

COMMISSION AGENDA

Item No: 6C

Meeting: 11/14/17

DATE: October 31, 2017

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Scott Francis, Director of Real Estate, Port of Tacoma

SUBJECT: Purchase property located at 2302 Ross Way

A. ACTION REQUESTED

Authorization for the Chief Executive Officer or his designee to complete the execution of the Purchase and Sale Agreement dated August 11, 2017 with American Roll-on Roll-off Carrier Group Inc. (Seller) for the property located at 2302 Ross Way, Tacoma, WA also known as Pierce County tax parcel 6965000260. This entails authorizing the Chief Executive Officer or his designee to execute all additional documents and take any and all additional actions necessary or required in connection with the completion of the purchase.

B. BACKGROUND

- The property became available for sale in the spring of 2017.
- This property is included in the Port of Tacoma's "Strategic Area."
- The Port of Tacoma entered into a Purchase and Sale agreement on August 11, 2017 subject to Port Commission approval, appraised valuation and satisfactory due diligence review of the property including an environmental review.
- The appraised valuation is \$4,600,000.
- Phase I and Phase II environmental reports did not identify any environmental issues on the property. Port Environmental staff have reviewed and are satisfied with these reports.
- The property is currently leased to PCC Logistics on a month to month lease.

C. PROPERTY DESCRIPTION

- The property is 4 acres.
- Building improvements includes one 50,750 square foot warehouse (including 2,240 square feet of office) and a 4,500 square foot equipment storage shed.
- The perimeter is fully fenced.
- Zoning is Port Marine Industrial.

D. PURCHASE TERMS/FINANCIAL SUMMARY

- Purchase Price: \$4,600,000 (Subject to Appraisal)
- Earnest Money: \$100,000
- Due Diligence period is through November 14, 2017.

- Closing Fees: Normal closing costs with Buyer responsible for recording fees, extended Title Policy coverage, one-half of escrow fees, and prorated taxes and utilities.
- Closing is no later than November 29, 2017.
- The property is currently leased on a month to month lease.

E. TIMEFRAME/PROJECT SCHEDULE

- August 11, 2017 - Purchase and Sale Agreement Effective Date
- November 14, 2017 – End of Inspection and Due Diligence periods. Port (Buyer) to waive due diligence contingency upon Commission approval.
- November 30, 2017 - Closing on or before this date.

F. FUTURE USE/BENEFIT TO PORT

- This property is located in the Port's Strategic Area.
- The property is ideally located to support future terminal expansion opportunities and provides support for the Port's core container business.
- This property is adjacent to other Port owned properties and therefore creates greater future opportunities and efficiencies provided by large contiguous properties.

G. ENVIRONMENTAL IMPACTS / REVIEW

The Port's Environmental Department is satisfied with their physical inspection and their review of Phase I and Phase II environmental reports on this property and recommend moving forward with the purchase of this strategic property.

H. ECONOMIC INVESTMENT / JOB CREATION

- No short-term improvements or investments are anticipated.
- Job retention – Port staff are working with the current tenant to extend the current lease.

I. NEXT STEPS

Upon Commission approval, the Chief Executive Officer or his designee will execute any and all documents and take any and all additional actions necessary or required in connection with the completion of this purchase.

cc: Tong Zhu