

**PORT OF BENTON
COMMISSION MEETING MINUTES
JULY 13, 2022**

A. CALL TO ORDER: The regular monthly meeting was called to order at 8:30 a.m. at the Port of Benton offices, 3250 Port of Benton Blvd., Richland, Washington

PRESENT: Commissioner Christy L. Rasmussen; Commissioner Roy D. Keck; Commissioner Lori Stevens; Executive Director, Diahann Howard, PPM®; Port Attorney, David Billetdeaux; Accounting Clerk, Liz Renz; Public Information Officer, Summers Miya; Director of Economic Development & Governmental Affairs, Miles Thomas; Director of Finance, Danielle Connor; Director of Marketing, Wally Williams; Director of Facilities & Operations, Ron Branine; Director of Real Estate, Teresa Hancock; Roger Wright, RGW Enterprises; Jessica Munnell, Wautoma Springs Winery; Kerwin Jensen, City of Richland; Mike Luzzo, Community Member; Joshua Lott, Anderson Perry

The following attendees attended via remote communications: Contract Specialist, Sheri Collins; Bryan Condon, Century West Engineering; Theresa Richardson, City of Richland; Wendy Culverwell, Tri-Cities Area Journal of Business

The Commission meeting was noticed as required by RCW 42.30.070.

B. PLEDGE OF ALLEGIANCE: Commission Vice-President Roy Keck led those present in reciting the Pledge of Allegiance.

C. CONSENT AGENDA:

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving the agenda for the July 13, 2022 Commission meeting, approval of vouchers and certifications, including payroll, for the month of June totaling \$902,691.08, approval of project vouchers and certifications for the month of June totaling \$33,895.07, approval of project fund vouchers and certifications for 97 bond expenses for the month of June totally \$169,929.00, approval of Resolution 22-21, to cancel warrant number 079826, in the amount of \$1,000, which was printed with errors, approval of Resolution 22-22, to cancel warrant number 079975, in the amount of \$175.50, which was printed with errors, approval of Resolution 22-23, to cancel warrant number 079979, in the amount of \$0, which was printed with errors and approval of Resolution 22-24, to cancel warrant number 079952, in the amount of \$382.71, which was printed with errors.

D. PUBLIC COMMENT:

There were no comments from the public.

E. ITEMS OF BUSINESS

1. Tenant Spotlight – Wautoma Springs Winery

Executive Director, Diahann Howard introduced Jessica Munnell of Wautoma Springs Winery and recognized that Jessica opened Wautoma during the COVID-19 pandemic in phase II of Vintners Village, 236 Port Avenue, Suite C. Howard added that Jessica represents not just Vintners Village, but the Prosser community and the state of Washington and is a key, signature property in Prosser.

Munnell provided a PowerPoint presentation highlighting Wautoma Springs Winery. The presentation introduced the Wautoma team, which includes co-owners (Jessica Munnell) and Tom Merkle. Munnell explained that she also is the winemaker and Tom Merkle the grape grower. Munnell also introduced Rachel Mercer as the Tasting Room Manager.

Munnell presented photos of the tasting room, explaining that the signature grape vine on their wall was a vine from 1984. Munnell explained that Wautoma produces approximately 2,500 cases of wine annually and reviewed each wine, label and price point. Munnell also showcased the art for the bottles, noting that they use two different artists for their red and white wines.

Munnell highlighted the tapas menu and Tasting Room Manager, Rachel Mercer's talent. Munnell also explained that there is a fresh sheet which features fresh, seasonal ingredients, which is available to guests.

Munnell added that wine club dinners are offered about once a month and the tasting room also sells gift baskets, which can be customized to the customer's liking using items found in the tasting room. Munnell highlighted the wide variety of chocolates available and displayed an image of the fridge loaded with delicious treats that are available to grab and go. Munnell added that Wautoma did not want to compete with the eateries in the Village.

Munnell featured Wautoma's involvement with the community, stating that she sits on the Auction of Washington Wines board and is also a Prosser Economic Development Association board member.

