

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 10A
Meeting Date: September 1, 2026

DATE: August 17, 2026
TO: Managing Members
FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer
Project Manager: Andre Elmaleh, Director, Non-Container Business Development

SUBJECT: 12th Amendment to the Auto Warehousing Co. Lease and Operating Agreement, and the First Amendment to the ILA between the Port of Tacoma and The Northwest Seaport Alliance for properties and improvements.

A. ACTION REQUESTED

- (1) Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize the CEO or his delegate to execute the Auto Warehousing Co. (AWC) Lease and Operating Agreement 12th Amendment, in substantially the same form as presented.
- (2) (Dual Action) Request the Managing Members of The Northwest Seaport Alliance authorize the NWSA CEO or his delegate and Port of Tacoma Commission authorize the Port of Tacoma Executive Director or his delegate to execute the First Amendment to Interlocal Agreement (ILA) between the Port of Tacoma and The Northwest Seaport Alliance regarding use of Properties at 4215 SR 509 N Frontage Road; 2302 Ross Way; 1701 Port of Tacoma Road and Improvements to 1736 Milwaukee Way.

B. SYNOPSIS

The proposed 12th Amendment returns Parcel 125 to the Port of Tacoma for lease to another customer and provides a larger replacement property supporting additional growth with new auto business.

AWC 12th Amendment Key Terms:

- Remove Parcel 125 at (1701 Port of Tacoma Road from) AWC's non-exclusive preferential use area.
- Add Parcel 69 at 1736 Milwaukee Way to AWC's non-exclusive preferential use area.
- AWC's non-exclusive preferential use area increases from 162 acres to 169 acres.
- AWC will share part of the security costs for offsite yards.
- Effective date: 9/2/2026

ILA Amendment Key Terms:

- Returns 1701 Port of Tacoma Road (Parcel 125) to the Port of Tacoma
- The Port of Tacoma will fund up to \$100,000.00 in security and auto-related improvements to Parcel 69, 1736 Milwaukee Way.

C. BACKGROUND

AWC is a long-standing NWSA customer beginning operations in 1967 at Terminal 115 in Seattle. They moved to Tacoma in the early 1970's and since that time, AWC has processed and shipped nearly seven million vehicles. More recently, AWC had their second-best year in 2025. Recently, congestion at the Vancouver Canada auto port has offered opportunity to increase volume through the gateway. Both AWC and WWS have secured solutions for some manufacturers frustrated by continued delays.

As a result, AWC has added "Subaru of Canada" to use the gateway over the next three years. Subaru is expected to bring in up to 30,000 units annually.



D. FINANCIAL IMPLICATIONS

Source of Funds

These actions will provide additional funds to the NWSA

Financial Impact

The NWSA is expected to reduce annual expenses by approximately \$500,000 due to the changes in properties discussed. Additionally, the new Subaru business is expected to add approximately \$1 million in net income. Combined, the auto business will provide an additional \$1.5 million in net income due to these changes.

E. ATTACHMENTS TO THIS REQUEST

- Proposed 12th Amendment to AWC Lease and Operating Agreement
- First Amendment to Interlocal Agreement between the Port of Tacoma and The Northwest Seaport Alliance regarding use of properties at 4215 SR 509 N Frontage Road; 2302 Ross Way; and 1701 Port of Tacoma Road

F. PREVIOUS ACTIONS OR BRIEFINGS

- Auto Warehousing LOA:
 - 11/4/2025 Eleventh Amendment to LOA
 - 3/8/2024: Tenth Amendment to LOA
 - 9/6/2023: ILA for the use of 1701 Port of Tacoma Rd and 2302 Ross Way
 - 4/4/2023: Ninth Amendment to LOA, ILA for 1202 Port of Tacoma Rd
 - 7/24/2020: Eighth Amendment to LOA
 - 1/14/2020: Seventh Amendment to LOA
 - 12/19/2019: Sixth Amendment to LOA
 - 1/2/2018: Fifth Amendment to LOA
 - 11/3/2016: Fourth Amendment to LOA
 - 12/18/2014: Third Amendment to LOA
 - 7/7/2011: Second Amendment to LOA
 - 5/5/2011: First Amendment to LOA
 - 12/5/2002: Authorization to execute revised initial Lease and Operating Agreement with AWC (Port of Tacoma Commission)
 - 11/21/2002: Authorization to execute initial Lease and Operating Agreement with AWC (Port of Tacoma Commission)

