



Minutes
Managing Member Special Meeting
Friday, October 25, 2024
10:00 a.m. Executive Session
11:00 a.m. Public Session
The Conference Center at SEA, 17801 International Blvd. Seattle, Washington
Live streamed on the meetings page at www.nwseaportalliance.com

Commissioners present:

Port of Seattle:	Port of Tacoma:
Ryan Calkins	Kristin Ang
Sam Cho – virtual until 10:43 a.m.	Deanna Keller
Fred Felleman	John McCarthy
Toshiko Hasegawa – arrives 12:26 p.m.	Dick Marzano
Hamdi Mohamed	Don Meyer

1. Call to Order

Co-Chair Mohamed called the meeting to order at 10:03 a.m.

2. Recess to Executive Session

The Managing Members immediately recessed for an executive session pursuant to RCW 42.30.110(i) to discuss with legal counsel representing the agency one matter relating to potential litigation to which the agency is or is likely to become a party when public knowledge regarding the discussion is likely to result in adverse legal or financial consequence to the agency and (iii) the legal risks of a proposed course of action that the agency had identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency. The executive session ended at 11:02 a.m.

3. Return to Order

Co-Chair Mohamed called the meeting back to order at 11:15 a.m.

4. 2025 and Future Year Cargo Forecast Briefing

Tong Zhu, Chief Commercial & Strategy Officer, presented.

The presentation included supply chain influences on the United States, globally and on the shipping industry and how those influences will impact cargo volumes for 2025. The Annual Average Growth Rate (AAGR)s for 2024-2029 for container cargo, breakbulk and the auto business are projected at 2.3%, 1.7% and 2.2%, respectively.

Discussion included:

- Agricultural exports that dropped post-pandemic and also due to lack of a labor contract are up substantially from 2023.
- International and domestic container numbers include imports, exports and empties. Empties make up approximately 25%.
- A commissioner requested future presentations include a chart addressing volumes over time, rail lifts and market share.

- Mexico surpassed China as the number one trading partner with the U.S. due in part to China shipping goods to Mexico then to the U.S. For the NWSA gateway, China remains number one, then Japan followed by Vietnam, South Korea and Taiwan.
- The impact on tariffs on breakbulk and importation of autos was discussed.
- The 30-40 percent decline in trade with our number one trading partner in shipping, China, was discussed. It was noted that though the next five trading partners do not equal trade with China, that there has been a rise in Korea and Vietnam.
- Strategy for reaching emerging markets was discussed. Transportation times were noted as a disadvantage in attracting cargo out of Southeast Asia. Operational performance creating high level and consistent performance remains the focus.
- In the exploration stage of formulating a strategy for the India market, particularly export market.
- Engagement with BCOs was discussed. Price is an influence, but consistent reliable service is paramount.

5. **2025 Operating Budget, 2025-2029 Capital Investment Plan (CIP) and 2025 Service Level Agreements – Study Session**

David Morrison, CFO, Calum Tasker, Sr. Financial Analyst and Lien Dam, Sr. Financial Analyst presented the 2024 forecast and CIP spending, the 2025 preliminary budget and 2026-2029 budget forecast and CIP. The study session materials were posted to the public on October 16, 2024.

Commissioner comments and questions were addressed. Some specific concerns stated included:

- Decreased rate of return, risk in revenue forecast
- Increase in administrative cost of \$1.8 million
- Payroll growth and headcount
- Remote work policy
- Terminal 5 expected Internal Rate of Return
- Funding sources, rate of match for grant funding
- Leveraging grant funding for incremental progress toward Terminal 18 shore power
- North Harbor v. South Harbor investment

Staff plans to provide updates on the Alliance's Port Community System (PCS) program and rail incentive program at the December meeting. Staff will follow-up with additional information requested by commissioners prior to presenting the budget and CIP for approval at the November 5, 2024 meeting.

6. Adjournment

The meeting adjourned at 1:55 p.m.

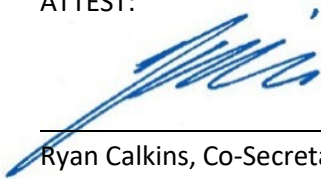


Kristin Ang, Co-Chair
The Northwest Seaport Alliance



Hamdi Mohamed, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Ryan Calkins, Co-Secretary
The Northwest Seaport Alliance



Dick Marzano, Co-Secretary
The Northwest Seaport Alliance

Prepared by:



Juliet Campbell, Clerk
The Northwest Seaport Alliance