

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**ACTION ITEM**

<b>Item No.</b>	5D
<b>Date of Meeting</b>	January 3, 2017

**DATE:** December 20, 2016

**TO:** Managing Members

**FROM:** **Sponsor:** Tong Zhu, Chief Commercial Officer, Container & Real Estate  
**Project Manager:** Tom Bellerud, Director, Container Business Development

**SUBJECT:** Ports America Group (PAG) Terminal 7D One-Year Term Lease

**A. ACTION REQUESTED**

Authorize the Northwest Seaport Alliance (NWSA) CEO or his delegate to execute the PAG T7D Lease and Operating Agreement.

**B. BACKGROUND**

- PAG owns 30% of ITS Husky and its subsidiary, West Coast Terminal and Stevedore (WCTS), is the Terminal Operating Company on the General Central Peninsula.
- PAG has expressed need for a one-year term Lease and Operating Agreement (LOA) on the existing OCT footprint effective 7/1/17 to serve K Line exports, Westwood Shipping and other various container stevedoring opportunities that may arise out of formation of THE Alliance vessel sharing agreement (VSA).

**C. Key Terms**

- Same 54 acre Premises and 1100' berth as current OCT footprint
- LOA year 7/1/17 to 6/30/18 – one-year term with no renewal option.
- Blended Rental and Preferential Use Fee of \$75K per acre per year (PAPY).
- Crane Rental at 1500 hr. MAG per crane with allowed volume discounts consistent with other crane rental agreements.

**D. FINANCIAL IMPLICATIONS**

With expected terminal operations and forecasted container volumes, which are higher than the Crane Rental MAG, this agreement is expected to provide income comparable with the budgeted income in the 2017-2018 budget. No additional capital investment is needed to

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obtain this income, and the agreement limits the Alliance's liability on equipment capital investments if the older cranes need repair.

### **E. ENVIRONMENTAL IMPACTS / REVIEW**

Meets or exceeds all regulatory and/or compliance regulations.

### **F. ECONOMIC IMPACT**

Maintain and grow THE Alliance related jobs and economic activity in the gateway.