



Minutes

Managing Member Meeting – Regular | Port of Seattle Special

Tuesday, August 1, 2023

9:30 a.m. Closed Session

11:30 a.m. Open Public Meeting

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:

Ryan Calkins

Sam Cho

Fred Felleman

Toshiko Hasegawa (excused at 3:06 p.m.)

Hamdi Mohamed

Port of Tacoma:

Kristin Ang

Deanna Keller

John McCarthy (excused at 3:09 p.m.)

Dick Marzano

Don Meyer

1. Call to Order

Commissioner Keller called the meeting to order at 9:30 a.m.

2. Recess

After calling the meeting to order, Commissioner Keller announced an executive and closed session. The Managing Members then immediately recessed to executive session pursuant to RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency matters of litigation. The executive session ended At 9:54 a.m.

Immediately following executive session, the Managing Members held a closed session permissible under Federal Maritime Commission regulations and related laws found at 46 U.S.C. § 40306, 46 C.F.R. § 538.608, 46 C.F.R. § 535.701(i)(1) and as authorized by Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement #201228 (“FMC session”). An announcement was made in public that the Managing Members were extending FMC session and would reconvene in public session at 11:45 a.m.

The closed session ended at 11:38 a.m.

3. Return to Order

The Managing Members reconvened in public session at 11:51 a.m. for their regular public meeting. A special meeting of the Port of Seattle Commission as to agenda item 8E(1) was announced. All prior public notice and posting requirements were met.

4. Flag Salute

The Pledge of Allegiance was recited.

5. Chief Executive Officer’s Report

CEO, John Wolfe, welcomed Lieutenant Colonel John Smith and Sergeant Major David Franklin from the United States Army 833rd Transportation Battalion Surface Deployment Distribution Command (SDDC) who provided comments regarding the partnerships between SDDC, the Homeports and The Northwest Seaport Alliance for moving military cargo through the gateway.

CEO Wolfe thanked the guests for their service and for the business relationship. He also acknowledged the role of Labor in the successful movement of military cargo. CEO Wolfe, then summarized the meeting agenda.

6. Public Comment

None.

7. Work Group Reports

A. Internal Governance Working Group (IGWG).

Commissioner Cho provided a report from the IGWG meetings of June 8, 2023 and July 27, 2023. IGWG meeting discussions included reviews of the Alliance Charter, amendments to the Master Policy Delegation of Authority, language in the Interlocal Agreement between the Homeports regarding discussion of Alliance business at Homeport executive session and a Bylaws.

B. Environmental Work Group.

Report from the Environmental Work Group moved to briefing agenda item 10B.

8. Consent Agenda

Commissioner Keller announced that consent agenda item 8E(1) is a Dual Action Vote of the NWSA Managing Members and the Port of Seattle Commission. She called for a motion and second from Port of Seattle Commissioners acting in a dual role on behalf of the NWSA and for item 8E(1) as commissioners of their Homeport.

It was moved and seconded (Mohamed/Calkins) to approve the consent agenda

- A. Approval of the minutes: (1). May 2, 2023 (corrected), (2). May 24, 2023, (3). May 30, 2023 and (4). June 6, 2023.
- B. Check Certification: Approval of the (1). payment of checks 711216 to 711323 and wire transfers during the period of May 20, 2023 through June 15, 2023 in the total amount of \$17,043,601.58 and (2). payment of checks 711340 through 711473 and wire transfers during the period of June 16, 2023 and July 20, 2023, in the total amount of \$18,884,978.96.
- C. First Reading 2023-07 Master Policy Resolution: Advance Resolution 2023-07 (superseding 2020-02) and the associated Delegation of Authority Master Policy, as set forth in Exhibit "A" attached thereto for the purpose of delegating from Managing Members administrative authority to the Chief Executive Officer, to a second reading.
- D. Terminal 5 MARAD 2022 PIDP Grant Agreement and 2023 NHFP grant: Approve acceptance of Federal Maritime Administration (MARAD) 2022 Port Infrastructure and Development Program (PIDP) Grant in the amount of \$17,035,900 and National Highway Freight Program (NHFP) grant in the amount of \$1,750,000 for a total amount of \$18,785,900 for projects associated with the Terminal 5 Berth Modernization Program.
- E. Terminal 106 West First Addendum to Interlocal Agreement NWSA/Port of Seattle, and Second Amendment to Lease with ConGlobal Industries, LLC (ConGlobal).

