

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

August 23, 1999

CALL TO ORDER

President Van Schoorl called the meeting of August 23, 1999, to order at 6:30 p.m. at the Port of Olympia large conference room. Commissioner's Dickison and Pottle were in attendance.

Staff in attendance were: Executive Director Nick Handy, Deputy Director Wendy Holden, Executive Assistant Jeri Sevier, Director of Finance George Fox, Director of Engineering and Planning Andrea Fontenot, Director of Marketing Kari Qvigstad, and Property Development Manager Heber Kennedy.

Members of the public in attendance included Dr. Tom Fell, Olympia, and Port's legal council Sandy Mackie. Mr. Mackie left the meeting early for a hearing.

APPROVAL OF AGENDA

Commissioner Dickison requested the initiatives be added to the advisory calendar for discussion. His request was approved and added to the agenda.

PUBLIC COMMENT

No public comment was presented for items not on the agenda.

COMMISSIONERS REPORTS

Commissioner Dickison reported the Transportation Policy Board held an extensive work session on the financing plan. He indicated he would like the Commission to have a work session on the plan as well.

CONSENT CALENDAR

Minutes. The Commission approved the minutes of August 9, 1999.

Bills and Vouchers. The Commission unanimously approved the voucher approval listing ending August 23, 1999 in the amount of \$400,878.20 as submitted.

ACTION CALENDAR

Resolution 99-13 - Agreement to Extend Inter-local Cooperation Agreement

Mr. George Fox presented the Commission with Resolution 99-13 that authorizes the Port Executive Director to enter into an extension of the inter-local cooperation agreement with eight other Port Districts to continue the property and casualty insurance buyers group. Mr. Fox reported the group has been very successful in reducing insurance rates over the past three years. The Port of Olympia now pays about 80 percent of the amount it paid in 1997 for property and casualty insurance premiums. The group has, at the same time, successfully raised the coverage limits significantly. The Port of Olympia has increased its limits of liability to \$50MM of coverage. The Commission unanimously approved Resolution 99-13.

Resolution 99-16 - Appointment of an Insurance Broker

Mr. George Fox presented Resolution 99-16 authorizing the Executive Director to re-appoint AON Risk Services as the Port's Broker of Record. This appointment will remain effective for three years ending 12/31/02, unless earlier revoked

by the Port. The appointment may be revoked by the Executive Director at any time.

Mr. Fox reported that AON has been the broker for the Port insurance buyers group, and has been instrumental in reducing premiums and increasing coverage for the Port district. AON has also provided claims management services in a professional manner over the past three years. The Commission unanimously approved Resolution 99-16.

Resolution 99-14 - Refinancing Bond Debts

Mr. George Fox presented the Commission with Resolution 99-14 a financial resolutions authorizing the Finance Director to take all steps necessary to call a Port bond for the purpose of reducing future interest costs and lowering the amount of Port bond debt outstanding.

Mr. Fox reported the bond issue, 1991 G.O., bears a blended interest rate of approximately 6.5 percent with an annual percentage yield in the high 6 percent range with a principal outstanding balance of \$1,680,000. Currently, the Port has a blended return on its invested funds of approximately 4.95 percent. The difference, approximately 1.5 percent, is a true interest cost to the Port. Over the period of maturity, of this bond, the Port will save approximately \$45,000 in interest costs by repaying this bond. The Commission unanimously approved Resolution 99-14.

Resolution 99-15 - Refinancing Bond Debts

Mr. George Fox presented the Commission with Resolution 99-14 a financial resolutions authorizing the Finance Director to take all steps necessary to call a Port bond for the purpose of reducing future interest costs and lowering the amount of Port bond debt outstanding.

Mr. Fox reported the bond issue, 1996 Revenue, has a principal outstanding of \$1,775,000. These bonds can not be called, and must be paid by a defeasance process. In this process, US Treasury debt instruments are placed with a trustee who then pays the bonds when due. Because of the recent upward pressure on interest rate bearing investments, the Port should actually be able to fund this escrow account with investments with a lower face amount than the face amount of the bonds outstanding. This will reduce the amount of principal to be repaid by the Port over time. The Commission unanimously approved Resolution 99-15.

Commissioner Dickison commented that all of the Commissioners had previously been briefed on these bond-refinancing issues from staff and clearly understands the purpose.

ADVISORY CALENDAR

Grand Mound Option Agreement

Mr. Nick Handy gave the Commission an overview of the option agreement with the Miller Land Trust and the reason for the early expiration of that agreement. He noted that The Port of Olympia entered into an Option Agreement with the Miller Land Trust on August 14, 1997. The agreement gave the Port control of the property and the ability to purchase over time providing the Port completed certain tasks and obligations.

