

#### Commission Meeting Monday, December 11, 2023 5:30 PM

Percival Plaza - Olympics Room 626 Columbia Street NW Olympia, WA 98501

The meeting agenda is available on the Port's website as of December 4, 2023. <a href="https://www.portolympia.com/commission">https://www.portolympia.com/commission</a>

The public may join the meeting from their computer, tablet or smartphone at:

https://us02web.zoom.us/j/87679453408?pwd=Q1RXR2ZUN0p2bk1qYmczM0dHWkpvUT09

or Telephone: 1 253 215 8782 Webinar ID: 876 7945 3408 Passcode: 315953

Please note that the Zoom link changes for each meeting.

Written public comments may be submitted to <u>commissioncoordinator@portolympia.com</u> by 12:00 p.m. on the date of the meeting. All written comments will be compiled and sent to the Commissioners prior to the meeting.

Verbal public comment is accepted in person at the meeting.

If you are attending the meeting via Zoom, you may raise your hand during the meeting to give public comment. For those listening by phone, press \*9 if you wish to raise your hand and provide comment.

#### AGENDA

- A. Call to Order
- B. Pledge of Allegiance
- C. Approval of Agenda
- D. Executive Director Report
- E. Public Comment

Individual public comments are limited to 3 minutes per person. Members of the public may comment on agenda items and other port business.

NOTE: Guidelines for public comment can be found in the Commission Rules in Resolution 2022-09 Article VI.

• <u>Comments should be directed to Commission</u>: Comments should be directed to the Commission as a whole and should not include comments about individual Port staff or members of the public.

#### **Port of Olympia Mission**

Creating economic opportunities and building community for all of Thurston County through responsible resource use.

• <u>Courtesy</u>: All speakers (members of the public, Port staff, and Commissioners) shall be courteous in language and demeanor and shall confine remarks to those facts that are germane and relevant to the question or issue under discussion.

#### F. Consent Calendar

- 1. Surplus Property Airport Equipment: Warren Hendrickson, Director of Operations
- 2. Minutes: November 27, 2023; November 6, 2023; October 23, 2023; October 2, 2023; September 19, 2023; August 14, 2023; and January 23, 2023

#### G. Pending Issues or Business

1. None

#### H. Action Calendar

- 1. **PUBLIC HEARING:** Resolution 2023-12 Surplus Property 2641 Willamette Dr. NE, 2633 Willamette Dr. NE, and 2625 Willamette Dr. NE respectively, all in Lacey Washington, and all improvements located on the parcels, including three buildings. *Pursuant to RCWs 53.08.090, 53.20.010, and 53.02.020, the Port of Olympia Commission will hold a public hearing to consider a change to the Port Comprehensive Scheme of Harbor Improvements (CSHI) to declare the property at 2641 Willamette Dr. NE, 2633 Willamette Dr. NE, and 2625 Willamette Dr. NE respectively, all in Lacey Washington, and all improvements located on the parcels, including three buildings, (Tax Parcel numbers 4204-00-00100, 4204-00-00200, and 4204-00-00300), as no longer needed for district purposes and to be subsequently sold to 1892 Holdings, LLC.* 
  - a. Open Public Hearing
  - b. Presentation regarding Resolution 2023-12 Surplus Property Commerce Business Center (CBC): Clarita Mattox, Real Estate Senior Manager
  - c. Accept Public Testimony
  - d. Close Public Hearing
- 2. Resolution 2023-12 Surplus Property 2641 Willamette Dr. NE, 2633 Willamette Dr. NE, and 2625 Willamette Dr. NE: Clarita Mattox, Real Estate Senior Manager
- Commerce Business Center (CBC) Purchase and Sale Agreement: Clarita Mattox, Real Estate Senior Manager
- 4. Panattoni New Market Industrial Campus (NMIC) Standard Lease Form Revision: Clarita Mattox, Real Estate Senior Manager

#### I. Action/Other Calendar

- 1. Janitorial Services Contract: TJ Quandt, Senior Harbor Manager
  - a. Public Comment on Action/Other Calendar
- 2. Security Contract: TJ Quandt, Senior Harbor Manager
  - a. Public Comment on Action/Other Calendar

#### J. Advisory Calendar

- 1. Executive Director Recruitment Update: Cliff Moore, Prothman
- 2. Q3 Financial Results: Danny Kim, Senior Financial Analyst and Budget Officer
- 3. Public Comment on Advisory Calendar
- K. Commissioner Reports/Discussion

- L. Other Business
- M. Meeting Announcements
- N. Adjourn

#### **COVER MEMO**

**Briefing Date/Time:** Dec. 11, 2023

**Staff Contact/Title:** Warren Hendrickson, Director of Operations

360.528.8050, <u>warrenh@portolympia.com</u>)

Subject: Surplus of Port Property – Airport Equipment

**Purpose:** ☐ Information Only ☐ Decision Needed

#### Overview:

This is a Consent agenda item before the Commission. Approval requested.

Pursuant to Resolution 2023-01, Commission approval is required to surplus equipment valued greater than \$20,681.00.

#### **Background:**

The Port purchased a New Holland TV145 Tractor in 2004 for mowing the extended acreage of the airfield operations area.

Regrettably, this tractor failed to ever achieve its intended purpose; its overall design was incompatible with the intended use. Subpar performance led to poor cosmetic results and required significant staff effort to counter its inefficiency. The tractor accumulated only 750 hours operating time and has been mothballed for several years.

The vehicle is estimated to have a current value of \$26,500.00 and there is no longer any reason to retain it in Port inventory.

#### **Documents Attached:**

Surplus Disposal Form - Airport - New Holland TV145 Tractor

#### **Summary and Financial Impact:**

- Reduced maintenance costs for a vehicle no longer in active use.
- Sale proceeds will be accounted for as airport miscellaneous revenue.

#### **Environmental Considerations:**

None

#### **Staff Recommendation:**

Commission authorization for the Director of Human Resources and Administrative Services to surplus the New Holland TV145 Tractor.



#### **Surplus Disposal Form**

This form is intended for the disposal of Port property via the Department of Enterprise Services Surplus Program. Port personnel that wish to surplus items/property must fill out the following form with accompanying information.

Surplussing occurs two times per year, in the Spring (March) and Fall (October)

The deadline to submit a Surplus Disposal Form for the **Spring** surplus is **February 15**. Deadline for the **Fall** surplus is **September 15**.

Employee Name \* Iyan Guerrero

**Department\*** Airport

Date of Form Completion \* 03/13/2023

Which Surplus Schedule is this for?\* March

Type of Request Vehicle/Machinery Request

Standard Requests pertain to items such as: office supplies, furniture, electronics, tools, automotive parts, etc.

Vehicle / Machinery requests are limited to (1) vehicle per form.

Prefered selling location: \* At DES

Arrangements for transport to DES's facility can be made if necessary. Otherwise, a point of contact will be needed to set up viewing appointments with the public.

Items selling from location at Airport & Terminal will require setting up an escort.

Ideally, these items should be requested to be sold at DES warehouse.

#### **Vehicle/ Machinery Request**

Select Category \* Heavy Equipment misc

Make/ Model \* New Holland TV-145

**Year\*** 2004

VIN # / HIN #\* RVSO-22196

#### Serial and Port Asset Tag Numbers

List serial numbers and asset numbers on the vehicle/machine, if applicable.

Description	Serial #	Asset Tag #

Item 1 New Holland TV-145 Tractor RVSO-22196 N/A

Odometer Reading N/A

Hours 750

Estimated Value Please give best estimate - this helps the Surplus Coordinator set a starting bid

\$26,500

Condition/Additional Information Used, dead batteries

i.e. body damage, running condition, etc.

Attach File

Pictures, maintenance records, ownership papers, etc.

#### For Surplus Coordinator Use

**Added to Commission List** 

○ Yes ○ No

If No, reason

Cancelled

Transferred to Another Department

Transferred to











# Commission Meeting Minutes Monday, November 27, 2023

Commission President Amy Harding called the Commission Meeting of November 27, 2023, to order at 5:30 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### **Present**

Commissioners: Amy Harding, President; and Bob Iyall, Secretary.

<u>Staff</u>: Rudy Rudolph, Interim Executive Director; Rick Hughes, Port General Counsel; Camille St. Onge, Director of Strategic Initiatives and Commission Affairs; Ben McDonald, Director of Human Resources and Administration; Warren Hendrickson, Director of Operations; Shawn Gilbertson, Director of Environmental Planning and Programs; Tad Kopf, Interim Director of Finance; TJ Quandt, Senior Harbor Manager; James Sommer, Capital Assets Program Manager; Clarita Mattox, Real Estate Senior Manager; Danny Kim, Senior Financial Analyst and Budget Officer; Taber Lee, Communications and Marketing Senior Manager; Hannah Ellis, Contracts Coordinator; and Missy Goodell, Executive and Commission Coordinator.

<u>Attended Virtually</u>: Commissioner Joe Downing, Vice President; and Len Psyk, Panattoni Development Company, Inc.

Guest: Brenda Fodge, Panattoni Development Company, Inc.

Public: Eighteen individuals attended virtually over Zoom.

#### Approval of Agenda

Commissioner Downing moved to approve the agenda as presented; Commissioner Iyall seconded the motion; Motion passed unanimously.

#### **Executive Director Report**

Interim Executive Director Rudy Rudolph reported on recent Port events and activities.

#### **Public Comment**

None.

#### **Consent Calendar**

Commissioner Downing moved to approve the Consent Calendar as amended. Commissioner Iyall seconded. Motion passed unanimously.

#### **Pending Issues**

None.

#### **Action Calendar**

<u>Capitol Little League</u>. Warren Hendrickson, Director of Operations, gave a historical overview of the Port of Olympia Airport and Capitol Little League along with a revised lease and Memorandum of Understanding with Capitol Little League.

<u>Motion</u>: Commissioner Iyall moved to authorize the Interim Executive Director to execute both the 2024-2028 lease amendment and its associated Memorandum of Understanding (MOU) with Capitol Little League. Commissioner Downing seconded the motion. Motion passed unanimously.

<u>Resolution 2023-08 Commission Rules</u>. Camille St. Onge, Director of Strategic Initiatives and Commission Affairs, reviewed changes for a five-member Commission and other administrative modifications.

<u>Motion</u>: Commissioner Iyall moved to approve Resolution 2023-08 Commission Rules as presented. Commissioner Downing seconded the motion. Motion passed unanimously.

Resolution 2023-09 Port of Olympia Citizens Advisory Committee (POCAC) Rules. Camille St. Onge, Director of Strategic Initiatives and Commission Affairs, reviewed updates that reflect a five-member Commission, adding the option for an executive director designee, and administrative changes.

<u>Motion</u>: Commissioner Iyall moved to approve Resolution 2023-09 Port of Olympia POCAC Rules as presented. Commissioner Downing seconded the motion. Motion passed unanimously.

<u>Budget Adoption – Resolution 2023 10 Adoption of 2024 Levy Amount and Resolution 2023-11 Adoption of the 2024 Annual Operating Budget.</u> Tad Kopf, Interim Director of Finance, presented the 2024 Levy amount and 2024 Annual Operating Budget for consideration.

<u>Motion</u>: Commissioner Downing moved to adopt Resolution 2023-10, a Resolution to adopt the Levy Amount for 2024, which is a 1% increase over 2023. Commissioner Iyall seconded the motion. Motion passed unanimously.

<u>Motion</u>: Commissioner Downing moved to approve Resolution 2023-11, a Resolution of the Port of Olympia Commission authorizing, providing for acceptance, approval, and adoption, of the Final 2024 Annual Operating Budget including annual User Rates and Fees and Capital Investment Plan pursuant to RCW 53.35.045. Commissioner Iyall seconded the motion. Motion passed unanimously.

#### **Public Comment**

One individual provided public comment.

#### **Action/Other Calendar**

None.

#### **Advisory Calendar**

<u>Surplus Property – Commerce Business Center (CBC) Resolution 2023-XX.</u> Warren Hendrickson, Director of Operations, shared that an offer had been made on the Port's Commerce Business Center (CBC). As the Port must first declare this property surplus in order to negotiate the transfer, this item will be an action item at the next Commission meeting.

<u>Commerce Business Center (CBC) Purchase and Sale Agreement</u>. Warren Hendrikson, Director of Operations, provided an update on the purchase and sale of the Commerce Business Center.

<u>Panattoni New Market Industrial Campus Lease</u>. Warren Hendrickson, Director of Operations, presented information on the Panattoni New Market Industrial Campus lease. An amendment to the Standard Lease form with Panattoni, specifically incorporating an agreement between the Port's reimbursement of Panattoni's Center Street improvements, will be required and brought to a future commission meeting for approval.

Public	Comment	on	<b>Advisory</b>	Items
None				

#### **Commissioner Reports/Discussion**

Each commissioner provided an update of their current activities in the community.

#### **Other Business**

None.

#### **Meeting Announcements**

Interim Executive Director Rudy Rudolph provided information on upcoming Commission meetings.

#### **Adjournment**

The meeting adjourned at 6:42 p.m.

PORT OF OLYMPIA COMMISSION

President, Amy Harding

Vice President, Joe Downing

Secretary, Charles "Bob" Iyall



#### Commission Meeting Minutes Monday, November 6, 2023

Commission President Amy Harding called the Commission Meeting of November 6, 2023, to order at 4:00 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### **Present**

Commissioners: Amy Harding, President; and Bob Iyall, Secretary.

<u>Staff</u>: Rudy Rudolph, Interim Executive Director; Camille St. Onge, Director of Strategic Initiatives and Commission Affairs; Ben McDonald, Director of Human Resources and Administration; Warren Hendrickson, Director of Operations; Shawn Gilbertson, Director of Environmental Planning and Programs; Tad Kopf, Interim Director of Finance; TJ Quandt, Senior Harbor Manager; Clarita Mattox, Real Estate Senior Manager; James Sommer, Capital Assets Program Manager; Danny Kim, Senior Financial Analyst and Budget Officer; Taber Lee, Communications and Marketing Senior Manager; Hannah Ellis, Contracts Coordinator; and Missy Goodell, Executive and Commission Coordinator.

Attended Virtually: Commissioner Joe Downing, Vice President.

Public: Six individuals attended virtually over Zoom.

#### **Approval of Agenda**

Commissioner Downing moved to approve the agenda as presented; Commissioner Iyall seconded the motion; motion passed unanimously.

#### **Public Comment**

Two individuals provided public comment.

#### **Consent Calendar**

None.

#### **Pending Issues or Business**

None.

#### **Action Calendar**

None.

#### **Public Comment**

No comments were provided.

#### Action/Other Calendar

None.

#### **Advisory Calendar**

<u>2024 Draft Operating Budget – Second Review</u>. Tad Kopf, Interim Director of Finance, presented a second review and revised draft version of the full 2024 budget.

<u>Capitol Little League Update</u>. Warren Hendrikson, Director of Operations, provided an update on the Capitol Little League and Port of Olympia Airport conversations.

