

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: 2nd Reading: Public Hearing for Des Moines Creek Business Park West: Declaring Tract C surplus, approving Purchase and Sale Agreement and approving Trail Easement

FOR AGENDA OF: September 26, 2024

DEPT. OF ORIGIN: Administration

DATE SUBMITTED: September 17, 2024

ATTACHMENTS:

1. Draft Ordinance 24-030: Declaring Tract C Surplus
2. Draft Purchase and Sale Agreement
3. Appraisal
4. Appraisal Review
5. Trail Easement
6. Port of Seattle - Letter in support

CLEARANCES:

- City Clerk _____
- Communications _____
- Community Development /s/ DH
- Courts _____
- Emergency Management _____
- Finance MH
- Human Resources _____
- Legal /s/ MH
- Marina _____
- Police _____
- Parks, Recreation & Senior Services _____
- Public Works MPS

APPROVED BY CITY MANAGER

FOR SUBMITTAL: [Signature]

Purpose and Recommendation:

The purpose of this agenda item is to continue the public hearing held on September 12 to consider the surplus of City property commonly referred to as “Tract C” located within the Des Moines Creek Business Park West, as well as to approve the Purchase and Sale Agreement and accept a Trail Easement.

Motions:

Motion 1: “I move to enact Draft Ordinance 24-030 declaring surplus to City needs Tract C located within the Des Moines Creek Business Park West, and authorize the City Manager to execute the documents necessary for the sale of the property to the Port of Seattle for fair market value.”

Motion 2: “I move to approve the Trail Easement from the Port of Seattle over the Des Moines Creek Business Park West property, and authorize the City Manager to sign the Easement substantially in the form as attached.”

Background

Over the last 15 years, the City has been implementing the vision for the Des Moines Creek Business Park to bring new economic activity, jobs and environmental reclamation to the long vacant parcels owned by the Port of Seattle. This work has included Comprehensive Plan amendments, zoning code updates, development agreements as well as extensive transportation and infrastructure improvements to accommodate the needs of various commercial and industrial businesses that were targeted for a future business park.

The latest section, the Des Moines Creek West phase, adds to this decade plus effort. When completed, the site will include the ability to support an estimated 600+ full-time jobs, sustainable design elements that protect local wetlands, improve the regional trail system, and replace impacted trees by a minimum 3 for 1 ratio. Panattoni Development Company, who was responsible for developing the majority of the existing business park, is also developing this site.

The Council held a public hearing on September 12, 2024 to consider this item. At that hearing, the Council made a motion to continue the public hearing until September 26, 2024 to allow for additional opportunities for public comment.

Discussion:

As a next step in the development process, several actions need to be taken by the City Council. Specifically, the surplus and sale of City owned parcel “Tract C” and the acceptance of the easement to provide a connection between Barnes Creek Trail and the Des Moines Creek Trail.

Tract C Surplus, Purchase and Sale

Tract C (“Parcel”) is a vacant parcel totaling 19,881 SF (aerial photos shown in Attachment 3). The Parcel is located at the intersection of South 216th Street and 20th Avenue South, just west of International Boulevard in the City of Des Moines. The Parcel was originally deeded over to the City of Des Moines from the Port of Seattle at no cost as part of an Interlocal Agreement in 2014 which included several other land swaps due to the development of the Des Moines Creek Business Park immediately to the east of the Parcel. The parcel was originally intended to be developed as a public access to the future business park.

At this time, the Port of Seattle desires to develop this parcel as a private access to be used for safe and easy access for commercial cargo trucks that will be entering and exiting the Des Moines Creek West development site from 20th Ave S. In order to develop the Parcel as a private access route, the Port of Seattle must acquire ownership of the land from the City, which is done through the surplus process.

In order to transfer real property from one government agency to another, a public hearing is required. Notice must be provided according to state law and the property must be conveyed for fair market value.

The Parcel was appraised by Kidder Mathews, using a highest and best use standard, at a value of \$690,000. The City obtained a review appraisal of the Kidder Mathews valuation that confirmed that \$690,000 reflected current market value.

As a note, there are currently no trees on the Tract C parcel and as a result no trees will be impacted by the construction of a private access on Tract C.

Trail Easement

As a condition of the Second Development Agreement between the Port of Seattle and the City approved by the City Council in 2012, the Port is required to construct a 12 foot wide joint use pedestrian and bike pathway within a 24 foot wide tract to provide a connection to the Des Moines Creek Trail in conjunction with this phase of the business park development. This connection will provide access from the Joint Use Access Path via Barnes Creek Trail to the Des Moines Creek Trail, which is part of the Lake to Sound Regional Trail System.

Pursuant to this requirement, the parties have negotiated a draft trail easement (Attachment 5) that contains the requirements of the Development Agreement. The Port, through their developer, will construct the pathway and associated improvements in accordance with the Agreement.

Alternatives:

Council has the option to decline to surplus Tract C. As a result, the City would receive no compensation and the Tract would be developed as a public street, which the City would own and ultimately be responsible for maintaining (not recommended).

The Council could also decline to accept the Trail Easement, however this would result in a gap in the trail and would be contrary to the Council approved Development Agreement (not recommended).

Financial Impact:

By approving the surplus and sale of Tract C, the City would receive a one-time payment of \$690,000, which represents the fair market value of the property. The City would also be relieved of future maintenance costs for the roadway. In addition, the City will receive a fully constructed trail that provides connectivity between the Barnes Creek and the Des Moines Creek Trail.

Recommendations/Conclusion:

Administration recommends that the City Council approve the motions above as written.

DRAFT ORDINANCE NO. 24-030

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON, declaring certain City property commonly referred to as "Tract C" located approximately 100 yards north of the intersection of S 216th Street and 20th Ave South and extending to the east approximately 100 yards in a narrow tract that consists of 20,000 square feet within the City of Des Moines as surplus to the needs of the City and authorizing the sale of this property to the Port of Seattle, subject to the Port's compliance with the requirements set forth herein.

WHEREAS, in April of 2016, the City acquired fee interest in Tract C from the Port of Seattle as a condition of the 2nd Addendum to the Amended & Restated Second Development Agreement for the Des Moines Creek Business Park that required the extension of 20th Ave to provide public access to the site, and

WHEREAS, during the design and permitting process for the Des Moines Creek West Development Project, the decision was made to develop the 20th Ave extension contained in Tract C as a private drive, and

WHEREAS, development of the access road as a private drive would require the Port of Seattle to regain ownership of Tract C in fee simple, and

WHEREAS, developing the access as a private drive would result in the City no longer requiring ownership of the property for roadway purposes, and

WHEREAS, no apparent municipal use exists in private access roads, and

WHEREAS, consultation with utility providers confirmed that there are no existing utilities in Tract C that would require an easement, and

WHEREAS, RCW 39.33.010 specifies, "[t]he state or any municipality or any political subdivision thereof, may sell, transfer, exchange, lease or otherwise dispose of any property, real or personal, or property rights, including but not limited to the title to real property, to the state or any municipality or any political subdivision thereof, or the federal government, on such terms and conditions as may be

mutually agreed upon by the proper authorities of the state and/or the subdivisions concerned," and

WHEREAS, The City of Des Moines and the Port of Seattle are political subdivisions of the State and as such are eligible to transfer and sell properties to each other pursuant to RCW 39.33.010, and

WHEREAS, RCW 39.33.020 requires that the City must hold a public hearing to provide public notice prior to disposing of surplus property having an estimated value greater than fifty thousand dollars, and

WHEREAS, a public hearing was noticed in accordance with state law for September 12, 2024, to be followed by City Council action, and

WHEREAS, the Council conducted a public hearing on September 12, 2024 and provided for public testimony regarding the declaration to surplus public property and the sale of said property to the Port of Seattle, and

WHEREAS, notice of the public hearing was given in accordance with RCW 39.33.020, and

WHEREAS, the public hearing on September 12, 2024 was continued until September 26, 2024 to allow additional time for public input, and

WHEREAS, the Council finds that there is no public need sufficient to maintain City ownership of the property legally described in section 2 of this ordinance and on the map marked Exhibit "A" to this ordinance, and it is in the public interest to surplus this property and sell it to the Port of Seattle for the construction of a private drive, now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1. Findings adopted. Based on the evidence presented, the City Council adopts the following findings of fact:

(1) Tract C, which is the subject of this Ordinance is located approximately 100 yards north of the intersection of S 216th Street and 20th Ave South and extending to the east approximately 100 yards in a narrow tract that consists of 20,000 square feet within the City of Des Moines; and

(2) Tract C was conveyed in fee simple to the City in April of 2016, and the City owns the property subject to any restrictions found in the Statutory Warranty Deed; and

(3) City ownership of Tract C is not necessary for present and future use by public utilities; and

(4) Tract C is surplus and not necessary to the present and future needs of the citizens of the City of Des Moines for transportation purposes; and

(5) It is in the public interest to sell Tract C to allow for the construction of a private access drive by the Port of Seattle; and

(6) The property will be sold for fair market value as determined by a real estate appraisal and appraisal review.

Sec. 2. Surplus and sale of public property. Subject to the requirements set forth in this Ordinance, the following legally described public property and depicted on the attached map (incorporated herein by this reference) entitled Exhibit "A" is declared surplus:

TRACT C OF CITY OF DES MOINES SHORT PLAT NO. LUA2013-0036, RECORDED NOVEMBER 13, 2014 AS RECORDING NO. 20141113900004, RECORDS OF KING COUNTY, WASHINGTON AS AMENDED BY CITY OF DES MOINES SHORT PLAT NO. LUA2013-0036 ALTERATION RECORDED APRIL 26, 2016 AS RECORDING NO. 20160426900009, RECORDS OF KING COUNTY, WASHINGTON.

Sec. 3. Conditions of the surplus. The property declared surplus and eligible for transfer under this Ordinance shall be subject to the following conditions:

(1) The Port of Seattle shall be required to compensate the City of Des Moines the fair market value for purchase of the surplus property legally described in Section 2 of this Ordinance.

(2) All terms of a negotiated Purchase and Sale Agreement shall be met prior to transfer of the property.

Sec. 4. Severability-Construction. If a section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction; such decision shall not affect the validity of the remaining portions of this Ordinance.

Sec. 5. Recordation. The City Clerk shall cause a certified copy of this Ordinance to be recorded in the records of the King County Recorder.

Sec. 6. Effective date. This Ordinance shall take effect and be in full force thirty (30) days after its passage, approval, and publication in accordance with law.

PASSED BY the City Council of the City of Des Moines this _____ day of September, 2024 and signed in authentication thereof this _____ day of September, 2024.

M A Y O R

APPROVED AS TO FORM:

City Attorney

ATTEST:

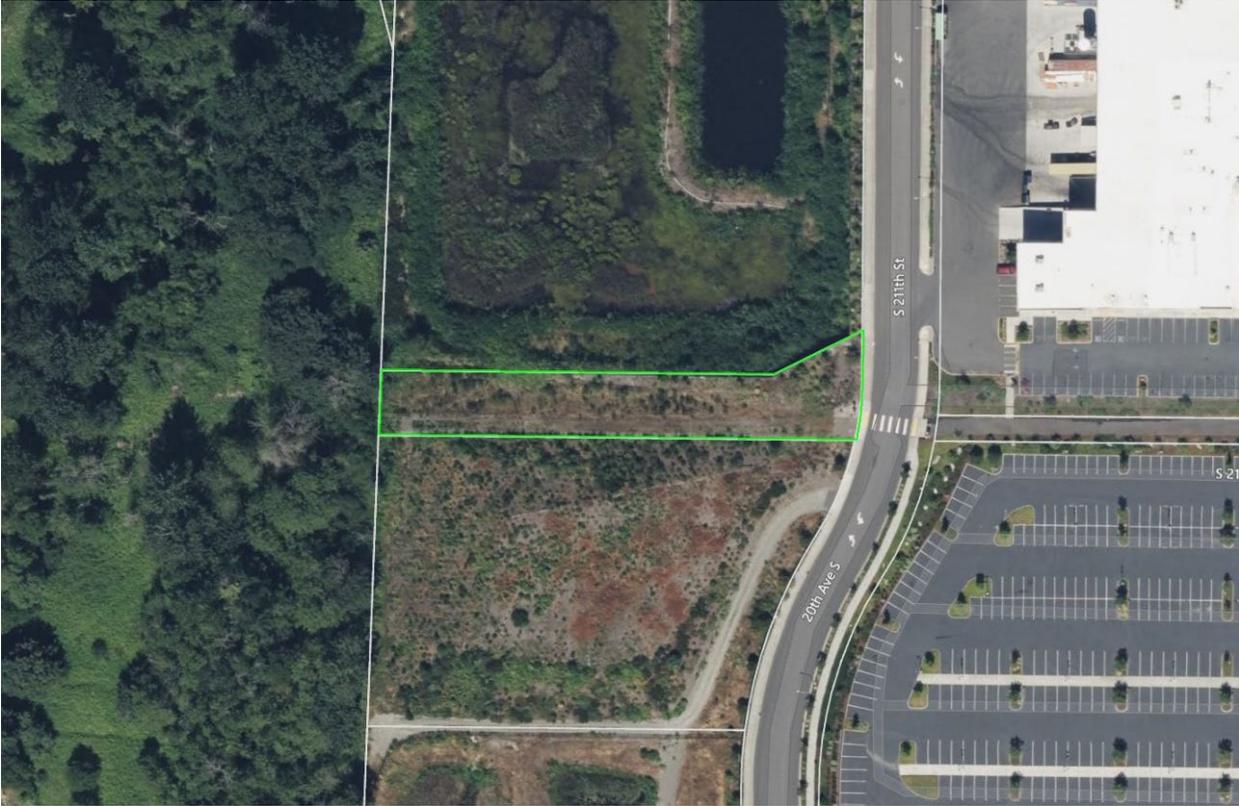
City Clerk

Draft Ordinance No. 24-030
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Effective Date: _____

Published: _____

Exhibit "A"



REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (“Agreement”) is made and entered by and between **the City of Des Moines**, a political subdivision of the State of Washington (the “Seller”) and **the Port of Seattle**, a Washington municipal corporation (the “Buyer”). Seller and Buyer are also referred to herein individually as a “Party” or collectively as “Parties.” This Agreement shall be effective as of the date it has been executed by both Parties (“Effective Date”).

RECITALS

A. Seller is the owner of that certain real property located at [REDACTED], Des Moines, King County, State of Washington, the legal description of which is attached hereto as **EXHIBIT A** (the “Real Property”).

B. Seller desires to sell the Real Property and Buyer desires to purchase the Real Property.

C. Prior to executing this Agreement, the Des Moines City Council determined the Property to be surplus to its need, and approved the sale of the Property to the Buyer on the terms contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the Parties hereto covenant and agree as follows:

ARTICLE 1. PURCHASE AND TRANSFER OF ASSETS

1.1. PROPERTY TO BE SOLD. Seller shall sell and convey to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy and accept from Seller on the Closing Date the following assets and properties:

1.1.1. all of Seller’s right, title and interest in the Real Property as legally described in **EXHIBIT A**;

1.1.2. all of Seller’s right, title and interest in improvements and structures located on the Real Property, if any; ;

1.1.3. all of Seller’s easements and other rights that are appurtenant to the Real Property including but not limited to, Seller’s right, title, and interest in and to streets, alleys or other public ways adjacent to the Real Property, sewers and service drainage easements, rights of connection to the sewers, rights of ingress and egress, licenses, government approvals and permits affecting the Real Property, and all Seller’s right, title and interest in and to any plans, drawings, surveys, and warranty right related to the Real Property.

Hereinafter, the items listed in Section 1.1 are collectively referred to as the “Property.”

ARTICLE 2. PURCHASE PRICE

2.1. PURCHASE PRICE AND PAYMENT. In consideration of the conveyance of the Property, Buyer shall, in full payment therefore, pay in cash to Seller on the Closing Date a total purchase price of six hundred and ninety thousand 00/100 dollars (\$690,000) (the “Purchase Price”).

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES AND CONDITION OF PROPERTY

3.1. WARRANTIES AND REPRESENTATIONS OF SELLER. As of the date hereof and as of the Closing Date, Seller represents and warrants as follows:

3.1.1. ORGANIZATION. The Seller is a political subdivision of the State of Washington, duly organized, validly existing and in good standing under the laws of the State of Washington.

3.1.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision of the state of Washington, and (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller’s City Council. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms herein.

3.1.3. NO BROKER. No broker, finder, agent or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker’s, finder’s or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding to act for or on behalf of Seller.

3.1.4. NO LITIGATION. There is no pending, or to Seller’s knowledge, threatened claim, lawsuit, litigation, arbitration, investigation or other proceeding pertaining to the Property or any part thereof. There is no pending or, to the best of Seller’s knowledge, threatened condemnation or similar proceeding pertaining to the Property or any part thereof.

3.1.5. NO VIOLATIONS. No governmental entity with jurisdiction or other person or entity has asserted, or to Seller’s knowledge, has threatened to assert that the Property or any part thereof is in violation of any applicable legal requirement.

3.1.6. CONDITION OF PROPERTY. During Seller's ownership of the Property, and to Seller's knowledge before Seller's ownership of the Property, (i) there has been no generation, treatment, storage, transfer, disposal or release of Hazardous Substances, as defined in Section 3.2.4 of this Agreement, on, in, under or emanating from the Property; and (ii) there are or have been no underground storage tanks on the Property and no underground storage tanks have been removed from the Property. To Seller's knowledge there are no facts that would lead it to believe that there are any Hazardous Substances on, in, under or emanating from the Property. To Seller's knowledge there are no concealed material defects in the Property.

3.1.7. NO CONTRACTS. Except for the Permitted Exceptions (defined below), there are no contracts, agreements or other arrangements under which Seller is obligated to sell, exchange, transfer, lease, rent or allow the use of the Property or any part thereof now or in the future, or under which any person or entity has the right to possess or occupy the Property or any part thereof now or in the future.

3.1.8. FUTURE AGREEMENTS. From and after the Effective Date unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Buyer:

- (a) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way; or
- (b) sell, dispose of or encumber any portion of the Property.

3.1.9. MAINTENANCE OF PROPERTY. Seller shall continue to maintain the Property in its current condition, normal wear and tear excepted, and in compliance with all applicable laws and to pay all costs of the Property between the Effective Date and Closing.

3.1.10. FOREIGN PERSON. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended and shall deliver to Buyer prior to the Closing an affidavit, as set forth in **EXHIBIT C**, evidencing such fact, and such other documents as may be required under the Code.

3.2. REPRESENTATIONS AND WARRANTIES OF BUYER. As of the date hereof and as of the Closing Date, Buyer represents and warrants as follows:

3.2.1. ORGANIZATION. Buyer is a Washington municipal corporation, duly organized, validly existing and in good standing under the laws of the State of Washington.

3.2.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY. The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a Washington municipal corporation, and (ii) , has been duly authorized by all necessary action of the Buyer's governing authority, the Port of Seattle Commission. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof.

3.2.3. NO BROKER. No broker, finder, agent or similar intermediary has acted

for or on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding to act for or on behalf of Buyer.

3.2.4. CONDITION OF PROPERTY. Buyer acknowledges that, it has conducted a physical inspection and made all investigations Buyer deems necessary in connection with its purchase of the Property. Except to the extent of Seller's representations and warranties in Section 3.1, Buyer will be deemed to have approved the physical condition of the Property and agrees to accept and purchase the Property "AS IS, WHERE IS", including, without limitation, the existence or non-existence of Hazardous Substances on, in, under or emanating from the Property. For the purposes of this Agreement, the term "Hazardous Substance" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law, and the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington Water Pollution Control Act, RCW ch. 90.48, and any laws concerning above ground or underground storage tanks. Nothing herein shall be deemed or construed to constitute a waiver by Buyer of any right of contribution under any Environmental Law.

3.3. RISK OF LOSS. Until the Closing, the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to include any property damage occurring as a result of an "Act of God," including, but not limited to, fire, earthquakes, tremors, wind, rain or other natural occurrences ("Casualty"). If the Property is destroyed or damaged by Casualty prior to Closing Buyer may terminate this Agreement, or alternatively, Buyer may elect to proceed with Closing, in which case Seller shall assign to Buyer all claims and right to proceeds under Seller's property insurance policy and shall credit to Buyer at Closing the amount of any deductible provided for in the property insurance policy. Buyer shall make its election under this Section 3.3 by written notice to Seller within fifteen (15) business days from Buyer learning of a Casualty and the Closing Date will be extended for the period of time necessary to allow Buyer to make its election.

ARTICLE 4. TITLE MATTERS

4.1. CONVEYANCE. Seller shall convey to Buyer the title to the Property by Bargain and Sale Deed in substantially the form attached hereto as **EXHIBIT B**, subject only to the Permitted Exceptions (as defined below), the lien of current real property taxes, fees and/or charges not yet due and payable, rights reserved in federal patents or state deeds, and building or use restrictions

general to the governing jurisdiction.

4.2. TITLE COMMITMENT. Buyer has obtained and provided to Seller a preliminary commitment for an owner's extended coverage policy of title insurance (the "Title Commitment") issued by [REDACTED] (the "Title Company"), describing the Property, listing Buyer as the prospective named insured and showing as the policy amount the total Purchase Price for the Property.

4.3. REVIEW OF TITLE COMMITMENT. Buyer and Seller have already agreed upon a set of exceptions or other items that are set forth in the Title Commitment or Survey and to which Buyer does not object, which shall be deemed to be permitted exceptions ("Permitted Exceptions"). The Permitted Exceptions are set forth in **EXHIBIT B**

4.4. OWNER'S TITLE INSURANCE POLICY. At the Closing, Buyer shall cause an owner's policy of standard coverage title insurance to be issued by the Title Company in the full amount of the purchase price, effective as of the Closing Date, insuring Buyer that the fee simple title to the Property is vested in Buyer, subject only to the Permitted Exceptions, the lien of current real property taxes, fees and/or charges not yet due and payable, rights reserved in federal patents or state deeds, and building or use restrictions general to the governing jurisdiction ("Title Policy"). The obligation of Buyer to provide the Title Policy called for herein shall be satisfied if, at the Closing, the Title Company has given a binding commitment, in a form reasonably satisfactory to Buyer, to issue the policy in the form required by this Section.

ARTICLE 5. CONTINGENCIES

5.1. PROJECT ENTITLEMENT CONTINGENCY. Buyer is the owner of tax parcels adjacent to the Property which are subject to a ground lease between Buyer and a developer tenant, PDC, Seattle LPIV BB/TH, LLC ("Panattoni"). Panattoni has submitted a master plan application to seller and has a Title 16 variance application pending with Seller to develop and construct a project on Buyer's adjacent tax parcels. Buyer's performance under this Agreement shall be contingent on Panattoni receiving all necessary entitlements for its project from Seller, including approval of the variance for the project. This "Project Entitlement Contingency" shall be considered satisfied when the following events have all occurred: (i) approval by Seller of Panattoni's Master Plan for the project; (ii) Seller's issuance of a clearing and grading permit to Panattoni for its project; (iii) approval of Panattoni's Title 16 Variance for the project; and (iv) the passage of sixty (60) days following Panattoni's receipt of a SEPA determination from Seller and issuance of the Master Plan, or alternately, the passage of twenty-one (21) days following Panattoni's receipt of Seller's SEPA determination if no appeals are filed during the relevant appeal period. If the Project Entitlement Contingency has not been satisfied by June 1, 2025, this Agreement shall automatically terminate, and the Parties shall have no further obligations hereunder.

5.2. RIGHT OF ENTRY. Throughout the term of this Agreement, Buyer and Buyer's designated representatives or agents shall have the right and Seller hereby grants to Buyer

Panattoni and Buyer's and Panattoni's designated representatives the right to enter the Property and conduct tests, investigations and studies upon 24 hours advance verbal or email notice; provided that such right of entry will be limited to those times and dates that will not disrupt Seller's use of, or Seller's operations and activities on the Property. Invasive tests of the Property, such as drilling or excavation shall be subject to Seller's prior written approval. Buyer will not be permitted to undertake activities that damage the Property. In connection with any such inspections and tests, Buyer agrees to hold harmless, indemnify and defend Seller, its officers, agents and employees, from and against all claims, losses, or liability for injuries, sickness or death of persons, including employees of Buyer ("Claims") caused by or arising out of any act, error or omission of Buyer, its officers, agents, contractors, subcontractors or employees in entering the Property for the above purposes, except to the extent the Claims are caused by or arise out of any act, error or omission of Seller, its officers, agents and employees. The indemnification provisions in this Section 5.1.4 are specifically and expressly intended to constitute a waiver of the Buyer's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the Seller only, and only to the extent necessary to provide the Seller with a full and complete indemnity of claims made by the Buyer's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon.

