

Washington Public Ports Association

Real Estate Training Module

May 2024



Our Panel



Amy Harding
Commissioner
Port of Olympia



Jennifer Wray-Keene,
Executive Director
Port of Woodland



Randy Mueller
Chief Executive
Officer
Port of Ridgefield



Lindsey Senter
Chief Executive
Officer
Port of Chehalis



Kyra Lise
Director: Real Estate
Development &
Economic
Development
Port of Seattle



Our Agenda

- Let's play the Real Estate Lingo Game!
- The Current State of the Real Estate Market
- Why do ports do Real Estate?
- Rules of the (Real Estate) Road

* 10:00 AM - Break *

- The Stages of Real Estate Development
- The Politics of Real Estate (with roleplay exercise)
- The Mechanics of Operating your Real Estate Portfolio
- Wrap up, and QUESTIONS and ANSWERS



What You Will Take Away

You should understand:

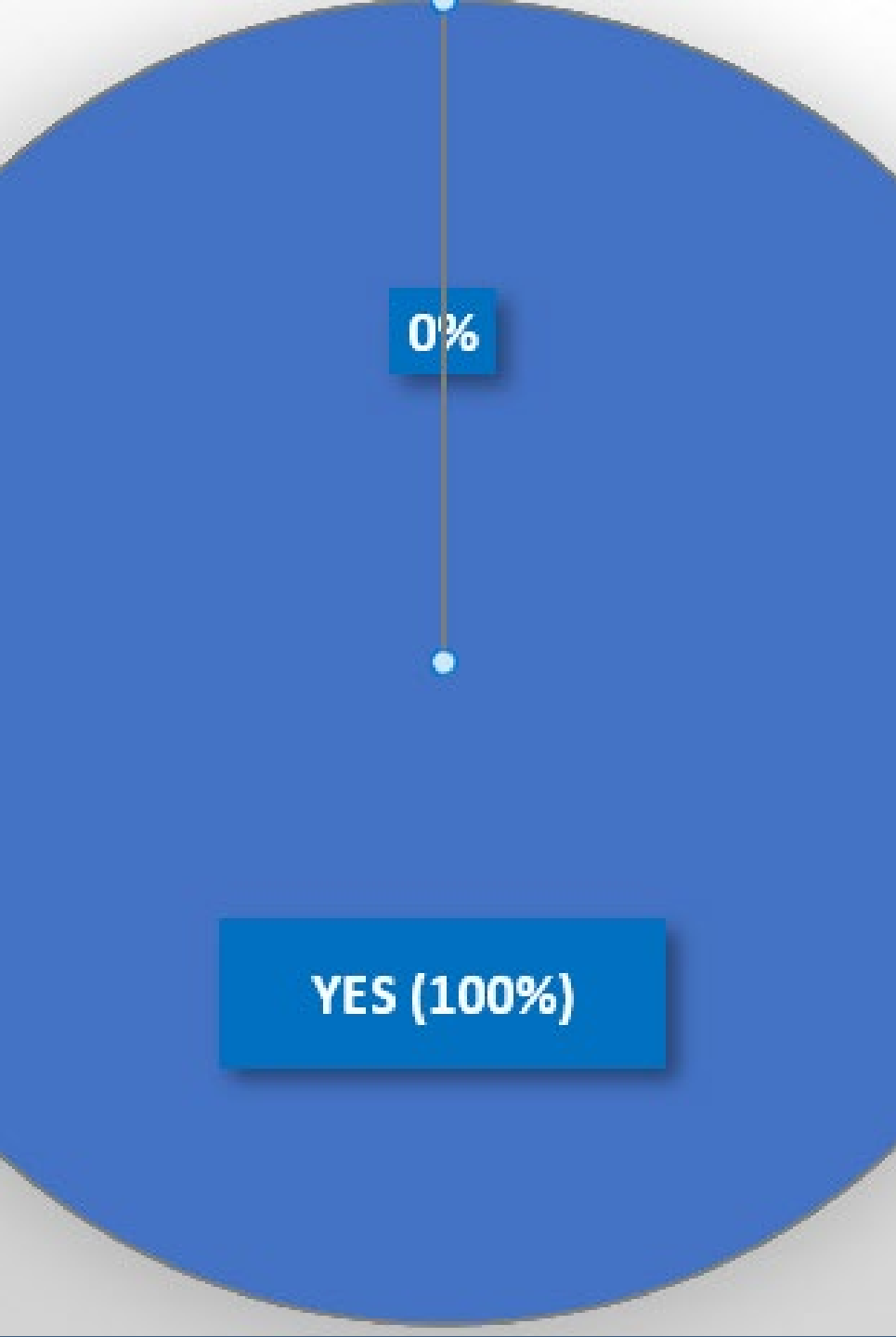
WHY your port might want to do work in real estate.

HOW those real estate activities might meet your objectives.

WHAT the challenges are when doing real estate work.

WHO can help you navigate the challenges you will face.

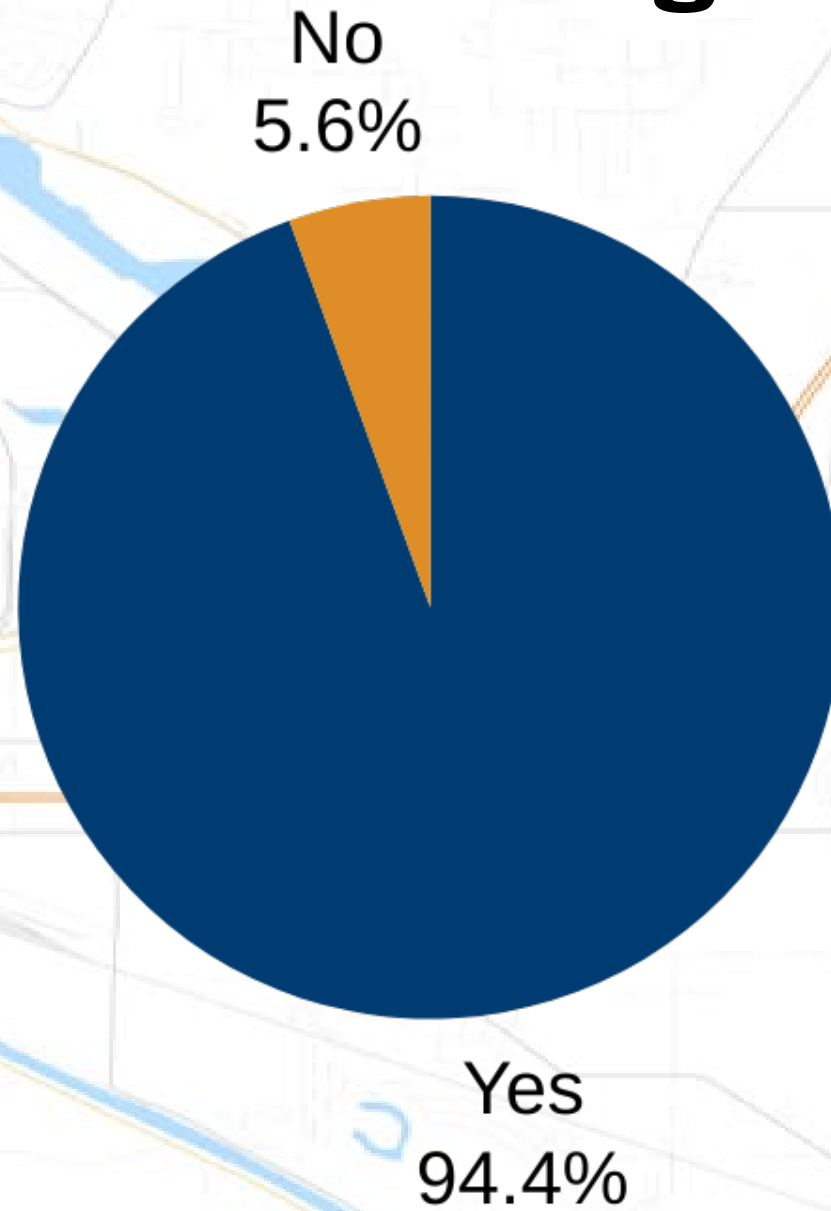




Does your port lease land?

36 port respondents gave us intel into how they think about real estate

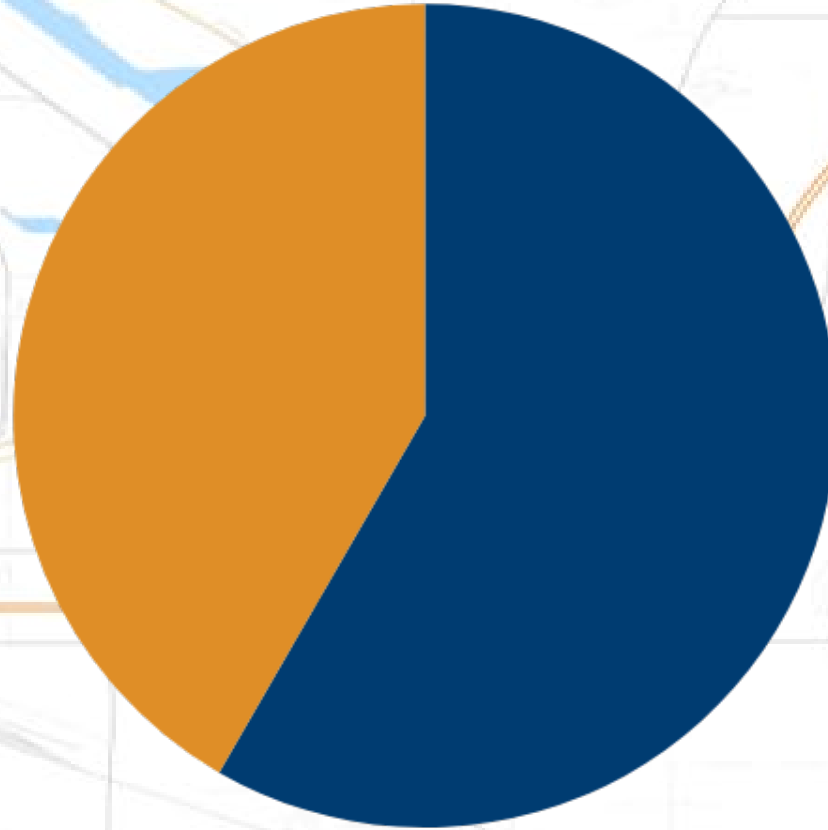
Does your port lease buildings?



Do you lease at market rates?

No
41.7%

Yes
58.3%



If you lease below market, why?

14 responses

Grow the regional economy

Job creation

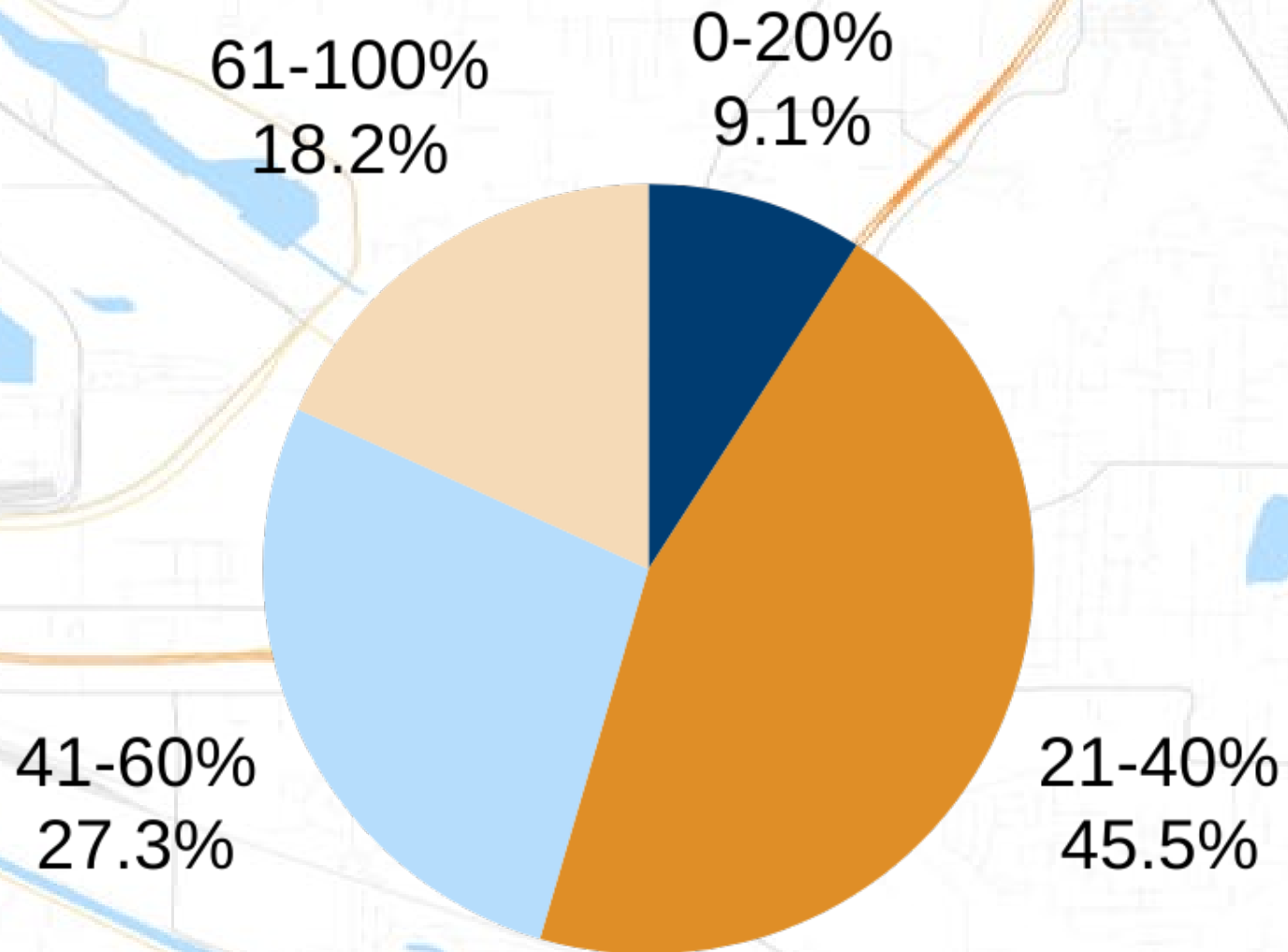
"It's all we can get"