#### **Public Comment on Advisory Items**

One individual provided public comment.

#### **Commissioner Reports/Discussion**

Each commissioner provided an update of their current activities in the community.

#### Other Business

None.

#### **Meeting Announcements**

Interim Executive Director Rudy Rudolph provided information on upcoming Commission meetings.

# Adjourn The meeting adjourned at 5:44 p.m. PORT OF OLYMPIA COMMISSION President, Amy Harding Vice President, Joe Downing

Secretary, Charles "Bob" Iyall



#### Commission Meeting Minutes Monday, October 23, 2023

Commission President Amy Harding called the Commission Meeting of October 23, 2023, to order at 5:30 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### **Present**

<u>Commissioners</u>: Amy Harding, President and Bob Iyall, Secretary.

Attended Remotely: Commissioner Joe Downing, Vice President and Cliff Moore, Prothman.

<u>Staff</u>: Rudy Rudolph, Interim Executive Director; Warren Hendrickson, Director of Operations; Camille St. Onge, Director of Strategic Initiatives and Commission Affairs; Ben McDonald, Director of Human Resources and Administration; Tad Kopf, Interim Director of Finance; Clarita Mattox, Real Estate Senior Manager; TJ Quandt, Harbor Senior Manager; James Sommer, Capital Assets Program Manager; Conley Booth, Marine Terminal Operations Manager; Danny Kim, Senior Financial Analyst and Budget Officer; Hannah Ellis, Contracts Coordinator; and Missy Goodell, Executive and Commission Coordinator.

Public: Twelve attendees attended virtually over Zoom.

#### **Approval of Agenda**

Commissioner Iyall moved to approve the agenda as presented; Commissioner Harding seconded the motion.

Commissioner Harding moved to amend the agenda by adding "Executive Director Job Description" after the Action/Other ILWU agenda item. Commissioner Iyall seconded the motion. Motion passed unanimously.

Commissioner lyall moved to accept the amended agenda; Commissioner Downing seconded the motion; motion passed unanimously.

#### **Public Comment**

One individual provided public comment.

#### **Consent Calendar**

Commissioner Iyall moved to approve the Consent Calendar. Commissioner Downing seconded. Motion passed unanimously.

#### **Pending Issues**

None.

#### **Action Calendar**

No items on the Action Calendar.

#### **Action/Other Calendar**

<u>Port of Olympia/ILWU 47B Labor Contract Memorandum of Understanding</u> – Ben McDonald, Director of Human Resources and Administration provided an update on progress made to date on union negotiations.

<u>Motion</u>: Commissioner Iyall moved to approve the Memorandum of Understanding signed on October 11, 2023, by the Port of Olympia and the ILWU Local 47B, to increase the wages of the employees represented by Local 47B by 4% effective November 1, 2023, and an additional 4% on January 1, 2024. Commissioner Downing seconded the motion. Motion passed unanimously.

#### **Public Comment on Action/Other Items**

One comment was provided.

#### **Executive Director Job Description Discussion**

The Commission discussed details of the executive director job description and their vision of this document.

#### **Advisory Calendar**

<u>2024 Draft Operating Budget – First Review and Capital – Tad Kopf, Interim Director of Finance, gave an indepth presentation on the 2024 Operating Budget.</u>

#### **Public Comment on Advisory Items**

None.

#### **Commissioner Reports/Discussion**

Each commissioner provided an update of their current activities in the community.

#### **Other Business**

None.

#### **Meeting Announcements**

Interim Executive Director Rudy Rudolph provided information on upcoming Commission meetings.

#### Adjournment

The meeting adjourned at 8:12 p.m.

POR	Γ OF OLYMPIA COMMISSION
	President, Amy Harding
-	Vice President, Joe Downing
-	Secretary, Charles "Bob" Iyall



#### Commission Work Session Minutes Monday, October 2, 2023

Commission President Amy Harding called the Commission Work Session of March 20, 2023, to order at 2:30 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### Present

Commissioners: Amy Harding, President and Bob Iyall, Secretary.

Attended Virtually: Commissioner Joe Downing, Vice President

<u>Staff</u>: Rudy Rudolph, Interim Executive Director; Camille St. Onge, Director of Strategic Initiatives and Commission Affairs; Warren Hendrickson, Director of Operations; Clarita Mattox, Real Estate Senior Manager; James Sommer, Capital Assets Program Manager; Hannah Ellis, Contracts Coordinator; and Missy Goodell, Executive and Commission Coordinator.

#### **Approval of Agenda**

Commissioner Iyall moved to approve the agenda as presented. Commissioner Downing seconded the motion. Motion passed unanimously.

#### **Capital Investment Program Budget Brief**

James Sommer, Capital Assets Program Manager, discussed the proposed 2024 capital budget and the 5-year capital investment plan.

#### **Real Estate Operations Brief**

Clarita Mattox, Real Estate Senior Manager, provided an overview of the Port's real estate activities including number of leases and projected revenues for 2023.

#### Adjourn

The meeting adjourned at 4:07 p.m.

PORT OF OLYMPIA COMMISSION
Amy Harding, President
Joe Downing, Vice President
Bob Iyall, Secretary



#### Commission Meeting Minutes Tuesday, September 19, 2023

Commission President Amy Harding called the Commission Meeting of September 19, 2023, to order at 4:33 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### **Present**

<u>Commissioners</u>: Amy Harding, President; and Bob Iyall, Secretary.

<u>Staff</u>: Rudy Rudolph, Interim Executive Director; Camille St. Onge, Director of Strategic Initiatives and Commission Affairs; Ben McDonald, Director of Human Resources and Administration; Warren Hendrickson, Director of Operations; Hannah Ellis, Contracts Coordinator; and Missy Goodell, Executive and Commission Coordinator.

Attended Virtually: Commissioner Joe Downing, Vice President.

Public: Three individuals attended virtually over Zoom.

#### **Approval of Agenda**

Commissioner Downing moved to approve the agenda as presented; Commissioner Iyall seconded the motion.

Commissioner Iyall moved to add to the agenda after Public Comment a statement from the Commission. Commissioner Downing seconded the motion; motion passed unanimously.

Commissioner Iyall moved to approve the amended agenda. Commissioner Downing seconded the motion. Motion passed unanimously.

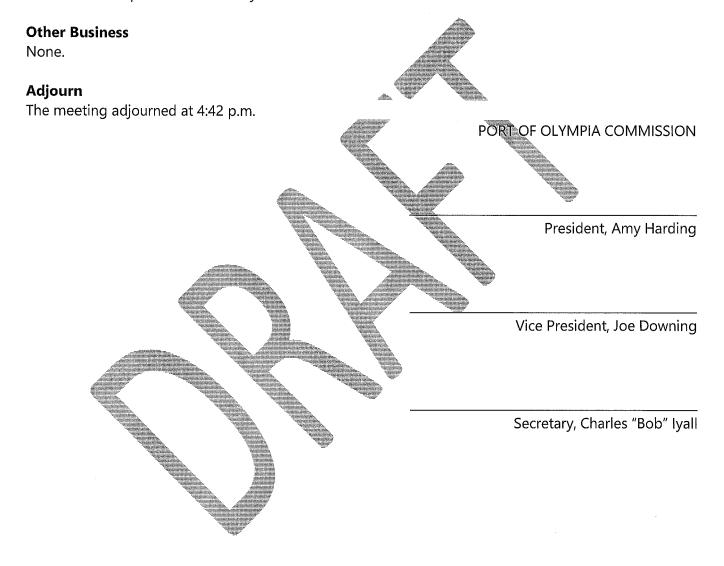
#### **Public Comment**

No public comment was provided.

Statement from the Commission. The Port of Olympia's Commission has accepted Executive Director Sam Gibboney's Separation of Service. The Commission thanks Ms. Gibboney for her years of service and dedication to the Port, community and staff. During this transitional period, the Commission is committed to prioritizing and ensuring a seamless leadership transition while maintaining the Port's stability and effectiveness. To this end, the Commission will be conducting an extensive search over the next few months to identify the most qualified individual to assume the role of executive director. Rudy Rudolph, a nineteen-year seasoned Port of Olympia professional with a deep knowledge of the Port's operations, will continue to serve as the Port's Interim Executive Director while this search is ongoing. Rudolph's extensive experience and expertise will ensure a smooth transition and uninterrupted progress.

<u>Prothman Consulting Contract</u>. Ben McDonald, Director of Human Resources and Administration, presented information on Prothman, a recruiting firm that conducts Executive Sourcing and Outreach. An extension on the contract's term date and adding additional funds to continue their services is being requested.

<u>Motion</u>: Commissioner Downing moved to authorize the Interim Executive Director to sign a contract Amendment with Prothman, extending the term of the agreement through December 31, 2024, and adding \$50,000 for a new total not to exceed amount of \$100,000. Commissioner Iyall seconded the motion. Motion passed unanimously.





#### Commission Meeting Minutes Monday, August 14, 2023

Commission President Amy Harding called the Commission Meeting of August 14, 2023, to order at 5:35 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### **Present**

Commissioners: Amy Harding, President and Bob Iyall, Secretary.

Attended Virtually: Commissioner Joe Downing, Vice President.

<u>Staff</u>: Rudy Rudolph, Interim Executive Director; Rick Hughes, Port General Counsel; Warren Hendrickson, Acting Director of Operations; Camille St. Onge, Director of Strategic Initiatives and Commission Affairs; Ben McDonald, Director of Human Resources and Administration; Taber Lee, Communications and Marketing Senior Manager; Hannah Ellis, Accounting Coordinator; and Missy Goodell, Executive and Commission Coordinator.

<u>Guests</u>: Todd Cutts, Olympia Downtown Alliance; Ron Thomas, Thomas Architecture Studios; Matt DeBord, Timberland Bank; and Shannon Tiegs, Tiegs Management Company.

Public: Ten individuals attended virtually over Zoom.

#### Approval of Agenda

Commissioner Iyall moved to approve the agenda as presented; Commissioner Downing seconded the motion.

Commissioner Harding moved to amend the agenda, moving Item J. 2. "Downtown Improvement District" on the Advisory Calendar, to follow the report on "Capitol Little League" under Item G. Pending Issues or Business.

Commissioner lyall moved to approve the agenda as amended. Commissioner Harding seconded the motion; motion passed unanimously.

#### **Executive Director Report**

Interim Executive Director Rudy Rudolph reported on recent Port events and activities.

#### **Public Comment**

One individual provided public comment.

#### **Consent Calendar**

Commissioner lyall moved to approve the Consent Calendar as amended. Commissioner Downing seconded. Motion passed unanimously.

#### **Pending Issues**

There was no update to Pending Issues.

#### Downtown Improvement District

Todd Cutts, Olympia Downtown Alliance Executive Director, gave a presentation on the current status of the Olympia Downtown area.

#### **Action Calendar**

<u>Skillings Contract</u>. Warren Hendrickson, Acting Director of Operations, provided an update to the Skillings Contract. The briefing provided a status update for the approved 2023 capital project for adding a stormwater secondary filtration system to the Port of Olympia's boatyard.

<u>Motion</u>: Commissioner Iyall moved to approve the Skillings Contract as presented. Commissioner Downing seconded the motion.

#### **Action/Other Calendar**

There were no items on the Action/Other Calendar.

#### **Advisory Calendar**

<u>Commission Compensation</u> – Ben McDonald, Director of Human Resources and Administration, gave historical background and the process for port commissions who may set compensation to be paid to commissioners.

#### **Public Comment on Advisory Items**

Two individuals provided public comment.

#### **Commissioner Reports/Discussion**

Each commissioner provided an update of their current activities in the community.

#### **Other Business**

None.

#### **Meeting Announcements**

Interim Executive Director Rudy Rudolph provided information on upcoming Commission meetings.

#### Adjourn

The meeting adjourned at 7:28 p.m.

PORT OF OLYMPIA COMMISSION
President, Amy Harding
Vice President, Joe Downing
Secretary, Charles "Bob" lyal



#### Commission Meeting Minutes Monday, January 23, 2023

Commission President Amy Harding called the Commission Meeting of January 23, 2023, to order at 5:30 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington.

#### **Present**

<u>Commissioners</u>: Amy Harding, President; and Bob Iyall, Secretary.

<u>Staff</u>: Sam Gibboney, Executive Director; Rick Hughes, Port General Counsel; Rudy Rudolph, Director of Operations; Lisa Parks, Executive Services Director; Ben McDonald, Director of Human Resources and Administration; Hannah Ellis, Contracts Coordinator; and Missy Goodell, Executive and Commission Coordinator.

Attended Virtually: Commissioner Joe Downing, Vice President.

**Guest**: Dan Penrose, SCJ Alliance.

<u>Public</u>: Three individuals attended virtually over Zoom.

#### **Approval of Agenda**

Commissioner Iyall moved to approve the agenda as presented; Commissioner Harding seconded the motion; motion passed unanimously.

#### **Executive Director Report**

Executive Director Sam Gibboney reported on recent Port events and activities.

#### **Public Comment**

None.

#### **Consent Calendar**

None.

#### **Pending Issues**

No update to pending issues.

#### **Action Calendar**

<u>Crossroads Strategies Agreement Amendment No. 1</u>. Lisa Parks, Executive Services Director, provided background information on the current contract with Crossroads Strategies. Extending the term of the contract and adding additional funds to the contract was requested.

<u>Motion</u>: Commissioner Iyall moved to authorize the Executive Director to sign a contract amendment with Crossroads Strategies, LLC, to continue providing Federal lobbying services, extending the term of the agreement through December 31, 2023, and adding \$85,000, for a new total not-to-exceed amount of \$135,000. Commissioner Downing seconded the motion. Motion passed unanimously.

#### **Action/Other Calendar**

<u>CACC Letter</u>. Rudy Rudolph, Operations Director, provided background information on the Commercial Aviation Coordinating Commission (CACC) situation.

<u>Ratification of POCAC Terms</u>. Dan Penrose, SCJ Alliance, presented a request for the Commission to ratify the positions and terms as determined by the POCAC Interview Team.

The assigned Positions and the associated terms are as follows:

#### **Current POCAC Members**

Position 1	Joel Hansen	Jan 2020 thru Dec 2023
Position 2	Deborah Pattin, Chair	Jan 2018 thru Dec 2023
Position 3	Tom Szymoniak	Jan 2019 thru Dec 2024
Position 4	Cameron Wilson	Jan 2018 thru Dec 2023

#### **New POCAC Members**

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Position 5	Bob Butts	3-year term	Jan 2023 thru Dec 2025
Position 6	Don Krug	3-year term	Jan 2023 thru Dec 2025
Position 7	Anthony Hemstad	3-year term	Jan 2023 thru Dec 2025
Position 8	Darlene Kemery	3-year term	Jan 2023 thru Dec 2025
Position 9	James Thornton	2-year term	Jan 2023 thru Dec 2024
Position 10	Shannon Glenn	2-year term	Jan 2023 thru Dec 2024
Position 11	Bob Wubbena	2-year term	Jan 2023 thru Dec 2024
Position 12	Quentin Phillips	1-year term	Jan 2023 thru Dec 2023
Position 13	Harry Branch	1-year term	Jan 2023 thru Dec 2023
Position 14	Sue Patnude	1-year term	Jan 2023 thru Dec 2023
Positions 15, 16, 17	OPEN 🐪	The set of the base of the control o	

<u>Motion</u>: Commissioner Downing moved to ratify the roster of POCAC positions and their assigned terms, as presented. Commissioner lyall seconded the motion. Motion passed unanimously.

