



THE NORTHWEST
SEAPORT ALLIANCE
Gateway to Solutions

Date of Meeting: June 6, 2017
Item No.: 5B

Two Year Lease for Merrill & Ring

Presenters:

Bari Bookout, Chief Commercial Officer

John Christensen, Sr. Business Development Manager

Actions Requested

Authorization from the Managing Members of The Northwest Seaport Alliance to delegate signing authority to the Chief Executive Officer for:

- (1) A two-year lease for the West Hylebos Log Yard & Debarker
- (2) A two-year service agreement covering wharfage, service and facilities fee with Merrill and Ring.





5/30/2017

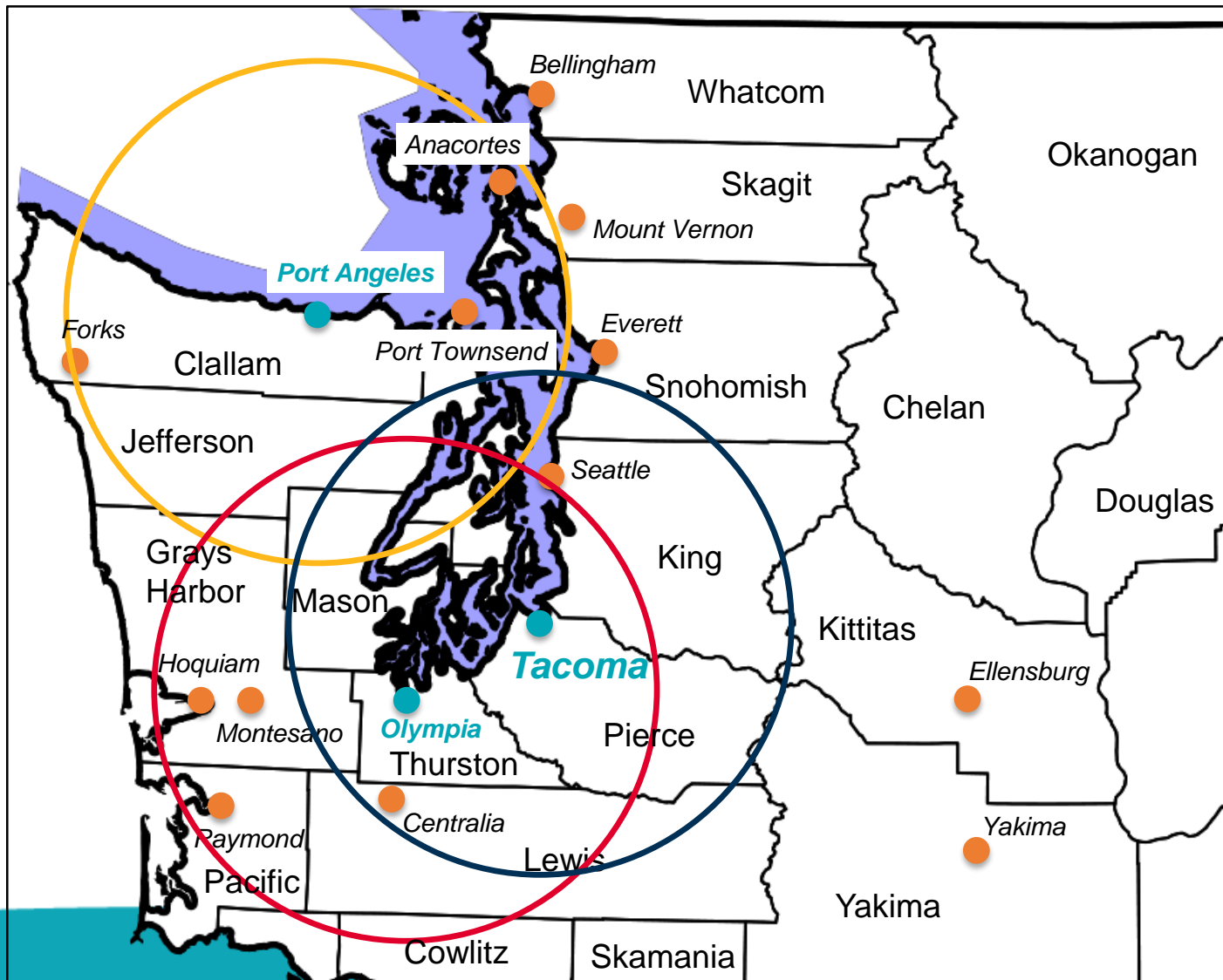
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South Harbor Log Shipments Have a Long History



Logs being loaded onto a ship at the South Harbor in Feb. 1948

Strategic Location for Log Exports



Background

- The West Hylebos Log Facility was first operated by Weyerhaeuser. The Port purchased the terminal and has had continuous log export operations there since 2009.
- Bulk logs from Tacoma serve the China construction market
- China market is largest export market. Volumes are down from a peak in 2013 but still remains viable long-term
- When the previous tenant chose not to renew their agreement, Merrill & Ring stepped forward on a month to month basis, and is now ready to sign a longer term agreement.



Merrill & Ring

- Established in the 1880's.
- One of the larger log exporters in WA State



We are a privately owned timber and land management company with a rich history in the Pacific Northwest.

Agreement Terms & Financial Impact

- Two year term, with one two year extension option at sole discretion of NWSA.
- Ground lease for 18.4 acres, including buildings and debarker. Maintenance and repair of the debarker at the expense of Lessee.
- Variable Concession Fee based on 1000 Scribner Foot Board Measure with a minimum of 35M FBM per year.
- Service Agreement with fixed monthly fee for Wharfage and S&F.
- NWSA will make repairs to fender system and structure of the dock not to exceed \$740,000
- Investment in repairs has a payback period after project of 0.9 years and will generate approximately \$1M in additional cash



Environmental Stewardship – Award Winning Stormwater Treatment System



Economic Benefit

- Logs are an important part of the Cargo Diversification Strategy of The Northwest Seaport Alliance.
- Direct jobs related to log exports:
 - Each log ship averages 1900-2000 longshore hours
 - Additional direct jobs come from stevedoring, trucking, forestry and terminal operations
- Utilizes a maritime asset for water dependent activity and allows continued maintenance to extend the life of the asset.



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