

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 7a

Date of Meeting March 24, 2009

DATE: March 18, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael McLaughlin, Director Cruise and Industrial Properties
Greg Englin, Manager, Dock Operations

SUBJECT: Seventeenth Amendment to Lease with Seafreeze Acquisition LLC
at Terminal 115.

REQUESTED ACTION

Request for Port Commission authorization for Chief Executive Officer to execute the Seventeenth Amendment to Lease with Seafreeze Acquisition LLC at Terminal 115.

BACKGROUND

Seafreeze Acquisition LLC (“Seafreeze”), a Port tenant at Terminal 115, owns and operates a large, full service seafood processing plant and frozen food warehousing and distribution facility, which is positioned to service the domestic and international markets. The company employs 600 people at the site. Seafreeze Acquisition LLC recently purchased the assets of Seafreeze Limited Partnership, which had leased the property since 1978.

Under the former lease with Seafreeze Limited Partnership, the Commission approved the Sixteenth Lease Amendment in November 2008, which authorized that the Chief Executive Officer may consent in writing to a future assignment or transfer of the lease. The purchase of the business and facility improvements at Terminal 115 by Seafreeze and the Port’s consent to assignment of the land lease to Seafreeze was completed in December 2008. The change in ownership was announced in January 2009.

Under the new ownership, Seafreeze is upgrading its operations at Terminal 115 with financing provided by Bank of America. Seafreeze initially plans to invest \$1.5 million. Seafreeze has requested the Port to amend its lease as required by the bank. The proposed lease amendment stipulates that the bank must approve in writing any voluntary termination or cancellation of or any material modification to the lease so long as the loan is outstanding. Approval of this amendment carries no risk to the Port. The amendment must be approved before the loan commitment expires on March 31, 2009.

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Tay Yoshitani, Chief Executive Officer

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Seafreeze's operations have a significant direct and indirect economic impact on the Port and the region. Seafreeze pays the Port market rate rent, and, as noted above, is a large employer providing family-wage jobs. Seafreeze's operations are also significant as they indirectly benefit other sectors of the economy, including trucking, rail, and marine vessel transport, as well as fishing, agriculture, and logistics services.

PREVIOUS COMMISSION ACTION

The Commission approved the Sixteenth Lease Amendment on November 25, 2008.

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION

Alternative 1: Amend the lease.

This alternative would allow Seafreeze Acquisition LLC to secure its financing package from the Bank of America. **This is the recommended alternative.**

Alternative 2: Do not amend the lease.

This alternative would prevent the tenant from securing its current financing package.

FINANCIAL IMPLICATIONS

None.

ENVIRONMENTAL/COMMUNITY BENEFITS

None.

TRIPLE BOTTOM LINE SUMMARY

Approval of the proposed lease amendment will have positive economic and financial impacts on the existing tenant. The changes in the lease should result in a more competitively positioned business in the harbor and long-term retention of 600 employees currently working at Seafreeze Acquisition LLC.