#### **Public Comment on Action/Other Calendar**

None.

#### **Advisory Calendar**

None.

#### **Commissioner Reports/Discussion**

Each commissioner provided an update of their current activities in the community.

#### **Other Business**

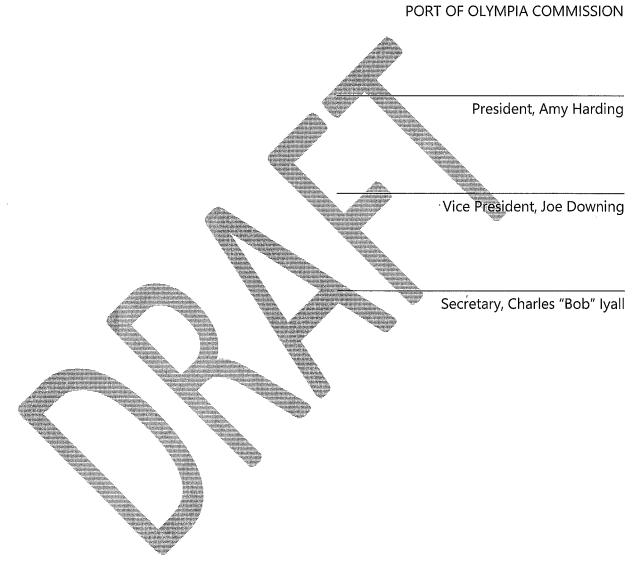
None.

#### **Meeting Announcements**

Executive Director Gibboney provided information on upcoming Commission meetings.

#### **Adjournment**

The meeting adjourned at 6:25 p.m.



#### **COVER MEMO**

**Briefing Date/Time:** December 11, 2023

**Staff Contact/Title:** Clarita Mattox, Real Estate Senior Manager, 360.528.8070,

claritam@portolympia.com)

**Subject:** Surplus Property Resolution 2023-12: Commerce Business

Center

**Purpose:** ☐ Information Only ☐ Decision Needed

#### **Overview:**

This is an Action agenda item before the Commission. Approval requested.

#### **Background:**

1892 Holdings, LLC has offered to purchase the Port's Commerce Business Center in Lacey, Washington. This purchase involves three tax parcels and three buildings. Before executing the sale of this property, the Port must first declare it surplus to its needs by formal resolution.

RCWs 53.08.090, 53.20.010, and 53.20.020 outline the procedures to declare property surplus to Port District needs, amend the Comprehensive Scheme of Harbor Improvements (CSHI) to delete the property, and allow for negotiated transfer.

RCW <u>53.08.090</u>: Sale of property. A port commission may, by resolution, authorize the managing official of a port district to sell and convey port district property valued at more than ten thousand dollars (as amended) when the port commission has, by resolution, declared the property to be no longer needed for district purposes. The comprehensive plan shall be modified only after public notice and hearing provided by RCW <u>53.20.010</u>.

RCW <u>53.20.020</u>: Improvement to follow plans adopted. When such general plans shall have been adopted or approved, every improvement to be made by said commission shall be made substantially in accordance therewith until such general plans shall have been officially changed by the port commission after a public hearing thereon, of which at least ten days' notice shall be published in a newspaper in general circulation in such port district.

#### **Documents Attached:**

PowerPoint Surplus Property Certification Public Notice Surplus Property Resolution

#### **Summary & Financial Impact:**

Sale Proceeds Subject to Real Estate Reinvestment Policy

#### **Affected Parties:**

Port of Olympia 1892 Holdings, LLC

#### **Environmental Considerations:**

None

#### **Staff Recommendation:**

Port Commission Adoption of Resolution

#### **Next Steps:**

- 1. Execution of Resolution
- 2. Amendment of CSHI
- 3. Execution of Purchase and Sale Agreement



# Resolution 2023-12 – Surplus Property

Clarita Mattox Real Estate Senior Manager Dec. 11, 2023

1

# **Today's Presentation**

Action Agenda Item – Approval Requested

- Resolution 2023-12 Declaration of Surplus Property
- Prelude to sale of Commerce Business Center, Lacey

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PORT of OLYMPIA

1

# Location



PORT of OLYMPIA

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# Requirements

RCWs 53.08.090, 53.20.010, and 53.20.020

- Property valued > \$10,000: Disposal by Commission resolution
- Interim Executive Director certification to Port Commission
- Public notice in newspaper (2x) with 10 days notice prior to Commission action
- Public hearing
- Commission resolution

PORT of OLYMPIA

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# Certification

Interim Executive Director

- Tax parcel and improvements no longer needed for Port District purposes
- Intent to remove the listed improvements from Comprehensive Scheme of Harbor Improvements (CSHI)
- Intent to amend CSHI
- Negotiated transfer to 1892 Holdings, LLC in the public interest



# Schedule

Requirement Completion Dates

<ul><li>Valuation</li></ul>	Complete	8/22/2023
<ul> <li>Interim Executive Director certification</li> </ul>	Complete	11/20/2023
<ul><li>Newspaper public notices</li></ul>	Complete	11/22, 12/1/23
<ul><li>Executive Session</li></ul>	Complete	1 <sup>st</sup> qtr 2023
<ul><li>Commission Advisory</li></ul>	Complete	11/27/2023
<ul><li>Public Hearing</li></ul>	12/11/2023	
<ul> <li>Commission action on surplus and CSHI amendment</li> </ul>		12/11/2023

Commission action on surplus and CSHI amendment



# **Questions and Comments**

Suggested Motion

"...move to adopt Resolution 2023-12 declaring Thurston County Tax Parcels #4204-00-00100, 4204-00-00200, and 4204-00-00300 – described as Commerce Business Center at 2641, 2633, and 2625 Willamette Drive NE, Lacey, WA – surplus to Port district needs, amending the Comprehensive Scheme of Harbor Improvements to delete the property, and allowing negotiated transfer..."

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606 Columbia St NW, Suite 300 | Olympia, WA 98501 360.528.8000 | F: 360.528.8090 | portolympia.com

#### **MEMORANDUM**

From:

Rudy Rudolph, Interim Executive Director

To:

**Port of Olympia Commissioners** 

Subject:

RCW 53.08.090 Surplus Property Certification

Date:

November 20, 2023

Consistent with RCW 53.08.090, the property listed within the Port's Comprehensive Scheme of Harbor Improvements, tax parcels numbers 4204-00-00100, 4204-00-00200, and 4204-00-00300 – described as 2641 Willamette Dr NE, 2633 Willamette Dr. NE, and 2625 Willamette Dr. NE respectively, all in Lacey Washington, and all of those improvements located on the parcels, including three buildings, are no longer needed for Port district purposes.

Consistent with RCW 53.08.090, a resolution will be brought to the Port Commission consisting of the following:

- 1. The tax parcels and associated improvements described herein are no longer needed for Port district purposes and are surplus to the Port's needs, and the sale of such property to 1892 Holdings, LLC is in the public interest.
- 2. The Port's Comprehensive Scheme of Harbor Improvements is to be amended to find the described improvements surplus to the Port's needs and to remove listed improvements from the Port's Comprehensive Scheme of Harbor Improvements to permit a negotiated transfer of the same for consideration.

To be published twice, once each week for two consecutive weeks, first publication no later than November 30<sup>th</sup>, 2023.

Public Notice of Port of Olympia Public Hearing Pursuant to RCW 53.20.020. The Port of Olympia Commission will hold a public Hearing in the Port of Olympia Commission Meeting Room, 626 Columbia St. NW, Olympia, WA, at its regularly scheduled meeting Monday December 11, 2023 at 5:30 PM, to consider a change to the Port Comprehensive Scheme of Harbor Improvements (CSHI) to declare the property at 2641 Willamette Dr NE (Tax parcel # 4204-00-00100), 2633 Willamette Dr. NE (Tax parcel # 4204-00-00300), and 2625 Willamette Dr. NE (Tax parcel # 4204-00-00300), all in Lacey Washington, as no longer needed for district purposes and to be subsequently sold to 1892 Holdings, LLC.

Per RCW 53.20.020, changes to the CSHI require a public hearing, following public notice by newspaper publication to run once each week for two consecutive weeks, providing ten days advance written notice. Please mail comments to Port of Olympia, Attn: Clarita Mattox, 606 Columbia St. NW, Suite 300, Olympia WA, 98501, or email <a href="mailto:claritam@portolympia.com">claritam@portolympia.com</a>.

Your legal has been submitted for publication. Below is a confirmation of your legal placement. You will also receive an email confirmation.

#### Send Email Confirmation

#### ORDER DETAILS

Order Number: IPL0149113 Order Status: Submitted

Classification: Legals & Public Notices

Package: OLY - Legal Ads

Final Cost: \$296.82 Payment Type: Visa

User ID: IPL0043592

#### ACCOUNT INFORMATION

Inquiries Port of Olympia 606 Columbia Street NW, Suite 300 Olympia, WA 98501 360-528-8000 inquiries@portolympia.com Port of Olympia

#### PAYMENT DETAILS

Visa\*\*\*\*\*\*\*\*\*\*\*8465 07/2027

#### TRANSACTION REPORT

November 20, 2023 2:56:07 PM EST Date

Amount: \$296.82

#### SCHEDULE FOR AD NUMBER IPL01491130

November 22, 2023

The Olympian

(Olympia) Print

December 1, 2023

The Olympian

(Olympia) Print

#### PREVIEW FOR AD NUMBER IPL01491130

#### **Public Notice of Port of Olym**pia Public Hearing Pursuant to RCW 53.20.020

The Port of Olympia Commission will hold a public Hearing in the Port of Olympia Commission Meeting Room. 626 Columbia St. NW. Olympia, WA. at its regularly scheduled meeting Monday December 11, 2023 at 5:30 PM, to consider a change to the Port Comprehensive Scheme of Harbor Improvements (CSHI) to declare the property at 2641 Willamette Dr NE (Tax parcel # 4204-00-00100), 2633 Willamette Dr. NE (Tax parcel # 4204-00-00200), and 2625 Willamette Dr. NE (Tax parcel # 4204-00-00300), all in Lacey Washington, as no longer needed for district purposes and to be subsequently sold to 1892 Holdings, LLC.

Per RCW 53.20.020, changes to the CSHI require a public hearing, following public notice by newspaper publication to run once each week for two consecutive weeks, providing ten days advance written notice. Please mail comments to Port of Olympia. Attn: Clarita Mattox. 606 Columbia St. NW. Suite 300, Olympia WA, 98501, or email claritam@portolympia.com. W00000000

**Publication Dates** 

#### PORT OF OLYMPIA COMMISSION RESOLUTION 2023-12

A RESOLUTION OF THE PORT OF OLYMPIA COMMISSION PURSUANT TO RCWs 53.08.090, 53.20.010, AND 53.20.020

TO DECLARE PROPERTY SURPLUS TO ITS NEEDS AND TO AMEND ITS COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS, TO DELETE THE PROPERTY FROM ITS SCHEME, AND TO ALLOW A NEGOTIATED TRANSFER FOR CONSIDERATION.

**WHEREAS**, pursuant to RCW 53.20.010, the Port of Olympia has adopted a Comprehensive Scheme of Harbor Improvements for the development of harbor improvements, development of industrial lands, and other lands owned by the Port of Olympia, located in Thurston County, Washington; and

WHEREAS the Port's ownership of land included within the Port's Comprehensive Scheme of Harbor Improvements includes tax parcel numbers 4204-00-00100, 4204-00-00200, and 4204-00-00300 – described as 2641 Willamette Dr NE, 2633 Willamette Dr. NE, and 2625 Willamette Dr. NE respectively, all in Lacey Washington, and all improvements located on the parcels, including three buildings.

**WHEREAS**, pursuant to RCW 53.08.090, on November 20, 2023, the Port's Interim Executive Director or designee has made written certification to the Port of Olympia Commission that the parcel and associated improvements are no longer needed for Port district purposes; and

**WHEREAS**, pursuant to RCW 53.08.090, property that is part of the Port's Comprehensive Scheme of Harbor Improvements shall not be disposed of until the Comprehensive Scheme of Harbor Improvements has been modified to find the property surplus to the Port needs, and after public notice and hearing as provided by RCWs 53.20.010 and 53.20.020; and

**WHEREAS** proper public notice was given, and a public hearing was held as required by statute.

#### NOW, THEREFORE, BE IT RESOLVED that:

- 1. The tax parcel and associated improvements described herein are no longer needed for Port district purposes and are surplus to the Port's needs, and the sale of such property to 1892 Holdings, LLC is in the public interest.
- 2. The Port's Comprehensive Scheme of Harbor Improvements is hereby amended to find the described improvements surplus to the Port's needs and to remove listed improvements from the Port's Comprehensive Scheme of Harbor Improvements to permit a negotiated transfer of the same for consideration.

being satisfied and voting on this Resoluti	members of the Port Olympia Commission, a quorum ion at a regular Commission meeting on December 11, below of the Commissioners physically present this
day of	- · · · · · · · · · · · · · · · · · · ·
	PORT OF OLYMPIA COMMISSION
	Amy Harding, President
	Joseph Downing, Vice-President
	Bob Iyall, Secretary

# COVER MEMO Briefing Date/Time: December 11, 2023 Staff Contact/Title: Clarita Mattox, Real Estate Senior Manager, 360.528.8070, claritam@portolympia.com) Subject: Commerce Business Center Purchase and Sale Agreement Purpose: □ Information Only ☑ Decision Needed

#### Overview:

This is an Action agenda item before the Commission. Approval requested.

#### **Background:**

The Port and 1892 Holdings, LLC executed a Letter of Intent on September 25, 2023, to evaluate a Purchase and Sale Agreement (PSA) for three parcels, including all improvements, known as the Commerce Business Center, located at 2625, 2633, and 2641 Willamette Drive NE, Lacey (see photo below).

Before executing the sale of this property, the Port must first declare it surplus to its needs by formal resolution. Such a resolution is a separate action item before the Commission and must precede the approval of the Purchase and Sale Agreement.

1892 Holdings, LLC has identified the specific parcels as a business portfolio expansion opportunity to serve existing and future tenants. The Port has determined that the public interest would be served in completing this property sale.

An appraisal of the parcels was completed August 22, 2023 by MCA Realty, Inc. The resulting valuation was \$9,000,000.

The agreed-upon purchase price between the Port and 1892 Holdings, LLC is \$9,600,000. The purchase is subject to a seventy (70) day due diligence period by the buyer.

