



2000 Anchorage Port Road
 Anchorage, Alaska 99501
 907-343-6200
 PortOfAnchorage@Muni.org
 PortOfAnc.com

Port of Anchorage Commission Meeting
Date: February 14, 2019
Time: 12:00 – 1:47 pm
Location: Port Commission Chambers

Present	Port Commissioners:	Brad Kroon, Chair; Bob Pawlowski, Vice Chair; Moire Duggan (teleconferenced); Stephanie Kesler; Simon Lisiecki; Andrew MacLeod; Aves Thompson; Ron Ward; Garret Wong
	Staff:	Steve Ribuffo, Port Director; Sharen Walsh, Deputy Port Director; Cheryl Beckham, Director of Finance; Stuart Greydanus, Port Operations Director; Jim Jager, Director of External Affairs; Diane Bickford, Executive Assistant; Paul Rotkis, Port Safety Coordinator
	Guests:	Bill Falsey, Municipal Manager, MOA; Alex Slivka, Chief Fiscal Officer, MOA; Wyatt Morgan, Delta Western; Chris Vernon, NSTS; Mark Theriault, CITB; Amber Dean, Global Fuel/IAC; “Chris Taylor”, ABI Cement; Ryan Zins, ABI; Steve Blessing, Parish Blessing; Bill Wilks, Parish Blessing; Bert Mattingly, AFSC; Scott DeWandel, ABI; Tom Rueter, Alaska Maritime; Paul Mehler, Port Captain, Marathon; Bill Wymer, Andeaver Logistics; Pat Hallett, Andeaver/Marathon; Renee Limoge Reeve, Sen. Sullivan’s Office; Mike O’Shea, CITB; Mike Thrasher, TOTE; Lori Galloway, Matson; Tony Davenport, Matson; Luke Hasenbank, ALMAR; Patrick Duffy, PetroStar; Bob Dayley, PetroStar; Jason Bocknsteelt, MOA; Lindsey Whitt, Matson
Absent	Port Commissioners:	
	Staff:	

I. The meeting was called to order at 12:00 pm

- A. Roll Call of Port Commissioners
- B. Self-introduction by those present

II. Safety Minute (Paul Rotkis)

Mr. Rotkis introduced himself to the group as Port Safety Coordinator. If we have to evacuate the building, there are two ways out. The primary exit is the front stairwell and if that is obstructed, there’s another stairwell at the back of the office. The assembly point is off the dock at the end of the nearest trestle.

III. Approval of Agenda

- A. It was moved to approve the Agenda as submitted by Commissioner Kesler and seconded by Commissioner MacLeod.
- B. The Agenda was approved unanimously as presented.

IV. Approval of Minutes

- A. Commissioner Kesler moved to approve the minutes of October 24, 2018 as presented; seconded by Commissioner Pawlowski. The minutes were approved.
- B. Commissioner Kesler moved to approve the minutes of December 14, 2018 as presented; seconded by Commissioner Pawlowski. The minutes were approved.

V. Public Comments

There were none.

VI. New Business

A. Port Tariff Revision

Mr. Falsey introduced the main topic of the meeting, a presentation from Parrish-Blessing and Associates on the recommended tariff changes required to cover the cost of debt service forecast to be needed for construction of the Petroleum-Cement Terminal. He provided an over view history of how we got to where we are; then introduced Mr. Bill Wilks from PB&A to present the tariff change recommendations.

Mr. Wilks introduced himself and said Parrish Blessing has worked with the Port previously in setting the tariff rates in 2014. We've had a long-term relationship with the Port, we understand your operations and we assist with the financial statements.

Mr. Wilks said that in order to fund the construction of the Petroleum Cement Terminal, we're going to need to have a revenue requirement of \$24 million. Essentially that says if we could get this increase of \$10.4 million across every single rate element, in other words just raise the rates across the board that would be an 11.96% rate increase every year for the forecast period.