ARTICLE 6. COVENANTS OF SELLER PENDING CLOSING

6.1. CONDUCT, NOTICE OF CHANGE. Seller covenants that between the Effective Date and the Closing Seller shall take all such actions as may be necessary to assure that the representations and warranties set forth in Section 3.1 hereof will be true and complete as of the Closing (except such representations, warranties and matters which relate solely to an earlier date), and all covenants of Seller set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided for in this Agreement. Seller shall give Buyer prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing.

6.2 EXCLUSIVITY. Between the Effective Date and the Closing or earlier termination of this Agreement, Seller shall not market the Property, make or accept any offers to sell, refinance, or recapitalize the Property, or otherwise solicit any offers to purchase, or enter into any agreement for the sale, refinancing or recapitalization of the Property.

ARTICLE 7. COVENANTS OF BUYER PENDING CLOSING

7.1. CONDUCT, NOTICE OF CHANGE. Buyer covenants that between the Effective Date and the Closing Buyer shall take all such actions as may be necessary to assure that the representations and warranties set forth in Section 3.2 hereof will be true and complete as of the Closing (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of Buyer set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided in this

Agreement. Buyer shall give Seller prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing.

ARTICLE 8. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of Buyer to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Seller shall exert its best efforts to cause each such condition to be fulfilled:

8.1. DELIVERY OF DOCUMENTS. Seller shall have delivered to Buyer at or prior to the Closing all documents required by the terms of this Agreement to be delivered to Buyer.

8.2. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Seller at or before the Closing shall have been properly performed in all material respects.

8.3. TITLE. Title Company shall be irrevocably committed to issue the Title Policy as required by Section 4.4 of this Agreement.

8.4. CONDEMNATION. No portion of the Property shall have been taken or damaged by any public or quasi-public body, and Seller shall not have transferred any portion of the Property to any such body in lieu of condemnation.

ARTICLE 9. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of Seller to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Buyer shall exert its best efforts to cause each such condition to be so fulfilled:

9.1. DELIVERY OF DOCUMENTS. Buyer shall have delivered to Seller at or prior to Closing all documents required by the terms of this Agreement to be delivered to Seller.

9.2. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Buyer at or before the Closing shall have been properly performed in all material respects.

ARTICLE 10. CLOSING

10.1. CLOSING/CLOSING DATE. The Closing shall take place within twenty (20) business days following the removal of all the contingencies in Article 5 of this Agreement or such other date as may be mutually agreed upon by the Parties ("Closing Date"). On or before the Effective Date, the Parties shall set up an escrow account with the Escrow Agent. The Escrow Agent shall serve as closing agent for the transaction contemplated herein and Closing shall occur in the offices

of the Escrow Agent at [REDACTED], Washington.

10.2. PRORATIONS AND MONETARY LIENS.

10.2.1. Prorations. Real property taxes and assessments shall be prorated as of the Closing Date. Seller shall pay the cost of one-half (½) of the escrow fee charged by the Escrow Agent, the recording fees for the deed, any real estate excise or other transfer tax due, and its own attorneys' fees. Buyer shall pay one-half (½) of the escrow fee charged by the Escrow Agent, the costs of the preliminary and binding Title Commitments and the premium for the Title Policy and its own attorneys' fees. Except as otherwise provided in this Section 10.2, all other expenses hereunder shall be paid by the Party incurring such expenses.

10.2.2. Taxes. Buyer is exempt by law from the payment of real property ad valorem taxes, LIDs and assessments ("Taxes") on the Property. Seller is and remains liable for the payment of such Taxes up to the Closing Date and any payments of Taxes unpaid on the Closing Date will be paid from Seller's proceeds by the Escrow Agent on the Closing Date.

10.2.3. Monetary Liens. Except as otherwise expressly provided to the contrary in this Agreement, Seller shall pay or cause to be satisfied at or before Closing all monetary liens on or with respect to all or any portion of the Property. If Seller fails to satisfy said liens, the Purchase Price shall be reduced by the amounts due to satisfy and discharge the liens.

10.3. SELLER'S DELIVERY OF DOCUMENTS AT CLOSING. At the Closing, Seller will deliver to Buyer via escrow with the Escrow Agent the following properly executed documents:

10.3.1. A Bargain and Sale Deed conveying the Property substantially in the form of **EXHIBIT B** attached hereto;

10.3.3. A seller's certificate of non-foreign status substantially in the form of **EXHIBIT C**, attached hereto.

10.4. BUYER'S DELIVERY OF PURCHASE PRICE AT CLOSING. At the Closing, Buyer will deliver to Seller via escrow with the Escrow Agent cash or immediately available funds in the amount of the Purchase Price.

ARTICLE 11. MISCELLANEOUS PROVISIONS

11.1. NON-MERGER. Each statement, representation, warranty, indemnity, covenant, agreement and provision in this Agreement shall not merge in, but shall survive the Closing of the transaction contemplated by this Agreement unless a different time period is expressly provided for in this Agreement.

11.2. DEFAULT AND ATTORNEYS' FEES.

11.2.1. DEFAULT BY BUYER. In the event Closing does not occur due to default by Buyer, Seller shall have the right to bring an action for specific performance, damages and any other remedies available at law or in equity. In seeking any equitable remedies, Seller shall not be

required to prove or establish that Seller does not have an adequate remedy at law. Buyer hereby waives the requirement of any such proof and acknowledges that Seller would not have an adequate remedy at law for Buyer's breach of this Agreement.

11.2.2. DEFAULT BY SELLER. In the event Closing does not occur due to default of Seller, Buyer shall have the right to bring an action for specific performance, damages and any other remedies available at law or in equity. In seeking any equitable remedies, Buyer shall not be required to prove or establish that Buyer does not have an adequate remedy at law. Seller hereby waives the requirement of any such proof and acknowledges that Buyer would not have an adequate remedy at law for Seller's breach of this Agreement.

11.2.3. ATTORNEY'S FEES. In any action to enforce this Agreement, each Party shall bear its own attorney's fees and costs.

11.3. TIME.

11.3.1. TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

11.3.2. COMPUTATION OF TIME. Any reference to "day" in this Agreement shall refer to a calendar day, which is every day of the year. Any reference to business day in this Agreement shall mean any calendar day that is not a "Legal Holiday." A Legal Holiday under this Agreement is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050. Any period of time in this Agreement shall mean Pacific Time and shall begin the calendar day or business day, as the case may be, after the event starting the period and shall expire at 5:00 p.m. of the last calendar day or business day, as the case may be, of the specified period of time, unless with regard to calendar days the last day is a Legal Holiday, in which case the specified period of time shall expire on the next day that is not a Legal Holiday.

11.4. NOTICES. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier. All notices shall be addressed to the Parties at the addresses set forth below or at such other addresses as a Party may specify by notice to the other Party and given as provided herein:

If to Buyer:

Email

If to Seller:

11.5. ENTIRE AGREEMENT AND AMENDMENT. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all Parties.

11.6. SEVERABILITY. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

11.7. WAIVER. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

11.8. BINDING EFFECT. Subject to Section 11.14 below, this Agreement shall be binding upon and inure to the benefit of each Party, its successors and assigns.

11.9. LEGAL RELATIONSHIP. The Parties to this Agreement execute and implement this Agreement solely as Seller and Buyer. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

11.10. CAPTIONS. The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

11.11. COOPERATION. Prior to and after Closing the Parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other Party in order to carry out the provisions and purposes of this Agreement.

11.12. GOVERNING LAW AND VENUE. This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions. In the event that either Party shall bring a lawsuit related to or arising out of this Agreement, the Superior Court of King County, Washington shall have exclusive jurisdiction and venue.

11.13. NO THIRD PARTY BENEFICIARIES. This Agreement is made only to and for the benefit of the Parties, and shall not create any rights in any other person or entity.

11.14. ASSIGNMENT. Buyer shall not assign this Agreement or any rights hereunder without Seller's prior written consent.

11.15. NEGOTIATION AND CONSTRUCTION. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the Parties, and shall not be

construed as if it has been prepared by one of the Parties, but rather as if both Parties had jointly prepared it. The language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either Party. The Parties acknowledge and represent, as an express term of this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement. Each Party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review of this Agreement.

11.16. COUNTERPARTS. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it additional signature pages.

11.17. EXHIBITS. The following exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

EXHIBIT A	Legal Description
EXHIBIT B	Bargain and Sale Deed
EXHIBIT C	Certificate of Non-Foreign Status

[SIGNATURES ON THE NEXT PAGE]

EXECUTED on the dates set forth below.

SELLER: City of Des Moines

BUYER: Port of Seattle

By: _____

By: _____

Name: _____

Name:

Title: _____

Title:

Date: _____

Date: _____

EXHIBIT A.

LEGAL DESCRIPTION



EXHIBIT B.

BARGAIN AND SALE DEED

AFTER RECORDING RETURN TO:

[Redacted]

ATTN: [Redacted]

BARGAIN AND SALEDEED

Grantor -- King County, Washington

Grantee -- [Redacted]

Legal ---- [Redacted]

Tax Acct. - [Redacted]

The Grantor, the City of Des Moines, a political subdivision of the State of Washington, for and in consideration of mutual benefits, does hereby bargain, sell and convey unto the Grantee, the Port of Seattle, a Washington municipal corporation, the following the real property situate in King County, Washington and described in EXHIBIT A, attached hereto and incorporated herein by this reference, subject to the permitted exceptions set forth in EXHIBIT B.

GRANTOR

GRANTEE

[Redacted]

BY: _____

BY: _____

TITLE:

TITLE:

DATE: _____

DATE: _____

NOTARY BLOCKS APPEAR ON NEXT PAGE

NOTARY BLOCK FOR PORT OF SEATTLE

STATE OF WASHINGTON)

) SS

COUNTY OF KING)

On this _____ day of _____, 2024, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____, who executed the foregoing instrument and acknowledged to me that SHE or HE was authorized to execute said instrument on behalf of the _____ for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing

at _____

City and State

My appointment expires _____

NOTARY BLOCK FOR CITY OF DES MOINES

STATE OF WASHINGTON)

) SS

COUNTY OF KING)

On this _____ day of _____, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared GAIL HOUSER, to me known to be the _____, and who executed the foregoing instrument and acknowledged to me that SHE was authorized to execute said instrument on behalf of _____ for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing

at _____

City and State

My appointment expires _____

EXHIBIT C.

**Seller's Certification of Non-Foreign Status under
Foreign Investment in Real Property Tax Act (26 U.S.C. 1445)**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____ ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii);
3. Transferor's U.S. employer identification number is _____;
4. Transferor's office address is _____.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated this ____ day of _____, 2024.

City of Des Moines, Transferor:

By: _____
Name: _____
Title: _____



Appraisal Report

Tract C | Des Moines, WA

as of February 25, 2024



Prepared for

Mr. Daniel Alhadeff
Port of Seattle

Prepared by

David Chudzik, Ph.D., MAI, CRE

Jane Manke

KM Job A24-0192

Kidder Mathews

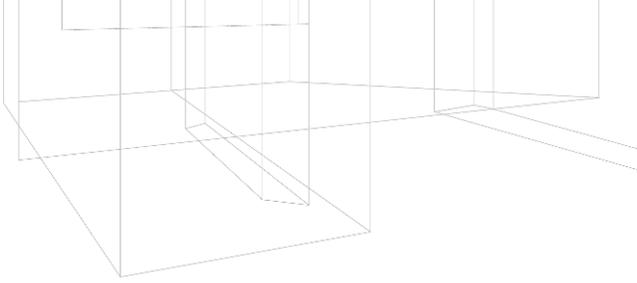
Valuation Advisory Services

601 Union Street, Suite 4720
Seattle, WA 98101

206.205.0222 | Fax 206.205.0220

david.chudzik@kidder.com

jane.manke@kidder.com



February 28, 2024

Mr. Daniel Alhadeff
Port of Seattle
P.O. Box 68727
Seattle, WA 98168

RE: Tract C
XX 20th Ave S
Des Moines, WA 98198

Dear Mr. Alhadeff:

At your request, we have prepared an appraisal of the above-referenced property, which is fully described in the attached report. The subject is 0.45 acres of land in Des Moines, WA. We have inspected the subject property and obtained data regarding similar real estate in the area. This appraisal provides a market value estimate for the subject property.

This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP). In addition, our services comply with and are subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The intended use of this appraisal is for use by the Port of Seattle to aid in internal decision-making purposes in relation to a potential acquisition of the subject property.

As a result of our investigation and analysis, we have concluded on the following fee simple market value, subject to the limiting conditions and assumptions contained herein:

Fee Simple Market Value, as of February 25, 2024 \$690,000

Respectfully submitted,

David Chudzik, Ph.D., MAI, CRE
State-Certified General Real Estate Appraiser
#11102099


Jane Manke
State-Registered Appraiser Trainee
Appraiser #1002120

DMC-JGM/sh



Certification

We certify that, to the best of our knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) Jane Manke made a personal inspection of the property that is the subject of this report.
- 9) We have provided not professional appraisal or consulting services concerning the subject property in the past three years.
- 10) No one provided significant real property appraisal assistance to the persons signing this certification.
- 11) The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13) As of the date of this report David Chudzik, Ph.D., MAI, CRE has completed the program for Designated Members of the Appraisal Institute and Jane Manke, Practicing Affiliate, has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Practicing Affiliates.

David Chudzik, Ph.D., MAI, CRE
State-Certified General Real Estate
Appraiser #11102099

Jane Manke
State-Registered Appraiser Trainee
Appraiser #1002120



Limiting Conditions

Limiting conditions specific to this appraisal are:

- 1) Physical dimensions for the property were taken from public records or from information provided, and the appraisers assume no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.
- 2) We are assuming that there are no hidden or unapparent conditions of the property, subsoil, or structures (including asbestos, soil contamination, or unknown environmental factors) that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.
- 3) No responsibility is assumed for the legal description or for matters including legal or title considerations.
- 4) The information identified in this report as being furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 5) The appraisers are not required to give testimony or attendance in court by reason of this appraisal unless arrangements have previously been made.
- 6) The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately in conjunction with any other appraisal.
- 7) Valuation Advisory Services is a subsidiary of Kidder Mathews, a full service commercial real estate brokerage firm. On occasion, employees or agents of the firm have interests in the property being appraised. When present, interests have been disclosed, and the report has been made absent of any influence from these parties.

RESTRICTION UPON DISCLOSURE & USE:

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraisers. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraisers.



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ADDENDUM

 Appraisers' Experience Data



Summary of Appraisal



Summary of Appraisal

Identity of Property Tract C
XX 20th Ave S
Des Moines, WA 98198

Property Description The subject is 0.45 acres of land in Des Moines, WA. The subject is comprised of a single tax parcel with an irregular narrow shape and moderately sloping topography. Access and exposure are by 20th Ave S. Zoning is Business Park, B-P, by the City of Des Moines.

Scope This is a complete scope appraisal presented in a narrative approach. All appropriate steps were taken to provide a fully reliable and credible appraisal of the subject. This appraisal utilizes the Across the Fence (or ATF) value which estimates sale price based on the unit prices of sales of land similar to that adjoining the subject. A detailed scope of the appraisal is included in the following Introduction section.

Intended Use & Intended User The intended use of this assessment is for internal decision-making purposes in relation to a potential acquisition of the subject property by the Port of Seattle.

Property Rights Appraised Fee Simple

Extraordinary Assumptions None

Hypothetical Conditions None

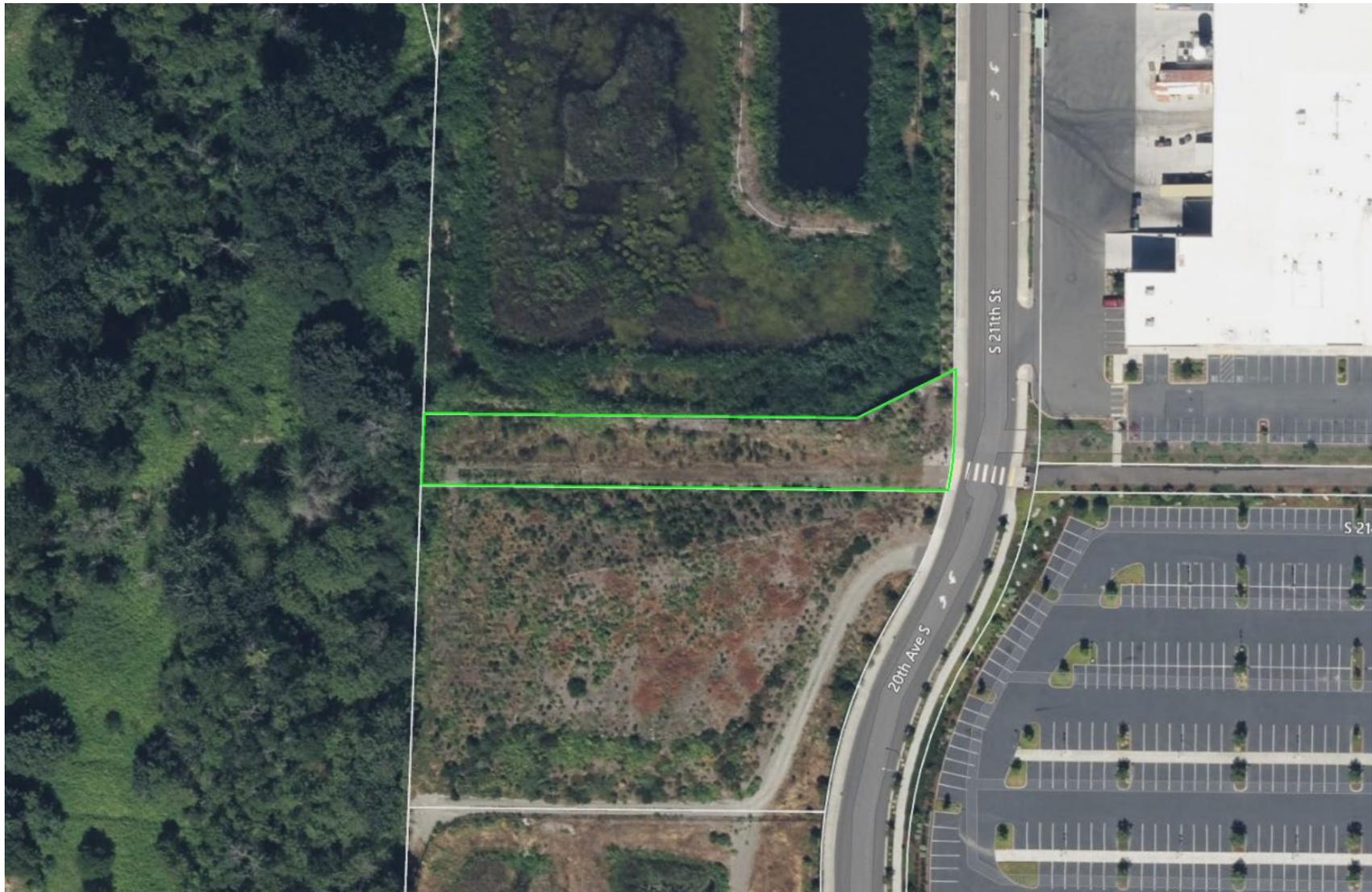
Existing Lease Encumbrances None

Highest & Best Use **As Vacant**
Assemblage with neighboring parcel(s) for industrial development.

Approaches to Value & Final Value		As of
		February 25, 2024
Conclusion	Sales Comparison Approach	\$690,000
	Market Value	\$690,000



Date of Report	February 28, 2024
Date of Last Inspection	February 25, 2024
Effective Date of Appraisal	February 25, 2024
Exposure Time	Three to six months
Marketing Time	Three to six months



Aerial Photograph (North is Up, Boundaries are Approximate)

Subject Photographs

View from 20th Ave S, facing west



East end of the site, facing east towards 20th Ave S



East end of the site, facing northeast



Subject Photographs

North end of the site, facing northwest



View from the center of the site, facing east. There is a rough gravel road along the south parcel boundary



West end of the site



Subject Photographs

View facing west



View of the retaining wall along the north parcel boundary





Introduction



Introduction

Property Description The subject is 0.45 acres of land known as Tract C in Des Moines, WA. The subject is comprised of a single tax parcel with an irregular narrow shape. It has moderate topography with a downward slope to the north and west. Access and exposure are by 20th Ave S. Zoning is Business Park, B-P, by the City of Des Moines. The size and shape of the parcel will significantly limit its utility as a standalone development site.

ADDRESS XX 20th Ave S
Des Moines, WA 98198

**ASSESSOR'S TAX
PARCEL NUMBER** 092204-9418

LEGAL DESCRIPTION The subject's abbreviated legal description follows according to the title report provided:

TRACT C OF CITY OF DES MOINES SHORT PLAT NO. LUA2013-0036, RECORDED NOVEMBER 13, 2014 AS RECORDING NO. 20141113900004, RECORDS OF KING COUNTY, WASHINGTON AS AMENDED BY CITY OF DES MOINES SHORT PLAT NO. LUA2013-0036 ALTERATION RECORDED APRIL 26, 2016 AS RECORDING NO. 20160426900009, RECORDS OF KING COUNTY, WASHINGTON.

Ownership History According to the title report provided, ownership in the subject parcel is vested in the City of Des Moines. Over the past three years, there have been no known sales of the subject property. The owner is considering selling the subject to the Port of Seattle.

Property Rights Appraised This is an appraisal of the fee simple estate. The definition of "fee simple estate" is as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Source: The Dictionary of Real Estate Appraisal, Seventh Edition. Chicago: Appraisal Institute, 2022.



Purpose of Appraisal

The purpose of this appraisal is to estimate the market value of the subject property. The term “Market Value” is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to the buyer under conditions whereby:

- a. the buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [h].

Scope of Appraisal

This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by the Appraisal Foundation. In this report, we have estimated the market value of the subject real estate as of February 25, 2024. It is presented as a comprehensive appraisal report. A copy of the written instructions adhered to in the preparation of this report is contained in the Addendum. In this report, the Sales Comparison is used as this is the only relevant approach for land. The Cost and Income Capitalization Approaches are not relevant and are not used.

- The subject was inspected on February 25, 2024.
- The research included both general and specific data. Sources of general data included in the market trends and neighborhood description are obtained from various sources that include Kidder Mathews field investigation, as well as information from various organizations and governmental resources.



- Specific data concerning the subject was obtained from various sources, including King County (assessed values and real estate taxes), the City of Des Moines (zoning), and the client (property information).
- This appraisal utilizes the Across the Fence (or ATF) value which estimates sale price based on the unit prices of sales of land similar to that adjoining the subject. The ATF method is based on the principle of substitution. In theory, a corridor, or segment of a corridor, is divided down the centerline and each half is “joined” to the adjacent parcel and the adjacent parcel’s highest and best use. Sales data is gathered that reflects the highest and best use of typical adjacent properties. The underlying assumption of this method is that land in the transportation corridor is equal to the value of adjoining lands.
- In the Sales Comparison Approach, sales were researched of properties in the surrounding areas with a similar highest and best use as the subject. All the sales data were confirmed with a party involved in the transaction and/or through private sources or public records.

Extraordinary Assumptions

None

Hypothetical Conditions

None

Intended Use & Intended User

The intended use of this assessment is for internal decision-making purposes in relation to a potential acquisition of the subject property by the Port of Seattle.

