

**BOARD OF COMMISSIONERS
THE FABULICH CENTER, ROOM 104
3600 PORT OF TACOMA ROAD, TACOMA, WASHINGTON**

COMMISSIONERS PRESENT:

1. Dick Marzano, President
2. Don Meyer, Vice President
3. Clare Petrich, Secretary
4. Don Johnson, 1st Assistant Secretary
5. Connie Bacon, 2nd Assistant Secretary

STAFF PRESENT:

1. John Wolfe, CEO
2. Carolyn Lake, Port Counsel
3. Judi Doremus, Executive Assistant/Clerk of the Port
4. David Morrison, Director, Treasury & Financial Planning
5. Scott Hooton, Environmental Project Manager II
6. Bari Bookout, NWSA CCO, Non-container
7. Jason Jordan, Director, Environmental Programs/Planning

10:00 AM: EXECUTIVE SESSION

1. CALL TO ORDER:

Commissioner Marzano called the meeting to order at 10:05 am and then recessed into Executive Session for approximately two hours.

2. RECESS INTO EXECUTIVE SESSION:

- A. One (1) Litigation Item-RCW 42.30.110 (1)(i)
- B. Three (3) Potential Litigation Items-RCW 42.30.110 (1)(i)
- C. One (1) Personnel-Collective Bargaining-RCW 42.30.140 (4)(b)

12:00 NOON: COMMISSION MEETING

1. RETURN TO ORDER:

- A. Flag Salute

2. CONSENT AGENDA:

- A. Minutes of June 15, June 29 and July 11, 2017
- B. Check Certification: Certify checks #213605 through #213906 and wire transfers in the total amount of \$11,278,080.70 during the period of June 10, 2017 through July 11, 2017.
- C. Right of First Refusal – 1308 Alexander Avenue
 1. Explanation of the price decrease was given. No other changes have been made.
 2. We do not have a need for this property.

“Approve the above Consent Agenda”.

Motion was made by Commissioner Johnson, seconded by Commissioner Meyer:

VOTE: MOTION CARRIED 5-0

3. ACTION AGENDA:

- A. RESOLUTION 2017-05-PT: Issuance and Sale of Limited Tax General Obligation Refunding Bonds:

Motion was made by Commissioner Petrich, seconded by Commissioner Johnson:

“Adopt Resolution 2017-05-PT, providing for the issuance and sale of limited tax general obligation refunding bonds of the Port in the principal amount of not to exceed \$21,585,000 for the purpose of providing funds to refund certain outstanding limited tax general obligation bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.”

Discussion Included:

1. The delegation to the CEO was discussed.
2. 2008B bonds and market conditions were discussed.
3. Refund now as taxable or in March 2018 as tax-free. Must be for “docks and wharfs” to be tax-free. We anticipate a 7% savings by refunding now as taxable. They will have the standard 10-year call. The Port will have more flexibility for use of the funds in regard to land uses by refunding as taxable.
4. The issuance expenses were discussed.
5. The plan is to pursue a competitive bid process. Commissioner Meyer is not in favor of a negotiated bid process.
6. Commission asked how much debt capacity is left. This sale will give us more capacity. Staff provided this information at the June 29th meeting.

PUBLIC COMMENT: None.

VOTE: MOTION CARRIED 5-0

4. GENERAL BUSINESS:

- A. 2018 BUDGET DISCUSSION

Discussion Included:

1. Community Investment Program was discussed. We currently have a \$35,000 budget for this program. Approximately \$150,000 was requested in 2017.

