



## Minutes

Managing Member Meeting – Regular | Port of Tacoma Special

Tuesday, November 7 2023

9:30 a.m. Closed Session

11:30 a.m. Open Public Meeting

The Fabulich Center, 3600 Port of Tacoma Road, Tacoma, Washington

Live streamed on the meetings page at [www.nwseaportalliance.com](http://www.nwseaportalliance.com)

### Commissioners present:

Port of Seattle:

Ryan Calkins

Fred Felleman

Toshiko Hasegawa

Hamdi Mohamed

Port of Tacoma:

Kristin Ang

Deanna Keller

John McCarthy

Dick Marzano

### Commissioners excused:

Port of Seattle Commissioner, Sam Cho

Port of Tacoma Commissioner, Don Meyer

#### 1. Call to Order

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

#### 2. Recess

The Managing Members immediately recessed into executive session permissible under RCW 42.30.110(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. The executive session was scheduled to last until 9:45. It was extended once by announcement in public and ended at 10:02 a.m. The Managing Members then continued in closed session permissible under Federal Maritime Commission (FMC) 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 the Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement No. 201228. This closed session ended at 10:37 a.m.

#### 3. Return to Order

The Managing Members reconvened in public session at 11:33 a.m. and the meeting was called to order by Commissioner Hasegawa.

#### 4. Flag Salute

The Pledge of Allegiance was recited.

Following the flag salute, Commissioner Hasegawa announced that item 9A regarding the wooden light pole program was pulled from the agenda and that it was anticipated that the topic would come before the Managing Members in December instead.

Additionally, agenda item 9D the adoption of the state and federal government affairs agendas was reclassified as a briefing.

5. Chief Executive Officer’s Report

John Wolfe, CEO, summarized the agenda and reported on protests that transpired November 6, 2023 in the Tacoma Harbor related to a military outload.

6. Public Comment

Lisa Missik, Senior Washington Policy Manager, Climate Solutions. Expressed concern and opposition to the NWSA’s 2024 State Legislative Agenda as stated regarding Climate Commitment Act (CCA) relief.

Wayne Robert, Northwest Political Director, Sailors’ Union of the Pacific. Provided comments emphasizing the importance of the American Farmers Feed the World Act.

7. Work Group / Committee Reports

A. Audit Committee

Commissioner Keller provided a report from the October 6, 2023 Audit Committee meeting. At that meeting, financial auditors, Moss Adams presented the 2023 audit plan and schedule. The Audit Committee recommended that a request it received for an audit on the Terminal 5 (T5) program should be considered at the close of the T5 program. A resolution amending the Committee’s charter regarding public comment is on the Consent Agenda for first reading. The Committee recognized the good work of NWSA Accounting Director and Port of Tacoma Auditor, Darren Arakaki, who will be retiring.

B. Legislative Work Group

Commissioner Hasegawa gave a report from the October 25, 2023 Legislative Work Group meeting. The Work Group reviewed drafts of the state and federal agendas and the Work Group approved bringing the drafts to the full Managing Members for additional discussion. Staff was directed to research the American Farmers Feed the World Act that would make changes to the US Food for Peace food aid program and that potentially could drive more cargo volumes at the NWSA. The Work Group will be meeting again soon to consider whether the NWSA should take a position on this legislation.

C. Environmental Work Group

Commissioner Ang gave the report from the October 3, 2023 Environmental Work Group meeting. The Work Group received two briefings at that meeting. One on the NWSA Green Corridor pre-feasibility study. The Managing Members will be receiving a full briefing on the Green Corridor as part of today’s agenda item 10B. The second briefing was regarding preparations for the rollout of the diesel requirements to the NWSA’s domestic terminals in 2025, and update on the progress of the Puget Sound Zero Emission Truck Collaborative, and a status update on the grant funding for the Zero Emission Truck Demonstration Program launch in 2024.

D. Internal Governance Work Group

Commissioner Calkins gave a report from the October 27, 2023 meeting of the Internal Governance Work Group. The Work Group continued discussion regarding a need for a process by which the NWSA seeks Homeport support for certain properties. At that meeting, the Work Group came up with a process by which key staff will examine properties and based on their work, report to the Managing Members on a quarterly basis about any of potential properties that percolate up so that Managing Members would be brought into the consideration to give input, raise flags, etc. Another question the Work Group considered was whether a vote by the Managing Members on proposals should be required prior to a Homeport commitment to purchase, invest, etc. The Work Group recommended that rather than vote by both Managing Members too early in the process to consider the possibility of an advisory vote based on the Homeports' own risk tolerance. The Work Group recommended its legal counsel to prepare a document reflecting that approach. Commissioners requested a copy of the proposal be circulated. The Work Group also considered and recommended certain revisions to the NWSA Bylaws related to how items are placed on Managing Member meeting agendas, utilization of staff and other revisions to align with changes in the Open Public Meetings Act. A draft of the Fifth Amended Bylaws will be brought to the Managing Members for a first reading in December.

Commissioner Calkins clarified that the process related to properties is one that the Work Group recommended to staff. The Homeport Executive Directors and the NWSA CEO have the authority to implement the process. The goal of the process is to avoid 11<sup>th</sup> hour notifications where the Managing Members have not been sufficiently informed.

8. Consent Agenda

It was moved and seconded (Keller/Mohamed) to approve the consent agenda which consisted of items 8A through 8D.

- A. Approval of the minutes of the October 3, 2023 regular meeting.
- B. Approval of the payment of checks 711724 through 711831 and wire transfers during the period of September 22, 2023 through October 24, 2023 in the total amount of \$23,288,094.96.
- C. Authorization for the CEO or his delegate to increase the contract amount and spending authorization for PSA No. 071924R with Tupper Mack Wells, PLLC in the amount of \$250,000 for a total authorized amount of \$600,000 for on-call environmental legal and expert services.
- D. First Reading NWSA Resolution 2023-10 Amending the Audit Committee Charter (2nd Amendment) regarding Public Comment: Upon recommendation of the Audit Committee, after first reading, request the Managing Members advance Resolution 2023-10

(superseding 2013-06 and Managing Member action of May 2, 2022) and the associated Second Amended Audit Committee Charter as set forth in Exhibit “A” attached thereto, to a second reading.

**The motion carried by the following vote:**

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

9. Actions

- A. The action request related to the Wooden Light Pole Replacement Program was pulled from the agenda prior to the meeting.
- B. **Dual Action:** Interlocal Agreement (ILA) between the Alliance and Port of Tacoma for the East Blair One Pier and Backlands (EB-1).

Senior Manager, Business Development, Andre Elmaleh, and CFO, David Morrison gave a presentation. EB-1 is the NWSA’s primary breakbulk terminal. When the NWSA was formed, EB-1 was not included as an asset assigned to the NWSA. In order to continue operations of EB-1 the NWSA will need to rent the facility from the Port of Tacoma.

The maintenance and repair of the infrastructure is a Port of Tacoma responsibility. The maintenance and repair of the day-to-day wear and tear and any capital improvements are the responsibility of the NWSA.

CFO Morrison provided a summary of the financial impacts to the NWSA and to the Port of Tacoma.

The market value of this property is reduced due to its shared use with the Port of Tacoma for its auto terminal discharge. Also taken into consideration is \$5 million in estimated improvements to the lighting, restrooms and various other items. Port of Tacoma Real Estate Director, Debbie Shepack shared that the normal rate would be estimated at \$7000-7500/per acre per month, but based on the shared use and contribution of improvements, it was determined that \$5000/per acre/per month was fair. It the annual rent rate will increase by consumer price index (CPI) every year.

**It was moved and seconded** by Port of Tacoma Commissioners (Marzano/Ang) acting in a dual role on behalf of The NWSA and on behalf of their Homeport Commission, that The NWSA authorize its Chief Executive Officer, and the Port of Tacoma Commission authorize

its Executive Director, or their delegates, to enter into an Interlocal Agreement, in substantially the same form as presented, between the Port of Tacoma and The Northwest Seaport Alliance Regarding Use of East Blair One Pier and Backlands from January 1<sup>st</sup>, 2024 through December 31<sup>st</sup>, 2036.<sup>1</sup>

**The motion carried by the following vote for the NWSA Managing Members:**

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

**The motion carried by the following vote for the Port of Tacoma:**

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

- C. First Reading of Resolution 2023-08 Adopting New Targets to Achieve Net Zero Scope 1 and 2 Greenhouse Gase (GHG) Emissions.

Environmental Project Manager, Graham VanderSchelden, gave a presentation. Adopting this resolution would bring the NWSA’s targets in alignment with what the Homeports have already adopted and move Scope 1 and 2 targets from net zero by 2050, to net zero by 2040. Descriptions of the NWSA’s Scope 1, 2 and 3 emissions for its assets were provided. While Scope 1 and 2 are relatively small part of the NWSA’s emissions inventory, they are prioritized to demonstrate leadership and to take action in areas where the NWSA has direct control. Staff provided an overview of implementation approaches to reach targets and the pros, cons and associated costs.

Discussion:

- Commissioner Keller said the reason she proposed to waive two readings of the Resolution is because both Homeports already have a 2040 target for net zero Scope 1 and 2 emissions.
- Commissioner Mohamed commented on the pro-active approach, and noted that this action aligns with the global sustainability goals. She also noted that this positions the NWSA well in seeking grants. She commented on the high cost and that transition will not be easy, but is the right thing to do.

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<sup>1</sup> Term end date was misstated as December 31<sup>st</sup>, 2030. The motion as presented correctly identified the ILA term of January 1, 2024 through December 31<sup>st</sup>, 2036.

- Commissioner Calkins commented that these investments/actions are not revenue generating, they are revenue attracting. He added South Korea is far ahead in this area and that it will not trade with people that do not have the capacity to run a green corridor. When looking at the costs, he also noted that as the renewable energy becomes industrialized and commercialized, the costs go down. He stated this is a small price to pay for what is clearly the right thing to do.
- Discussion took place regarding what other ports are doing regarding cargo handling equipment.
- Commissioner Felleman wants consideration and information regarding using available alternative fuels while planning for the more ambitious things, such as electrification. Staff in coordination with consultants are considering how to capitalize in those areas.

It was moved and seconded (Keller/Calkins) to waive first reading and adopt Resolution 2023-08, to update The Northwest Seaport Alliance’s greenhouse gas emissions reduction targets to achieve net-zero Scope 1 and 2 emissions by 2040.

**The motion carried by the following vote:**

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

D. 2024 State and Federal Government Affairs Agendas.

Sean Eagan, Director of Government and Community Affairs, Port of Tacoma, presented the proposed state government affairs agenda for 2024.

The proposed state agenda is a culmination of the feedback and input received from Commissioners on the Legislative Work Group. Staff emphasized that the agenda is a starting point. There will be other topics that come up with the legislative session that will need to be grappled with. The six focus areas on the proposed draft state agenda include stormwater, shore power, zero emission drayage trucks, Climate Commitment Act (CCA) relief, competitiveness and transportation.

Staff presented the proposed federal legislative agenda. The commented that the agenda is comprised of the same issues, with different challenges or in new phases. The topics include Harbor Maintenance Tax (HMT), Seattle Harbor and Tacoma Harbor deepening projects, national freight policy and funding, and trade policy advancement. Other items identified include Puget Sound restoration, electrification, diesel emissions reductions and renewable energy, federal permitting and safe and efficient cargo screening.

Discussion:

- Commissioners discussed and provided input and feedback to staff regarding the proposed state and federal legislative agendas including:
  - Modifications are needed to state legislative agenda language related to the Climate Commitment Act (CCA).
  - Modifications needed to the federal legislative agenda to clarify the NWSA's role in off shore wind is supply chain related versus development.
  - A request to add language to the appropriate agenda related to 6PPD preservative.
  - A request to include a reinvigoration of the Merchant Marine Act to increase ship building capacity in the United States to the federal agenda.
  - A request to address Justice40 funding
  - A recommendation to add language related to Superfund to the Alliance agenda as cleanup not limited to the berths, but also to the waterways.
  - A request was made for more information on the American Farmers Feed the World Act and its impacts, including potential negative impacts, particularly to US aid. Commissioner Hasegawa noted that the spirit of the Act is to streamline relief in food specifically destinations in need and that if this Act somehow undermines that effort on a global level, Commissioners need to understand that. She also requested further research on how grassroots efforts fit into this Act. She noted that this Act does not yet have a sponsor. She asked that if there is a local champion or sponsor for this topic, that it would be of interest to the Legislative Work Group.
  - A request for information on the American Offshore Worker Fairness Act (AOWFA) and any local champions signed on to that or movement in congress, including prevailing wage in offshore wind projects.
- The Legislative Work Group will reconvene and discuss the feedback from Commissioners and will return to the Managing Members in December.

E. 2024 Operating Budget, Five-Year Capital Investment Plan (CIP) and 2024 Service Level Agreement Delegation.

CFO, David Morrison gave a presentation beginning with a report on the September Year to Date Alliance Scorecard 2023 versus 2022 in the following categories: cargo volumes, financial returns, job creation, market share, environmental stewardship and operations.

Distributable Income forecast for 2024 budget is \$114.3 million. Distributable Cash is forecast to be \$143.7 million. The two Homeports will receive approximately \$6.1 million in HMT Funds, mostly related to the NWSA business. Total Distributable Cash plus HMT is forecast to be almost \$150 million.

The 2024 Operating Budget highlights were presented.

Memberships included in the budget exceeding \$10,000 include American Association of Port Authorities (AAPA), Pacific Northwest Waterways Association, Washington Council on International Trade, Green Marine.

The 2024 budget for Promotional Hosting is \$193,939 which is well below the 2024 statutory limit of \$657,061.

The six-year budget for project spending for 2023-2028 Capital Investment Plan is \$612,936 million, including placeholders for future years of \$75 million for projects already authorized for design as well as projects that will be authorized.

Staff provided an updated list of the projects presented at the October 27, 2023 study session, that are over \$350,000 that Managing Members will be requested to authorize.

It was moved and seconded (McCarthy/Keller)

1. Approve the 2024 operating budget, including memberships over \$10,000 and Promotional Hosting.
2. Approve the 2024-2028 Capital Investment Plan
3. Authorize delegation to The Northwest Seaport Alliance Chief Executive Officer to enter into and execute the Service Level Agreements with the Homeports.

Discussion:

- Homeports report their 50 percent income from the Alliance as revenue, but they also receive cash. In 2024 Alliance revenue reported on Homeport income statements is forecast as \$57.15 million, Distributable Cash received by Homeports from the Alliance is forecast at \$71.85 million. The difference between revenue and cash is timing and non-cash items such as depreciations of assets added to the Alliance.
- A concern was raised by Commissioner Felleman regarding the process by which the Alliance selects grants and commissioner involvement. Staff informed the Managing Members that at the request of the CEO, staff is modifying its grants process to include a report to the Managing Members after each grant steering committee meeting.
- Commissioner Mohamed requested data and confirmation as any Alliance policy in place regarding contracting with minority and women-owned businesses. CEO Wolfe informed that the Alliance works through the Homeports for contracting. He will confirm whether that information is track and how to carve out that information for the Alliance.

**The motion approving the 2024 operating budget, including memberships over \$10,000 and Promotional Hosting carried by the following vote:**

Port of Seattle:

Ryan Calkins – Aye

Sam Cho – Excused

Fred Felleman – Aye

Port of Tacoma:

Kristin Ang – Aye

Deanna Keller – Aye

John McCarthy – Aye



Toshiko Hasegawa – Aye  
Hamdi Mohamed – Aye

Dick Marzano – Aye  
Don Meyer – Excused

**The motion approving the 2024 Capital Investment Plan carried by the following vote:**

Port of Seattle:  
Ryan Calkins – Aye  
Sam Cho – Excused  
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 – Excused

**The motion authorizing the delegation to The Northwest Seaport Alliance Chief Executive Officer to enter into and execute the Service Level Agreements with the Homeports carried by the following vote:**

Port of Seattle:  
Ryan Calkins – Aye  
Sam Cho – Excused  
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 – Excused

10. Briefings

A. Terminal 5 Modernization Program – Q3 2023 Update

Emma DelVento, Capital Program Leader, Port of Seattle provided an update. Staff reported there were no changes to the primary elements of scope. Berth modernization at the south berth should be complete by the end of year in time for operations to begin January 1, 2024. Quiet Zone construction should be complete early to mid-2024. Reefers are at 100% design. South Marine Building completion needs to be complete by the end of the year at the same time as the south berth, and construction of utilities. Staff went over the budget. \$36,344,060 were moved from Management Reserve to fund projects. Staff noted that this was anticipated and reflects the maturity of the program as projects are all moving into bid construction at this phase. Risk profile P-85 decreased. Largest risk associated to program schedule is related to in-water work. A look ahead to Q4 2023 was provided.

B. US-Korea Green Corridor Study

Senior Manager, Air Quality and Sustainable Practices (AQSP), Steve Nicholas and Project Manager II AQSP, Graham VanderSchelden, provided an update on the US-Korea Green Corridor Study. The pre-feasibility phase of the study was launched at COP27 in Egypt in December 2022, as part of the US-Norway Green Shipping Challenge. The goal of the pre-feasibility phase is to assess a wide range of possible green shipping corridors between the Busan region of Korea and the Seattle-Tacoma region of the US. The next steps are for the parties to agree on next steps. That will likely be addressed at COP28 in Dubai. Staff clarified that “green” means a decarbonized corridor. Staff provided highlights of the pre-feasibility

study findings to date related to current and future cargo flow, carbon emissions and next generation marine fuel production and supply.

Staff then supplemented the Environmental Work Group report from October 3, 2023 Environmental Work Group given earlier under agenda item 7C. There was strong support for the proposed way forward emerging from the pre-feasibility phase of the Green Corridor study and support for participating in the announcement of next steps at COP28. There was interest in further exploring other next steps, including establishing a direct working relationship with the Pusan Port Authority and other Korean ports. And, a more systematic tracking and engagement plan regarding the development and use of cleaner marine fuels in Washington and the region was recommended.

*Commissioner Calkins was excused at 2:30 p.m.*

Commissioner Felleman questioned why there is not a focus on “quiet green corridors” as an interim affect. He commented that just as we look toward alternate fuels while transitioning to electrification, we can slow down the speed of vessels as we look toward fuels. It also elevates the importance of underwater noise to BCOs and others.

*Commissioner McCarthy was excused at 2:35 p.m.*

11. General Business

A. CEO Announcements

Deputy CEO, Don Esterbrook, introduced the new Chief Operations Officer for the NWSA, Jeff Bellerud.

B. Commissioner Comments

- Commissioner Marzano thanked staff for their work and encouraged everyone to vote.
- Commissioner Mohamed stated that there is a lot of pain in the world and an increase in antisemitism and Islamophobia. She stated there is no place for hate at our Ports or internationally.

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12. Adjournment

With no further business before the Managing Members, the meeting was adjourned at 2:39 p.m.



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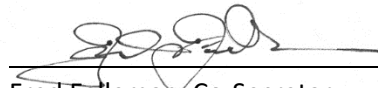
Sam Cho, Co-Chair  
The Northwest Seaport Alliance



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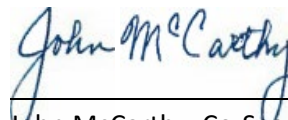
Deanna Keller, Co-Chair  
The Northwest Seaport Alliance

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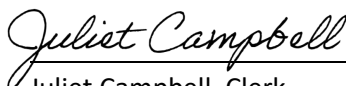
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Fred Felleman, Co-Secretary  
The Northwest Seaport Alliance



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John McCarthy, Co-Secretary  
The Northwest Seaport Alliance



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Juliet Campbell, Clerk  
The Northwest Seaport Alliance