



MINUTES

Thursday, February 4, 2021

Special Managing Member, Special Port of Seattle (POS) / Port of Tacoma (POT)

Meeting held virtually in accordance with Senate Concurrent Resolution 8402 and Governor's Proclamation 20-28. Dial in: 1 253 617 4257 Conference ID: 394 027 605#

CALL TO ORDER

The meeting was called to order at 9:02 a.m. Roll call was taken. Port of Seattle Commissioners Stephanie Bowman, Ryan Calkins, Fred Felleman and Peter Steinbrueck were all present. Commissioner Sam Cho was delayed and signed on later in the presentations. Port of Tacoma Commissioners Kristin Ang, Deanna Keller, Don Meyer and Dick Marzano were all present. Commissioner John McCarthy had technical issues but was able to sign on later in the presentation.

Commissioner Marzano lead the Pledge of Allegiance.

RETREAT

John Wolfe, NWSA CEO provided a brief history of The Northwest Seaport Alliance (NWSA). The NWSA is a joint venture partnership between the Ports of Seattle and Tacoma. It was officially formed in August of 2015. He provided a summary explaining the marketplace at the time and described reasons the commissioners at the time decided to lean into forming the alliance. Some of the reasons included:

- Both ports were competing with other West Coast gateways.
- Competition expanded to the Gulf and East Coast ports due to the widening of the Panama Canal.
- Competition between the ports of Seattle and Tacoma shifted business and jobs from one another rather than creating new economic growth and jobs.
- The alliance would be able to leverage the political strengths of the two ports to better influence policy at federal, state and local level.
- A gateway approach allows for a broader menu of options to offer the customer due to the shared assets of the Seattle and Tacoma shared licensed properties.

A NWSA Scorecard was created so the Managing Members could measure the success of the alliance against expectations. The elements of the Scorecard were presented and discussed. The elements include: cargo volume, jobs created, financial returns and environmental stewardship.

David Morrison, NWSA CFO, provided an overview of the performance of the NWSA over the past five years (2015-2020). Financials for 2020 will not be ready until February 2021.

- He included elements of presentations given to the two rating agencies by the Homeports in 2015 describing the shipping industry environment at the formation of the NWSA. Items included:
 - Factors of Canadian competition and their impact on the Port of Seattle and Port of Tacoma.
 - Scenarios of what may have occurred for the gateway had the NWSA not been formed in 2015. (Other, more recent forces moving cargo away from the Pacific Northwest gateway to Canada were acknowledged).
 - Rationale and objectives of forming the NWSA.
 - Financial forecasts (2016-2019) were also discussed.

- Discussion took place regarding the Port of Tacoma's choice of debt financing versus other sources such as tax levy.
- Discussion took place regarding the scorecard and appropriate metrics.
 - Commissioner Meyer suggested operational numbers be added to the score card. He also cautioned the Managing Members against losing sight of the purpose of the NWSA - marine cargo. He emphasized the importance of rail.
 - Commissioner Felleman suggested 2015 actuals of the Homeports pre-alliance would better measure whether the alliance is achieving the intended goals.
 - Commissioner Steinbrueck cautioned against increasing the scorecard but did agree with other commissioners that market share is key and should be measured.
- Commissioner Keller asked commissioners who were serving at the time of the formation of the alliance, why administrative services were split from the Port of Tacoma. Commissioner Bowman responded that operational efficiencies were not the key goal behind forming the alliance, rather the goal was to reduce competition and go after international cargo.
- Commissioner Ang provided comment that her understanding from earlier briefings, that there was a secondary focus during the formation of the alliance of what to do with other real estate, beyond premier terminal renovations. She also described Canada's strategy toward infrastructure.
- Commissioner McCarthy questioned whether the alliance is working for the Port of Tacoma. He referenced charts that show the Port of Tacoma is down to 6.5 percent in market share in 2020 from 8.5 percent in 2015. He stated the Port of Tacoma is the only West Coast port that lost that amount of market share noting the Port of Seattle remained flat or had minimal decrease. He commented that LA/Long Beach is up 17 percent and the PNW gateway is down 12 percent year over year. He questioned whether the situation is due to execution and decisions made, or whether overall dynamics have overwhelmed the positive intent of the alliance.
- Commissioner Marzano commented that in 2015, the Seattle-Tacoma waterfront had 4.4 million man hours. In 2019, it was 4.6 million. He said that maybe the gateway could have done better had there not been the competition with Canada with all the assistance they received from their government and from the railroads, but he believes without the alliance the gateways' man hours would have been reduced. Adjustments may be needed; he referenced the rail incentive plan.
- Commissioner Cho offered his observation that in the year he has been a commissioner, 90 percent of the conversations regarding gateway strategy revolve around rearranging what is already being done. He has yet to hear and would be interested in hearing from the executive team, what actions are being taken to go beyond what we already have and expand the gateway.

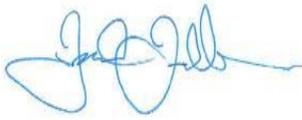
RECESS TO CLOSED SESSION

At 10:38 a.m. the Managing Members recessed.

At 11:00 a.m. The Managing Members, Port of Seattle and Port of Tacoma convened in closed session as authorized under Federal Maritime Commission regulations and related laws found at 46 U.S.C. section 40306; 46 C.F.R. sections 535.608 and 535.701 (i)(1), and as authorized by the Port of Seattle/Port of Tacoma Alliance Agreement - Federal Maritime Commission Agreement No. 201228. The closed session lasted one hour and 43 minutes.

ADJOURNMENT

There being no further business, the meeting at 12:43 p.m.



Fred Felleman, Co-Chair
The Northwest Seaport Alliance

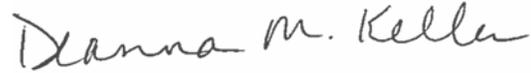


Dick Marzano, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Sam Cho, Co-Secretary
The Northwest Seaport Alliance



Deanna Keller, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk
The Northwest Seaport Alliance