

**PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF SPECIAL MEETING**

March 17, 2014

COMMISSIONERS PRESENT

Jim Orvis, President
David Preston, Vice President
Fred Gouge
Mary Lou Block
Bruce Faires

STAFF PRESENT

Bob McChesney, Executive Director
Tina Drennan, Finance Manager
Megan Barnes,
Administrative Assistant

OTHERS PRESENT

Brad Cattle, Port Attorney
Jan Conner, Northwest Country
Management

CALL TO ORDER

Commission President Orvis called the special meeting to order at 12:30 p.m.

PLEDGE OF ALLEGIANCE

All those in attendance participated in the Pledge of Allegiance to the American Flag.

CONSENT AGENDA

COMMISSIONER GOUGE MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

A. APPROVAL OF AGENDA

COMMISSIONER FAIRES SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one from the public expressed their desire to comment at this time.

APPROVAL OF HART CROWSER LEASE AGREEMENT

Mr. McChesney noted that all five commissioners are present for this meeting. Mr. McChesney thanked Commissioner Gouge, Ms. Conner, and Mr. Cattle for working late on Friday to ensure the completion of the lease. Mr. McChesney also thanked Hart Crowser for this opportunity.

Mr. McChesney explained the reason for this special meeting to approve the lease. He noted that it is time imperative to approve this lease, as the Port has been working on this for approximately four months, beginning in November of 2013, and the next Commission meeting is not scheduled for another two weeks. This lease was supposed to be ready for the March 10th Commission meeting, but a last minute glitch, in regards to a personal guarantee and a lease bond requirement, postponed the lease approval.

Mr. McChesney called attention to the draft motion in the packet. He noted that the Port and staff have reviewed the prospective tenant's financials, and feel confident in the strong financials of the company. The lease agreement does include a security deposit with a declining balance, but does not include a lease bond or personal guarantee. The fiscal impact of this lease for the Port is an estimated \$217,720.00 in Tenant Improvements. Mr. McChesney recommends that the Commission approves the lease agreement as written.

Ms. Conner noted that the prospective tenant first viewed the space on October 31, 2013 and provided lots of feedback on the space. Ms. Conner spoke with the broker today, who said they were having a board meeting today, and would discuss the lease. The broker also noted that they would return the signed lease agreement and security deposit to the Port soon. Ms. Conner also noted that prior to their interest in Harbor Square, Hart Crowser purchased Pentec, who had previously been a tenant of Harbor Square.

Commissioner Preston asked about the portion of the lease that we are waiving (lease bond and personal guarantee), and whether this is setting a precedence for future leases and tenants.

Mr. Cattle noted that RCW 53.08.085 discusses a general rule of security for leasing, but that the terms are also left to the discretion of the Commission. He also noted that this allows the Commission to look at the strength of the tenant and their financials, and make determinations for each individual case. In this case, Mr. Cattle also recommended that the Commission approve the lease as written.

Commissioner Gouge also noted that he has read Hart Crowser's financial statements, and feels confident in the lease as written. He noted that Hart Crowser also noted the condition of the space, and the included tenant improvements will have a positive impact by ensuring the space will be presented as a better office space.

Mr. McChesney thanked Ms. Conner for all of her hard work on this lease agreement.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE HART CROWSER LEASE AS PRESENTED, INCLUDING AUTHORIZATION TO SPEND UP TO \$217,720.00 FOR TENANT IMPROVEMENTS SUBJECT TO PUBLIC WORKS BIDDING AND CONTRACT APPROVAL BY THE COMMISSION, AND DIRECT PAYMENT OF REAL ESTATE BROKER'S COMMISSION OF \$27,215.00. COMMISSIONER FAIRES FURTHER MOVED THAT THE COMMISSION ACCEPT THE SECURITY DEPOSIT OF THREE (3) MONTHS RENT ON A DECLINING BALANCE UNDER THE TERMS OF THE

LEASE AS SUFFICIENT TO SATISFY THE FIDUCIARY RESPONSIBILITIES OF THE PORT, AND AS PROVIDED BY RCW 53.08.085 AND ALSO WAIVE A REQUIREMENT FOR PERSONAL GUARANTEE. COMMISSIONER PRESTON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF WASHINGTON STATE DEPARTMENT OF FISH AND WILDLIFE LEASE AGREEMENT

Mr. McChesney presented the five year lease with the Washington State Department of Fish and Wildlife. He noted that the particulars are outlined in the memorandum found in their packet.

Mr. McChesney recommends that the Commission approve the lease as written.

COMMISSIONER BLOCK MOVED THAT THE COMMISSION APPROVE AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE LEASE WITH WASHINGTON STATE DEPARTMENT OF FISH AND WILDLIFE AS PRESENTED. COMMISSIONER FAIRES SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney stated that in regards to the public launch renovation project, the trolley and crane assembly were delivered and installed yesterday, March 16th. The electrical is being worked on today, and testing will be done today and tomorrow (March 18th). Mr. McChesney noted that the Port would still like to have a ribbon cutting ceremony for the new launch, with a tentative date for March 31st. He also noted that the Port is very happy with the progress of the launch, as well as the support of the Commission.

Commissioner Preston recommended that the ribbon cutting ceremony be held at 6:00 p.m. on March 31st, before the scheduled Commission meeting. Mr. McChesney noted that we will put that date and time on the Port's calendar.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Orvis noted that he will be gone from March 20th through April 6th, and will be absent from the commission meeting on March 31st.

ADJOURNMENT

The Commission meeting was adjourned at 12:47 p.m.

Respectfully submitted,



Bruce Faïres
Port Commission Secretary