(1). **DUAL ACTION NWSA and Port of Seattle** Managing Member authorization for the NWSA CEO (on behalf of the NWSA) and Port of Seattle Commission authorization for the Port of Seattle Executive Director (on behalf of the Port of Seattle) to enter into a “First Addendum to Interlocal Agreement between the Port of Seattle and The Northwest Seaport Alliance Regarding the Port of Seattle’s Use of a Portion of Terminal 106 West” to reimburse the NWSA for reasonable and appropriate cost to reimburse ConGlobal to move its mobile office trailer in an amount not to exceed \$159,000 plus applicable Washington State sales tax.

(2). Managing Member authorization for the NWSA CEO or his delegate to enter into a “Second Amendment to Lease between NWSA as Lessor and ConGlobal Industries, LLC as Lessee at Terminals 106 W and 108” to reimburse ConGlobal for the reasonable and appropriate cost to move the mobile office trailer in an amount not to exceed \$159,000 plus applicable Washington State sales tax.

Staff answered clarifying questions from commissioners regarding American Association of Port Authorities (AAPA) for membership payment, and Alliance cash distributions to the Homeports.

The motion carried 2-0 for the NWSA Managing Members and 5-0 for the Port of Seattle Commission (regarding item 8E1) by the following vote:

Port of Seattle:

Ryan Calkins - Aye
Sam Cho - Aye
Fred Felleman - Aye
Toshiko Hasegawa - Aye
Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye
Deanna Keller - Aye
John McCarthy - Aye
Dick Marzano - Aye
Don Meyer - Aye

9. Actions

A. Terminal 5 Phase 2 SSA Terminals (Seattle Terminals), LLC (SSAT) – Revised Third Amendment to Terminal 5 Lease Agreement.

Chief Commercial & Strategy Officer, Tong Zhu gave a presentation. The revised Third Amendment eliminates the Phase 1 Plus premises option, authorizes certain improvement projects and sets forth the financial responsibility for those improvements.

The Third Amendment to Terminal 5 Lease with SSAT authorized by the Managing Members last year was not signed. Due to the passage of time without a signed amendment certain project-driven dates need amending. Substantive changes to the amendment approved by the Managing Member last year were presented, including: SSAT will pay for certain capital improvements, SSAT will be required to purchase, install and commission two Super Post Panamax cranes, instead of four. Revised Third Amendment key terms were presented as well as a summary of amortization of projects and financial implications. The rate of return is similar to that presented in 2019.

It was moved and seconded (Cho/Ang) to authorize the Chief Executive Officer or his delegate to enter into the Third Amendment to Terminal 5 Lease with SSA Terminals (Seattle Terminals), LLC eliminating the Phase 1 Plus premises and to certain improvements and the financial responsibility for such improvements and to commence Phase 2 operation on January 1, 2024 in substantially the same form as presented.

Discussion:

- Reducing the number of required cranes was a negotiated point based on forecasted volume and need.
- The \$18 million budget for the new gate complex was the estimate based on the best information available at the time and may be adjusted as bids are received.
- The two Homeports use different standard calculations related to the inflation index. In Seattle it is a minimum of two percent, maximum of five percent split by fifty percent. In Tacoma there is no fifty percent split.
- Commissioner McCarthy asked for an explanation regarding the anticipated return on investment (ROI), which remains unchanged from 2019. Especially considering status of Terminal 46, the short-term lease with the United States Coast Guard and the Terminal 5 Modernization Program being \$100 million over budget.
- NWSA CFO, David Morrison, explained that when the North Harbor strategy was approved by the Managing Members in 2019, the financial models reflected 57 acres at Terminal 46 up for opportunity to improve the financial return of the business. No revenue was associated with those 57 acres in those models. He further explained that \$50 million of the \$100 million budget overage, will be reimbursed to The NWSA by SSAT over time for additional investments. The combination of the assumptions that go into the current financial model, including those payments, results in a financial return similar to what was approved in 2019.
- The ROI for the Terminal 5 Program remains 5.6%. It was noted that when the NWSA was established, a target ROI for projects was 8.4%.
- Bonding and deposit requirements were discussed. SSA has been a good partner over the years. There have been no payment issues. In the unlikely event they would walk away from the deal, repayment in full of the amortizations would be required. Commissioner Ang commented that though staff informed that SSA would take the lead in payment, a joint venture may with another party may include joint and severable liability. She acknowledged SSA's good payment history, but noted future partners may not have the same history.

The motion carried 2-0 by the following vote:

Port of Seattle:

Ryan Calkins - Aye
Sam Cho - Aye
Fred Felleman - Aye
Toshiko Hasegawa - Aye
Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye
Deanna Keller - Aye
John McCarthy - Nay
Dick Marzano - Aye
Don Meyer - Aye

Co-Chair Keller welcomed Mr. Uffe Ostergaard, CEO of Carrix, Incorporated, the parent company of SSA. He shared a few words and commented that SSA is looking forward to being an active party to attract more business to the gateway.

B. Terminal 18 North Fender Replacement Project Authorization.

NWSA Sr. Real Estate Manager, Interim Director, Erin DeBroux and Valerie Huffman, Capital Projects Manager III, Port of Seattle gave a presentation.

Staff is requesting funding to complete work associated with infrastructure repair at Terminal 18 in the area used by Kinder Morgan Liquids for fuel transfer operations. The area needing repair is used by Kinder Morgan for emergency spill response exercises. Under the lease agreement, infrastructure repairs are Lessor’s responsibility. Capital Projects Manager, Valerie Huffman, provided project details, scope, schedule and funds.

It was moved and seconded (Hasegawa/Cho) to grant project authorization in the amount of \$363,000 for a total authorized amount of \$483,000 for work associated with the Terminal 18 North Fender Replacement Project, Master Identification No. N10303.

Discussion:

- Commissioner Felleman observed that pictures of the areas could reflect damage vs. deterioration. Staff informed that exploration deemed that there was no evidence of something having struck the area. Staff also confirmed that had it been struck, it would not have been an Alliance expense. Also, per the agreement, “wear and tear” is excepted from Lessee responsibility.
- The best method for pile driving will be determined during the design phase. Considerations in determining the best driving method go beyond simply construction method including by way of example, tribal negotiations, agency negotiations, environmental impacts permitting and scheduling.

The motion carried 2-0 by the following vote:

Port of Seattle:

Ryan Calkins - Aye
Sam Cho - Aye
Fred Felleman - Aye
Toshiko Hasegawa - Aye
Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye
Deanna Keller - Aye
John McCarthy - Aye
Dick Marzano Aye
Don Meyer – Aye

C. Interlocal Agreement with the University of Washington Sea Grant Fellowship Program.

NWSA Environmental Project Manager, Nicola Graham, began her presentation by identifying changes to the proposed Interlocal Agreement previously provided to

Commissioners in their agenda packets. The changes included additional language regarding handling of intellectual property and language to align terms with RCWs.

She then introduced outgoing University of Washington Sea Grant Fellowship Program Hershman Fellows: Harshitha Sai Viswanathan, Planning & Logistics Fellow and Abigale Ames, Air Quality & Sustainable Practices Fellow. Each provided an overview of their projects and experiences during their fellowships.