F. INFORMATION REPORTS:

1. Grants Update

Executive Director, Diahann Howard provided further updates on the projects featured on the July grants report.

- Richland Airport – Airfield Signage and Lights (Phase I) – Project delayed until July 18 because the sign barricades were not delivered. Additional barricades have been lined up from the Port of Pasco if the delay continues.
- Railroad improvements – FRIB Low Interest Loan – Construction planned for the first half of August 2022. This project is on track to be completed before school starts.
- National Science Foundation – Submitted June 30, will find out if selected to partner on full application with others by August.
\$1M from National Science Foundation for planning potential Tier 2 \$16M per year for 10 years to help support VERTICAL cluster and WSU TC programming. Looking into how to best collaborate with other proposals that are working in the clean energy sector.

2. Rail Update

Port Attorney David Billetdeaux provided an update on the recent changes with Port of Benton rail tenant, TCRY. Billetdeaux explained that the Port and TCRY have been involved in a multi-years' long legal battle over the rail and in June, 2022, the Port won the motion of summary judgment, which allowed the Port to officially evict TCRY as a Port tenant, which would mean that TCRY would no longer be able to operate Port-owned track and would also vacate the 2579 Stevens Building.

Billetdeaux explained that if the Port continued to trial to seek damages and reimbursement of legal costs, TCRY would likely turn around and immediately file bankruptcy and the Port would only add to the legal fees.

Billetdeaux explained that instead, he negotiated a Settlement Agreement that provides TCRY 45 days to transfer out of the facility, remove property and make arrangements, which would give the Port total control of the building on August 1, 2022. Billetdeaux stated that TCRY is already in the process of moving out of the building and added that the settlement was clear on what would be transitioned.

Billetdeaux stated that for now, the Port is in the process of installing cameras in all rail bungalows and have updated all emergency, phone and contacts with Port contact information.

Billetdeaux added that at this time there is an issue with an area of rail near SR240, which has taken up a great deal of facilities time.

Billetdeaux said that weekly and monthly maintenance and inspections are currently under contract with HDR and the tracks are being walked or driven regularly. Billetdeaux added that communication has been provided to all associated with the rail and all partners.

Billetdeaux noted that he has been working on an RFP to acquire an operator for the Port-owned track, as well as regular inspections.

Billetdeaux added that these contracts fall under the delegation of authority for Executive Director approval.

Billetdeaux added that currently about 12 interested parties have already contacted the Port.

Billetdeaux stated that the primary focus at this time was performing an accurate inventory and Engineer Roger Wright and Ron Branine are holding everything rail-related together, but a short-term emergency contract is needed. Billetdeaux said that the current RFP he has put together is 38-pages, as he is being extremely thorough, and he will be meeting with WPPA's Chris Herman throughout the process. Billetdeaux stated that he expects the RFP process to be lengthy and likely will not be completed until November or December, thus an emergency short-term contract is vital for current needs. Billetdeaux added that as he works on the development of the RFP, he will garner input from partners, rail shippers, city, industry and will work so the contract will meet the needs of the entire region.

Billetdeaux stated that the Commission will be deeply involved in the RFP process for the rail operator.

Director of Facilities & Operations, Ron Branine added that rail cameras have been installed, all signage replaced, bungalow locks have been replaced and he has been trained on signal crossings.

The Commission granted their approval to support an interim contract until an operator is found.

Billetdeaux added that a company, Top Rail, has close to 100 cars on the track and he is working

on a contract right now for demurrage and has also issued a letter to all subtenants notifying them that the Port will be taking over as building landlord on August 1, 2022.

3. 2022 Year to Date Budget Report

Director of Finance/CPA, Danielle Connor provided an update on the 2022 budget through June 30, 2022.

Connor stated that lease revenue is currently ahead of budget, recognizing the excellent efforts made by Director of Real Estate, Teresa Hancock.

Connor noted that the aggregate is also currently ahead of budget.

Connor noted that the finance team will adjust the Crow Butte budget for seasonality, which was not done for the 2022 budget.

Connor added that Operations & Maintenance was slightly under budget and the Crow Butte expenses are currently under budget but expected to use it all.