Having reached a mutually acceptable sale price and conditions included within the PSA, the Port and 1892 Holdings, LLC have decided to move forward and execute the PSA subject to Port Commission approval.

#### Terms Summary:

• Location: Lacey: Tax Parcels #4204-00-00100, 4204-00-00200,

4204-00-00300

• Buyer: 1892 Holdings, LLC

Purchase Price: \$9,600,000
Valuation: Appraisal
Payment Date: Closing

• Conditions: 70-Day Buyer Due Diligence Period

Port Completion of 2633 Roof Replacement As Is, Where Is, and With All Faults Agreement

#### Financial Highlights:

Purchase closed: March 16, 2017
Purchase price: \$6,500,000
Appraisal: \$9,000,000
Sale Price: \$9,600,000

#### Financial Analysis:

• Total Revenue: \$13,460,677 • Less Expenses: - 1,557,724 • Less Roof Replacements: - 750,699 • Less G&A Overhead: - 1,044,999 • Less Debt Payments: - 8,080,589 • Income Before Depreciation: \$ 2,026,666 • Total Depreciation: 842,633 Net Income: \$ 1,184,033 Net Return: 18.2%

#### **Documents Attached:**

PowerPoint

Final Draft Purchase & Sale Agreement

#### **Summary & Financial Impact:**

Proceeds Subject to Real Estate Reinvestment Policy

#### **Affected Parties:**

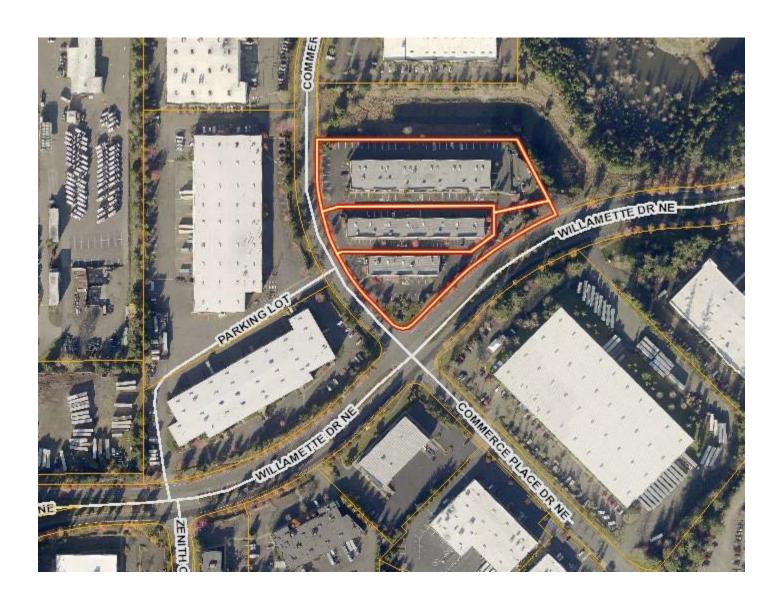
Port of Olympia 1892 Holdings, LLC

## **Environmental Considerations:**

None

### **Staff Recommendation:**

Port Commission Approval





# Commerce Business Center Purchase & Sale Agreement

Clarita Mattox Real Estate Senior Manager Dec. 11, 2023

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# **Today's Presentation**

Action Agenda Item – Approval Requested

- Sale of Commerce Business Center, Lacey
- Subject to Resolution 2023-12 Declaration of Surplus Property

PORT of OLYMPIA

# **Background**

# History

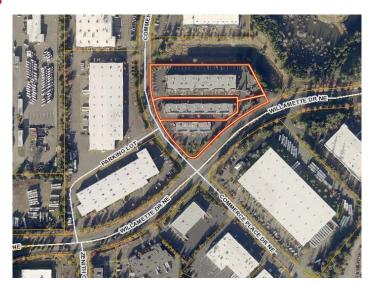
- Port and 1892 Holdings, LLC executed a Letter of Intent 9/25/2023
- Purchase and Sale Agreement (PSA) conditions evaluated
- Agreement on all conditions reached 11/20/2023
- Sale contingent upon Surplus Property Resolution

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PORT of OLYMPIA

3

# Location



PORT of OLYMPIA

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# Requirements

RCWs 53.08.090, 53.20.010, and 53.20.020

- Property valued > \$10,000: Disposal by Commission resolution
- Interim Executive Director certification to Port Commission
- Public notice in newspaper (2x) with 10 days notice prior to Commission action
- Public hearing
- Surplus property resolution
- Commission action on negotiated transfer

5



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# Schedule

Requirement Completion Dates

<ul><li>Appraisal</li></ul>	Complete	8/22/2023
<ul><li>Agreed upon PSA</li></ul>	Complete	11/20/2023
<ul> <li>Interim Executive Director certification</li> </ul>	Complete	11/20/2023
<ul> <li>Newspaper public notices</li> </ul>	Complete	11/22, 12/1/23
<ul><li>Executive Session</li></ul>	Complete	1st qtr 2023
<ul><li>Commission Advisory</li></ul>	Complete	11/27/2023
<ul><li>Public Hearing</li></ul>		12/11/2023
<ul> <li>Commission action on surplus and CSHI ame</li> </ul>	12/11/2023	
<ul> <li>Commission action Purchase and Sale Agreer</li> </ul>	12/11/2023	

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# **Terms**

Commerce Business Center Sale

Location: Tax parcels # 4204-00-00100, 4204-00-00200, 4204-00-00300

Buyer: 1892 Holdings, LLC

Sale Price: \$9,600,000Valuation: AppraisalPayment date: Closing

Conditions: 70-Day Buyer Due Diligence Period

Port Completion of 2633 Roof Replacement As Is, Where Is, and With All Faults Agreement

7



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# **Financial Highlights**

Commerce Business Center Purchase, Valuation, and Sale

Purchase closed: March 16, 2017
 Purchase price: \$6,500,000
 Appraisal: \$9,000,000
 Sale Price: \$9,600,000

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# **Financial Analysis**

Commerce Business Center Sale and Net Return

■ Total Revenue: \$13,460,677

Less Expenses: - 1,557,724

Less Roof Replacements: - 750,699

Less G&A Overhead: - 1,044,999

Less Debt Payments: - 8,080,589

Income Before Depreciation: \$ 2,026,666

■ Total Depreciation: - 842,633

• Net Income: \$ 1,184,033

Net Return: 18.2%

9



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# **Questions and Comments**

Suggested Motion

"...move to authorize the Interim Executive Director to execute the Purchase and Sale Agreement of Thurston County Tax Parcels #4204-00-00100, 4204-00-00200, and 4204-00-00300 – described as Commerce Business Center at 2641, 2633, and 2625 Willamette Drive NE, Lacey, WA – to 1892 Holdings, LLC as presented..."

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#### REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PU	<b>IRCHASE AND SALE AGREEMENT</b> ("Agreement") is made and entered into this
day of	, 2023, by and between the <b>PORT OF OLYMPIA</b> , a Washington port district
("Seller"), and the 18	<b>92 HOLDINGS, LLC</b> , a Washington limited liability company ("Buyer"). Seller and
Buyer are collectively	referred to as the "Parties".

**WHEREAS** Seller is the owner of certain real property located in Olympia, Thurston County, Washington more fully described below and as generally depicted in Exhibit A and legally described in Exhibit A-1; and

**WHEREAS** Buyer wishes to purchase from Seller, and Seller wishes to sell to Buyer, upon the terms and conditions set forth herein, the Property (as defined in Section 1 below).

**NOW, THEREFORE,** in consideration of the terms and conditions of this Agreement, and the mutual promises and covenants herein, the Parties hereby agree as follows:

#### 1. PROPERTY

- 1.1. Property Description. That certain real property commonly identified as Thurston County APN #4204-00-00100 located at 2641 Willamette Dr NE, Lacey Washington; Thurston County APN # 4204-00-00200 located at 2633 Willamette Dr. NE, Lacey, Washington; and Thurston County APN # 4204-00-00300 located at 2625 Willamette Dr. NE, Lacey Washington, together with all improvements thereon and any easements, rights of ingress or egress, and other rights and appurtenances, any minerals, oil, gas and other hydrocarbon substances thereon, all development rights, air rights, water, water rights and water stock relating thereto (collectively, the "Property").
- 1.2. **Legal Description:** LOTS 1,2 & 3 OF COMMERCE BUSINESS CENTER BINDING SITE PLAN NO. BSP-0770004 LA, AS RECORDED OCTOBER 8, 2007, UNDER AUDITOR'S FILE NO. 3963240.
- 1.3. Obligations of Seller regarding Property prior to Closing.
  - 1.3.1 Attached hereto as Exhibit B is a list all tenancies affecting the property, including their type of use and duration of use/lease (collectively, "Tenant Leases").
  - 1.3.2 Seller shall notify all tenancies affecting the Property of sale pursuant to a mutually agreed upon notice form attached hereto as <u>Exhibit C</u>. The notice will notify tenants of any material impacts or changes the tenant might experience in the duration of their respective existing use because of the sale.
- 2. **PURCHASE PRICE AND EARNEST MONEY.** The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be Nine Million Six Hundred Thousand and No Cents US Dollars (\$9,600,000.00 US).
  - 2.1 Purchase will include all work in progress and licenses owned by the Seller concerning the Property, including but not limited to all plans, permits, third party reports and studies, architectural and engineering work done to date on the Property or on behalf of Seller (if any).

- 2.2 Buyer shall deposit Two Hundred Fifty Thousand and No Cents US Dollars (\$250,000.00) cash within five (5) days of this agreement being executed. Said Earnest Money shall be refundable until the end of the Investigation Period (or except as otherwise indicated herein) and is applicable to the Purchase Price and shall be held by Closing Agent noted below in Section 10 Escrow/Closing Agent.
- 3. **FUNDS TO BE PAID AT CLOSING.** At Closing, the entire amount of the Purchase Price shall be paid by Buyer to Escrow Agent in a form of payment recognized by Escrow Agent as immediately available funds, subject, however, to the closing adjustments, prorations, and other provisions set forth in this agreement.

#### 4. CONDITIONS TO PURCHASE AND SALE.

#### 4.1 Title Matters.

- **4.1.1 Title Binder**. Within ten (10) business days from the execution of this Agreement by Buyer and Seller, Buyer may obtain a title insurance policy commitment issued by Chicago Title Insurance Company Tacoma Office (the "Title Company"), or such other Title Company that the Parties may agree to in writing, describing the Property, showing all matters pertaining to the Property, listing Buyer as the prospective named insured, and showing as the policy amount the total Property value without any deduction for credits. At the same time, the Title Company shall deliver to the Buyer true, correct, and legible copies of all instruments referred to in such title commitment as affecting title to the Property. Such title insurance policy commitment and instruments affecting title are herein collectively referred to as the "Title Binder".
- **4.1.2 Title Objections.** Buyer shall have twenty (20) business days after Buyer's receipt of the Title Binder as to exceptions contained in such Title Binder, and twenty (20) business days after Buyer's receipt of any supplemental report as to exceptions contained in such supplemental report to disapprove any such exceptions other than Permitted Exceptions (defined below), in Buyer's sole and absolute discretion. If Buyer fails to give Seller notice of its disapproval of any exception (including any exception noted in the Title Binder as an exception to be deleted at or prior to Closing upon the occurrence of certain specified events) within such period, then Buyer shall be deemed to have approved such exception (except for monetary liens attributable to Seller, which Seller shall pay or cause to be satisfied at or prior to Closing), subject, however, to Buyer's continuing termination rights described in Section 4.2.4.
- **4.1.3 Action on Objections.** If Buyer disapproves any exception appearing in the Title Binder or any supplemental report, then Seller shall have thirty (300) days after receipt of Buyer's notice to notify Buyer, in writing, of its agreement to cure or remove any of the disapproved exceptions. Seller's failure to notify Buyer that it will cure or remove a particular exception shall be deemed to constitute notice by Seller that it will not cure or remove that exception. Seller shall remove or cure by Closing those exceptions that Seller has agreed to remove or cure. If Seller notifies or is deemed to have notified Buyer that it will not cure or remove any exception disapproved by Buyer, Buyer shall have twenty (20) days from the date of such notification to notify Seller, in writing, whether Buyer in its sole discretion will waive such objections and close

the transaction or terminate this Agreement, subject, however, to Buyer's continuing termination rights described in Section 4.2.4. Buyer's failure to give such notice shall constitute Buyer's election to waive its objections and close the transaction, subject, however, to Buyer's continuing termination rights described in Section 4.2.4. In that event, the disapproved exceptions shall become Permitted Exceptions. If Buyer elects to terminate this Agreement, then Escrow Agent shall immediately return the entire amount of the Earnest Money Deposit and any accrued interest to Buyer, Seller shall pay any cancellation fee or other cost of the Title Company and Escrow Agent, and this Agreement and all rights and obligations of the parties under this Agreement shall terminate, except for such obligations as expressly survive any termination of this Agreement. Notwithstanding anything to the contrary contained herein, a lien, encumbrance, or other exception to title representing a security interest relating to an obligation to pay money and attributable to Seller shall be deemed disapproved and shall be removed by Seller at or before Closing.

- **4.1.4 Title Policy.** At Closing, Buyer may request the Title Company to issue to Buyer an ALTA standard or extended coverage owner's policy of title insurance, in Buyer's discretion, in the amount of the Purchase Price, without any deduction for credits, insuring Buyer against loss or damage arising from defects in title to the Property other than Permitted Exceptions (the "Title Policy"). The policy shall contain such endorsements as may be reasonably requested by Buyer. The cost of such ALTA standard or extended policy shall be paid by Buyer, together with the cost of a survey or an update of any existing survey, if such is required to obtain the extended owner's coverage. Seller shall deliver an owner's affidavit and any such other affidavit or indemnity as may reasonably be required by Title Company to issue an extended coverage Title Policy. If at Closing the Title Company will not insure the title as provided above, Buyer may either proceed to close despite the lack of required insurance or terminate this Agreement. If Buyer terminates this Agreement, then Escrow Agent shall immediately return the Earnest Money Deposit to Buyer, Seller shall pay any cancellation fee or other cost of the Title Company, and this Agreement and all rights and obligations of the parties thereunder shall terminate, except for such obligations as expressly survive any termination of this Agreement.
- **4.1.5 Permitted Exceptions**. As used herein, the term "Permitted Exceptions" means, with respect to the Property: (i) any lien for real property taxes and assessments not then delinquent; (ii) matters affecting the condition of title to the Property created by or with the written consent of Buyer; and (iii) all exceptions contained in the Title Binder which have been approved by Buyer or which Buyer is deemed to have approved as provided in this Agreement.
- **4.2 Buyer's Investigation Period.** Buyer's obligation to purchase the Property is subject to and contingent on the satisfaction or waiver, within the applicable contingency period outlined below, of the following conditions:
  - **4.2.1 Documents from Seller.** Within ten (10) days of mutual acceptance of this Agreement, Seller agrees to provide Buyer with access to all documents regarding the Property in the possession or control of Seller, including but not limited to copies of CC&R's affecting The Property, if applicable; Tenant ledgers and accounts receivable reports; historical property

financials, dating back three (3) years; copies of all existing Tenant Leases (and amendments thereto); Tenant insurance certificates to the extent available; any building or mechanical warranties; any existing building plans or floor plans; any known reports pertaining to the Property (Curvey, Phase 1, ADA, Seismic, Soils or other); copy of existing service contracts; any current insurance claims; any pending permits; any outstanding Seller tenant improvement or leasing commission obligations; and historical occupancy of the Property to the extent available (collectively, "Property information"). Seller will make copies of such Property Information as Buyer may request and Buyer shall pay for the cost of such copies. Alternatively, Seller may provide electronic copies of the Property Information to Buyer at Seller's discretion. Buyer shall use the Property Information obtained from Seller only for purposes of analyzing whether it will complete the purchase of the Property and shall not disclose the contents thereof to any person other than its employees, attorneys, accountants, consultants, agents, and representatives who are assisting Buyer in evaluating the Property, unless required by law. Upon termination of this Agreement, Buyer shall return all copies of the Property Information to Seller, upon Seller's written request, except such Property Information as Buyer is required to retain pursuant to any applicable law. Seller represents to Buyer that Seller has provided all of the Property Information in its actual possession or of which it is otherwise aware after a reasonably diligent search.