- 9/6/2023: Interlocal Agreement between the Port of Tacoma and The Northwest Seaport Alliance regarding use of properties at 4215 SR 509 N Frontage Road; 2302 Ross Way; and 1701 Port of Tacoma Road

**TWELFTH AMENDMENT
TO
LEASE AND OPERATING AGREEMENT**

THIS TWELFTH AMENDMENT TO LEASE AND OPERATING AGREEMENT ("Twelfth Amendment") is dated as of the 2nd day of September, 2026, by and between **THE NORTHWEST SEAPORT ALLIANCE**, a Washington port development authority, as licensee/agent of the **PORT OF TACOMA**, a Washington port district (collectively "Lessor"), and **AUTO WAREHOUSING CO.**, a Washington corporation ("Lessee").

RECITALS:

A. On or about December 5, 2002, Lessor and Lessee entered into that certain Lease and Operating Agreement (the "Lease"), respecting certain Premises located in Tacoma, County of Pierce, State of Washington, as more particularly described in the Lease.

B. From time to time, the volume of business conducted by Lessee in Tacoma has exceeded the storage capacity of the Premises. To accommodate such business Lessor and Lessee have agreed to increase the Non-Exclusive Preferential Use Area to be made available to Lessee pursuant to the Lease.

C. From time to time, Lessor has changed locations for temporary vehicle storage capacity, from an area known as the "Milwaukee Yard" to an area known as the "Portac Yard", and from an area known as "Lot F" to an area known as "Lot M". These changes resulted in changes in land and changes in efficiency of land used by Lessee, and resulted in increased or additional vehicle handling costs (collectively "additional vehicle handling costs"). The changes to temporary vehicle storage capacity also resulted in a 1,203 shortfall in parking bays ("Shortfall Bays") in Lessee's primary non-exclusive preferential use area (AWC Main Yard, Lot E, Lot M).

D. On June 17, 2011, Lessor and Lessee entered into a First Amendment to Lease and Operating Agreement ("First Amendment") to increase the Non-Exclusive Preferential Use Area to be made available to Lessee pursuant to the Lease, and to provide for reimbursement of certain additional vehicle handling costs, as set forth in the First Amendment.

E. Lessor and Lessee entered into a Second Amendment to Lease and Operating Agreement ("Second Amendment") dated July 8, 2011 and effective on August 1, 2011, which terminated and superseded the First Amendment.

F. Lessor and Lessee entered into an Agreement dated May 31, 2012 regarding the vacation of a portion of Lot F ("2012 Agreement"), and an Agreement dated March 25, 2013 regarding the vacation of all of Lot F ("2013 Agreement").

G. Lessor and Lessee entered into a Third Amendment to Lease and Operating Agreement ("Third Amendment") dated January 1, 2015 and effective on October 1, 2014, which terminated and superseded the Second Amendment, the 2012 Agreement, and the 2013 Agreement.

H. The Port of Tacoma and the Port of Seattle are the Managing Members of The Northwest Seaport Alliance, a Washington port development authority ("NWSA" or "Alliance"),

formed for the joint operation, management, and use of certain properties of each such Port by NWSA, and pursuant to the NWSA agreements, the Port of Tacoma licensed the operation, use and management of the real property and improvements that constitute the Premises under this Lease and Operating Agreement to the Alliance as the licensee/agent for the Port of Tacoma effective August 4, 2015, for the purposes and subject to the terms, conditions, and limitations set forth in such agreements, as now in effect or as hereafter amended or adopted, and for purposes of this Lease, the term "Lessor" shall mean and refer to The Northwest Seaport Alliance, unless the context clearly requires otherwise.

I. Lessor and Lessee entered into a Fourth Amendment to Lease and Operating Agreement ("Fourth Amendment") dated November 3, 2016 and effective November 1, 2016 regarding the addition of approximately 5,400 square feet of additional warehouse space into the Leasehold Area.

J. Lessor and Lessee entered into a Fifth Amendment to Lease and Operating Agreement ("Fifth Amendment") dated December 15, 2017 and effective December 1, 2017 regarding interest charges and Lot Q and Lot R covenants.

K. Lessor and Lessee entered into a Sixth Amendment to Lease and Operating Agreement ("Sixth Amendment") dated December 19, 2019 and effective December 31, 2019 regarding the extension of the term of the Third Amendment for one month.

