

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS

ACTION BRIEFING

Item No.: 9D

Meeting Date: September 1, 2026

DATE: August 18, 2026
TO: Managing Members
FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer
Project Manager: Brittney Kigara, Real Estate Manager
Jim Vo, Sr. Real Estate Director, Commercial

SUBJECT: Non-Payment Termination and Outstanding Balance
Write-off Request

- A.** Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize the CEO or his delegate to write off Palma Trucking LLC and Green City Truck LLC's uncollectible accounts in the amounts of \$54,303.33 and \$90,232.56 respectively, plus all applicable finance charges.

B. SYNOPSIS

The challenging economic conditions – rising transportation costs, declining trade volumes, and high inflation along with high interest rates have had a major impact on small and mid-medium sized companies in Washington State. The industrial property vacancy rate in the Puget Sound region is between 9.4% to 11% as opposed to the national average which is around 6.8% to 9.1%. Consequentially, there has been an unusual increase in number of tenants that are struggling to make payments. Staff has made and will continue to deploy every reasonable effort allowed under the Master Policy and applicable RCW provisions to support our tenants as they are an important part of the supply chain ecosystem.

The respective leases for Palma Trucking, LLC (Palma) located at Terminal 25 South, and Green City Trucking, LLC (GCT) located at Terminal 115, were recently terminated due to nonpayment of rent despite many attempts to collect made by Staff (See Schedules A & B).

Security deposits were applied to the respective outstanding balance; however, a remaining balance of \$54,303.33 is still due for Palma Trucking and \$90,232.56 is still due for GCT.

C. BACKGROUND:

Palma at Terminal 25 South:

Palma is a small, independent, minority-owned drayage trucking company that has been a tenant of the Northwest Seaport Alliance since 2022. Their month-to-month lease at T25 S is for approximately .70 acres, for truck and chassis parking and storage.

Palma has had a history of rental payment delinquency issues throughout their tenancy, with the latest delinquency starting mid-2025 which has continued and resulted in the current termination and vacancy status. Palma has previously been able to maintain the lease and avoid termination through various means, including: reduction in lease footprint; posting partial payments; negotiating payment plans; and requesting concessions such as waiver of finance charges.

Staff exhausted all possible efforts to try and bring Palma current with their delinquencies without success.

The initial Termination Notice sent to Palma had an effective date of May 29, 2026. Thereafter, staff performed site inspections and discovered trucks, chassis, and other machinery still occupied the Premises. A second Final Notice of Termination and Notice of Intent to Tow was sent on July 16, 2026. A Final Notice was served on July 19, 2026, and there are no vehicles remaining on the premises.

Schedule A attached highlights just a few of the actions Staff has taken to work with Palma prior to termination and their vacancy.

****Note: Palma Trucking LLC filed for Administrative Dissolution with the Washington Secretary of State on January 3, 2026.***

GCT at Terminal 115:

Green City Trucking LLC, also a small, independent, minority-owned drayage trucking company with six (6) registered truck tractors, has been a tenant of the Northwest Seaport Alliance since 2022. Their month-to-month lease at T25 S is for approximately .70 acres, for truck and chassis parking and storage. GCT has been a month-to-month tenant at T115 since October 2021. The initial lease was for approximately 54,255 SF (44,450 SF of yard space and 9,800 SF of warehouse space). The lease was later amended to reduce the warehouse space from 8,800 SF to 920 SF.

GCT's rent delinquency has been ongoing since August of 2025 and continued through November 2025 and again starting in January 2026 through May 2026. As with Palma Trucking, GCT was able to prolong the termination process by initiating payment plans, making partial payments towards the outstanding balance, reducing their lease footprint, and requesting various forms of concessions.

Numerous attempts were made by staff to assist GCT to bring the past due balance current, without success.

A Notice of Termination was sent on June 24, 2026, giving GCT three days to vacate. Thereafter, staff performed site inspections and GCT seemed to be in full continued operations at the lease premises. A Final Notice of Termination and demand for vacancy was served to GCT on August 4, 2026, and the tenant has since vacated the location and there are no vehicles remaining on the premises.

