



**Commissioners**

Bill Bryant  
President  
Tom Albro  
John Creighton  
Rob Holland  
Gael Tarleton

Tay Yoshitani  
Chief Executive Officer

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*Audio and video recordings of the meeting proceedings and meeting materials are not available for this meeting, which was held at the Port of Moses Lake.*

**APPROVED MINUTES  
COMMISSION SPECIAL MEETING APRIL 26, 2011**

The Port of Seattle (POS) Commission met in a special meeting Tuesday, April 26, 2011, at the Port of Moses Lake Headquarters, 7810 Andrews Street NE, Moses Lake, Washington. The special session included a joint meeting with the Port of Moses Lake Commission for approximately 30 minutes followed by tours of three companies with manufacturing facilities located at the Port of Moses Lake (POML).

Present were:

Port of Seattle:

- Commission President Bill Bryant
- Commissioner Tom Albro
- Commissioner John Creighton
- Tay Yoshitani, Chief Executive Officer

Port of Moses Lake:

- Commission President D. Kent Jones
- Commissioner Michael B. Conley
- Commissioner Brian P. McGowan
- Craig Baldwin, Executive Manager

Port of Seattle Commissioners Holland and Tarleton were absent from the meeting and tour.

The meeting began at 1:05 p.m.

Mr. Lon Topaz, Energy Resources Manager of REC Silicon, a division of Renewable Energy Corporation of Norway, briefed the two Commissions on REC Silicon's manufacturing operations in Moses Lake. REC Silicon produces electronic grade polysilicon and silane gas that is used in the electronics and photovoltaic industries. The company imports raw materials through the POML's

Foreign Trade Zone (FTZ), which saves REC about \$4 million annually. REC's Moses Lake facility employs 800 people and produces the cheapest polysilicon in the world because of the low-cost power available in Moses Lake.

CEO Yoshitani and EM Baldwin reported on their consultations to cooperate more closely on economic development issues related to transportation infrastructure, joint marketing, Foreign Trade Zones and exports following the February 8, 2011, meeting in Seattle. Commissioner Albro noted that Moses Lake's strengths include low-cost land and power, lower cost of living, strong work ethic, good quality of life, and lack of traffic congestion. One major drawback is the lack of scheduled air service to the Grant County International Airport.

Commissioner Bryant noted that Moses Lake relies on I-90 to transport its goods to and from Seattle. Commissioner Jones said the Port of Moses Lake will meet with its stakeholders regarding extending the rail connection to the POML. CEO Yoshitani suggested that the POS, along with the Ports of Tacoma and Everett, might assist the POML in analyzing whether sending goods by truck or rail is the best option.

The two Commissions then began to tour three manufacturing facilities at the Port of Moses Lake.

### **Visit to the SGL Group**

Mr. Steve Swanson, Plant Manager of SGL Automotive Carbon Fibers (SGL ACF), told the two Commissions that SGL ACF's joint venture with Mitsubishi Rayon Company, which broke ground in July 2010, is scheduled to open on time this summer. The SGL ACF production facility will import precursor raw material from Mitsubishi in Japan and produce carbon fiber in Moses Lake to be shipped to Germany. There it will be processed into lightweight carbon fiber fabric and ultimately into carbon fiber parts and components for carbon fiber car bodies for BMW's new Megacity electric vehicle (the i3) and the new i8 hybrid vehicle to be manufactured by BMW in Leipzig, Germany. SGL ACF's plant will operate in the POML's FTZ and will import and export raw materials through the POS. Mr. Swanson said that the company will save "a couple of percent" by locating the project in an FTZ. The plant will employ 500 people in the next ten years as production expands. It is certified at the LEED Gold level, and BMW dealers will have to be certified as LEED Gold dealers to sell the i3 and i8.

According to Mr. Swanson, the main reason that SGL ACF selected Moses Lake to build the project was the low cost of power. Another reason was that the Northwest already has a significant carbon fiber industrial base because of the Boeing 787 Dreamliner. Washington state's image as a high-tech state with high-tech workforce, and the proximity of the POS, also contributed to SGL ACF's conclusion that Moses Lake was a good fit for the company.

### **Chemi-Con Materials Corporation**

Mr. Yusuke Nakajo briefed the two Commissions on the operations of Chemi-Con Materials, a wholly owned subsidiary of Nippon Chemi-Con. The Moses Lake facility produces specially etched aluminum foils which are the main material in aluminum electrolytic capacitors. Capacitors are

used in an extensive range of consumer and industrial electronics. The etching process uses a great deal of energy so the low cost of power and the availability of FTZ status provided significant benefits for establishing the plant in Moses Lake.

**Genie Industries**

Mr. Nick Womack provided a walking tour of Genie Industries' manufacturing facility in a former B-52 hanger in the POML. The plant manufactures various models of advanced lifting equipment and moved to Moses Lake in 1999. It is currently developing a new lift that can reach 170 feet into the air versus the current model that reaches only 135 feet. Two shifts are working at the plant, and weekend shifts may be started soon to meet demand. The company is headquartered in Redmond, Washington. Unlike REC Silicon, SGL and Chemi-Con, Genie Industries is not operating in the FTZ.

Ms. Rhonda Severance, Sales Executive, discussed the sophistication of Genie Industries global supply chain and its use of first, second, and third tier suppliers. Genie uses the "just in time" inventory strategy and receives multiple deliveries every day. Genie monitors its supply chain closely and purchases from both U.S. and foreign suppliers. For example, after the earthquake in Japan, the company had a good understanding of its exposure in Japan and reached out to suppliers after a few days. There is some potential exposure for first-tier suppliers, but second- and third-tier suppliers are more at risk. Genie tries to position parts and supplies so they can come in by rail and then be trucked to the plant in bulk or broken down for use in assembling an individual piece of equipment. Genie ships finished equipment through both the POS and the Port of Tacoma, or it will use another port if it can get a better deal. The corporate office in Redmond coordinates outgoing shipments.

The Commissions completed their manufacturing tours at approximately 5:10 p.m.

(Audio or video recordings are not available for this meeting.)

John Creighton  
Secretary