L. Lessor and Lessee entered into a Seventh Amendment to Lease and Operating Agreement ("Seventh Amendment") dated January 15, 2020 and effective January 31, 2020 regarding the extension of the term of the Third Amendment on a month-to-month basis.

M. Lessor and Lessee entered into an Eighth Amendment to Lease and Operating Agreement ("Eighth Amendment") dated August 8th, 2020 regarding the Premises, term renewal, Participant Revenue Sharing, and vehicle handling costs.

N. Lessor and Lessee entered into a Ninth Amendment to Lease and Operating Agreement ("Ninth Amendment") dated April 11, 2023 regarding "Lot G" property located at 1202 Port of Tacoma Road for Lessee use and shuttle expenses.

O. Lessor and Lessee entered into a Tenth Amendment to Lease and Operating Agreement ("Tenth Amendment") dated March 12, 2024 regarding Expanded "Lot G" to include property located 2302 Ross Way and 1701 Port of Tacoma Road and updated rates and terms related to shuttle expenses.

P. Lessor and Lessee entered into an Eleventh Amendment to Lease and Operating Agreement ("Eleventh Amendment") dated November 1, 2025 regarding extension of the Term and updates to the Revenue Sharing Program.

Q. Lessor and Lessee now desire to further amend the Lease as more particularly set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants herein and for other valuable consideration, the receipt and sufficiency of which are acknowledged by each of the parties, the parties hereby agree as follows:

1. Effective Date. This Twelfth Amendment shall become effective on September 2, 2026.

2. Term. Consistent with Section 2(c) of the Lease, the Term remains unchanged as in the Eleventh Amendment.

3. Amendment Controls. To the extent any provisions of the Lease as previously amended are contrary or inconsistent with the terms of this TWEFLTH Amendment, the TWEFLTH Amendment shall control. Capitalized terms used in this TWEFLTH Amendment but not herein defined have the meaning given in the Lease.

4. Ratification. Except as specifically amended hereby, each and every other term and condition of the Lease is hereby ratified and shall remain in full force and effect.

6. Premises. Section 1(b) of the Lease, regarding Non-Exclusive Preferential Use Area, is hereby amended to revise the Non-Exclusive Preferential Use Area as generally shown in Exhibit A hereto to include the following locations: Main Yard (2810 Marshall Ave), Lot "E", Lot #24 (4215 SR 509), Lot "G" (1202 Port of Tacoma Road), the Expanded Lot "G" (2302 Ross Way), and Lot "M" (1736 Milwaukee Way). If additional area is needed by Lessee then Lessor will use commercially reasonable efforts to identify additional space for vehicle storage, and Lessor may, but shall not be obligated to, provide additional area to Lessee, to the extent additional land is available, and for so long as Lessor does not need such additional land for another use, and such additional land will be subject to the overflow storage rate under Lessor's applicable tariff unless otherwise mutually agreed and provided by further amendment to the Lease. The provisions of this section of this TWELFTH Amendment shall remain in effect until the earlier to occur of: (a) the expiration or termination of the Lease; or (b) October 31, 2028; or (c) the date that Lessee's Marshall Avenue auto processing facilities are no longer the exclusive Pacific Northwest port of entry and new vehicle processing facilities for Kia Motors America, at which time the provisions of this section of the TWELFTH Amendment shall automatically terminate and be of no further force or effect, and the non-exclusive preferential use area shall revert to a combined total of approximately 144 acres, consisting of areas within the Port of Tacoma with reasonably equivalent operating efficiencies and operating costs as the non-exclusive Preferential Use Areas set forth in the original Lease.

7. Rental and Preferential Use Fee. Section 3 of the Lease is hereby amended to add a new subsection (f) to address costs associated with physical security including security personnel, monitoring, and related security services for the Non-Exclusive Preferential Use Area ("Security Costs") and states the following:

(f) Security Costs for Certain Non-Exclusive Preferential Use Area: Lessee shall be responsible for the Security Costs associated with monitoring certain Non-Exclusive Preferential Use Area in accordance with the AWC-NWSA Offsite Yard Security Cost Matrix below. In the event Lot "G" and Expanded Lot "G" are combined into one contiguous yard, Lessee will pay half (50%) of the security costs for the combined yard, effective with Lessee's next annual rental

payment, unless otherwise agreed in writing by the Parties.