Connor noted that the airports are currently below budget and general and administration is \$400k below budget due to timing of payroll and consulting.

Connor stated that with revenue ahead of budget and expenses under budget, overall, the Port is breaking even for general operations.

Connor added that \$60k of PILT funds were received in June and grant revenue is also picking up with upcoming quarterly reimbursements. Connor said that the Benton County Treasurer's report notes a .05% interest earning and the debt service payments are on track. Connor stated that the cash reserve was increased in May and more grant funded project expenditures are expected and there is \$500k left in the Port funded capital budget.

Connor stated that other projects are rail-related, with \$675k left in the rail budget which is forecasted to be fully expended.

Connor noted that the Port is currently sitting \$1.5M ahead in cash from the beginning of the year as Benton .09 funds were received along with the first half of property taxes.

G. COMMISSIONER REPORTS/COMMENTS:

Commissioner Roy Keck stated that he recently attended a TRIDEC reception welcoming the Lt. Governor of Washington, noting that the reception message supported dams and nuclear, with less emphasis on windmill farm support.

Commissioner Lori Stevens announced that she attended the PNWA Summer Conference at the Davenport Hotel in Spokane and found the presentation from the US Army Corps of Engineers on the Snake River dams in alignment with the local messaging.

Commissioner Stevens stated that the food depot building in Prosser is currently vacant, but there has been recent interest and there has been recent development off of I-82 near Tom Denchel.

Commissioner Stevens announced that she would be attending the ribbon-cutting for Prosser Wine & Food Park tenant, Tirridiss on Friday.

Commissioner Christy Rasmussen stated that she also attended the recent PNWA Summer Conference in Spokane. Commissioner Rasmussen noted that she has been very involved with the Tri-Cities National Park committee and added that the tours are filling up fast.

Commissioner Rasmussen noted that she attended the Department of Energy Roundtable as well as the Vista Field grand opening.

H. DIRECTOR REPORTS/COMMENTS:

1. AIRPORTS:

Director of Facilities & Operations, Ron Branine announced that the facilities team has been busy mowing both airports and prepping for the electrical project at the Richland Airport. Branine added that there was a recent incident with an airplane at Richland, which resulted in the team physically pushing a plane back to the owner's hangar.

Director of Real Estate Teresa Hancock added that she has been handling ongoing tenant relations related to both airports.

2. FACILITIES & OPERATIONS:

Director of Facilities & Operations, Ron Branine stated that they are still waiting on HMiS approval for their additional work, but the facilities team has started to initiate some of the work, which includes a large pallet rack system, battery charging stations, floor striping, approximately 27 new doors and other miscellaneous items. Branine added that the Westinghouse pavement maintenance will be taking place soon.

Branine added that there has been 82 work orders turned in since the June 15th Commission meeting and an average of approximately 100 per month is expected. Branine stated that the number will fluctuate up and down, but will be consistent until the team can get ahead of things through the preventative maintenance program.

Branine added that there have been a total of 540 work orders since September 2021 and there are currently 44 open work orders. Branine noted that only 50% of orders are being captured at this time.

Branine announced that the two new camp hosts at Crow Butte Park are working out great. Branine stated that he worked the July 4th weekend. Branine added that the park wasn't full, but it was very busy. Branine noted that the biggest issue at the park is younger kids driving too fast, parking where they shouldn't park and open containers. Branine added that he is working with the Sheriff's office to get them to do more regular drive-throughs.

Branine noted that the Army Corps has not yet given their approval on the addition of the two new smart parking meters to assist with the capturing of day use fees and to not have to process each transaction manually. Branine reminded the Commission that this request was submitted last October.

Branine announced that four new cameras have been installed at the main railroad crossings and all signage has been changed from TCRY to Port of Benton at all crossings. Branine noted that he has uncovered a few more signs that need updating. Branine added that the bungalow locks have been changed to Port-managed locks and he has been trained on what to do with signal and crossing issues. Branine added that he has responded to five rail-related emergencies or issues in the last two weeks.

