



Minutes

Managing Member Meeting – Special

Tuesday, June 6, 2023

10:30 a.m. Executive 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

Hamdi Mohamed – via Teams

Port of Tacoma:

Kristin Ang

Deanna Keller

John McCarthy - excused

Dick Marzano

Don Meyer

1. Call to Order

The meeting was called to order at 10:30 a.m.

2. Recess

The Managing Members immediately recessed for an executive session held pursuant to RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency, litigation or 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 an adverse legal or financial consequence to the agency.

3. Return to Order

The Managing Members reconvened in public session at 11:30 a.m.

4. Flag Salute

The Pledge of Allegiance was recited.

5. Report by the Chief Executive Officer.

CEO Wolfe report summarized the agenda.

6. Public Comment

None.

7. Work Group Reports

A. Environmental.

Commissioner Felleman provided a summary from the May 16, 2023 work group meeting. The work group includes Commissioners Ang, Keller, Mohamed and Felleman. Quiet Sound Program Director, Rachel Aronson and support staff provided the work group with an update on accomplishments and funding status.

Commissioner Felleman reminded the audience that the Quiet Sound (QS) Program is a voluntary program where vessels slowdown in the presence of endangered southern resident killer whales with the cooperation of pilots in the shipping industry.

- The first year of a trial voluntary vessel slowdown was a success. Vessel participation was reported at 53% participation (calculated) and at 70% (as pilot-reported).
- Efforts are underway to map underwater noise.
- A United States Navy Prize Challenge for the autonomous detection of marine mammals was received by UnCruise Adventures to pilot a system that will sense whales using infrared and hydrophone. Commissioner Felleman commented on the importance of these technologies with the advent of fast ferries in the Sound at tall times.
- QS was funded through the legislature for the 2023-2025 biennium at the full request of \$350,000 per year. Senator Cantwell submitted a \$300,000 appropriation request for QS as well. Other funding sources were identified.

8. Consent Agenda

It was moved and seconded (Meyer/Hasegawa) to approve the consent agenda.

- Approval of the Minutes:** May 2, 2023, Managing Member Regular | Port of Seattle and Port of Tacoma Special Meeting
- Check Certification:** Approve the payment of checks 711120 to 711215 and wire transfers during the period from April 21, 2023, through May 19th, 2023, in the total amount of \$27,070,005.03 as certified.
- 2023 Rail Cargo Incentive Program Enrollment Extension:** Request Managing Members' authorization to extend the enrollment period of the 2023 Rail Cargo Incentive Program from April 30, 2023 to June 30, 2023
- First Amendment to Terminal 46 United States Coast Guard Short-Term Lease Agreement:** Request Managing Members' authorization for the CEO or his delegate to approve the First Amendment to Lease between The Northwest Seaport Alliance and United States Coast Guard at Terminal 46, for expanded use.

The motion carried 2-0 by the following vote:

Port of Seattle:	Port of Tacoma:
Ryan Calkins - Aye	Kristin Ang - Aye
Sam Cho - Aye	Deanna Keller - Aye
Fred Felleman - Aye	<i>John McCarthy - excused</i>
Toshiko Hasegawa - Aye	Dick Marzano - Aye
Hamdi Mohamed - Aye	Don Meyer - Aye

9. Actions

- Lineage Seafreeze Leasehold RE, LLC 19th Amendment to Lease.**
Erin DeBroux, Interim Director of Real Estate gave a presentation.

The lease was due for a Market Rate Adjustment for their ground lease at Terminal 115. The Market Rate Adjustment was initiated in a timely manner but extended due to the length of time to review and obtain an appraisal. The parties mutually agreed to extend the negotiation and came to resolution in April. The agreed upon rent will be billed back retroactively to January 1, 2023.

The current term expires in 2027 with three 10-year options to extend.

The current rate is \$0.17/sf month for the ground lease. Appraisals performed reported market rates for ground lease between \$0.38/sq/mo. to \$0.40/sf/mo. Staff believes the current rates reflect inflated rates which occurred over the past 24 months.

Staff proposes a step-up increase in rent to allow Lineage to absorb the increase predictably while bringing the rental rate within the market value range.

Staff acknowledged the less than market rates and provide its justification including unimproved industrial lands, pandemic surge, higher demand and economies of scale.

It was moved and seconded (Ang/Hasegawa) to authorize the Chief Executive Officer or his delegate to approve the Nineteenth Amendment to Lease between The Northwest Seaport Alliance and Lineage Seafreeze Leasehold RE, LLC at Terminal 115

Discussion:

- The wharf area is not in usable condition and is fenced off.
- Terminal 115 is a licensed property. Activities that occur there include bringing barges, trucking and lumber storage. Tenant AML is mostly domestic.
- For the submerged lands, the DNR formula was used.
- It is now the NWSA’s practice that options to extend leases are to be mutual, however, lease was negotiated in 1977 and the option is exclusive to the Lessee.
- This is a ground lease if the building were to need retrofitting or maintenance it would be tenant responsibility.
- Lineage employes 70 positions at this location.
- This was appraised at dirt only. The tenant did the paving, etc.

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 - excused

Dick Marzano - Aye

Don Meyer - Aye

B. 9B. First Reading: Proposed Resolution 2023-04 “Commitment to The Northwest Seaport Alliance.”

It was moved and seconded by Co-Chairs Keller and Cho to approve first reading of proposed Resolution 2023-04, “Commitment to The Northwest Seaport Alliance” and advance to second reading.

Discussion:

Co-Chair Cho reminded Commissioners that Article 6 of the Alliance bylaws, provides for a vote to be taken at first reading to advance for second reading, and provides that amendments, within the scope of the proposed resolution, are allowed at second reading, prior to a final vote.

Co-Chair Keller explained that this proposal is the result of conversations where the Managing Member Commissioners expressed a desire to learn more about the formation and direction of the NWSA. She noted eight of the 10 commissioners were not commissioners at the time of the formation. She also noted that at the time the vote to create the Alliance was unanimous by both the Port of Seattle and the Port of Tacoma. This gives an opportunity for current commissioners to weigh in on the Alliance.

Co-Chair Cho fully supports the proposed Resolution reaffirm the Homeport commitments and signaling to the market unity of the Alliance.

Co-Chair Ang requested citations from the Charter referenced in the resolution, specifically as to the written statement “As identified in the Charter, we will not seek to re-valuate, apportion, appraise or partition any aspects of NWSA or any of its existing assets.” Counsel informed the applicable section is 10.1 of the Second Amended The Northwest Seaport Alliance Charter.

Commissioner Felleman asked if the fifth whereas statement in the proposed resolution regarding the stated purpose of the NWSA is an official definition drawn from the Charter or simply an articulation of a general sentiment. He noted the lack of any language addressing environmental commitments. If the statement is drawn from the Charter, he would like that cited in the resolution as well.

Commissioner Meyer expressed concern over the second therefor which currently reads, “As identified in the Charter, we will not seek to reevaluate, apportion, appraise or partition any aspects of NWSA or any of its existing assets.” He stated a need to update the business plan in the Charter, address the methodology for evaluating the addition of properties. He does not believe the resolution as drafted is clear as to what is being reaffirmed. He recommended the proposal be first reviewed by the Internal Governance Working Group.

Commissioner Marzano clarified that the vote today is only to advance the proposal to a second reading. Commissioners will have a month to consider and propose amendments prior to any vote at second reading. He stated he fully supports the NWSA, but that he too is concerned with the second therefore statement. He commented that the NWSA is alive and well and moving forward.

Commissioner Calkins reminded all that the Managing Members of the Alliance are the Homeports, not the individual commissioners. He stated that the plain language of section 10.1 of the Charter provides that no Homeport by vote of its own commissioners can seek the actions identified in the second therefore statement. He offered an amendment for consideration

before final adoption to change the statement “...we will not seek...” to instead read “...Neither Homeport will seek...”

The motion carried 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 - excused

Dick Marzano - Aye

Don Meyer - Aye

10. Briefings

A. Mid-Year Briefing on Grants

Ryan McFarland, Director of Government Affairs and Deirdre Wilson, Senior Planning Manager

Staff gave an update on 2023 grant activity since the February update.

- Port Infrastructure Development Program (PIDP) application submitted for Husky Terminal Expansion Program Part One.
- Earmark request for North Harbor Zero Emission Drayage Truck Pilot.
- Earmark request for PCT Reefer Plugs was unsuccessful for the second time. Submitted to Rep. Kilmer. His process is to run requests through a board of Pierce County community members and whoever was on that panel did not select the NWSA’s submission. There were higher interest applications they received.
- Commissioner Meyer commented that additional reefer plugs at PCT will improve Evergreen’s capability for export and that just because the application did not compete well for external funds, does not mean there is not a business case for the project.
- The NWSA participated in the Clean Hydrogen Hub application submitted by the Washington State Department of Commerce – but it was not a partner.
- Staff is encouraging tenants to apply for the America’s Marine Highways (MARAD) grant opportunity. Staff has not heard whether any tenants have applied.
- Application times have been extended for the Reduce Truck Emissions at Port Facilities grant opportunity.
- Lessons learned from the federal grant process were presented.
- State grants and federal funds that flow through state and local entities were presented.
- Harbor Maintenance Trust Fund section 2106 funds are expected this summer and will be allocated to eligible projects.

Commissioner Felleman shared information on the IdleAir service that allows provides an alternative to idling diesel engines and other auxiliary power for Wi-Fi, cell phone charging, air conditioning, etc. during rest periods. Information will be provided to the Air Quality team. Staff responded that they may already have the information and that the described program seems compatible or comparable to charging infrastructure grants. Commissioner Felleman added the real estate aspect, specifically the need for parking space.

Commissioner Calkins added comments on potential wins for environmental justice and opportunities to activate properties not generating revenue.

Commissioner Marzano would like staff to pursue obtaining favorable solution regarding HMT fund disbursement that avoid the NWSA having to fight every year for the correct interpretation.

Commissioner Ang commented on Justice40 and how ports will access Climate Commitment Act (CCA) funds. Regarding CCA funds, staff responded that the NWSA should assume there is a revenue stream for clean air projects and will need to be visited each year. The Alliance’s Clean Air Strategy will not be short of project opportunities.

Staff clarified the NWSA is responding to the federal Charging and Fueling Infrastructure Discretionary Grant Program (CFI) Request for Proposal for “community funds” versus “corridor” and proposes to use funds to incentivize the development of hubs.

Commissioner Calkins would like more information on Chips Act opportunities for example supply chain transparency systems, safety and security technology, etc. Maritime Environmental and Technical Assistance (META) grant opportunities were discussed. Commissioner Felleman commented that he worked on the criteria for META program and it appears suitable to Quiet Sound.

Commissioner Meyer commented on restrictions placed on grants in the instance where the NWSA may want/need to change uses. Staff commented that federal agencies are amenable to certain changes, so long as the changes continue to meet/support the goals of the grant program, however, if the changes moved away from the grant program goals, funds would need to be returned.

Commissioner Mohamed asked whether grant application strategy includes submitting joint applications to increase the NWSA’s chances of securing funds. Staff responded that this is an added complexity to grant application efforts and that they do keep those local and regional channels open.

Discussion continued regarding the CFI grant. Commissioner Cho asked staff to inform the Managing Members on what they are including in the grant application, noting that the grant application is for funding where projects are not yet designated. The Environmental/Trucking Working Group will be convening and staff anticipates bringing options and criteria to that meeting. Commissioner Cho noted that the community funds application has specific criteria that staff should be aware of.

11. General Business

A. CEO Announcements

- AgTC taking place in Tacoma next week.

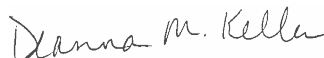
- Commissioners and staff will be in Europe for customer meetings the week of June 26, 2023.
- B. Commissioner Comments
 - Commissioner Cho commented on last week’s Alliance retreat and the May 24, 2023 Offshore Wind study session. Interested into a SWOT analysis regarding offshore wind.

12. Adjournment

With no further business before the Managing Members, the meeting adjourned at 1:06 p.m.



Sam Cho, Co-Chair
The Northwest Seaport Alliance



Deanna Keller, Co-Chair
The Northwest Seaport Alliance

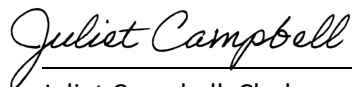
ATTEST:



Fred Felleman, Co-Secretary
The Northwest Seaport Alliance



John McCarthy, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk
The Northwest Seaport Alliance