

**PORT OF BENTON
COMMISSION MEETING MINUTES
January 10, 2024**

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

PRESENT: Commissioner Scott Keller, Commissioner Lori Stevens; Commissioner Roy D. Keck; Executive Director, Diahann Howard, PPM®, PPX®; Port Attorney, David Billetdeaux, PPM®; Director of Real Estate, Teresa Hancock; Public Information Officer, Summers Miya; Senior Accountant, Veronica Serna; Accounting Specialist, Julia Mora; Director of Facilities & Operations, Ron Branine; Airport Manager, Quentin Wright; Director of Finance, Jeff Lubeck; Director of Marketing, Wally Williams; Director of Governmental Affairs, Cassie Hammond; Construction Project Manager, Bryan Bell; Bill O'Neil, Richland Airport; Garreth Nisbett, Benton City; Rick Heath, Framatome; Christy Rasmussen, Energy Northwest; Jon Ray, Richland Airport Tenant; Ashley Garza; Clif Dyer, Richland Airport

The following attendees attended via remote communications: Contract Specialist, Sheri Collins; Wendy Culverwell, Tri-City Herald; Damien Sinnott, WSU Tri-Cities; Jeff Losey, Home Builders Association; Shaun Gordon, Banner Bank; Mayor Theresa Richardson, City of Richland; Steve Balaski; Jorge Celestino; Jeff M., Community Member; Bryan Condon, Century West Engineering; Wade, Community Member

The Commission meeting was noticed as required by RCW 42.30.070.

B. PLEDGE OF ALLEGIANCE: Commissioner Scott Keller 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 January 10, 2024 Commission meeting, approval of minutes from the December 13 ,2023 Commission meeting, approval of minutes from the December 18, 2023 special Commission meeting, approval of vouchers and certifications, including payroll, for the month of December totaling \$1,979,778.68 and approval of project vouchers and certifications for the month of December totaling \$1,523.30.

D. PUBLIC COMMENT:

City of Richland Mayor, Theresa Richardson stated that it has been a delight to work with the Port of Benton and she has appreciated the Commission meetings greatly. Mayor Richardson added that due to her new role as Mayor, the council will likely reassign which Councilmember will begin attending the Port meetings and act as the liaison between City – Port.

Mayor Richardson stated that she appreciates that the City and Port work so well together.

Christy Rasmussen complimented the Port staff on the recent Port audit report, noting the hard work and commitment to transparency continues to be beneficial.

Community Member and Richland Airport tenant Bill O'Neil thanked Commissioner Scott Keller for coming out of retirement to serve, adding that Commissioner Keller has a vast array of knowledge from his 30 years of experience with the Port.

O'Neil encouraged all to listen to the voices, including Commissioner Lori Stevens, who is a successful business owner. O'Neil also encouraged all to listen to the constituents, who have expressed that it is time to get to work.

Community Member and Richland Airport user Cliff Dyer brought up the Port's frequent use of the word "transparency" and encouraged the Port to begin recording meetings because there are many who are unable to show up in-person or Zoom.

E. ITEMS OF BUSINESS

1. Selection of Port of Benton Commission Officers

Port Attorney David Biletdeaux explained that the selection of officers is an annual task always handled at the first Commission meeting of the year.

Commissioner Roy Keck made a motion to maintain the existing pattern.

Commissioner Lori Stevens recommended herself as vice president and Commissioner Keck as secretary.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving Scott Keller as Commission president, Lori Stevens as Commission vice president and Roy Keck as Commission secretary.

Commission President Scott Keller adjourned the regular Port of Benton Commission meeting at 8:42 a.m. and opened the Economic Development Corporation (EDC) meeting at 8:42 a.m.

2. Economic Development Corporation (EDC): Approval of Minutes from January 11, 2023 EDC Meeting, Selection of Officers, Financial Overview

Commission President Scott Keller asked for a motion to approve or reject the minutes from the January 11, 2023 EDC meeting.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving the minutes from the January 11, 2023 EDC meeting.