4.2.2 Review of Property and Related Matters by Buyer - Investigation Period. Buyer shall have a period of seventy (70) days following mutual execution as the "Investigation Period", in which to investigate and review the Property and all matters relating thereto and to determine, in Buyer's sole and absolute discretion, whether to proceed with this transaction. Buyer's investigation and review may include but is not limited to the review of all existing surveys, reports, plans, permits, third party reports and studies, architectural and engineering work done to date on the Property or on behalf of Seller (if any), and other written materials regarding the Property, the conducting of surveys, toxic and hazardous waste studies, engineering, electrical, mechanical, historical use, structural, geologic, hydrologic, and other studies, and physical inspections, soils sampling and/or tests (including borings) with respect to the Property; the investigation and review of endangered species, habitat, wetlands, zoning, and other laws, ordinances, codes, covenants, and/or restrictions affecting the Property; and the review of the requirements and conditions of governmental bodies with jurisdiction over the Property, the restrictions, if any, to demolishing any existing improvements on the Property, the certificates, licenses, and permits existing with respect to the Property and the likelihood and anticipated cost of obtaining additional certificates, licenses, and permits that Buyer desires to obtain with respect thereto, the availability and access to public roads, the availability of utilities and sewer capacity, the potential opportunity to acquire additional property adjacent to or contiguous with the Property, the leases and other agreements affecting the Property, the past performance of the Property and the potential future performance of the Property, the potential to finance the Property and/or the development thereof in a manner satisfactory to Buyer, in all respects, and the feasibility of Buyer's planned use of the Property. All reviews, investigations, inspections, and studies made by Buyer shall be at Buyer's sole cost and expense. All investigations of the physical condition of the Property shall be pursuant to the license provision, Section 5, or other agreement between Seller and Buyer. If Buyer terminates this Agreement as provided elsewhere herein, then the results of all tests, surveys, reviews, investigations, inspections, and studies of the Property made by or for Buyer, and all reports and other documents relating thereto, except internal reports and strategic analyses prepared by or for Buyer, shall be made available to Seller upon Seller's written request at no cost to Seller, except to the extent any such document is privileged or cannot be freely assigned by Buyer. Nothing in this Agreement is intended by Seller to suggest the nature and extent of the investigation that Buyer should undertake; Buyer shall determine without any reliance on Seller the investigation necessary to evaluate the Property.

- **4.2.3 Extension of Investigation Period.** If Buyer has made a good faith and diligent effort to complete its feasibility investigation within the initial Investigation Period but is unable to do so, then Buyer may request an extension of the Investigation Period by up to an additional 90 days if necessary to complete its feasibility investigation, and Seller shall not unreasonably withhold its consent to such an extension.
- **4.2.4 Buyer's Right to Terminate**. Buyer shall have the right to terminate this Agreement prior to the expiration of the Investigation Period for any reason. If Buyer elects to proceed with the Close of Escrow, Buyer shall provide a written approval notice to Seller prior to the expiration of the Investigation Period ("Approval Notice"). If Buyer fails to provide an Approval Notice to Seller by the expiration of Investigation Period, then Buyer shall be deemed to have disapproved all matters relating to the Property and terminated this Agreement. If Buyer terminates this Agreement or is deemed to have terminated this Agreement pursuant to this Section 4.2.4, then Escrow Agent shall immediately return the Earnest Money Deposit to Buyer without the need for further instruction from the parties. .
- **4.3 Buyer's Closing Conditions**. Buyer's obligation to purchase the Property is subject to and contingent upon the satisfaction or waiver, as of Closing, of the following conditions:
  - 4.3.1 Seller shall have performed all other obligations to be performed by Seller hereunder and under escrow on or before the Closing Date (or, if earlier, on or before the date set forth in this Agreement for such performance).
  - 4.3.2 At the time of Closing, Seller shall deliver title to the Property in the form of a statutory warranty deed (the "Deed"), in substantially the same form as the statutory warranty deed attached hereto as <a href="Exhibit D">Exhibit D</a>, conveying fee simple title to the Property in the condition specified in Section 4.1 of this Agreement, subject only to the Permitted Exceptions.
  - 4.3.3. The Title Company shall be prepared and irrevocably committed (subject to all conditions to issuance imposed by or requested from the Title Company) to issue the Title Policy in favor of Buyer with an effective date on the date of the Closing.

- 4.3.4 At the time of Closing, the condition of the Property shall be substantially the same as it was on the effective date of this Agreement, except for the effects of ordinary wear and tear and completion of actions taken by either party in accordance with this Agreement.
- 4.3.5 All of the representations and warranties expressly provided in paragraph 9 herein of Seller set forth in this Agreement shall be true, correct and complete as of the Closing Date, and Seller, on or prior to the Closing, shall have complied with and/or performed all of the obligations, covenants and agreements required on the part of Seller to be complied with or performed pursuant to the terms of this Agreement.
- 4.3.6 No action or proceeding shall have been commenced by or against Seller under the federal bankruptcy code or any state law for the relief of debtors or for the enforcement of the rights of creditors and no attachment, execution, lien or levy shall have attached to or been issued with respect to the Property or any portion thereof.
- 4.3.7. Seller shall provide Buyer copies of all lease agreements in effect and obtain any necessary assignments for the benefit of Buyer prior to Closing. Any lease agreements that expire after this Agreement becomes effective but before closing shall not be extended without Buyer's written permission unless required to be extended pursuant to the terms of a particular lease.
- **4.4 Parties' Closing Conditions Concerning Governing Body Approval / Necessary Actions**. The Parties' obligations for the purchase and sale of the Property under this Agreement are subject to and contingent on the following conditions being satisfied prior to Closing:
  - 4.4.1 The approval of this Agreement and all terms of this transaction by the Port of Olympia Commission prior to execution of this Agreement.
  - 4.4.2 The Port of Olympia Commission declaring the Property to be surplus and amending the Port's comprehensive plan, if necessary, to permit the sale of the Property in open public meeting prior to Closing.
  - 4.4.3 In the event this transaction does not close by the Closing Date due to a failure or one or more of the conditions set forth in Sections 4.4.1 through 4.4.3, then the Earnest Money Deposit shall be returned to Buyer, and Seller shall reimburse Buyer for the actual out-of-pocket costs and expenses (including reasonable attorneys' fees, costs and disbursements) incurred by Buyer in connection with this transactions contemplated by this Agreement in an amount not to exceed one percent (1%) of the Purchase Price.
- 4.5 **Closing Date.** The Closing shall be within twenty (20) days after completion of the Investigation Period being complete and delivery of Buyer's Approval Notice to Seller, pursuant to Section 4.2.4. The Investigation Period begins upon mutual execution of this Agreement by Buyer and Seller. Buyer and Seller may adjust the Closing Date by mutual written agreement.

#### 5. BUYER'S LICENSE TO ENTER PROPERTY.

- **5.1 License to Enter Property.** From the date of this Agreement through the Closing Date or earlier termination of this Agreement, Buyer and its contractors, agents, servants, employees, and licensees shall have the right and permission to enter upon the Property or any part thereof at all reasonable times after notice to Seller, without materially interfering with the use of the Property by Seller or any other person rightfully in possession of the Property, for the purpose of making any and all soil tests, surveys, and such other studies and investigations of the Property as Buyer may desire to make, all at Buyer's sole cost and expense. Provided, however, that Buyer shall not conduct any sampling, boring, or other investigation of the soil or groundwater on the Property without first providing a work plan for such investigation to Seller and obtaining Seller's prior written consent to such work plan, which consent will not be unreasonably withheld, conditioned, or delayed, and provided further that all work conducted by Buyer on the Property shall be strictly in accordance with any work plan approved by Seller.
- **5.2 Insurance**. Before entering the Property and thereafter for the duration of this Agreement, Buyer at its sole cost and expense shall procure and maintain liability coverage valid in the State of Washington reasonably acceptable to Seller, protecting Buyer against loss or liability caused by or in connection with the performance of this Agreement by Buyer, its agents, servants, employees, invitees, guests, contractors or subcontractors, in types and amounts not less than: (i) a Commercial General Liability coverage or equivalent, with a minimum combined single limit of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) aggregate, for Bodily Injury, Personal Injury, and Property Damage; and (ii) Workers' Compensation Insurance as required by law. Buyer shall deliver to Seller documentation satisfactory to Seller evidencing the existence of coverage. Buyer agrees that coverage will not be canceled or materially changed without thirty (30) days' advance written notice to Seller.
- **5.3 Restoration of Property**. If Buyer does not close the purchase of the Property, then Buyer shall, as soon as possible and in any event within sixty (60) days from the termination of this Agreement, and at Buyer's sole cost and expense, repair any damage to the Property caused by Buyer or its agents, employees or contractors, and restore the Property to substantially the same physical condition it was in immediately prior to the time Buyer and its agents, employees, or contractors entered on the Property. If Buyer fails to so restore the Property within the specified timeframe, then Seller may perform the restoration work and Buyer shall reimburse Seller for the reasonable third-party cost thereof incurred by Seller within thirty (30) days after Seller's delivery of a bill for such costs to Buyer. Notwithstanding anything to the contrary contained herein, Buyer shall have no obligation to repair any damage caused by the acts or omissions of Seller, its agents or representatives or to remediate, contain, abate or control any pre-existing condition of the Property which existed prior to Buyer's entry thereon.
- **5.4 Indemnification.** Buyer shall defend, indemnify, and hold harmless Seller from and against any mechanic's or other liens, and any other claims or encumbrances, that may be filed or asserted against the Property or Seller arising out of or related to any actions of Buyer or Buyer's contractors,

agents, servants, employees, or licensees in connection with Buyer's license to enter the Property. In addition, to the fullest extent it may lawfully do so, Buyer shall defend, indemnify and hold harmless Seller, its commissioners, members, directors, officers, agents, servants and employees, from and against any and all liability, loss, costs, and expense of whatsoever nature growing out of property damage, personal injury to, or death of, persons whomsoever, where such property damage, personal injury, death, loss, destruction or damage arises from the occupation or use of the Property by, or the presence thereon of, Buyer or Buyer's contractors, agents, servants, employees, or licensees prior to Closing. Notwithstanding anything to the contrary contained herein, Buyer's indemnification obligations set forth herein shall not include any losses, cost, damage or expenses resulting from (i) the negligent acts of Seller, its agents or representatives, or (ii) the discovery of any pre-existing condition of the Property, or (iii) the mere results of any inspections, examinations or tests conducted by Buyer or its agents, contractors, engineers or consultants.

**5.5 Survival of Buyer's Obligations.** Notwithstanding anything in this Agreement to the contrary, the obligations of Buyer in this Section 5 shall survive any termination of this Agreement.

#### 6. "AS IS" PURCHASE.

Except for the representations, warranties, and covenants of Seller set forth in this Agreement and/or in the Deed, Buyer agrees that the Property is being sold to and purchased by Buyer "AS IS, WHERE IS, AND WITH ALL FAULTS", and Seller hereby disclaims any and all warranties, and makes no representations or warranties to Buyer of any kind, express or implied, regarding the Property, including, without limitation, the physical or environmental condition, habitability, or suitability for any particular purpose of the Property or any improvements or personal property located thereon. Buyer acknowledges, covenants, represents, and warrants that: (i) Buyer has inspected or will inspect the Property, the improvements thereon, if any, and all matters relating thereto which Buyer desires; (ii) except as otherwise expressly provided in this Agreement and/or the Deed, neither Seller nor anyone on Seller's behalf has made or is making any representations or warranties with respect to the Property, and Seller expressly disclaims any representations or warranties concerning the accuracy or completeness of any of the disclosures made to Buyer with respect to the Property; (iii) Buyer is relying solely on Buyer's own investigation of the Property and all matters pertaining thereto, including but not limited to the environmental condition of the Property; and (iv) except as otherwise expressly set forth in this Agreement and/or the Deed, Buyer is purchasing the Property "AS IS, WHERE IS, AND WITH ALL FAULTS". Buyer further agrees that, notwithstanding anything in this Agreement to the contrary, in no event shall Seller be liable to Buyer for any special, indirect, incidental, or consequential damages, including but not limited to claims for loss of use, rents, anticipated profit or business opportunity, business interruption, diminution in value, or mental or emotional distress or fear of injury or disease.

#### 7. OMITTED.

#### 8. REPRESENTATIONS AND WARRANTIES OF THE BUYER.

Buyer hereby represents and warrants to Seller, which representations and warranties shall be deemed made by Buyer to Seller also as of the Closing Date, that:

- 8.1 Buyer has the power and authority to enter into this Agreement, and each individual executing this Agreement on behalf of Buyer has the full power and authority to enter into this Agreement and to perform on Buyer's behalf all of Buyer's obligations hereunder.
- 8.2 Except as provided in Section 4.4 above, no consent, approval, authorization, or order of, or registration or filing with, any court or governmental agency or body or other third party is required in connection with Buyer's execution and delivery of this Agreement or the performance by Buyer of its obligations hereunder.
- 8.3 The obligations of Buyer set forth in this Agreement are valid and binding obligations of Buyer, enforceable against Buyer in accordance with the provisions of this Agreement.
- 8.4 Neither execution or delivery of this Agreement, nor consummation of the transactions contemplated hereby, nor fulfillment of or compliance with the terms and conditions hereof, contravenes any provision of any law, rule, statute, or ordinance to which Buyer is subject, or conflicts with or results in a breach of, or constitutes a default under, any of the terms, conditions, or provisions of any agreement or instrument to which Buyer is a party.

