

PORT OF TACOMA COMMISSION
ACTION ITEM MEMO



Item No: 5C
Meeting Date: 3/21/2023

DATE: 3/7/2023
TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
Sponsor: Alisa Praskovich, Chief, Strategic Projects & Commission Relations
Project Manager: Gloria Fletcher, Sr. Manager, Real Estate
SUBJECT: REQUEST COMMISSION APPROVAL FOR GRANT OF CROSS LICENSES

A. ACTION REQUESTED

Request Commission approval for the Executive Director or his delegate to execute a Grant of Cross Access Licenses to ground lease Lessee CPUS Portside LP to allow cross access for parking and access between buildings located on separate parcels, subject of the ground lease.

B. BACKGROUND

On November 1, 2016, the Port of Tacoma ("Port") entered into a ground lease of property known as 1514 Taylor ("Property") with Avenue 55, LLC ("Avenue 55") (the "Ground Lease"). That original Ground Lease between the Port and Avenue 55 included four tax parcel numbers: 032135-5007, 032135-6008, 032126-7005 and 0321351051.

In August 2017, Avenue 55 assigned the Ground Lease to PORTSIDE 55 NORTH LLC, a Washington limited liability company, ("Portside North"). Avenue 55 assigned three of the tax parcels to Portside North (Parcel A, B, and C, tax parcels 032135-5007, 032135-6008, 032126-7005) and one tax parcel to PORTSIDE 55 SOUTH LLC, (tax parcel no. 0321351051)

In March 2021, Portside North assigned its Property to CPUS Portside LP, A Delaware limited Partnership ("CPUS").

Prior to the assignment from Portside North to CPUS, Portside North sought and received approval for a Boundary Line Adjustment ("BLA") from the city of Tacoma to reconfigure the Parcels A, B and C. See attached **Exhibit A**, depiction of the parcel configurations before, and attached **Exhibit B**, depiction of parcels after the approved BLA. This BLA has a five-year expiration (May 2023).

Thereafter, in 2022, CPUS sought Port approval for cross easements between reconfigured Parcel A and B to allow for shared driveway accesses. The Port Real Estate department changed the form of the access grant from easements to non-exclusive, revokable license

rights. While revokable, the term of the licenses shall run with and not terminate any sooner than the term of the ground lease.

The areas of access are subject to modification, as future needs may require, and such modification will require the Port's written consent and be subject to the Port's tenant improvement process. The Lessee (as defined therein) has the obligation to repair and maintain and access Improvements. The two Exhibits referred to in the Grant of Licenses are the legal descriptions of Parcels A and B and will be inserted after survey, undertaken by CPUS.

C. SCOPE OF WORK

The Grant of Cross Licenses has been drafted and shared between Port and CPUS representatives. Copy attached as **Exhibit C**.

D. TIMEFRAME/PROJECT SCHEDULE

CPUS seeks Port approval of the Grant of Cross License at the March meeting, to allow recording with the revised, post-BLA Parcel legal descriptions prior to or concurrent with the approved BLA before the May 2023 BLA expiration deadline.

E. FINANCIAL SUMMARY

CPUS has agreed to pay a portion of the Port's attorney fees incurred in the drafting and processing of the Grant of Cross License.

F. ECONOMIC INVESTMENT / JOB CREATION

Allowing this shared access provides full development of the reconfigured parcels as contemplated by the Ground Lease

G. ENVIRONMENTAL IMPACTS / REVIEW

None

H. NEXT STEPS

Upon Commission approval, the Executive Director or his delegate will execute the Grant of Cross Licenses followed by CPUS recording the revised, post-BLA Parcel legal descriptions prior to or concurrent with the approved BLA before the May 2023 BLA expiration deadline.