Ms. Graham presented key focus areas of the proposed ILA including furthering the development of the Northwest Ports Clean Air Strategy community engagement and supporting NWSA efforts to participate in and influence development and implementation of international, federal and state policies including Climate Commitment Act, Clean Fuel Standard and HEAL Act.

It was moved and seconded (Felleman/Hasegawa) to authorize the Chief Executive Officer of The NWSA or his delegate to enter an Interlocal Agreement between The Northwest Seaport Alliance and the University of Washington Sea Grant Fellowship Program, under which the NWSA will host one full-time Hershman Fellow for one year, September 2023 to September 2024, at a cost of \$60,000.

Discussion:

- Commissioner Hasegawa asked for clarification on the structure of the program and how the terms were developed. The fellowship program is NOAA funded program. It must be connected to a university. It is an independent program not under a specific department, but housed by the University of Washington. It was explained that though housed at the University of Washington, it is open to any student in the state of Washington. The terms were developed from a boilerplate agreement from the Sea Grant program. Staff confirmed that the \$60,000 requested will directly to the fellow.
- The fellowship honors Marc Hershman, who was the former Director of the University of Washington School of Marine Affairs (now School of Marine and Environmental Affairs).
- Discussion continued regarding how the terms were developed, research components of the fellowship and how work for The NWSA is potentially used by graduate students. The risk of turnover due to short term and more secure positions were acknowledged.
- Commissioner Hasegawa commented on the triple bottom line of economic development, environmental stewardship and racial justice addressed by the program and how the work of current fellows will continue. She also asked whether \$60,000 for one fellow is enough. The amount was raised from \$45,000 in prior years. If at budget check in staff recommends an increase for the remainder of the year, it will bring that request to the Managing Members for authorization.
- Commissioner Ang thanked the fellows. She commented on their high caliber and energy addressing in addressing NWSA priorities of environmental justice, climate change and community engagement. She noted the benefits of placing such fellows into agencies the ports work with. They can bring understanding to the agencies of all the work ports do to

address environmental health disparities which may translate into them helping secure funding opportunities for those purposes.

- Commissioner Felleman noted that the Interlocal Agreement identifies certain focus areas for advancing environmental justice in near-port communities. Highlighted as an example is to design a program to help low-income drayage truck drivers find financing to purchase zero-emission trucks. He commented that the briefing materials for agenda item 10B, the Truck Collaborative briefing, does not identify the financing piece as an area of focus. He will be interested to see how the financial piece will be incorporated into the Collaborative.
- Commissioner Mohamed thanked the fellows, staff and the University of Washington.
- Commissioner Keller commented on the importance of the communication/marketing aspects being addressed by the fellows.

The motion carried 2-0 by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman - Aye

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Aye

Dick Marzano - Aye

Don Meyer - Aye

D. First Reading of Resolution 2023-06 Authorizing Third Party Review of NWSA Project Costs and Comprehensive Review of the Interlocal Agreement and Alliance Charter.

Commissioner McCarthy, author of Resolution 2023-06 informed the Managing Members that he will not be seeking a motion regarding the Resolution at this time. He made a statement that the subject of his draft Resolution was originally brought forward as a Port of Tacoma resolution at a Port of Tacoma Commission meeting. Some Port of Tacoma Commissioners felt the topic should be discussed by the Internal Governance Work Group of the Alliance instead. He advanced the Resolution for that discussion; however, the decision was made to place it on today's agenda for a first reading. He stated he believes some of the issues he hoped to address will be brought forward as part of the second reading of Resolution 2023-04 (agenda item 9E). The IGWG began discussions on certain areas of concern identified within the scope of his draft Resolution. He commented he is hearkened to the fact legal and financial analysis is taking place regarding property issues particularly in relationship to the Alliance Charter, how it applies or could be changed. He is satisfied to await completion of this analysis; however, he may bring a request for a third-party review in the future.

