

COMMISSION AGENDA

Item No: 4C

Meeting: 02/20/2020

DATE: February 5, 2020

TO: Port Commission

FROM: Eric Johnson, Executive Director

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer
Project Manager: Scott Francis, Director of Real Estate, Port of Tacoma

SUBJECT: Purchase & Sale Agreement Amendment
13120 Tilley Road SW, Unincorporated Thurston County, WA 98512

A. ACTION REQUESTED

Request Commission approval of:

The Third Amendment to the Purchase and Sale Agreement (PSA) dated December 6, 2018 with NorthPoint Development, LLC (Buyer) to sell property located at 13120 Tilley Road SW, Unincorporated Thurston County, Washington, and authorize the Executive Director or his designee to execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the sale, consistent with the amended PSA.

B. BACKGROUND

- On July 28, 2006, the Port of Tacoma purchased approximately 745 acres of land located at 13120 Tilley Road SW in Unincorporated Thurston County, WA for \$21,250,000.
- On March 18, 2010 the Port of Tacoma Commission approved Resolution 2010-04, approving this 745-acre parcel for surplus and authorizing this property for sale.
- The Port initially sold the property in April 2010 to Maytown Sand & Gravel, LLC. Maytown Sand & Gravel was unable to perform its agreement with the Port and relinquished the Property back to the Port on October 7, 2013.
- Since 2013, the Port has (1) marketed the property for sale, and (2) concurrently taken action to preserve the value and viability of the site's existing permits and entitlements.
- So long as the property remains in Port ownership, the Port will continue to preserve the site's permits; this includes completing the next Five-Year Permit Review by Thurston County, in early 2021.
- The Port initiated a Request For Offers to Purchase (RFOP) the property on October 17, 2013. This RFOP was active to receive responses until November 15, 2018.
- The Port of Tacoma Commission approved this Purchase and Sale Agreement (PSA) with NorthPoint Development, LLC on December 20, 2018.
- NorthPoint was not successful getting on the Thurston County Comprehensive Plan Docket in 2019 to request a comprehensive plan amendment required for its planned development of the property. The Comprehensive Plan project applications are considered annually – typically in the fourth quarter.

- NorthPoint has made application to the 2020 Thurston County Comprehensive Plan Docket. However, NorthPoint may not know if their project is approved until year end.
- NorthPoint requests the following extensions to the PSA contract dates to obtain all approvals including a comprehensive plan amendment required for the development of an industrial distribution warehouse project:
 - Feasibility Period extended from 2/29/20 to 5/29/20.
 - Approvals Period extended from 7/27/20 to 3/1/21.
 - Closing Date extended from 8/31/20 to 3/30/21.
- The amended PSA includes the following terms:
 - Sale Price: \$24,860,000.
 - Earnest Money: \$510,000 total.
 - EM includes 10K increase under this Amendment.
 - \$110,000 of EM currently non-refundable (including \$10K increase).
 - Total EM becomes non-refundable at end of Approvals Period.
 - Feasibility Period: Through 5/29/20.
 - Approvals Period to obtain permits and approvals: Through 3/1/21.
 - Closing Date: on or before March 30, 2021.
 - Closing Costs: Port is responsible for standard title policy, and survey. Port and Buyer each pay half of escrow fees.

C. TIMEFRAME/PROJECT SCHEDULE

- Feasibility Period through May 29, 2020.
- Approvals Period through March 1, 2021.
- Closing on or before March 30, 2021.

D. FINANCIAL SUMMARY

- The requested action's financial implication increases the EM by \$10K.
- The successful sale of this property will remove a non-performing asset from the Port's balance sheet, eliminate the costs of maintaining the site's permits, and it will end the Port's land ownership in Thurston County.

E. ECONOMIC INVESTMENT / JOB CREATION

The development of this property will produce hundreds of new local Thurston County jobs during construction and during the operation of the new warehouse facility.

F. NEXT STEPS

Upon Commission approval, the Executive Director or his designee will execute the Amendment and take any and all additional actions necessary or required in connection with the Amended Purchase and Sale Agreement to complete the sale.

Item No.: 4C
Date of Meeting: February 20, 2020

Purchase & Sale Agreement Amendment: 13120 Tilley Road, Unincorporated Thurston County, WA

Presenter:

