



MINUTES OF THE BUSINESS MEETING
Held October 1, 2018

The October 1, 2018 Business Meeting was called to order at 5:15 p.m., by President Martin. The meeting was held at the Port of Sunnyside's Administration Office located at: 2640 E. Edison Avenue, Ste. 1, Sunnyside, WA.

Commissioners and Staff present at the Business Meeting:

Arnold Martin, Commission President
Jim Grubenhoff, Commission Vice President
Tyler Schilperoort, Commission Secretary
Jay Hester, Executive Director
Travis Jansen, Project Manager
Nicole Jech, Finance Officer
Lucia Navarro, Administrative Assistant
Rob Faber, Legal Counsel

GUESTS: None

Citizen Comments: None

Comments: Commissioner Schilperoort asked if the payment made to Granite Construction on September 25, 2018 was for the Ostrom rock project. Jay responded yes, that is most of the payment for the rock.

DISCUSSION/ACTION ITEMS:

FINANCE OFFICER:

- Nikki presented the updated budget numbers for 2019. The only change from the previous budget presented on September 17 is the increase in Outside Professional Services, as new GASB reporting requirements will need to be completed by an actuary. The new reporting requirements require full valuation of the Port's OPEB (Other Post-Employment Benefits) obligation including all notes and required supplementary information for the Port's financial statements every other year. A partial valuation will be conducted in between those years to stay current with reporting requirements. Commissioner Martin asked if this will be part of the Port's annual audit with the Washington State Auditor. Nikki responded that this will be a component of the report. Jay informed the Commissioners that if this is not done then the Port will have a finding during the audit. Commissioner Grubenhoff asked if this is a new requirement for Port districts only. Jay responded that this new requirement applies to all cities, school districts and Port districts.

EXECUTIVE DIRECTOR:

- Jay informed the Commission that the farm bids were accepted at 2pm on October 1. Rob reviewed four lease requirements with the commission.

1. General Rule: A Port district may lease its real property for such purposes and upon such terms as the port commission deems proper. RCW 53.08.080.
2. Statutory Requirement – Lease Duration: Except for leases devoted to airport purposes or subleases of land leased by the Port from US Government, lease terms shall not exceed 50 years and extensions may not collectively exceed 30 years. RCW 53.08.080
3. Statutory Requirement – Rent Security: For leases with a term longer than 1 year, rent security must be collected as required by statute unless waived by the Port commission. RCW 53.08.085.
4. Constitutional Requirement: Article 8, Section 7 of the Washington State Constitution prohibits gifting of public funds. This has been interpreted in a leasing context as providing a below market rent with the intent to donate to the tenant. This issue most often arises when leasing to a “worthy” cause or a non-profit.

The requirements were all followed during the bidding process. The Port treated this situation exactly as it would a public works contract bid even though it wasn't required. In regards to the third requirement of rent security – the Port has never in the past required a security deposit on its farmland and will continue to not collect one. The bids received will be awarded to the highest bidder as this was the goal of putting these farm leases out for bid. Commissioner Grubenhoff stated the reason behind going out for bid was to determine what the fair market value is for farmland. He asked what the term of the new leases would be. Jay responded that all leases are one-year leases with the option to extend for five years if the land is farmed according to the guidelines set forth in the lease. Commissioner Schilperoort stated he believes that all farm leases should be awarded to the highest bidder. Commissioner Grubenhoff stated he agreed with awarding to the highest bidder. Rob stated that he will begin preparing the farm leases and will bring them back to the Commission for approval once they are signed by the farmers. According to the bids the farm leases will be awarded as follows:

- ◆ Tract #1: 33.5 Acres at Edison and Ray Road to be awarded to Markus Rollinger for \$356.00 per acre
 - ◆ Tract #2: 96 Acres at Golob Landing to be awarded to Randy Schutt for \$250.00 per acre
 - ◆ Tract #3: 17 Acres at Alexander Road to be awarded to Rodney Jones for \$155.00 per acre
 - ◆ Tract #4: 13.77 Acres of Pasture at McLean Road to be awarded to Rodney Jones for \$100.00 per acre
 - ◆ Tract #5: 9 Acres at E Edison Road to be awarded to Duane Schutt for \$300.00 per acre
 - ◆ Tract #6: 385 Acres of Custom Harvest Sprayfields to be awarded to Ruurd Veld Huis for \$82.00 per ton
- Jay provided an update on the Ameresco project. He shared that he was contacted by Ameresco asking for a six-month extension on their agreement to review potential uses for the Port's bio-gas. The contract is set to expire on October 16. The six-month

extension would be accompanied by a new scope of services that has not yet been provided to the Port. Commissioner Grubenhoff stated he is ok with providing them with an extension. Commissioner Martin stated he would like to see the new scope of services before he makes a decision either way. Commissioner Schilperoort stated he is ok with the extension but is not sure on the new scope of services. All Commissioners agreed that they would like to see the new scope of services before they make any decisions to extend. Rob stated that the Port can always let the agreement sunset and sign a new Letter of Intent at a later time if the Port chooses to. A decision isn't needed immediately.

PROJECT MANAGER:

- Travis provided the Commission with an update on the Nutrien rail project. The rail inspection is scheduled for the next coming week and the project is on track to be completed soon. Commissioner Grubenhoff asked if the business is still planning on opening within the month of October. Travis stated he heard it will be opening on the 8th. The final item that has yet to be finalized is the Track Agreement between the Port and Union Pacific. Commissioner Schilperoort asked if this was needed before the rail spur is able to be used by Nutrien. Jay responded yes, without the agreement in place the rail spur cannot be used by Nutrien.
- The Ostrom rock project was also discussed. Travis informed the Commission that all of the rock has been delivered. During the bid process, not all of the necessary tax was included in the final price. Tax was inadvertently left off of the delivery charge for the rock. The tax amount will be covered by Ostrom as per the contract which states any charges over the agreed upon amount of \$960,000 (\$970,000 Grant less \$10,000 for legal expenses) would be covered by them. Commissioner Grubenhoff asked if Ostrom has been informed of this. Jay responded yes, he has had the conversation with them and they are in agreement.
- The new lease with Entrust was presented to the Commission for approval. Travis shared that some updates to the building will be done in the coming months as new carpet and paint is needed in some areas.

GENERAL COMMENTS:

Staff Comments: None

Legal Comments: Rob shared that the property purchase with G & S Cattle is getting close to closing.

Commissioner Comments: Commissioner Grubenhoff stated he is looking forward to learning in Leavenworth at the Small Ports Seminar later this month.

Commissioner Schilperoort stated he is also excited to learn in Leavenworth.

Commissioner Martin stated all of the conferences put on by the Washington Public Ports Association are a great opportunity to learn more and visit with other Ports.

ACTION ITEMS:

- The consent agenda includes:

Minutes of the Business Meeting held on September 17, 2018. Payroll issued on September 20, 2018 in the amount of \$33,685.66, payables issued on September 25, 2018 in the amount of \$979,638.31, totaling \$1,013,323.97. Commissioner Grubenhoff moved to approve, Commissioner Schilperoort seconded. Motion approved 3-0.

- Motion to approve the lease with Entrust and authorize Jay Hester to sign on behalf of the Port. Commissioner Schilperoort moved to approve, Commissioner Grubenhoff seconded. Motion approved 3-0.


EXECUTIVE SESSION: None

ADJOURNMENT: The Business Meeting adjourned at 6:18 p.m., peace and harmony prevailing.



Arnold Martin, President

ATTEST:



Tyler Schilperoort, Secretary