#### 9. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller hereby makes the following representations and warranties to Buyer, which representations and warranties shall also be deemed to be made by Seller to Buyer as of Closing:

- 9.1 This Agreement is, and the Deed and other closing documents herein provided to be executed or caused to be executed by Seller shall be, upon consummation of the transaction contemplated under this Agreement, duly authorized, executed and delivered by Seller and Seller has the legal right, power and authority to enter into this Agreement and perform all of its obligations hereunder, and the person executing this Agreement on behalf of Seller has the authority to act on its behalf and bind it, and has been duly authorized to act on its behalf.
- 9.2 Except as provided in Section 4.4 above, no consent, approval, authorization, or order of, or registration or filing with, any court or governmental agency or body or other third party is required in connection with Seller's execution and delivery of this Agreement or the performance by Seller of its obligations hereunder.
- 9.3 The obligations of Seller set forth in this Agreement are valid and binding obligations of Seller, enforceable against Seller in accordance with the provisions of this Agreement.
- 9.4 Neither execution or delivery of this Agreement, nor consummation of the transactions contemplated hereby, nor fulfillment of or compliance with the terms and conditions hereof, contravenes any provision of any law, rule, statute, or ordinance to which Seller is subject, or

conflicts with or results in a breach of, or constitutes a default under, any of the terms, conditions, or provisions of any agreement or instrument to which Seller is a party.

- 9.5 Seller is the sole legal fee owner of the Property and is not holding fee title as a nominee for any other person or entity. No person or entity other than Buyer has any right of first refusal or option to acquire any interest in the Property or any part thereof, and Seller has not sold or contracted to sell the Property or any portion thereof or interest therein other than as set forth herein. At Closing, Seller shall deliver the Property free and clear of all liens and encumbrances, except for the Permitted Exceptions. Seller shall not enter into any leases, grant any party any right of occupancy or otherwise encumber the Property during the term of this Agreement without first obtaining Buyer's written approval.
- 9.6 There are no actions, suits, proceedings (condemnation or otherwise) pending and Seller has received no written notice of any threatened against the Property, affecting the transaction contemplated by this Agreement or the Property, at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or other instrumentality. To the extent there are any such actions, suits or proceedings pending as of, or prior to, the Closing Date, Seller shall fully and finally dispose of same to the satisfaction of Buyer at Seller's sole cost and expense at or prior to Closing.
- 9.7 Except for contracts that predate the effective date of this Agreement which are identified by Seller to Buyer in accordance with Section 4.2.1 hereof, there shall be no service contracts, maintenance contracts, union contracts, concession agreements, licenses, leases (except as set forth on Exhibit B), agency agreement, brokerage agreements or any other written contracts or agreements entered into by Seller and affecting the Property or the operation thereof on of the Closing Date. Between the Effective Date and the Closing, Seller shall not (a) enter into any new contracts, agreements, leases or licenses affecting the Property without the prior written consent of Buyer; or (b) offer the Property (or any portion thereof) for sale or market the same or sell, lease, encumber or transfer any interest the Property in whole or in part.
- 9.8 Seller shall operate and continue to manage the Property in a manner consistent with its current practice, and shall deliver the Property on the Closing Date in substantially the same condition as on the date hereof, reasonable wear and tear excepted.
- 9.9 There are no attachments, executions, assignments for the benefits of creditors, receiverships, conservatorship or voluntary or involuntary proceedings in bankruptcy pursuant to any other debtor relief laws contemplated or filed by Seller or pending (or to Seller's knowledge threatened) against Seller or the Property.
- 9.10 Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code.
- 9.11 Seller presently has no appeals pending for reduction of real estate taxes.

- 9.12 As of the Effective Date and as of the Closing Date, there are no outstanding obligations, agreements, or orders with, or by, any governmental entity or subdivision thereof with respect to the construction or improvement of any on or off-site improvements, except for construction related to a roof replacement at 2633 Willamette Drive at the expense of Seller which the Seller expects to be completed by the end of 2023. Notwithstanding the date the roof replacement is complete, Seller shall ensure all expenses except statutorily required retainage on public works projects associated therewith are paid at or before Closing. Any retainage owing with respect to the roof replacement will be the responsibility of the Seller. Prior to Closing, Seller will provide documentation confirming completion and payment less retainage of said roof replacement.
- 9.13 There are no continuing legal actions or proceedings, or, to Seller's knowledge, threatened legal actions or proceedings, which would in any way prevent or delay consummation of the transactions contemplated hereunder or prohibit the enforceability of any clauses hereunder.
- 9.14 Except as may be otherwise disclosed in the Property Information, Seller has no actual knowledge of any Hazardous Substance (as defined herein) having ever been generated, processed, stored, released, discharged, transported, handled or disposed of on, in, under, about or in connection with the Property. Buyer will review tenant leases provided by Seller and inspect the Property as provided in this Agreement as Seller determines is necessary prior to the end of the Inspection Period. As used in this Agreement, the term "Hazardous Substances" shall mean and include any and all chemicals, substances, materials, wastes or components thereof which are now regulated as hazardous or toxic by or under any present federal, state or local law, statute, act, rule, regulation, requirement, order, directive, code or ordinance, and all amendments thereto, pertaining in any way to the environment.
- 9.15 At Closing there will be no contracts made by Seller for any improvements to the Property which have not been fulfilled or amounts owed for labor or materials furnished prior to Closing which have not been paid for and there are (and on the Closing Date will be) no mechanic's liens or materialmen's liens (whether or not perfected) on or affecting the Property.
- 9.16 Attached hereto as Exhibit B is a complete and accurate schedule (the "Lease Schedule") of all Tenant Leases now in effect, relating to any portion of the Property. There are no leases, license agreements, occupancy agreements or tenancies for any space in the Property other than those set forth on the Lease Schedule and there are no oral agreements relating to use or occupancy of any portion of the Property or any oral leases which will be binding upon any portion of the Property or Buyer. Seller has delivered to Buyer a true, correct and complete copy of each of the Tenant Leases (including all amendments, modifications and supplements thereto). Except as may be otherwise disclosed on the Lease Schedule or in the Property Information: (i) each of the Tenant Leases is in full force and effect, each tenant is now in possession of the premises under its Tenant Lease; (ii) there are no arrearages of base rent or any additional rent payable by any tenant in excess of one (1) month; (iii) to the knowledge of Seller, none of the tenants is in default in the observance of any of the covenants or conditions to be kept, observed or performed by it under its Tenant Lease; (iv) no tenant is entitled to any free rent, rebate, rent concession, deduction or offset; (v) no tenant is entitled to receive money, or any contribution from the landlord, either in money or in kind, on

account of the construction of any improvements, and, all alterations, installations, decorations and other work required to be performed by the landlord under the provisions of each Tenant Lease have been completed and fully paid for; (vi) Seller has not received from any tenant under a Tenant Lease a notice of default by Seller in performing any of its obligations as landlord under such Tenant Lease and there are no pending claims for offsets against rent; (vii) Seller has the sole right to collect rent under each Tenant Lease and such right has not been assigned, pledged, hypothecated or otherwise encumbered; (viii) all security deposits required under the Tenant Leases have been paid and are being held by Seller; (ix) no person, firm or entity, except for the Buyer, has any rights in, or rights to purchase or acquire all, or any part of the Property, including, without limitation, a right of first refusal or option to purchase with respect thereto, or any part thereof; (x) no tenant has paid any rent for a period of more than thirty (30) days in advance; and (xi) no renewal, extension or expansion options have been granted to any tenant.

- 9.17 On the Closing Date and at all times thereafter, there shall be no tenant improvement work, tenant allowances, unpaid leasing commissions and other leasing costs that are payable or may hereafter become payable in connection with any of the Leases described in the Lease Schedule or any renewals or extensions thereof or any expansion options set forth in such Leases.
- 9.18 On the Closing Date, there will be no contracts or agreements in effect with any party for the management or leasing of the Property (other than agreements entered into by Buyer).
- 9.19 Seller has not and will not, without the prior written consent of Buyer, take any action before any governmental authority, the object of which would be to change the present zoning of or other land use limitations, upon the Property, or any portion thereof, or its potential use, and, to Seller's knowledge, there are no pending proceedings, the object of which would be to change the present zoning or other land use limitations.
- 9.19 Seller is not a Prohibited Person (as defined below). None of Seller's investors, affiliates or brokers or other agents (if any), acting or benefiting in any capacity in connection with this Agreement is a Prohibited Person. The assets Seller will transfer to Buyer under this Agreement are not the property of, and are not beneficially owned, directly or indirectly, by a Prohibited Person. The assets Seller will transfer to Buyer under this Agreement are not the proceeds of specified unlawful activity as defined by 18 U.S.C. §1956(c)(7). For purposes hereof, a "Prohibited Person" means any of the following: (i) a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing (effective September 24, 2001) (the "Executive Order"); (ii) a person or entity owned or controlled by, or acting for or on behalf of any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a person or entity that is named as a "specially designated national" or "blocked person" on the most current list published by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at its official website,

http://www.treas.gov/offices/enforcement/ofac; (iv) a person or entity that is otherwise the target of any economic sanctions program currently administered by OFAC; or (v) a person or entity that is affiliated with any person or entity identified in any of clauses (i), (ii), (iii) and/or (iv) above.

- 9.20 Seller has no knowledge of and has not received any written notice from any governmental agency exercising any right of eminent domain or threatening the exercise of any such right with respect to the Property.
- 9.21 The Property is, and through the Closing shall be, insured pursuant to an "all risk" replacement cost insurance policy. No insurance company has requested Seller to perform any work to the Property.
- 9.22 Except as expressly set forth in this Agreement, Seller makes no representations or warranties regarding the Property or any improvements, including without limitation any warranties with respect to condition or suitability for a particular purpose.
- 9.23 The foregoing representations shall survive the Closing for a period of twenty-four (24) months thereafter.

#### 10. ESCROW.

- 10.1 Opening of Escrow. Upon execution of this Agreement by Buyer and Seller, Buyer shall open escrow with <a href="Chicago Title Insurance Company-Tacoma">Company-Tacoma</a>, Washington ("Escrow Agent"), by depositing with Escrow Agent a copy of this Agreement. This Agreement shall become a part of the escrow and shall constitute the basic instructions of Buyer and Seller to Escrow Agent. However, Buyer and Seller agree to execute such additional instructions and documents as are reasonably required to complete the closing of the sale of the Property in accordance with the terms and conditions of this Agreement. In case of conflict, this Agreement shall control.
- **10.2 Deposits into Escrow.** Buyer and Seller shall deposit into Escrow, on or before the Closing Date, all documents, and funds necessary to carry out this Agreement, including the following:
  - **10.2.1 Deposits by Buyer. Buyer shall deposit into Escrow**: (i) Funds in a form acceptable to Escrow Agent equal to the Purchase Price, plus Buyer's share of escrow fees and related charges; and (ii) the exact vesting required by Buyer for title to the Property. Buyer shall also deposit into Escrow such other documents and funds as are reasonably required to close the sale of the Property pursuant to the terms of this Agreement.
  - **10.2.2** Deposits by Seller. Seller shall deposit into Escrow: (i) the Deed, in proper form for recording (as approved by Buyer), which shall be duly executed and acknowledged by Seller so as to convey to Buyer all of the Property in accordance with the terms of this Agreement; (ii) a Real Estate Excise Tax Affidavit indicating Seller is exempt from excise tax pursuant to WAC 458-61A-205, in proper form for submission to the Thurston County Auditor, and duly executed by Seller, or other acceptable proof of exemption from excise tax (provided, however, that in the event Seller is not able to fulfill the requirements for an exception, Seller shall remain obligated to pay any applicable excise tax); (iii) an assignment of all Tenant Leases (in a form acceptable to Buyer); (iv) an owner's affidavit and any other affidavit or indemnity reasonably required by Title Company to issue the Title Policy; and (v) an affidavit executed by Seller to the effect that as of

the Close of Escrow Seller is a "United States person" as that term is defined in Section 7701 (a)(30) of the Internal Revenue Code of 1986 as amended (the "Code"), and is not a foreign person as defined by the Code ("FIRPTA Affidavit"). Seller shall also deposit into Escrow such other documents and funds as are reasonably required to close the sale of the Property pursuant to the terms of this Agreement.

#### **10.3 Prorations.** The following items shall be prorated as follows:

10.3.1 Real and personal property taxes and assessments with respect to the Property, and any refunds thereof, which shall be prorated as of Closing. If any assessments on the Property are payable in installments, then the installment allocable to the current period shall be prorated (with Buyer being allocated the obligation to pay any installments due on or after the date of Closing). Seller will be responsible for and will indemnify Buyer against any and all rollback taxes and other taxes assessed from and after Closing which are attributable to the period prior to Closing due to a change in land use, ownership or otherwise. If rollback taxes will be assessed, Seller will pay or escrow with Escrow Agent an amount determined by Escrow Agent to be sufficient for payment in full of the rollback taxes assuming a change in use at Closing. As used in this section 10.3.1, the term "rollback taxes" shall have the meaning ascribed pursuant to WAC 458-16-150(2)(e).

10.3.2 Utility charges and assessments with respect to the Property, which shall be prorated as of Closing, but Buyer and Seller hereby waive the services of the Closing Agent in disbursing closing funds necessary to satisfy unpaid utility charges affecting the Property, pursuant to RCW 60.80.

10.3.3 All charges and payments made or received with respect to any contracts with respect to the Property which are assigned to and assumed by the Buyer, which shall be prorated as of Closing.

**10.4 Fees and Costs.** Seller shall pay (a) all Washington State real estate excise taxes and county and city documentary transfer taxes, and (b) Seller's share of prorations as described in Section 10.3 above. Buyer shall pay (a) the standard or extended coverage premium for the Title Policy and all premiums for any additional endorsements requested by Buyer, (b) all escrow fees, (c) all recording costs, and (d) Buyer's share of prorations as described in 10.3 above.

**10.5 Closing Date.** Provided that all conditions set forth in this Agreement have been fulfilled or waived, this transaction shall be closed at the offices of the Escrow Agent on a date to be selected by Buyer which shall be on or before twenty (20) days after Buyer's delivery of its Approval Notice (the "Closing Date"); provided, however, that the Parties may by mutual agreement select an earlier Closing Date;. This escrow may be extended only by a written extension agreed to and signed by both Buyer and Seller. If this transaction does not close by the Closing Date as provided herein or as subsequently agreed to by the parties in writing, then escrow shall be terminated. The Parties will reasonably cooperate in adjustment of the closing date provided the party requesting the adjustment has acted in good faith in meeting its requirements to close escrow.

- **10.6 Closing.** When all the conditions and instructions provided for herein have been satisfied and complied with, Escrow Agent shall close this transaction (the "Close of Escrow" or "Closing") within Twenty (20) days from contingencies satisfaction, and shall:
  - 10.6.1 Record the original Deed for the Property and pay the appropriate excise tax.
  - 10.6.2 Disburse funds on deposit in escrow to the appropriate persons in accordance with this Agreement and final settlement statements approved by the Parties.
  - 10.6.3 Deliver the original title insurance policy to Buyer.
  - 10.6.4 Deliver copies of the recorded Deed, filed excise tax affidavit, final settlement statements, and all other documents included in the sale of the Property, to Buyer and to Seller.

