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Pat Millard Enjoys Working at the Port of Warden

"If we don't support it, we won't have it," says Pat Millard of the Grant County Economic Development Council. Millard, the manager at the Port of Warden, adds that the EDC is "very helpful. They know what I have here" and can send a business that might be a good fit for Warden.



Millard grew up on a farm north of Warden. She has worked different jobs in the town including Leprekon Foods and Peoples National Bank which became US Bank. She worked at the bank for thirty years. "I liked the challenge of the banking industry and I had a great customer base over the years," Millard says.

In January 2010, Bobie Whitaker, the previous Port of Warden Manager, was looking for a replacement and Millard took the job. In August 2015, the secretary resigned and Millard then became the Manager/Secretary. She was able to use technology to replace the secretary job.

Millard enjoys the job at the Port. "There are audits, and staying organized is important," she says. The Port has office

rentals, sells property to new and existing industry, and the Port is the owner of the Warden Airport, Millard explained. The Port acquired the Airport when they purchased land from The Department of Natural Resources in September of 2013, Millard adds. "And the commissioners are great guys to work for," Millard says.

In December, she was working on a "close out audit" for Pacific Coast Canola. "That's been a challenge," she says. Millard works in the Port of Warden offices which are upstairs from the Warden Police Station.

Millard started going to EDC meetings at the encouragement of Mike Conley. She's been on the board of directors since 2012. "I enjoy hearing what's going on with all the Ports and all the different businesses." And she adds that the luncheons are "educational." Millard supports the EDC because "they are beneficial to all towns and Ports" in the county.

The biggest change Millard says she has seen in Grant County is the growth of Moses Lake. "Houses are built and people fill them up." What she enjoys about living in Grant County is "I can get places. It's not real traffic-jammed up. I can get to town from my house in five minutes."

In her free time, Millard and her husband like to camp and fish. For opening day of the fishing season they enjoy going to Williams Lake by Sprague. Memorial Day and Labor Day they will go to Packwood for the big flea market there. And they will enjoy camping around the Cle Elm in their pickup camper.

Millard also enjoys crocheting and reading novels.

"People ask me when I'm going to retire again," she says with a smile.



“Planned Action” by Port of Moses Lake Reduces Permitting Process for New Projects

"This is a great thing and it's done," says Port of Moses Lake Executive Director Jeffery Bishop. The Port is wrapping up a "planned action" on 1,200 acres of land in and around the port, Bishop explains. This allows for faster environmental permitting when a company comes to build a new facility at the Port and that will help with recruiting new businesses to Grant County, Bishop explains.

According to Bishop, the Washington State Legislature wanted to give incentives to Boeing to build the 777x aircraft in Washington State. So they allowed for planned actions related to aviation. Bishop says that Everett did it for Boeing, Spokane did one, and now the Port of Moses Lake has done the third one in the state.

What a planned action does is allows the Port to complete ahead of a project the requirements of the State Environmental Policy Act (SEPA), which requires assessments of environmental impacts. The Port did the planned action for all types of industries that zoning allows to

build at the port. "Which for us is pretty much anything short of nuclear reactors," Bishop says. This puts companies ahead in their environmental permitting, Bishop explains. "That's a big selling point." And having the SEPA requirements taken care of, Bishop says, reduces the possibility of litigation against the project. "If you wait, it can gum up a company's process and get complicated," he adds. But now when a company applies for a building permit, they will have the SEPA portion of the permitting process finished.

This doesn't, Bishop pointed out, reduce any company's requirements for federal or state permits such as air permits or other environmental permits they may need.

The Port will soon be releasing the final environmental impact statement and then ordinances are needed to be passed by the City of Moses Lake and Grant



County, and everything will be in place, Bishop says.

"It's an excellent marketing tool," says Bishop. "It enhances the certainty to the companies" knowing that the science has already been done behind what the environmental impact would be.

Bishop adds that the Port of Moses Lake is grateful for the support of the legislature, the governor, the city of Moses Lake, the county and the Grant County Economic Development Council, and for their help in this project.

"Another example of how the Grant County team does well on recruitment," Bishop concludes.

Changes in LLC Laws May Catch Businesses Unaware

Big changes are coming to the laws that govern Washington state Limited Liability Corporations (LLCs), and not everyone is prepared. When the new state law went into effect on Jan. 1, some businesses are at higher risk than others, said Michael Royse, associate attorney at Eisenhower Carlson PLLC in Tacoma.

Specifically, mom and pop operations that may not regularly examine their operating agreements could be caught off guard.

"The people who are familiar with the terms of their operating agreement are much better positioned to deal with the

new act," he said. "The changes are pretty easy to account for, if you know what's in your agreement."

For most businesses, the pertinent parts of the new act involve changes in operating agreements and governance. These include:

Oral and implied agreements are considered valid

Currently, all LLC agreements must be in writing. Under the new act, both oral and implied agreements will be recognized as valid, which may lead to interesting complications, said Royse.

"You could end up with an inadvertent amendment," he said. "Imagine an LLC member who is a 70 percent equity owner with a partner who owns 30 percent. In a casual conversation, the majority owner might say, 'I would never make a decision without you.' It wouldn't be the intent, but you could argue that that was an amendment."

The solution is to put a clause into their LLC operating agreement that dictates no oral modification agreements.

