

COMMISSION AGENDA

Item No: 4A

Meeting: 04/20/17

DATE: April 5, 2017

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 192nd St. E., Unincorporated, Pierce County, WA 98446

A. ACTION REQUESTED

Request Commission approval of the Purchase and Sale Agreement dated March 1, 2017 with Abston Henricksen Land and Timber Company Inc. (Buyer) to sell Port Parcel 60-2 also known as Tax Parcel 0319363040, located on 192nd Street East in Unincorporated, Pierce County (Frederickson), Washington.

This entails authorizing the Chief Executive Officer or his designee to:

- (1) Execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the sale;
- (2) Enter into an amendment to the Purchase And Sale Agreement to adjust the purchase price consistent with the fair market value of the property as determined by the average of two appraisals in accordance with RCW 53.25.140, provided that such an amendment shall not adjust the purchase price by more than 10% of the amount stated in the Purchase And Sale Agreement without further Commission action.

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.
- The Port received and reviewed multiple offers to purchase Port Parcel 60-2.
- The Purchase and Sale Agreement from Abston Hendricksen Land and Timber Company, Inc. was mutually accepted by parties on March 6, 2017 subject to approval by the Port Commission in a public meeting.

C. TIMEFRAME/PROJECT SCHEDULE

- Feasibility Period – Feasibility period scheduled to end the first week of August 2017.
- Closing – 30 days after the following events have occurred, but no later than 10/31/2017.
 - Removal or satisfaction of the feasibility contingency.
 - Buyer obtains Grade and Fill Permit.
 - SEPA approval.
 - Two 30-day extension periods are available if needed to obtain permits. Each extension requires an additional \$10,000 non-refundable deposit.

D. PURCHASE TERMS/FINANCIAL SUMMARY

- Sale Price: Approximately \$3,659,693 (Subject to 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.
- The sale of this property will result in a gain of approximately \$1,926,000.

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.

cc: Tong Zhu