In the policy the Municipality has set, the beneficiary of the service pays the cost of the service. So they were asked to assign those costs to the commodity and the revenues for all other services are staying flat. The Municipal Public Finance Dept. worked this, by starting with their short-term borrowing plan. No principle payments, low interest only, and as you use up the funds our model says 'roll to a 40-year revenue bond' at 4.1%, very low issuance costs. PB&A smoothed the rates so we could get there without rate-shocks to the customers but would achieve the financial objectives of having enough cash on hand to operate the Port and pay the bonds.

Commissioner Pawlowski asked if the 38.35% increase per year was for each year. Mr. Wilks said that was correct. Commissioner Pawlowski then asked what does the 4.1% percent dockage of PCT revenue represent, is it related to the revenue, the bond interest, or is that just an artifact from the dockage. Mr. Wilks said that's simply an artifact, it doesn't affect the analysis. He said this is the same model the Port purchased years ago and we're following the same policies set by the Municipality at that time, which is to make sure the Port operates with the right Operating and Capital reserves and with the cost-causer being the cost-payer.

Commissioner Kesler asked was it because this is focusing the rate increase on the folks who are going to be using the services at that dock, is that why dockage did not increase. Mr. Wilks said that was correct.

Commissioner Kroon asked when the last 4% increase would occur, in 2019 or 2020. Mr. Wilks said 2019, the 4% increase went into effect January 1st and will end on December 31st this year unless the Port takes action to adjust any other rates. In 2014, we recommended that the Port adopt these new policies and set those rates and the Commission approved a five-year plan.

Commissioner Thompson said the 2018 dockage is 4.1% higher than the 2017 but after 2019 the 4.1% disappears for this next five-year period, is that correct. Mr. Wilks said it was though it's not shown here. He said with these proposed rate increases we did not make any adjustments that would indicate a change in demand, we kept it flat. When we update these models we like to see utilities start taking an active role in using them to play "what if". This is a forward looking revenue requirement study which means it gives you an opportunity when you see changes in demand to make changes and to forecast those and then to take action.

Commissioner Wong said these are dramatic proposed escalations in expense to the end users and has anybody asked what this really dials out to in terms of cost per unit, what will be the impact to the consumer price index when you start doing this for fuel and construction materials. If the impact is so dramatic it might create a fall-out in demand for the product and maybe causes enough of an economic distortion that people will look for another source. So how do you factor that in because if the demand falls rather than escalates, the assumption of a static revenue stream falls off and we end up with a shortfall. But his bigger question was, have we truly exhausted all avenues of talking to the Federal and State governments in a way that they understand this. And would the public understand more clearly if we could say, "if we don't create a better solution than increasing tariffs to pay for the improvements that need to be done, the cost of living for you is going up by 3%".

Mr. Falsey said there are three questions there: what happens to the end users as a result of this; what kind of market distortion does this cause; and how we "shook the trees". To the first question, we've attempted to estimate how the real price at Home Depot changes. You see that the current petroleum tariff is 0.1579 cents per barrel or a fraction of a penny per gallon and in 2023 it rises to 0.0241 cents per gallon. Cement goes from the current 1.6100 to 8.3089 per ton, which ends up still being a fraction of a penny per pound to the customer. We think the market price of a ton of cement is \$155 dollars so that is the denominator on that 8.31, which is significant and going to get noticed. We don't think it's necessarily impossible to make this happen but to the second question, when you do this, it's going to cause some elasticity. We just don't have a good way of knowing what happens when a tariff like this is imposed; where else can people go, what sort of elastic options are there, can you take it to other places and put it on trucks. That's part of the reason we wanted to bring this online slowly so we could monitor it in real time and respond to it. That leads to the third question, which is have we 'shook all the trees.' Our only capital request in the Berkowitz administration for the last several years has been money for the Port. We have had a total dry well and everyone is seeing that Juneau's capital budget has been close to zero for the last few years. I think the only card we have left to play is this is what it takes and if you want to turn this off, we would be happy to do so.