#### 11. GENERAL PROVISIONS.

- **11.1** No Agency or Partnership. Buyer and Seller agree that nothing herein shall be construed to create the relationship of principal and agent, joint venture, partnership, or any other form of legal association which would impose liability upon one party for the act or failure to act of another party.
- **11.2 Amendment or Modification.** No amendment, modification, or change of this Agreement shall be valid unless made in writing and signed by the parties hereto.
- **11.3 Assignment.** Buyer shall not assign, agree to assign, offer to assign, or solicit offers for, Buyer's interest in or rights to purchase the Property, without the prior written consent of Seller, in its sole and absolute discretion; provided, that upon notice to Seller, Buyer may assign its rights hereunder to a wholly-owned subsidiary, parent, or sister entity of Buyer without Seller's consent.
- **11.4 Further Assurances**. Each of the parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder in good faith, to carry out the intent of the parties herein.
- **11.5 Authority.** Each of the signatories hereto hereby represents and warrants that they have the right, power, legal capacity, and authority to enter into this Agreement and to bind the entity they represent to this Agreement and the obligations hereunder.
- **11.6 Casualty or Condemnation.** If on or after the date of this Agreement and prior to Closing any fire, windstorm, or other casualty occurs with respect to the Property or any part thereof, or any action is initiated by any governmental entity other than Buyer or Seller to acquire the Property or any part thereof by condemnation, and such casualty or condemnation has a material and substantial effect on the Property and on Buyer's proposed use of the Property, then Buyer may elect, by written notice to Seller prior to Closing, to terminate this Agreement and the escrow

created pursuant hereto, and be relieved of its obligation to purchase the Property. If Buyer makes such election, then the entire Earnest Money Deposit and all interest earned thereon shall be disbursed by Escrow Agent to Buyer, and upon such disbursement neither Buyer nor Seller shall have any further liability to the other under this Agreement, except for such obligations as expressly survive termination of this Agreement. If Buyer fails to make such election prior to the Closing Date, this Agreement shall continue in effect, and Seller shall, prior to the Closing Date, assign to Buyer, by an assignment in form and substance satisfactory to Buyer, its entire right, title, and interest in and to all insurance and condemnation claims and proceeds to which Seller may be entitled in connection with such casualty or condemnation. For the purposes of this subsection, the term "material and substantial affect" shall mean one that would make the remaining or unaffected portion of the Property unsuitable or economically unfeasible for Buyer's intended use. Seller shall forthwith notify Buyer in writing of any casualty or condemnation affecting the Property. In the event of any condemnation (or deed in lieu thereof) that does not have a material and substantial affect, the Purchase Price shall be reduced pro rata based on the area of the Property so taken.

- **11.7 Commissions.** Buyer is represented by Joel Jones, Nick Ratzke and John DeHan of Neil Walter Company and they will be paid by the Buyer under a separate agreement. No other broker is involved.
- **11.8 Counterparts.** This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement binding on the parties.
- 11.9 Default. If this transaction fails to close as a result of Seller's default, and Buyer has not defaulted this Agreement: (i) Buyer shall be entitled to enforce specific performance of Seller's obligation to close this transaction or to pursue any other remedy at law or in equity, or (ii) Buyer may terminate this Agreement, in which case the Earnest Money Deposit shall be returned to Buyer, and Seller shall reimburse Buyer for the reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees, costs and disbursements) incurred by Buyer in connection with this transactions contemplated by this Agreement in an amount not to exceed one percent (1%) of the Purchase Price. In the event of Buyer's breach of its obligation to purchase the Property pursuant to this Agreement without any default by Seller or failure of any condition to Buyer's obligations hereunder, Seller at its election may either (i) request specific performance, or (ii) terminate this Agreement. The foregoing shall be Seller's sole and exclusive remedies for Buyer's breach or default, other than breach or default of a post-Closing obligation. Buyer further agrees that, notwithstanding anything in this Agreement to the contrary, in no event shall Seller be liable for any special, consequential, or other damages, including but not limited to claims for loss of use, rents, anticipated profit or business opportunity, business interruption, diminution in value, or mental or emotional distress or fear of injury or disease.
- **11.10 Exhibits.** All exhibits attached hereto are incorporated herein by reference.
- **11.11 Extensions for Benefit of Seller**. Should any dates of this Agreement be extended by mutual agreement, to permit Seller to meet its obligations under this Agreement (including, but not limited to, any time needed to complete the creation of a separate legal lot or cure title defects), then all dates of this Agreement shall be extended by an equal number of days.

**11.12 Headings.** The captions and paragraph headings used in this Agreement are inserted for convenience of reference only and are not intended to define, limit, or otherwise affect the interpretation or construction of any term or provision of this Agreement.

**11.13 Inducements.** The execution and delivery of this Agreement by the parties hereto has not been induced by any statements, representations, warranties, or agreements other than those expressed herein.

**11.14 Integration.** This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter, and any and all other agreements, understandings, or representations with respect thereto are of no force or effect.

**11.15** Interpretation. This Agreement is the result of negotiations between the parties hereto, each of which was represented by legal counsel or had the opportunity to be represented by legal counsel. Each party participated in the preparation of this Agreement and reviewed this Agreement. No particular provision shall be deemed to have been drafted by any particular party, and no question of interpretation shall be resolved by any rule of interpretation providing for interpretation against a drafting party. This Agreement shall be interpreted and construed according to the intent of the parties and a fair reading of the language of this Agreement as a whole, and not for or against any particular party.

**11.16 Notices**. Any and all notices, requests, approvals, or other communications required or desired to be given hereunder (collectively, "notice") shall be in writing and shall be validly given or made if: (i) personally served; (ii) sent by certified, registered, or express mail with postage prepaid thereon and return receipt requested; (iii) sent by e-mail if e-mail addresses are provided; or (iv) sent by facsimile transmission with transmission and receipt confirmed and the original sent by certified, registered, or express mail with postage prepaid thereon and return receipt requested; provided, that in case of notice of breach or termination, notice shall be in writing and (i) personally served or (ii) sent by certified, registered, or express mail with postage prepaid thereon and return receipt requested. Notice shall be deemed given (i) at the time of personal service; (ii) three (3) business days after mailing; or (iii)one (1) business day after e-mail or fax transmission as set forth above. Notice shall be effective and deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To Seller: Port of Olympia

Attn: Executive Director

606 Columbia St NE Suite 300

Olympia, WA 98501 Phone: (360) 528-8000

To Buyer: 1892 Holdings, LLC

c/o Corliss Management Group, LLC 3106 Sumner Tapps Hwy, Suite A, Lake Tapps, Washington 98391

Attn: Mark Walsh

Email: markw@corlissco.com

With a copy to Buyer's attorney:

Eisenhower Carlson PLLC 909 A Street, Suite 600 Tacoma, Washington 98402

Attn: Michael J. Royse

Email: mroyse@eisenhowerlaw.com

To Escrow Agent:

Chicago Title Insurance Company-Tacoma

Attn: Shelley Anderson 4717 S 19th St, Suite 101 Tacoma, WA 98405

Email: shelley.anderson@ctt.com

Any party may change its address for the purpose of receiving notices as herein provided by a written notice given to the other parties hereto.

- **11.17 Possession.** Buyer shall be entitled to possession of the Property upon closing.
- **11.18 Successors and Assigns**. Subject to the provisions of Section 11.3 above, this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors, and assigns.
- **11.19 Third Party Beneficiaries**. Except as otherwise expressly provided in this Agreement, nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective successors and assigns, if any, nor shall any provision give any third parties any right of subrogation or action against any party to this Agreement.
- **11.20 Time.** Time is of the essence of each provision of this Agreement.
- **11.21 Waiver.** No waiver shall be effective against a party unless set forth in writing and signed by the party charged with making the waiver. No waiver of any provision of this Agreement shall constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall any waiver constitute a waiver of any preceding, succeeding, or continuing occurrence or condition, unless expressly stated in the waiver.

- **11.22 Applicable Law; Venue.** This Agreement shall be governed in all respects by the internal laws of the State of Washington. The venue of any action or dispute regarding this Agreement shall be Thurston County Superior Court, Thurston County, Washington.
- **11.23 Attorney Fees.** In any legal action or proceeding, including but not limited to arbitration, brought to enforce this Agreement, to declare the rights and duties under this Agreement, or to resolve a dispute, breach, or default in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs, including expert witness fees, incurred in such action or proceeding, in addition to any other relief to which such party may be entitled.
- 11.24 Dispute Resolution. In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement, or the breach thereof, the Parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable resolution. If the Parties do not reach such resolution within a period of 60 days from the date the dispute first arose, then, upon written notice by a Party to the other, all disputes, claims, questions, or differences shall be referred to non-binding arbitration administered by Judicial Dispute Resolution ("JDR"), or such other organization as may be mutually agreed to by the Parties. The Parties shall make good faith efforts to agree upon a single arbitrator to preside over any arbitration. In the event the Parties cannot agree to the selection of an arbitrator, they will defer to the organization selected by the Parties pursuant to this section for the selection of an appropriate arbitrator. The Parties may by written stipulation agree to a panel of three arbitrators in lieu of a single arbitrator and, if they so agree, each Party shall select one arbitrator from JDR or from a list of arbitrators approved by the American Arbitration Association for the subject matter in dispute, and the two arbitrators selected shall select a third arbitrator, who shall also be from JDR or from a list of arbitrators approved by the American Arbitration Association for the subject matter in dispute. Should an arbitration panel be selected and hear a dispute arising under this Agreement, a vote of at least two out of the three shall be required for an award or decision to be rendered. If the Parties do not reach a resolution of the dispute within thirty (30) days from the date of the decision rendered in the non-binding arbitration, then either party may file a lawsuit to resolve the dispute.
- **11.25 1031 Exchange.** Seller acknowledges that Buyer may desire to structure the purchase of the Property as part of an exchange which qualifies for tax deferred treatment under Section 1031 of the Internal Revenue Code. Seller shall cooperate with Buyer in connection with that exchange; provided, however, that: (a) the cooperation shall be at no cost, expenses, or liability (actual or potential) to Seller; (b) Seller shall to be required to undertake any liabilities, obligations, or risks not already undertaken under this Agreement; (c) the consummation of the transaction contemplated hereby is not thereby unreasonably delayed; and (d) Buyer shall provide to Seller, as soon as feasible, but in any event at least five (5) business days prior to Closing, copies of all documents proposed to be executed by Seller in connection with such exchange.

[Signatures on following page.]

SELLER:	PORT O	F OLYMPIA	
	By: Date:	Robert Rudolph, Interim Executive Director	
BUYER:	1892 HOLDINGS, LLC		
	Ву:	Corliss Management Group, LLC, its Manager	
	Ву:	Name: Eric Corliss, Manager	

Date:

**IN WITNESS WHEREOF**, the parties have hereunto set their hands on the day and year written below.

**EXHIBIT A – General Depiction of the Property** 



# Exhibit A-1: Legal Description of the Property

LOTS 1,2 & 3 OF COMMERCE BUSINESS CENTER BINDING SITE PLAN NO. BSP-0770004 LA, AS RECORDED OCTOBER 8, 2007, UNDER AUDITOR'S FILE NO. 3963240.			

## **Exhibit B**

## **Tenant Leases**

[SELLER TO PROVIDE]

#### **Exhibit C**

#### **Tenant Sale Notice Form**

[PORT LETTERHEAD]

#### [INSERT CLOSING DATE]

### [Tenant Address]

Re: Sale of 2625-2641 Willamette Dr. NE, Lacey, Washington

Dear Tenant:

This letter is to inform you that on [Insert Closing Date], the Port of Olympia ("Former Landlord") sold the property located at 2625-2641 Willamette Dr. NE, Lacey, Washington ("Property") [Insert Buyer Name] ("Buyer"). In connection with the sale of the Property, Prior Landlord also assigned all leases relating to the Property, including the lease with [Insert Tenant Name], to Buyer.

Effective [Insert Closing Date], please direct all rents, other payments, and correspondence to Buyer at the following address (or such address as Buyer may later direct):

#### [INSERT BUYER PAYMENT INFO AND ADDRESS]

Should you have any further questions regarding this assignment, please direct those questions to the Buyer at the address noted above.

Best regards,

[PORT SIGNATURE BLOCK]

## **Exhibit D**

## Form of Deed

See attached.

#### AFTER RECORDING MAIL TO:

Michael J. Royse Eisenhower Carlson PLLC 909 A Street, Suite 600 Tacoma, WA 98402

Document Title: Statutory Warranty Deed

Grantor(s): [INSERT SELLER]
Grantee(s): [INSERT BUYER]

Abrv. Legal Description: [INSERT ABBRV LEGAL]

Tax Parcel Nos.: [INSERT APN]

#### STATUTORY WARRANTY DEED

The Grantor, INSERT SELLER], for good and valuable consideration, conveys and warrants to [INSERT BUYER], a Washington limited liability company, the following described real estate situated in Thurston County, Washington, including any interest therein which Grantor may hereafter acquire:

#### **SEE EXHIBIT A**

Subject only to those exceptions to	title set forth o	n <b>EXHIBIT</b> l	В.

EFFECTIVE as of, 2	2024.	
	GRANTOR:	
	[INSERT SELLER]	
	[INSERT SELLER SIGNATURE BLOCK]	

# [INSERT NOTARY BLOCK FOR PORT]

# **EXHIBIT A (to Deed)**

## **Legal Description**

[INSERT LEGAL DESCRIPTION]

# **EXHIBIT B (to Deed)**

## **EXCEPTIONS TO TITLE**

[INSERT PERMITTED EXCEPTIONS]

## 

 $\boxtimes$ 

Decision Needed

## **Overview:**

Purpose:

This is an Action agenda item before the Commission. Approval requested.

☐ Information Only

The objective of this topic before the Commission is to approve a revision to the Standard Lease Form with Panattoni, specifically incorporating a cost-sharing agreement for the Port's reimbursement of Panattoni's Center Street Improvements.

## **Background:**

The Port and SSECC PDC, LLC (also known as Panattoni Development Company, Inc.) executed an Option Ground Lease Agreement effective July 13, 2020 for 199 acres of Port property located in the New Market Industrial Campus. There have been four amendments to date to the base agreement, the most recent executed on March 13, 2023 to extend the option agreement and due diligence period to August 31, 2024, pending completion of the Bush Prairie Habitat Conservation Plan (HCP).

Additionally, on July 12, 2021, the Commission approved a Standard Lease Form to be used as the Port ground lease document as individual parcels covered by the Option Agreement are developed.

While most of the option property is subject to completion of the HCP, Panattoni has identified a 29.27-acre parcel (Lot 1) that was not subject to the HCP (the parcel is free of species covered by the Endangered Species Act). The Port approved phase plan development of Lot 1 in February 2022.