Scott Francis
Director, Real Estate
Port of Tacoma



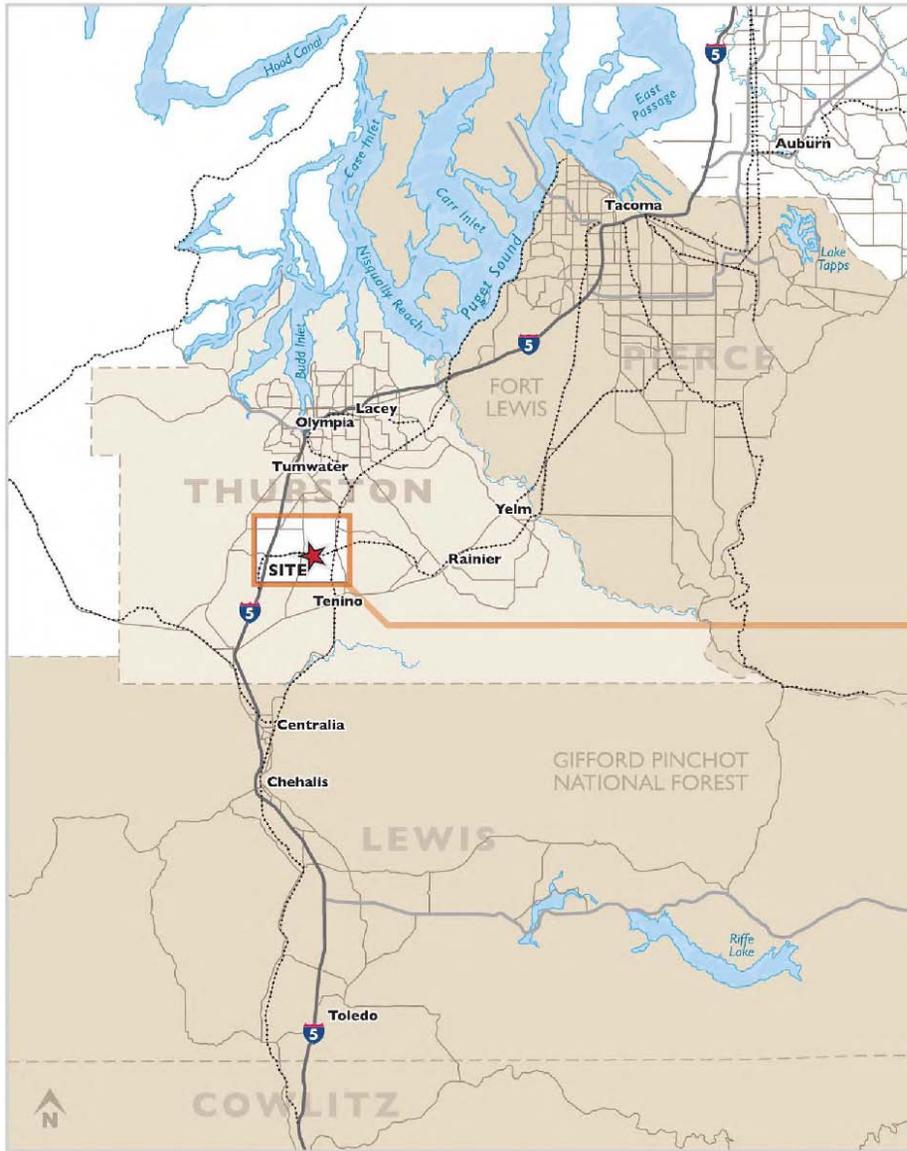
Action Requested



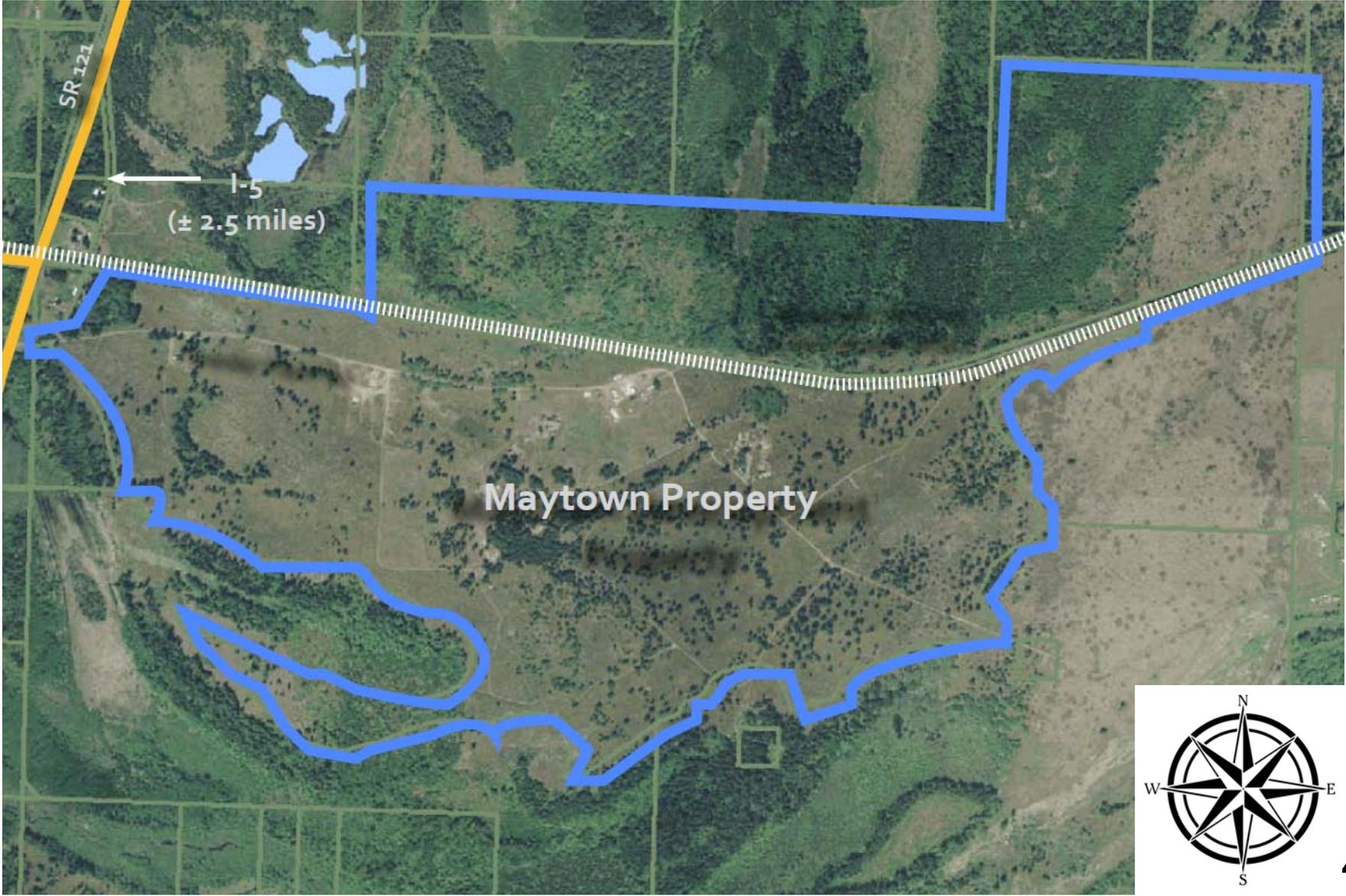
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13120 Tilley Road, Thurston County, WA



13120 Tilley Road, Thurston County, WA



Background



- On July 28, 2006, the Port of Tacoma purchased the 745 acre Maytown property for \$21,250,000.
- On March 18, 2010 the Port of Tacoma Commission approved Resolution 2010-04, approving this 745-acre parcel for surplus and authorizing this property for sale.
- The Port initially sold the property in April 2010 to Maytown Sand & Gravel, LLC.
- Maytown Sand & Gravel was unable to perform its agreement with the Port and relinquished the Property back to the Port on October 7, 2013.

Background Continued



- The Port marketed the property through a Request for Offers to Purchase (RFOP) through November 15, 2018.
- A Purchase and Sale Agreement (PSA) with NorthPoint Development, LLC for \$24,860,000 was approved by the Port of Tacoma Commission on December 20, 2018.
- NorthPoint was not successful getting on the Thurston County Comprehensive Plan Docket in 2019 to request an amendment required for its planned development.
- NorthPoint made application to the 2020 Thurston County Comprehensive Plan Docket. However, they may not know if their project is approved until year end.

Background Continued



To provide time to obtain the required comprehensive plan amendment for the development of an industrial distribution warehouse project, NorthPoint requests the following extensions to the PSA contract dates:

- Feasibility Period extended from 2/29/20 to 5/29/20.
