



Minutes

Managing Member Meeting – Regular | Port of Seattle Port of Tacoma - Special

Tuesday, June 4, 2024

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 (joined at 12:24 p.m.)

Fred Felleman

Toshiko Hasegawa

Hamdi Mohamed (left at 2:00 p.m.)

Port of Tacoma:

Kristin Ang

Deanna Keller

John McCarthy

Dick Marzano

Don Meyer

1. Call to Order

The meeting was called to order at 9:31 a.m.

2. Recess

The Managing Members of The Northwest Seaport Alliance (NWSA) immediately recessed for an executive session to discuss with legal counsel representing the agency potential litigation as allowable under RCW 42.30.110(1)(i). The executive session ended at 10:44 a.m.

The Managing Members then continued in closed session allowable pursuant to Federal Maritime Commission regulations and related laws found at 46 U.S.C. § 40306; 46 C.F.R. §535.608; and 46 C.F.R. 535.701(i)(1) and as authorized by Port of Seattle/Port of Tacoma Alliance Agreement (FMC agreement No. 201228). The closed session ended at 11:38 a.m.

3. Return to Order

The regular Managing Member public session returned to order at 11:53 a.m. NWSA Co-Chair Ang announced that the meeting is also a special meeting of the Port of Seattle and Port of Tacoma Commissions as to items 8D and 9A, respectively. All prior notice and posting requirements were followed for these special meetings.

4. Flag Salute

The Pledge of Allegiance was recited.

5. Chief Executive Officer's Report

CEO, John Wolfe, summarized the meeting agenda.

J. Rene Ortega, Area Port Director, U.S. Customs & Border Patrol was introduced and provided comments.

6. Public Comment

Matt Ventoza, ILWU Local 19 Vice President. Thanked Area Port Director Ortega for his help getting the first car shipment at Terminal 46. Suggested including labor on the panel at next year’s Peak Planning meeting. He commented on the successful direct ship-to-rail operation. CEO Wolfe added comments on success of the operation and thanked Locals 19, 92 and 58 for their roles in its success.

7. Work Group Reports

- Commissioner Mohamed provided the Internal Governance Work Group report.
- Commissioner Ang provided the Environmental Work Group report.

8. Consent Agenda

It was moved and seconded (Felleman/Mohamed) to approve the consent agenda consisting of:

- 8A approval of the minutes from the May 7th Managing Member meeting.
- 8B approval of the disbursement on checks 712651 through 712769 and electronic payments in the total combined amount of \$23,899,942.38 during the period of April 27, 2024 through May 23, 2024 certified by the Northwest Seaport Alliance auditor.
- 8C to authorize the use of “design-build” as an alternative to “design-bid-build” for the Terminal 5 container yard expansion project. Master identification number U00712.
- 8D Dual Action of the Port of Seattle Commission and the Managing Members of the Northwest Seaport Alliance, authorizing the NWSA CEO or his delegate, to enter into an easement agreement, in substantially the same form as presented in the published materials, between the Northwest Seaport Alliance as licensee for the Port of Seattle, as Grantor, and the City of Seattle, acting by and through its City Light Department, as Grantee and permitting Grantee access to Terminal 46 to maintain its electric systems installed in furtherance of the Pier 66 shore power project.

The motion carried by the following vote:

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

9. Actions

- A. Dual Action Port of Tacoma Commission and NWSA Managing Members: Interlocal Agreement (ILA) for a month-to-month agreement at 2012 State Route 509 South Frontage Road, Tacoma, Washington (the Progress Rail Site).
Tong Zhu, Chief Commercial & Strategy Officer
Debbie Shepack, Director, Real Estate, Port of Tacoma
Einar Rodan, Real Estate Property Manager, Port of Tacoma

Ms. Zhu provided background information and key terms of the proposed interlocal agreement between NWSA and Port of Tacoma. Additional acreage is needed to support NWSA customer Wallenius Wilhelmsen Solutions (WWS). The NWSA does not have suitable property available at this time. The Port of Tacoma's Progress Rail Site has been identified as a solution to meet WWS's growing demand. This is a short-term, month-to-month agreement and can be terminated by either party with 30-days' notice. The NWSA and the Port of Tacoma have agreed that \$7,500/per acre/per month is fair market value given the condition of the site and the short-term use of the property for storage purposes.

Commissioner Cho joined the meeting 12:24 p.m.

It was moved by and seconded (Meyer/Keller) that the Managing Members of The Northwest Seaport Alliance authorize the NWSA CEO, and the Port of Tacoma Commission authorize the Port of Tacoma Executive Director, or their delegates, to enter into an Interlocal Agreement in substantially the same form as presented, regarding the month-to-month use of approximately eight acres located at 4012 State Route 509 South Frontage Road, Tacoma, Washington (the Progress Rail Site) starting June 5, 2024.

Staff will confirm whether the entrance via Alexander Avenue is per easement or is owned by the Port of Tacoma. A certain area below the no access point as shown on Exhibit A to the proposed ILA, is unusable due to terrain and was not included in the proposed agreement.

Investments in the property for short-term vs. long-term uses were discussed. Short-term investment included typical site preparation consisting of pulling rail, laying and grading gravel, and fence repair. Several buildings were vandalized by pulling out electrical panels. The Port is assessing the cost of a cure and whether or not the aging buildings should be restored. A request for proposal will be needed to provide a full cost analysis for the long-term development/lease of the Progress Rail Site.

The majority of the buildings on this property were planned for demolition. Port of Tacoma staff confirmed that the termination of the Progress Rail took that into account with the \$1.7 million received.

Co-Chair Ang commented on record breakbulk business and military strategic port activity at the Port of Tacoma. She is pleased with collaboration efforts.

The motion carried for the NWSA Managing Members and the Port of Tacoma Commission 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

B. NWSA Video Production and Web Streaming Services Contract

Leilani Berinobis, Senior Executive Assistant, gave the presentation.

A request for proposal (RFP) was issued in March 2024 and resulted in four proposals. After all proposals were reviewed and scored, the incumbent Worktank Enterprises, LLC was the successful proposer. The contract details were described including a new service to provide closed captioning of Managing Member public meetings.

It was moved and seconded (Mohamed/Marzano) to authorize the Chief Executive Officer or his delegate to enter into Personal Services Agreement No. 072123 with Worktank Enterprises, LLC for video production and web streaming services in the total amount of \$800,000 over a five-year period.

In addition to English closed captioning, staff will inquire about the availability and cost to translate the closed caption in multiple languages.

Though the request to the Managing Members is for a five-year period, the contract is written for a three-year period with the option for two one-year extensions.

Staff confirmed that the contract covers Alliance committee meetings as needed and specifically, the Audit Committee meetings will continue to be streamed live with the recording and materials posted publicly.

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 - Aye

Dick Marzano - Aye

Don Meyer - Aye

C. Terminal 5 SSA Terminals (Seattle Terminals) LLC (SSA)

Dana Henderson, General Counsel gave the presentation.

The proposed Fourth Amendment to Terminal 5 Lease resolves the pending dispute with SSA related to NWSA's declaration of Substantial Completion of the Phase 2 Premises at Terminal 5. Ms. Henderson provided a background and description of the issues.

Though NWSA disagrees and disputes SSA's claims, to avoid protracted dispute, that would likely be expensive, distracting, and delay commencement of full rent, it was important to reach a resolution.

Ms. Henderson outlined the lease amendment terms, including a new contractual obligation for the NWSA for rent abatement in the event of Subsidence Issues.

It was moved and seconded (Mohamed/Keller) to authorize the NWSA CEO or his delegate to enter into the Fourth Amendment to the Terminal 5 Lease with SSA Terminals (Seattle Terminals), LLC to resolve dispute with Lessee, in substantially the same form as presented.

Commissioner McCarthy expressed concern that, based on his review of the summary of the lease amendment terms, the amendment removes the NWSA's ability in certain situations to declare the tenant in default and seek remedy under the Agreement. He commented that his biggest concern is that NWSA has spent \$450 million on this project and right out of the gate the lease is being amended, putting the lessee in a better position than the NWSA.

Staff noted that repairs due to Subsidence Issues were negotiated on the front end of the lease and have always been NWSA's obligation. The proposed amendment does not change that. To trigger the new provision, the area must be at least one acre.

Commissioner McCarthy added that based on experience with SSA he believes there is a strong likelihood that there would not be agreement as to the extent of work needed or whether it is done satisfactorily. He repeated his concern that the proposed amendment puts SSA in the driver's seat in terms of abatement. Staff noted the dispute resolution provision under the lease.

Commissioner Cho commented that it appears SSA has the ability to make Subsidence Issues claims in perpetuity. Staff confirmed that is the case and that the amendment does not change that, but adds that during the period in which the NWSA is repairing, SSA would be entitled to rent abatement for that footprint, per diem, per acre.

Discussion took place as to whether subsidence issues can occur from the activity on the terminal. Subsidence issues are primarily due to failures beneath the pavement due to existing conditions. Generally, the tenant is responsible for wear and tear of the wearing course on the facility.

Ms. Henderson provided clarification reciting the definition of "Subsidence Issue" from the lease that would trigger the issue here to talk about today.

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 - Nay

Dick Marzano - Aye

Don Meyer – Aye

10. Briefings

- A. NWSA Grants Specialist, Cassandra de Kanter provided an update from the Grant Steering Committee. The presentation included identification of grant opportunity, awards, submissions and look ahead at new opportunities.

Discussion included:

- Commissioner Hasegawa shared that since 2018 the state has invested nearly \$160 million in initiatives supporting the Northwest Ports Clean Air Strategy, nearly all of which comes from the Climate Commitment Act (CCA). Rolling back of the CCA would have direct impact NWSA projects and priorities.
- The Port of Seattle will be introducing a resolution expressing support of the CCA and plans to socialize that resolution with colleagues at the NWSA so that Managing Members might consider similar action.
- When for organizational reasons the Homeports apply for grant funds independently, in competition with one another, the Homeports and the NWSA will cooperate and support when appropriate.
- Options available for the funding received for trucker incentives if the demand is less than expected were described.
- Commissioner Felleman asked whether efforts for biofuels in the transition toward clean energy are precluded by the grant requirements. He added that there are truck drivers that want to drive a good truck but can only afford a normal one and that the marginal difference in the cost of fuel would be far more achievable than a new truck even at a potentially 80 percent match.
- Language included in the NWSA's Clean Ports grant application reserved the right to look at the NWSA's own facilities for deployment of a portion of the capital should it be awarded grant funding.
- Commissioner Ang commented that the CCA supports NWSA projects that in addition to climate change impacts economic development and environmental justice by supporting the reduction of diesel particular matter for workers and residents. She thanked the congressional delegation and senators for their role in gaining grant funding. She thanked labor partners and terminal operators for their collaboration.

11. General Business

A. Cargo Operations Update

Tong Zhu, Chief Commercial & Strategy Officer and Don Esterbrook, Deputy CEO provided the update.

- This year's Peak Planning event was the highest attended since it began and also a record-breaking AgTC.
- Ms. Zhu provided key takeaways from her attendance and participation at a logistics conference.

B. CEO Announcements

- CEO Wolfe recognized Deirdre Wilson, Sr. Manager, Planning who oversees the grant program.
- The U.S. Army Corps of Engineers issued its work plan for 2024 and it included the full funding expected for Harbor Maintenance Tax (HMT) reform. The Homeports received over \$25 million (Port of Seattle) and almost \$29 million (Port of Tacoma). He acknowledged those that supported the effort both past and present. He recognized the support received from the Puget Sound Congressional Delegation and Commissioners. He especially recognized Senator Patty Murray as a champion for HMT reform.

C. Commissioner Comments

- Commissioner Marzano thanked CEO Wolfe for spearheading on the west coast coalition regarding HMT. He supports resurrecting efforts for direct ship-to-rail.
- Commissioner Felleman thanked CEO Wolfe for the work toward HMT reform. He also thanked former NWSA Deputy CEO, Kurt Beckett for his efforts re HMT from his time working in Senator Maria Cantwell's office. He suggested it would be worth rescheduling a Port of Seattle commission meeting if the date fell on the same day as next year's Peak Planning event.
- Commissioner Hasegawa participated in a press conference with Governor Jay Inslee celebrating the grants received from the federal and state governments. She reflected past press conferences she participated in the year before celebrating the passage of the Infrastructure Investment and Jobs Act and the year before that advocating for the Move Ahead Washington at the state. Seeing the fruits of that advocacy fills her with pride. She expressed her gratitude to the team and ongoing support of staff. She commented on the chemistry on those involved in the direct ship-to-rail operation at Terminal 5 and how that is needed to be first in class. She acknowledged the recent conclusion of Asian American Pacific Islander Heritage Month Asian and Commissioner Ang. She wished everyone a happy Pride.
- Commissioner Ang recognized Commissioner Hasegawa and her role as Executive Director of the Washington State Asian Commission and Port of Seattle Commissioner as a role model. She thanked CEO Wolfe for his leadership stating his role was critical in obtaining the HMT reform. She thanked Senator Murray and her staff. She thanked Sr. Planner, Deirdre Wilson for her role in overseeing grants, and Chief Commercial &

Strategy Officer, Tong Zhu, for bringing AgTC back to Tacoma. She thanked Labor partners for their participation showing up at AgTC and breakbulk conferences and doing the work. She thanked fellow commissioners for embracing leadership in addressing climate change.

- Commissioner McCarthy traveled to Washington D.C. to partially participate in the Coalition for America’s Gateways & Trade Corridors annual meeting. He had the opportunity to meet with Allison Camden with the U.S. Department of Transportation who is leading the effort around the U.S. to get additional data to help avoid supply chain difficulties. He attended a series of meetings of the Puget Sound Partnership, including one on the topic of the Quiet Sound comparing it to efforts in California. He also met with several congressional delegations. He, along with CEO Wolfe, Director of Government Affairs, Ryan McFarland, and lobbying staff, met with staff of Senator Murry’s office to thank them for the work they did. They were also able to personally meet with Senator Cantwell. He also met with Representative Adam Smith, Chair of the House Armed Services Committee. He recognized CEO Wolfe and his team’s efforts regarding HMT.

[Comm Mohamed was excused at 2:00 p.m.]

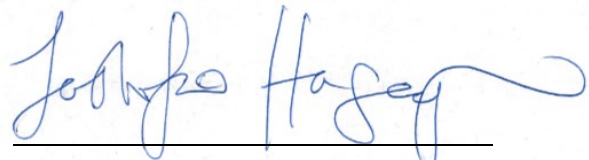
- Commissioner Calkins commented that the NWSA needs to take advantage of the coalition built in pursuing HMT reform to advocate for digitization in order to compete with international terminals on a price and timeliness basis. Ports need to collectively advocate for federal, not just state and local, consideration of ports infrastructure as critical national infrastructure.
- Commissioner Keller, along with Commissioner Marzano, attended the Puget Sound Regional Counsel General Assembly and were able to hear Congressman Rick Larson, Chairman of the House Transportation Committee speak. She shared his comment that, “You can’t have a major league economy with a minor league infrastructure.”
- Commissioner Cho commented that he was one of the few people invited to the United Nations Trade and Development’s inaugural Global Supply Chain Forum 2024 in Barbados. The event was a convergence of port authorities from around the world as well as people within the green technology space. He agreed with comments by Commissioner Calkins that the U.S. is behind ports in Europe and Asia. He spoke on two panels and one of the points he made was that it is not always best to be the first mover, especially in this space where new technologies and infrastructure are being explored.

12. Adjournment

With no further business, the meeting adjourned at 2:04 p.m.



Kristin Ang, Co-Chair
The Northwest Seaport Alliance



Toshiko Hasegawa, Acting Co-Chair
The Northwest Seaport Alliance

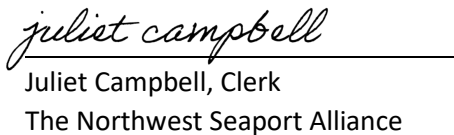
ATTEST:



Ryan Calkins, Co-Secretary
The Northwest Seaport Alliance



Dick Marzano, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk
The Northwest Seaport Alliance