Other

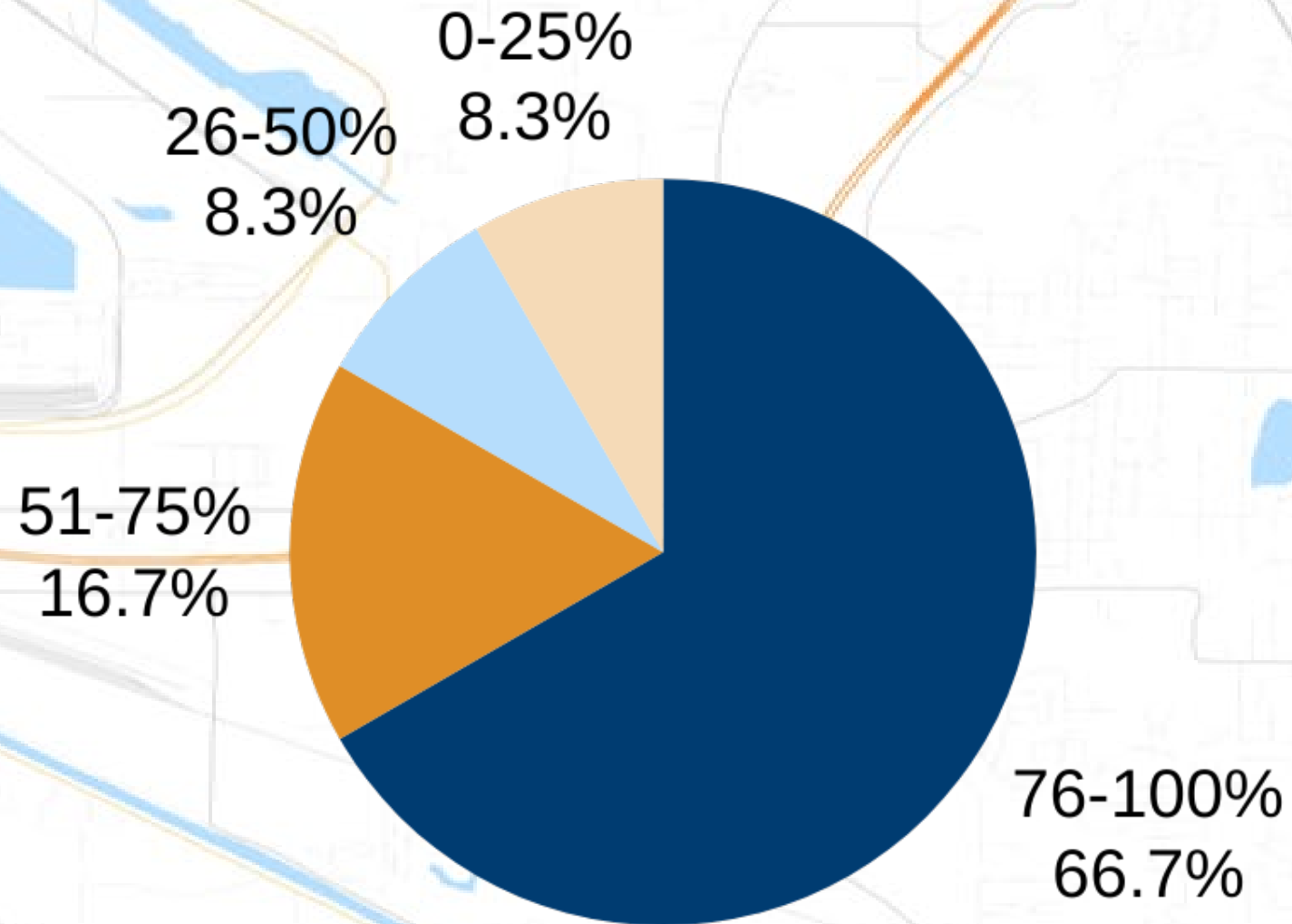
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Any "others"
want to spill?

What percentage of your ports overall earned income comes from real estate?



What percentage of your ports real estate portfolio is zoned industrial?

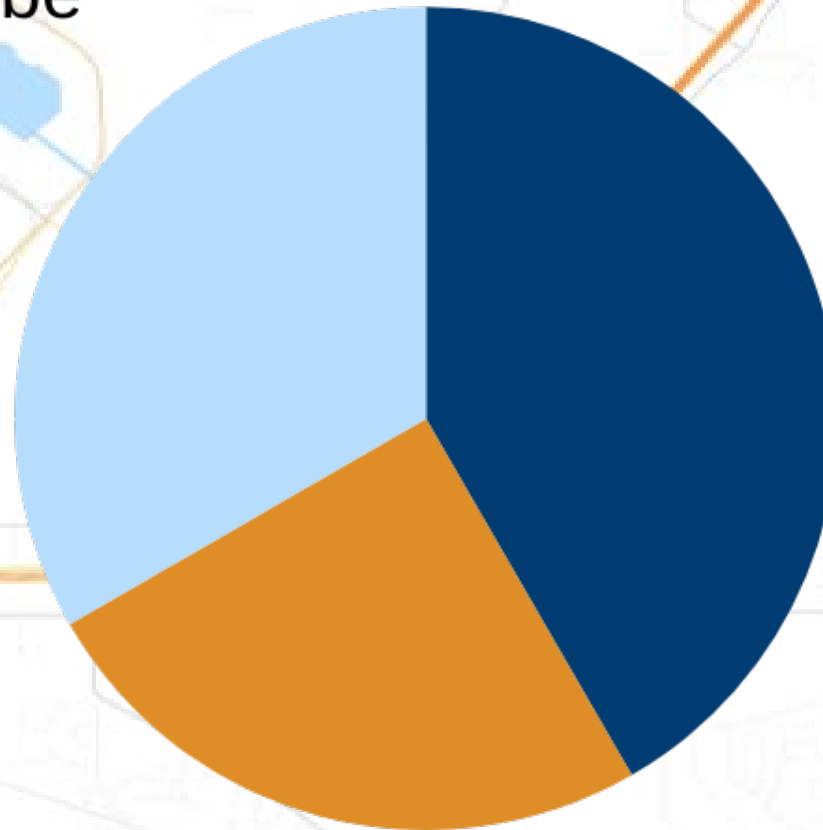


Does your port sell property?

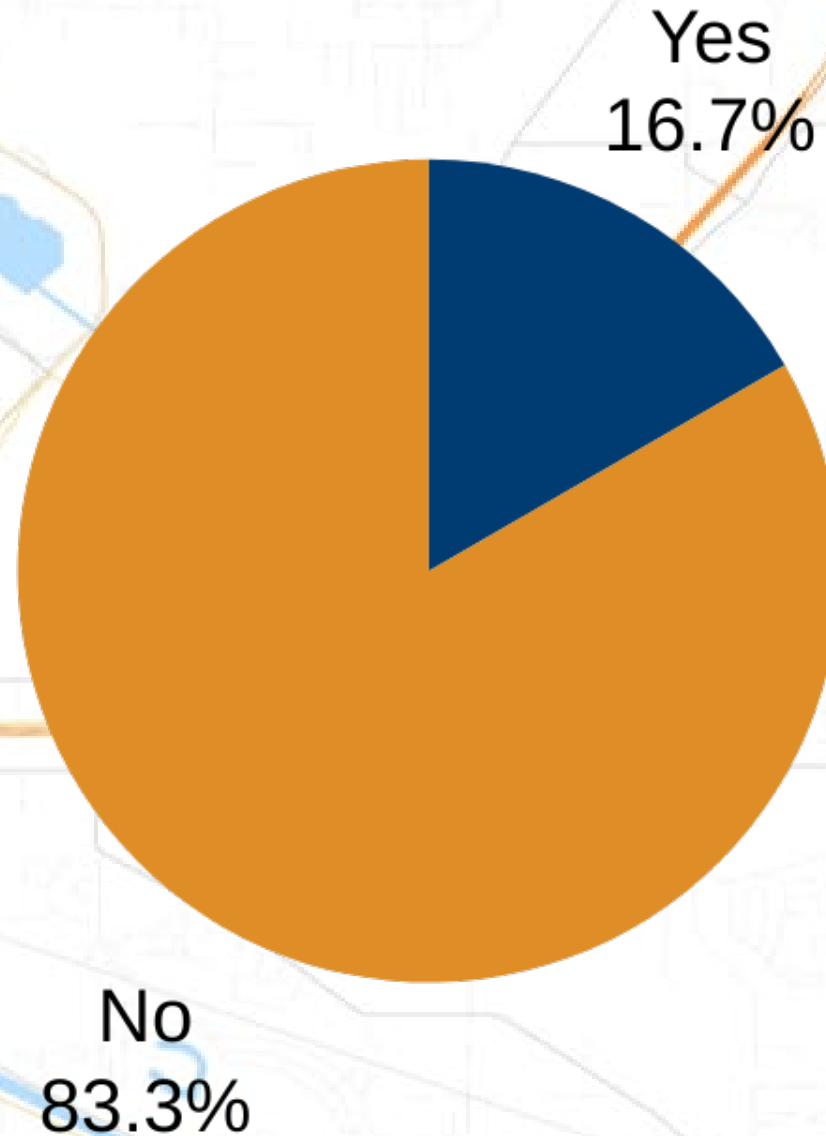
Sometimes/Maybe
33.3%

Yes
41.7%

No
25%

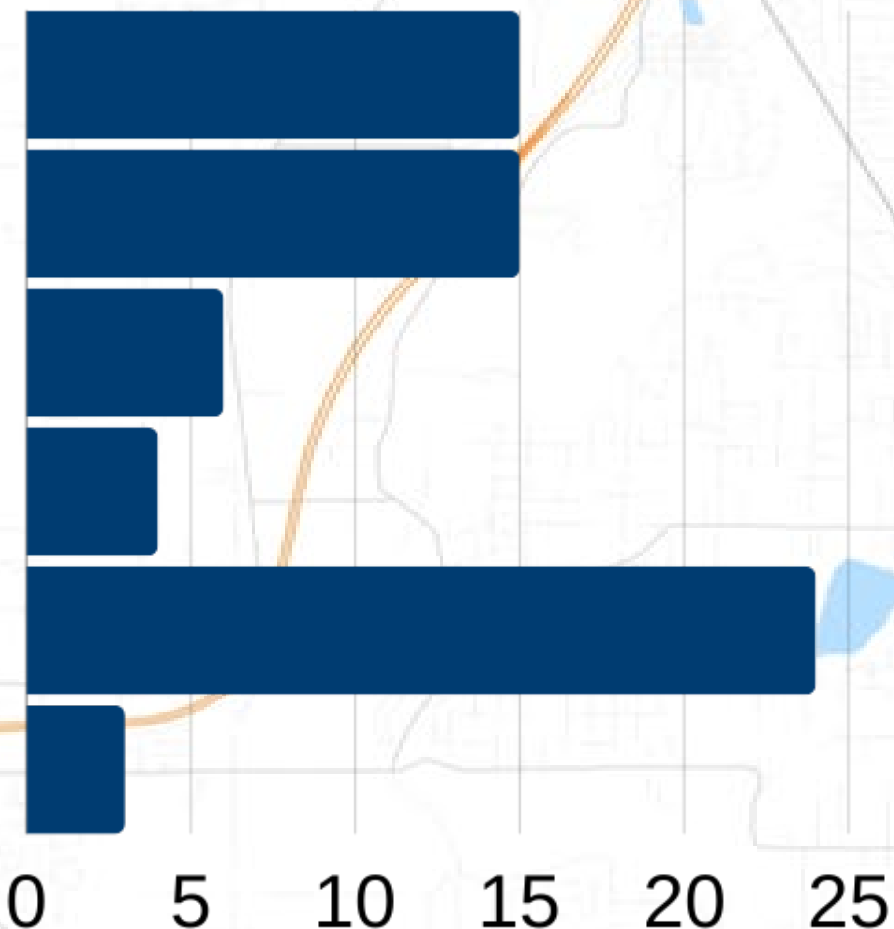


Does your port use a commercial real estate broker?