Commissioner Wong said he realizes this is a solution, but he looks at what happened at the LIO building: the State made a commitment to the developers, they built the building to spec. And the public screamed "it's dirty; we don't want to do this" and the Legislature says "we ought not to do this" after everything is signed and done. He said that was a good example of what public pressure can do to the Legislative mind set. He doesn't know if the City has done a good enough job marketing this to the public to make them get behind this infrastructure project. If the Port of Anchorage had fallen on November 30, all of a sudden everybody would be giving it some attention. The good news was it didn't fall. But if the public gets the idea that they're going to write a bigger check because there's no other way to do this, they might have a different perspective. The Port is down here next to the Inlet, in the industrial area, out of sight out of mind. I

understand the Mayor's done a great job in trying to get the people in Juneau to pay attention and they just aren't. But the military, the federal government, have a very vested interest in the State of Alaska, they're spending billions of dollars to get the bases built and filled with all kinds of equipment. Therefore, I'm just wondering have we truly been marketed to the public sector properly.

Mr. Falsey said that was a fair point. Certainly we've not achieved the result we want and if there's more to be done I'd be happy to task some people to do it. I think our read is threefold: at the State level we just saw the budget that was released and we're in a world where we're cutting school funding by 30%. At the Federal level, we have just not found a whole lot of dollars. We've gotten some grants from FEMA but the programs are pretty small and in an era where they're not doing earmarks, it has been difficult. Third, we've played the game as well and as long as we could and now we're out of time. If we continue to say somebody else has to pay for it, the program is going to stop this year because we're just not going to have enough money to keep going.

Commissioner Wong said he didn't think the public knows where we are, he didn't think the general public has a sense of urgency of the magnitude of what this project is about. If they did, there would be a lot more bent ears in Juneau and DC than there are now. He thought if this story could be put in front of the public properly it would get their support to underwrite it. He thought the study that was done is mathematically very accurate and probably right on policy but didn't think the Port Commission wants to pull the trigger tomorrow.

Mr. Slivka said he and Mr. Falsey have been meeting with all users for the last several months to preview what was going to happen and why we need to start doing it now with the very specific purpose of recognizing this is a lot of money. Secondly, are there users having experience that might help us reduce the total cost. We are about to go out to bid with this first piece. The Municipality and the Port are very cognizant of the expense, we've gone through the design process and it came up with a number we didn't like. We're putting it out to public bid in the next few months and we encourage anybody who thinks they have expertise to design and build this for less money to look at it and come forward.

We're not going to borrow money unless we go forward with this construction but we are asking for the Commission's approval of this plan so we have it in place when we need to do that. As Mr. Falsey said, if we only spend \$80 million these things are rolled back.

Commissioner Pawlowski said he would like to see a risk analysis of a 5%, 10% and possibly, up to a 25% decline staged over five years. He said he had nineteen meetings in Juneau over the last two days and all of them included "tariffs were coming". Everyone recognized that over 200,000 households on the road system, alone, would be impacted by tariffs. And that the tariffs on steel, cement and petroleum are going to make our capital projects money not go as far. Nobody has a problem with keeping the Port functioning, they're very emphatic about that. However, we need to have a realistic risk assessment model to go along with a tariff model to see where we cross the tipping point.

Commissioner Lisiecki noted he has been on the Commission for ten years and thought the Port staff has done a good job lobbying but it seems to have fallen on deaf ears. He thought something as dramatic as this will get the attention of the right people and, hopefully, we can spread the costs better or we can get someone to fund it. He said he's listened every single year and we're looking for money and nothing comes.

No one argues about the need for the project but no one really takes much interest as long as someone else is paying for it. Now it's time to pay the piper.

Commissioner MacLeod said he thought Mr. Falsey did a good job of summarizing the efforts with Juneau and what the landscape is looking like into the future. He asked what efforts have been made to get the Department of Defense to come to the table. There are a limited number of strategic bases in the world but that doesn't seem to reflect in the participation, both in upgrading the Port and securing its future. What effort has been made and how can we make it more effective.

Mr. Falsey said, yes, the Port is designated a strategic seaport, which comes with a hardy handshake, a pat on the back and zero dollars. We have said Elmendorf Air Force Base is a strategic port for the military, it's very important and it would be great if the military would help but the Department of Defense doesn't have an existing program through which they can give us money.