"Businesses may have been operating under a certain sense of safety, but all are subject to the act," he said. "Make sure to



Port of Ephrata is “Ready for Business”

"We're really anxious to see what comes next," says Mike Wren, Manager of the Port of Ephrata.

In 2015, the Port of Ephrata took over three buildings that were built by Katana on Port land. The buildings include two heavy manufacturing facilities that total 105,500 square feet, plus a 2,000 square foot break and restroom building.

After Katana didn't become a success, a family business named Service Steel took over the buildings, leasing the land under them from the Port. Service Steel was an established company and, according to Wren, it was hoped they would bring jobs to the Ephrata area. But that did not work out, and they started defaulting on lease requirements on the buildings in 2014. By the end of 2015 the Port had acquired the buildings under terms of the lease, Wren explained. The buildings are in very good shape, Wren says, and ready to be leased again.

"Jobs are our measure of success," says Wren, "not squeezing every penny out of those buildings." The Port will be marketing the buildings to possible



employers who would create jobs. The Port has spent about \$100,000, according to Wren, to settle with Service Steel, on legal fees, paying taxes and utilities that Service Steel defaulted on, and to clean up and prepare the buildings. "We're ready for business," Wren adds.

Wren is hopeful that a company will come to Grant County looking for 100,000 square feet of existing building. The Grant County Economic Development Council has, Wren explains, had such inquiries in the past.

But, until now, there were no such facilities in the county. Or, he says, two companies could go into the building by putting office and restrooms in one of the manufacturing buildings.

Another advantage the buildings have is they already have cranes inside. The Port

worked a deal with Lampson International, who provided cranes to Service Steel. The cranes will stay in the buildings and if a new tenant needs them, they can lease them from Lampson.

The Port, as a public facility, has to lease the buildings for a "mandated fair market value," says Wren. But the value of a lease of the buildings is more than just the bare ground, so when the buildings are leased out, the Port will have more income to re-invest.

Wren says that when Katana didn't pan out, it was easy to be fearful. Then when Service Steel came, he was optimistic again. But when they failed, things looked darker. But "now those buildings are in our possession and in the market for jobs" so you never know how things are going to turn out. "Don't be afraid of change," Wren says.



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Changes in LLC Laws Cont.



Royse

say that all agreements need to be in writing.”

Steven Elliott, a CFA and partner at Capstone Investment Group LLC, said the act hasn't

changed how his business operates. “We’re still going to work off of the principle that everything needs to be in writing and signed,” he said. “You’re not going to know how this will be interpreted until someone sues someone else and it sticks.”

Changes in fiduciary responsibilities

Under the current law, no explicit standards are laid out for managers or member-managers of LLCs. “There isn’t a prescribed set of duties, so the courts had to more or less make them up,” said Royse. “Most relied on the Uniform Partnership Act, which sets a really high standard.”

Now, said Kalin Bornemann, associate attorney at Harlow and Falk LLP in Tacoma, the duties that managers and member-managers owe to the LLC are expressly described, and limited to the duty of care and the duty of loyalty. “The intent is to make it clearer for everyone,” he said. The duty of loyalty can be tweaked within the operating agreement.

“It’s a lower threshold,” said Royse. “Now, a business can compete against other LLCs and there’s a lot of flexibility about how to manage. Before, you couldn’t do that.”

As registered investment advisors, Capstone Investment Group won’t be

impacted by this change. “We’re already required to adhere to duty of care,” said Elliott. “The issue will be more complex for someone who is operating multiple LLCs.”

Reporting requirements

Under the new act, the records that can be requested by members are greatly expanded to include tax documents, financial statements, and LLC formation documents, said Bornemann. “Now all the owners have the right to view records and they’ve expanded what records must be available at all times. It will create more of a burden,” he said. “It’s a good idea to start creating procedures for responding to records requests and determining whether members are actually entitled to see them.”

Royse agrees that the records request will be the most cumbersome part of the new act.

“The list that businesses need to maintain and be able to produce is pretty extensive,” he said. “Some may not have great records. That might prove problematic for those who have those requests and aren’t able to produce the documents.”

One member, one vote

Many smaller LLCs may be caught by surprise by the changes in voting laws. Previously, members’ votes were based on equity ownership, with more equity equaling more voting power. Under the new act, the default operating procedure is a ‘per capita’ vote, or one vote per member.

“The purpose is to make it simpler,” said Royse. “A lot of people will have trouble calculating contributions like property, sweat equity, and cash equity. Absent a change in the operating agreement, it will

go to the per capita vote, which will make people more concerned about taking a look at their agreement.”

Bornemann said smaller businesses are more likely to be caught unaware by this change. “Typically if you have multiple owners, the operating agreement is going to talk about voting,” he said. “This comes into play with the more informal businesses and people who haven’t consulted with a lawyer.”



Bornemann

The best thing to do, both agree, is get out in front of the issue. “On the whole, nothing about the new act is particularly positive or negative -- if you’re prepared for it,” said Royse. “Take a look at your operating agreement and make sure nothing can come back to bite you.”

At Capstone, said Elliott, they’re ahead of the game.

“The new act has shown us why it’s important to maintain good lines of communication with our legal counsel,” he said. “It highlights the importance of having a human being that can help you understand the changes. Going forward we’ll be curious as case law becomes available to see what the courts have to say about how this gets enforced.”



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