

Date of Meeting: January 3, 2017  
Item No.: 5E



**THE NORTHWEST  
SEAPORT ALLIANCE**  
*Gateway to Solutions*

# Olympic Container Terminal Yang Ming LOA 2<sup>nd</sup> Amendment

Presenter: Tom Bellerud  
Director, Container Business Development

# Action Requested

Authorize the Northwest Seaport Alliance (NWSA) CEO or his delegate to execute the Second Amendment to the Lease and Operating Agreement (LOA) between the NWSA and Olympic Container Terminal.



# Background

- PoT/NWSA and Yang Ming (YML) aka Olympic Container Terminal (OCT) are parties to a Lease and Operating Agreement (LOA) effective 12/10/04 through 6/30/17. Yang Ming has been a customer of our gateway since 2004.
- YML has expressed its desire to move to Husky so it can deploy larger vessels.
- YML, a member of THE Alliance (YML, MOL, K Line, and NYK), has been in close communication and coordination with K-Line and Husky terminal about its eventual move.



# Background

- YML OCT has an LOA obligation to compensate NWSA for handling more than 4000 TEU per acre per year in any given lease year under the LOA.
- NWSA and YML OCT have reached a tentative agreement (see below) committing additional YML Intermodal Rail volume to the North Intermodal Yard post 6/30/2017 in return for NWSA offsetting the TEU Charges.



# Key Terms

- YML commits to 100,000 Intermodal Lifts through the North Intermodal Yard (NIM) over a three-year period from 7/1/17 to 6/30/20. Limited to YML Bill of Lading Intermodal Rail volume only. Tariff Rail Facility Charge to apply in the event of a volume shortfall.
- LOA year 7/1/14 to 6/30/15 – Actual \$375,000 TEU Charge paid by OCT to NWSA.
- LOA year 7/1/15 to 6/30/16 – Actual \$907,000 TEU Charge will be offset by NWSA.
- LOA year 7/1/16 to 6/30/17 – Estimated TEU Charge of \$850,000.00 will be offset by NWSA if volume guarantees are met.



# Key Terms

- NWSA will provide a \$375,000 Moving Allowance in the form of a Rent Credit when YML moves to Husky.
- YML shall maintain a security deposit until June 2020 equal to the total amount of TEU Charges due and payable for the 7/1/15 to 6/30/17 period – currently estimated at \$1,750,000.



# Financial Implications & Economic Impact

- This agreement provides a minimum of \$2.4 million in intermodal income which exceeds the income that would have been received from the TEU charges, estimated at \$2.1 million.
- No additional capital investments are required to support this agreement.
- This agreement provides retention of approximately 170 direct labor jobs associated with the handling of the Yang Ming cargo.



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