2. Memberships: Staff requests sponsorship approval threshold be increased to \$25,000. Currently any membership or sponsorship over \$10,000 needs Commission approval. Commission requests the current threshold of \$10,000 be maintained.
3. Where the WCIT sponsorship belongs was discussed. Currently, it is in the homeport budget, rather than the NWSA budget. Commissioner Bacon feels strongly that WCIT belongs in the NWSA budget.
4. Commission requests staff divide out community infrastructure investment from other community investment.
5. Commission would like to take some tax levy funds and dedicate them to a small cities investment fund. Commissioners Meyer and Bacon feel the current \$35,000 is inadequate. Commissioner Johnson would like this decision to be made in the context of the strategic planning process.
6. Large requests and how they are managed were discussed.
7. Infrastructure: SR-167 was discussed. The Port of Tacoma is planning to contribute \$5 million in land and \$25 million in cash funding.
8. Land purchases: Commission stated that right-sizing our terminals in the first priority to remain competitive.
9. A Centennial update is scheduled for the August meeting.
10. Commissioner Meyer: Concerned about recontamination of our water. Feels it is due to zinc from metal roofs and metal siding. He is interested in a zinc-free initiative. An update on our inventory of buildings was requested.

PUBLIC COMMENT: None.

B. FORMER KAISER SITE BUSINESS UPDATE:

Discussion Included:

1. CEO Wolfe stated that the Port has turned down fossil fuel export opportunities and has no plans to change this stance. The PSE LNG site is not an export project. While not a perfect solution, we feel it is a better solution than traditional heavy bunker fuel.
2. CEO Wolfe also spoke to our environmental stewardship and our plans to maintain traditional cargo uses for our properties, including the former Kaiser site.
3. The background of the former Kaiser site was discussed. The port purchased the property for \$21 million. The port has spent approximately \$200 million in land clean-up since the Commencement Bay was listed as a Superfund Site.
4. Commission asked how much more remediation will be required to make this development-ready. The site is development ready now. There will be long-term monitoring required. The Consent Decree describes how contaminated material is to be handled during development.
5. Water-dependent maritime use associated with the East Blair One (EB1) Terminal, which is currently being used as breakbulk: Bulk grain and minerals businesses are being pursued. The demand for grain is currently decreased. There is a need for additional auto processing terminals. We have one long-term customer who is looking to expand their breakbulk and auto business in Tacoma. This opportunity will be brought forward for a public discussion once it is ready.
6. Environmental Policies: Clean air and greenhouse gas reduction policies were discussed.
7. Commission stated that they will not support a fossil fuel export facility on any Port-owned land.

C. COMMUNITY NEWS, EVENTS AND RECOGNITIONS:

1. Boat Tours: The Port's free boat tour event occurred last weekend. They were not associated with Maritime Fest this year. Staff heard very positive remarks from the public who experienced the port from the waterside. The boat tours served over 1,000 people this year.
2. Quarterly Nature Walk: Scheduled for Friday, 8/11/17, at the Lower Clear Creek project. Our Port Biologist, Jenn, will lead this nature walk.
3. Port Bus Tours: Bus tours are monthly. Some months have Saturdays as well. The next one is August 11th. Commissioner Petrich suggests partnering with Tacoma Rail on a tour.

6. PUBLIC AND COMMISSIONER COMMENT:

PUBLIC COMMENT:

Arthur West: Re: Port budget. He stated that he thinks the Port of Tacoma pays too much for legal counsel and should go out for a competitive bid.

LaDonna Robertson: Stated that PSE is a gas monopoly. Feels that LNG will be more costly than solar. She feels that solar and wind will be more competitive than natural gas in the next three to five years. She wants the Commission to look ahead to solar, wind and other renewable sources of energy.

Noah Davis: Regarding the Clean Port Strategy: He stated that he embraces this, but has concerns about making those mandates rather than aspirational goals. Not exporting fossil fuels should be a hard policy, and he would like to see a policy stating this. Subarea plan: A position has not been taken on interim regulations. At the Planning Commission, Port Counsel was not in favor of interim regulations. LNG: Stated there is an opportunity now with the LNG facility to get the public's input with a supplemental EIS. He asked that the Commission support this request.

Lynnette Shureb: She is a member of Save Tacoma Water. She stated that if corporations are people then they should take responsibility like people. She also read an email stating that the PSE LNG plant EIS was inadequate.