Commissioner MacLeod asked if the rates for the military can be isolated and we can say your rate is going to be this. Mr. Ribuffo said no. Regarding your first question about reaching out to Department of Defense, in the last couple of years, and hopefully again this year, a National Strategic Ports Conference has been held and representatives from all 23 strategic ports attend to talk about issues relevant to all of us. The number one issue is, "why don't any of us get money from DoD for the infrastructure that we are required to supply and maintain". The response from Department of Defense has been "we pay our bills when we use your port". As Mr. Falsey said, there is no revenue stream funneling money to strategic ports for any infrastructure upgrades or modernizations, even day-to-day maintenance. Also, when the military ships goods most times they use commercial shippers so what is deployed or re-deployed is coming through the commercial channels doing business here already.

Commissioner MacLeod said his ultimate question is have we looked at the Department of Defense, at the fact that they have an access that nobody else has to the Port. Have we looked at anything that would give us some leverage on that.

Mr. Ribuffo said talking to the local people doesn't get the problem solved; they're going to tell you that the powers that make those decisions are not here. They have always advocated for us when we've asked them to but beyond that, they can't carve an annual amount out of their budget that they can send us.

Commissioner Pawlowski said that was exactly the question we were talking about in Juneau, how can the Legislature give the tools to our delegation to get creative on how to modernize this port at a time they are also striking out to modernize the approach to the strategic importance of the Arctic.

Commissioner Kesler said this was a bit of a side-step from the military question, but she was curious about how many users are there of the petroleum facility. Mr. Jager said five. Commissioner Kesler said what she was looking for were businesses that will be hit immediately by this and have to decide whether they're going to pass through the increase.

Commissioner Pawlowski asked if the tariffs are defined as revenue. Mr. Wilks said they were. Commissioner Pawlowski said the revenue we're paying on right now is for the operation of the Port and we pay MESA on that. When we apply revenue for debt service that has nothing to do with the operation, is it possible to get the MESA exempted. Mr. Falsey said the formal answer is yes but the process is the Assembly has to change the law.

Commissioner Ward said he would like to expand a bit on about how this will impact the average consumer and what their knowledge of the condition of the Port is. He has worked at the Port for 25 years and was fully aware of how little the public knows about the Port. He thinks, since the debacle on the first construction project, that awareness has been raised to some degree and Mr. Jager and Mr. Ribuffo have definitely been getting the word out. He agreed with Commissioner Lisiecki that if this is what it takes to make them aware, then maybe that's our next step. To Commissioner Wong's point that what this does to the person pouring a slab or worried about heating fuel for the winter, he's looking at the other side of that even more seriously. And to look at the other side, if this dock goes down those people won't be able to pour a slab, they won't be heating their homes, and that's a much more serious condition than what we're describing for a revenue increase.

Commissioner Wong agreed that if the public was aware of the extreme sensitivity of where we are, the reaction would be a lot more than we're getting now. Maybe what Commissioner Lisiecki is saying is we create the threat of the tariff and put it in front of the consumers and say "if we don't get some help from Juneau and DC, here's what you're going to end up paying. The story has to be told in that simplistic a term. And if they hear that powerfully, you can sway a lot of public opinion.

Ms. Deem said to the point of Risk Assessment, international cargo companies use the airport like a gas station and if they see these tariffs, their decision could be to go elsewhere. She said she'd like to take part in the Risk Assessment discussion and we can talk about who the end users really are.

Commissioner Kroon said he felt a big concern is the unknown consequences. We're making assumptions, but he would like to hope that the volumes stay the same.

Commissioner Kesler said what's before us is the Tariff and if we pass this Tariff, it puts a huge burden on a small number of businesses who can pass the increase along. She said her concern is that we absolutely need to make this public, to say we can't get funding, this is what we're looking at and we have to have a port. But if we pass the Tariff, it goes into effect and we don't get funding, that's my concern. She said she wasn't sure at this point that we're ready to play that game.

Ms. Deem said you say this tariff may be passed on; there won't be anyone to pass it on to because the people heating their homes and buying gas at the gas station are not necessarily the recipient of this increase. So when you say pass on that tariff maybe we'll get two years down the road and all the money we thought we were going to get from the 11 million barrels coming through doesn't happen.