Schedule B attached highlights just a few of the actions Staff has taken to work with Green City Trucking prior to termination and their vacancy of the Premises.

D. FINANCIAL IMPLICATIONS

Source of Funds

This expense will have no impact on cash.

Financial Impact

This action will result in a reduction in year-to-date income of approximately \$174,280 in rent and finance charges and will reduce future income compared to budget by approximately \$23,627 per month through the end of 2026.

E. WRITE-OFF REQUEST SUMMARY

Based on the circumstances, recovery of the outstanding balances is considered highly unlikely as further collection efforts are not expected to be successful.

Staff is requesting approval for a waiver of the outstanding past due balances due to non-payment of rent resulting in termination of subject leases and evictions.

Moving forward, a clear and defined delinquency through termination process is in-place and with Managing Members' support of corrective action for delinquencies, Staff will make all efforts to tighten the delinquency to termination process to minimize any future outstanding balance write-offs.

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SCHEDULE A – Palma Trucking LLC

Date

5/29/2025	Reached out to Palma via call and text message regarding outstanding balance. Palma responded that they would return my phone call (no received)
6/9/2025	Followed up on past due balance via email and text. Palma replied that will send payment asap.
6/30/2025	Followed up on outstanding balance of \$42,262.32. Asked for response via phone, email , text.
7/7/2025	Followed up w/Palma re: outstanding balance. Instructed to provide update the MM via the CEO weekly updates before Notice of Outstanding Balance or Default is sent.
7/15/2025	Notice of Outstanding Balance sent to Palma. Response deadline of 7/29/25 set.
7/22/2025	Reminder sent to Palma that response to Notice of Outstanding Balance due 7/29/25.
8/1/2025	Contacted Palma via text message that the deadline to respond to the Notice of Outstanding Balance was due 7/29/25. Ask for immediate response. Palma responded that they would check with their accounting.
8/25/2025	Confirmed with Palma that we received a check on 8/11/25 for \$10,000 and that it was applied to their balance. Palma's remaining balance of \$41,413.28 remained due.
8/29/2025	Palma has been offered a Payment Plan numerous times with no response/offer ignored.
9/17/2025	Notice of Delinquency & Demand for Resolution sent with response due by 10/2/25.
9/26/2025	Followed on 9/17/25 email. Palma sent a \$10,000 check
9/29/2025	Responded to Palma that check sent 9/26/25 did not significantly reduce their balance and that we needed to reach a resolution.
10/16/2025	Let Palma know that we received the check and applied it to the oldest balance. After application, balance was \$40,663.18.
10/21/2025	Followed up on 10/16/25 email regarding outstanding balance.
11/26/2026	Recommended Payment Plan or termination of lease.
12/30/2026	Draft Payment Plan recommended for Palma
1/15/2026	Followed up with Palma with Payment Plan Option.
3/5/2026	Continued efforts to reach Palma
4/9/2026	Notice of Outstanding Balance sent to Palma, with response due by 4/16/26.
4/15/2026	Reminder sent to Palma that response to Notice of Outstanding Balance due 4/16/25.
4/17/2026	Notice of Default sent to Palma. Also provided write-up for following week's CEO Weekly.
5/14/2026	Second Notice of Default sent, setting cure date of 5/28/26, if not cured, lease would terminate 5/29/26.
5/18/2026	Notified Palma that Second Notice of Default was sent and that response was due 5/28/26. Palma responded that they will mail partial payment and try to recover payment asap. BK let Palma know unless entire outstanding balance is cured by 5/28/26, lease will terminate.
5/29/2026	Notice of Termination sent to Palma, effective 5/29/26.
6/15/2026	Memorandum for Retention of Security Deposit signed.

