

**PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING**

December 8, 2003

CALL TO ORDER

President Pottle called the meeting of December 8, 2003, to order at 5:30 p.m. at the TCTV Studio in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

President Pottle announced the Commission held an executive session on December 5, 2003 at 1:30 – 2:30 p.m. at the Port office for the purpose of evaluating the candidates for the executive director position with Waldron & Company representatives.

President Pottle announced the Commission would hold an executive session following this meeting to meet with legal counsel regarding a matter of litigation. He announced the session would last approximately 30-45 minutes. President Pottle also announced the Commission may adjourn the executive session following action by the Commission.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Harbor Director Bruce Marshall, Property Director Heber Kennedy, Communications Manager Patti Grant, and Finance Director George Fox.

Public in attendance were as follows. Representing legal counsel was Mick Phillips. Representing *The Olympian* was Chris Clough. Others in attendance included Harold Chambers, Connie Kvalovensly, and J. Kooiker.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

No public comment was given.

COMMISSIONERS REPORTS

Commissioner Van Schoorl announced he attended the WPPA conference the week before in Seattle. He reported the workshops were very good and well attended. He noted that Nick Handy received an award from the WPPA for outstanding service to the Ports Association.

EXECUTIVE DIRECTOR REPORT

Mr. Nick Handy reported at the Marine Terminal business continues to be strong. He announced that the next log vessel will be the Century Cypress, arriving December 15th, the next aluminum vessel will be the Amderma, arriving on December 23rd, and the final vessel expected for the month would be a garnet vessel, the Teal Arrow, arriving December 18th.

At the Airport, Mr. Handy reported the total operations for the month of November was 6,209. The Airport anticipates total operations to exceed 90,000 for the year. Last year (for 2002) the airport had 85,675 operations.

Mr. Handy reported the Marina occupancy is currently at 93% about 4% higher than November 2002. He noted the Marina would hold a Swantown customer appreciation holiday party on December 19th from 12N-2PM at the marina office.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from November 10, 2003 and November 24, 2003 were unanimously approved.

Bills and Vouchers Approval. The bills and vouchers were unanimously approved for the date ending December 8, 2003 in the amount of \$642,044.77. General Fund Checks Issued: 033090-033111, 033112, 033113-033156, 033157, 033158-033187, 033188-033204, and 033207-033235. Capital Fund Checks Issued: 030113-030114, 030115-030126, 030127-030133, and 030134-030136. Environmental Fund Checks Issued: 030305, 030306-030309, 03010-030312, and 030313-030316. Voided Checks: 033205-033206.

Capital Project Expenditure Approval. The capital project expenditures in the amount of \$248,508.99 to Christensen, Inc. for the DEF project and to Reid Middleton for the runway shift and road alignment project were unanimously approved.

ACTION CALENDAR

Genoa's Lease Restructuring Approval

Mr. Heber Kennedy reported to the Commission that on November 7, 2002, a fire caused severe damage to Genoas Restaurant resulting in cessation of business operations. The Port, as building owner and insured reached a settlement for construction costs with our insurance carrier August 28, 2003 in the amount of \$1,084,866.

Mr. Kennedy indicated that due to the timeline involved in reaching settlement and rebuilding the structure, the Tenant approached the Port about restructuring the lease agreement between the two parties. Due to the amount of damage and age of the structure, both parties agree that making repairs to the existing building is not in either party's best economic interests.

He commented that the Port and Tenant negotiations resulted in the parties agreeing to mutual termination of the lease. The termination agreement extinguishes a lease with below market rents, plus Tenant will turn over to the Port ownership of Tenant's personal property, including recently built deck and docks with a current assessed value of \$102,000. In return, Tenant will be paid \$285,000 in payments of \$95,000 over the next three years to the Tenant. Tenant will be eligible for an additional payment of \$55,000 in the event the Port releases the premises.

Mr. Kennedy announced that the Port is looking for a new partner to rebuild a restaurant in the Genoa's location. He said the Port has been approached by several possible customers and the Port is anxious to move forward with a new partner on this project.

Commissioner Van Schoorl moved approval of termination of the lease, Commissioner Telford seconded the motion. The Commission unanimously approved termination of the lease.

ADVISORY CALENDAR

Ethics Resolution Advisory

Mr. Nick Handy reported that the Port Commission has requested staff to prepare a draft resolution establishing standards relating to ethics and conflicts of interest to apply to members of the Port

Commission. He indicated he has drafted a resolution for the Commission to discuss.

Harold Chambers, resident of Yelm, commented that he would like the Commission to consider changing the \$50 minimum; he suggested a Commissioner should not receive anything more than a cup of coffee. He also suggested that Commissioners should not serve on boards that do business with the Port. He asked what the penalty was if a Commissioner violated this policy? He also wanted “indirect” defined in conflict of interest.

John Kooiker, resident of Olympia, suggested putting a review clause in the resolution to review in a year or so to see what’s working and what’s not.

Commission Discussion

Commissioner Van Schoorl indicated that he would like to draw up his changes and propose amendments in writing.

Commissioner Telford suggested that he would like to do this right and this document needs improvements. He would like it to be very clear what is acceptable and what is not. He suggested the Commission refer to this project to the PAC for review and recommendation. Commissioner Van Schoorl suggested the PAC has a lot of their plate right now and they would not get to this until later next year and wasn’t sure they wanted to put this off that long.

President Pottle asked legal counsel to clarify the \$50 value of a gift.

The item was deferred to our next meeting for further discussion, Commissioner Telford asked that this draft be put on the website for community comments.

ADJOURNMENT

President Pottle announced the commission would adjourn to executive session at 6:45 p.m. for approximately 45 minutes to confer with legal counsel on a possible litigation. He announced they would also be holding an executive session with Waldron & Company representatives on December 9 at 2:00 p.m. at the Port Office Building to conduct final interviews with the two candidates for the Executive Director position.

President Pottle also announced the Port Commission would hold a work session with staff on the East Bay Planning process on Thursday, December 11, 2003 at 3:00 p.m. at the Port offices. Following the work session, the Commission held an executive session at 5:00 p.m. on December 11, 2003 to confer with legal counsel on possible litigation.

The Commission returned from executive session at 7:30 p.m. announcing they were giving authority to legal council to take action on behalf of the Commission and adjourned the meeting.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer