



**MINUTES
MANAGING MEMBER SPECIAL MEETING
Thursday, March 5, 2020
The Fabulich Center, Room 104
3600 Port of Tacoma Road, Tacoma, Washington**

SEATTLE COMMISSIONERS PRESENT:

Stephanie Bowman
Ryan Calkins
Sam Cho
Fred Felleman (*attended telephonically*)
Peter Steinbrueck

TACOMA COMMISSIONERS PRESENT:

Kristin Ang
Deanna Keller
John McCarthy
Dick Marzano
Don Meyer

STAFF PRESENT:

John Wolfe, CEO
Kurt Beckett, Deputy CEO
Don Esterbrook, Deputy CEO
Jean West, Chief Human Resources Officer
Tong Zhu, Chief Commercial & Strategy Officer
Dana Henderson, NWSA General Legal Counsel
Carolyn Lake, NWSA Counsel / Port of Tacoma General Legal Counsel
Tom Bellerud, Director Business Development
David Morrison, Director Financial Planning & Treasury
Calum Tasker, Senior Financial & Budget Analyst
Elly Bulega, Engineering Project Manager
Brett Ozolin, Engineering Project Manager
Michael Dehner, Labor & Employee Relations Manager
Andre Elmaleh, Senior Manager Business Development
Leilani Berinobis, Executive Administrative Assistant
Juliet Campbell, Commission Records Specialist/Clerk

9:30 A.M. – EXECUTIVE SESSION AND 10:15 A.M. CLOSED FEDERAL MARITIME COMMISSION (FMC) DISCUSSION:

Commissioner McCarthy called the special meeting to order at 9:30 a.m. and immediately announced the meeting would recess for an executive session lasting 45 minutes to discuss the annual review of a public employee RCW 42.30.110(1)(g). He announced the executive session would be followed by a closed FMC discussion pursuant to 46. U.S.C. § 40306; C.F.R. § 535.608; 46 C.F.R. § 535.701(i)(1) and as authorized by the Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement No. 201228. The FMC session lasted 60 minutes. No votes or actions were taken in either executive session or during the closed FMC discussion.

11:30 A.M. - PUBLIC SESSION:

- 1. RETURN TO ORDER AND PLEDGE OF ALLEGIANCE:** Commissioner McCarthy reconvened the special meeting at 11:32 a.m. and lead the pledge of allegiance.
- 2. CHIEF EXECUTIVE OFFICER'S REPORT:**
CEO Wolfe provided a summary of the day's agenda. He then called on Chief Commercial & Strategy Officer, Tong Zhu, who provided an update on the state of the transpacific trade. Impacts on the global supply chain due to the ongoing trade dispute with China as well as the tremendous negative impact on the flow of cargo as a result of the coronavirus were discussed. While difficult to separate out coronavirus as a single cause, staff highlighted the cumulative average vessel capacity for all blanked sailings through April is estimated at over 300,000 TEUs, an 82% increase over 2019. The situation is still very fluid. Staff estimated a Q1 shortfall of 21% s in volumes YOY. Staff also estimated a recovery to within 8% of the forecast by the end of Q2. Staff anticipates a strong surge in cargo in Q3 and Q4. Commissioners questioned if the gateway would be prepared for an anticipated surge. Deputy CEO, Don Esterbrook, discussed the NWSA's focus and efforts to help customers manage the ripple effect caused by blanked sailings which include sporadic terminal closures. The operations service center is updated on a daily basis. He described a robust continuity plan to manage any cargo surge. He also described a program to deliberating with BTOs and targeting markets that are not currently using the gateway to a great extent and offering free analytics that suggest including this gateway in their supply chain.

3. CONSENT AGENDA:

It was moved and seconded to approve the consent agenda consisting of the minutes from the February 4, 2020 regular Managing Member meeting and the payment of checks 706657 through 706756 and wire certifications in the total amount of \$36,088,261.41 during the period January 25, 2020 through February 21, 2020.
The motion passed unanimously 10-0.

4. PUBLIC COMMENT: None.

5. ACTIONS:

A. Master Benefit and Salary Resolution 2020-01

Presenters: Jean West, Chief Human Resources Officer and Michael Dehner, Labor & Employee Relations Manager
It was moved and seconded to adopt Resolution 2020-01, the Master Benefit and Salary Resolution, amending and superseding Resolution 2019-01.

Discussion included:

- Commissioner Bowman requested a comparison of what other agencies are offering for parental leave. The NWSA is currently at four weeks. Some other agencies have increased this to six or to eight weeks.
- The 3% adjustment reflected in the proposal reflects the salary ranges not to particular salaries.

B. Marshall Avenue Auto Facility Pavement Maintenance

Presenters: Andre Elmaleh, Senior Manager Business Development and Brett Ozolin, Engineering Project Manager
It was moved and seconded to give project authorization in the amount of \$990,000 for a total authorized amount of \$1 million for the Marshall Avenue Auto Facility Pavement Maintenance 2020-2024, Master Identification Number 201098.01.

The motion passed unanimously 10-0.

Discussion included:

- The design costs of \$6000 every year represents staff time.

C. Washington United Terminal Utility Vault Upgrades

Presenters: Tom Bellerud, Director, Business Development and Elly Bulega, Engineering Project

It was moved and seconded to give project authorization in the amount of \$1,160,000 for a total authorized amount of \$1,310,000 for the Washington United Terminals (WUT) Utility Vault Upgrades, Master Identification Number 201090.01.
The motion passed unanimously 10-0.

Discussion included:

- This is a maintenance requirement in our lease agreement with WUT. The tenant attempted to do repairs on their own, when it was the requirement of the NWSA per the lease. Their attempts created a problem for the NWSA. The differential costs associated with correcting the tenant's attempted improvements are included in the project cost estimate. The NWSA will seek reimbursement of the differential costs upon project completion.
- Undamaged drains are to remain. There are a few drains/frames in good condition, the damage is to the surrounding collar.

D. Distribute Cash and Technical Change to Definition of Distributable Cash

Presenter: David Morrison, Director, Financial Planning & Treasury

It was moved and seconded to (1) authorize the distribution of cash of \$10,228,082 from capital grants, investment income, and capital contributions from January 1, 2016 through December 31, 2019, and any future grants and interest income, as per the NWSA Charter, pending FMC approval of Amendment 2 to the NWSA Charter, and to approve distribution of cash from grants received in arrears and investment interest through December 31, 2020 in case of delays in FMC Approval of the 2nd Amendment to the Charter, and (2) approve a technical change to the wording of the definition "Distributable Cash" in the 2nd Amendment to the Charter to include lease interest income net of lease interest expense moved to non-operating cash flow per GASB 87 Accounting Standard.

The motions passed unanimously 10-0.

Discussion included:

- Staff clarified that the funds were earning interest within the NWSA, but each Homeport has its own investment policy, strategy and needs so per the NWSA Charter so distribution to the Homeports is timely.

6. GENERAL BUSINESS:

A. Financial Modeling Discount Rate

Presenters: David Morrison, Director Financial Planning & Treasury and Calum Tasker, Senior Financial & Budget Analyst.

Staff provided a briefing on how the NWSA approaches financial modeling and the logic behind how it uses discount rates. The recommendation from staff is to continue to use the 8.4% as the discount target rate, adjust the discount rate if longer term trends show significant changes and set an expectation that all approved projects have an NPV greater than zero at the agreed upon discount rate. Discussion took place how to determine a reasonable payback period in evaluating an investment and the differences between port authorities and their private sector customer in investment decisions and the reality that there are projects ports do that do not produce revenue but are requirements.

B. 2020 Goals and Expectations.

CEO, John Wolfe, presented suggested edits he received from individual commissioners since the 2020 Goals and Expectations document was provided to the commissioners. Some examples include updates to key initiatives at Terminal 5, Terminal 46, and first port of call as a strategy. Inland hubs, railroads, and match back strategies were also suggested. Also included is the goal of reviewing the existing policy related to "outside the fence" capital investments. A revised draft was circulated and will be posted to the NWSA meeting website. Commissioners provided additional suggestions and a revised document will be brought forward at the next NWSA meeting.

C. Governance Committee Report. Commissioner McCarthy reported that the Governance Committee has reached agreed/uniform recommendation for a Master Policy Delegation. It will present it at the next meeting.

D. Commissioner Comment.

Commissioners Bowman, Felleman, Marzano and Keller all provided brief comments.

7. ADJOURNMENT: There being no further business, Commissioner McCarthy adjourned the meeting at 1:58 p.m.



John McCarthy, Co-Chair
The Northwest Seaport Alliance



Peter Steinbrueck, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Sam Cho, Co-Secretary
The Northwest Seaport Alliance



Don Meyer, Co-Secretary
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Juliet Campbell, Clerk
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