What types of tenants do you target?

Maritime
Ind/Manufacturing
Ag/Food Process.
Aviation
Use dependent
Don't target

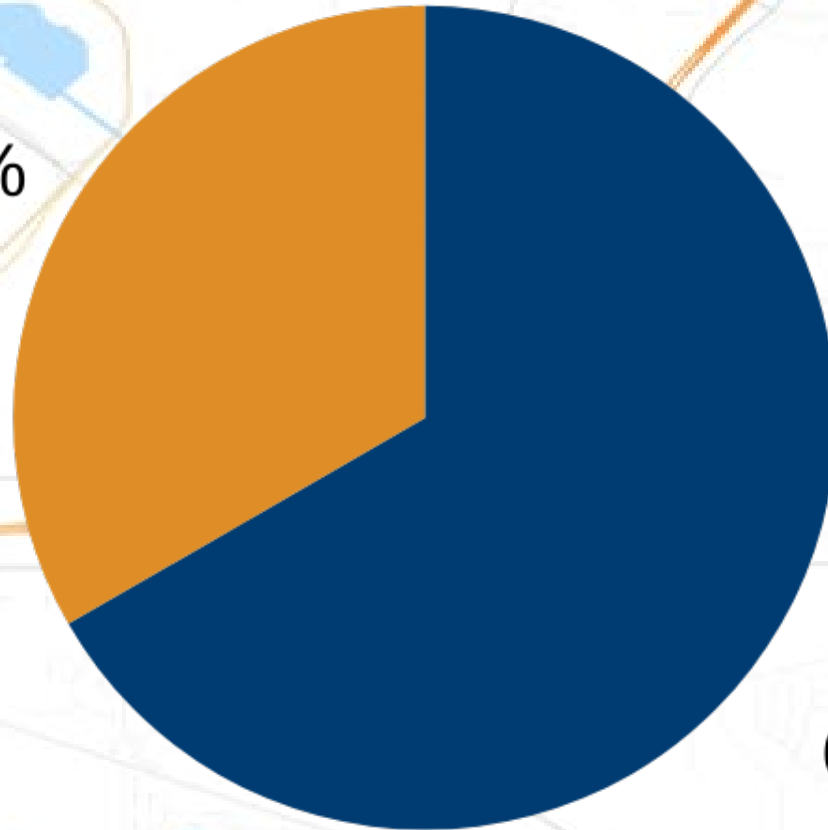


others: tech, cluster-driven, incubator, warehouse/dist.

Does your port have a full time dedicated real estate manager or staff?

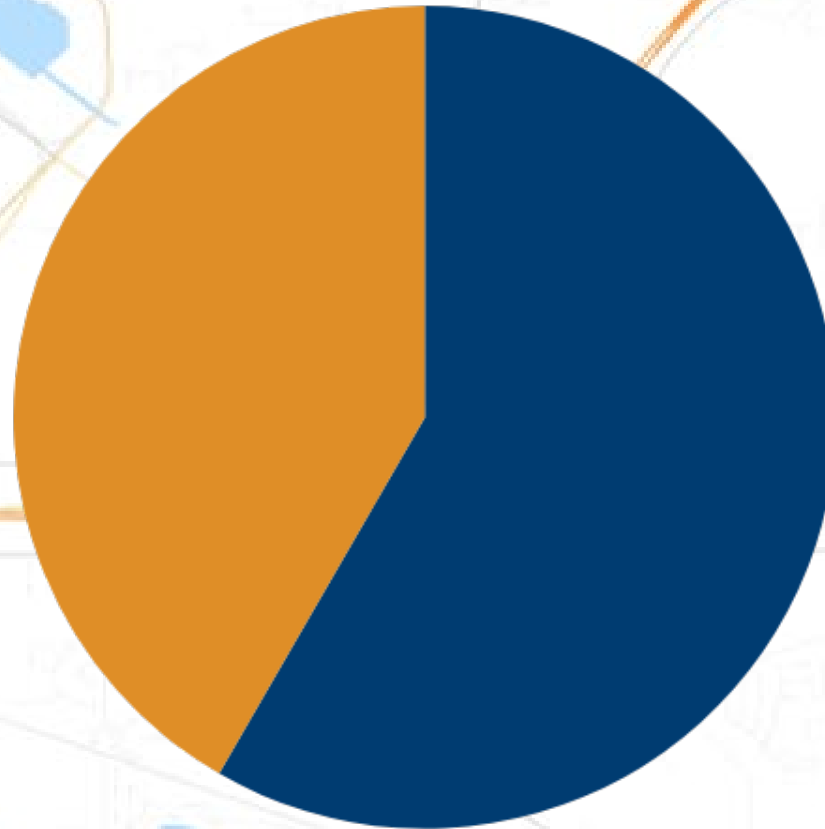
No
33.3%

Yes
66.7%



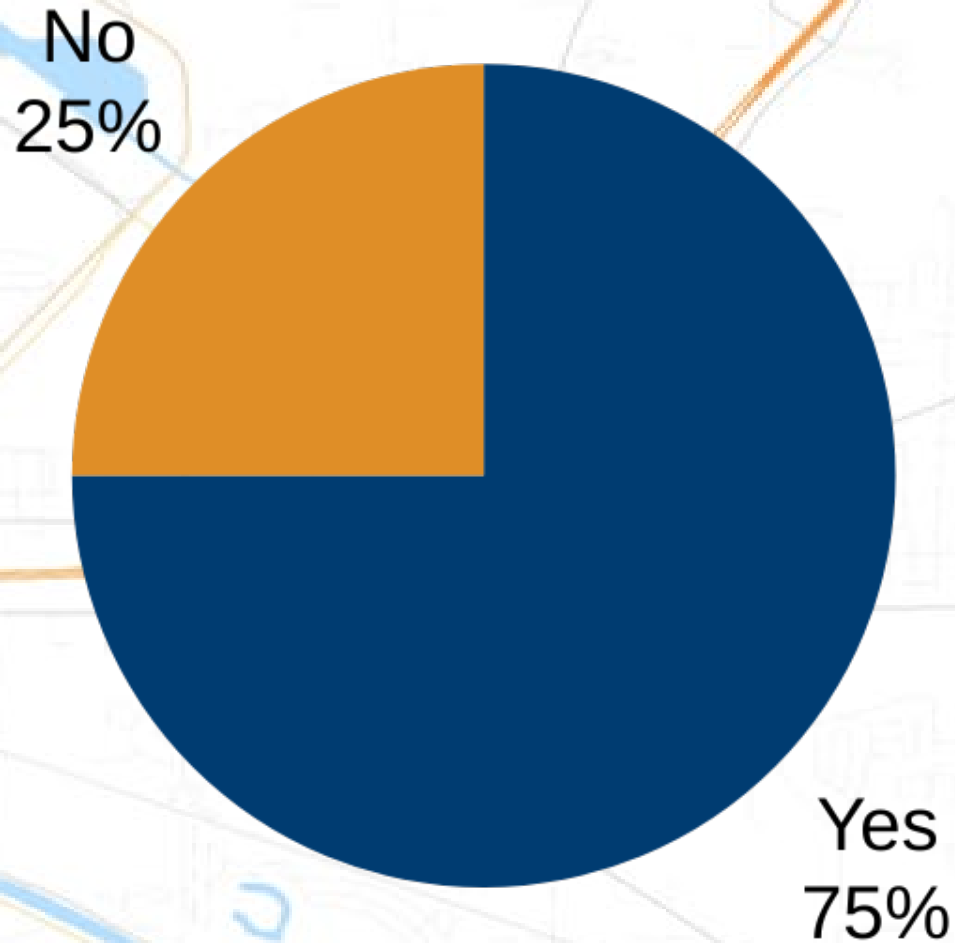
Does your port pursue joint ventures with the private sector?

No, but we should
41.7%



Yes
58.3%

Does your port build on speculation?



How do you fund real estate acquisition or construction?

Bonds - Gen&Rev

Commercial Loan

Grants

Cash

Any way we can

0 5 10 15 20

specifically: CERB, .09, reserves, proceeds from land sale

Real Estate 101

WOULD YOU LIKE TO PLAY A GAME? Y/N_



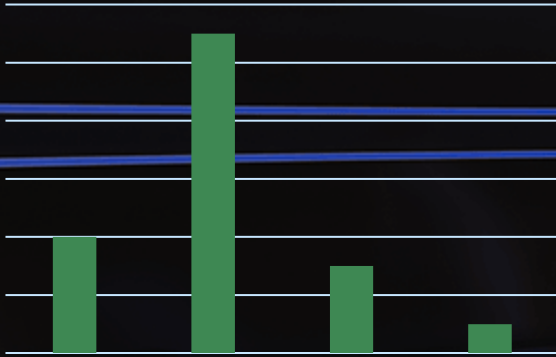
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ANSWER

NEXT



WHAT DOES ROI STAND FOR?

RETURN ON INVESTMENT

RETURN ON INDUSTRIAL

RETURN ON INTEREST

RETURN ON IGLOOS

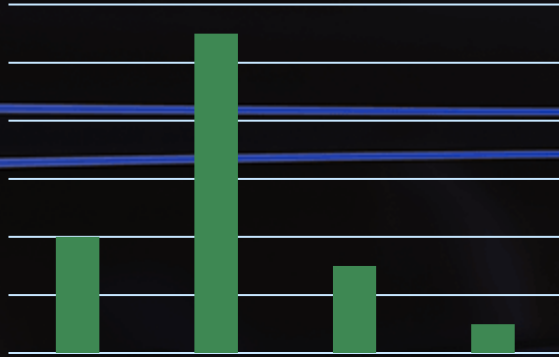
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IN THE CONTEXT OF CAP RATES, A HIGHER CAP RATE
GENERALLY INDICATES WHAT ABOUT A PROPERTY?

HIGHER RISK AND HIGHER POTENTIAL
RETURN

LOWER RISK AND LOWER POTENTIAL
RETURN

HIGHER RISK AND LOWER POTENTIAL
RETURN

LOWER RISK AND HIGHER POTENTIAL
RETURN

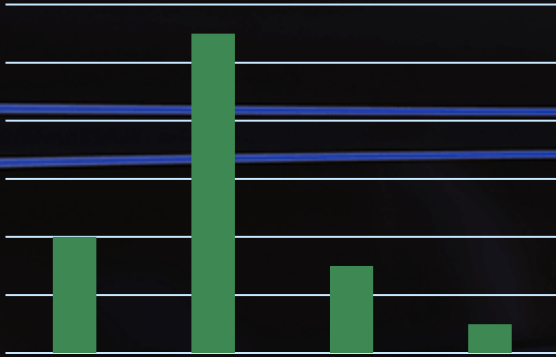
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WHAT IS THE TERM USED TO DESCRIBE A COMMERCIAL REAL ESTATE PROPERTY THAT IS OWNED AND MANAGED BY A GROUP OF INVESTORS WHO SHARE OWNERSHIP THROUGH SHARES?

