Item No.: 8C

Date of Meeting: September 7, 2022

First Reading – Pacific Coast Container New Lease, Terminal 104



Presenter Name: Erin DeBroux Presenter Title: Sr. Real Estate Manager

ACTION REQUESTED

No action is requested at this first reading. The following action will be made at the October 4, 2022 meeting:

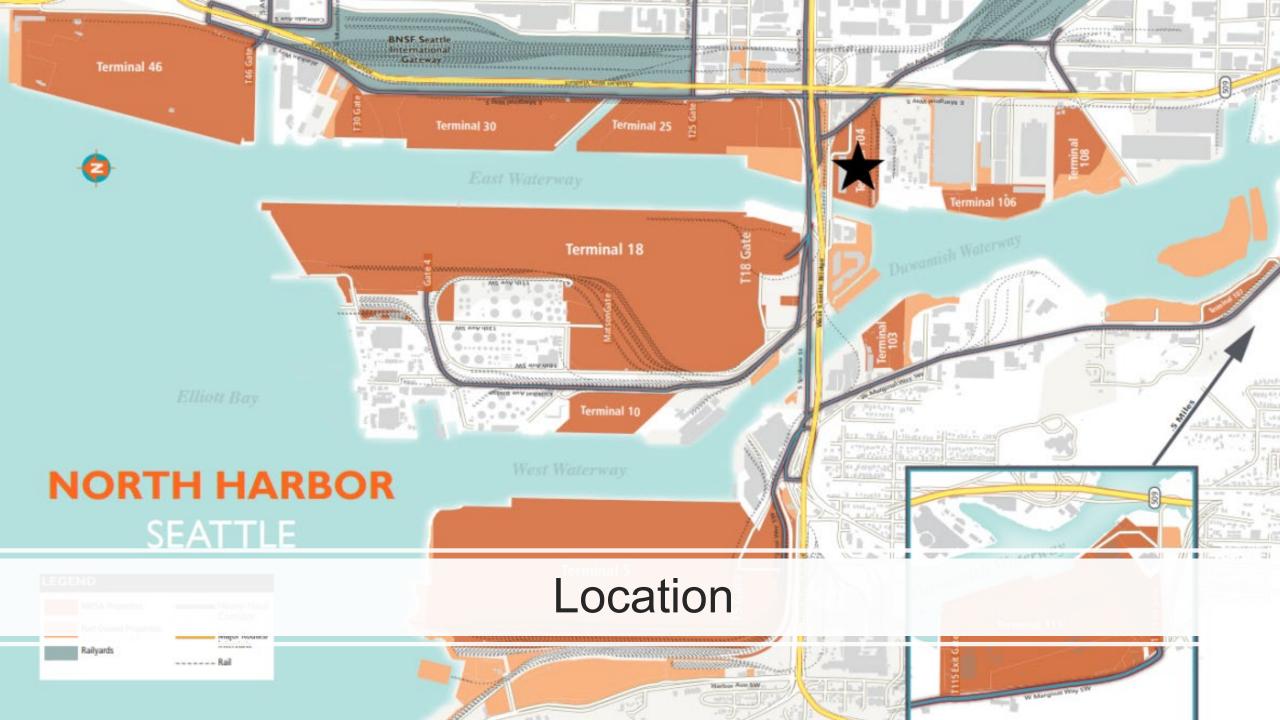
Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to execute a new lease agreement in substantially the form attached with Pacific Coast Container, Inc. at Terminal 104.



Background

- Pacific Coast Container (PCC) is a full-service third-party logistics company handling import, export, and general and specialty cargo
- PCC has requested a new, long-term lease
- Leased this location since 2010





Aerial Plan



Key Lease Terms

Premises	 Approximately 471,192 total square feet as follows: Warehouse: 41,280 Office: 4,800 Paved Yard: 425,112
Commencement Date	October 1, 2022
Use	Yard storage and staging, transloading, general warehousing, and container fumigation
Term	10-year initial term
Options to Extend	Two (2) five (5) year options to extend upon mutual approval of the Parties
Base Rent	 \$194,869.20 per month Combined Warehouse/Office Space: \$12.00/sf/yr or \$1.00/sf/mo Paved Yard: \$4.20/sf/yr or \$.35/sf/mo
Escalation to Base Rent	CPI: Annually upon the Commencement Date of October 1, 2022, not to exceed 5% Market Rate Adjustment: Every 60 months at Lessor's option

Key Lease Terms Continued

Security Deposit	\$1,979,014 (9 months rent plus Washington State LET)
Utilities & Taxes	Lessee responsible for all utilities and taxes.
Alterations	Lessor not responsible to make any alterations.
Maintenance & Repair	Lessee responsible for all maintenance and repair.
Insurance	Lessee will provide proof of all insurance in compliance with NWSA Risk Management policy: Commercial General Liability: \$2,000,000 per occurrence Automobile Liability: \$1,000,000 per accident
Tenant Improvements	Completed at Lessee's sole cost and expense, subject to prior review by Lessor

Financial Implications

- There are no capital expenditures associated with this new lease.
- The initial monthly revenue is \$194,869.20 (\$2,338,430.40/year) with annual increases by CPI.
- The estimated net present value for the potential 20-year total lease term is \$28,935,751. The proposed per square foot rate (\$1.00 warehouse; \$.35 yard) is consistent with similar industrial properties within Seattle.



ACTION REQUESTED

No action is requested at this first reading. The following action will be made at the October 4, 2022 meeting:

Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to execute a new lease agreement in substantially the form attached with Pacific Coast Container, Inc. at Terminal 104.

