

# COMMISSION AGENDA

Item No: 5B

Meeting: 07/26/18

**DATE:** July 11, 2018

**TO:** Port Commission

**FROM:** John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer, Container & Real Estate

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

**SUBJECT:** Frederickson Purchase & Sale Agreement for Port Parcel 60-2  
4417 192<sup>nd</sup> St. E., Unincorporated, Pierce County, WA 98446

## A. ACTION REQUESTED

Request Commission approval of the Purchase and Sale Agreement dated June 6, 2018 with Logistics Property Company, LLC (Buyer) to sell Port Parcel 60-2 also known as Tax Parcel 0319363040, located on 192nd Street East in Unincorporated, Pierce County (Frederickson), Washington, and authorize the Chief Executive Officer 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.

## B. BACKGROUND

- The Port purchased this property in 1964.
- Port Parcel 60-2 is about 18.66 acres.
- The Port Commission declared this property surplus in July 2012.
- In November 2016, the Port executed an Exclusive Listing Agreement with local Brokers to sell this parcel.
- Previous Purchase and Sale Agreements have terminated within the due diligence period because of issues associated with the development of this property.
- The Purchase and Sale Agreement from Logistics Property Company, LLC was mutually accepted by parties on June 11, 2018 subject to approval by the Port Commission in a public meeting.

## C. TIMEFRAME/PROJECT SCHEDULE

- Feasibility Period – Feasibility period scheduled to end November 8, 2018. One 30-day extension period is available if needed to obtain permits. Each extension requires an additional \$10,000 non-refundable deposit.
- Closing – 15 days after the removal or satisfaction of the feasibility contingency, but no later than December 31, 2018.

## D. PURCHASE TERMS/FINANCIAL SUMMARY

- Sale Price: Approximately \$4,066,000 (Subject to survey and appraisal)
- Earnest Money: \$50,000

- Broker Commission: 5% of sale price
- Closing Fees: Port to pay for title policy; Port and Buyer each pay half of escrow fees.
- Special Provisions:
  - Buyer shall commence work on improvements within one-year of closing.
  - Buyer shall not transfer title within one-year from purchase date.
  - Property shall only be used for industrial or commercial purposes permitted by applicable zoning and other applicable law.

#### **E. ECONOMIC INVESTMENT / JOB CREATION**

Development of an undeveloped Frederickson industrial property which will produce new local Pierce County jobs.

#### **F. 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 the sale.