Commissioner Wong noted the Airport is a significant cornerstone in Alaska's presence on the map. If you start upsetting that by tacking on another penny or two per gallon of fuel the jets consume. Their business is already fragile because when the global trade environment changes because of tariffs and other things going on, right now the prognostication is that the global market is on a slow-down trend

Commissioner Pawlowski said that was his concern because cement was landed at Port MacKenzie, there is fuel transfer in Nikiski, and five years is a long planning horizon for alternatives. He still thinks it's critical we do anything we can for the Port, but felt we need some evaluation on how fragile the market can become in an escalating tariff.

Commissioner Ward said the model doesn't account for any loss of revenue for people finding alternate sources so what happens then is the remaining customers are burned even further.

Commissioner Lisiecki asked is there anybody in this room that feels confident that the politicians would listen to us if we don't bring this to a head. He didn't think so, no one wants to step up for the responsibility of what needs to get done. He thought this needs to be brought to a head. He asked if there was anybody in the room who felt confident they could talk to their politician.

Commissioner Wong said he disagreed. If you get enough people in this state pulling together, they're not going to ignore it. And he thought that's the problem, there's not enough pressure.

Commissioner Lisiecki said but when you see what the impact is going to be, that's when people start to wake up.

Commissioner Wong said that was right. But he thought there's a multi-pronged approach we might want to take and that is to get some more risk assessment done on the elasticity of our condition to help us. We can ask Mr. Wilks to say "here's some downside risk assessment and how it's going to impact us and, if this scenario does come to pass, this is what it's going to do to your budget as a cost of living impact". Somehow the Municipality could figure out a way to re-engineer its marketing to the public rather than just to the politicians and let the public do the heavy lifting. Maybe that is an approach that has yet to be explored.

Mr. Falsey said since he's the bearer of only bad news, he had three more things to mention. One, we're also interested in this question of elasticity and doing some risk analysis but he didn't think we have the expertise to meaningfully engage it. We were trying to explore the current capacity of the Nikiski pipeline, how much volume could move to other ports; we sort of assumed that flat volume partly out of an inability to come up with something any better.

Commissioner Kroon asked how much time does the Commission have to digest all this information.

Mr. Falsey said we have proposed having this come into play on April 1st. After the Commission makes their recommendation, the Assembly gets it for at least two weeks, so there's another delay. He thought sooner is better but there's no hard and fast rule.

Mr. Slivka said he would put out one more concept. We've done a lot of examinations and had discussions with people who build ports around the world because we're concerned about the cost. What has been highlighted is that most ports have a geographic monopoly on their area. Anchorage is challenged because we have ports in Nikiski, Whittier, Seward, and Homer and we have the railroad. What is starting to re-emerge is the concept of a Port Authority that brings all of those together and ties all the rates together.

Mr. Ribuffo noted we really have not done a full post-earthquake assessment; the timing of the event was such that we didn't have the tides or the daylight to get under the dock to give it a thorough look. Who knows what we're going to find this spring when we actually get to do that and what's that going to do the sense of urgency of getting the show on the road.

Commissioner Pawlowski said a Port Authority is a very interesting approach and he fully supported it. However, the taxing and bonding agreement between the municipalities is a heavy lift. He said he would ask that the companies coordinate with

the Port and keep the Mayor's office involved. But, as a Port Commissioner, he would be looking for some clear guidance on the fragileness of the outer years of this tariff.

Mr. Mattingly asked if the Port is looking at only a \$200 million loan and how would you fund the rest of it.

Mr. Falsey said we're thinking that each project pays for itself. The PCT is now 100% designed and we're ready to go out to issue for construction while the cargo terminals are at 35% design.

He was asked if the \$200 million is the full cost of the Port. Mr. Falsey said the all-in cost we've been given by CH2M is \$223 million. We had \$128 million in state and federal grants and allocated that money. We are going out to bid because we were not comfortable with the prices we got from Kiewit. Hopefully the market produces a cost that is less than \$223 million and we'll come back to you with a new figure.

Commissioner Kroon asked if Ms. Walsh could give some comments on why we're at this cost level.