Date of Report

February 28, 2024

Date of Last Inspection

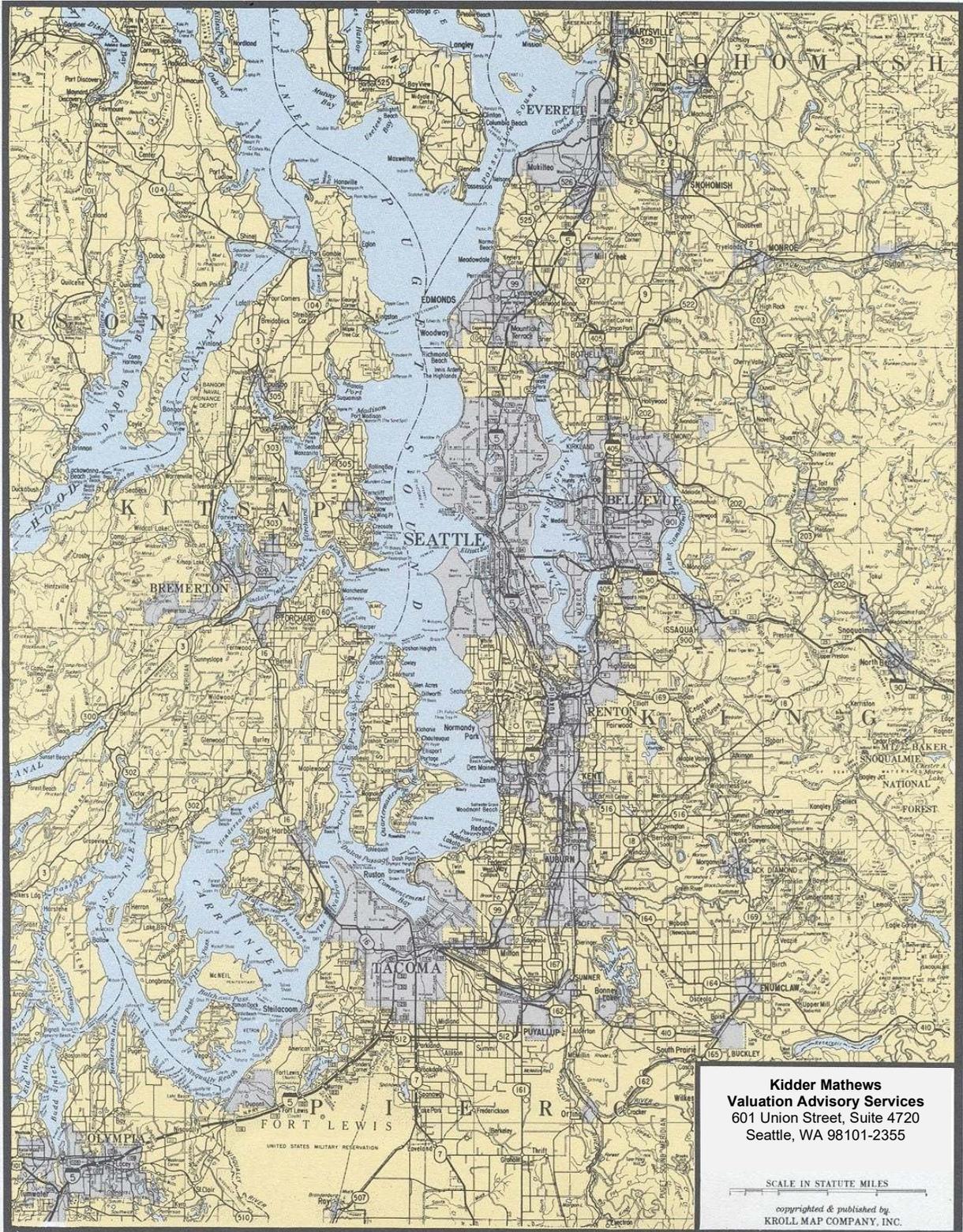
February 25, 2024

Effective Dates of Appraisal

February 25, 2024



Market Overview



Regional Map



Regional Overview

Introduction The Puget Sound region comprises King, Kitsap, Pierce, Snohomish, and Thurston Counties. King County has the largest population and employment base with growth in technology driven by Amazon, Microsoft, Facebook, and Google. King County has the region’s largest airport, largest university, and the second largest port. Snohomish County includes Boeing’s largest manufacturing facility but has downsized and a Navy Homeport in Everett. Pierce County includes the region’s largest port and its largest military base. Kitsap County has significant military bases. Thurston County has significant government employment.

Regional Overview The Puget Sound region has been one of the best performing areas in the nation. Even with employment decline in 2020, the regional employment growth was nearly 448,000 jobs in the last ten years, an average of 2.3% per year, outpacing population growth.

Regional and National Economic Indicators	Forecast										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Change											
Puget Sound Region											
Employment	3.1%	3.2%	2.4%	2.3%	2.3%	-5.0%	1.6%	4.3%	1.4%	-0.1%	1.4%
Personal Income	5.9%	4.7%	5.6%	6.1%	4.5%	5.8%	8.5%	2.1%	5.1%	5.0%	7.4%
Consumer Price Index	1.4%	2.2%	3.0%	3.2%	2.6%	1.7%	4.7%	8.9%	5.3%	2.5%	2.1%
Housing Permits	23.5%	-4.5%	7.3%	-6.1%	4.4%	-6.8%	28.3%	-13.3%	-26.9%	4.4%	21.7%
Population	1.7%	1.7%	1.5%	1.4%	1.3%	1.3%	0.8%	1.1%	0.7%	0.8%	1.2%
United States											
Employment	2.1%	1.8%	1.6%	1.6%	1.4%	-5.7%	2.7%	4.3%	2.4%	-0.1%	0.2%
Personal Income	4.9%	2.8%	4.9%	5.3%	3.9%	6.3%	7.5%	2.0%	6.0%	4.9%	6.2%
Consumer Price Index	0.1%	1.3%	2.1%	2.4%	1.8%	1.3%	4.7%	8.0%	4.2%	2.7%	2.2%

Source: *The Puget Sound Economic Forecaster, December 2023*

Growth has been driven by technology, and by Amazon which is now the largest employer in the region. From 2012 through early 2020, the region enjoyed a strong economy. In 2020, the world, national, and regional economies faced the unprecedented challenge of the Covid-19 pandemic. Lodging, travel, leisure, and retail sectors saw employment reduction. In 2022, employment surpassed the pre-Covid peak.

The Puget Sound Economic Forecaster is the longest running and primary source of regional data in the market. It is produced by Western Washington University. The December 2023 report includes the latest estimates for employment, personal income, and housing starts. The forecast for 2023 is employment growth of 30,900 jobs or 1.4% compared to their previous forecast of 57,000 new jobs or 2.6%. The increase is expected in Other Services (+28,200 jobs), Government (+6,200 jobs),

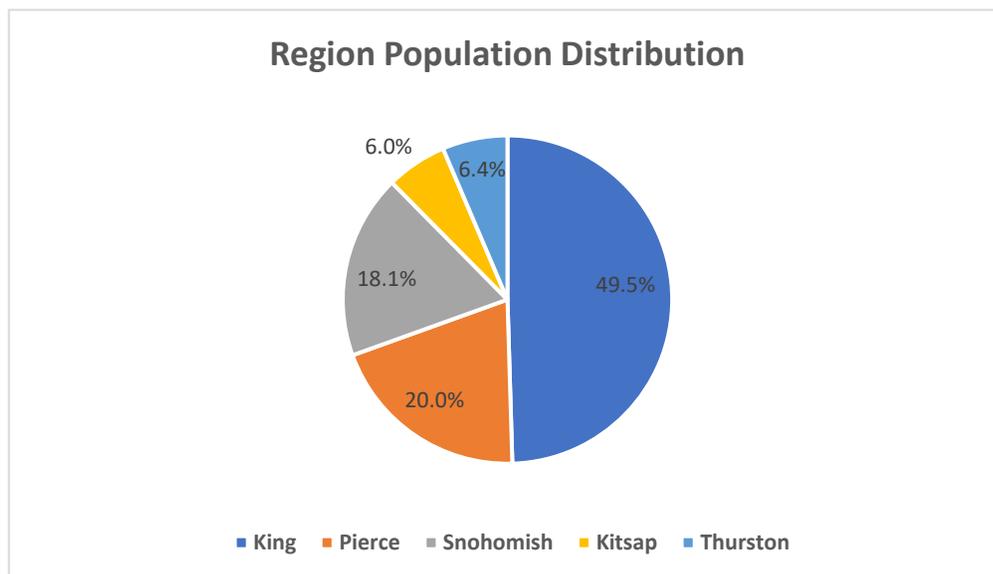


Manufacturing (+2,900 jobs), Retail/Wholesale (+2,000 jobs) and Construction (+1,300 jobs), which is offset by losses in Professional & Business Services (-5,700 jobs) and Information (-5,500 jobs). Looking beyond 2023, employment growth is projected to be slightly negative at -0.1% in 2024 and only 1.4% in 2025.

During 2022, the mean consumer price index (CPI) rose 8.9%, up from 4.7% in 2021 and 1.7% in 2020. To combat inflation, the Federal Reserve signaled tighter monetary policy. In 2022 and 2023, the Federal Reserve raised the interest rate 11 times in an effort to cool off inflation. The federal funds rate is presently at 5.25% to 5.50% and has been at that rate since July 27, 2023. The result is the inflation rate for the past 12 months is 3.4% for December 2023, down from 6.5% in December 2022. The higher interest rates have flowed into economic activity from car purchases to real estate. The stock market continues to be volatile with the S&P 500 down 19.44% in 2022, but up 25% in 2023. The tech-heavy Nasdaq was down 33% in a bear market in 2022 but was up 44.7% in 2023. With the volatility of the markets, some investment capital has shifted somewhat more to real estate, but that is met with challenges given very little product has sold and capitalization rates are up due to higher interest rates.

Population

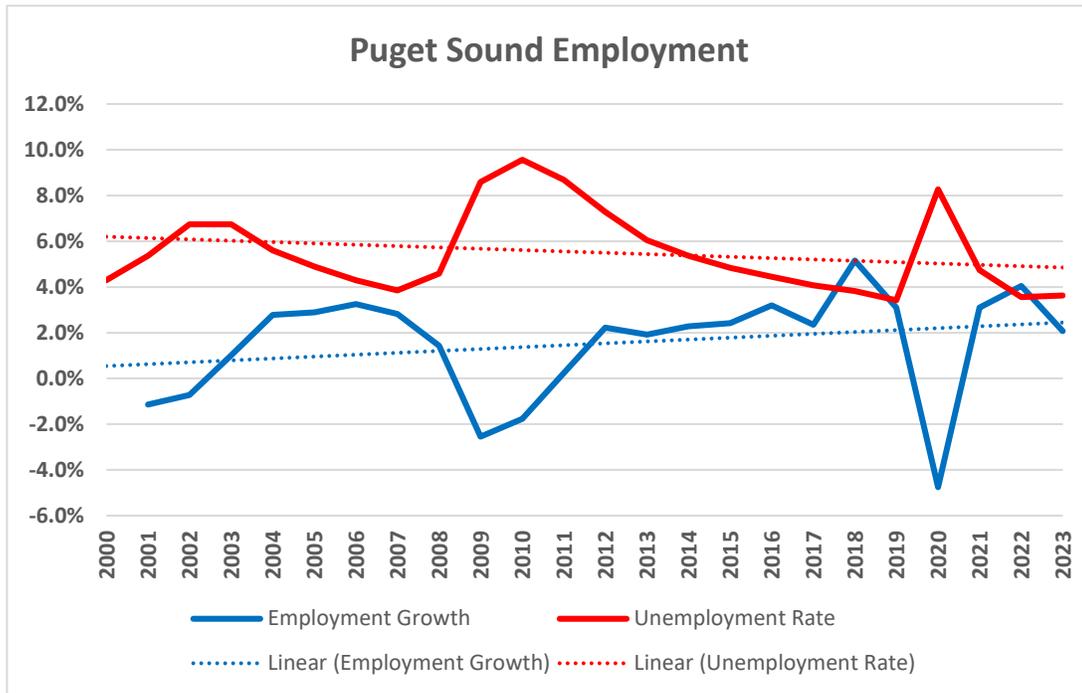
For the past 40 years, the population of Washington has grown nearly 20% per decade. The five counties that comprise the Central Puget Sound Region account for 60% of Washington's 2023 population of 7,951,150. Since 2020, the region's growth has been slower at 1.1% per year. The major change has been declining in-migration. That is tied directly to the slowing job growth (particularly during Covid) and cost of living increases.





Employment

As of December 2023, regional employment was at an all-time high, but has leveled off. Unemployment has inched up at 3.6% compared to 3.4% from one year ago.



Over the past 10 years, Amazon has been the biggest single contributor to employment growth with over 85,000 employees in the state and about 55,000 in the Seattle and 10,000 in Bellevue. So far in 2023, companywide, Amazon has reduced their workforce from 1.62MM to 1.5MM. In Seattle, total employment now stands at about 55,000 compared to 65,000. Amazon supercharged the Seattle tech hub that now includes significant local expansions by Facebook, Google, Tableau, Zillow, Apple, eBay, and Alibaba, in both Seattle and the Eastside. The tech industry accounts for nearly 30% of the local economy. That said, there have been layoffs, including Microsoft and Amazon and other Seattle area startups as venture capital dollars dried up.

Microsoft has 53,576 employees in Washington State as of 2022 (latest available data), about 44% of its U.S. total of 122,000, and 24% of its worldwide total of 221,000. The 500-acre Microsoft Headquarters campus in Redmond includes over 10MM sq ft in 80 buildings. Microsoft is overhauling and expanding its main campus in a multi-year project that started in 2019. Over five to seven years, the company plans 18 new buildings on the campus. The expansion will add about 1.3MM sq ft, room



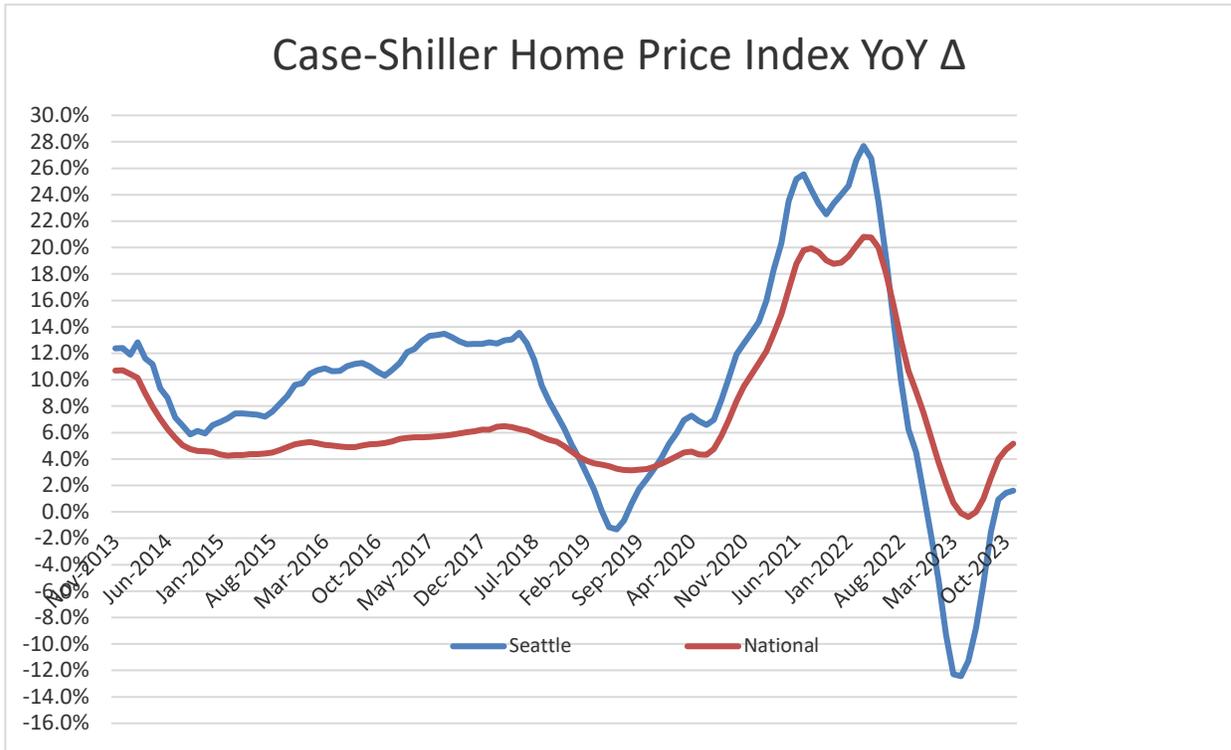
for an additional 8,000 employees. Despite the expansion, Microsoft has laid off about 3,000 worker locally in 2023.

After several years of declining employment in Washington, Boeing's workforce in Washington grew by 6,553 in 2023 and now stands at 66,792 workers, still shy of the pre-pandemic count of 71,829. Most of these employees are in King, Snohomish, and Pierce Counties. The company has seen improvement since resolving issues on the 737 Max and recovering from lack of travel demand due to the pandemic, although the recent grounding due to the mid-air blowout of a fuselage panel on January 5, 2024 is not going to help.

Regional Housing Market

Home values in the region have steadily increased over the last ten years, with demand outpacing supply and mortgage rates at historic lows. The Covid-19 pandemic did not have a negative impact on housing, as a percentage of apartment renters have moved to home ownership. With long-term employment growth and barriers to supply (geographic and government), housing values have appreciated strongly in the region, outpacing the national rate of appreciation. That said, since May 2022 interest rates have been on the rise, and we have seen home prices come down, a trend that continued through February 2023 before starting to rise again through August 2023, before starting another decline in September 2023.

Standard & Poor's Case-Shiller Index has increased 127.2% for the Seattle market over the last ten years, with average year-over-year increases in the monthly index of 9.4%. For this same period, the national 20 city composite index increased 101.2%, with an average annual increase for the monthly index of 7.3%.



Housing-permit activity is the sum of single and multifamily markets. It increased by 23.5% in 2015, and then dropped by 4.5% in 2016. Activity picked back up in 2017, increasing by 7.3%, but dropped again by -6.1% in 2018 and was up 3.6% in 2019, 8.1% in 2020, and 28.3% in 2021 according to the Puget Sound Economic Forecaster. Activity declined again in both 2022 (-13.3%) and 2023 (-26.9%) but is expected to increase 4.4% in 2024 and 21.7% in 2025. Most of this high variability comes from the multifamily segment. With increases in vacancy, apartment development has slowed. Single-family developers have been disciplined; however, the housing market is now finding older households sizing down at the same time the millennial generation is entering the market as first-time buyers.

Commercial Real Estate Markets

With strong employment growth, the region has been a top national investment market. Class A core apartments, industrial, and retail properties are all high on the institutional buyers' list, while the office market with rising vacancies and lack of demand is not.



Vacancy Rates - Q4 2023

Segment	Region	King	Kitsap	Pierce	Snohomish	Thurston
Office	13.2%	15.0%	3.5%	9.3%	8.4%	2.3%
Industrial	6.2%	6.6%	1.4%	6.2%	5.4%	4.8%
Apartment	6.7%	6.8%	7.0%	6.4%	6.7%	7.4%
Retail	3.0%	3.3%	2.7%	2.6%	2.8%	2.0%

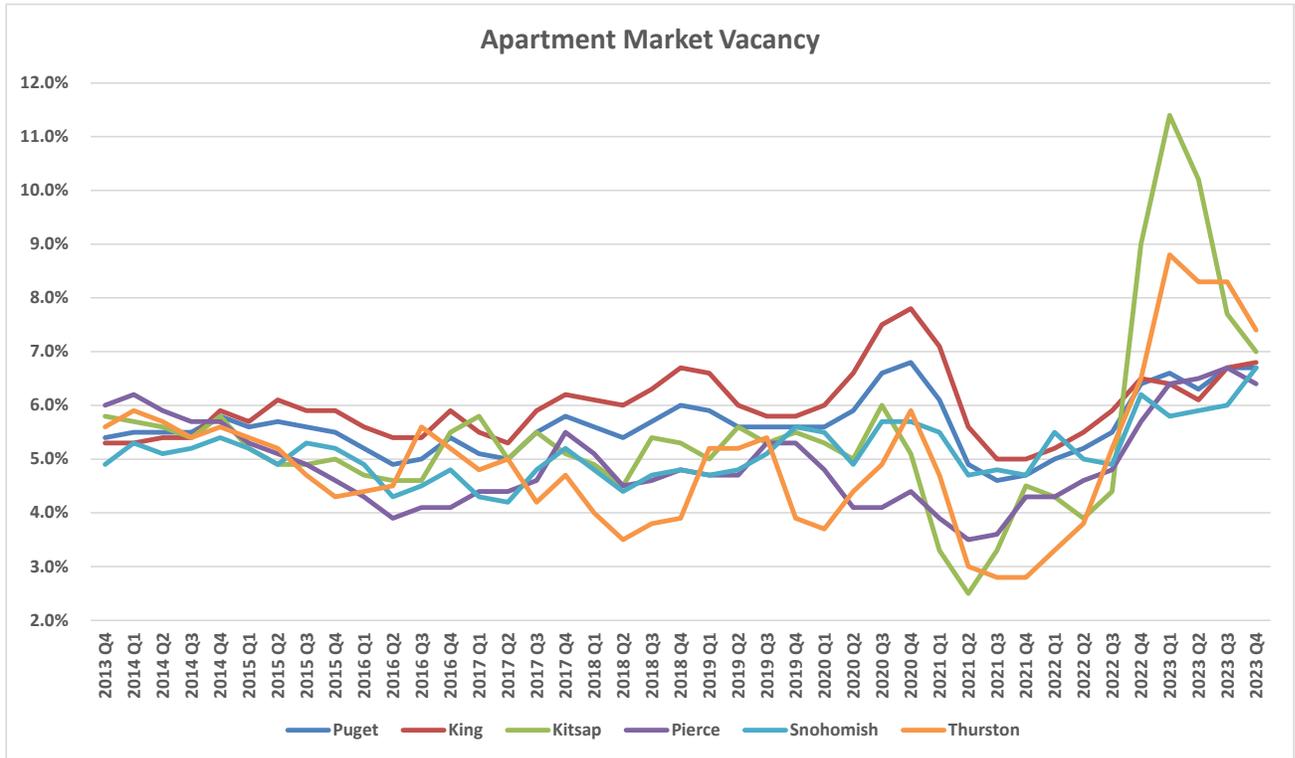
Source: CoStar

For the region, all segments saw increases in vacancy over the past quarter. The office market saw an increase of 70 basis points; the industrial market was up 50 basis points; the apartment market saw an increase of 40 basis points; and retail's vacancy is up 20 basis points. Office is still seeing tepid demand, particularly in the Seattle CBD, the largest market. Retail is also seeing challenges in the Seattle CBD due to lower daytime employment and safety concerns but is more positive in the suburban markets. Industrial continues to see very heavy development activity, although leasing demand has softened.

APARTMENT

The apartment market has slowed down. There has been a disconnect between supply and demand. Developers have added about 9,800 units to the region's inventory over the past 12 months, while about 6,600 units were absorbed. Not surprising, vacancy rates have increased from 6.3% to 6.7% as of the end of 2023. With a robust pipeline of new units delivering at a time of slowing demand, rent growth has slowed. Annual rent growth sits at 1.2%, after reaching an all-time high of 10% two years ago. Areas with a lot of new supply such as Downtown Seattle and Redmond were the first to see negative rent growth in the most recent cycle. They were the first to see rent growth return as that wave of projects leased up.

The pace of multifamily sales in the region has slowed. Over the past 12 months, volume came in at \$2.3 billion, down from a high of \$9.4 billion within the past few years. The five-year average annual sales volume is \$5.4 billion. Cap rates have taken a hit from both an increase in borrowing costs and slowing rent growth, which makes it difficult to take on negative leverage. Pricing has adjusted accordingly. For example, pricing in the upper tier categories were about \$400,000/unit in 2022. In 2023, the average price was around \$350,000 in the same category. Recent cap rates have hovered around 5%, while cap rates in the 3% to 4% range was not uncommon in 2021 and 2022.



The baseline forecast suggests that apartment vacancies will decrease slightly over the next year as demand ticks up. Against that background, the recent slowdown in construction starts should also help in lowering vacancies. This should create upward pressure on rents. Annual rent growth is forecast to be 4% by the end of 2024.

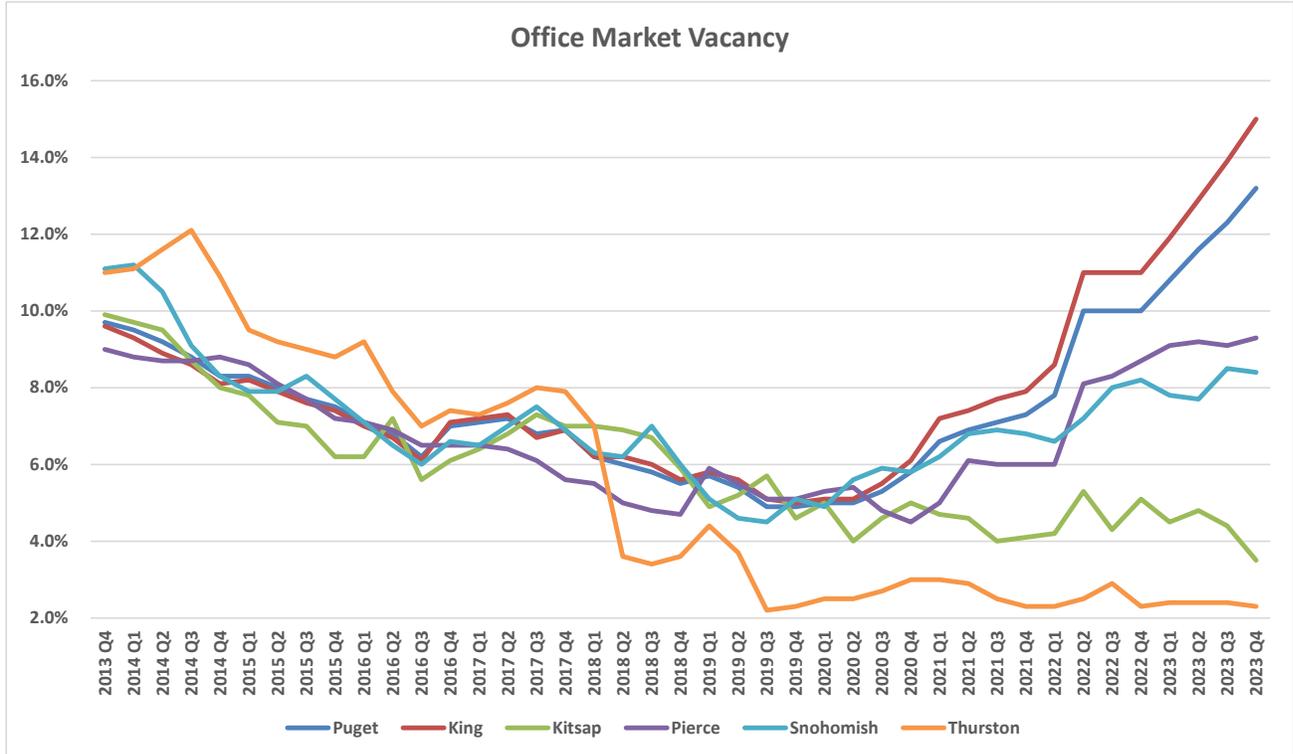
OFFICE

The region’s office market is still very much unsettled as it is currently in one of the most pronounced downturn in more than 40 years. In the past year, occupancy fell by more than 4 million sq ft, the largest one-year drop on record, and it continued a trend that started in 2020. Since the onset of the pandemic, tenants have vacated about 10 million sq ft, or 4% of the total office inventory. By comparison, negative absorption during the dotcom bust was only about 2% of total inventory.