AWC-NWSA Offsite Yard Security Cost Matrix		
Yard	AWC Responsible	NWSA Responsible
Lot "M" 1736 Milwaukee Way	Yes	No
Lot "G" 1202 Port of Tacoma Road	1/2	1/2
Expanded Lot "G" 2302 Ross Way	No	Yes
Lot "24" 4215 SR 509	No	Yes

IN WITNESS WHEREOF, the parties have executed this TWELFTH Amendment the day and year written below.

THE NORTHWEST SEAPORT ALLIANCE,
a Washington port development authority,
as licensee/agent for the **PORT OF TACOMA,**
a Washington port district

By: _____
Print Name: _____
Print Title: _____
Date: _____, 2026

AUTO WAREHOUSING CO.,
a Washington corporation

By: Ian McRae
Print Name: Ian McRae
Print Title: CFO
Date: August 18, 2026

APPROVED AS TO FORM:

Counsel for The Northwest Seaport Alliance

**FIRST AMENDMENT TO INTERLOCAL AGREEMENT
BETWEEN THE PORT OF TACOMA AND THE NORTHWEST SEAPORT
ALLIANCE REGARDING USE OF PROPERTIES AT 4215 SR 509 N FRONTAGE
ROAD; 2302 ROSS WAY; and 1701 PORT OF TACOMA ROAD and
IMPROVEMENTS TO 1736 MILWAUKEE WAY**

This First Amendment to Interlocal Agreement (the "Amendment") is entered into this ___ day of _____ 2026 (the "Effective Date") by and between Port of Tacoma ("Port"), a public port district organized under the laws of the State of Washington, and The Northwest Seaport Alliance ("NWSA"), a Washington Port Public Development Authority pursuant to RCW 53.57 (individually, "Party" or collectively, the "Parties"), as authorized by RCW 39.34 (the Interlocal Cooperation Act) and the Port Joint Powers authority RCW 53.08.240.

RECITALS

WHEREAS the Port and NWSA entered into that certain Interlocal Agreement dated September 8, 2023 (the "Agreement").

WHEREAS the Port owns and NWSA currently manages the property located at 1701 Port of Tacoma Road ("Parcel 125" also known as "Lot H") in the City of Tacoma.

WHEREAS the NWSA has previously made improvements to Parcel 125 to allow for use of Parcel 125 for auto cargo.

WHEREAS at the Port's request, NWSA has agreed to vacate Parcel 125, and the Parties wish to remove Parcel 125 from the scope of the Agreement.

WHEREAS the Port owns and has licensed to NWSA the property located at 1736 Milwaukee Way ("Parcel 69" also known as "Lot M") in the City of Tacoma which will be reestablished for auto cargo use upon NWSA's vacancy from Parcel 125, and Parcel 69 requires additional security and improvements so it may be used for auto cargo.

WHEREAS in consideration of NWSA's vacancy of Parcel 125, the Parties wish to memorialize the Port's agreement to pay the NWSA for certain costs associated with reestablishing Parcel 69 for auto cargo use.

NOW, THEREFORE, in consideration of the above stated Recitals and the terms and conditions set forth below, the Parties agree to amend the Agreement as follows:

AGREEMENT

1. **Removal of Parcel 125.** The Port and NWSA hereby agree that Parcel 125 shall be removed from the scope of the Agreement and shall no longer be subject to the terms and conditions of the Agreement. From and after the Effective Date, all references in the Agreement to the Tacoma Premises shall be deemed to exclude Parcel 125, and Exhibit B shall also be removed from the Agreement.

2. **Vacation of Parcel 125.** On or before September 2, 2026, NWSA shall vacate and surrender Parcel 125 to the Port including but not limited to removing any and all vehicles, equipment and other personal property, returning all keys and leaving the office building and grounds in their original condition, ordinary wear and tear excepted.