LIMITED LIABILITY COMPANY (LLC)

CORPORATION

REAL ESTATE INVESTMENT TRUST
(REIT)

PARTNERSHIP

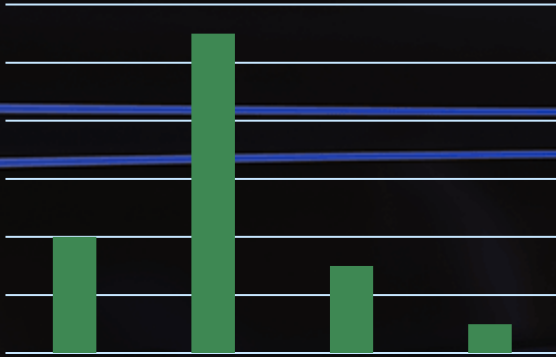
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WHAT IS NOT INCLUDED IN MODIFIED GROSS LEASE?

PROPERTY TAX

UTILITIES

BUILDING INSURANCE

COMMON AREA MAINTENANCE

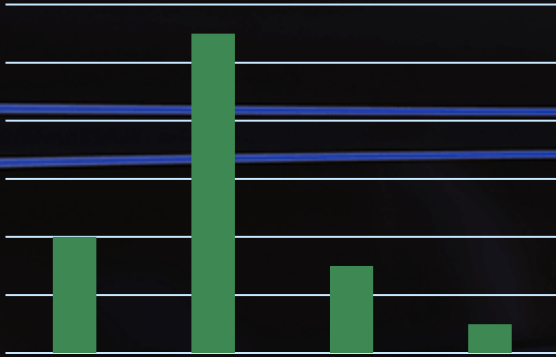
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WHAT IS A KEY ADVANTAGE OF A TRIPLE NET LEASE FOR THE LANDLORD?

THE TENANT PAYS A LOWER BASE RENT COMPARED TO OTHER LEASE TYPES.

THE LEASE OFFERS GREATER FLEXIBILITY FOR THE TENANT.

THE LANDLORD HAS GREATER CONTROL OVER TENANT IMPROVEMENTS.

THE TENANT IS RESPONSIBLE FOR ALL PROPERTY TAXES, INSURANCE, AND MAINTENANCE COSTS.

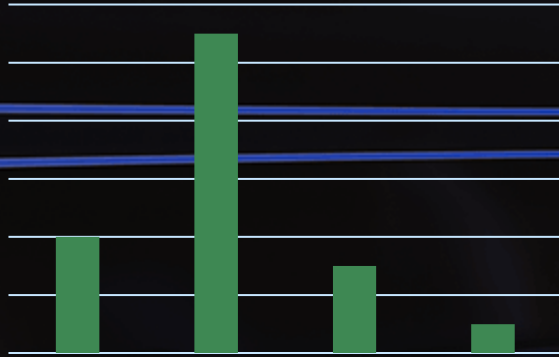
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WHAT ARE THE POTENTIAL RISKS ASSOCIATED WITH INVESTING IN A SINGLE-TENANT PROPERTY?

LIMITED DIVERSIFICATION OF INCOME STREAM

DIFFICULTY SECURING FINANCING DUE TO LOWER PERCEIVED VALUE

HIGHER VACANCY RISK IF THE TENANT VACATES THE PROPERTY

ALL OF THE ABOVE

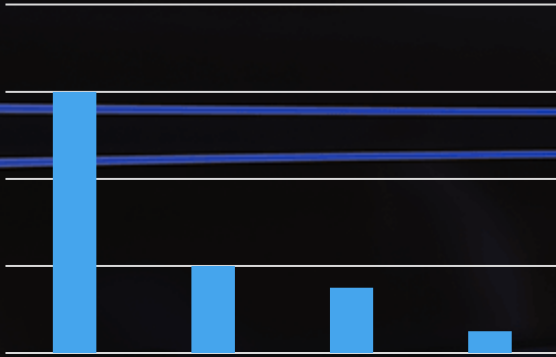
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WHAT ARE SOME POTENTIAL ENVIRONMENTAL LIABILITIES ASSOCIATED WITH COMMERCIAL PROPERTY OWNERSHIP?

NON-COMPLIANCE WITH LOCAL ENVIRONMENTAL REGULATIONS

ALL OF THE ABOVE

INCREASED ENERGY CONSUMPTION AND CARBON FOOTPRINT

CONTAMINATION FROM HAZARDOUS MATERIALS OR UNDERGROUND STORAGE TANKS

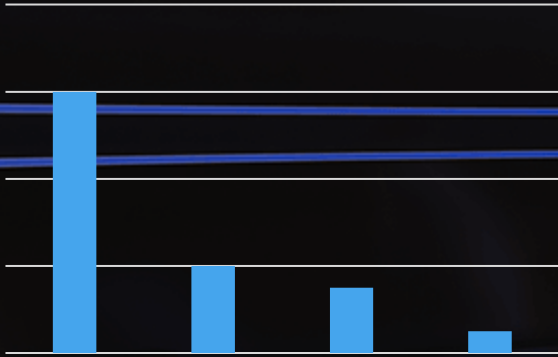
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WHAT UNIQUE LAND OWNERSHIP STRUCTURE EXISTS IN SOME WASHINGTON STATE PORT DISTRICTS, POTENTIALLY IMPACTING DEVELOPMENT OPPORTUNITIES?

STATE-OWNED TIDELANDS LEASED TO THE PORT AUTHORITY

FEDERAL MILITARY INSTALLATIONS WITHIN PORT JURISDICTION

TRIBAL SOVEREIGNTY LANDS WITHIN PORT BOUNDARIES

PRIVATE PROPERTY HOLDINGS WITHIN DESIGNATED PORT ZONES

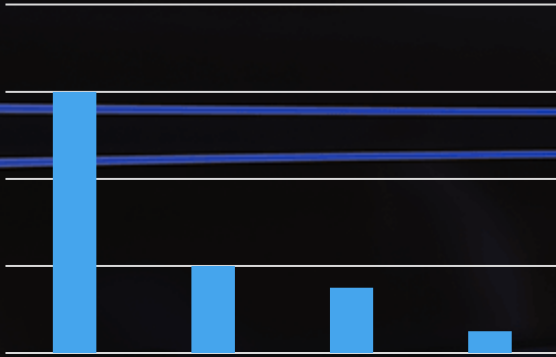
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IF YOU ARE LEASING A BUILDING ON TRIBALLY OWNED TRUST LAND, WHO IS THE PERMITTING AUTHORITY?

BUREAU OF INDIAN AFFAIRS

TRIBE

COUNTY

STATE

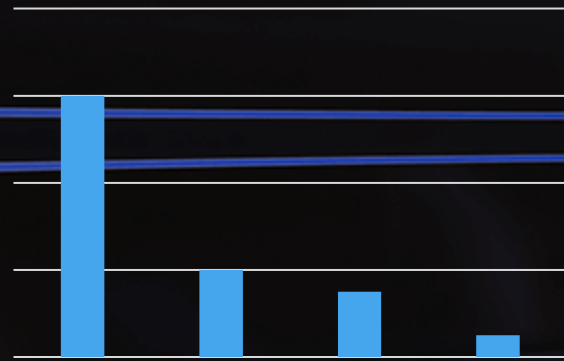
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WHICH WASHINGTON STATE LAW GRANTS PORT AUTHORITIES THE
AUTHORITY TO ISSUE TAX-EXEMPT BONDS FOR FINANCING
INFRASTRUCTURE DEVELOPMENT PROJECTS?

STATE ENVIRONMENTAL POLICY ACT
(SEPA)

MUNICIPAL PORT AUTHORITIES ACT
(RCW 53.19)

PUBLIC PORTS ACT (RCW 53.18)

COUNTY PORT DISTRICTS ACT (RCW
53.16)

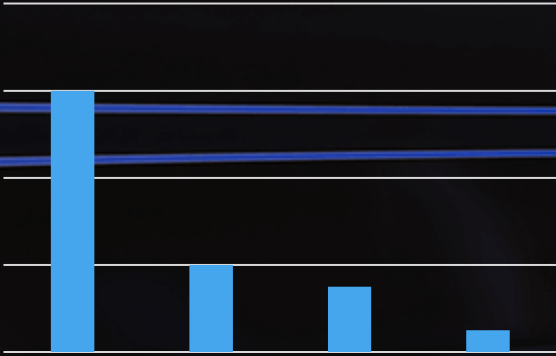
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HOW DOES THE GROWTH MANAGEMENT ACT (GMA) IN WASHINGTON STATE POTENTIALLY IMPACT THE LOCATION AND SCALE OF NEW COMMERCIAL REAL ESTATE DEVELOPMENT WITHIN PORT DISTRICTS?

IT MANDATES SPECIFIC ENVIRONMENTAL MITIGATION MEASURES FOR ALL DEVELOPMENT PROJECTS WITHIN PORT DISTRICTS

IT PROVIDES TAX BREAKS FOR DEVELOPERS WHO BUILD WITHIN DESIGNATED PORT ZONES

IT PRIORITIZES THE DEVELOPMENT OF INDUSTRIAL PROPERTIES OVER COMMERCIAL OR RESIDENTIAL PROJECTS

IT ESTABLISHES URBAN GROWTH BOUNDARIES THAT CAN RESTRICT DEVELOPMENT OUTSIDE DESIGNATED AREAS

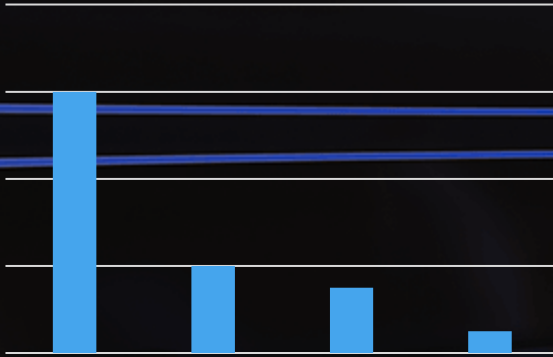
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WHAT IS THE PRIMARY DIFFERENCE BETWEEN A GROSS LEASE AND A NET LEASE?

GROSS LEASES REQUIRE THE TENANT TO PAY A SECURITY DEPOSIT

GROSS LEASES ARE MORE COMMON FOR RESIDENTIAL PROPERTIES

GROSS LEASES OFFER SHORTER LEASE TERMS THAN NET LEASES

GROSS LEASES INCLUDE UTILITIES, WHILE NET LEASES DO NOT

The Current State of the Real Estate Market

Marked negative absorption to begin the year;
Available options remain tight for many users



Note: Arrows indicate year-over-year change

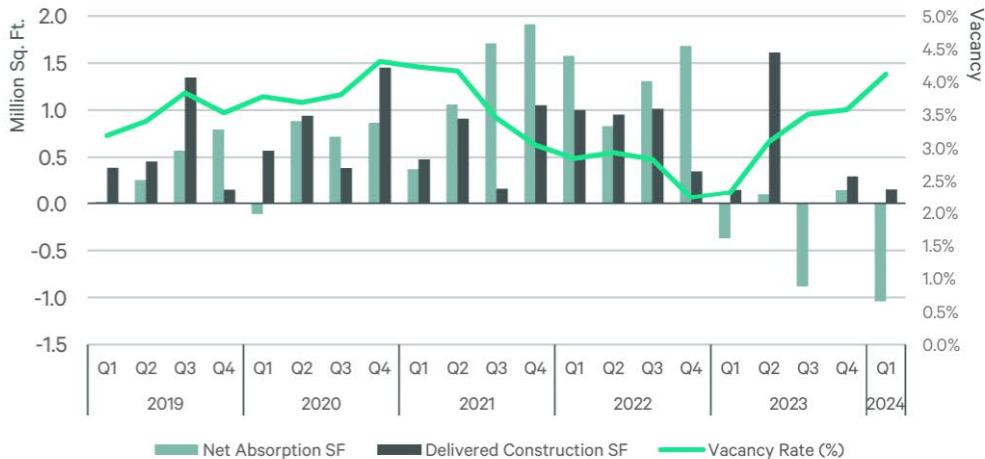
MARKET OVERVIEW

The Portland industrial market kicked off 2024 with negative 1,041,878 sq. ft. of net absorption, a sobering figure for a market that had grown accustomed to strong positive absorption in recent years. Vacancy rose 50 basis points (bps) quarter-over-quarter (QOQ), owing both to the negative absorption and the delivery of Meadowlark Industrial Center, a 155,500 speculative development in Cornelius, OR.

