

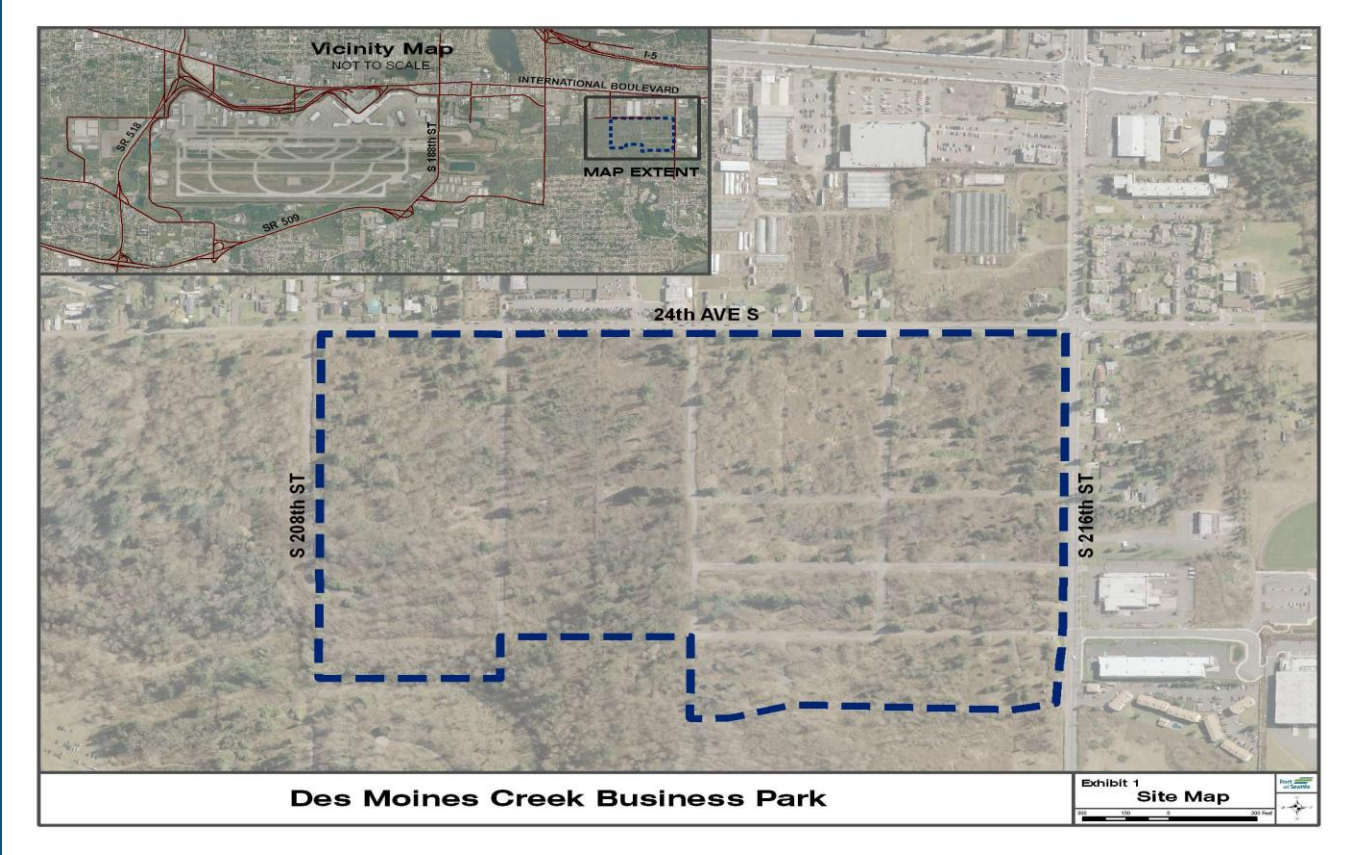
ITEM NO: 6a Supp 1

DATE OF
MEETING: June 10, 2014

Des Moines Creek Business Park Panattoni Option/Ground Lease Agreements City of Des Moines Development Agreement

Port 
of Seattle®

Site Map



Option Agreement – Key Terms

- Optionee
 - Panattoni Development Company, Inc.
 - Assignment to related entity
- Term
 - 7 years (3 phases likely)
 - Lease-up milestones



Ground Lease – Key Terms

- Term
 - 55-year initial term
 - 2, 10-year options to extend
- Premises
 - 87 acres
 - 66 fully usable
 - 12 acres streets and storm water facilities
 - 9 acres steep slopes and wetlands



Ground Lease – Key Terms

- Use
 - Business park with 1.4 million SF
 - Total investment: \$117 million
- 1st Phase
 - \$40 million
 - 535,000 SF
 - 605 permanent jobs, 139 construction jobs



Ground Lease – Key Terms

- Option Payments
 - \$0.04/sf/year
 - NPV @ 8% of \approx \$267K (nominal \approx \$344K)
- Base Rent
 - \$0.53/sf/year NNN
 - NPV @ 8% of \approx \$18 million (nominal \approx \$115 million)
- Rent Adjustments
 - 10% every 5 years
 - Periodic reappraisals of land



Ground Lease – Key Terms

- Operating Expenses
 - Absolute net to Port
 - Panattoni pays all utilities, taxes, insurance, maintenance
- Rent Credit
 - South 208th Street
 - \$450,000 maximum



Ground Lease – Key Terms

- Economic Benefits (at full build-out)
 - Jobs: \approx 1600 permanent; \approx 350 construction
 - Tax Revenue:
 - Ongoing: \approx \$6.1 million annually (\approx \$1.2 million to City)
 - One-Time: \approx \$8.5 million (\approx \$750,000 to City)
 - Gross Receipts: \approx \$338 million annually
 - Employee Earnings: \approx \$114 million annually



Development Agreement – Key Terms

- Frontage Improvements In-Lieu Fees
 - Port prepaid \$6 million in early fees—a discounted amount
 - Port recoups the undiscounted \$9.1 million value of the improvements
 - Each phase financed over 7 years at 8% interest
 - NPV @ 8% \approx \$7 million



Development Agreement – Key Terms

- Internal streets
 - Three streets
 - Dedicated to City upon completion
- Storm water management
 - Two facilities deeded to City upon completion



Development Agreement – Key Terms

- Duration
 - 15 years, unless extended
 - Terminates upon full build-out
 - May be terminated sooner by agreement
- Vesting
 - Development regulations vest for 15 years
 - Building code changes and others regulations excepted