Seattle is most vulnerable than most U.S. office markets because of exposure to tech companies with large leases expiring. With an increase focus on office usage and shrinking headcounts in the tech sector, companies have reduced space requirements. This has resulted in heightened availability in many submarkets. While Seattle proper has seen a consistent rise in vacancy since 2020, Bellevue is now experiencing similar challenges. Move-outs by Microsoft, T-Mobile, and Boeing drove the largest jump in vacancy in the nation in Bellevue’s I-90 corridor in 2023. More than 40% of the space there is now vacant. Downtown



Bellevue could see a jump in vacancy in the year ahead as well. Vacancy there has risen to 10%, but about a third of office space there is available, driven by move-outs by Microsoft.



Regionwide, vacancy stands at 13.2%, with King County struggling the most at 15%, followed by Pierce County at 9.3% and Snohomish County at 8.4%. The outlying submarkets of Kitsap and Thurston Counties are faring much better. Kitsap County’s vacancy now stands at 3.5%, while Thurston County, which is driven by State government is at 2.3%. Sublet vacancy in the region, which was 18.3% of total vacant inventory as of mid-2023 now stands at about 16.9%.

Given the lack of tenant demand, rent growth in the past 12 months came in at -1.1% compared to the 10-year average of 3.2%. For comparison, the national benchmark for rent growth over the past year was 0.8%, and the 10-year average was 1.1%. Once factors such as inflation and tenant incentives (free rent and TI allowances) are included, rents likely fell much further than the headline asking rents indicate.

A lack of pressure from new construction is one bright spot for Seattle. The region has one of the fastest-growing office inventories in the nation. Yet, much of the space still underway is owner-occupied or pre-leased,



with Amazon and Microsoft accounting for about half of that. Activity has also slowed rapidly, with starts falling by about 90% in 2023.

Given the major downturn in tenant demand, the office sector has also seen the most dramatic slowdown in sales among property asset classes. With transactions so rare, there is not yet a clear picture of a pricing reset, though one deal closed in early 2023 for 27% less than it last traded in 2019. The property was 95% leased at the time of the sale and was fully leased at the time of the previous sale in 2019. The property traded at a 9.5% cap rate, compared to 6.7% for the prior sale. As rates begin to normalize in 2024, more trades will likely take place. When that happens, a clearer picture of pricing should hopefully emerge.

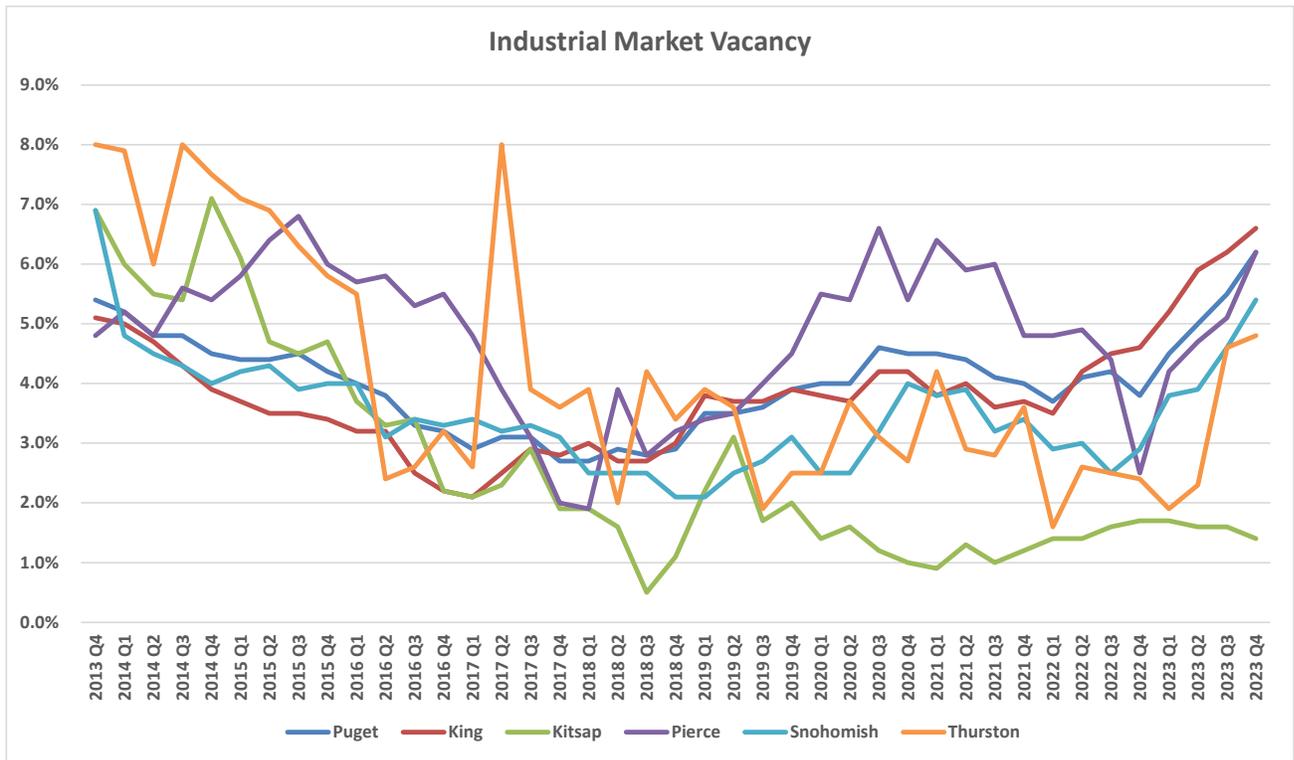
INDUSTRIAL

The region's industrial market which has been performing well even during the pandemic is started to see its vacancy rate rise as of the 1st quarter of 2023 and has continued since, with year-end 2023 vacancy regionwide at 6.2% compared to 3.8% at the end of 2022. King County has the highest vacancy at 6.6%, followed by Pierce at 6.2% and Snohomish County at 5.4%. Thurston is the next highest at 4.8%, while Kitsap County is the only market to improved with 1.4% vacancy compared to 2.0% at the beginning of 2023.

Net absorption for 2023 was -1.6 million sq ft, compared to nearly 5.8 million sq ft of positive net absorption in 2022. Construction volume is down from 14.2 million sq ft at the end of 2022 to 7.4 million sq ft at the end of 2023.

While the vacancy rate is at 6.2%, the availability rate is higher at 8.4%, up from 6.7% from the beginning of 2023 due to a combination of a wave of new construction and a slowdown in leasing volume, along with companies giving back space. One example is Amazon's 92,000 sq ft space at Everett Commerce Center, which was leased in 2017 is now available for sub-lease. Amazon also recently closed a 79,000 sq ft distribution center in Renton. In mid-2023, Costco put a 450,000 sq ft space up for sublease in Dupont that it just leased two years earlier in 2021.

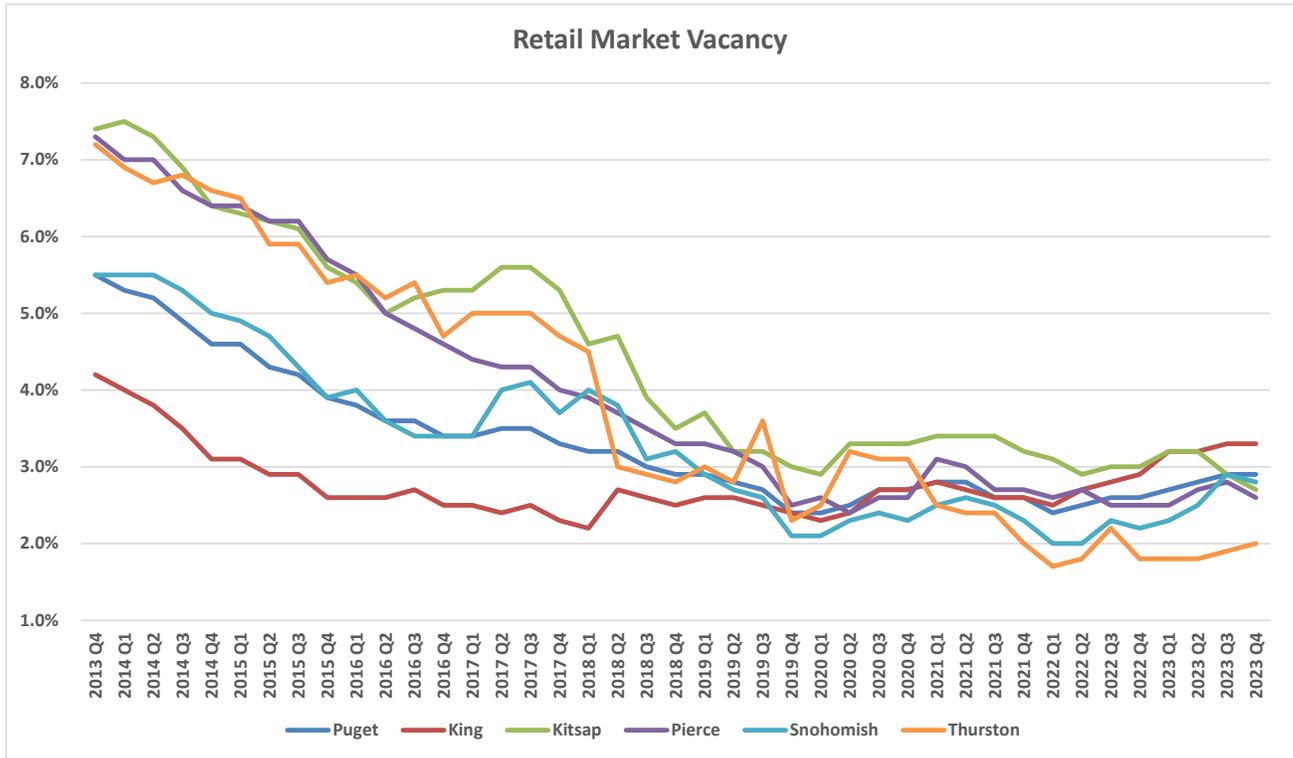
Like the other segments, sales volume in 2023 for industrial properties was down by more than 70%, the slowest pace for industrial sales volume in more than a decade. The large institutional buyers were the most active over the past several years, but in 2023, private buyers and owner/users represented nearly all the sales volumes.



RETAIL

While the retail market overall has the lowest vacancy of the four sectors, over the past 12 months, the vacancy has inched up modestly by 40 basis points to 3.0% as the region had negative net absorption of -404,965 sq ft. A reduction in overall inventory over the past five years, 3.6 million sq ft has been demolished and very little has been added back.

Several mall properties have been repositioned as mixed-use assets with retail space giving way to the multifamily component. Ground level retail in the Seattle CBD is restrained by lower daytime employment and safety concerns. In the suburban areas, it is a different story, much more optimistic with low vacancy and stronger tenant demand and higher rent increases. Over the past three years, King County retail asking rents grew a cumulative 6%, compared to about 10% in the more suburban and rural Snohomish and Pierce counties.



Retail investments in the region was close to \$800 million in 2023, Aside from a slowdown in 2020, this was the lowest sales volume in 12 years. For comparison, 12-months sales volume averaged \$1.5 billion over the past five years, reaching a high of \$2.1 billion in 2021.

Overall, despite a drop in retail demand in downtown Seattle, the retail market remains tight, driven by redevelopment efforts and a shift towards mixed-use. This trend is likely to continue through 2024 given expectations for minimal new supply and an active pace of redevelopment.

HOSPITALITY

In the Puget Sound region, the 12-month average ADR through December 2023 was at \$177, a historic peak high and is the primary driver of RevPar growth. The 12-month average occupancy grew 1.5% year over year, lower than ADR growth, and remains well below previous peak levels, reaching only 67.3%. The growth is attributed to the return of some conferences and conventions and the mega summer events such as the MLB All-Star Game. Seattle also benefits from a surge in leisure travel throughout the summer but still lags in corporate and group travel due to lack of travel from the tech market. As group demand improves, boosted by the Washington State Convention Center’s new \$1.9 billion, 1.6 million sq ft building that opened in early 2023, annual occupancy, ADR, and RevPar are projected to grow for the next five years.



The past two years had fewer rooms open after a significant hotel inventory increase from 2017 to 2019, with over 6,500 new rooms added. The slowdown in inventory additions is expected to continue, with only 8 hotels with a combined 1,424 rooms currently under construction. The opening dates are spread through 2026, increasing the region's inventory by 2.8%. Unlike most markets nationally, the under-construction hotel pipeline has increased, despite the Seattle market attempting to absorb pre-pandemic significant supply and the reduction in corporate and group travel. New and major renovations to tourism attracting amenities could spur optimism in the market for developers.

In the past 12 months, hotel sales volume slowed to \$349 million, compared to the previous three-year average of \$410 million. The highest priced deals to transpire were from Pebblebrook Hotel Trust, an active seller. They sold two upper scale Kimpton branded hotels to different buyers for a combined \$97 million, or an average price per key/room of \$308,917.

Area Market Summary

The long-term outlook for the region is for employment growth to be flat to a minor decline of -0.1% in 2024, before rebounding modestly in 2025 to 1.4%. These are down from the prior forecast in September 2023 which had projected a 1.6% increase in employment in 2024. While tech companies have had layoffs, minor growth in the Other Services sector as well as the Government and Professional Business Sectors are expected to more help offset most of the losses expected in manufacturing, construction, wholesale and retail trade, and the information sectors. Going forward into 2024 and 2025, the region should continue to outperform most of the nation, based on the diversified core of the economy anchored by the tech sector.



Industrial Market Overview

Introduction An overview of the region's industrial market is presented first followed by a discussion of the subject's submarket.

Regional Overview 2023 was the year for rumors, bordering on anticipation, of a recession that never materialized. Two elements contributed to keeping any recession at bay: the decreasing inflation rate and the stable job market. These elements buoyed consumer confidence that kept the economy going. Inflation peaked in at 8.9% (annualized) in June 2022, but now stands at 3.3%, creeping nearing the Fed's target rate of 2.0%. The national unemployment rate is 3.7%, with Washington slightly higher at 4.0%. The labor participation rate in Washington is 64.8%, 368 basis points over the national figure of 62.5%, bolstering an optimistic regional outlook. In terms of the real estate markets, the office sector remains the weak link with the regional vacancy at 13.7% (direct and sublease) with an additional 3.4% occupied but marketed as available. The Seattle CBD/Lake Union has the greatest vacancy, 19.6% with 24.9% available. The Seattle retail sector is stronger at 8.9% vacant, with the region very strong at 3.0%. For the industrial markets at yearend 2023, absorption was negative, offsetting the strong Q3 2023 absorption. For Q4, absorption was (-1.07) million sq ft and 2023 ended the year with a net absorption of 1.52 million sq ft. The Northend had the strongest absorption for the year, at 3.24 million sq ft, followed by Thurston County at 1.42 million sq ft. Regional, vacancy is 6.0%, an increase of 120 basis points over Q3. Below are a few notable points:

- 4.3 million sq ft of new product in 23 buildings was added to the region in 2023 bringing the regional inventory to 376.9 million sq ft.
- Construction activity has declined 26.5%, year over year, with 7.9 million sq ft currently under construction in 42 projects. Preleasing stands at 41.9%, led by Pierce County with 67.2% of 4.2 million sq ft under construction preleased.
- Sales activity shows 36 properties closed this quarter, \$133.2 million at an average of \$192/sq ft, with a cap average of 5.11%.

Washington State employment stands at 3,616,100 (October 2023, Revised, Employment Security Department, WA), a 1.6% growth year over year. The four-county region contained 2,278,000 (revised October 2023), or 63% of the State's total. The preliminary November 2023 shows a decrease of 1,300, or 0.1%. The decreases are in Information (-3.9%) and Construction (-2.8%) with gains in Education and Health Services



(5.7%), Government (5.5%) and Wholesale Trade (3.7%). Manufacturing added 5,200 positions, a 3.1% boost to total 171,500 with 4,8500 positions added in King County and 600 positions (3.6%) in Pierce County. Government grew in each of the counties, 5.9% in King/Snohomish, 5.4% in Pierce and 4.0% in Thurston.

The Federal Reserve target rate is at 5.25% to 5.5%, after the last quarter point raise in July. Another quarter point increase was anticipated in November but this did not occur. The ten-year treasury hit a ten year high at 4.88% (10/31/23) but ended Q4 at 3.88%. In terms of lending, Life Companies are looking at spreads of 150 to 250 basis points over the T-Bill, with all in rates ranging from 5.49% to 6.49%. CMBS lenders are still looking for 300 to 400 basis points over the ten-year, with all in rates of 6.63% to 7.63%. With the cost of capital remaining elevated, the sales market has slowed considerably. These rates extend to construction lending as well, putting a damper on any project that was wasn't well underway prior to the rise in interest rates. The general market has not yet come to grips with the elevated cost of capital and buyers and sellers remain far apart on pricing. The capital markets are anticipating the Fed to cut rates throughout 2024, which would have a positive impact on lending but would be done only in a weak economy.

The Northwest Seaport Alliance reports YTD (through November 2023) container volume as 2,711,245 TEUs (Twenty Foot Equivalent), a 14.0% decline from the same period in 2022. The longshoremen union, ILWU, had been working without a contract since July 2022 and instituted work slowdowns and stoppages impacting container traffic in Q1 and Q2 2023. A six-year contract was ratified by the members and announced in August. The agreement will be in force until July 1, 2028, giving the dockworkers a 32% increase in pay plus a \$70 million bonus spread across its 22,000 members. Prior to the new contract, the average union member earned nearly \$195,000 per year plus \$102,000 in benefits ([West Coast Dockworkers Ratify a New Contract](#), Los Angeles Times, September 1, 2023).



Regional Industrial Inventory-Q4 2023

Sub-Market	Size (Sq ft)	% of Market	New Construction
Seattle Close-In	50,441,557	13.6%	863,752
Southend	119,187,331	32.1%	4,207,871
Eastside	21,769,353	5.9%	52,342
Northend	63,678,132	17.1%	2,049,447
Pierce County	94,681,361	25.5%	2,599,243
Thurston County	21,744,184	5.9%	594,117
Total	371,501,918	100.0%	10,366,772

Source: KM & CoStar

Regional Industrial Vacancy Q4 2023

Sub-Market	2017	2018	2019	2020	2021	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Seattle Close-In	1.3%	2.5%	2.9%	3.4%	3.6%	4.5%	6.3%	6.8%	7.1%	7.3%
Southend	3.5%	4.2%	5.7%	6.2%	4.6%	5.2%	5.3%	5.9%	5.3%	7.2%
Eastside	3.1%	2.9%	2.9%	3.4%	3.4%	2.4%	3.7%	2.9%	3.0%	3.1%
Northend	3.6%	2.8%	3.6%	4.8%	3.7%	3.5%	3.9%	6.6%	3.8%	4.9%
Pierce County	2.3%	4.0%	6.3%	7.2%	4.9%	2.6%	3.8%	4.2%	4.7%	6.2%
Thurston County	3.4%	3.3%	3.9%	2.8%	4.1%	2.7%	2.4%	2.3%	2.8%	2.0%
Total	2.8%	3.5%	4.8%	5.4%	4.3%	3.8%	4.5%	5.3%	4.8%	6.0%

Source: KM & CoStar

Regional Industrial Absorption

Sub-Market	2017	2018	2019	2020	2021	2022	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Seattle Close-In	348,904	(152,471)	(310,622)	(1,232,574)	(500,063)	174,208	(500,063)	240,582	(285,334)	(353,073)	(205,493)	(214,680)
Southend	(3,499)	1,485,673	(1,180,425)	(86,475)	2,276,585	2,238,831	2,276,585	2,678,546	184,239	(229,402)	(1,194,056)	149,495
Eastside	(838,729)	65,431	7,309	179,627	144,133	118,310	144,133	106,828	(315,495)	(53,513)	19,468	(13,604)
Northend	607,567	621,339	311,381	661,783	878,829	248,874	878,829	1,612,645	191,072	(101,274)	3,327,628	(181,795)
Pierce County	4,336,755	1,704,213	1,070,246	2,516,829	4,872,128	800,964	4,872,128	5,680,107	(568,882)	324,467	419,383	(801,919)
Thurston County	685,333	1,354,700	306,357	1,522,122	3,409,152	183,902	3,409,152	306,509	538,313	(77,765)	976,385	(12,488)
Total	5,136,331	5,078,885	204,246	3,561,312	11,080,764	3,765,089	11,080,764	10,625,217	(256,087)	(490,560)	3,343,315	(1,074,991)

Source: KM & CoStar

Submarket Review

Seattle Close-In Review

Brokers report little activity in Q4, with vacancy increasing to 7.3%, up 20 basis points from Q3 and 283 basis points over YE 2022. Total inventory decreased by 78,271 sq ft and absorption was (-214,680) sq ft for the quarter, with 2023 totaling -1,058,580 sq ft.

Seattle Metro Logistics, Trammel Crow's two story, 702,429 sq ft distribution facility on Terminal 106 south of S Spokane St. on East Marginal Wy. S is anticipated to deliver in Q2 2024. This project will have standard truck courts on two levels, two-way capabilities on the access ramps with market preferred 30' clear height and ESFR sprinklers.

Sale volume was \$9.88 million in five closed transactions, averaging \$221/sq ft. Only one sale exceeded \$3,000,000, 1421 S Dearborn St that



traded in an owner user transaction. There are 23 listings for sale, averaging \$300/sq ft with an average size of 33,241 sq ft and an average cap rate of 6.0% (leased assets only).

Average asking rental rates on a blended basis (office/warehouse combined) increased slightly, from \$1.38/sq ft to \$1.41/sq ft.

There remains available yard space on the sublease market. During Covid, yard area was saw strong demand that pushed yard rates to \$0.40 to \$0.65/sq ft depending on location and condition. Currently, subleases are available at 50% to 75% of the face rate with little activity.

Southend County Review

The Southend inventory grew by 2.95 million sq ft in 2023, with (-1.09) million sq ft absorbed. Vacancy has climbed 191 basis points, at 7.2% at YE 2023. Inventory now totals 120.8 million sq ft.

2.77 million sq ft in 45 signed leases are expected to occupy over the next nine months that should reduce vacancy but there are four projects expected to deliver 1.44 million with no preleasing.

Seven sale transactions totaling \$30.0 million, averaging \$218/sq ft were recorded in Q4 2023. with an average 5.64% cap. Hui Intertrading purchased a 27,525 sq ft manufacturing building in Kent in an owner user transaction for \$7.6 million, or \$276/sq ft.

Average asking rents (blended) were \$1.04/sq ft in Q4, a 2% increase over Q3, exceeding the high of 2021 of \$1.03/sq ft.

Shell rates have remained flat with new construction in the upper \$1.25 to \$1.35/sq ft, typically 30' to 36' clear heights with office add-on now \$1.50/sq ft. Even older, well-located product with inferior truck courts and clear heights achieve \$1.15/sq ft on the shell.

Land pricing has come down from highs in the \$60 to \$70/sq ft from 2022, with the latest site on 84th Ave. S trading in December for \$37/sq ft. This site had a general commercial zoning but did allow a modicum of industrial uses.

Eastside Review

The Eastside has stabilized somewhat, losing only 8,238 sq ft of product in 2023 in the transitioning Bel-Red corridor. This is with the addition of two buildings totaling 71,211 sq ft. Vacancy is 3.1%, up 12 basis points in Q4 with (-13,604) sq ft absorbed.

Two buildings are under construction. Alpentel Logistics will add 115,575



sq ft in North Bend in Q2 2024 and Cedar Grove Phase II, Building C will add 6,144 sq ft in Q2 as well. There is no reported preleasing.