Commission President Scott Keller asked for a motion to approve or reject the selection of EDC officers for 2024, with Scott Keller as president, Lori Stevens as vice president and Roy Keck as secretary.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving the selection of EDC officers for 2024 with Scott Keller as president, Lori Stevens as vice president and Roy Keck as secretary.

President Scott Keller adjourned the EDC meeting at 8:44 a.m. and resumed the regular Port of Benton Commission meeting at 8:44 a.m.

3. Resolution 24-01, A Resolution of the Port of Benton Approving Delegation of Authority for the Executive Director and Her Designees

Port Attorney David Billetdeaux explained that this is another annual item of business taken care of at the first Commission meeting of the year. Billetdeaux explained that this year's delegation mirrors last year's delegation almost perfectly, other than a few new or updated policies that were put in place last year.

Billetdeaux added that the change order portion was updated in 2023 and is now in line with similar ports, which will allow for the project to continue when multiple change orders may come through. Billetdeaux stated that this usually reflects large projects where it is not ideal to stop progress with delays.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving Resolution 24-01, approving delegation of authority for the executive director and her designees.

4. Resolution 24-02, A Resolution of the Board of Commissioners of the Port of Benton Authorizing the Port Executive Director to Sell and Convey Surplus Property with Less Than \$10,000 Value

Port Attorney David Billetdeaux noted that nothing has changed from last year to this year and this is another required annual update.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving Resolution 24-02, authorizing the port executive director to sell and convey surplus property with less than \$10,000 value.

5. Membership & Committee Review

Executive Director Diahann Howard stated that the membership list is typically laid out in the annual budget and inquired if the Commission desired to make any changes to committee and organization representatives.

The list was reviewed in detail and the updated list is included after the last page of the minutes.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving the designated port representatives for specified memberships and committees.

6. 2024 Meeting Dates

Port Attorney David Billetdeaux stated that the State Auditors Office is asking Ports to present the regular Commission meetings and workshops for Commission approval and also have them clearly defined for the public. Billetdeaux added that the Port of Benton meeting dates are clearly identified on the Port website as the second Wednesday of the month at 8:30 a.m., unless otherwise identified. Billetdeaux noted that some meetings have been changed for 2024 due to conflicts with meetings that also require Commission and Port staff attendance.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving the 2024 meeting dates.

7. Discuss and Distribute Annual Conflict of Interest Forms

Port Attorney David Billetdeaux introduced the annual conflict of interest form, explaining that this form is given out to all port staff and Commission each year and is required to be completed by the end of January.

Billetdeaux explained that it is important to ensure there is no conflict. Billetdeaux noted that each form goes into everyone's personnel file.

8. Discuss and Review Port Commissioner Salary Increase

Port Attorney David Billetdeaux explained that the Office of Financial Management has determined that the Commissioner daily rate is now \$161/day, rather than \$128/day, explaining that there is no vote on this item, since it has been established in RCW 53.12.260 that the Washington State Office of Financial Management (OFM) has determined that as the rate that shall be paid and is not subject to approval

F. INFORMATION REPORTS:

1. 2022 Audit Report

Director of Finance Jeff Lubeck announced that the audit for the 2022 calendar year was completed in December.

Lubeck explained that this presentation aims to provide an overview of the three audits conducted by the SAO in 2022, noting that the Audit Entrance Conference took place on October 11, 2023, marking the initiation of the audit process, subsequently, the Audit Exit Conference was held on December 20, 2023, to conclude the audit procedures.

Lubeck explained that in order to ensure impartiality and objectivity, a new audit team was assigned by the state for this round of audits, adding that this rotation of staff guarantees that "fresh eyes" are reviewing the financial records and processes, promoting transparency and accuracy.

Lubeck pointed out that in addition to the SAO's involvement, two other entities conducted general accounting system and process assessments: Sara Marshall performed an assessment earlier in 2023, while CliftonLarsonAllen conducted a similar assessment in 2019.