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6/16/2026	Sent message to Palma letting them we would be towing vehicles, but would give them the chance to move any remaining vehicles before towing commenced.
7/1/2026	Legal advised need a closer look at unlawful commercial detainer, notice requirements, and steps that need to be take to ensure all procedural requirements are met.
6/23/2026	Connected with Dir. of Accounting, Auditor, and Finance on close-out process
7/16/2026	Second and Final Notice of Termination and Notice of Intent to Tow sent
7/19/2026	Final Notice served

SCHEDULE B – Green City Trucking LLC

Date	Status
10/21/2025	Notified GCT of their outstanding balance. Ask to schedule call to discuss options.
11/4/2025	Advised GCT their Security Deposit on file exceeds the required amount and the excess will be applied to rent. GCT noted that they would send \$9,696.64 for November payment.
11/12/2025	Payment received in the amount of \$6,168.54
12/2/2025	Transfer of excess security deposit applied to outstanding balance in the amount of \$11,007.36
12/4/2025	Discussed putting GCT on a payment plan. Terminations halted until T10 Amendment passes in January which will support Termination due to Default as its not been exercised.
12/10/2025	December payment received in the amount of \$17,176.28 but past due balances still not paid.
1/2/2026	Payment Plan drafted for review.
1/7/2026	January payment received in the amount of \$17,693.75
1/15/2026	Notified GCT of past due balance and to propose a payment plan. Balance at this time was \$80,306. GCT responded on 1/19/25 confirming preference to enter into a payment plan
2/3/2026	Proposed Payment Plan sent to GCT. GCT responded on 2/6/25 with request to waive late fees and interest and lower monthly payments
2/6/2026	GCT acknowledges receipt of payment plan and states the maximum additional amount they can pay is \$3,500
3/5/2026	Clarified interest cannot be waived and the payment plan cannot exceed 12 months.
3/18/2026	Advised GCT plan could not exceed 12 months and interest could not be waived. Late fees could potentially be waived upon successful entry into payment plan.; GCT responded on 3/23/26 that plan needed to exceed 12 months for GCT to be successful
3/31/2026	Reiterated payment plans cannot exceed 12-months and late fees can be waived but not interest fees. GCT responded same day confirming acceptance of 12 month plan contingent upon waiver of late fees and lower monthly payment.
4/15/2026	Revised Payment Plan completed and sent to GCT with deadline of 4/22/2026 to accept or lease would terminate
4/24/2026	Sent GCT Notice of Default. Acceptance pf Payment Plan by deadline was not met by GCT

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4/28/2026	GCT sent email to Erin stating it intended to cure its default and enter into a Payment Plan immediately
5/5/2026	Sent GCT 12-month payment plan CGT again asked for revised terms
5/7/2026	CGT ask for clarification on balance owed, as they believed their balance was \$70,775. Clarified outstanding balance had reached \$154,965.
5/12/2026	GCT sends email that they are working on it.
5/21/2026	Reminder sent to GCT GCT responded that they are trying to secure a bank loan. Again asks for interest and late fees to be waived.
5/22/2026	Decision was made to extend Payment Plan to 24-months to try and recoup outstanding balance and help GCT stay on site conditioned on if GCT fell delinquent again, Lease would automatically terminate with 5 days to vacate. GCT replied "noted".
6/1/2026	GCT mailed June 2026 payment. Requested late fees be waived. Responded a request to waive late fees would be made but did not guarantee that it would get approved. GCT replied with "noted"
6/3/2026	June payment received in the amount of \$17,693.75
6/16/2026	Payment Plan sent to GCT to execute.
6/18/2026	GCT to execute Payment Plan by deadline of June 23, 2026. Reminded GCT that failure to execute by June 23rd can lead to termination. GCT replies "noted, we will keep you posted."
6/23/2026	Reminder sent via Adobe Sign to execute payment plan.
6/24/2026	Notice of Termination sent via email and certified USPS
6/25/2026	Executed Payment Plan agreement never received. Notified GCT based on rental payment history, numerous attempts to help GCT get caught up, Termination of Lease went into effect as of 6/24/2026 and they had 3 days to vacate. GCT replies that they believed they sign it and that they checked and it was still in draft and that they will send the sign copy this morning (Nothing was received) Responded to GCT reiterating previous email.
8/4/2026	Confirmed GCT was personally served with Final Termination and Vacate notice. GCT advised via email they will vacate yard by end of following week. Advised GCT exit survey of property will be conducted.