Leasing activity shows 11 tenants took occupancy in Q4, leasing 59,909 sq ft. Looking forward over the next nine months, only three leases have been signed totaling a paltry 3,872 sq ft. The submarket is well occupied but demand is low.

Rental rates have softened slightly, from \$1.94/sq ft in Q2 to \$1.75/sq ft in Q4. Warehouse lease rates with high-bay warehouse manufacturing space range between \$1.25 to \$1.80/sq ft/mo. With office rates are between \$1.75/sq ft to \$2.50/sq ft.

Evergreen Ford purchased a 7,500 sq ft grade served building in Issaquah for \$4,000,000, or \$533/sq ft. This owner user sale is located two blocks from I-90 for the quasi-retail use.

Northend Review

The Northend has added 731,961 sq ft in Q4 and for the year, 8.83 million sq ft. With the addition, absorption was weak at (-181,795) sq ft but the 2023 total was 3.24 million sq ft. Vacancy increased from 3.8% in Q3 to 4.9% in Q4. There are ten projects under construction that will add 975,176 sq ft and are currently 34.6% preleased. These are anticipated to deliver by the end of Q2 2024.

28 leases commenced in Q4, totaling 171,008 sq ft. Looking forward, nine leases totaling 195,455 sq ft are scheduled to commence between January and September 2024. Brokers report activity in the 5,000 to 10,000 sq ft spaces but those over 20,000 sq ft have few inquiries.

The blended rate declined 8.5% from Q1 2023 at \$1.29, to \$1.18/sq ft. This is 2.5% below Q2 and Q3 but it brokers report that the decrease has leveled off. This is warehouse rates ranging \$0.90-\$1.35/sq ft/mo. depending on age and location. Office rents are \$1.80-\$2.00/sq ft for second generation space and \$2.00-\$2.50/sq ft for first generation.

Q4 2023 saw four sales, totaling \$8,625,000 with one a redevelopment lay for DR Horton. The balance were owner user transactions of smaller, lower quality properties.

Land remains available in Marysville / Arlington and there 29 proposed projects totaling 4.4 million sq ft. Land prices peaked in the range \$18 to \$30/sq ft range for finished sites and \$6 to \$15/sq ft for raw sites but since the cost of capital has increased substantially, there have been no trades to mark any price reduction.



Pierce County Review

Vacancy continues climbing, reaching 6.2% at YE 2023. This is a 140.9% increase over YE 2022 of 2.6%. Absorption was (-801,919) sq ft for Q4, and (-626,951) for all of 2023. Absorption was positive in Q2 and Q3 2023, 324,467 sq ft and 419,383 sq ft respectively. This had offset the negative absorption of Q1 (-568,882) sq ft. There was 3.44 million sq ft added to the inventory.

Seven projects are under construction, totaling 1.7 million sq ft with 24.9% preleased. Delivery of this product is anticipated by Q2 2024.

28 leases commenced in Q4, totaling 454,596 sq ft. In the upcoming nine months, there are 18 leases totaling 2.86 million sq ft. Five of these leases are 300,000 or larger. Tenants include Boeing and General Electric.

There were five Pierce County sales, totaling \$27.3 million, with average price at \$128/sq ft, and cap rates averaging 4.7%. The largest transaction was the JM Eagle purchase of the PW Pipe Building in the Port of Tacoma (owner user) for \$16,000,000, or \$177/sq ft.

Shell rates range \$0.90-\$1.30/sq ft/mo., NNN, plus add-on office rates of \$1.00-\$1.60/sq ft/mo. The average blended rate dropped from \$1.03/sq ft in Q1 to \$0.80/sq ft in Q4. This level is in the range of the averages in YE 2020 and 2021.

Land values remained suppressed, about 25% to 50% below the highs of two years ago, depending on location and access. Entitled sites are available for \$35/sq ft with raw sites as low as \$6.00/sq ft.

Thurston County Review

Vacancy in Thurston County is the lowest in the region, at 2.0% with an inventory of 22.2 million sq ft. This is 75 basis points below the YE 2022 and the lowest since YE 2016. This submarket added 3.19 million sq ft in 2023 and is now larger than the Eastside submarket. Absorption for Q4 was (-12,488) sq ft but for 2023, totaled 1.42 million sq ft.

Construction has slowed with five projects totaling 145,950 sq ft underway, 63.2% preleased. In Q1 2024, 55,250 sq ft is anticipated to be delivered and the space is fully leased. The remaining projects are below 30,000 sq ft with 35,000 sq ft preleased. The pipeline remains full, with ten proposed projects totaling 3.7 million sq ft with Parsons South Sound Logistics being 1,371,040 sq ft in one, possibly two buildings and Tumwater Corporate Park proposing two buildings over 470,000 sq ft.

Four leases commenced in Q4, with one at 12,000 sq ft and the balance



below 4,900 sq ft. There is one lease to commence in the next nine months, a 4,500 sq ft lease in Lacey.

Average blended rents have increased from \$0.72/sq ft in Q1 to \$0.82/sq ft, rising \$0.07/sq ft in the past quarter. Shell rents range between \$0.45-\$0.65/sq ft on larger spaces and office add-on rates were \$0.90-\$1.25/sq ft. Smaller spaces are \$0.50 - \$0.70/sq ft on the shell with office add on at \$0.95-\$1.25/sq ft.

There were three sale transactions in Q4, totaling \$5.7 million. The average was \$119/sq ft for the older, metal framed buildings. Land remains available with raw sites ranging from \$2.40 to \$6.50/sq ft. Challenges to development include the typical wetland issue plus the protected species, the Pocket Gopher that inhabits much of the developable land.

Significant Transactions-Q4 2023

Sales have slowed but below are several notable transactions:

- Terreno Realty purchased a sub-30,000 sq ft Factoria area warehouse (13045 SE 32nd St., Bellevue) from a local investor for \$417/sq ft.
- The Alamo Group, Inc. sold the 27,525 sq ft building in Kent to Hui Intertrading for \$276/sq ft, \$7,600,000 as an owner user transaction.
- CapRock Partners purchased the Reserve at Woodinville for \$34.2 million from ARES Management in the region's largest transaction. The 159,869 sq ft traded for \$214/sq ft with a cap rate near 4.5%.

Notable leases include:

- Boeing – Frederickson One, Bldg. 7, Spanaway – 312,225 sq ft.
- Boeing – Frederickson One, Bldg. 4, Spanaway – 533,393 sq ft
- General Electric – FRED310, Bldg. G, Puyallup – 435,791 sq ft.
- Boeing – CenterPoint Seattle, Seattle – 414,528 sq ft
- CMI – Pacific Coast Corporate Park, Fife – 402,342 sq ft
- Thyssen Krupp – Park 277, Bldg. E, Auburn – 322,465 sq ft



Investment Market Sales volume in Q4 was \$133.2 million, a 22.6% decline from the activity in Q3. 2023 totals \$650.4 million, a 57.6% decrease from 2022 of \$1.53 billion, itself a 15% drop from the record set in 2021 of \$1.8 billion sold. The average cap rate decreased to 5.1%, from 6.1% in Q3, a drop 16.4%. The following table includes all sales for the quarter.

REGIONAL INDUSTRIAL SALES

Year	Sales	Total SF	Total \$ Volume	Avg Size SF	\$/SF	Avg Cap Rate
Q4 2023	36	703,458	\$133,157,289	20,099	\$192.16	5.11%
Q3 2023	37	679,410	\$172,025,809	18,873	\$232.40	6.07%
Q2 2023	50	1,534,658	\$130,562,326	30,693	\$173.89	5.66%
Q1 2023	44	1,019,503	\$214,673,076	23,709	\$214.32	4.96%
2022	225	6,448,523	\$1,534,000,738	29,179	\$250.83	4.94%
2021	299	8,640,317	\$1,831,960,045	29,389	\$200.73	5.56%
2020	219	5,286,394	\$1,013,193,960	24,819	\$176.22	5.37%
2019	221	6,589,523	\$1,218,685,821	30,649	\$180.77	5.83%
2018	226	6,499,267	\$1,042,331,755	29,951	\$156.33	5.81%
2017	189	4,678,354	\$891,516,631	26,317	\$180.28	6.52%
2016	230	5,735,852	\$793,402,844	26,191	\$119.98	6.42%
2015	216	6,175,386	\$814,320,245	30,877	\$120.79	6.94%
2014	233	6,262,154	\$710,667,750	28,081	\$101.07	7.05%
2013	199	6,167,342	\$668,754,889	33,158	\$98.70	6.47%
2012	215	6,358,927	\$628,498,617	31,954	\$90.34	7.03%
2011	120	4,640,654	\$399,925,664	40,354	\$84.12	8.07%

Source: CoStar

Regional Conclusion The region’s industrial market remains stable, even given the increase in vacancy and the rising interest rates over the past 18 months. Net absorption for Q4 was negative, but the year ended with 1.52 million sq ft absorbed, buoyed by the strong Q3 absorption driven by the Pierce County market. Construction activity remains high at 7.83 million sq ft under way and 41.9% preleased. Construction costs have flattened over the past six months but remain high. Inflation has moderated but energy prices remain high, impacting logistics and the region’s retailing giant, Amazon. Developers have been mostly successful increasing rents to offset these higher costs, but as tenants are squeezed from the combination of higher borrowing costs and inflation, there is less optimism that the rents will continue to cover construction costs. With these headwinds, the regional demand for industrial space has softened. On the investment side, things continue to slow as sellers have yet to adjust to rising capitalization rates as a result of the increasing cost of capital. Given these challenges, the outlook for the near to mid-term remains stable.



**SeaTac/Burien
Industrial Submarket**

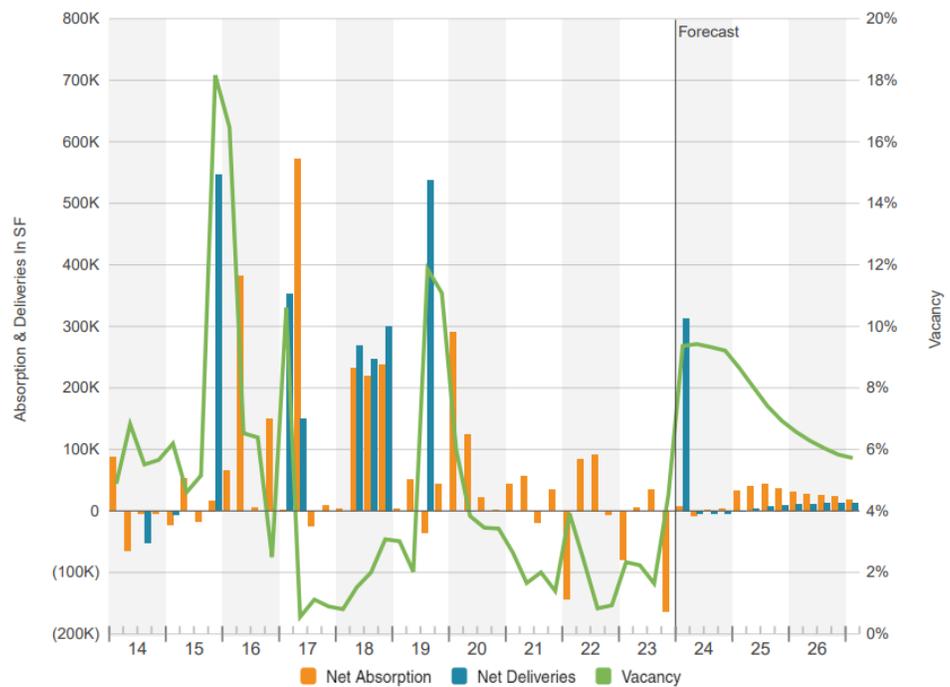
The subject falls within the SeaTac/Burien industrial submarket as tracked by CoStar. This submarket is characterized by its central location near SeaTac Airport, midway between the Port of Tacoma and Port of Seattle. CoStar surveys 144 existing buildings totaling about 5.7 million sq ft.

Since the end of the last recession, more than 2.0 million sq ft of new supply has been delivered mainly at Des Moines Creek Business Park. Just west of the subject, at Des Moines Creek Business Park West, the Port of Seattle has proposed a 402,380 sq ft industrial building to be developed by Panattoni. The proposal utilizes the subject parcel as an access road to the project.

IAC Properties delivered its 457,000 sq ft IAC Commerce Center SeaTac in the second quarter of 2019 without a tenant in place. This contributed to a spike in vacancies in the submarket but the project is now fully leased to Amazon and Alaska Airlines.

Bridge Point SeaTac 300 is under construction on S 200th St. This two-building project will deliver 315,990 sq ft later in 2024. Leasing activity has not been announced.

Net Absorption, Net Deliveries & Vacancy

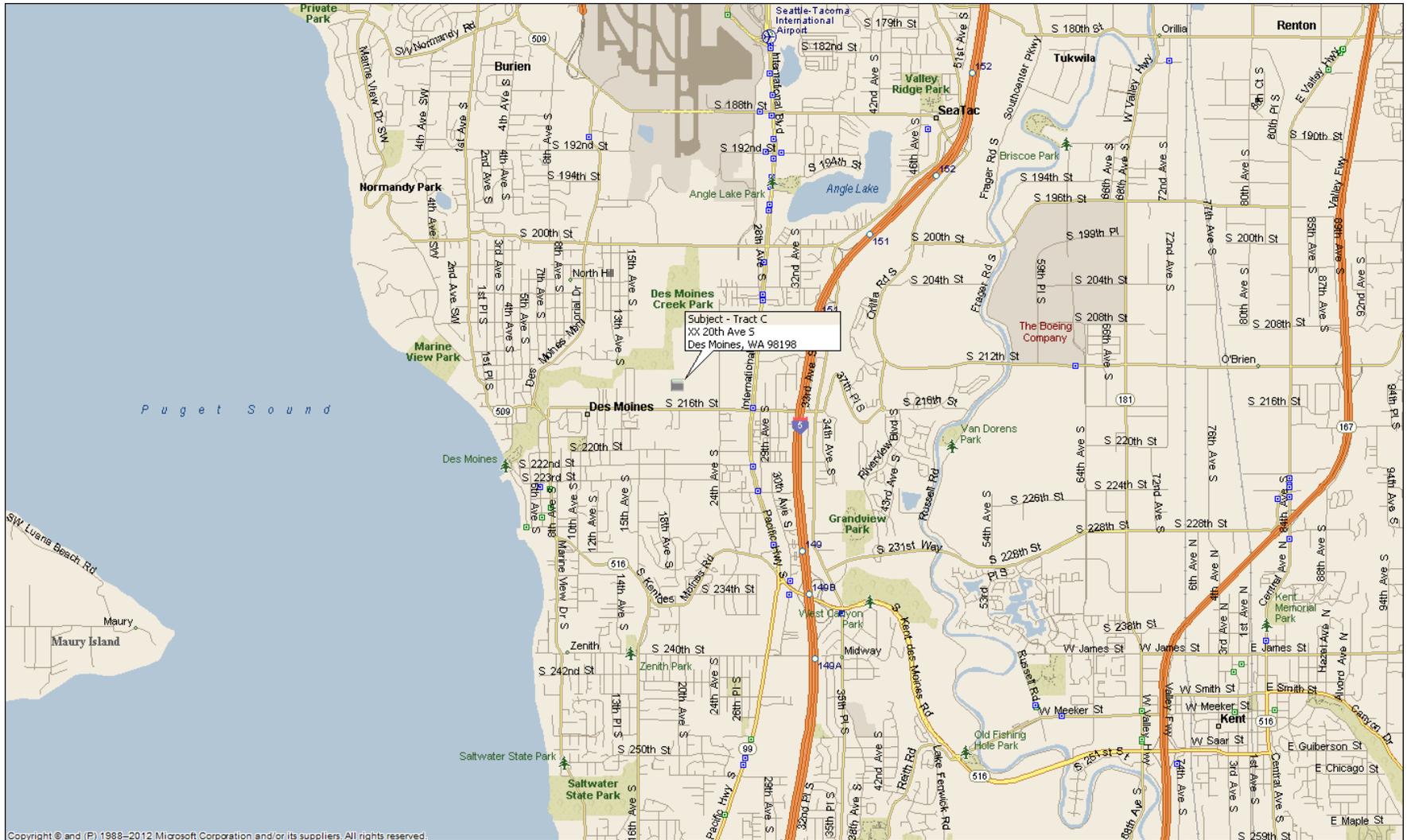




The current vacancy rate is 4.48% which is near the ten-year average but well above last year's vacancy rate of 2.33%. Market vacancy has typically hovered at historic lows below 3.0% in recent years, subject to some spikes as large new projects delivered to the market.

Rental rates have experienced significant growth in the past decade with average annual rent growth of 7.7%. Much of this rent growth was realized between mid-2021 and mid-2023 with annual growth as high as 11.1%. The current average asking rent is \$1.43/sq ft/month which is 7.7% above last year.

Overall, the SeaTac/Burien submarket remains stable. Limited new construction and a desirable close-in location bode well for the submarket.



Neighborhood Map



Neighborhood Description

Introduction

The subject is in the city of Des Moines in southwest King County. The city is about 13 miles south of Seattle, 00 miles north of Tacoma, and 1.5 miles southeast of Seattle Tacoma International Airport. The city is located on the shores of the Puget Sound and includes six miles of shoreline and an active marina. The strategic placement between the region's two strongest ports has led to this being one of the more convenient bedroom communities in the region. Residents have relatively short commutes to the Seattle and Tacoma CBDs and easy access to the industrial Kent Valley.

Neighborhood Character

The immediate neighborhood consists primarily of retail, professional services, residential and industrial uses. Commercial uses are located along primary arterials particularly SR 99 known alternatively as International Boulevard and Pacific Highway S. Single family uses are located off the major arterials.

The older downtown core of Des Moines is located to the west along the Puget Sound. It comprises older storefronts and retail strips that include a mix of retail uses including restaurants, flower shops, hair and nail salons, an older single screen movie theater, and clothing shops. There is a mix of older office spaces and newer office buildings and fuel service stations located along this street as well. Most tenants are local businesses often owned by city residents.

The subject is adjacent to significant new industrial development known as Des Moines Creek Business Park and constructed by Panattoni on land owned by the Port of Seattle. This 89-acre business park has about 2 million square feet with distribution warehouse uses and offices for the FAA. This project greatly increased the stock of newer industrial buildings in the immediate area.

To the west of the subject are primarily single family residential neighborhoods.

Highline Community College

Highline Community College was founded in 1961 as the first community college in King County. The main campus is 80 acres. As of 2022, there were approximately 14,100 students including credit and non-credit students. The college employs 724 people.



**Access &
Infrastructure**

Excellent transportation access is provided to this area by I-5, Pacific Hwy. S (Hwy. 99), Kent-Des Moines Rd (SR-516), Marine View Dr. S (SR-509), SeaTac International Airport, express bus routes, and Link light rail service. SR 99 serves as a primary arterial on the eastern border of the city on which many retail services are located. Significant east-west arterials near the subject include S. 200th St, S 216th St, and S. 240th St.

Sound Transit's Angel Lake light rail station is at the north edge of the neighborhood at the intersection of S 200th St. and Pacific Hwy. S. This is the most southern stop of the existing line and provides access north to the Seattle CBD. Currently there are 19 stops in service, ending at Northgate. By late 2024, the Lynnwood Extension will add 8.5 miles of track with four stations in Mountlake Terrace, Shoreline, and Lynnwood. Heading east from Seattle, the 14-mile East Link Extension is expected to open in phases between 2024 and 2025 with service to Bellevue and Redmond. The Link will eventually extend north to Everett in 2041 and south to Federal Way and Tacoma. The Federal Way Extension will add three stops south of the existing Angel Lake station. Construction is underway with this segment expected to open in 2026. The Tacoma Extension is still in planning.

The neighborhood is well-served by major transportation routes and good linkages. Overall, access to and through the neighborhood is considered good.

Demographics

The typical use of circular area definitions is appropriate for the subject. The table on the following page summarizes the demographics within a one-, three-, and five-mile radius from the subject, as well as the city, county, and state.

In terms of household incomes, the data illustrates a middle-class neighborhood with incomes below the city and county averages. Home ownership rates are lower than the broader region. Median ages are lower and average household sizes are larger. Going forward, population growth rates are expected to decrease across the board with the one-mile radius having the highest projection at 1.0%.



Summary of Demographics

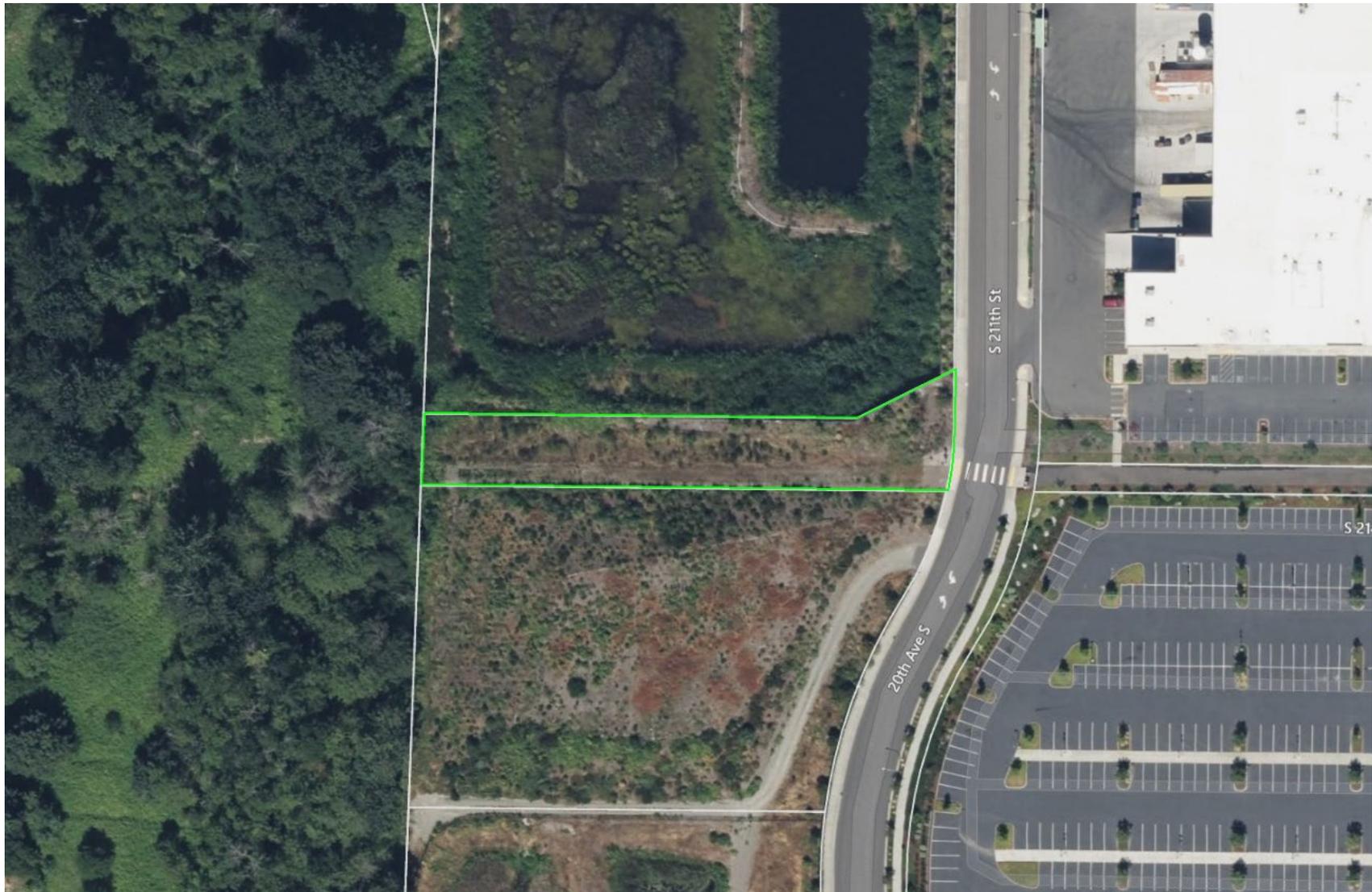
Demographics	Radius From Subject			City	County	State
	1-Mile	3-Mile	5-Mile			
2010 Population by Census	13,952	70,804	170,528	29,717	1,931,269	6,724,540
2023 Total Population	16,556	82,510	200,436	33,496	2,344,852	7,962,223
2028 Population Projection	17,417	84,202	204,026	34,023	2,414,039	8,196,106
Average Annual Growth Rate ('10-'23)	1.3%	1.2%	1.3%	0.9%	1.5%	1.3%
Projected Annual Growth Rate ('23-'28)	1.0%	0.4%	0.4%	0.3%	0.6%	0.6%
Current Estimates 2023						
Number of Households	5,557	30,686	74,639	12,657	951,594	3,089,990
Number of Housing Units	6,138	32,415	78,675	13,409	1,004,653	3,317,580
% Owner Occupied	33.8%	51.8%	47.7%	56.0%	53.2%	59.7%
% Tenant Occupied	56.8%	42.9%	47.2%	38.4%	41.5%	33.4%
% Vacant	9.5%	5.3%	5.1%	5.6%	5.3%	6.9%
Average Household Size	2.74	2.62	2.64	2.59	2.42	2.53
Median Age	35.8	38.5	37.5	40.4	38.9	39.3
Median Household Income	\$63,361	\$79,276	\$78,633	\$80,330	\$116,050	\$89,067
Per Capita Income	\$33,714	\$41,468	\$41,348	\$42,720	\$67,884	\$49,813

