the Clore Center. She provided an

update on staff and marketing/fundraising efforts and stated they have a \$35K deficit in their budget for the remainder of 2018. They are working on solving this issue with creative ideas in sponsorship, marketing and changes to the Wine Club, to increase sales.

4. **PROSSER ECONOMIC DEVELOPMENT ASSOCIATION (PEDA):** Deb Heintz, Executive Director, introduced Josh Mott, PEDA board president, he thanked the Port for partnering with them on economic development issues and continued support for Prosser. He stated Commissioner Hagarty's participation on the PEDA board is invaluable. Deb Heintz updated the Commission on business recruitment, Leadership Prosser, SR 221 Project, Housing Committee, Citizenship programs for employers and construction projects. She also stated the Washington Economic Development Association (WEDA) held their annual conference at the Walter Clore Wine and Culinary Center in Prosser. Rachel Shaw, Prosser City Clerk, provided an update on the 7<sup>th</sup> Street construction project, highlighting new signage and stating the City is committed to having the project complete before the Balloon Rally on September 28th.
5. **TCRY'S POSTPONEMENT OF THE YAKIMA RIVER BRIDGE WORK:** In House Counsel discussed the proposed 72 hour outage and the potential effects on the users. The Port hired Holland, LP, an engineering company, to conduct a track geometry inspection to look for gauge issues. Thirty-six defects were discovered. This report has been provided to TCRY, UP, BNSF and the Federal Railroad Administration (FRA). TCRY has also notified the Port they have designated the entire POB rail line as "excepted track." The Port considers this a material breach of their lease.

TCRY subsequently postponed the bridgework indefinitely, without giving any reasons for the delay.

**D. COMMISSIONER COMMENTS:**

Commissioner Hagarty stated that the reports from the Walter Clore Wine and Culinary Center and PEDA had covered all of her comments.

Commissioner Larson stated he had been on travel and had no comments.

Commissioner Keck stated he attended Riverfest last weekend, which was intended to educate the public on the Snake River Dams.

**E. COUNSEL COMMENTS:** Counsel advised the Commission on a motion filed by TCRY, to strike the Port's affirmative defenses for lack of specificity.

He also briefed the Commission on RCW 53.08.208, which addresses actions against officers, employees or agents. This RCW is specific to port districts and states that defense costs for any Port elected official or employee will be provided for by the Port.

**A motion was made by Commissioner Jane Hagarty, seconded by Commissioner Robert Larson and unanimously passed by the Commission authorizing the approval as described in RCW 53.08.208, providing defense costs, attorney's fees and any obligation for payment arising from such action be paid by Port of Benton funds to the Commissioners and Executive Director relating to the TCRY lawsuit; and to authorize the use of the Keller Rohrback Law Firm, L.L.C. for the defense.**

Counsel stated the remainder of his comments were reserved for the Executive Session.

- F. EXECUTIVE DIRECTOR COMMENTS:** The Executive Director discussed the Croskrey Properties LLC, sale update and stated they are developing a more detailed business proposal and plan. The appraisal has been ordered and is three to four weeks from being completed. The parcel segregation is in final stages to be submitted to the City of Richland and recorded for overall parcel.

The Executive Director discussed the SIGN Fracture International sale update. The first appraisal received for 3.45 acres and building improvements is in the amount of \$2,250,000. The secondary parcel east, for 3.50 acres is in the amount of \$280,000, for a combined total of \$2,530,000. The second appraisal has been ordered per the Industrial Development District (IDD) RCW and is four to six weeks from being completed. The parcel(s) are included in the overall 28 acre parcel, and are currently in the process of segregation.

The Executive Director discussed the Energy Northwest land exchange. Energy NW has a ground lease for 3.38 acres, and a 50 year lease, from 1978. Option 8 of 9 was exercised June 1, 2018, (for an additional five years. The lease terminates May 31, 2028. Energy Northwest proposed an exchange for parcel north-4.60 acres upland and waterfront view. Energy Northwest has ordered appraisals for both properties. The Port would ask for contingency to clear the land and grade along with an Environmental Site Assessment (ESA) report. Don Queen, Energy Northwest Consultant, stated APEL is separately owned by Columbia 02 and not a candidate for sale or trade at this time.

The Executive Director updated the Commission on the unsolicited inquiry regarding the sale of the development building located at 3100 George Washington Way. The Director of Real Estate discussed lease rates currently collected and gave an update on tenants. The Commissioners advised staff to contact the interested party and state they are not interested in selling the property at this time.

The Executive Director discussed a new lease for Prosser Economic Development Association (PEA) at 236 Port Avenue, Suite A, in Prosser. The lease is for 928 square feet office space, and for an initial term of 3 years, plus one 3 year renewal term. The lease payment is \$9.00 per square foot or \$696.00 per month, plus leasehold excise tax. The renewal term is for a lease payment of \$10.00 per square foot, for a total of \$773.00 per month, plus leasehold excise tax. One month security deposit will be required. The tenant is responsible for separately metered utilities.