E. Second Reading Resolution 2023-04 Restatement of Purpose, Mission and Shared Responsibility (formerly titled Commitment to The Northwest Seaport Alliance)

Leilani Berinobis, Executive Assistant to the CEO and Deputy CEO presented the second reading of Resolution 2023-04 for adoption. Changes within the scope of the proposed Resolution as presented at first reading were highlighted and include:

- Revisions from legal counsel to ensure the Resolution remains compliant with and does not compete with the language in the Alliance Charter.
- Adding language regarding environmental stewardship as a component in the purpose statement identified in preamble.
- Changing the word “we” to “neither port” in the resolved statement clarifying that the Managing Members are the two Homeports.

Co-Chair Keller provided explanation for changing the title of the Resolution from a Commitment to the Alliance to a restatement of purpose. The Alliance is committed to going after the business and working together to do so.

It was moved and seconded (Cho/Keller) to adopt Resolution 2023-04 “Restatement of Purpose, Mission and Shared Responsibility” as presented, including amendments since first reading.

It was then moved by Commissioner Meyer to defer final action on proposed Resolution 2023-04 to the October 2023 Managing Member Meeting.

Co-Chair Keller asked that he state his reasons for his motion, to which he responded that he believes the Alliance is at a critical juncture in terms of the value it needs to create for the gateway. He wants to be able to vote yes on the Resolution, but it is missing strategies associated with what needs to be done to grow the business and address service levels in the gateway. He commented that it makes better sense to address the proposal, after the Managing Member retreat being held in couple of weeks and after the CEO holds additional conversations with key stakeholders. He stated the proposed Resolution 2023-04 as presented does not speak to the issues in the gateway.

The motion to defer final action on Resolution 2023-04 to the October 2023 Managing Member meeting was then seconded by Commissioner McCarthy.

Discussion:

- Commissioner Cho stated that he understands Commissioner Meyer’s concerns and does not disagree. However, the answers needed regarding the gateway need to be addressed from an operational level. The proposed Resolution is not intended as a strategic document to prescribe how issues are dealt with, rather an affirmation of the Managing Members’ commitment to the Alliance.
- Commissioner Felleman concurred with Commissioner Cho and agreed with Commissioner Meyer’s concerns. He prefers to go into the Managing Member retreat knowing all Commissioners are committed to the Alliance, this he stated allows the necessary conversations highlighted by Commissioner Meyer to take place with sincerity.
- Commissioner Mohamad shares Commissioner Meyer’s concerns as well but does not believe this Resolution is the vehicle to tackle the economic challenges of the Alliance. She noted that CEO Wolfe will be going into important discussions with

Labor partners and terminal operators and she believes it is important that staff be equipped with a document such as the proposed Resolution that shows commitment to the Alliance.

- Commissioner Marzano thanked Commissioner Meyer for bringing up issues. He supports the proposed Resolution as presented. He underscored the seriousness of issues to be addressed at the retreat and that a commitment needs to be made. He stated it is critical that the Commissioners reevaluate themselves on what they want to bring to the retreat, the challenges and how they address the challenges together and with the various partners.
- Commissioner Hasegawa will vote “no” on Commissioner Meyer’s motion to postpone not because she disagrees that the work needs to be done, but because she disagrees that the process to achieve the goals needs to be incorporated into the proposed Resolution. She sees the proposed Resolution a foundational document that staff can rely on to see where the Managing Members stand as a body.
- Commissioner Calkins made the analogy that the proposed Resolution is like renewing marriage vows. The Alliance is a marriage whether the proposed Resolution exists or not. The conversation being had in public today, hearing that all Commissioners are committed to the Alliance, is sufficient for him. He stated he would be just as comfortable pulling the Resolution and going into the retreat without it, or adopting it today.
- Commissioner McCarthy agreed with Commissioner Calkins’ analogy and stated that the actual document of importance is the Alliance Charter; the Charter is the contract. What he is hearing from Commissioner comments today, is a desire that each Commissioner provide a loyalty oath prior to holding a conversation regarding analysis of the Charter itself which disagrees with as bad precedent.