Summary

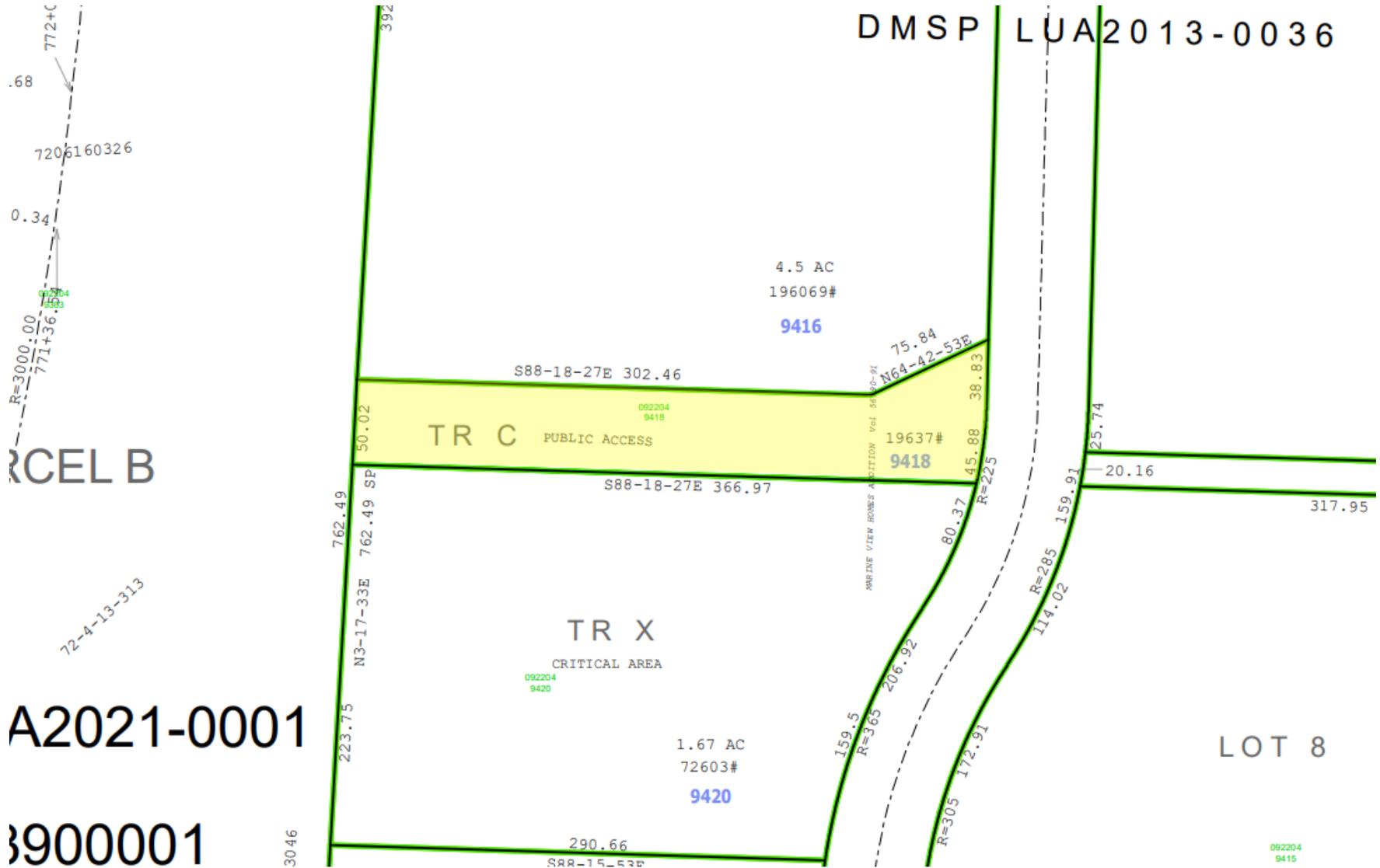
The immediate neighborhood is a mature built-up area with primarily industrial and single family residential uses. Commercial uses are located along primary arterials particularly SR 99. Single family uses are located off arterials mostly to the west of the subject. Demographics are somewhat below average but the neighborhood is well-located with I-5, SR-516, SR-509, the Link light rail, and the nearby Seattle-Tacoma International Airport providing excellent regional access. Overall, the long-term outlook for the neighborhood is good with its proximity to employment centers.



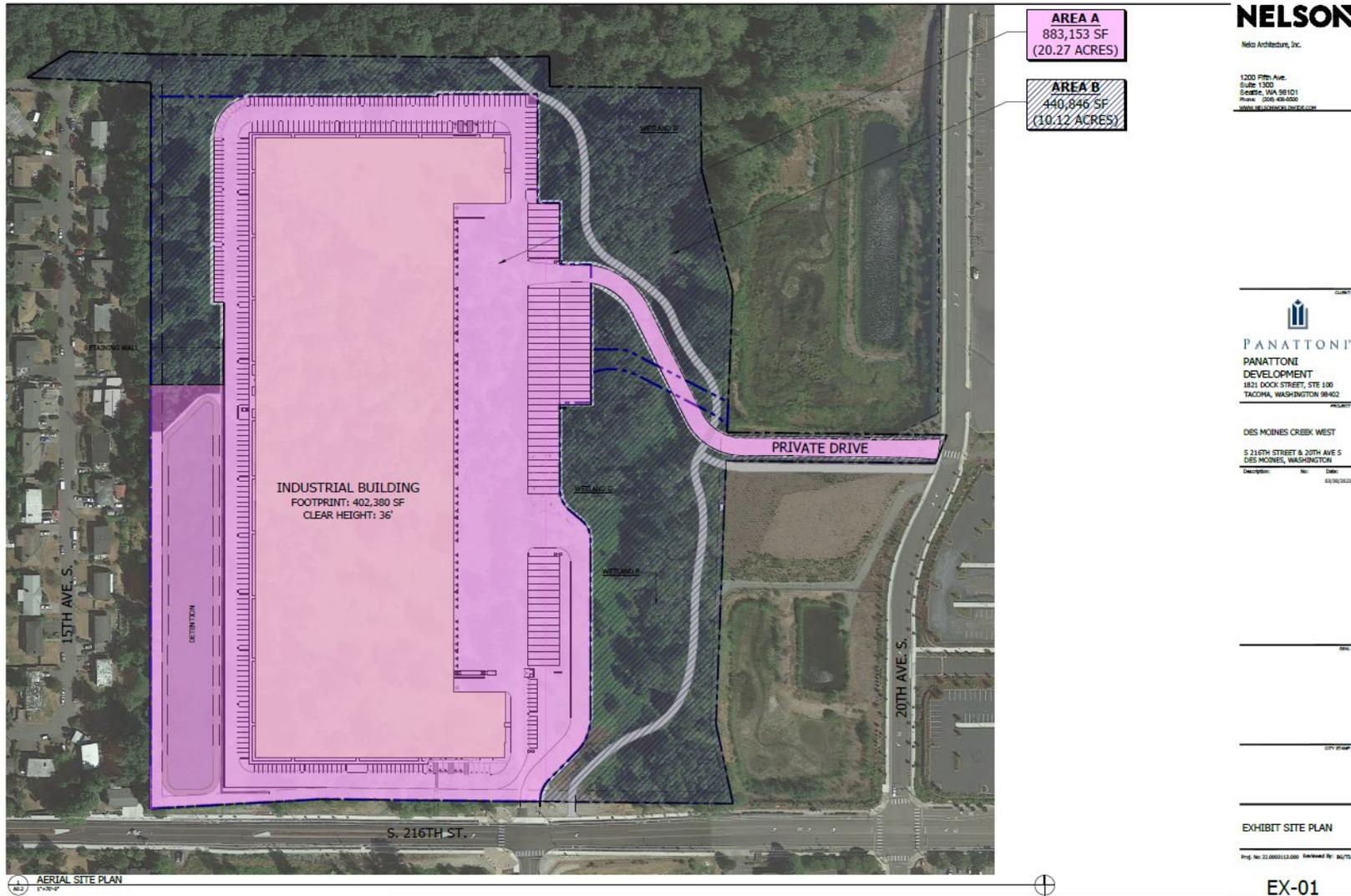
Property Description



Aerial Photograph (North is Up, Boundaries are Approximate)



Quarter Section Map

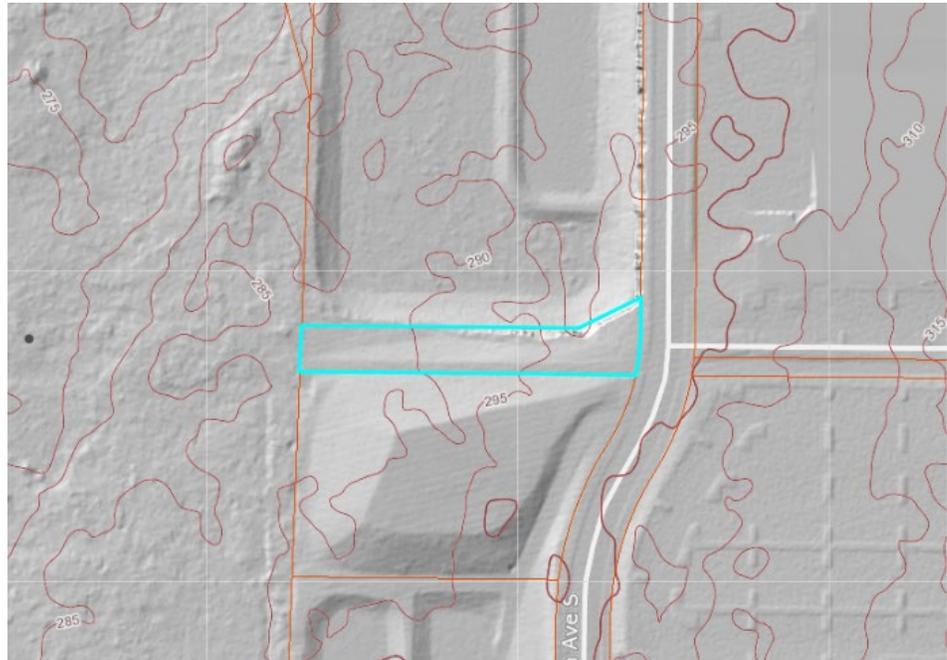


Proposed Site Plan



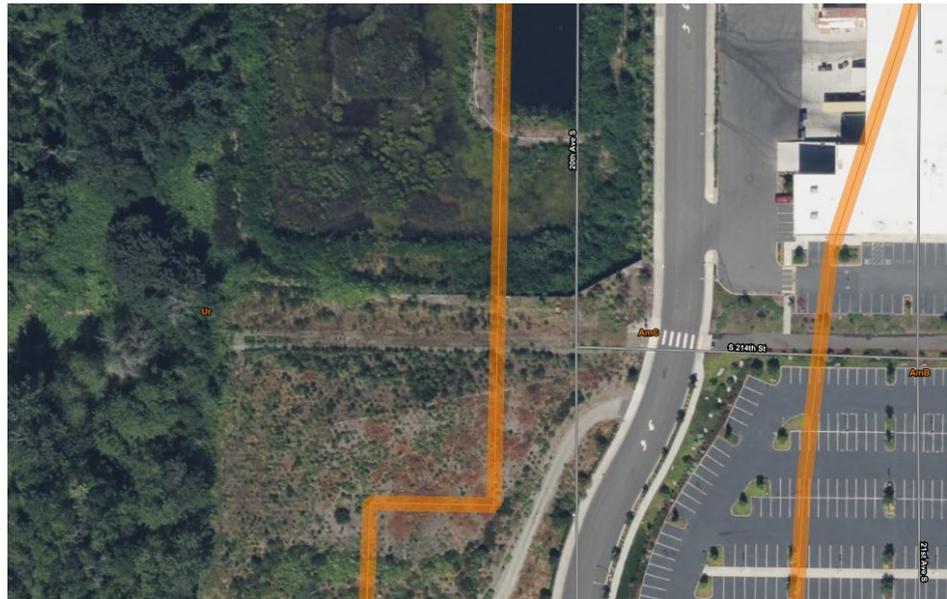
Site Description

Street Address	XX 20th Ave S Des Moines, WA 98198
Site Dimensions	The subject tax parcel is 0.45 acres or 19,637 sq ft according to county records and the 2016 short plat. As mapped on the previous pages, the subject is long and narrow in shape. It measures about 367 ft in length. Width ranges from about 50 ft to 85 ft.
Streets, Access & Exposure	Access to the subject is by 20 th Ave S, a two lane paved road with a center turn lane, sidewalks, and street lights. At the subject is a crosswalk with push button activated flashing lights. 20 th Ave S connects with S 216 th St just south of the subject. SR-99 (Pacific Hwy S) is about ½ mile east via S 216 th St. Access to I-5 is via the S. 200 th St or SR 516 interchanges each about two miles away. Overall, the subject's access and exposure are average for this location.
Earthquake Zone	The International Building Code (IBC) is the building code in Washington State. The IBC uses a parameter called the Seismic Design Category rather than seismic zones used in previous building codes. The Seismic Design Category is a function of three parameters: ground motion, soil type and building occupancy. The typical Seismic Design Category in the Puget Sound is category "D" or greater, but because these parameters interact, this category can vary. The higher the category (A is lowest, F is highest), the more stringent the structural requirements. As the appraisers do not possess the expertise in seismic, structural & geotechnical engineering, further analysis is required to determine the subject's degree of risk.
Utilities	All typical utilities are available to the property and are of sufficient capacity to support the highest and best use of the site.
Topography and Soil Conditions	The subject has moderately sloping topography. Along the southern boundary is a graded gravel road with a downward slope to the west. North of the gravel road, the subject slopes downwards towards the retaining wall along the northern parcel boundary.



King County Elevation Contour Map with Hillshade

According to the USDA web soil map, shown below, the west end of the subject is comprised of Urban land (Ur). The east end of the subject is comprised of Arenas, Alderwood material, 6 to 15 percent slopes (AmC).



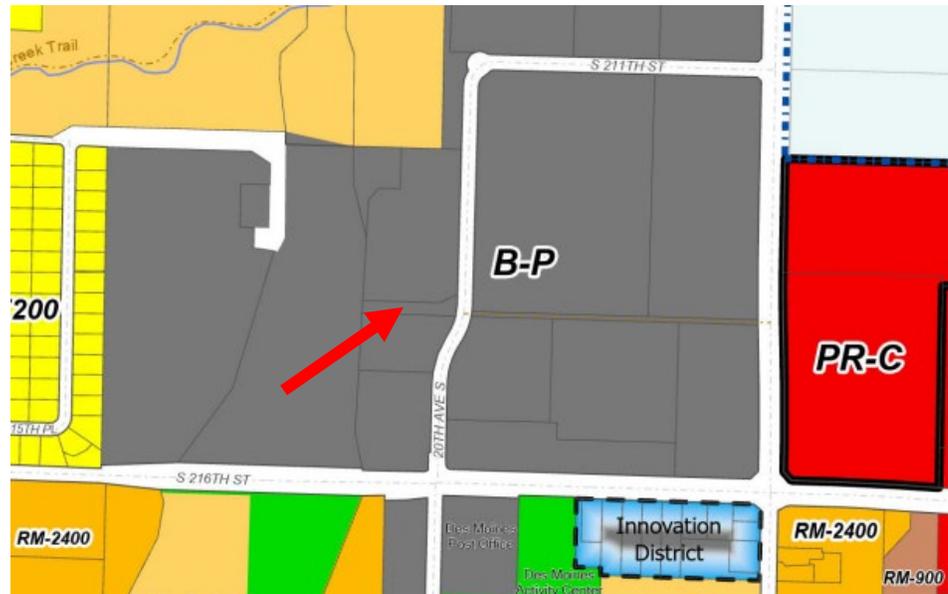
USDA Soil Map

Flood Zone

According to the Flood Insurance Rate Map No. 53033C0966G, effective August 19, 2020, the subject site is in Zone X, an area outside the 100-year floodplain. This map is currently in effect.

Zoning

The subject is zoned Business Park, B-P, by the City of Des Moines. Adjacent parcels carry the same zoning designation.



City of Des Moines Zoning Map

- 1) *The primary purpose and objective of the Business Park (B-P) Zone is to provide areas of the City for development of compatible business, professional office, light industrial, research and development, service uses, wholesale trade, and limited retail uses. Such uses shall be developed within master planned sites in park-like settings pursuant to development standards.*
- 2) *It is also the purpose of this zone to ensure compatibility between business parks and adjacent uses in terms of height, bulk, scale, and design; to mitigate potential adverse environmental impacts and nuisance effects on-site and off-site through careful planning, the use of buffering and screening, and the imposition of environmental performance standards and appropriate off-site mitigation requirements; to provide for the planned economic development of the City; to ensure that business park development is coordinated with the provision of adequate infrastructure by private applicants and the City, such as roads, drainage, and other utility systems; to require that business park developments pay their fair share of the costs of needed services and facilities; and to ensure that development*



occurs consistent with the goals and policies of the City of Des Moines Comprehensive Plan.

- 3) *Further, it is the purpose of this zone to establish standards to ensure that development occurs in a manner that is compatible with the Des Moines Creek Park, Des Moines Creek Trail, Steven J. Underwood Memorial Park, City of Des Moines Activity Center and adjacent residential-designated properties.*

Development in this zone requires a master plan. Allowable uses include a variety of commercial uses including retailing, office, warehouse, and light manufacturing uses. Residential use is not permitted. Development standards include a minimum lot size of 2 acres, maximum coverage ratio of 75% and maximum building height limit of 75 feet. Minimum setbacks are 20 ft along arterials and collectors, 20 ft from adjacent residential properties, 15 feet from non-arterial and non-collector streets, and 10 feet from properties other than residential properties.

The subject vacant land is a legally conforming use.

Assessment & Taxation

The subject property is government-owned and exempt from property taxes except for minor special assessments which are unknown.

Easements, Encroachments, Covenants & Restrictions

We were provided with a title report prepared by First American Title Insurance Company and dated July 27, 2023. The title report includes the subject and two nearby tax parcels, 092204-9303 and 092204-9042 that are adjacent to the west of the subject but are not included in the scope of this report.

The title report includes typical easements for roads and utilities. There are interlocal agreements between the city and county relating to the ownership, funding, operation, and maintenance of Des Moines Creek Park. Other items on title include a sewer connection and rehabilitation agreement, a water district resolution, and a lot line adjustment. Many of these special exceptions appear to encumber the two tax parcels that are not included in the scope of this report. Exceptions that affect the subject include the relinquishment of rights related to construction of the state highway, short plats, and development agreements. There are easements for sanitary sewer impacting the east end of the subject site. The First Development Agreement was made between the City of Des Moines and the Port of Seattle in 2005. The Second Development Agreement was made in 2012 and amended in 2015. The development agreement relates to the Des Moines Creek Business Park, an 89-acre property that includes the subject parcel. The agreement set forth various standards relating to development of the business park.



It is an assumption of this report that no easement, covenant, encroachment, or restriction negatively impacts the use or marketability of the site.

**Hazardous
Conditions
Disclaimer**

We were not provided with any environmental site assessments. As appraisers, we have no expertise in the detection or identification of hazardous waste, or in determining its impact on real property. We did review the Department of Ecology website to determine if there was contamination reported on this and adjoining property. A cleanup site was identified adjacent to the west of subject. The cleanup site is called Des Moines Creek West and is in the Voluntary Cleanup Program. This property falls within the Asarco Tacoma Smelter Plume, as do many properties in the region. Arsenic and lead have been confirmed in the soil, with arsenic being above cleanup levels and lead being below cleanup levels. In April 2023, the Department of Ecology determined that “no further remedial action will *likely* be necessary at the Property to clean up contamination associated with the Asarco Site.”

For the purpose of this appraisal, it is assumed that the subject is free of contamination of any kind. This assumption should not be construed as a guarantee that such conditions do not exist. The reader is referred to Item 2 of the Limiting Conditions document at the beginning of this report.

Conclusion

The subject site has moderately sloping topography and average access and exposure. Along the northern parcel boundary is a retaining wall and north of the subject is a large retention pond. South and west of the subject is vacant land. Most site characteristics are like other properties in the immediate vicinity. However, the subject’s narrow shape will severely limit its utility as a standalone development site. Assemblage with adjacent parcels is most likely.



Highest and Best Use



Highest and Best Use

“Highest and Best Use” is defined by the Appraisal Institute as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Source: The Dictionary of Real Estate Appraisal, Seventh Edition. Chicago: Appraisal Institute, 2022.

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

As Vacant

In arriving at our opinion of the highest and best use of the subject site as vacant and unimproved, we considered the subject’s location, the types of real estate in this vicinity, and the current levels of demand for various property types in this neighborhood.

The local building code and the development standards of the B-P zone restrict development of the subject site. Permitted uses include a variety of retail, office, warehouse, and light manufacturing uses. Development standards include a minimum lot size of 2 acres, maximum coverage ratio of 75% and maximum building height limit of 75 feet. Minimum setbacks are 20 ft along arterials and collectors, 20 ft from adjacent residential properties, 15 feet from non-arterial and non-collector streets, and 10 feet from properties other than residential properties. Development in the B-P zone requires a master plan. The subject falls within the Des Moines Creek Business Park Development Agreement. Adjacent parcels carry the same zoning designation and fall within the development agreement. These parcels are improved with mostly industrial uses as well as offices for the FAA.

The subject parcel is of irregular narrow shape with moderately sloping topography. The site is comprised of vacant land with a gravel access road. Vegetation includes grasses and shrubs. Access is by the 20th Ave S. Physically, the most likely use of the site is to enlarge adjacent parcels. Adjacent to the north is a large retention pond. Other adjacent parcels to the west and south are vacant land of irregular but functional shape with adequate access and exposure. All typical utilities are available. The physical characteristics of the subject are like other properties in the vicinity, but its size and shape will limit its utility as a standalone



development site. The Port of Seattle's proposal for the site, as an example, is for use as an access road serving a proposed 402,380 sq ft industrial project to the west. A proposed site plan was presented in the Site Description. This is a reasonable example of the highest and best use of the subject as vacant.

The subject is in the SeaTac/Burien industrial submarket that benefits from proximity to SeaTac Airport midway between the Port of Seattle and the Port of Tacoma. The submarket has a historically low vacancy rate and strong annual rent growth. The current vacancy rate of 4.48% is near the ten-year average but is well above last year's rate of 2.33%. The current average rental rate of \$1.43/sq ft/month which is 7.7% above last year. There is limited new construction underway. Overall, the submarket is stable.

The highest and best use of the subject as vacant is for assemblage with neighboring parcels for industrial development.