3. **Compensation to Port.** Section 4 of the Agreement is hereby removed in its entirety and replaced with the following:

Compensation to Port. On the Occupancy Date, and on the first of each month for the remaining term thereafter, NWSA shall pay to the Port a monthly sum equal to \$56,000 ("NWSA Use Fee") which amounts to \$14,000 per acre per month for the approximately 4 acres at 2302 Ross Way. This NWSA Use Fee shall be pro rated for any partial month of occupancy at the Tacoma Premises. The NWSA Use Fee is intended to fully compensate the Port for lost rental income that would otherwise be paid by a tenant at the Tacoma Premises and for NWSA's use of the Tacoma Premises, and is charged at a rate that is twice the usual rate for the Tacoma Premises given the structure of the NWSA is such that the Port and the Port of Seattle equally share in NWSA costs and distributable income.

4. **Reimbursement of Costs for Reestablishment of Parcel 69:** A new Section 6.D shall be inserted into the Agreement as follows:

In consideration for the NWSA's vacancy of Parcel 125 at the Port's request, the Port agrees to incur expenses, not to exceed \$100,000, for security services and actual costs necessary to reestablish Parcel 69 for automobile cargo use ("Reestablishment Costs"). Reestablishment Costs include, but are not limited to: striping, installation or placement of "ecology blocks" or cabling, refurbishment of gate facilities, and extra security officer coverage during a transition period.

5. **Correction of Exhibit C:** The Agreement's Exhibit C – NWSA Premises is correctly labeled at the top of the page as Exhibit C, and the internally inconsistent reference to "Exhibit A" in the title block should be ignored and of no effect.

6. **Savings Clause:** Except to the extent expressly modified by the provisions of this Amendment, the provisions of the Agreement shall remain unchanged and in full force and effect.

7. **Counterparts:** This Amendment may be executed in counterparts, each of which shall be regarded as an original and all of which together shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto do hereby execute this Amendment on the date as first set forth above.

PORT OF TACOMA

**THE NORTHWEST SEAPORT
ALLIANCE**

By: Eric D. Johnson
Title: Executive Director

Approved as to form:

By: John Wolfe
Title: Chief Executive Officer

Approved as to form:

By: Heather L. Burgess
Dickson Frohlich Phillips Burgess pllc
Title: General Counsel, Port of Tacoma

By: Dana Henderson
Title: General Counsel,
The Northwest Seaport Alliance

Item No.: 10A
September 1, 2026

12th Amendment to AWC LOA, 1st Amendment to ILA between PoT and NWSA



**THE NORTHWEST
SEAPORT ALLIANCE**
SEATTLE + TACOMA

Andre Elmaleh
Director, Non-Container Business Development

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ACTION REQUESTED

- 1) Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize the CEO or his delegate to execute the Auto Warehousing Co. (AWC) Lease and Operating Agreement 12th Amendment, in substantially the same form as presented.
- 2) (Dual Action) Request the Managing Members authorize the NWSA CEO or his delegate and Port of Tacoma Commission authorize the Port of Tacoma Executive Director or his delegate to execute the First Amendment to Interlocal Agreement (ILA) between the Port of Tacoma and The Northwest Seaport Alliance regarding use of Properties at 4215 SR 509 N Frontage Road; 2302 Ross Way; 1701 Port of Tacoma Road and Improvements to 1736 Milwaukee Way.



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Background

Key Terms:

- AWC 12th Amendment to LOA:
 - Removes and replaces the offsite yard located at 1701 PoT road with a larger yard at 1736 Milwaukee Way
 - AWC will participate in some of the security expense for offsite yards
- First Amendment to ILA:
 - NWSA ends use of the 8.88 acre parcel at 1701 PoT Road
 - Provides up to \$100,000.00 in security and auto related improvements to 1736 Milwaukee Way



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Financial Implications

The NWSA is expected to reduce annual expenses by approximately \$500,000 due to the changes in properties discussed. Additionally, the new Subaru business is expected to add approximately \$1 million in net income. Combined, the auto business will provide an additional \$1.5 million in net income due to these changes.



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ACTION REQUESTED

1) Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize the CEO or his delegate to execute the Auto Warehousing Co. (AWC) Lease and Operating Agreement 12th Amendment, in substantially the same form as presented.

2) (Dual Action) Request the Managing Members authorize the NWSA CEO or his delegate and Port of Tacoma Commission authorize the Port of Tacoma Executive Director or his delegate to execute the First Amendment to Interlocal Agreement (ILA) between the Port of Tacoma and The Northwest Seaport Alliance regarding use of Properties at 4215 SR 509 N Frontage Road; 2302 Ross Way; 1701 Port of Tacoma Road and Improvements to 1736 Milwaukee Way.



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