Lubeck stated that an audit of the 2022 Port Economic Development records is now starting and this undertaking by the SAO signifies the organization's commitment to ensuring the integrity and accountability of these specific financial transactions.

Lubeck clarified each audit:

- Financial Statement Audit – Examines and reports whether the port's financial activities and statements are accurate and complete. – Received clean audit
- Comprehensive Audit – Evaluates whether the port has adhered to applicable state laws and regulations, implemented good internal controls and followed its own policies and procedures. – Received clean audit

- Single Audit – Examines whether the port has materially complied with state and federal requirements relating to grant activity. This audit also determines whether the port properly accounts for federal funds expended under grant awards. – Received clean audit

Lubeck explained that a clean audit result means that there were no audit findings, no deficiencies, no management recommendations and there were no SAO findings or changes that need to be considered or implemented as a result of the 2022 audit.

Lubeck displayed an overview of the areas of audit emphasis in 2022 for other ports around the state, which gives a good idea of what SAO is looking at in the future.

The Commission complimented the port for receiving a clean 2022 audit report.

2. 2024 Budget Overview

Director of Finance Jeff Lubeck provided a 2024 budget recap, which reviewed: review of overall budget, overall debt, overview debt, lease revenues, property tax, labor, capital.

Lubeck stated that the key budget takeaways are that the 2024 budget is balanced, operating revenues are increasing 35% over the 2023 budget, property tax rate is decreasing for the 6th year in a row, 2024 is the largest year ever planned for port capital projects, 65% increase in overall business volume.

Lubeck provided an overview of the budget objectives: Economic Development - Port Improvements – Maintenance/Operations.

Economic Development priorities include – land and waterfront planning, inland port, rail system, building acquisition.

Port Improvements – Rail building and tracks, Prosser and Richland Airports taxiway and runway improvements, RIC sidewalk and streetlights.

Maintenance/Operations – Keep assets in state of good repair, work orders system, business infrastructure – software, systems, processing.

Lubeck added that the foundation of the “state of good repair” includes taking care of what we have and planning for the future.

Lubeck provided a visual overview of the 2024 budget compared to 2023.

Lubeck highlighted the 2021 debt restructuring when the port took the initiative to take advantage of a significant reduction of interest rate from 5.83% to 2.35%.

Lubeck highlighted the current outstanding loans with their current interest rate, resulting in an average weighted rate of 2.2%.

Lubeck overviewed the lease revenues, which have increased based on rate changes implemented in 2023, adding that the port continues to receive appraisals to ensure compliance.

Lubeck pointed out new revenues from new facilities: 1845 Terminal Drive (\$115k) and the acquisition of an existing building (\$200k). Lubeck stated that revenues from the Technology Enterprise Center have been removed due to the 2023 sale (\$123k).

Lubeck provided a detailed overview of the current lease count (188 leases):

- Small business – 80/42%

- Hangar – 54/29%
- Large – 37/20%
- Government – 15/8%
- Non-Profit – 2/1%

Lubeck stated that the Benton County property tax distribution provides the Port of Benton with 1.11% of all property tax collected in Benton County.

Lubeck overviewed labor, benefits and taxes, stating that there is no change in headcount, and that labor is decreasing as a percentage of total operating expenses.

Lubeck noted that the port has been using a temp contractor to archive and/or destroy 20+ years of records, which ensures compliance with public records requirements. Lubeck added that the port is looking into grants available from the state to help with temporary services related to archives and record retention, including researching the implementation of specific software to assist with requirements. Lubeck added that RCW requirements do not allow scanning for all materials.

Lubeck stated that the port is planning \$15.4M in capital projects in 2024, with grant/loan funding of \$11.7M (76.4%) and remaining being port-funded at \$3.6M (23.6%).

3. Marketing & Communications Update

Director of Marketing Wally Williams announced that new business cards have been ordered, updated photos will be scheduled as soon as the Port's preferred photographer is available.

Public Information Officer Summers Miya provided a Marketing & Communications quarterly review.