Sales Comparison Approach



Sales Comparison Approach

Introduction

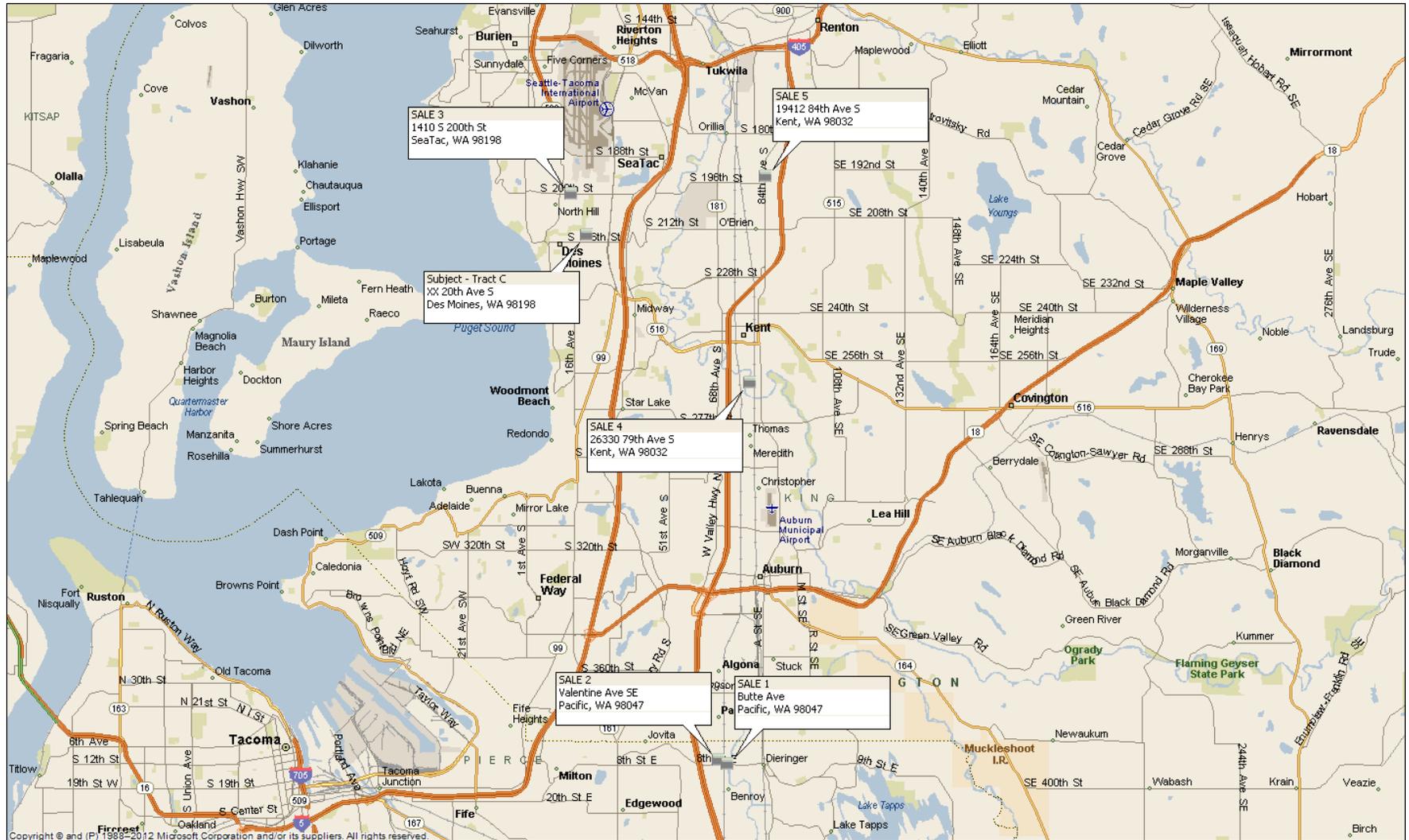
The Sales Comparison Approach is based on the premise that the market value of a property is directly related to the prices of comparable, competitive properties. This approach suggests that the value of a property in the market is set by the availability of substitute properties of similar utility and desirability. Externalities such as the neighborhood and the economy can affect property value positively or negatively. The Sales Comparison Approach is particularly applicable when enough data of recent market transactions exists to indicate value patterns.

The analysis begins by researching appropriate markets to obtain sales, listings, and pending sales information on comparable properties. Relevant measures, or units of comparison, are then made between the sale comparables and subject and adjusted for using market-derived data. The result of this process is used to derive an opinion of market value for the subject property.

Comparative Analysis

The subject land totals 0.45 acres. Zoning is B-P by the City of Des Moines. The subject has an irregular narrow shape and is not a likely standalone development site. The highest and best use, as vacant, is for assemblage with adjacent sites to support industrial development. This appraisal utilizes the Across the Fence value which estimates sale price based on the unit prices of sales of land like that adjoining the subject. The underlying assumption of this method is that land in the corridor is equal to the value of adjoining lands. Adjacent parcels range in size from 1.67 acres to 14.80 acres and carry the same B-P zoning designation as the subject. Parcels to the south and west are vacant land of irregular but functional shape. The parcel to the north is improved with a retention pond.

Our search for comparable sales focused on properties with a similar highest and best use as these adjacent properties. After analyzing several sales, we have selected five applicable sales. There have been few recent sales in the subject submarket so our search was expanded to include other submarkets nearby. The comparables are analyzed on price per sq ft. The following pages include a location map, a table summarizing the pertinent details of each sale, and an aerial photograph of each sale.



Sales Comparison Map



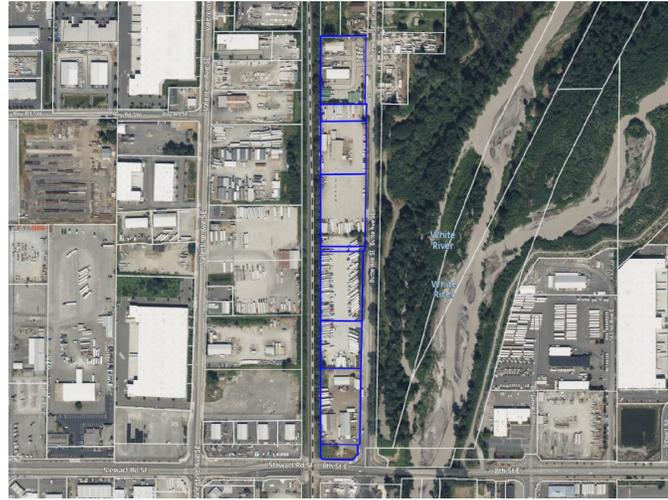
SUMMARY OF LAND SALE COMPARISONS

No.	Address Parcel Number	Zoning	Sq Ft		Analysis		Buyer Seller	Comments and Confirmation
			Acres	Sale Date	Price	\$/Sq Ft		
1	Zenith Outdoor Storage 1000-1025-1096 Butte Ave. SE Pacific, WA 449540-0391, 8 others	LI/MIC Pacific	502,247 11.53	Oct-22	\$21,250,000	\$42.31	1096 Butte Ave. V1 SE LLC Butte Avenue Props. LLC	Strip of land along west side of Butte Ave. SE, northerly of Stewart Rd. SE, including NWC of intersection. Attempting to lease 3.5 acres with no building for trailer parking (\$0.31/sq ft) and another 1.0 acres with 6,400 sq ft metal shop (\$0.35/sq ft). <i>Jack Crane, Andover, 206.258.3159</i>
2	CT Clean Pacific 1075 Valentine Ave. SE Pacific, WA 449540-0280	LI/MIC Pacific	146,797 3.37	Feb-22	\$5,350,000	\$36.44	CT Realty Investors Fritz Gunter Est.	Redevelopment of former gravel truck parking lot that had an old SFR and garage. Improvements demolished after sale and replaced with a CNG fueling facility tenant. Vehicles using the station will include muni, fleet, and Amazon. <i>Watson Chase, buyer, 949.500.7339</i>
3	Maywood Redevelopment 1410 S 200th St SeaTac, WA Multiple APNs	I SeaTac	720,443 16.54	Sep-21	\$23,500,000	\$32.62	Bridge Point SeaTac 300, LLC Multiple Sellers	Assemblage of 28 parcels over four years, including a former school, SFRs, and some vacant lots. Buyer plans industrial development and proposed two parcels rezoned to industrial from UL-7,200, and several sections of ROW to be vacated. <i>Arie Salomon, NAI-PSP, 425.586.5636</i>
4	Kent Assemblage 26330 79th Ave. S Kent, WA 346280-0090, -0095, -0100	I2 Kent	195,901 125,017 83,430 404,348 9.28	Jul-21 Aug-21 Nov-21	\$9,500,000 \$6,150,000 \$4,130,000 \$19,780,000	\$48.49 \$49.19 \$49.50 \$48.92	LIFT II 79th Ave 26220 LLC LIFT II 79th Ave 26330 LLC LIFT II 261st 7915 LLC Kemp Investments LLC et al	Assemblage of three adjacent parcels, two improved, from three separate sellers for redevelopment. Buyer LLCs are all controlled by Lift Partners. <i>Internal Files</i>
5	Tech Aerospace 19412 84th Ave S Kent, WA 062205-9003, -9109, -9110, -9111, -9112	I2 Kent	216,166 4.96	Jan-21	\$8,484,000	\$39.25	PB05, LLC Utica Realty Kent, LLC	Five tax parcels acquired for longer-term covered land play by owner-user. <i>Thad Mallory, Newmark, 425.362.1410</i>
	Tract C XX 20th Ave S Des Moines, WA 98198	B-P Des Moines	19,637 0.45	Appraisal (Rounded)	\$687,295 \$690,000	\$35.00		Adjacent parcels are 1.67 acres, 4.50 acres, and 14.80 acres and carry the same zoning designation as the subject.

Sales Comparison Photographs

Sale 1

Zenith Outdoor Storage
1000-1025-1096 Butte Ave. SE
Pacific, WA



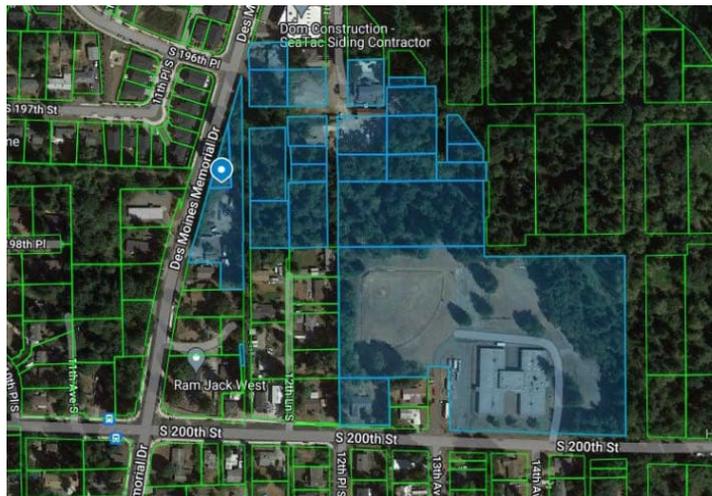
Sale 2

CT Clean Pacific
1075 Valentine Ave. SE
Pacific, WA



Sale 3

Maywood Redevelopment
1410 S 200th St
SeaTac, WA



Sales Comparison Photographs

Sale 4

Kent Assemblage
26330 79th Ave. S
Kent, WA



Sale 5

Tech Aerospace
19412 84th Ave S
Kent, WA





SALE 1 Sale 1 is the October 2022 sale of a property located on the west side of Butte Ave. SE, northerly of Stewart Rd. SE in Pacific. This 11.53-acre site is comprised of nine tax parcels forming a long, narrow site measuring over 2,220 ft from north to south and about 220 ft to 240 ft from east to west. Zoning is Light Industrial by the City of Pacific within the Manufacturing Industrial Center (MIC) Overlay. The buyer is attempting to lease the various parcels as trailer storage, as several parcels consist of wareyards. The property sold for \$21,250,000 or \$42.31/sq ft.

This property has a large size but a narrow shape. An upward adjustment is made for shape. We also adjust upwards for sale date and location. A downward adjustment is made for site condition (wareyard storage).

SALE 2 Sale 2 is the February 2022 purchase of a 3.37-acre site on Valentine Ave in Pacific, just north of Stewart Rd SE. Zoning is Light Industrial by within the MIC Overlay. The property was used as a gravel storage and truck parking yard and was acquired by CT Realty for redevelopment. It was improved with an old single-family residence and garage that were given no value and were demolished after sale. The buyer redeveloped the site with a Compressed Natural Gas (CNG) fueling facility tenant. The sale price of \$5,350,000 reflects \$36.44/sq ft.

Upward adjustments are made for sale date and location. Downward adjustments are made for topography and site condition.

SALE 3 Sale 3 is an assemblage of 28 properties that total approximately 17 acres. The assemblage is located north of the subject in SeaTac and includes a former school, single-family residences, and some vacant lots. The assemblage took over four years with the last piece closing in September 2021. The assemblage price was \$23,500,000 or \$32.62/sq ft. Bridge Industrial will develop two industrial buildings totaling over 300,000 sq ft. Two parcels were proposed to be rezoned to industrial from UL-7,200 and several portions of right-of-way were to be vacated.

A downward adjustment is made for assemblage motivation. On that note, the negotiating between the buyer and multiple sellers went on over several years as market conditions were improving. A market conditions adjustment at the closing date of this most recent sale would understate the appreciation. Going back four years, a more significant market conditions adjustment is made.



SALE 4 Sale 4 is an assemblage in the south part of Kent. The 9.3-acre site was assembled from three unrelated sellers between July and November 2021. The combined price was \$19,780,000 or \$48.92/sq ft. The site is 100% usable. The location is west of Central Ave. S., which extends north and becomes 84th Ave. S. There is little exposure at this location and the south access road is narrow with a low trestle that limits some truck traffic. This site has some minor building improvements of no value but the buyer, Lift Partners, planned redevelopment.

Upward adjustments are made for sale date and access/exposure. Downward adjustments are made for assemblage motivation, location, and topography.

SALE 5 Sale 5 is the January 2021 purchase of five adjacent parcels improved with low coverage and low quality industrial buildings. It was brought to market as a covered land play and was purchased by an owner user for a longer term redevelopment play. The site has frontage along East Valley Highway and is zoned M2. The parcels total 4.96 acres. The sale price of \$8,484,000 indicates \$39.25/sq ft.

An upward adjustment is made for sale date. Downward adjustments are made for location, topography, and site condition.

**ADJUSTMENTS TO
COMPARABLE DATA**

Pertinent market factors, along with property characteristics, were taken into consideration in the analysis, and all improved sales were adjusted to account for the differences between the comparables and the improved portions of the subject. In the following table, we adjust the indicated comparable sales prices as previously described to value the subject.

Adjustments for sale date are made using an annual rate of 2.0%. Real Capital Analytics (RCA) tracks the Commercial Property Price Index (CPPI) for industrial properties nationwide. As of December 2023, the one year CPPI is 0.5% and the three-year CPPI is 30.1%.

PricewaterhouseCoopers (PwC) surveys the National Warehouse Market. Average capitalization rates are 80 basis points above last year and 38 basis points above three years ago. For the Pacific Region Warehouse Market, average capitalization rates are up 108 basis points over the year and 112 basis points over three years.



LAND SALES COMPARISON ADJUSTMENT GRID

Name No.	\$/sf	Sale Conditions	Sale Date	Current Indicators	Location	Size	Shape/ Topography	Site Condition	Access/ Exposure	Zoning	Final Indicators
Zenith Outdoor Storage 1	\$42.31	0.0%	2.7%	2.7%	5.0%	0.0%	5.0%	-2.5%	0.0%	0.0%	10.2%
		\$0.00	\$1.13	\$43.44	\$2.17	\$0.00	\$2.17	(\$1.09)	\$0.00	\$0.00	\$46.70
CT Clean Pacific 2	\$36.44	0.0%	4.0%	4.0%	5.0%	0.0%	-5.0%	-2.5%	0.0%	0.0%	1.5%
		\$0.00	\$1.45	\$37.90	\$1.89	\$0.00	(\$1.89)	(\$0.95)	\$0.00	\$0.00	\$36.95
Maywood Redevelopment 3	\$32.62	-10.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		(\$3.26)	\$3.26	\$32.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.62
Kent Assemblage 4	\$48.92	-10.0%	5.1%	-4.9%	-10.0%	0.0%	-5.0%	0.0%	2.5%	0.0%	-17.4%
		(\$4.89)	\$2.51	\$46.54	(\$4.65)	\$0.00	(\$2.33)	\$0.00	\$1.16	\$0.00	\$40.72
Tech Aerospace 5	\$39.25	0.0%	6.3%	6.3%	-10.0%	0.0%	-5.0%	-5.0%	0.0%	0.0%	-13.7%
		\$0.00	\$2.46	\$41.71	(\$4.17)	\$0.00	(\$2.09)	(\$2.09)	\$0.00	\$0.00	\$33.37

Minimum \$32.62
Maximum \$48.92
Average \$39.91
Median \$39.25

Minimum \$32.62
Maximum \$46.70
Average \$38.07
Median \$36.95
Conclusion \$35.00

**Sales Comparison
Value Conclusion**

After adjustments, the comparables range from \$32.62/sq ft to \$46.70/sq ft. The average indicator is \$38.07/sq ft and the median is \$36.95/sq ft. The comparables include industrial land ranging in size from 3.37 acres to 16.54 acres and located in SeaTac, Kent, and Pacific. At the high end of the adjusted range is Sale 4, an assemblage in Kent by Lift Partners in Kent. At the low end of the range are Sales 2 and 5. Sale 2 is a gravel yard in Pacific acquired by CT Realty for redevelopment as a CNG fueling facility. Sale 5 is a long term covered land play in Kent acquired by an owner-user. Significant emphasis is placed on the overall average and median indicators. Typical properties adjacent to the subject range from 1.67 acres to 14.80 acres but are mostly larger than 3-4 acres. All carry the same B-P zoning as the subject and have flat or moderately sloping topography. Given the size, location, and other physical characteristics of the parcels near the subject, a unit value near the lower end of the adjusted range will be appropriate. Overall, the market value of the subject is estimated at \$35.00/sq ft or \$690,000, rounded, as of February 25, 2024, subject to the limiting conditions and assumptions contained herein.

Exposure Time

The definition of "exposure time" is as follows:

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a



sale at market value on the effective date of the appraisal.

Source: USPAP 2024 Edition. Washington, DC: The Appraisal Foundation, Appraisal Standards Board, 2024.

Based on local demand for this property type, the estimated exposure time is three to six months.

Marketing Time

The definition of “marketing time” is as follows:

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal.

Source: The Dictionary of Real Estate Appraisal, Seventh Edition. Chicago: Appraisal Institute, 2022.

The estimated marketing time for the subject is three to six months.



ADDENDUM



Appraisers' Experience Data



DAVID M. CHUDZIK, Ph.D., MAI, CRE

Senior Vice President
Valuation Advisory Services

Since joining Kidd Mathews' Valuation Advisory Services in October of 2004, David has provided valuation and consultation services for a wide variety of commercial property types including office, industrial, retail, multifamily, hospitality, marina, and development properties. His experience includes complex properties like biotechnology research facilities, data centers, sawmills, shipyards, and other specialized property types. He has performed biotechnology valuation and market analysis on a national basis and authored the National Biotechnology Real Estate Market Analysis for GVA Worldwide. Assignments have included valuation of leasehold interests, air rights, condemnation compensation, conservation easements as well as market rent studies.

David's professional experience includes venture capital investing with emphasis in the life sciences industry. He has also worked as a development analyst and project manager at Seattle area real estate development companies. His development experience includes multifamily residential, commercial office, and marina developments.

David brings unique qualifications to real estate valuation and consulting making him well qualified in the analysis of some of the most complex and sophisticated real estate.

EDUCATION

PH.D. in Biochemistry from University of Washington

MBA in Management from University of Washington

BS in Biochemistry from University of Washington

BA in Spanish from University of Washington

PROFESSIONAL LICENSES

Washington Certified General Real Estate Appraiser (No. 1102099)

Oregon Certified General Real Estate Appraiser (No. C001182)

California Certified General Real Estate Appraiser (No. 3004403)

Idaho Certified General Real Estate Appraiser (No. CGA-4877)

Alaska Certified General Real Estate Appraiser (No. 196369)

Illinois Certified General Real Estate Appraiser (No. 553002870)

Virginia Certified General Real Estate Appraiser (No. 4001017780)

Massachusetts Certified General Real Estate Appraiser (No. 1000213)

Utah Certified Certified General Appraiser (No. 11521104-CG00)

Washington Real Estate Broker (No. 127896)

SELECT CLIENT LIST

Allstate Life Insurance Co.
Alexandria Real Estate Equities
Archdiocese of Seattle
Bank of America
BECU
Bloch Properties
Citibank
City of Seattle
City of Renton
Davis Wright Tremaine
East West Bank
First Sound Bank
First Mutual Bank
GE Capital
H5 Capital
Heritage Bank
Jefferson County



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601 Union St
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Seattle, WA 98101



PROFESSIONAL AFFILIATIONS

MEMBER of Appraisal Institute (MAI)

MEMBER of Counselors of Real Estate (CRE)

ADDITIONAL CLIENTS

JPMorgan Chase Bank	Portland State University
KeyBank	Puget Sound Bank
King County	Puget Western
Low Income Housing Institute	San Juan County Land Bank
Memorial Medical Center	Schnitzer West
Merrill Lynch	Seattle BioMed
Morgan Stanley	Seattle Monorail Project
Morton McGoldrick, PS	Server Farm Realty
Moss Adams	Stockbridge Capital Group
National Real Estate Advisors	Todd Shipyards
Nexus Properties	Unico Properties
Northwest Diabetes Research Center	Union Bank
Northwest Kidney Center	University of Washington
Novartis	US Bancorp
Olympus Real Estate Partners	Vulcan Real Estate
Overlake Medical Center	Washington Federal
Perkins Coie	Washington Trust Bank
Port of Port Townsend	Wells Fargo

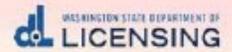
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Suite 4720
Seattle, WA 98101



STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION
THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A



CERTIFIED GENERAL REAL ESTATE APPRAISER

DAVID MATTHEW CHUDZIK
7047 51ST AVE NE
SEATTLE WA 98115-6131

1102099

License Number

03/17/2011

Issue Date

11/02/2024

Expiration Date

Teresa Berntsen
Teresa Berntsen, Director



JANE MANKE

Associate
Valuation Advisory Services

Jane Manke joined Valuation Advisory Services in January 2018 as an associate appraiser after interning for the brokerage division of Kidder Mathews.

Jane has appraised a variety of office, industrial, hospitality, marina, medical office, multifamily, retail, land, and development properties across the Pacific Northwest. She has also appraised special purpose properties including churches, schools, wineries, and hangars as well as easements and rights-of-way. Finally, her valuation experience extends to various data centers across the U.S.

STATE CERTIFICATION

Jane is a registered real estate appraiser trainee in Washington State (License No. 1002120).

EDUCATION

BABA in Finance and Operations & Supply Chain Management, University of Washington

APPRAISAL COURSEWORK

Uniform Standards of Professional Appraisal Practice (USPAP)

Basic Appraisal Principals

Basic Appraisal Procedures

Supervisor-Trainee Course for Washington

General Appraiser Market Analysis and Highest and Best Use

Statistics, Modeling, and Finance

General Appraiser Site Valuation and Cost Approach

General Appraiser Sales Comparison Approach

General Appraiser Income Approach

General Appraiser Report Writing and Case Studies

PROFESSIONAL AFFILIATIONS

Practicing Affiliate of the Appraisal Institute, Member No. 609385



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Seattle, WA 98101



STATE OF WASHINGTON



DEPARTMENT OF LICENSING - BUSINESS AND PROFESSIONS DIVISION
THIS CERTIFIES THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

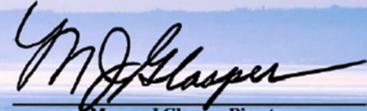
STATE REGISTERED REAL ESTATE APPRAISER TRAINEE

JANE G MANKE

1002120
License Number

01/26/2018
Issue Date

11/06/2025
Expiration Date



Marcus J Glasper, Director

REVIEW TRACT C PROPERTY IN DES MOINES

Ownership	City of Des Moines
Type of Property	Industrial Development
Client	City of Des Moines
Intended use	Internal planning purposes/site acquisition.
Property Street Address	Tract C xx20th Avenue South
City/State /Location	Des Moines, WA. 98198
Appraiser and Firm Name	Kidder Matthews Valuation Advisory Services
Is appraiser appropriately state certified or licensed?	Yes
Effective Date of Value	February 25 2024
Date of Appraisal review	March 6, 2024
Appraisal Format	(x) Appraisal Report () Form Appraisal Report () Restricted
Property Interest Appraised	(x) Fee Simple () Leased Fee () Leasehold
Value Conclusion Date of Value Conclusion	As Is (x) At Completion () Stabilized ()
Review Determination	(x) Accepted () Rejected:

INTRODUCTION AND BACKGROUND		Yes	No	N/A
1	Is the report addressed to the Client?	x		
2	Overall, has the appraiser conformed to the scope of work, including extraordinary assumptions and has the appraiser provided a valuation that is not misleading, but produces credible results?	x		
3	Has the appraisal appropriately considered and analyzed any recent (within the past three years) transactions or listing of the property?	x		
4	Is there an adequate identification of the property including legal description?	x		
SITE AND IMPROVEMENT DESCRIPTION		Yes	No	N/A
5	Is there an adequate description of the site and improvements including any proposed additions/renovations?	x		
6	Does the Highest and Best Use Analysis support the current use, particularly with respect to financial feasibility? Moreover, if a construction loan, does the Highest and Best Use support the proposed improvements, especially with respect to financial feasibility?	x		
7	Does the appraiser provide an adequate description of market trends or an industry overview by identifying supply/demand?.	x		
8	Are zoning requirements and trends discussed in the report?	x		
9	Are the property taxes and property assessments disclosed?	x		
10	Easements, encumbrances deed restrictions or other title reports issues identified and analyzed?	x		

REVIEW TRACT C PROPERTY IN DES MOINES

11	Does the appraisal include adequate exhibits of the subject site?	x		
12	Adequacy of the improvements descriptions including remaining economic life?	x		
13	Are easement and encroachment items discussed in the report?	x		
14	Are environmental hazards identified and addressed or standard disclaimer included?	x		
15	Allocation of the useable versus non-useable land area?	x		
	COST APPROACH	Yes	No	N/A
16	Does the report include a Cost Approach or explain its exclusion from the appraisal?	x		
17	Are land sales identified within the immediate market area and if not has the appraiser provided sufficient explanation to support the comparables?	x		
18	Are the comparables consistent with the size, utility (use), zoning, topography, and availability of the utilities when compared to the subject?	x		
19	Did the appraiser provide adjustment grids or sufficient narrative explanation to support the unadjusted and adjusted prices?	x		
20	Does the report reference Marshall Valuation Service or other cost estimating service?			x
21	Entrepreneurial profit analyzed and adequately documented?			x
22	Is the value estimated by the Cost Approach reasonable? If not, is there adequate discussion?			x
23	Are proper deductions for all items of depreciation and obsolescence included?			x
	SALES COMPARISON APPROACH	Yes	No	N/A
24	Are the land sales derived from the immediate market and if not, has the appraiser provided sufficient explanation to support the use of sales outside the subjects area? As summarized above there was an explanation as to why local sales in the immediate or surrounding areas were excluded in the valuation of the subject property.	x		
25	Are comparable land sales current and do they correlate to the subject's highest and best use conclusion?	x		
26	Land sales current and comparable?	x		

REVIEW TRACT C PROPERTY IN DES MOINES

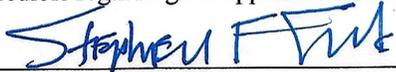
27	Photographs, location maps of sales included? Adequate information provided?	x		
28	Comparable sales analyzed on an adjustment grid with adequate support and discussion for the adjustments?	x		
29	Does the report present a reconciliation of comparable land sales?	x		
30	Did the appraiser provide any narrative or adjustment grids or to explain, justify, and support the concluded unit of measurement and were adjustments considered appropriate and not excessive?	x		
31	Summary of the Sales Comparison Approach?	x		
	INCOME APPROACH	Yes	No	N/A
32	Does the report contain an Income Approach or explain its exclusion?			x
33	Are the rental properties comparable?			x
34	Photographs and location map of comparable rents included?			x
35	Comparable rents analyzed on an adjustment grid with adequate support and discussion for the adjustments made?			x
36	Projected rental income supported?			x
37	Vacancy and collection loss supported?			x
38	Market support for the capitalization rate?			x
39	Is a discounted cash flow analysis required?			x
40	If an income approach is used, has the appraiser provided sufficient data supporting the gross profit, operating expenses, capitalization rate and concluded value?			x
	BUSINESS VALUATION	Yes	No	N/A
41	Does the report contain an Business Valuation or explain its exclusion?			x
42	In the business valuation section has the appraiser provided sufficient data supporting the concluded value of the business component?			x

REVIEW TRACT C PROPERTY IN DES MOINES

	FINAL VALUE RECONCILIATION	Yes	No	N/A
43	Are the appraiser's mathematical calculations accurate and internally consistent throughout the report?	X		
44	Has the appraiser properly identified and employed extraordinary assumptions and/or hypothetical conditions? The appraisal address extraordinary and hypothetical conditions in the appraisal. However the appraisal report indicates that neither of these conditions we considered to be pertinent in valuing the subject.	x		
44	Has the appraiser critically analyzed all approaches employed by stating the strengths and weaknesses of each and does the reconciliation provide a convincing argument to the value conclusion(s) reached?	x		

OVERALL COMMENTS:

The review appraiser would conclude that the valuation conclusion for the +/-/-19,637 sf parcel of land is credible regarding the appraisal which was prepared by Kidder Matthews Valuation Advisory Services.