One task required the Port to investigate the site and prepare a Master Plan within one year from date of the agreement. The consultants retained by the Port found that the 43 acre site had a number of development related impacts: 7.75± acres of site was found to contain oak stands of which 6.39± acres are regulated, 1.90± acres was found to be in wetlands, and 3.73± acres would be needed for the wetland buffers. These impacts totaled 13.38± acres, or nearly 1/3 of the site. In addition, site development is further reduced by .91± acres, as the county will require a 15' strip of land along the 2,642' of Old Highway 99 frontage for roadway improvements.

The Master Plan was developed and submitted to the Miller Trust in August 1998. In early September the Trust responded by extending the timeframe for their approval citing concern with wetlands, wetland buffers, Old Highway 99 expansion, and critical habitat/oak stands.

Port staff met with the representatives of the trust on September 21 to discuss the Master Plan and indicated that the Port would agree that the land needed for frontage improvements along Old 99 would be included as developable land, but other areas could not be developed under current regulations.

In early October the Port received a letter indicating the Trust objected to the Master Plan, but would drop the objection if the option were to be amended to reflect an increased option price or if the Port were to agree to purchase the entire

property.

The Port reviewed the Master Plan with Port consultants and determined it would not be possible to develop any revisions that would further maximize site development. At that time, the Port entered negotiations with the Trust to modify the Option Agreement in an attempt to find a mutually agreeable solution to these issues. During the next nine months, the Port and the Trust attempted to negotiate an amendment to the option satisfactory to both parties. Despite both parties' best efforts; no agreement could be reached.

During this period and despite not having an approved Master Plan, the Port included the property in its marketing materials and has shown the property to several potential clients.

In June, an impasse was reached in negotiations on the Option Agreement. Since no Master Plan modifications could be offered that would further maximize site development, the Port requested formal approval of the Master Plan. In late July, the Miller Trust disapproved the proposed Master Plan. Under the terms of the Option Agreement, the disapproval of the Master Plan by the Trust terminated the Option Agreement between the two parties.

Port staff remains hopeful that the Trust will market this property. Despite the environmental restrictions, the property is zoned light industrial and has I-5 visibility, rail access, sewer and water utility availability with the new LID, and an excellent location between the Puget Sound and Portland markets. These attributes should attract good companies to the site. The marketing efforts of the Port have certainly increased visibility for the site. The Port and EDC will continue to refer interested parties to the Trust. Should this occur, one of the Port's key objectives with this project will have been met by bringing good jobs to the south county area.

There is no action required of the Commission. This is an advisory report that the option agreement with Miller Trust has expired.

North Point Briefing

Ms. Andrea Fontenot briefed the Commission on a conceptual land use plan for the north peninsula area. She indicated the challenge in this area has been how to "fit" all of the potential desirable uses into area while working around existing infrastructure such as roads, rail, and the Cascade Pole slurry wall and extraction wells. This conceptual plan is a refinement of the 1995 Comprehensive Plan, and incorporates more detail from evolving site development plans such as the marine fuel facility, the proposed dry stack, and the conceptual Cascade Pole site plan.

Commissioner Dickison indicated his opposition to the location of the commercial office building on the end of the peninsula. The original concept was to make the point accessible to the public for a viewpoint area. He indicated he would like to maintain the pedestrian overlook feature at the expense of the office building. The Port has created expectations with the public that part of the NorthPoint would include a viewpoint. Commissioner Dickison recommended staff revise the conceptual plan. Commissioner's Van Schoorl and Pottle agreed with Commissioner Dickison.

Dr. Tom Fell commented that he was delighted to see the plan and that more public access would be considered. He would like to see as much green belt along the water as we could possibly have.

Initiative 695 and 696 Discussion

Commissioner Dickison asked the Commission to consider taking a position on the Initiatives that will be on the ballot this fall. Initiative 695 and 696 will have impacts on the Port of Olympia. Commissioner Dickison indicated that the Commission should provide leadership by taking a position. This will also allow the Commission to provide some education on the implications of the initiatives.

President Van Schoorl indicated he did not feel that taking a position on 695 would benefit anyone. He was willing to look at 696 and discuss further when he had more information on the issue. Commissioners Van Schoorl and Pottle asked Commissioner Dickison to get them more information on the initiative 696 for a future meeting discussion of taking a position.

ADJOURNMENT

President Van Schoorl continued the meeting to August 26, 1999 at 8:00 a.m. for the purpose of a Commission work session to discuss planning for the 1999-2000 budget.

The meeting of August 26, 1999 was adjourned at 11:50 a.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer