

**A Resolution of the Port of Tacoma Commission Requesting the Managing Members of the Northwest Seaport Alliance (NWSA) to Authorize a Third-Party Review of NWSA Projects and Undertake a Comprehensive Review of the NWSA Charter and Interlocal Agreement**

**WHEREAS**, the NWSA, a Washington Port Development Authority (PDA), was formed between the Port of Seattle and the Port of Tacoma pursuant to an Interlocal Agreement (ILA) dated August 4, 2015 and operates pursuant to the NWSA Charter (Charter), first adopted on August 4, 2015; and

**WHEREAS**, the NWSA Managing Members have amended the Charter three times since August 4, 2015, most recently in November 2022; and

**WHEREAS**, the NWSA was formed to ensure the continued competitiveness of the Puget Sound Gateway and associated job growth by leveraging the strengths of each Port to reach shared goals for the region and the State in ways that either Port acting alone could not achieve; and

**WHEREAS**, Section 2.2(c) of the Charter provides that “Managing Members are committed to shared core objectives of financially viable business models that support customer success, value the port-labor partnership, protect and increase regional jobs, benefit the citizens of Pierce and King counties, promote the Pacific Northwest corridor’s role in US trade strategies and the greater North American economy, and ensure the ability of each Managing Member to reinvest in terminal assets and infrastructure”; and

**WHEREAS**, in Section 3.1(b) of the Charter, the Managing Members agreed upon the valuations of the use of the Licensed Properties which form the basis for each Port’s Membership Interest, “... based on a ten-year net present value of each such Licensed Properties’ estimated cash flows and enterprise value, including ‘maintenance and repair’ capital and updated operation, maintenance, and administrative costs provided by each Managing Member”; and

**WHEREAS**, the model used to develop the valuations in Section 3.1(b) was based on steady state and assumptions regarding maintenance expenses and capital costs over the referenced ten-year period; and

**WHEREAS**, because a steady state model was used, the capital cost of future terminal development projects such as Husky and T-5, as well as other Managing Member decisions which have occurred after formation of the NWSA, were not incorporated and are not considered in the base valuation of each Port’s membership interest; and

**WHEREAS**, the final development cost of T5 is projected to be two times that of Husky Terminal, and;

**WHEREAS**, pursuant to Section 3.1(c) of the Charter, such “Membership Interest valuations shall remain in effect until the earlier of termination or dissolution of the PDA,”

with the exception of a one-time Membership Interest Affirmation as provided for in Section 3.1(c)(i), which was completed; and

**WHEREAS**, because of this provision of the Charter, actual costs and expenses have not been reviewed to adjust the Members' respective interests other than the one-time Membership Interest Affirmation; and

**WHEREAS**, Section 3.12 of the Charter allows the Managing Members to approve contributions to Capital Construction in amounts other than based on each Managing Members' pro rata Membership Interest on a project-specific basis; and

**WHEREAS**, Sections IV and V of the ILA provided for the development of an initial Alliance PDA Strategic Business Plan for 2015-2025 and Alliance PDA Financial Decision Criteria to guide NWSA investments; and

**WHEREAS**, the NWSA expends, and will continue to expend, resources on Capital Construction as well as ongoing maintenance of Licensed Properties, and

**WHEREAS**, the NWSA is nearing the ten-year term of the PDA for which the initial Alliance PDA Strategic Business Plan was prepared; and

**WHEREAS**, the Port of Tacoma Commission believes a third-party could be used to evaluate completed and projected NWSA projects and recommend policy changes to the Managing Members to ensure equitable investments in terminal assets and infrastructure as between the North and South Harbors over the remaining initial term of the PDA and beyond; and

**WHEREAS**, the Port of Tacoma Commission further believes it would be beneficial to have the Managing Members undertake a comprehensive review of the terms of the ILA and the Charter and develop amendments which would allow development of updated financial decision criteria to guide NWSA investments and future periodic review of the value of the Members' respective interests.

**NOW, THEREFORE**, be it resolved that the Port of Tacoma Commission requests the Managing Members of the NWSA do the following:

1. Authorize a third-party review of NWSA projects completed since 2015 in order to recommend policy changes to the Managing Members to ensure equitable investments in terminal assets and infrastructure as between the North and South Harbors over the remaining initial term of the PDA and beyond; and
2. Undertake a comprehensive review of the terms of the ILA and the Charter and develop amendments which would allow development of updated financial decision criteria to guide NWSA investments and future periodic review of the value of the Members' respective interests.

ADOPTED by a majority of the members of the Port of Tacoma Commission at a regular meeting held on the **20th day of June 2023**, a majority of the members being present and voting on this resolution and signed by the Commission Officers in authentication of its passage this **20th day of June 2023**.

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Deanna M. Keller, President  
Port of Tacoma Commission

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John McCarthy, Secretary  
Port of Tacoma Commission