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APPROVED MINUTES COMMISSION SPECIAL TOWN HALL MEETING MAY 21, 2015

The Port of Seattle Commission held a special town-hall meeting Thursday, May 21, 2015, at the Rotunda at Clover Park Technical College, 4500 Steilacoom Boulevard Southwest, Lakewood, Washington. Port of Seattle Commissioner Gregoire participated by telephone, and Port of Tacoma Commissioners Bacon, Johnson, Meyer, and Petrich were present. Port of Tacoma CEO John Wolfe was also present.

The meeting was called to order at approximately 7:00 p.m. by Port of Tacoma Commission President Don Johnson, who welcomed guests and summarized the industry changes driving formation of an alliance between the ports of Tacoma and Seattle. He commented on the history of competition between the two ports and the prospect for both ports together to compete instead with other cargo gateways in North America. He also noted the effort to achieve parity within the alliance between the two ports in fairness to the constituencies of King and Pierce Counties.

Mr. Wolfe described Washington state's dependency on trade and its loss of market share in the shipping industry. He noted the impact to jobs of dropping market share and the fierce quality of competition in the industry, including significant investment by competing gateways. Mr. Wolfe explained the goal in the Puget Sound Gateway to double container volume and the alliance's role in achieving that goal through coordinated infrastructure investment, concentration on meeting customer needs, and collaboration with all supply-chain stakeholders to increase efficiency and reliability for customers. He commented on the proposed governance structure of the alliance and the management team's relationship to the ports, which will continue to own their own infrastructure assets. He summarized the assets of each port to be included in the management structure of the alliance.

Public comment was received from the following individuals:

- Ralph Ibarra
- Robert Ross
- Eric Holdeman
- Eric Merked
- Joe Zewicky
- Bill Evans
- Jack Woods

Comment and discussion included topics relating to inclusiveness in the alliance's management of port assets, alliance strategic planning efforts given the increase in cargo volume and the needed surge capacity associated with it. Also discussed were strategic alignment in the rest of the supply

chain, including transportation infrastructure funding at federal, state, and local levels. The importance of trust between the two Commissions and among individual Commissioners in order to make the alliance successful was addressed, as was the need to advocate generally for maritime business interests in the state. Questions were asked about the phasing of infrastructure improvements between the two ports and potential changes to the Port of Tacoma's business model. Commissioners were asked about options for dissolution of the alliance prior to the 20-year term described in the interlocal agreement. The mediation processes provided for were described and it was noted that the two Commissions could effectively end the alliance earlier if they decided to do so. Past collaboration successes between the two ports were noted. There were comments related to the jointly managed assets not including the Port of Seattle's Aviation or Cruise line of business, the inclusion of which, it was suggested, could help the Port of Tacoma grow in new areas. A request was made to make the alliance documentation more easily accessible to the public online. The level of commitment of the Port of Seattle and the Seattle community to maritime interests was a topic of discussion. There was inquiry about the effects of the alliance on the ports' bond ratings. The contrast to achieving operational savings while expanding infrastructure was discussed. The role of each port's local labor unions was a topic of conversation.

Commissioner Meyer commented on his interest in balancing investment risk and market uncertainty and in using returns to re-invest to remain competitive.

Commissioner Bacon pointed out that regardless of which port goes first in infrastructure development for big ships or otherwise, the Gateway as a whole will benefit regardless. With regard to business models for terminal operation, she indicated that those determinations would depend on customer needs going forward. Mr. Wolfe added that the best solution for terminal operation is still under consideration.

Commissioner Johnson summarized upcoming meetings and next steps in formation of the Alliance.

There was no further business, and the meeting adjourned at approximately 7:21 p.m.

Stephanie Bowman
Secretary

Minutes approved: February 9, 2016.