Ms. Walsh said this began back at the Geotechnical Advisory Committee and the Expansion Project. The previous Administration decided we have a committee made up of geotechnical engineers, structural engineers, and seismologists, so let's use them to help figure out what we need to do. At least one of the cargo docks also needs to be super strong. So that decision was made and carried forward into the design charrette and into the development phase of the design. Super strong is more than the 1964 earthquake so minimal damage can be repaired within a week and that's what the engineers designed to. Also sea level rise was considered so it was designed for 4' increase in water depth.

Mr. Falsey said there was an Assembly work session two or three weeks ago when Mr. Jeff Bool, Project Manager at CH2M, went through this in detail. The topic summary he provided to the Assembly was that it wasn't just one, two or even three things, it was a whole suite of things all moving in the wrong direction. But as Ms. Walsh said, the facility is very seismically robust and we're going to move forward. In some ways, though, the addition resiliency costs are covered by the \$20 million that we assigned to the project. Steel tariffs went up, the Corps moved the project location which changed the dredging assumption, it was an odd risk registry assumption from CH2M originally where the risk aspects were negative in the early stages but it was assumed that things would actually break better than they were penciling them in the most likely case. And as they progressed the design, they said no, actually we're going to end up with more of a standard risk registry, there's not as much risk in the project.

Mr. Ribuffo said the test pile program reinforced what the production rates would be, given the length, size and thickness of the piles. When you do that it also drives up the cost.

Mr. Falsey said the Assembly continues to be interested in this question and certainly wants to be a part of it through the remainder of the project so they have scheduled a meeting on the 20th at 2:30 pm. This is a key piece of community infrastructure, it's a community problem, and there's nothing to be gained by us secretly figuring this out in a room and having it fail; we want to figure this all out together.

Commissioner Pawlowski said he had one last question going back to funding. If for some reason public pressure enables money to be freed up for the Port, how will that be addressed. Mr. Falsey said his sense was that it would be apportioned. Unless the

money came with a directive saying otherwise, the way we have spent all of the money so far is to spread it evenly across the project.

Mr. Ribuffo was asked about a building on the dock listed for a cost of \$3.5 million; why is it being built, could we put an Atco trailer out there. Mr. Ribuffo said the cost will be nowhere near \$3.5 million, that figure was a place holder that had to be put in.

Ms. Walsh said that particular building is the control building for when a tanker pulls up the hoses have to be attached, pressures have to be monitored; it's a technical building. Mr. Ribuffo said currently all that equipment is in the little buildings right next to the hose racks on both the docks.

Commissioner Thompson asked since ABI is the only customer in this case, were they involved in the design process. Ms. Walsh said they have been since the beginning. Mr. DeWandel said they were more involved at the start. He said ABI's part was to make sure there was space for our needs; we didn't really do much with the design after that fact. The petroleum lines were designed with the COWI team; our lines and electrical we have to do ourselves. Commissioner Thompson said it would seem that since they're the only customer they should have some significant input to what that building's going to look like and what they project the needs to be. Mr. Ribuffo said the building is not ABI's, it's for the petroleum users because it houses the electronics for the valves, the emergency shut-offs, all the petroleum-related stuff.

Commissioner Thompson said he had one additional comment. Commissioner Pawlowski talked about gathering support and as he looked at the petroleum market, there are the people who drive their cars, then you've got the airlines that use far more than any of the automobiles in all of Alaska. In looking at the projection of the cost, even out in 2023 the increased cost is almost 2.5 cents, and the price of fuel fluctuates that much or more in a week sometimes so he was not sure you're going to get a huge outcry from the public. Perhaps the more effective voice would be the airlines. And the trucking industry had a huge stake in that game, too, as far as motor fuel tax. As far as the local commuters, some had something to say but there are a lot of people who don't drive that much; the average fill-up is probably 8-9 gallons and so it really doesn't mean a lot.

Commissioner Kroon asked if there was any kind of potential gap guarantees, that we can say to the Port users that are going to be impacted by this "this is going to be a rate increase, this 45 or 38 percent, but if we have a gap due to lost volume, it's going to be made up somewhere else" or are we put with the task that if we don't meet those numbers, volumes decrease, we've got to go back to the tap.