While the continued uptick in available spaces made industrial landlords a bit more eager to lock down deals with potential tenants in Q1, the increase did not translate to a fully comfortable environment for occupiers. Finding suitable spaces remained an uphill task for occupiers looking for most combinations of submarket, size range, and space-use needs. While an increase in overall market vacancy may prevent Class B and C product from seeing the strong rent growth of the 2020-2022 era, institutional landlords remained bullish and continued to push rental rates for new construction, Class A product in Q1.

Over half of the negative net absorption can be attributed to third-party logistics (3PLs) moving out of space. 3PLs and wholesalers saw a significant demand increase in 2021 and 2022, when consumers were spending significantly more on goods than services and supply chain constraints led occupiers to double down on warehouse space to accommodate demand spikes. As macroeconomic headwinds persist and supply chains have stabilized, 3PL and wholesalers are reconsidering their space needs, causing the overall market to shed occupancy. Still, Q1 ended with more total occupied square feet than any quarter in Portland market history before Q2 2022.

FIGURE 1: Net Absorption, Construction, and Vacancy

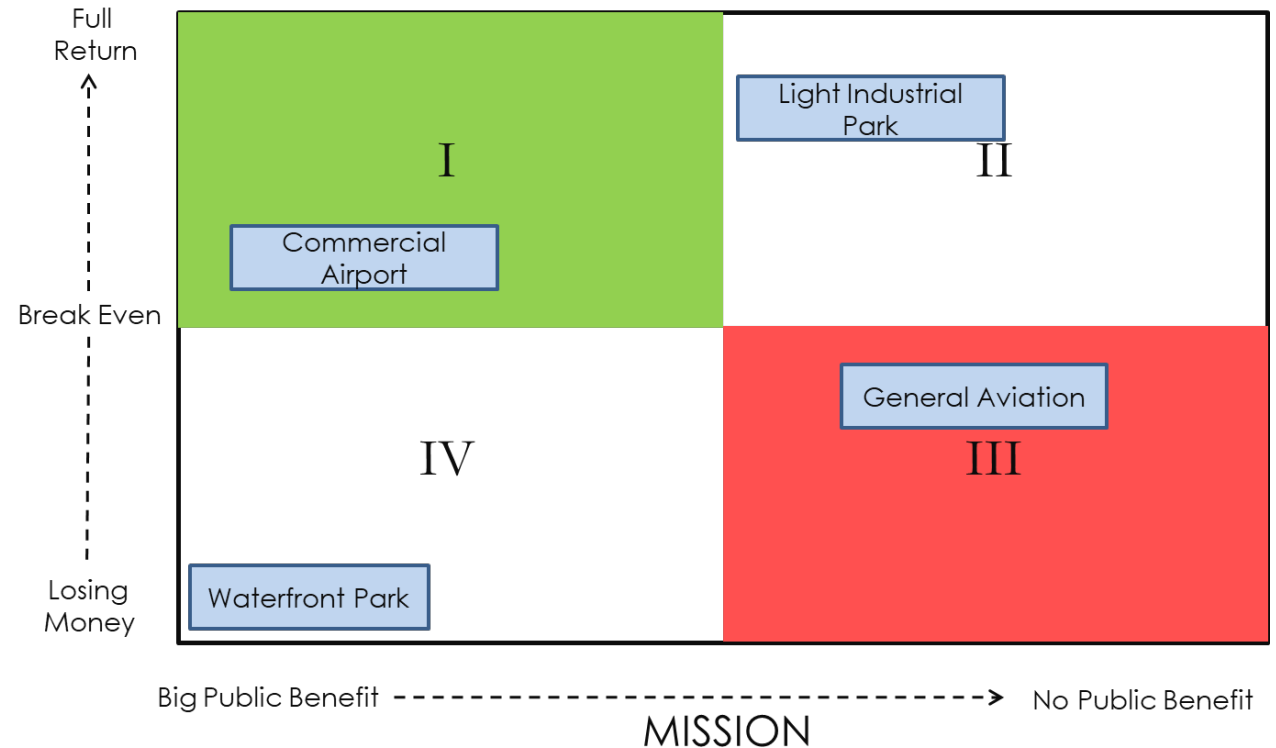


Source: CBRE Research Q1 2024



Port Real Estate Practices - RM

- “We’re in the real estate business?”...
- Putting Port Real estate in Context
- Role of real estate within a port: Mission vs Margin: A Fundamental Concept



Port Real Estate Practices - RM

MISSION projects:

“meeting unmet community needs”

High community return, Low financial return

- Example: Port of Columbia, Blue Mountain Station
- Examples: Airports, golf courses, RV parks, and many but not all of our marine facilities
- Example, Port of Ridgefield, Discovery Ridge, the port took a loss so the community could have a grocery store
- Others? What are your examples?



Blue Mountain Food Station, Port of Columbia



Discovery Ridge, Port of Ridgefield



Port Real Estate Practices - RM

MARGIN projects:

"they pay for the Mission projects and pay the bills"

High Financial return, Low Community Return

Examples:

- Port of Ridgefield, land sale for car wash and oil change
- Fast food, coffee, distribution centers (maybe)
- Others? What are your examples?



Port Real Estate Practices - RM

UNICORN projects:

**"they do great things for the community,
AND they make money too"**



**High Financial return, High Community
Return**

Examples:

- Industrial Buildings, Industrial Parks, mixed-use developments
- Others? What are your examples?



Ridgefield Industrial Park, Port of Ridgefield



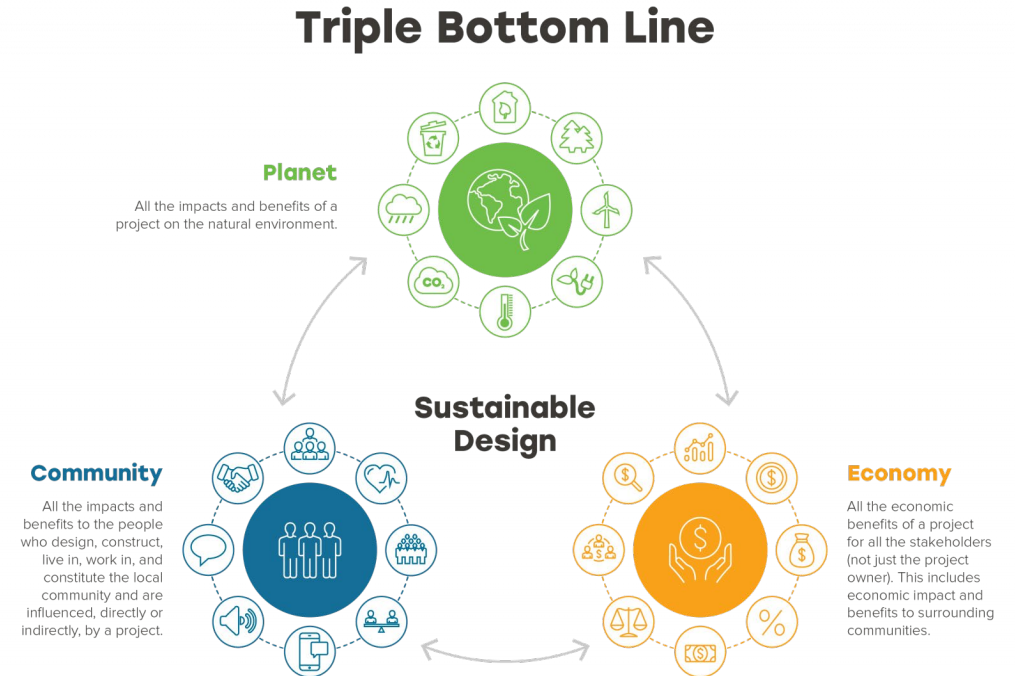
Cresline Plastic Pipe, Port of Chehalis



WHY are we doing this project? - RM

Questions to ask yourself:

- If the port disappeared tomorrow, would someone else do this project? What else would happen?
- Is the port bringing value to this transaction? Are we moving the needle?
- Would the public think you are being a good steward of their tax dollars? Is making projects like this happen worth the \$150/year they pay in port taxes?
- Is this project or goal consistent with your foundational documents and plans?
- What is the ROI and community impact? (TBL)
- Does your commission have different ROI policies for different types of projects? (CDRPA, POR, POC)



Competing with the Private Sector? - LS

- Do we have a competitive advantage? Is it "fair"?
- Refer to your lease rate policies
- Is it "really" competition? Find your niche
- Focus on partnerships with your "competition"
- **EXAMPLES-**
 - CHEHALIS: Port Commissioner owns a business complex which is comparable to a port operated facility.
 - CHEHALIS: Local nonprofit Industrial Commission is also active in the same real estate market.
 - WALLA WALLA: in the past, they have had a policy to let properties be on the market for a year before buying them, so the private sector always has a chance to acquire them before the port.



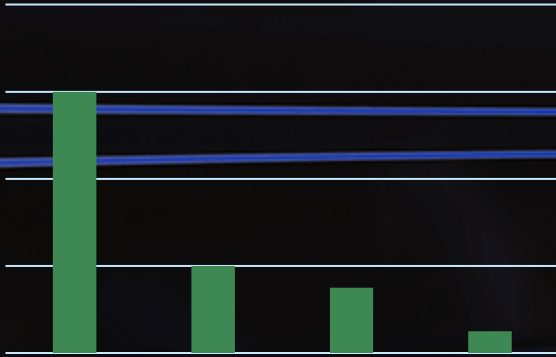
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WHICH ELECTED OFFICIAL MANDATED A 10% REDUCTION IN
LEASED OFFICE SPACE?

GOVERNOR INSLEE

PRESIDENT BIDEN

SEATTLE MAYOR BRUCE HARRELL

PRESIDENT TRUMP

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HOW LONG CAN A PORT LAND LEASE BE FOR?

AS LONG AS CONTRACTED BY PORT

60 YEARS WITH 20 YEARS OF
EXTENSIONS

50 YEARS WITH 30 YEARS OF
EXTENSIONS

80 YEARS

Follow All The Rules! - RM

Port Acquisition of Land and Facilities

- RCW 53.08.010 A district may acquire lands, property, leases necessary for its purposes.
- RCW 53.08.080: A district may acquire and develop certain facilities related to Port development

Port Leasing

- RCW 53.08.080: A district may lease all lands, wharves, docks and real and personal property owned and controlled by it, for such purposes and upon such terms as the port commission deems proper.

Port Leasing Requirements

A Port lease must comply with the Port's Comprehensive Scheme of Harbor Improvements RCW 53.20.010, if Port funds are involved.

Delegation of Powers (53.12.270 Allows)

- Apparent Authority
- Secondary Delegation
- Collections and Sureties
- Sale/Leasing of Real Property
- Property Acquisition
- Enforcing Contracts & leases



Permitting, Planning, Zoning – RM, LS

Permitting, Planning, Zoning

What uses does your city/county allow?

What does land use jurisdiction want to see? Areas for partnership?

A change of use to a more intensive one typically requires bringing old buildings up to current code

EXAMPLE: City of Chehalis code specifically allows any uses spelled out in the Port of Chehalis Comprehensive Scheme as an outright PERMITTED USE. (LS)



Comply with Statute and Keystone Documents - RM

Does the transaction comply with all port statutes and all your keystone documents (CSHI, budgets, financial guidelines)

- Is it in your CSHI? (specifics on adding and removing)
- Is it in your budget?
- Is it in your Industrial Development District?
- Did you declare it surplus?
- Do you have the debt capacity?
- (Share sale checklists)



Enviromental - RM

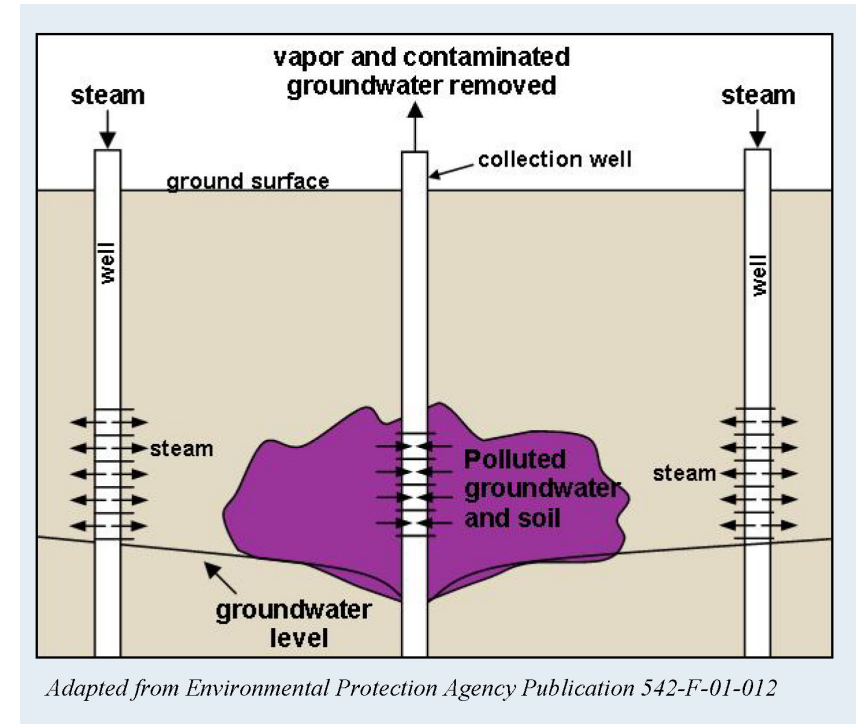
Contaminated properties: Are they an opportunity or a hazard? YES

- Plenty of grant funds exist to clean up brownfields and bring back into productive use.
- Ecology, MTCA (up to 90%)
- Commerce, Brownfield loans/grants (10%)

Did your port or your tenant cause it? Or are you an innocent party?