Miya introduced the focus areas and primary activities as: North Horn Rapids, Vintners Village, Airports, STEM Tourism.

Activities – Create materials to increase engagement, identify and write stories/profiles/success stories about port district companies/people. Expand speaking engagements, leverage social media, explore cross-promotion opportunities with partners and increase USS Triton sail tours.

Miya presented the accomplishments and progresses made in various areas within the Horn Rapids region, adding that the business goals were centered around recruiting an advanced manufacturing or another key anchor in north Richland by the end of 2023. Miya reported that significant strides have been made toward achieving this objective.

Miya noted that in terms of communication, the goal was to reach 10 inquiries about North Horn Rapids / Richland Business Park by the end of the year and shared that the team has exceeded expectations by receiving 34 inquiries, noting that this achievement was made possible by the effective use of targeted collateral and the enhancement of north Richland's web presence through the port and Discover Richland websites.

Miya moved on to Vintners Village (VV), where the business goal was to sell at least one phase two parcel in VV by the end of 2023. Miya reported that thanks to the outstanding efforts of Teresa Hancock, the team was able to surpass this target by successfully selling two parcels to Enodav Winery. Miya stated that the communication objective of reaching at least eight inquiries by year-end was very

close with six inquiries through the use of collateral that effectively reached our target audiences via the port and VV websites.

Miya added that in terms of airports, the business goal was to fill the remaining hangars and prepare for the construction of at least one hangar at each airport by the end of 2023. Miya reported that a total of 31 inquiries were received, exceeding the target of 25, adding that this accomplishment was made possible through the development of collateral that effectively promoted the benefits and features of the airport, targeting communities, companies within the Port district, and companies with a business interest in the region.

Miya stated that the Port now has the ability to track sends and downloads on all port-managed websites and with the addition of the updated websites and flyers, the team believes that we have established a strong foundation to further highlight VV and raise awareness in north Richland. These efforts, combined with Wright's endeavors at both airports, have laid a solid groundwork for future success.

Miya highlighted the successful partnerships formed with Buckskin Golf Club, Northwest Golf Cars, Dauntless Air, Chukar Cherries, JR Imaging Logistics, Columbia Rail, and Enodav Wine Co., as their contributions have been instrumental in our progress and the completion of seven articles and/or videos created for the "Opportunity Happens Now" series, which highlights Port tenants.

Miya added that the goal for speaking engagements was set at 18, and announced that the goal was not only met but exceeded this target by completing 27 speaking engagements in 2023.

Miya added that the Triton tours grew by a remarkable 52% growth, reaching a total of 455 visitors, adding that this achievement was made possible through the efforts of Wally Williams.

Miya stated that overall, port endeavors in the Horn Rapids region have been met with remarkable success and the team will continue to build on the strong foundation we have established and work towards achieving our future goals.

Miya provided an overview of the marketing materials in the fourth quarter of this year that have played a crucial role in promoting and enhancing the goals of the Commission and team. Miya state that these materials continue to contribute to telling the story of the port, with a special focus on the 65th header, which was featured for the first time in today's eNews and adding that this header symbolizes the remarkable 65 years of economic development and growth that our port has witnessed.

Miya highlighted one notable material recently produced, the USS Triton brochure, which is a comprehensive document providing a complete list of all US Navy officers, chief petty officers, and enlisted personnel who served aboard the Triton during its commission from February 1, 1959 to May 3, 1969. Miya stated that it is important to note that this brochure is a living document, and the team continues to actively collaborate with Triton's crew members to ensure its accuracy and completeness. Miya added that the brochure has already been shared with the master distribution list, and the team has received several requests for updates.

Miya added that the fall newsletter went out in October and featured articles highlighting the port's activities and achievements.

Miya added that another objective was to attain a 20% increase in earned media coverage featuring at least one key message about the port or our target projects/assets (such as North Richland, VV, and other transportation assets) by the end of this year, stated that the department diligently tracked the media coverage received in 2023 and found that 34 stories met the criteria by mentioning the port or our target projects/assets and adding that this represents a significant 13% increase compared to the estimated coverage we tallied in 2022. Miya noted that she only started tracking media coverage halfway through 2022, so estimation for that year is not comprehensive.