Mr. Falsey said he thought it's got to be decided what story we want to tell about that. One is we don't want the death spiral, if the volumes have been depressed and we just keep turning it up higher and higher, that's in nobody's best interest. The other point is if we say we're going to make up the gap somewhere else, where is that somewhere else. We're going to do something similar to cargo right now. Third, possibly the State says they come in to fill the gap.

Commissioner Kroon asked if there could be a guarantee on MESA not applying on new revenue. Mr. Falsey said it was discussed that there would be no MESA on new revenue. He felt that was a very easy because it doesn't change the General Government status quo in any way at all and would be doable. Pledging the future MESA from the current level to be the first line of gap filling, was discussed internally and seems like a plausible thing. That would be about \$2 million. He said he thought the message the Municipality wanted to convey and the reason why we're talking to everybody who uses the Port is they want to find the most cost-effective way to get this

done that will meet the needs of the people. And right now, borrowing the money is the cheapest way. Now the next question is how much is it going to be.

Commissioner Kroon suggested moving forward with the Agenda. He asked if there were any Port Director Comments.

Mr. Ribuffo noted there was an issue before the group and someone's got to put a motion on the floor.

Commissioner Kroon said he is not opposed to it but felt a need for more information.

Commissioner Ward said he was uncomfortable voting on it without having seen the Capstan report though we're just giving a recommendation to the Assembly and they will vote it up or down.

Commissioner Kesler said she didn't think the Commission was ready to give a recommendation.

Commissioner Ward said he agreed and would like to see all the information.

Commissioner Pawlowski proposed that this new business be tabled to a meeting in mid-March and encouraged the questions be answered and a draft Resolution prepared for voting at that time so we can move forward in that meeting.

Mr. Ribuffo said the Port will also schedule work sessions to vet all of the financial implications of making a Tariff change and asked if the PCT would remain the focus. Commissioner Kroon said that was correct. Commissioner Pawlowski said he would like to set a target date in March to try to get a Resolution on the table but he thought it was really a question to the audience, the ability to get information together so we can understand the impacts to your businesses. Commissioner Kroon asked what was the level of interest to participating from members of the audience impacted by this.

Mr. Duffy said he had attended a company internal meeting earlier in the day and said PetroStar does want to have a say in the matter.

Commissioner Kesler seconded the motion on the table.

Commissioner Kroon asked if anyone else in the audience willing to participate in this discussion. There were several people who said they would.

Commissioner Kroon said we've got a second on the motion. Commissioner Ward asked should we set a date for the next meeting. Commissioner Pawlowski suggested March 13th.

Commissioner Ward said if we're going to have work group meetings we need to do that sooner rather than later and Commissioner Pawlowski suggested leaving that up to the Port to coordinate. Commissioner Kroon asked if having the next Commission meeting on March 13th gives enough time for those discussions. Mr. Falsey said that was a good date to shoot for.

Commissioner Kroon said he would also like to hear from the Airport on their cargo side. Ms. Deem said she is with Global Fuel/IAC which is a consortium operating much like the Port does. She said the Chairman of the AFSC, Mike Whitlach, had planned to call in. She felt someone from the Airport should be here, maybe the Director.

Mr. Falsey said he thought planning for a March 13th decision point at least gives us a target to shoot for and would ask that hopefully we meet more regularly.

Commissioner Kroon requested a restating of the motion. Commissioner Pawlowski said it's proposed that we table the New Business discussion for resolution including a Resolution to consider, based on the model, at the next whole Port Commission

meeting, tentatively March 13th. Commissioner Lisiecki that's for a recommendation to the Assembly. Commissioner Kroon asked if there was a second. Commissioner Kesler seconded. The vote was unanimous.

Mr. Ribuffo suggested putting something on the calendar for the first meeting of the working group, next week on Wednesday, Thursday or Friday. He said the Commission members can attend as observers and said the group would meet at least once a week until March 13. After discussion the meeting was scheduled for the following Wednesday at ten o'clock, to continue until March 27. He asked that anyone who wished to attend please furnish him with an email address.

X. Commissioners Around the Horn

XI. Next Meeting:

After discussion by the group the date for the next Commission meeting was set for March 13th.

XII. Meeting Adjourned at 1:49 pm