- Get a phase 1 first, more testing if necessary.
- ECY has Prospective Purchaser Consent Decree.
- May be able to acquire the property inexpensively, via negotiation or eminent domain. "Market value" should reflect contamination liability. Clean up with grants, the differential margin is profit/equity.

With greater risk comes greater reward.



Land Management - LS

Land management- what does it mean to actively manage your property?

- Soil quality
- Meandering wetlands, invasive species
- Beaver dams
- Ruts in field.. the outfall
- Clean you ditches....B..uddies.

Farm leases - pros and cons

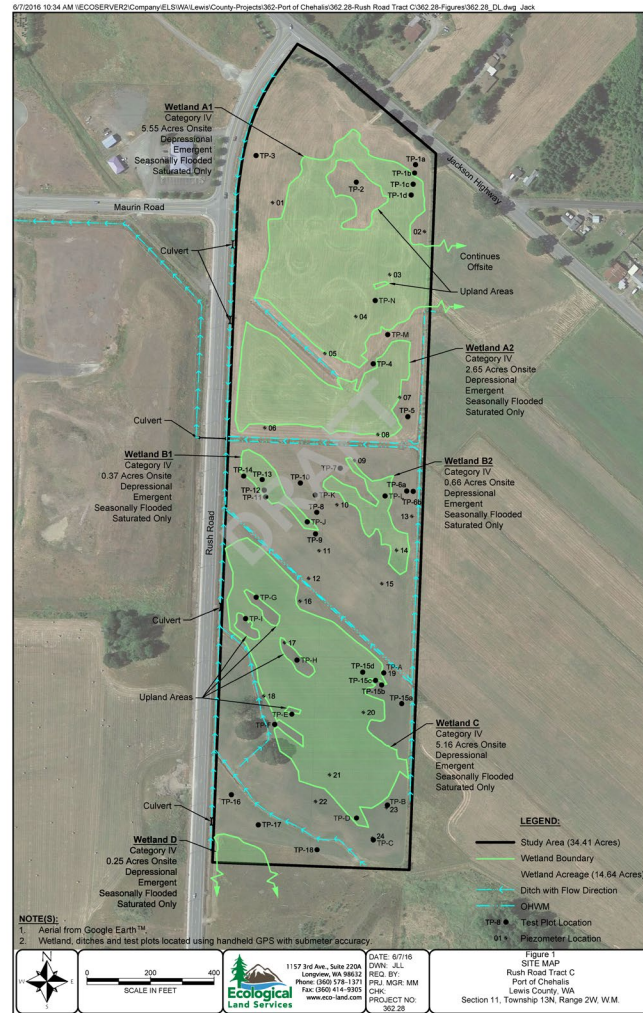
Wetland credits – time and cost



Land Management - LS



MANAGEMENT OF WETLANDS - LS



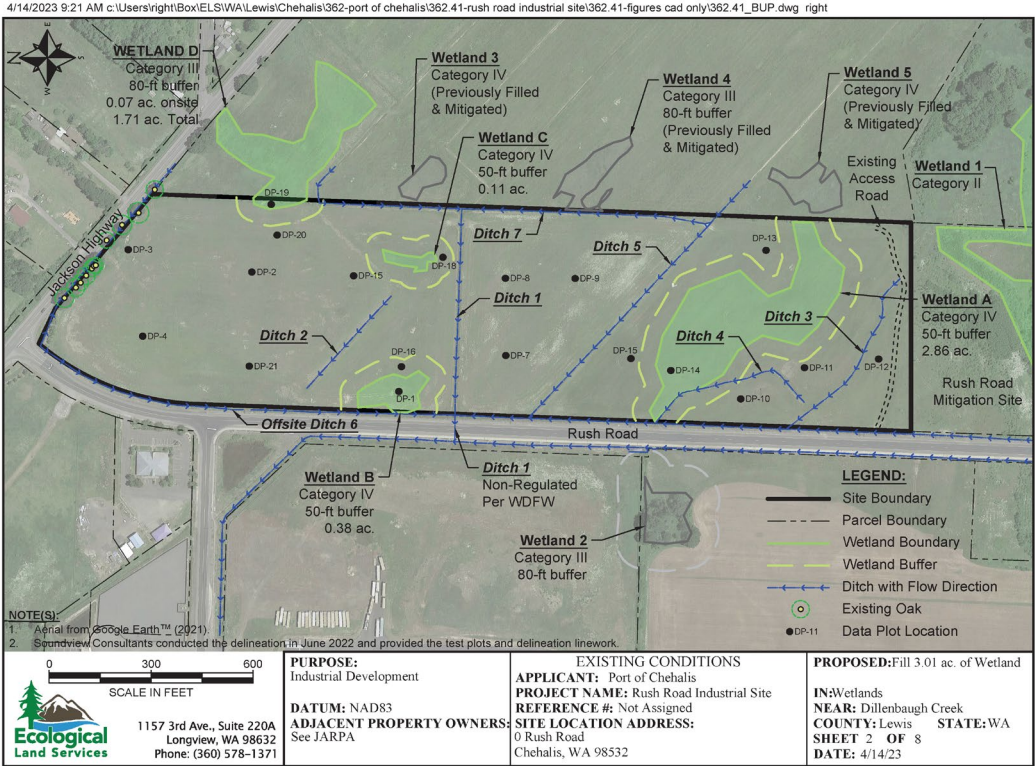
EXAMPLE: Port of Chehalis Rush Road Industrial Site

2016, before farming

Site: 34 acres
Wetlands: 14 acres



MANAGEMENT OF WETLANDS - LS



EXAMPLE: Port of Chehalis Rush Road Industrial Site

2023, after farming

Site: 34 acres
Wetlands: 3.3 acres

Savings on mitigation:
11 acres @\$250K/AC =
\$2,750,000



Due Diligence Checklist - JWK

Land

- Title Report
- Require Seller to complete an ESA Phase 1 environmental report. Follow up with a Phase 2 if necessary
- Critical Areas report
- Cultural Resources report
- Geotech (soils)

Buildings

- Older than 2001? Hazardous Materials Building Survey (lead, asbestos, etc)
- Building inspection
- Inventory of assets and their maintenance (roof, HVAC, etc.)
- Feasibility study for conversion to new use (discuss change of use)
- Is there any historic use of underground tanks, waste, spills, etc?



Just because it looks good on paper....



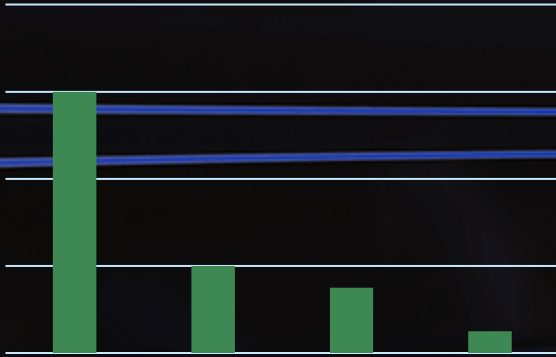
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ANSWER

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WHERE ARE COMMERCIAL REAL ESTATE LISTINGS IN
WASHINGTON MARKETED?

NWMLS

CBA

COSTAR

ALL OF THE ABOVE

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ANSWER

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WHAT ARE THE THREE PRIMARY TYPES OF COMMERCIAL REAL ESTATE?

OFFICE, INDUSTRIAL, RETAIL

OFFICE, MEDICAL, RETAIL

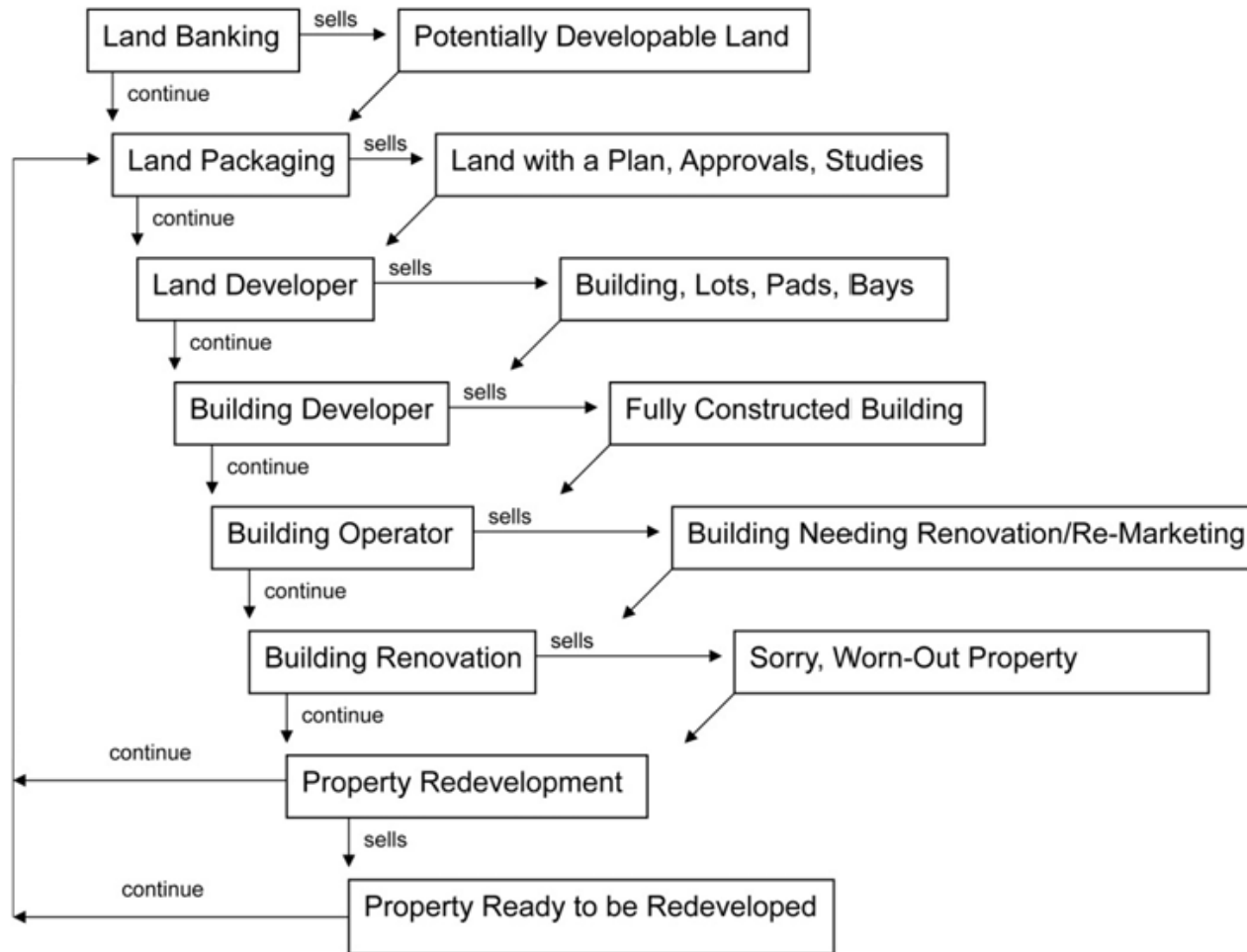
GOVERNMENT, PRIVATE, PUBLIC

OFFICE INDUSTRIAL, FOOD SERVICE

Break Time!



The Stages of Real Estate Development



...but what step comes before all of these? Anybody?...

An aerial photograph of the Port of Seattle, showing a large container yard filled with colorful shipping containers, several large cargo ships docked at piers, and surrounding infrastructure like roads and rail tracks. The port is situated along a body of water with a forested area to the left.