He stated that though Commissioners may all agree that the Alliance is a great concept, he doubts than any Commissioner today would affirm that the valuation technique used eight years ago was correct. He stated not considering Terminal 5 budget issues, what is happening at Husky, all the agreements that were in place but released to reach agreement regarding Terminal 5, and not considering all the costs incurred cannot result in a correct valuation. He stated the Managing Members can ferret out the issues and have the important legal and financial discussions without reaffirming someone else’s agreement that has been shown not to have been a really good idea as to how it produced the numbers.

- Commissioner Ang stated her belief that all 10 Commissioners do reaffirm their commitment to the Alliance and are committed to growing the gateway together. The proposed resolution is not the contract; it is the ceremony. She considered whether the proposed Resolution needs more substance, or whether that could be accomplished in separate document.

She stated all Commissioners agree that creating the Alliance was the right thing to do and all Commissioners are committed to moving forward. Where there is

disagreement to the proposed Resolution is the paragraph which as presented states, “Without waiver or amendment of any rights or provisions under the Charter, neither port seeks to reevaluate, apportion, appraise or partition any aspects of NWSA or any of its existing assets or to modify the Membership Interest.”

- Commissioner Keller supports voting on the proposed Resolution today. She commented that a couple of Commissioners made comments in public in written form and that the other Commissioners have a voice too. She states she wants to move forward, hold strategy sessions, etc. but not, “pick back on old decisions.” She supports a public reclamation that the Alliance is, “in it to win it.” She commented on accountability for decisions of the Managing Members as the Alliance.
- Commissioner Meyer stated that he voted for the Alliance in 2015 and is not backing away from that but he is not seeing the synergy of the three entities he anticipated. He wants to support the Resolution but cannot support it as written. Because it references the purpose, mission and shared responsibility, it should include key terms to be able to implement on that shared responsibility. He supports the Alliance.

The motion to postpone second reading to the October meeting failed 0-2 by the following vote:

Port of Seattle:

Ryan Calkins - Nay
Sam Cho - Nay
Fred Felleman - Nay
Toshiko Hasegawa - Nay
Hamdi Mohamed - Nay

Port of Tacoma:

Kristin Ang - Nay
Deanna Keller - Nay
John McCarthy - Aye
Dick Marzano - Nay
Don Meyer - Aye

Commissioner Keller then called for discussion on the main motion.

Discussion:

- It was clarified that nothing in the modifications between first and second readings changes the Managing Members’ ability to act as a body provided the action receives the required votes (at least three affirmative votes of each Managing Member).
- Commissioner McCarthy noted he opposes the motion for the reasons previously stated and because he does not think it is necessary. He added that, an affirmative vote to adopt the Resolution infers agreement that the evaluation technique used in the past is appropriate going forward which disagrees with and believes to be dangerous.

He commented that following the given technique has resulted 60% of revenue being generated in one harbor, while 60% of the investments are being made in the other harbor. He commented that this year 81% of all capital improvement costs are being spent in Seattle. He stated there is a need for a thorough analysis of property

needs and to have a system in place to reevaluate and fix disparity so there is more equity.

Provisions are needed in the Charter to require that before property is added or taken away there is a thorough analysis. It should include a validation process that calls for review on a shorter schedule than every 10 years.

Third party review to help determine where money is better spent apart from political or other considerations is needed. He recommended a strategic investment plan analysis review every five years. The ability to rebalance regularly is needed, particularly to address unknown cost, deferred maintenance and other unanticipated expenditures.

In his reading of the proposed Resolution, it seems to say, “all was great eight years ago and we affirm it.” He does not agree with that. To continue the same way will have detrimental effect for the Alliance, which all agree in terms of marketing is important for this region. He opposes the resolutions as written and stated a better document that is realistic and works for both Homeports is needed.