3. REAL ESTATE:

Director of Real Estate, Teresa Hancock stated that she is moving forward with contracts for HMIS and HMiS is concerned about the cost increase. Hancock added that the lease amendment has received necessary HMiS approvals and they are working through DOE, which is an anticipated two

week timeframe.

Hancock added that contractors need to pre-order to meet the scope as soon as approval is received and all are hoping to keep costs down and lighten the load for the Facilities team, given railroad and airport projects are underway simultaneously.

Hancock stated that the lease modification is effective July 1, 2022, so funding and holding of space will be paid through amendment effective date July 1, 2022, once the final pass-through funding is approved.

Hancock reminded the Commission that HMiS has wanted this work done since last October.

Hancock added that at the last Commission meeting, a potential land sale with Horizon Land, LLC was mentioned, and they are currently working through parcel segregation and development plans to bring forward resolution in the future.

Hancock announced that she is currently in discussion regarding eight land sales, with three in Prosser, five in Richland and four new leases. Hancock thanked the team for all their support and assistance.

Hancock added that the team is working on an updated lease for Westinghouse and will hopefully bring forward at the August Commission meeting.

4. MARKETING:

Director of Marketing, Wally Williams announced that the Port of Seattle/Seattle Airport ad has been completed and he is now working on updating the river kiosks with updated materials. Williams added that he has also been assisting with Washington VERTical, projects for Roger Wright, the Richland Airport and the railroad. Williams added that the construction sign is now up for the White Bluffs Center project as well as the wayfinding signage on the river trail.

Public Information Officer shared a screenshare of the Seattle Airport "We'll Make You Blush" ad, which is on display through quarter three in concourse three of the Seattle Airport.

Miya thanked the team for their support in recent weeks.

5. ECONOMIC DEVELOPMENT & GOVERNMENTAL AFFAIRS:

Director of Economic Development & Governmental Affairs, Miles Thomas stated that he has been working on Washington VERTical, as well as a Tri-Cities Clean Energy Convening event hosted by the Port, VERTical and other Tri-Cities organizations. Thomas stated that this event will be held on Tuesday, July 26th from 8 a.m. – 1 p.m. in the Collaboration Hall at WSU Tri-Cities.

Executive Director Diahann Howard thanked Thomas for his work on the Convening event, adding that this is a great opportunity to collaborate with local energy leaders.

Thomas added that he has been working on the RFP for the railroad and included alternative design options for the building, which will stagger out the improvements to sufficiently meet the current needs. Thomas noted that he worked in tandem with the City of Richland design programs.

Thomas announced that new leases are moving into 3100 and 2019 Butler Loop and reminded the Commission that the White Bluffs Center project will not have an HVAC unit delivered until December at the earliest.

6. FINANCE DIRECTOR:

Director of Finance/CPA, Danielle Connor provided an update on the 2021 audit, which was

recently performed by the State Auditor's Office (SAO). Connor stated that the federal single audit and financial statement audit is wrapping up and the SAO auditor was onsite for approximately a week and a half. Connor stated that the SAO requested about 260 transactions with an additional 70 information request items. Connor stated that there were a few exit items, which will be followed-up on, but nothing concerning. Connor noted that there was no management letter or findings.

Connor stated that she hopes to schedule the exit conference the week of July 18 or July 25, with just the standing Commission president and it will take about two weeks for report publishing after the exit conference.

Connor added that the accountability audit will be delayed until later this year and is estimated to begin in late September/early October with a due date of December 31, 2022.

Connor thanked Senior Accountant, Veronica Serna for her heavy lifting of pulling and providing transaction documentation, as well as Teresa Hancock, Liz Renz, Sheri Collins and David Billetdeaux for their assistance with audit requests. Connor added a thank you to the entire team, stating that the audit process is not just a finance effort, it's a team effort.

Connor stated that the 2023 budget preparation is underway, with an initial draft of revenue forecast, which has been kept conservative. Connor stated that she will be meeting with the facilities team this Thursday to collect a list of needs and wants and she will be meeting with the rest of the team to review the current list of capital projects, which they will build on and prioritize. She will also begin working on the operating expenditures budget and meeting with the team to review in more detail.