WPPA Real Estate Training

May 15th, 2023

**Presentation: Real Estate
Planning & Development at
the Port of Seattle**

Presenter: Kyra Lise, Director of Real Estate Development and Economic Development, Port of Seattle

Overview

- Introduction to the Port of Seattle's Real Estate Development practice
- Some current projects
- The Inventory
- Planning & Strategy
- Key Issues
- Questions

Port of Seattle's Real Estate Division

- Development Division
 - Kyra Lise, Director of Real Estate Development & Economic Development
 - Daniel Alhadeff, Manager
 - Handles development on Port property and strategic acquisitions
- Asset Management Division
 - Jennifer Maietta, Director of Real Estate, Asset Management
 - 23 staff, including property and leasing managers

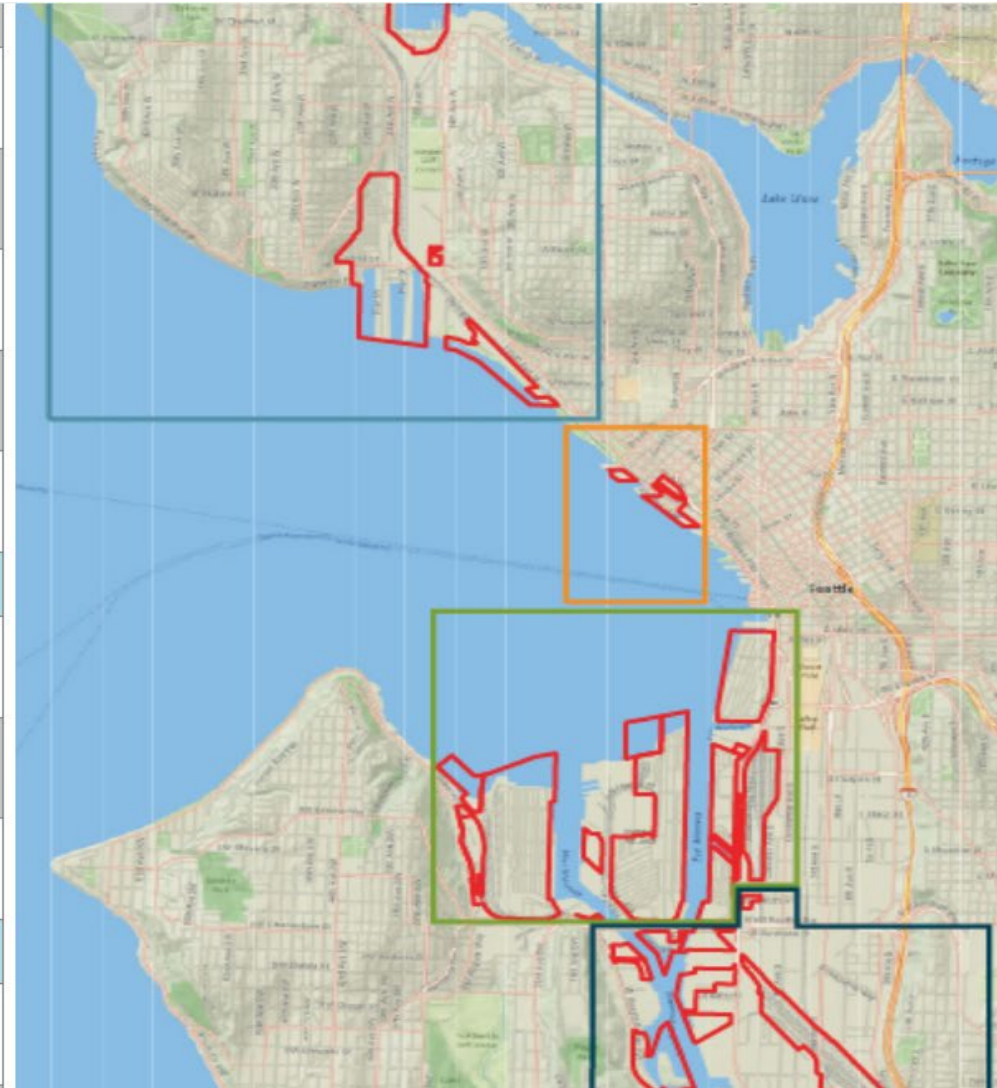
Some Current Projects

- T106 Warehouse
- 700K sf spec logistics
- T91 Uplands
- 3 buildings, 120K spec development
- Maritime Innovation Center
- Mission investment



The Inventory

	Tables	Aerial	Aerial
Tsubota	Data Tables	Standard Aerial	Lightened Aerial
Terminal 91	Data Tables	Standard Aerial	Lightened Aerial
Terminal 91 Uplands	Data Tables	Standard Aerial	Lightened Aerial
Terminal 91 Piers 90-91	Data Tables	Standard Aerial	Lightened Aerial
Terminal 86 Grain Terminal	Data Tables	Standard Aerial	Lightened Aerial
Central Waterfront Properties			
Pier 69	Data Tables	Standard Aerial	Lightened Aerial
Pier 66	Data Tables	Standard Aerial	Lightened Aerial
Pier 66 Uplands	Data Tables	Standard Aerial	Lightened Aerial
South Harbor Properties			
Terminal 46	Data Tables	Standard Aerial	Lightened Aerial



Real Estate Planning

2016

Port of Seattle
Real Estate
Strategic Plan

2020

Update
Real Estate
Strategic Plan

2022

Northwest
Seaport Alliance
Real Estate
Strategy
Development

2023

Aviation Division
Real Estate
Strategic Plan
Outside
Terminal
Development

Our Strategic Proposition

- “The Port of Seattle will **use its real estate**, capital assets and financial capabilities **to accomplish the Century Agenda**. These are tools to thoughtfully steward, rather than areas well-suited for specific 25-year goals.”

Remain flexible – *the market ultimately decides if you did it right*



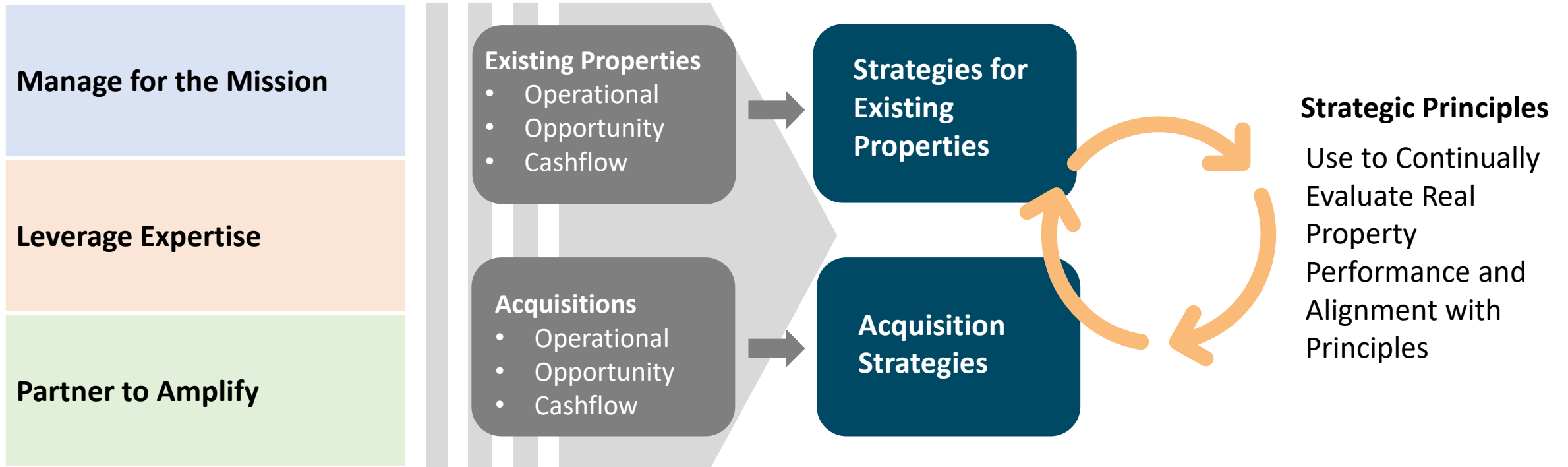
Leverage Real Estate to...

- Grow an international logistics hub
- Sustain fishing, cruise and other maritime industries
- Support Aviation including the growth of airport business opportunities
- Drive regional economic development opportunities
- Enhance and protect industrial lands
- Advance sustainability and energy efficiency
- Generate revenue and jobs
- Support divisional initiatives

Port Real Estate Principles

Framework

Strategic Principles



Key Implementation Issues

- Port land is largely brownfield, and requires significant investment ahead of development
- Port requirements and legal status slows the development process. How do we partner with the private sector?
- Risk management; before the project produces revenue, there is a long holding period. Who is willing to be responsible for these costs and liabilities?
- Acquisitions: For specific unmet needs? For landbanking? How do we match the private market's speed of transaction?



QUESTIONS?

LISE.K@PORTSEATTLE.ORG

QUESTIONS FOR THE WHOLE PANEL:

- When can your port be competitive in your market?
- Speed? Cost? Inventory/Selection? CERTAINTY?
- What's your approach to sales? Do you use an external Broker? Is anyone at your port a licensed Broker
- What's your development approach, are you a do it yourselfer or do you need a master developer?



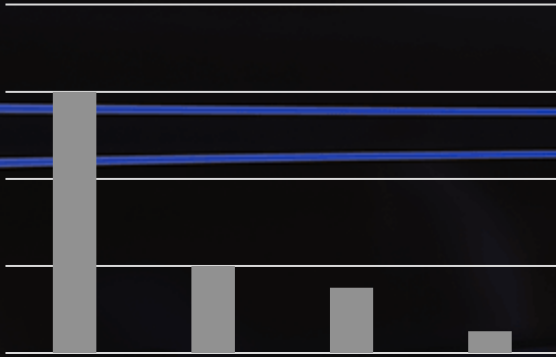
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WHICH OF THESE REAL ESTATE PROJECTS HAS A COMMUNITY BENEFIT?

GROCERY STORE

PARK

MARINA

ALL THE ABOVE

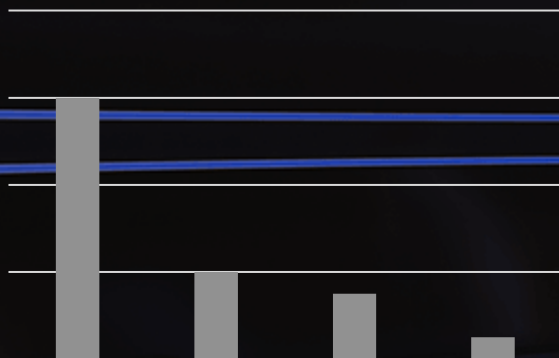
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WHAT IS THE BEST INVESTMENT?

LOW CAP RATE, HIGH PRICE

HIGH CAP RATE, LOW PRICE

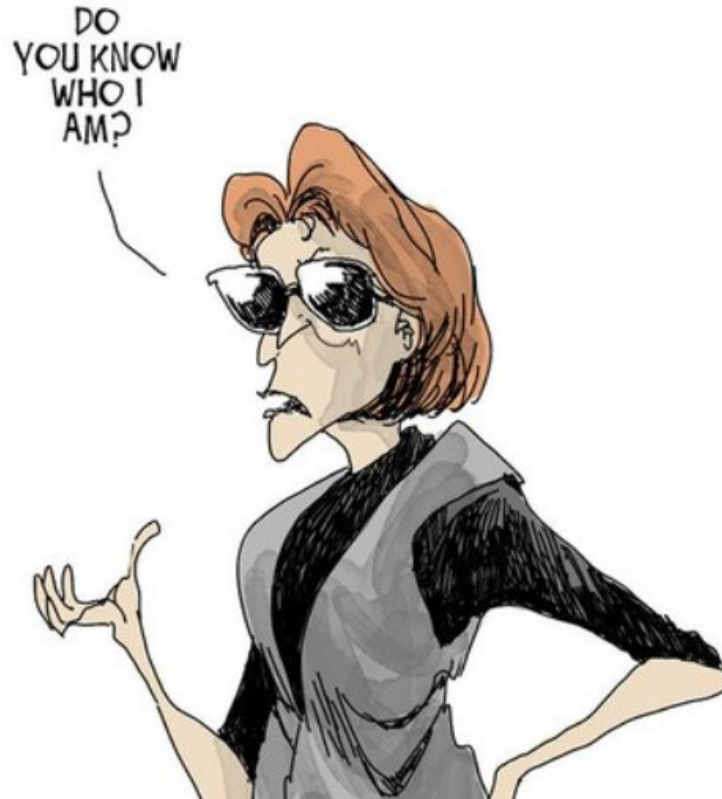
IT DEPENDS

HIGH CAP RATE, HIGH PRICE

Role Play! I want a Unicorn Farm...