- Commissioner Keller disagreed that the language proposed in the Resolution says that Commissioners agree with everything from eight years ago. She stated the chronic looking back and reexamining and relitigating of decisions made by the Managing Members before most Commissioners serving today, is a waste of resources when the Managing Members should be moving forward as the Alliance with strategies to address terminal efficiencies, regaining of market share.
- Commissioner Cho challenged Commissioner McCarthy on his interpretation of the language of the Resolution stating that his conjecture goes beyond the scope of what is contained in the written document. Commissioner McCarthy responded that he believes the language infers that the same evaluation process will be used and that it causes him concern and consternation.

The motion to adopt Resolution 2023-04 “Restatement of Purpose, Mission and Shared Responsibility” as presented, including amendments since first reading, carried 2-0 by the following vote:

Port of Seattle:

Ryan Calkins - Aye
Sam Cho - Aye
Fred Felleman - Aye
Toshiko Hasegawa - Aye
Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye
Deanna Keller - Aye
John McCarthy - Nay
Dick Marzano - Aye
Don Meyer – Nay

10. Briefings.

A. Terminal 5 Modernization Program Update – Q2 2023.

Director of Engineering, Thais Howard, provided the Managing Members with an update on the Terminal 5 Modernization Program covering:

- Berth modernization and upland improvement project milestones.
- Budget status by project and grant opportunities. The program started with a \$340 million authorization. An additional \$50 million was authorized toward the upland work. An additional \$2.5 million was authorized for Intermodal Yard improvements. The Third Lease Amendment approved by action on agenda item 9A included \$61.5 million to manage and include some of the projects related to Phase 2. The bulk of those dollars will be amortized over the life of the lease. The impact of any grant funds received toward projects on the amortization was described.
- Risk tracking. The P-85 is tracking under the current authorized amount. The risk register reflects where projects are in the design phase. The current expected cost of the Program is \$414.1 million.
- Programmatic schedule and milestones. Operations are expected to commence in January 2024.
- Community outreach efforts.
- Project milestones for the current quarter (Q3).

B. Clean Truck Collaborative

Senior Manager, Air Quality and Sustainable Practices (AQSP), Steve Nicholas, and Project Manager AQSP, Nicola Graham, gave a presentation on the Alliance's Clean Truck Program with a focus on efforts to facilitate a just and equitable transition to zero-emission drayage trucking by 2050 or sooner. A brief report outlining the topics addressed at the Environmental Work Group meeting of July 14, 2023 was given which included discussions on the Alliance's Clean Truck Collaborative, charging and fueling infrastructure and the Puget Sound Zero Emission Truck Collaborative.

Discussion:

- Commissioner Felleman asked how many trucks older than 2007 are calling domestic terminals. There is a fleet of around 500 trucks in total that call the domestic terminals. Of those, the majority meet the 2007 or newer rule. Though it varies month to month, staff estimated there are 75 to 100 older than 2007.
- Grants are focused on zero-emission trucks. Staff is focusing on how to get the remaining 75 to 100 older trucks into cleaner diesel trucks before leapfrogging to zero-emission trucks. Staff will be back in a couple of months to request authorization regarding RFID on all the domestic gates to support the 2007 rule at domestic terminals.
- Staff confirmed that a Labor representative on the Clean Truck Collaborative is yet to be filled. Staff has reached out but still working on filling that reserved seat.
- A tremendous amount of money has been raised, but is still a drop in the bucket compared to what it will take to get 4500 diesel trucks off the road when including costs for infrastructure to service the trucks and a getting a financing system in place that can make the trucks affordable.
- Commissioner Felleman raised the issues of financing and real estate needs to support the goals of this program. Staff is closely tracking charging and trucking as a service pilot programs in California. Staff believes these programs hold promise. Staff described the Collaboratives efforts toward these concerns. Energy planning studies at both

Homeports also address related real estate issues. Commissioner Felleman commented on the need to consider lead times associated with support projects.

[Commissioner Hasegawa was excused and left at 3:06 p.m.]

