

COMMISSION AGENDA

Item No: 6D
Meeting: 02/22/18

DATE: February 8, 2018

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

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

Project Manager: Scott Francis, Director, Real Estate

SUBJECT: Assign Buyer's Rights in Abstons/Port of Tacoma Purchase and Sale Agreement to Avenue 55, LLC regarding Port Parcel 60-2.

A. ACTION REQUESTED

Authorization for the Chief Executive Officer or his designee to execute any and all documents required to assign Abstons Henricksen Land and Timber Company, Inc. (Buyer) rights and obligations to Avenue 55, LLC in the Abstons/Port of Tacoma Purchase and Sale Agreement dated March 1, 2017 for Port Parcel 60-2 also known as Tax Parcel 0319363040 located at 4417 192nd Street East, Frederickson, Unincorporated Pierce County, WA.

B. BACKGROUND

- The Port purchased this property in 1964.
- Port Parcel 60-2 is approximately 18.67 acres.
- The Port Commission declared this property surplus in July 2012.
- On November 15, 2016, the Port executed an Exclusive Listing Agreement with local Brokers to sell Port parcel 60-2.
- The Purchase and Sale Agreement from Abstons Henricksen Land and Timber Company, Inc. was approved by the Commission April 20, 2017.
- Abstons Henricksen Land and Timber Company, Inc. now wishes to assign its interests in the Abstons/Port Purchase and Sale Agreement to Avenue 55, LLC.

C. TIME FRAME / PROJECT SCHEDULE

The closing date is scheduled on or before March 31, 2018.

D. PURCHASE TERMS / FINANCIAL SUMMARY

- All terms of the current Purchase and Sale Agreement remain the same.
- Sale Price: \$3,512,732
- 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.
- The sale of this property will result in a gain of approximately \$1,886,000.

E. ECONOMIC INVESTMENT / JOB CREATION

The development of an undeveloped Frederickson industrial property will produce new local Pierce County jobs.

F. ENVIRONMENTAL IMPACTS / REVIEW

This property has no known environmental issues.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Not approving this assignment increases the likelihood that this Purchase and Sale Agreement will not close.

H. NEXT STEPS

Upon Commission approval, an Assignment Agreement will be executed to transfer all Abston Henricksen Land and Timber Company, Inc. rights and obligations in the Abston/Port of Tacoma Purchase and Sale Agreement to Avenue 55, LLC.

cc: Tong Zhu