Role Play! My golfing buddy needs to extend his ground lease...



Real Estate Policy vs Management - RM

The value of your port commission is at the **POLICY** level:

Setting the types of tenants/uses you **don't** want.

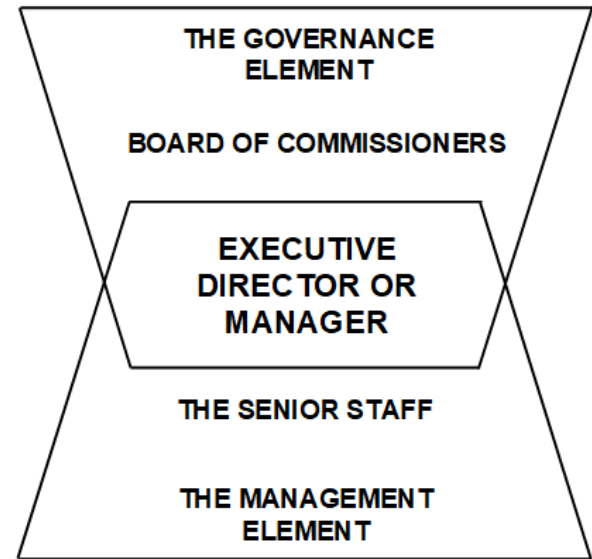
- *Cannabis, warehouse distribution, petroleum, carbon-intensive, low wage.*
- *Or maybe you do? Others?*

Setting the types of tenants/uses you **do** want.

- *High wage employers.*
- *Medium or "living wage" employers in areas with medium/high unemployment.*
- *(share MIT Living Wage calculator)*

Services specifically **needed** in your community.

- *grocery store, tire shop, YMCA, daycare, American Legion, nonprofit art gallery*
- *Others?*



Real Estate Policy vs Management - RM

The value of your staff is at the MANAGEMENT level:

- Does this potential tenant meet our port's criteria as established by the policies of the port commission?
 - If left up to staff, is this the right type of business?
 - Are we sufficiently protected? Deposits, insurance requirements.
 - Do we require that the buyer do what they say they'll do? Does our agreement have teeth? Do we have the willpower to enforce these requirements?
-
- *Example: POR past sales (Kassab, Peace Health) vs new covenants, with "teeth". POW covenants. Spectrum of Flexibility.*



Rules of the Road - RM

Bidding and contracting

- New rules on rosters and contracting effective July 1st.

Tip: Tenant Improvements (TI's) are expensive and time consuming, and your tenants can get it done faster, cheaper, and without your involvement. To get more bang for your buck, your port can instead reimburse as part of a TI allowance.

Leasing vs selling

- Authority to sell vs authority to lease
- Spelled out in port policies and/or your delegation of authority resolution.
- Some ports determine leasing authority by different factors.



Underutilized Properties V. Ownership- Changing our mission - JWK



Think Outside the Box - JWK

Example- Port of Woodland's Centennial and Schurman Way Industrial Owner's Associations (OA)

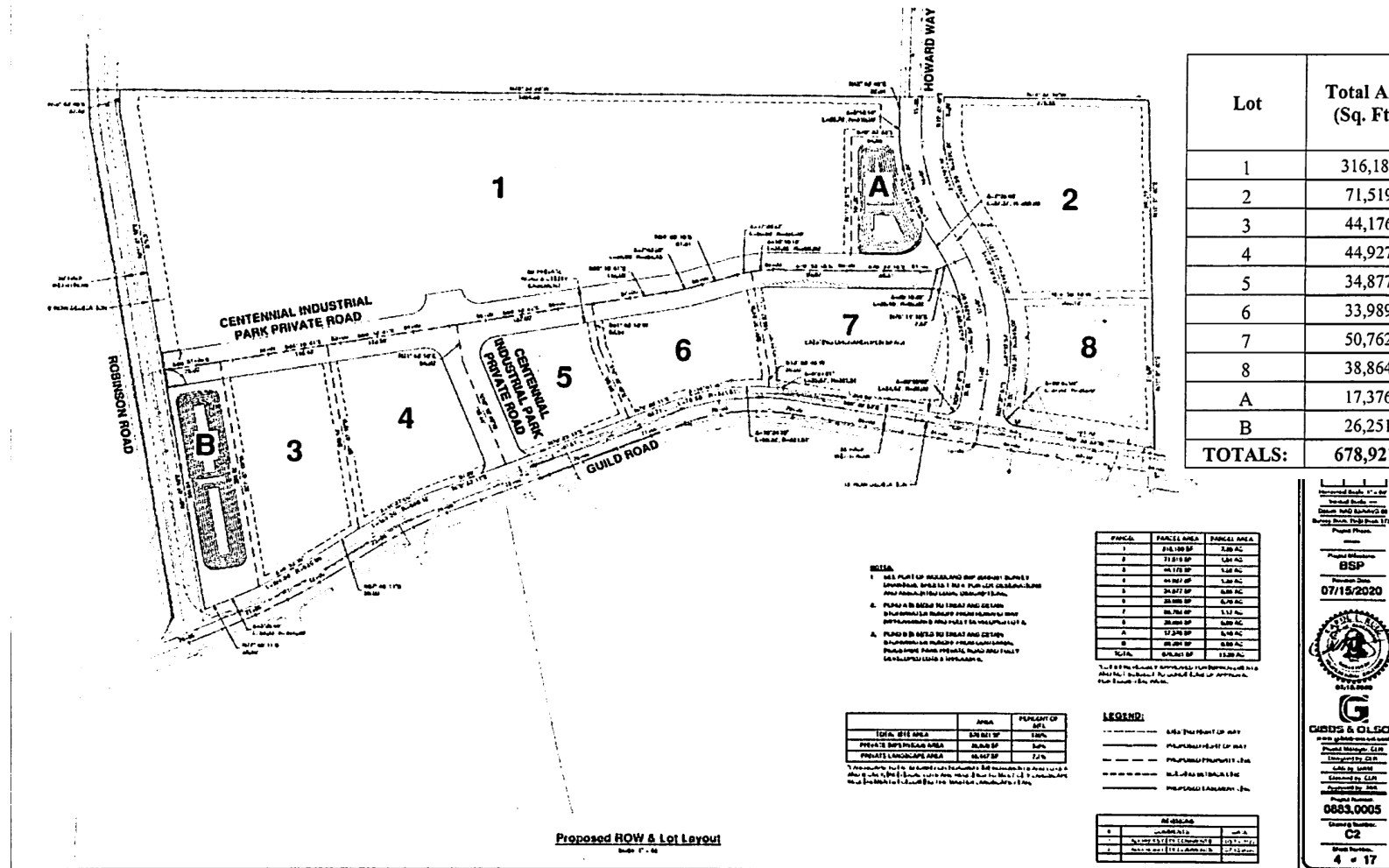
- Created the OA for each park- nonprofit
- Create the tax lots via survey- City/County
- Identified all shared assets and shared expenses of the OA
- Created the Covenants, Conditions, and Restrictions (CCR's) for OA
- Create Bylaws of OA

Once lots were established/sold:

- Held Annual Meeting
- Elected Board members
- Established Budget and dues
- Anchored at the Port but separate operations and finance



What Does an OA Look Like? - JWK



ALLOCATED INTERESTS

Lot	Total Area (Sq. Ft.) ¹	Total Area (Acres) ¹	Common Ownership Interest (%)	Common Expense Liability (%)	Voting Interest
1	316,180	7.26	12.5	49.77%	4
2	71,519	1.64	12.5	11.26%	1
3	44,176	1.02	12.5	6.95%	1
4	44,927	1.03	12.5	7.07%	1
5	34,877	0.8	12.5	5.49%	1
6	33,989	0.78	12.5	5.35%	1
7	50,762	1.17	12.5	7.99%	1
8	38,864	0.89	12.5	6.12%	1
A	17,376	0.4	-	-	-
B	26,251	0.6	-	-	-
TOTALS:	678,921¹	15.59¹	100.000%	100.000%	11

Why Create an Owner's Association? JWK

- Create the Rules for property sales- jobs per acre, type of industry, etc.
- Create the Rules for property appeal- landscaping, design, concerns
- Allow for conditions such as first right of refusal or purchase
- Allow for shared asset management- roads, landscaping, snow removal, capital projects, stormwater, etc.
- Allows for the Port to maintain a sense of ownership/partnership



Run it like you love it! JWK

Build an asset bank:

1. Develop a mission and vision to support real estate
2. Create a portfolio that supports the Port (buildings, land, business lines)
3. Maintain the portfolio (staffing, maintenance, budget)
4. Prepare for capital investments and maintenance

Illustrates :

1. Effective management
2. Allows for leveraging of resources
3. Develops good community capital



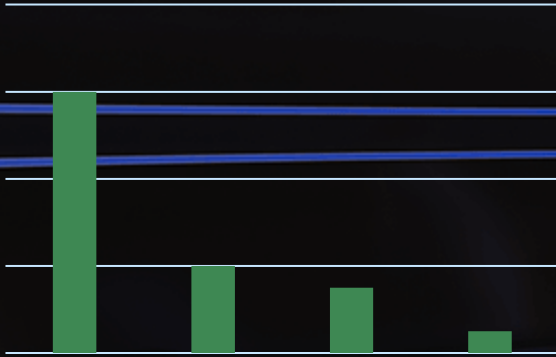
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TYPICALLY, HOW LONG DO YOU HAVE TO PAY BACK A
CONVENTIONAL COMMERCIAL REAL ESTATE LOAN?

10 YEARS

20 YEARS

25 YEARS

30 YEARS

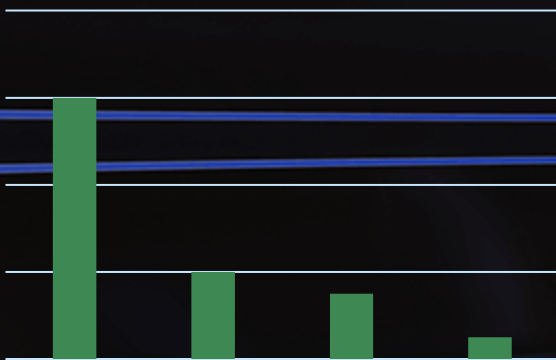
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PORT OF SEATTLE DESCRIBED INDUSTRIAL LANDS AS SIMILAR
TO WHICH ROOM IN YOUR HOME?

GARAGE

BEDROOM

BATHROOM

LAUNDRY ROOM

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WHO SHOULD BE ENSURING PORT OWNED PROPERTIES ARE
LEASING FOR FAIR MARKET VALUE ON MARGIN-BASED
PROJECTS?

COMMISSIONERS

REAL ESTATE DIRECTOR

REAL ESTATE BROKER

ALL OF THE ABOVE

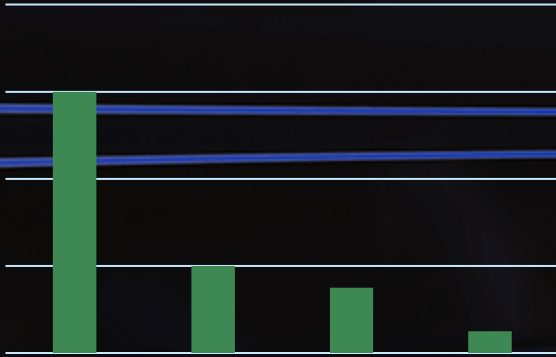
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WHY DO PORTS HAVE HIGHER LABOR COSTS TO MAINTAIN THEIR REAL ESTATE ASSETS?

**BECAUSE THEY ARE REQUIRED TO PAY
PREVAILING WAGES**

**BECAUSE THEY ARE REQUIRED TO HAVE
TWO CONTRACTORS WORK ON EVERY JOB**

BECAUSE THEY ARE INEFFICIENT

**BECAUSE THEY MAKE SWEETHEART DEALS
WITH CONTRACTORS**

File Downloads

Here is a link to the files mentioned today, for download:



Wrap-Up - RM

Group share:

- What do you want to do at your Port based on this presentation?
- What's working and what would you like to explore changing?
- Question and Answer Period



Thank you & Goodbye!