Miya explained that in terms of evaluating the quality of these articles and stories, the target was a score of 6 or higher. This scoring criteria takes into account the tone of the headline/story, the effectiveness of the messaging, the inclusion of project/event mentions, quotes or attributions, and visual elements. The average score across all earned media stories was 7, indicating that our messaging efforts were generally successful and well-received.

Miya stated that overall, the materials and efforts in the fourth quarter have allowed the team to effectively communicate the port's story, celebrate achievements, and engage with the target audience, adding that the team is confident that these initiatives will continue to contribute to the long-term goals and success.

4. Grants Update

Executive Director Diahann Howard pointed out that the grants report was included in the meeting packet and highlighted the following:

Item 1 – Richland Innovation Center Rural County Capital Funds. Amendment for extension and \$400k of additional funding completed. Project out to bid in January with hopes to award by end of month.

Item 2 – Innovation Cluster Accelerator Program application, phase 2 - \$300k awarded. Howard thanked industry for their continued supports and efforts, including Framatome's Rick Heath.

Howard added 39% includes small business and 300-600mw of power are needed to sustain Tri-Cities regions growth.

Item 7 – U.S. EDA, 2579 Stevens Drive building and rail. There is a new EDA rep. Howard stated that preliminary numbers are in and \$8-\$15M is estimated to retrofit this building. Considering the option to replace office portion of building. Considering additional funding options.

Item 8 – Benton County .09 – Technology & Business Campus property currently in negotiations. Application proceeding, final decision anticipated in January. Negotiations with Private developer underway.

Airport Manager Quentin Wright provided grant report updates for the following items:

Item 9 – Richland Airport Airfield Signage and Lights (PH1) – The emergency generator was expected to ship on 1/5/2024, but has been delayed due to further testing.

Items 10 & 11 – Three FAA projects expected to take place in 2024, including two at Richland Airport and one at Prosser Airport.

G. COMMISSIONER REPORTS/COMMENTS

Commissioner Scott Keller stated that he is humbled to be here and thanked all, adding that he spent 30 years of his life at the Port, which is almost half his life. Commissioner Keller noted that he always wanted to be a Commissioner and is very excited to be here and get to work.

Commissioner Keller announced that he is here if needed and thanked those who have entrusted him with the presidency.

Commissioner Lori Stevens stated that she has been attending the Prosser Creative District information meetings, which are looking for community input.

Commissioner Stevens added that the Prosser Community Awards Banquet will take place at the Walter Clore Center on Monday, January 29, 2024.

Commissioner Roy Keck stated that he appreciates being on the board, as the Port is a pivotal player in the community. Commissioner Keck added that he looks forward to the continued promotion of the Hanford cleanup, which will turn to a green focus in the coming years.

I. DIRECTOR REPORTS/COMMENTS:

1. FINANCE DIRECTOR:

Director of Finance Jeff Lubeck provided a general financial update, announcing that the year-end activities have begun with W-2s, 1099s and the closing process for 2023 financials.

Lubeck added that the process to implement GASB 96 has begun, which includes the analysis of all software agreements.

Lubeck added that the reserve study process is continuing with an anticipated draft in February.

Lubeck provided a financial status report on cash, stating to expect volatility in the coming months with possible building acquisition, reimbursement and projects. Lubeck added that the Sky Park office building was acquired in December 2023, formerly the Bob Moe building located at 1845 Terminal Drive, adding that the reimbursement funds from the state are expected this week.

Lubeck provided a look at cash activity for the month of December, stating that general receipts totaled \$994,885 and cash disbursements totaled \$1,979,779, which included the \$1.045M for the Sky Park office in addition to the \$182k in general payroll related costs and \$752k in accounts payable.

Lubeck noted that as of 1/9/2024 there was \$205k in outstanding A/P.