**A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane**

**Hagarty and unanimously passed by the Commission authorizing the Executive Director to execute the terms of the new lease for Prosser Economic Development Association (PEA) at 236 Port Avenue, Suite A, Prosser. The lease is for 928 square feet office space, and for an initial term of 3 years, plus one 3 year renewal term. The lease payment is \$9.00 per square foot or \$696.00 per month, plus leasehold excise tax. The renewal term is for a lease payment of \$10.00 per square foot, for a total of \$773.00 per month, plus leasehold excise tax. One month security deposit will be required. The tenant is responsible for separately metered utilities.**

The Executive Director discussed a new janitorial contract for two years with Del Sol, Inc., for both 3250 Port of Benton Boulevard and 3100 George Washington Way. The monthly charge for 3250 Port of Benton Boulevard is \$2,014.14 and for 3100 George Washington Way, \$550.00, total is \$2,564.14, and additional charges will be billed for carpet cleaning, windows and floors. The total amount due for the 24 month contract is \$61,539.36.

**A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission authorizing the Executive Director to execute the necessary documents for the new janitorial contract for two years with Del Sol, Inc., for both 3250 Port of Benton Boulevard and 3100 George Washington Way. The monthly charge for 3250 Port of Benton Boulevard is \$2,014.14 and for 3100 George Washington Way, \$550.00, total is \$2,564.14, and additional charges will be billed for carpet cleaning, windows and floors. The total amount due for the 24 month contract is \$61,539.36.**

**G. STAFF INFORMATION REPORTS:**

**MARKETING:** The Director of Marketing gave an update on current projects, including the fall newsletter, which will be distributed in mid-October and preparing for the State of the Ports, scheduled for November 28, 2018.

**GRANTS:** The updated copy of the Grants Status report was reviewed and discussed. The Director of Economic Development and Governmental Affairs reported the Port was not approved for the state grant for the USS Triton Sail Park improvements. She also stated that the Port will be applying for a \$2M state grant and loan for rail improvements. The Port submitted a \$500K I-6 Challenge Grant with Fuse, of which the Port would be responsible for \$75K.

**ECONOMIC DEVELOPMENT AND GOVERNMENTAL AFFAIRS:** The Director of Economic Development and Governmental Affairs briefed the Commission on her projects. She advised the important legislative topics this year are rural workforce, broadband, trade issues and impact of carbon tax.

**H. SITE PROJECTS UPDATE:** The Commission was briefed on the Technology and Business Campus, Tri Cities Enterprise Center Building, Richland Business Park, Railroad, Richland Innovation Center, Richland Airport, Prosser Airport, Prosser Wine and Food Park, Vintners Village, Walter Clore Wine and Culinary Center, Benton City Downtown Properties and Crow Butte Park.

**I. PORT FINANCIAL ISSUES:** Vouchers audited by the Auditor as required by RCW 42.24.080

and certified expense reimbursement claims as required by RCW 42.24.090 have been recorded on a listing, which has been made available to the Port Commission. As of this date, September 12, 2018, Port Commission by unanimous vote approved for payment those vouchers included in said listing and further described as follows: Payroll Warrants numbered 04547 through 04603 totaling \$123,656.54 and General Expense Warrants numbered 069077 through 069280 totaling \$946,307.85 from the General Expense Fund.

The Director of Finance advised the 2017 financial statement and federal audit is complete. He reviewed the results and stated there were no findings or management rep letters reported at the exit conference. He praised the Deputy Auditor and Accounting Assistant for their help with the audit process and excellent record keeping. The staff is beginning work on the 2019 budget.

**J. EXECUTIVE SESSION:** The regular Commission Meeting was recessed at 11:10 a.m. and an Executive Session was convened to discuss pending litigation pursuant to RCW 42.30.110 (1) (i) The Commission Meeting announced the Executive Session would last no longer than twenty (20) minutes. The Executive Session was adjourned at 11:30 a.m. and the regular Commission Meeting was reconvened.

**K. A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission authorizing the Executive Director to execute the necessary documents to provide for emergency self-help for Yakima River Bridge repairs, contingent upon communications from the Federal Railroad Association (FRA).**

**A motion was made by Commissioner Robert Larson, seconded by Commissioner Jane Hagarty and unanimously passed by the Commission authorizing the Executive Director to execute the necessary documents for the immediate underwater and structural inspection and reports of defects on the Yakima River Bridge, and the replacement of “No Trespassing” signs on the bridge, costs to be remitted to TCRY for immediate repayment.**

**L. ADJOURNMENT:** With no further business, the meeting was adjourned at 11:30 a.m.

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Robert D. Larson  
Commission Secretary