- Approvals Period extended from 7/27/20 to 3/1/21.
- Closing Date extended from 8/31/20 to 3/30/21.

Background Continued



- The amended PSA includes the following terms:
 - Sale Price: \$24,860,000.
 - Earnest Money: \$510,000 total.
 - EM includes 10K increase under this Amendment.
 - \$110,000 of EM currently non-refundable (including \$10K increase).
 - Total EM becomes non-refundable at end of Approvals Period.
 - Feasibility Period: Through 5/29/20.
 - Approvals Period to obtain permits and approvals: Through 3/1/21.
 - Closing Date: on or before March 30, 2021.
 - Closing Costs: Port is responsible for standard title policy, and survey. Port and Buyer each pay half of escrow fees.

Financial Summary



- This action has no current financial implication other than increasing the Earnest Money by \$10,000.
- So long as the property remains in Port ownership, the Port will continue to preserve the site's permits including the next Five-Year Permit Review by Thurston County, in early 2021.
- The successful sale of this property will remove a non-performing asset from the Port's balance sheet and end the Port's land ownership in Thurston County.

NorthPoint Project Benefits



- The development of this property is expected to produce new family wage local Thurston County jobs.
- The development will generate local tax revenues to benefit the local community.
- NorthPoint works with communities to facilitate training centers in support of local jobs.
- The development will likely include local infrastructure improvements.
- NorthPoint partners with local communities to include undeveloped areas in their projects.

Action Requested



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