Lubeck provided a visual overview of the current accounts receivable and complimented director of real estate, Teresa Hancock for all her efforts in working with past due accounts.

2. PORT ATTORNEY:

Port Attorney David Billetdeaux announced that an insurance payment is expected soon related to the SR 240 dump truck incident from the fall 2022, adding that the Port's insurance company was not helpful during this matter and the insurance payment will be received from the driver's insurance. Billetdeaux stated that damages from this incident were approximately \$100k and \$78k is expected from the insurance.

Billetdeaux added that an insurance RFP will be going out soon.

Billetdeaux added that there was a separate incident in late 2023 on Steptoe related to a boom truck destroying the crossing. Billetdeaux noted that the same steps that were taken for the 240 incident will be taken as far as collecting evidence, adding that the driver has been sited and the

trucking company's insurance is now involved.

Billetdeaux added that Hub and Enduris rates are up and service is down.

Billetdeaux added that an electrical archiving RFP is currently out with hopes of securing a program to track emails, texts, voicemails and everything. Billetdeaux stated that the Port currently uses Smarsh for social media archiving and it would be ideal to have single source option for all archiving. Billetdeaux added that bids for this RFP are due on Friday.

Billetdeaux announced that he is working on an AI policy to present at a future meeting.

3. EXECUTIVE DIRECTOR:

Executive Director Diahann Howard welcomed Director of Governmental Affairs Cassie Hammond who started with the Port on Monday, January 8. Howard added that Hammond has already been virtually attending meetings and listening to hearings.

Howard reviewed the top legislative priorities and objectives for the port in 2024:

Federal – \$8M rail request for a \$10.4M project. The port will be submitting to CRISI and RAISE for rail, ties and crossing replacement.

State – Port rail request, as part of port decarbonization, (\$25.6M program) and transportation projects, \$6M requested, capital.

Support TIF and .09 without amendments.

Support HB 1870 Match Act, offset match to secure federal funding for economic development.

Support HB 1371, SB 5494 railroad infrastructure modernization tax credit.

Support for supply chain funding.

Howard added that this is a short 60-90 day session and there are 6-7 senators up in 2024 and added again that the port is focused on rail.

Howard announced that Clean Energy Day is taking place in Olympia on January 31, immediately followed by Ports Day on February 1.

Howard stated that she would appreciate input from Commission on the Horse Heaven Hills wind farm and would also like reaffirmation that all are in support of the dams. All were in agreement of opposition of the wind farm and support of the Snake River dams.

Howard added that rental occupancy remains strong and WSU is moving into a larger space at the 3100 George Washington Way building, adding that the WSU Gear Up program, which reaches out to several high schools in the region, and is a strong support to area students, has space at 3100.

Howard added that she hopes to bring a agreement related to Clore back to the board at the February meeting.

Howard provided several real estate updates, including a recent amendment to the NW Golf Cart lease at 2579 Stevens Drive and the new leases in place at the Sky Park office, adding that the \$500/month previously received from the Bob Moe building has decreased due to the sale of the building.

Howard stated that 2019 Butler Loop is vacant.

Howard provided a facility update, stating that the only vacant space at 2345 Stevens Drive will be the Veolia space and the Department of Energy has expressed an interest in the space. Port team has responded that this space should be held for other private business and requested commission input if they did not agree. Agreement on the use of the Veolia space for private business was agreed by the commission.

Howard added that winter weather preparation continues, a rail car study is taking place and the Port will continue to support land planning efforts in cooperation with the city of Prosser.

Howard added that there will be a rail update at the February meeting.

Howard announced that she will be traveling to Bremerton in the coming week with Director of Marketing Wally Williams and Public Information Office Summers Miya to tour the naval shipyard, active submarines and meet with industry and workforce.

J. EXECUTIVE SESSION: The regular Commission meeting was recessed at 10:10 and it was announced that an Executive Session was not needed.

M. ADJOURNMENT: The meeting was adjourned at 10:10 a.m.



Roy Keck
Commission Secretary