Connor provided an update on the IAP project, stating that there are currently 189 active leases and 156 have been entered into Voyager, which is 83%. Connor added that there are 33 leases remaining to enter, with some at 3100 and 2345, which will need work to set up these particular properties.

Connor noted that the consultant hired to input the leases did not renew her contract, which expired in June, but Accounting Clerk, Liz Renz is up to speed on the system and has been entering leases as a core initiative in addition to A/P.

Connor noted that the current focus is still on lease entry, and the team will also have to capture any lease changes since lease entry began and then they will move to GASB 87 module configuration, billing testing, pre go-live cutover items and reconciliation.

Connor announced that the team is still aiming for an October 1, 2022 go-live date and will reassess for readiness, as there is some contingency planned if needed.

Connor stated that initial development setup tasks have started with BakerTilly and the team is currently working toward a mid-August deliverable date. Connor noted that the team will be connecting with the point of contact next week and weekly calls will begin in the next few weeks.

Connor provided an overview on the current financial status, highlighting the available general operating cash is \$3.55M, project fund at \$3.8M. Cash receipts for June were \$503k and cash disbursements, \$905k. Accounts payable currently is at \$118k outstanding with \$27k past due. Accounts receivable is at \$336k current outstanding with \$53k (16%) being tenant AR >90 days past due.

Connor informed that since the Lean consulting was postponed from June, she will look to reschedule to later in the year, possibly November once projects slow down.

Connor added that other focus points include the 2023 budget and heavy focus on the Voyager project.

7. PORT ATTORNEY:

Port Attorney, David Billetdeaux announced that the five-year court battle with TCRY has ended in the Port's favor, as noted earlier in the rail update.

Billetdeaux added that he is working on updating the Washington State Heat Exhaustion policy,

which he will finish and provide this week.

Billetdeaux noted that he will begin work on a policy related to the hiring of interns next.

8. EXECUTIVE DIRECTOR:

Executive Director, Diahann Howard asked if the commission would like to have an updated resolution related to the lower snake river dams, this will support ongoing requests for support.

Howard welcomed Ashley Garza consultant Drafter and Project Coordinator to the team, who will be helping to support projects and real estate via GIS/CAD.

Howard noted that she attended the Vista Field opening event and Sundance Aviation was provided with a follow-up letter and will meet with them later in the year. Howard noted that she also attended a recent Tri-Cities Hispanic Chamber event with Secretary of State Hobbs and will be presenting at the next Hispanic Chamber luncheon.

Howard noted that she attended the recent WPPA legislative priorities meeting.

Howard thanked the team for the recent support received throughout Howard's time out with COVID-19.

Howard added that the Airport Manager position is almost complete and will be posted this week to the Port website, and also shared with WAMA and AAAE.

Howard stated that she has been collaborating with Washington VERTICAL and TRIDEC on hosting an USNIC Ready for Nuclear event in the Tri-Cities estimated with approximately 150 attendees, which will be state-focused.

Howard noted that the Association of Washington Business will be in the Tri-Cities November 2-3, 2022, hosting a State of Energy Summit.

Howard added that she will be attending and presenting the Tri-Cities Case Study along with others at the ECA Forum in Salt Lake City the first week of August, where Commissioner Rasmussen will be moderating a panel.

Howard noted a possible upcoming site visit related to the Department of Energy.

Howard stated that she has reserved items related to Prosser, Vintners Village and Horn Rapids for Executive Session.

I. EXECUTIVE SESSION: The regular Commission Meeting was recessed at 10:13 a.m. and an Executive Session was convened at 10:15 a.m. to discuss ongoing and potential litigation, real estate and personnel matters. It was announced that Executive Session would take 30 minutes and if any action was required, the Regular Commission Meeting will reconvene and bring forward the item at that time.

J. ADJOURNMENT: The Commission meeting was adjourned at 10:45 a.m. with an announcement that the next regularly scheduled Port of Benton Commission meeting would be held at 8:30 a.m. on August 10, 2022.



Lori Stevens
Commission Secretary