



**EVERETT PORT COMMISSION
REGULAR MEETING AGENDA ITEM COVER SHEET**

Project/Subject Title:	<u>Purchase and Sale Agreement 5 J Williams Family Investments, LLC</u>	Initialed by: CEO/ Executive Director:	<u>Lisa Lefebber</u> 
Physical Location:	<u>25th and W. Marine View Dr Everett WA 98201</u>	CFO Originating Dept.: Contact Person: Phone Number:	<u>Eric Russell</u>  <u>Properties</u> <u>Terrie Battuello</u> <u>425-388-0664</u>

SECOND REGULAR MEETING OF: February 9, 2021

Agenda Item Type: X Action

Attachments for Regular Meeting Packet (please identify):

Attachment A Purchase and Sale Agreement

Expenditure Required: \$0 Account/CIP: N/A

Amount Budgeted: \$0

Additional Required: \$0

Summary Statement: The Commission is asked to consider approval of this Purchase and Sale Agreement (PSA) with housing developer *5 J Williams Family Investment, LLC* transferring a 2.26-acre real property (former KC parking lots) located between 23rd and 25th on W. Marine View Drive in Everett.

The Premises to be sold are described in Exhibit A of the PSA (attached) and include three (3) Snohomish County Tax Parcels, 005160-486-000-00, 005160-556-000-00 and 004374-556-013-00 which are depicted in *Figure 1: Subject Premises* below as part of this document. Prior to the close of the paper mill, this site used for parking by Kimberly Clark (KC) but, due to code changes, can no longer be used for parking. The City desires to create housing in this location and has zoned it accordingly.

The proposed Buyer is a local family-owned firm which has built and operated recognizable multifamily housing projects around Snohomish County for more than thirty (30) years, including properties in Lynnwood, Marysville, Arlington, Lake Stevens, Mill Creek and Mukilteo, with 20 projects in Everett. The developer prides itself on broad offerings serving the entire spectrum of the community. Projects include luxury, view, and affordable housing. The company is owned by principles of parent company Williams Investments which is owned and managed by Jari Williams. Additional information on their web site at www.wiliamsinvestments.com: Williams Investments Apartments. As required in the PSA, the Buyer has delivered proof of available funds to the Port for this transaction.

The Port retained real estate analyst support to review offers. Once the offer was received, a background assessment of the Buyer was conducted, and the final sales package developed. Key deal points proposed and approved by the Buyer in this agreement include a purchase price of \$3,623,000, of which a significant portion of the purchase price (\$1,553,000) will be held in Escrow to apply to specific extraordinary construction costs which are likely to be required to produce the anticipated land yield (number of housing units) upon which the residual land sale price was predicated. The PSA includes specific conditions by which the Buyer would recover all or portions of escrowed funds (but no more) as reimbursement for strengthening or replacing the structural wall along the western parcel boundary (common with State DOT) which provides lateral support for the land. The holdback has the added benefit of prompting development progress as escrow terminates and funds given to Seller if no development occurs by December 31, 2023. The Buyer will be responsible for fees related to management of the escrow holdback.

Ernst Money of \$103,500 is based on 5% of the minimum base price and will deposited within three days of PSA execution by the Port. Once deposited, the Port must refrain from negotiation for sale of this land to other parties during the Buyer Due Diligence Period, which is forty-five (45) days (no extensions). Because this property is zoned and ready to build, due diligence and closing is anticipated based on the PSA this spring (April 2021). As the Port's

part in the Buyers research, it is providing all its background documents including preliminary title information. Additionally, the agreement authorizes the Buyer to access the site for soil testing with notice and scope approval.

Closing will occur not later than 30-days following the Notice of Buyer Satisfaction; but the Buyer has broad leeway to terminate. The Buyer has no right to assign this PSA except to entities owned or controlled by the principal. There are no broker's fees associated with this deal on either side. A significant concession the purchaser acknowledges in the PSA is found in Section 2.5 wherein a covenant will be imposed preventing litigation or objection to the Seller's use of property for its legitimate uses under Chapter 53 Revised Code of Washington. This covenant was anticipated as part of the Port's decision to acquire this site from KC in 2017.

If all escrowed funds are spent, the Port will receive \$2,070,000; a return of its investment of more than \$570,000 over a three-year period. Port administration recommends the following motion.

Recommendation:

Motion to authorize the CEO to execute the Purchase and Sale Agreement between the Port and *5 J Williams Family Investments, LLC* which establishes all terms for sale of the port-owned 2.26-acre parcel of land formerly used for Kimberly Clark millworker parking and located at 25th and W. Marine View Drive, substantially as presented.

Figure 1: Subject Premises



Subject premises shown in red outline (left).