[Commissioner McCarthy was excused and left at 3:09 p.m.]

- Financial implications including funding opportunities including grants, incentives and life-cycle costs were discussed.
- Commissioner Calkins also raised timeline concerns and lessons learned from the previous Clean Truck plan, including whether the Homeports or NWSA should already be actively marketing underutilized property toward this goal.
- Commissioner Meyer stated that he agrees with the program direction, but the timeline is too slow. He emphasized working with tribes and the state to possibly transition some of their real estate to support infrastructure. He does not want the real estate in the Tacoma Tideflats turned into fueling stations. He believes the role The NWSA can play is to help find ways to get initial costs down for individual truck drivers.
- Discussion took place regarding the stakeholders on the Puget Sound Zero Emission Truck Collaborative. They discussed the Washington Department of Commerce’s direct role in funding transportation electrification. Commissioner Marzano commented on the role of Washington Department of Transportation mentioning the weight of future zero-emission trucks and the impact to roads and possibility for state funding.

11. General Business

A. CEO Announcements

- On August 28, 2023, a portion of NWSA staff will be in Wenatchee visiting the Apple Importers Roundtable.

B. Commissioner Comments

- Commissioner Marzano thanked the members of the United States Army 833rd Transportation Battalion Surface Deployment Distribution Command (SDDC). He noted the importance of being a strategic port.
- Commissioner Felleman requested data on the military impact on breakbulk ROI. CEO Wolfe will provide that information. He highlighted that the federal government has budgets for Sea Grants around the United States, but that only the UW must make a specific ask for their fellows. He did not recall the disparity, but suggested potentially engaging Senator Cantwell’s office if the NWSA is interested in making the fellowship a durable program. He noted the fellowship is a great deal at \$60,000 a person. It would worth assisting in fixing the disparity if it still exists.
- Commissioner Ang commented that the 10 commissioners are committed to the Alliance and that everyone in the industry, marketplace and Labor knows that. She added that this was not best affirmation she has seen. She stated that people are watching how Commissioners work together to lead the gateway and meet challenges. She reminded all to be mindful of how they work together and speak to one another.

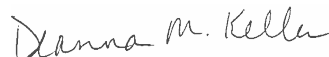
- Commissioner Keller shared that she went through all the Managing Member meeting minutes since she was a Commissioner from 2020 through 2023. She noted a strong attempt for equal distribution for projects between the two Harbors. There were 49 projects authorized (28 in the South Harbor, 21 in the North Harbor). Of the 49 authorizations, 45 passed unanimously. She emphasized that the decisions are made by the Managing Members – not staff. She also reminded all that projects included on the Capital Investment Plan still require individual authorization either by the Managing Members or under delegated authority.
- Commissioner Cho thanked Commissioner Ang for her comments and Commissioner Keller for her work. He added Commissioners have a prerogative to opinions and priorities that differ from one another and that he respects that. He acknowledged Commissioners have valid concerns, but stated that in a crusade to address concerns, the wrong vehicle was used. He was saddened and disappointed that Commissioners were unable to reach a 10-0 vote on something as fundamental as an affirmation of commitment to the organization. He apologized to customers, staff and the public and stated that rest assured that a majority of Commissioners are committed to the Alliance. He stated he hopes going forward, that colleagues will take note of the message being sent to customers and stakeholders.

12. Adjourn

With no further business before the Managing Members, the meeting adjourned at 3:26 p.m.

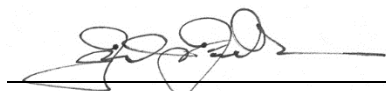


Sam Cho, Co-Chair
The Northwest Seaport Alliance

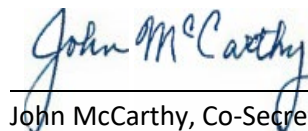


Deanna Keller, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Fred Felleman, Co-Secretary
The Northwest Seaport Alliance



John McCarthy, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk
The Northwest Seaport Alliance