Stephen F. Swank
Appraiser/Consultant

ADDENDA

I certify that to the best of my knowledge and belief:

1. The Statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
8. We have made a personal inspection of the property that is the subject of this report.
9. No one provided significant assistance other than the persons signing this report.
10. The use of this report is subject to the requirements of the Appraisal Institute relations to review by its duly authorized representatives
11. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment
12. Stephen Swank has completed the continuing education requirements for the State of Washington Licensing Program.



Stephen F. Swank, Appraiser
WA License #1100296

Assumptions and Limiting Conditions

This appraisal is subject to the following limiting conditions

Extraordinary Assumptions

None

Hypothetical Assumptions

None

General Assumptions

This analysis assumes the improvements will be constructed in a professional and workmanlike manner according to the plans included in this report.

The value arrived at was not determined based on a requested minimum valuation, a specific valuation or on approval of the loan

The analysis assumes that the legal description accurately represents the subject property. If further verification is required, further research is advised.

Without prior written approval from the authors, the use of this report is limited to decision-making concerning the potential financing of the property. All other uses are expressly prohibited. Reliance on this report by anyone other than the client for a purpose not set forth above is prohibited. The authors' responsibility is limited to the client.

We assume no responsibility for matters legal in character, nor do we render opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.

The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or restrictive violations existing in the subject property.

The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless noted.

This report shall be used for its intended purpose only, and by the parties to whom it is addressed. Possession of the report does not include the right of publication.

The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.

The statements of value and all conclusions shall apply as of the dates shown herein.

Assumptions and Limiting Conditions (Continued)

The appraisers have no present or contemplated future interest in the property that is not specifically disclosed in this report.

Neither all, nor any part, of the content of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.

This report must be used in its entirety. Reliance on any portion of the report independent of others may lead the reader to erroneous conclusions regarding the property values. No portion of the report stands alone without approval from the author.

The distribution of the total valuation of this report between land and improvements applies only under the existing programs of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The valuation stated herein assumes professional management and operation of the property throughout the lifetime of the improvements including an adequate maintenance and repair program.

The liability of Austin Appraisal and employees is limited to the client only and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit (brought by lender, partner, or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements, or costs, regardless of outcome; the client will hold Austin Appraisal completely harmless.

The Appraiser is not qualified to detect the presence of toxic or hazardous substances or material which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the presence of such materials. Therefore, irrespective of any degree of fault, Austin Appraisal and its principals, agents, and employees, shall not be liable for costs, expenses, damages, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids, or gasses, waste materials or other irritants, contaminants, or pollutants.

The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*, which prescribes specific building standards which may be applied differently to different buildings, depending on such factors as building age, historical significance, amenability to improvement, and cost of renovation. Austin Appraisal, its principals, agents, and employees, shall not be liable for any cost, expenses, assessments, penalties, or diminution in value resulting from non-compliance. Except as otherwise noted herein, this appraisal assumes that the subject complies with all ADA standards appropriate to the subject improvements; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the necessary renovation costs, time period needed for renovation, and penalties for non-compliance (if any) were known today, appropriate deductions would be made to the value conclusion(s) reported herein.

QUALIFICATIONS OF STEPHEN F. SWANK

EDUCATION:

Bachelor of Arts Degree in Public Administration with minor in City Planning from Western Washington University — Bellingham, Washington — 1977

APPRAISAL COURSES AND EDUCATION:

Real Estate Appraisal Principles	Land Valuation, Depreciation and the
Basic Valuation Procedures	the Cost Approach
Standards of Professional Practice	Appraising Office Buildings and Retail
Capitalization Theory, Part A	Properties
Capitalization Theory, Part B	Appraising Shopping Centers and
Site Inspection for Appraisers	Movie Theaters
Alternative Residential Reporting Forms	Appraising Hotels/Motels and
Small Residential Income Appraising	Apartment Buildings
Appraisal Report Writing	Highest & Best Use Analysis
Income Appraisal Theory & Techniques	Site Inspection for Appraisers

PROFESSIONAL:

Certified Real Estate Appraiser
General License No. 1100296, Expiration Date: 10/06/2023

EMPLOYMENT:

- President of Austin Appraisal, Inc. since April of 1996.
- Employed by the appraisal firm of Neal R. Cook & Associates as an Associate Appraiser — 1989-1996.
- Associate Appraiser with Consillium Inc. — 1985-1989.
- City Planner — 1977-1985.

EXPERIENCE:

Thirty-six years as a commercial appraiser. Experienced in market value appraisals, feasibility and land use studies, and marketing studies on commercial, industrial, multi-family, residential subdivisions and vacant land.

Self-Contained Appraisal Reports, Summary Appraisal Reports and Restricted Use Appraisal Reports have been prepared on apartments, condominiums, office buildings, retail centers, industrial parks, medical office buildings, office warehouse structures, condominium conversions, mini-storage facilities, single-family residential subdivisions, new construction, open space and vacant land. 71-B form appraisals have been completed for apartments as well as single-family appraisal form reports.

Projects have been completed in King, Pierce, Snohomish, Kitsap, Whatcom, Lewis, Mason and Thurston Counties and throughout the State of Washington. Appraisals have been completed nationally in 20 states.



State of Washington

DEPARTMENT OF LICENSING
BUSINESS AND PROFESSIONS DIVISION
APPRAISER PROGRAM
PO Box 9021
Olympia, WA 98507-9021

STEPHEN F SWANK
27045 10TH AVE S
DES MOINES WA 98198-9315

STATE OF WASHINGTON
 DEPARTMENT OF LICENSING - BUSINESS AND PROFESSIONS DIVISION
 THIS CERTIFIES THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

STEPHEN F SWANK

1100296 License Number	04/21/1994 Issue Date	10/06/2025 Expiration Date
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M. J. Glasper

 Marcus J Glasper, Director

Recording Requested By And
When Recorded Return to:

Port of Seattle
Economic Development Division
[What team title do we put here?]
P.O. Box 1209
Seattle, WA 98111

PEDESTRIAN AND BICYCLE TRAIL EASEMENT

Grantor: Port of Seattle
Grantee: City of Des Moines
Legal Description (abbreviated): _____, Additional legal(s) on Page ____.
Assessor’s Tax Parcel ID# _____.
Reference Nos. Of Documents Released or Assigned: _____.
Project [Area]: _____.
Parcel [#]: _____.

This easement (“**Trail Easement**”) is made this ____ day of _____, 2024, between **The Port of Seattle**, a Washington municipal corporation (“**Grantor**”), and **The City of Des Moines**, a Washington municipal corporation, (“**Grantee**”).

WITNESSETH, that Grantor, in consideration of mutual benefit and covenants contained in a prior Development Agreement between Grantor and Grantee, dated, _____ and subsequently amended on _____ does by this instrument grant a permanent Trail Easement to Grantee as set forth herein.

AGREEMENT

1. Grant of Easement.

NOW THEREFORE, Grantor, having received the consideration described in the recitals, the sufficiency of which is hereby acknowledged, does hereby convey unto Grantee, its successors and assigns, a perpetual non-exclusive Trail Easement for public pedestrian, bicycle, and other non-motorized uses over, along and across the property in the area legally described in Exhibit 1 and depicted in Exhibit 2 attached hereto and incorporated herein (the “**Trail Easement Area**”). The grant and conveyance of this Trail Easement is without any representation or warranty as to the condition of the Trail Easement Area or its suitability for any purpose. Accordingly, Grantee accepts the Trail Easement Area in its present condition, As-Is, Where-Is with all patent and latent defects. The granting of this Easement conveys a limited right to the public to enter the Easement Area only for the purpose specified herein.

2. Permitted Uses.

This grant of easement includes the Grantee's right to use the Trail Easement for improvement, construction, alteration, maintenance and operation of such trail as is now, or may be hereafter constructed, including the placement of interpretive and informational signs, which shall be subject to Grantor's approval which shall not be unreasonably withheld. Grantee shall have the right to make all necessary slopes upon the trail and for cuts and fills on each side of the said trail, which shall be subject to Grantor's approval which shall not be unreasonably withheld. Grantee shall be solely responsible for any and all costs associated with the repair and maintenance of the trail after it is initially constructed. Grantor has entered into a ground lease dated August 23, 2022, with a commercial developer as the tenant (the "Ground Lease"). The Ground Lease tenant intends to construct a commercial building or buildings on Grantor's property adjacent to the Trail Easement Area (the "Project"). The Ground Lease obligates Grantor's tenant, at its sole cost and expense, to initially construct the trail suitable for Grantee's needs which are agreed to be a 10' wide asphalt hiking trail with 2' gravel shoulders on either side (14' total) as a multi-use trail per FHWA/WSDOT ADA Multi-Use requirements, Chapter 1515 of the WSDOT Design Manual. The trail is to be located within the Trail Easement Area. In the event that both the Project and the trail construction are not constructed to completion within two (2) years of the date the Grantee issues all approvals and permits to the Ground Lease tenant for its Project, Grantor and Grantee shall work together to find a mutually acceptable alternate trail construction plan, location and timeline which will not impede the future development of Grantor's property adjacent to the Trail Easement Area.

This grant of Trail Easement includes both the Grantee's and the public's right to use the Trail Easement Area. Notwithstanding the foregoing, the public's right to use the Trail Easement Area shall not become effective until the Project, or another comparable development of Grantor's adjacent property, is complete and the trail has been constructed.

Grantee shall own any and all improvements located in the Trail Easement Area made by Grantee in connection with this Trail Easement.

3. Prohibited Uses.

The following uses and practices are inconsistent with the purposes of this Trail Easement and shall be prohibited upon or within the Trail Easement Area:

- (a) Use of the Trail Easement Area by motorized vehicles (other than during construction or maintenance of the trail).
- (b) Use of the Trail Easement Area between sunset and sunrise, including any sleeping or camping activities.
- (c) Constructing or placing building, residence, mobile homes, enclosures, wells, septic systems, sewer lines, or any structures, except as otherwise provided herein.

- (d) Dumping any materials, or releasing any liquids or gasses on or in the Property.
- (e) Disturbing the surface of the Trail Easement Area including but not limited to excavating, filling, removing soils or sub-soils, or changing the topography of the land in any manner, except as provided herein.
- (f) Removing, cutting, uprooting or otherwise destroying trees and other vegetation or animals, living or dead, except as otherwise provided herein.

4. Grantor's Reserved Rights.

Grantor reserves unto itself, its tenants and sub-tenants, and its successors and assigns the right to use the Trail Easement Area and improve, construct, alter, maintain and use conduits and other facilities over, under, through, along and across the Trail Easement Area for access and utility purposes as are determined by Grantor to be necessary for development of the underlying property or properties adjacent to the Trail Easement Area, provided, that such improvement, construction, alteration, maintenance and use does not substantially interfere with Grantee's or the public's use of the Trail Easement Area for trail purposes. Grantor also reserves unto itself, its tenants and sub-tenants and its successors and assigns the right to access the Trail Easement Area in order to maintain the natural areas in the vicinity of the Trail Easement Area. Grantor, its tenants and subtenants and its successors and assigns shall be solely responsible for any and all costs associated with the exercise of its reserved rights.

5. Grantee's Maintenance and Repair Responsibilities.

Grantee shall be responsible, at its sole expense for maintaining the trail in a safe operable condition, and otherwise ensuring public health and safety in the Trail Easement Area. Without limitation, this responsibility shall include: but not limited to: regular removal of trash and debris; landscaping and vegetation management as-needed; and maintenance and repair of the trail surface and any areas within the Trail Easement Area which are necessary to maintain the trail in a safe and operable condition.

6. Subordination to Agreements with United States/Airport Use. This Trail Easement is subject and subordinate to all current and future agreements entered into between Grantor and the Federal Aviation Administration, or any other federal agency, which agreements related to the operation and/or maintenance of Seatac Airport, including agreements that are required as a condition to Grantor receiving federal funds to improve or further develop Seatac Airport in accordance with the Federal Aviation Act of 1958 (Pub. L. No. 85-726, 72 Stat. 731) and 49 U.S.C. §§ 47101-47144. Without limiting the foregoing, Grantee additionally shall not allow any use, activity, condition or structure to occur within the Trail Easement Area which interfere with the landing or taking off of aircraft at Seatac Airport, or otherwise interfere with the operation of Seatac Airport.

7. Compliance with All Laws. Grantee shall be responsible for ensuring that all activities within the Trail Easement Area comply with all laws, regulations, orders, covenants and restrictions. Other than the initial construction of the trail by Grantor's tenant, and without limitation, this obligation shall require Grantee to obtain all other necessary permits and authorizations necessary to construct, maintain and repair, and operate the trail, at its sole cost and expense.

8. Environmental Liability and Costs of Handling Hazardous Substances.

- (a) Definition of Hazardous Substances. "Hazardous Substances" as used herein shall mean any substance or material defined or designated as a hazardous waste, toxic substance, or other pollutant or contaminant, by any Environmental Laws. "Environmental Laws" shall mean and refer to any and all laws, statutes, regulations, ordinances, codes, orders or other requirements of any federal, state, county, city, or other local jurisdiction, relating to the protection of human health and the environment.
- (b) Hazardous Substances Indemnity. Grantee shall indemnify, defend, and hold harmless Grantor, Grantor's elected officials, Grantor's tenant or any of its subtenant's, agents, officers, and employees from and against any and all suits, liability, loss, damage, expense, actions or claims arising from or related to the migration or release of Hazardous Substances, pre-existing or otherwise, relating to Grantee's exercise of rights and privileges pursuant to this Trail Easement.
- (c) Waiver and Release. Grantee waives and releases Grantor from any and all liability, loss, damage, expense, actions, claims or suits arising from or related to the pre-existence of any Hazardous Substances, if any, under or on, or within the Trail Easement Area, or the surrounding property owned by Grantor.
- (d) Hazardous Materials Management. During any construction, maintenance or repair by Grantee pursuant to this Trail Easement, Grantee shall be responsible for, at its sole cost and expense, all testing, profiling, and proper disposal of any Hazardous Materials generated or encountered, which Grantee determines must be removed from the Trail Easement Area. Grantee shall provide Grantor with copies of all disposal records documenting the management of such Hazardous Materials.

6. Indemnity.

To the extent permitted by law, each party shall protect, defend, indemnify and save harmless the other party, and its successors and assigns, officers, members, officials, employees, representatives and agents, (collectively, the "Related Parties"), from any and all costs, expenses, claims, actions, suits, liability, loss, judgments, reasonable attorneys' fees and/or awards of damages arising out of or in any way resulting from the indemnifying party's or its Related Parties', negligent acts, errors or omissions related to the Trail Easement Area or any improvements therein. If such costs, expenses, claims, actions, suits, liability, loss, judgments, attorneys' fees and/or awards of damages are caused by, or result from, the concurrent negligence of the parties, or their respective Related Parties, this Section shall be valid and enforceable only to the extent of the negligence of each party and its respective Related Parties. In addition, Grantee hereby

agrees to release, hold harmless, indemnify, and defend Grantor, Grantor's tenant or any of its subtenant's, and their successors and assigns, officers, members, employees, representatives, and agents from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, suits, claims, demands, judgments or administrative actions, including, without limitation, reasonable attorney's and consultant's fees, arising from or in any way connected with injury to or death of any person, or physical damage to any property related to Grantee's or the Public's use of the Trail Easement Area, including but not limited to any use of property adjoining the Trail Easement Area by users of the Trail Easement. The foregoing indemnities are specifically and expressly intended to constitute a waiver of the indemnifying party's immunity under Washington's Industrial Insurance Act, RCW Title 51, with respect to the indemnified party only, and only to the extent necessary to provide the indemnified party with a full and complete indemnity of claims made by the indemnifying party. The parties acknowledge that this Section 6 was specifically negotiated and agreed to by them and that Grantor would not have agreed to grant this Easement to Grantee but for the inclusion of this Section 6. Notwithstanding the foregoing, neither Grantee nor Grantor waives, or intends to waive, any immunity or other protections it may enjoy under R.C.W. 4.24.210 or any successor statute which confers immunity or protections from liability for parties in possession of land who make said land available for recreational purposes.

7. Miscellaneous.

(a) Captions. The captions and paragraph headings contained in this Trail Easement are for convenience of reference only and in no way define, describe, extend or define the scope or intent of this Trail Easement, nor the intent of any of the provisions hereof.

(b) Governing Law. This Trail Easement shall be governed by and construed and enforced in accordance with the laws of the State of Washington. The parties agree that venue of any legal action brought to enforce this Trail Easement shall be in King County, Washington.

(c) Recitals Incorporated; Definitions. Each recital and definition set forth above is incorporated into this Trail Easement as though fully set forth herein.

(d) Attorney's Fees and Costs. If either party shall bring an action to enforce the terms of this Trail Easement, in any such action the prevailing party shall be entitled to an award of its reasonable attorneys' fees and reasonable costs. Said costs and attorneys' fees shall include, without limitation, costs and attorneys' fees incurred in any appeal or in any proceedings under any present or future federal bankruptcy, forfeiture or state receivership or similar law.

(e) Severability. All provisions of this Trail Easement are severable and the invalidity or unenforceability of any provision shall not affect or impair the validity or enforceability of the remaining provisions.

(f) Binding Effect; Successors and Assigns. The term of this Trail Easement shall be perpetual. The rights and obligations of the parties shall be deemed to run with the land and the easement shall inure to the benefit of and be binding upon Grantor's and Grantee's respective successors and assigns (subject to the terms hereof). This Trail Easement may be amended or modified only by written instrument, executed and acknowledged by the parties hereto or their successors or assigns, recorded with the King County Recorder's Office.

(g) Entire Agreement. This Easement contains the entire agreement of the parties and supersedes any prior written or oral agreements with respect to the matters described herein.

(h) Liens and Encumbrances. Grantee shall, at its sole cost and expense, keep the Trail Easement Area free and clear of any liens or other encumbrances arising out of Grantee's activities under this Trail Easement.

(h) Exhibits Incorporated. The exhibits attached hereto are incorporated herein by this reference as if fully set forth.

IN WITNESS WHEREOF, the said Grantor and Grantee have signed this _____ day of _____, ____.

GRANTOR

GRANTEE

BY: _____

BY: _____

TITLE:

TITLE:

DATE: _____

DATE: _____

Approved as to Form:

NOTARY BLOCKS APPEAR ON NEXT PAGE

NOTARY BLOCK FOR _____

STATE OF WASHINGTON)

) SS

COUNTY OF KING)

On this _____ day of _____, 2024, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____, who executed the foregoing instrument and acknowledged to me that SHE or HE was authorized to execute said instrument on behalf of the _____ for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing
at _____

City and State

NOTARAY BLOCK FOR _____

My appointment expires _____

STATE OF WASHINGTON)

) SS

COUNTY OF KING)

On this _____ day of _____, 2024, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____, and who executed the foregoing instrument and acknowledged to me that SHE/HE was authorized to execute said instrument on behalf of _____ for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing
at _____

City and State

My appointment expires _____

EXHIBIT 1

**LEGAL DESCRIPTION FOR PEDESTRAIN AND BICYCLE, TRAIL
EASEMENT AREA**

[Insert legal description of this parcel]

EXHIBIT 2
Depiction of Trail Easement Area



August 26, 2024

Mr. Tim George
Interim City Manager
City of Des Moines
21630 11th Avenue S, Suite C
Des Moines, WA 98198-6398

RE: Sale of "Tract C" to Port of Seattle for Des Moines Creek West Development

Dear Mr. George,

The Port of Seattle supports the sale of the Tract C to the Port currently under consideration by the Des Moines City Council at an upcoming City Council meeting. Sale of this parcel adjacent to the Des Moines Creek West site, under development by Panattoni Development Company, will allow this small property to be added to our current ground lease with Panattoni and allow them to build an entrance from 20th Avenue South into the Des Moines Creek West development which will be safer for pedestrians on the adjacent new trail. The Port of Seattle Commission approved acquisition of the Tract C parcel at our July 9, 2024 Commission meeting. We urge the City Council to approve the sale of Tract C and allow developer Panattoni to move forward on their efforts to get the Des Moines Creek West development fully permitted and under construction early next year.

If approved by your City Council, this transaction will be the last significant action taken between our two organizations to realize our collective vision for the Des Moines Creek Business Park: to bring new economic activity, jobs, and environmental reclamation to the City of Des Moines on long vacant parcels owned by the Port of Seattle. This is the culmination of well over a decade of shared vision and common commitments detailed in formal agreements, shared infrastructure investments and long partnership between the Port and Des Moines in planning for the Des Moines Creek Business Park.

In sum, working collectively with our development partners of Trammel Crow, IAC and Panattoni, we have collaborated to bring about nearly 118.4 acres of development activity to land that sat vacant for decades. The business park development helps support the Port's economic development mission, helps the City of Des Moines meet its Comprehensive Plan employment goals, and contributes to your city's tax base. We have seen our development partners build 6 buildings -- including the new state of the art FAA office building -- that house over 2000 jobs, build new stormwater facilities, build new roadway frontage, remediate dozens of acres, construct new pathways and, with the completed Panattoni Des Moines Creek West project, the addition of a new trail extension and nearly 10 acres of forested woodlands and wetlands to be permanently protected forest land under a restrictive covenant. Countless hours of collective effort by leaders and citizens alike have brought us to the point we are today. With this last action, we can successfully complete our collective vision started so many years ago.

Thank you and the entire Des Moines planning and permitting team for the work and due diligence on this complex site. We remain committed to our ongoing efforts to improve the quality of life for the citizens of Des Moines.

Sincerely,

Mian A. Rice

Mian Rice on behalf of Kyra Lise
Interim Managing Director for Economic Development
Port of Seattle