

COMMISSION AGENDA

Item No: 7A

Meeting: 09/17/2020

DATE: September 2, 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: Prologis, L.P. Lease Amendment – 5200 12th Street East, Tacoma, WA

A. ACTION REQUESTED

Authorization for the Executive Director or his designee to approve and execute the Fourth Amendment To Lease and First Amendment To Memorandum Of Lease to revise the legal description attached to the Lease dated November 20, 2015 with Prologis, L.P. for property located at 5200 12th Street East, Tacoma, Washington, based on a new Boundary Line Adjustment for the property, and make other minor changes.

B. BACKGROUND

- On June 18, 2015, the Tacoma Port Commission authorized a 50-year lease with a 25-year extension option to Prologis, L.P. for property located at 5200 12th Street East, Tacoma WA.
- On November 20, 2015, the Port of Tacoma executed the Lease agreement with Prologis, for approximately 83.53 developable acres of land.
- On September 10, 2015, the project survey was completed, and the Lease Premises was determined to be 80.8 acres.
- Rent commenced on June 1, 2016 in the amount of \$180,205/mo. (\$2,162,460/yr.). To date, Prologis has paid the Port \$9,370,660 rent for this Lease.
- Prologis constructed three buildings on the premises totaling approximately 1.35M square feet. Over one-thousand jobs work from this site.
- A Boundary Line Adjustment (BLA) was completed for the entire property and recorded on September 5, 2019. The BLA revised interior parcel lines of the property to conform to the Prologis development on the property, and confirmed the exterior boundaries of the property following conveyances to the City of Fife for the 12th Street East and 8th Street East rights of way, and following boundary line adjustments with neighboring properties to resolve existing boundary issues.
- Recently, it was discovered that the description of the Premises in the BLA varies from the description of the Premises attached to the Lease, resulting in an area in the BLA that is about six square feet less. Prologis has requested approval of the Fourth Lease Amendment to change the description of the Premises from the legal description attached to the Lease to the parcels as described in the BLA. The difference in area is insignificant, and Prologis agrees that there will be no change in the calculation of rent based on the change.

- At the same time, Prologis desires to change the notice address for Prologis counsel under the Lease, and Port staff desires to confirm the Rent Commencement Date and Lease Year period under the Lease.
- The updated Port Master Policy and Procedures requires Port Commission approval on all lease amendments for leases over a one-year term.

C. FINANCIAL SUMMARY

There is no financial impact to the Port of Tacoma. All terms and conditions of the Lease remain unchanged. The use of the property is unchanged. Any transfer taxes, conveyance fees or recording fees will be paid by the Lessee.

D. ECONOMIC INVESTMENT / JOB CREATION

The Prologis development of Port Parcel 14 has produced over a thousand new jobs.

E. NEXT STEPS

Upon Commission approval, the Executive Director or his designee will execute the Fourth Amendment To Lease and the First Amendment To Memorandum Of Lease, and take any and all additional actions necessary or required in connection with the above amendments and the Amended Lease.

Item No.: 7A

Date of Meeting: September 17, 2020

Prologis, L.P. Lease Amendment – 5200 12th Street East

Presenter:

Scott Francis
Director of Real Estate
Port of Tacoma



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Prologis Lease Amendment 5200 12th Street East



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Background Continued



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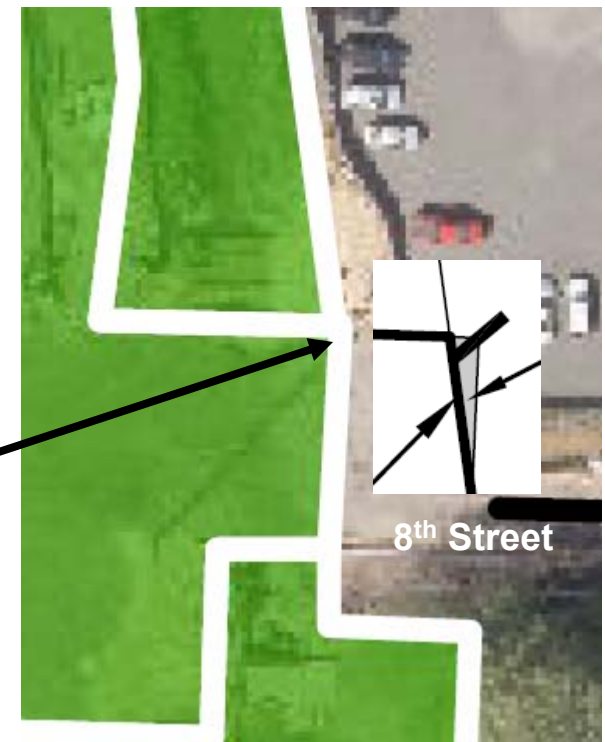
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5200 12th Street East – Amended Area



5200 12th Street East



Economic Benefits



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