Claudia Reidener: She stated that she agreed with how important it is that you have honest legal advice. She asked how often the Port goes out for a competitive bid for legal counsel. She stated that the Port of Tacoma is part of the Washington Public Ports Association (WPPA). WPPA is interfering with appeals on the shoreline and the Kalama methanol plant. She would like to learn more about how our WPPA membership money is used.

Roger Garrett, PSE: This LNG facility has two purposes: (1) Peaking purposes and (2) transportation fuel uses to help TOTE reach the new federal requirements. There is an opportunity with car carriers, as they are very interested in LNG as a way to clean up their supply chain. Permanent jobs and wages at LNG: It is anticipated that there will be 16-18 permanent positions, most being operators. The typical wage is \$35-45/hour, which is \$67,000 to \$86,000/year. This is for a natural gas business. Renewable energy: PSE is also pursuing renewable energy sources for the electric side of their business.

Dean McGrath, ILWU 23: He stated that he is here representing workers who are impacted by decisions of the Port of Tacoma Commission. He encouraged the Commission to look for ways to partner with companies, such as TOTE. TOTE is investing in our community. Bunker fuel is the most noxious material possible. There is an opportunity for ship to shore power. Look to partner with companies to get rid of diesel. He wanted that "zero emissions" means zero people (automation).

Nicky Walters: She stated that she moved here recently. LNG: She found out about this project on her own. She feels the project is wrong. She stated that there has not be enough public outreach on this project. Feels that the City of Tacoma is not doing their job on public outreach. PSE did a homeowners assessment and they stated that she should change over from electric to gas. She is concerned as PSE is not an American company.

Ky (would not give her last name): Stated that we are currently on stolen native land. We have a pattern of stealing land for pipelines. She urged the Commission against this.

COMMISSIONER COMMENT:

Commissioner Bacon: None.

Commissioner Meyer: Asked Hartleigh Caine of TOTE why we can't we use bunker fuel scrubbers rather than LNG.

Hartleigh Caine, TOTE: Stated that in 2010 TOTE began to explore what they could do to cut emissions to meet the upcoming federal requirements. They looked at renewables. However, if they covered an entire ship with solar panels that level of power could only turn on the lights. They looked to Europe and found they were using LNG and while in port they plug in. TOTE is still pursuing renewables. With scrubbers you are only able to remove contaminants up to the mandated level; you still have to take the materials out, transport them and put them somewhere. LNG is a cleaner option and allows TOTE to exceed the mandates. She suggested that Commissioners go to Connecticut to visit a spot that has an LNG project located in close proximity to residential areas.

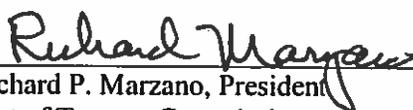
Commissioner Marzano: None.

Commissioner Johnson: Stated that he appreciates TOTE's comments. Scrubbers do not provide a major environmental improvement. Until you have major improvements in batteries, unfortunately renewables are not viable for ship propulsion. We can put a policy in place now, but that will not speak for future Commissions.

Commissioner Petrich: Regarding the Paris peace talks: She noted that there have been international conventions dealing with the environment for quite a long time. At the 1973 Marpol (Marine Pollution) Conference they discussed how to clean up pollution from ships. This is behind TOTE's decision to use LNG for their ships. Short-sea shipping: Virginia ports are utilizing short-sea shipping to alleviate pressure on their roads and the use of trains and barges. The goal is to get cargo off of the highways. She would be interested in any opportunity on the West Coast for this as well.

7. ADJOURNMENT:

There being no further business, President Marzano adjourned the meeting at 2:08 pm.


Richard P. Marzano, President
Port of Tacoma Commission

ATTEST:


Clare Petrich, Secretary ~~ILWU 23 Leadership~~
Port of Tacoma Commission


Judi Doremus, Clerk of the Port
Port of Tacoma