



Commissioners

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Chair and President
Bill Bryant
Patricia Davis
Lloyd Hara
Gael Tarleton

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An audio of the meeting proceedings and meeting materials are available on the Port of Seattle web site -

<http://www.portseattle.org/about/organization/commission/commission.shtml>

(The approximate point in the audio recording for the specific item is identified by minutes and seconds; example: 01:30.)

**APPROVED MINUTES
COMMISSION SPECIAL WORK SESSION OCTOBER 21, 2008**

The Port of Seattle Commission met in a special work session at 3:00 p.m., Tuesday, October 21, 2008 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Bryant, Creighton, Davis, Hara and Tarleton were present.

1. CALL TO ORDER

The special work session was called to order at 3:07 p.m. by John Creighton, Chair and President.

EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

2. APPROVAL OF MINUTES

(00:00:56) Motion for approval of minutes of the Regular Meeting of September 9, 2008 – Bryant

Motion carried by the following vote:

In Favor: Bryant, Creighton, Tarleton

Commissioners Davis and Hara were absent from the subject meeting.

3. (00:01:24) Request for approval to use general Airport funds to provide temporary funding of the Consolidated Rental Car Facility (CRCF) project and,

along with Customer Facility Charge (CFC) revenue, allow for continuation of project construction on schedule.

Request Document: Commission agenda [memorandum](#) dated October 6, 2008 from Jim Schone, Director, Aviation Business Development, George England, Program Leader, Landside/Stormwater, and Elizabeth Morrison, Senior Manager, Corporate Finance.

Presenters: Mr. Schone, Mr. England, and Ms. Morrison

Ms. Morrison briefed the Commission on a proposed modification to the earlier proposed plan for the funding of the Consolidated Rental Car Facility at Seattle-Tacoma International Airport, including applying general Airport funds to provide interim funding for the project, while pursuing a long-term funding strategy. It was estimated that approximately \$20M dollars in funds would be used to supplement funds received from Airport customer facility charges.

Responding to prior Commission request as to a possible exit strategy, it was proposed that staff return to the Commission in January, 2009, with an update on the credit markets, with feasible approaches to financing, and by the end of February recommend a financing strategy approach or a recommendation that the project be terminated.

Commissioner Creighton referenced a letter from Lorie Tallarico, Chairperson, Seattle Participating Rental Car Companies, which had recently been submitted to the Commission, in support of the staff's proposed plan. A copy of Ms. Tallarico's letter, is by reference, made a part of these minutes; is marked Exhibit 'A'; and is on file in Port offices.

In response to Commissioner Creighton's question as to whether or not the proposed strategy had been accepted by all of the rental car companies, Mr. Schone gave assurance that it had been reviewed by the companies and their support was unanimous.

Commissioner Tarleton stated her support of the project, and suggested the following modification of the proposed approval – “That the use of general Airport funds be approved up to, but not to exceed \$20M without returning to the Commission”, along with the agreement that staff return to report to the Commission in January, 2009 and then again in February.

Commissioner Hara suggested that staff look at other alternatives for the project, including how it might be temporarily slowed down, as well as looking at the overall costing of the project.

Commissioner Bryant stated that he did not believe an exit strategy had yet been proposed, and suggested he would like to see proposals of what could be done between the current time and February, 2009. He stated that he would like to see a way in which the proposed bonds might be made more attractive to potential customers, as well as getting the bonds exempted from the alternative minimum tax.

Motion for approval of Item 3, as proposed by Commissioner Tarleton:

Approve to use general Airport funds up to, and not to exceed \$20 M to provide temporary funding of the Consolidate Rental Car Facility Project, and along with Customer Facility Charge revenue, allow for continuation of project construction on schedule.

Motion carried by the following vote:

In Favor: Creighton, Davis, Hara, Tarleton (4)

Opposed: Bryant (1)

Following the vote, Commissioner Hara provided clarification of direction to staff to return to Turner Construction to work with their schedule in order to preserve funds.

Commissioners also reiterated that staff should provide frequent updates on possible exit strategies for the project as well as strategies regarding involved bonds.

4. ITEM WITHDRAWN - Request for authorization for Chief Executive Officer to sign Settlement Agreement with the Malarkey Parties, the Duwamish Parties, the City of Seattle and King County regarding Terminal 117 Site and Lower Duwamish Site Cleanup Costs, and Natural Resource Damage Liability

5. (00:33:45) Briefing on Airport, Seaport and Real Estate Operating and Capital Budgets

Presentation Documents: Commission agenda [memorandum](#) dated October 13, 2008 from Michael Tong, Corporate Budget Manager and computer slide [presentation](#) titled, "2009 Preliminary Budget."

Presenters: Aviation Division – Mark Reis, Managing Director, Aviation and Borgan Anderson, Manager, Aviation Finance and Budget; Seaport Division – Wayne Grotheer, Director, Seaport Asset and Finance Management and Boni Buringrud, Manager, Seaport Finance and Budget

Topics reviewed:

(00:34:02) Aviation Division ** Mr. Reis noted that there was additional updated information included in the presentation. All information is included within these minutes.

- Key Assumptions
- Financial Goals
- Business Plan Forecast
- CPE Forecast
- 2009 Operating Budget
 - Overview
 - Risks

- Budget Summary
- Target and Cost Drivers
- Increases Absorbed
- New Costs Absorbed
- New Initiatives
- Proposed Target Exceptions
- Summary of Budget Requests
- Expense Summary
- Full-time Equivalents (FTEs)
- Airline Costs/Revenues
- Non-Airline Revenues
- Key Measures
- Budget Summary vs. Financial Goals
- Capital Budget
 - Overview
 - Summary
 - Proposed New Projects
 - CIP Cuts
 - CIP Reduced Cash Flows – 2009
 - CIP by Major Project
 - Risks/Priorities

Following the Aviation Division presentation, Commissioners requested that due to time constraints, only the Seaport operating budget be presented at this time and a special meeting be held the following week to address the remaining budget items.

(01:59:54) Seaport Division:

- 2009 Seaport Strategies
- Critical 2009 Work
- 2009 Metrics
- Key Revenue Assumptions / Market Outlook
- Expense Issues
- Org Revenues By Group
 - Containers & Support Properties
 - Cruise & Industrial Properties
- Expense Budget
- Initiatives
- Full-time Equivalents (FTEs)
- Org Expenses by Group
- Budget Summary
 - Containers
 - Cruise
- Risks

Responding to Commission suggestion, a special meeting would be scheduled for staff to present the remaining budget information regarding the Seaport Capital budget and the Real Estate operating and capital budgets.

6. ADJOURNMENT

There being no further business, the meeting was adjourned at 5:42 p.m.

(A digital recording of the meeting is available on the Port's website.)

Bill Bryant
Secretary