Panattoni commenced its planning of a light manufacturing/industrial distribution and warehousing facility at that time in coordination with City of Tumwater Community Development.

Recognizing the impact of increased vehicular traffic from Panattoni's proposed use, the City has placed a permit approval obligation on Panattoni to improve Center Street – a city-owned conveyance – to account for that increased vehicular traffic.

Approximately 3,000 feet of Center Street, between Tumwater Boulevard and the southern terminus of Lot 1, requires improvement under the anticipated City Permit. Panattoni's Lot 1 parcel fronts 576 feet of that improvement area. The remainder of the Center Street frontage to be improved serves Port property. Recognizing that Port current and future tenants will also be served by Panattoni's Center Street improvements, the Port and Panattoni entered into discussions and have developed a cost-sharing agreement to fairly distribute the total cost of the road improvements across all affected Center Street parcels.

Panattoni will pay the entire cost of the Center Street improvements to meet the City's requirements, with zero upfront financial contribution from the Port. In return for this initial investment, each parcel facing Center Street has been identified and will bear a future proportionate share of the road improvement costs as these parcels are leased in the future. When Panattoni's Lot 1 ground lease payments commence, the Port will credit Panattoni's initial monthly lease payments against the proportionately allocated cost of road improvements. The Port will then in turn recover those rent credits as the identified Center Street parcels are leased in the future – a "latecomers" agreement for future tenants. The Port has used such agreements in the past to recover upfront infrastructure costs.

Again, the Port will not incur any upfront cost for the Center Street improvements. The Port will defer its initial lease revenue from Panattoni as a credit until Panattoni's road cost on behalf of other Center Street parcels is fully amortized. Future leases of Port property will recover the deferred Panattoni lease revenue. The duration of Panattoni's lease credits is expected to be 12-16 months.

Panattoni does not anticipate commencing construction until spring 2024. The purpose of the Standard Lease Form revision will allow Panattoni to demonstrate to its lenders that the Port has agreed to the proportional reimbursement of Panattoni's Center Street improvements. A formal ground lease will not be executed until Panattoni has the necessary City permits in hand to commence construction.

### **Documents Attached:**

- PowerPoint
- Draft Lease Agreement
- Property Exhibit

## **Historical Timeline:**

Jul 2020: Initial execution of Option Lease Agreement

Oct 2020: Amendment #1 – Development agreement conditions.

Jul 2021: Amendment #2 – Subdivision application and extension of terms.

Jul 2021: Commission approval of Standard Lease Form under Option Agreement

Jan 2022: Amendment #3 – Extension of terms and expense reimbursement.

Feb 2022: Phase 1 Port Approval – Subdivision of 199 acres Feb 2022: Phase 2 Port Approval – Lot 1 of Phase 1 subdivision

Mar 2023: Amendment #4 – Extension of terms.

## Lease Terms/Financial Impact:

Lease Acreage: 29.27 acres Term: 55 years

Two ten-year options

Current Lease Rate: \$ .48 per square foot per year
Monthly Lease Payment: \$ 611,929.92 annually plus LET
Adjustments: Ten percent (10%) every five years

### **Affected Parties:**

Port of Olympia

Olympia Regional Airport

Panattoni Development Company, Inc.

City of Tumwater

## **Staff Recommendation:**

Approve the revised Standard Lease Form, as presented, for Lot 1.

## Next Steps/Timeframe:

Early 2024: Future ground lease approval by Port Commission.



# Panattoni Standard Lease Form Revision

Clarita Mattox Real Estate Senior Manager Dec. 11, 2023

1



# **Today's Presentation**

Action Item – Approval Requested

- New Market Industrial Campus (NMIC)
- Panattoni ground lease form revision
- Center Street cost-sharing agreement



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# **Background**

Panattoni Development Option to Ground Lease

- 199 acres in NMIC
- Option to Ground Lease Agreement executed 7/13/2020
- Standard Lease Form approved by Commission 7/12/2021
- All 199 acres, except 29.27 acres ("Lot 1"), subject to Habitat Conservation Plan
- Permitting underway to develop "Lot 1"
- Construction to begin in spring 2024
- Lease Form revision requested by Panattoni to demonstrate certainty to lenders in advance of construction

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# Location



PORT of OLYMPIA

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# History

## Port-Panattoni History

- Jul 2020: Initial execution of option lease agreement
- Oct 2020: Amendment 1 Development agreement conditions
- Jul 2021: Amendment 2 Subdivision application and extension of terms
- Jul 2021: Commission approval of Standard Lease Form
- Jan 2022: Amendment 3 Extension of terms and expense reimbursement
- Feb 2022: Phase 1 (Subdivision) & Phase 2 (Lot 1 development) Port Approvals
- Mar 2023: Amendment 4 Extension of terms

5



# Terms

### Future Ground Lease

- Lot 1 29.27 acres
- 55-year term with two 10-year options
- \$.48 per square foot per year
- \$611,929.92 annually plus LET
- Rent adjusts 10% every five years

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# **Center Street Improvements Required**

City Permit Stipulations

- City of Tumwater has evaluated increased vehicular traffic impact
- City requires certain Center Street (city-owned) improvements
- Road length to be improved ~3,000 feet
  - Tumwater Blvd to southern terminus of Lot 1
- Panattoni Lot 1 Center Street portion ~576 feet
- Remaining ~2,424 feet of Center Street fronts Port property

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# **Center Street Improvements Required**

Cost-Sharing Agreement with Port

- Panattoni will pay full cost of road improvements upfront
- Port will credit Panattoni for the Port's share of the road cost on a monthly basis until cost is fully amortized
- Port will recover its portion of the road improvement cost from future tenants via a "latecomers" lease stipulation

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# **Next Steps**

Future Commission Action

- First or second quarter 2024:
  - Formal ground lease presented to Commission for approval

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PORT of OLYMPIA

9

# **Questions and Comments**

Suggested Motion

"...move to approve the revised Panattoni Standard Lease Form, as presented, for Lot 1..."

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### PORT OF OLYMPIA GROUND LEASE TUMWATER PROPERTIES

THIS LEASE is made this	day of	, 2023, by and b	etween the PORT OF
OLYMPIA, a Washington municipal	corporation, Lessor, h	ereinafter referred to as "L	andlord" or "Port", and
the Tenant described below, hereinaf	ter referred to as "Tena	ant", on the following term	s and conditions:

#### 1. LEASE SUMMARY.

#### **TENANT**

Name: SSECC PDC GL1, LLC, a Delaware limited liability company

Address: 1821 Dock Street, Suite 100

City, State, Zip Code: Tacoma, Washington 98402

Phone Numbers: (206) 248-0555 Email: THale@Panattoni.com

#### **PREMISES**

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon and subject to the terms and conditions of this Lease, that certain real property consisting of approximately 29.27 acres of land or approximately 1,274,854 square feet of land, per the November 7, 2023 amended survey, located on Center Street SW in Tumwater, Thurston County, Washington as generally shown and described in Exhibit "A" hereto, subject to encumbrances, rights, and reservations as shown therein or provided in this Lease, and as presently existing or hereafter arising pursuant to governmental authority ("Premises").

Tenant acknowledges and agrees that Tenant is responsible for applying for, processing, obtaining, and recording such approvals as may be necessary for the division of the Premises from the larger property owned by the Port of which the Premises are a part, whether by binding site plan and Tenant shall bear all costs and expenses thereof. The Port shall be given the opportunity to review and approve all applications and submissions made by Tenant in connection therewith prior to submission to the City, with the Port's approval not to be unreasonably withheld, conditioned or delayed. The Port agrees to execute such documents as Tenant may reasonably request in such regard and for such purpose and the Port further agrees to support and otherwise fully cooperate with such action commenced by Tenant; provided, however, that except as otherwise provided in this Agreement: (i) the Port shall not be required to incur any expense in doing so, (ii) Tenant shall exercise commercially reasonable efforts (not including variances or other processes for deviations from normal code requirements) to cause any such document to be so worded or submitted as to leave the Port and the Property and all other Port property without residual liabilities, obligations or encumbrances should Tenant fail to proceed with the government approvals, (iii) no action affecting the Property or any other Port Property shall be finalized and no document referencing the Property or any other Port property shall be recorded without the Port's express written consent to such finality or recording, which shall not be unreasonably withheld, conditioned, or delayed (and, unless otherwise indicated,

the Port's execution of an application or petition shall not constitute the Port's consent to finalization of the action requested in such application or petition or to recording of any document), and (iv) the terms of such permits and any associated agreements are subject to the approval of the Port to the extent that the terms thereof would bind the Port following expiration or termination of this Agreement, which such approval shall not be withheld with respect to routine development restrictions and covenants that would run with the land developed for a project like the Project (e.g., slope setback and non-disturbance provisions, rights to make cuts and fills for roads, etc.) or restrictions and covenants otherwise required or customary for issuance of the requested approvals (e.g., provisions applicable to decommissioning facilities used in the management of Hazardous Material), and (v) such documents shall provide that the Port shall have no liability during the Term for any costs or other liabilities related solely to such permits or agreements, applicable law or set forth elsewhere in this Agreement.

Upon full execution of this Lease, the Port and Tenant agree to execute an addendum to this Lease setting forth the description and size of the Premises in accordance with the binding site plan provided by Tenant and approved by the Port.

#### **TERM**

The initial term shall be Fifty-Five (55) years beginning upon receipt of all permits necessary for construction by the Tenant from the City of Tumwater, including but not limited to grading permit or other permits necessary to begin and complete the construction project, (the "Lease Commencement Date") and ending on the last day of the month in which the Lease Term began, fifty-five (55) years later, (the "Initial Term"); provided that the commencement of this Lease is subject to the Port's receipt of first month's rent, subject to the Rent Credit due the Tenant from the Port as described in the ADDITIONAL PROVISIONS section below, lease security in a form acceptable to the Port, and certificate of insurance in a form acceptable to the Port. Tenant shall also have two (2) options to extend the term as outlined below.

#### OPTION TO EXTEND TERM

Two (2) option(s) to extend for an additional period of ten (10) years each. Such extensions shall be upon the terms, covenants, and conditions contained herein (except for rent, rental adjustments, and the times at which rental adjustments shall be made, all of which shall be determined in accordance with the then current Commission policy). The extension term shall commence on the expiration of the immediately preceding term. Such Option to Extend may be exercised only by written notice to the Port no later than one hundred and eighty (180) days prior to the expiration of the then current term. Tenant shall not be entitled to extend this Lease if Tenant is in default of the performance of its obligations hereunder at the date notice of extension is due or at the date the extension term is to commence. In addition, Tenant shall not be entitled to renew this Lease if Tenant is a corporation, limited liability company, or other entity whose stated duration will expire prior to the end of the renewal term.

### BASE GROUND RENT

<u>Initial Rent</u>: Tenant shall pay monthly base rent in the amount Fifty Thousand Nine Hundred Ninety-Four Dollars and Sixteen Cents USD (\$50,994.16), based on 1,274,854 square feet, (based on \$0.48 per square foot per annum) ("Base Ground Rent") plus Washington State Leasehold Tax.

**Rent Adjustments:** During the Initial Term, the Base Ground Rent shall be increased every five (5) years by ten (10%), with the first adjustment being effective as of the fifth (5<sup>th</sup>) anniversary of

the Lease Commencement Date and each such date being hereafter referred to as a "Rent Adjustment Date". Provided, however, that the Base Ground Rent shall never be decreased. Each adjustment shall be calculated on the applicable Adjustment Date and shall be effective as of the applicable Adjustment Date. Within thirty (30) days of the date of the Port's notice of adjustment following completion of an adjustment calculation, Tenant shall pay to the Port the amount of any deficiency in rent paid by Tenant for the period following the subject Adjustment Date and shall thereafter pay the adjusted rent until receiving the next notice of adjustment from the Port.

Effective as of the beginning of the twenty-sixth  $(26^{th})$  year of the Lease, and every five (5) years thereafter during the Initial Term, the Base Ground Rent shall be revised to an amount equal to one-twelfth (1/12) of the then-current fair market rental value of the property as agreed to by the Parties hereto.

If the Parties cannot agree to a fair market rental value within 30 days after the end of the 26<sup>th</sup> year of the Lease, the fair market rental value for rental revisions pursuant to this paragraph shall be determined by independent appraiser, as outlined in Paragraph 36, APPRAISAL PROCEDURE.

Rental revisions for any extension of the Term in accordance with the Option to Extend Term shall be in accordance with the then current Port Commission Policy.

### RENT COMMENCEMENT DATE

Base Rent shall commence at the earliest to occur of (a) date Tenant receiving a temporary Certificate of Occupancy issued by the City of Tumwater or (b) nine (9) months from the commencement date of the Lease term.

### LEASE SURETY

In accordance with Paragraph 5 of the Lease, in an amount equal to one (1) year's minimum ground rent plus Washington State Leasehold Excise Tax, in a form acceptable to the Port, and adjusted to reflect rental adjustments and other changes to this Lease. Initial amount shall be Six Hundred Ninety Thousand Five Hundred One Dollar and Seventy-Two Cents USD (\$690,501.72) (one times the annual rent plus Washington State Leasehold Excise Tax of 12.84%). The initial Surety amount shall be posted with the Port by the date of execution of the Lease by Tenant. Any change in Surety shall be posted with the Port at least thirty (30) days prior to the effective date of such change. Expiration Date: Ninety (90) days after satisfaction of all obligations under this Lease.

#### USE OF PREMISES

Tenant may use the Premises for: Commercial, manufacturing and industrial uses.

#### **INSURANCE**

Bodily Injury/Death: Combined Single Limit \$1,000,000 each occurrence.

Property Damage per Occurrence: \$500,000.

Tenant shall submit certificates evidencing compliance with Paragraph 14, and at the Port's request shall provide the Port with the actual policies or copies thereof. Tenant shall furnish the Port with evidence of renewal of such policies prior to their expiration.

### ASSIGNMENT, SUBLEASE, OR LEASE MODIFICATION.

Tenant shall be subject to a fee for any request for assignment, sublease, or modification of this Lease as stated in Port Commission Fee Schedule, except as otherwise sent forth in this Lease.

#### REAL ESTATE COMMISSIONS AND FEES.

A real estate commission is payable to Kidder Matthews,	, Olympia,
Washington (Broker/Firm), in accordance with the Real Estate Con	nmission Payment Agreement
between the Port and such Broker/Firm, dated	Except as set forth above,
each party represents and warrants that it has not delt with any brok	er or other person to which a
commission or other fee is due in connection with any of the trans	sactions contemplated by this
Agreement, and that insofar as it knows, no broker or other person is	s entitled to any commission,
charge or fee in connection with the transactions contemplated by this	Agreement. Each party agrees
to indemnify, defend, and hold harmless the other party against any loss	, liability, damage, cost, claim,
or expense, including interest, penalties, and reasonable attorney fees	that the other party shall incur
or suffer by reason of a break by the first party of the representations	and warranties set forth in the
preceding sentence.	

### **COMMISSIONS AND FEES**

In the absence of any agreement between the parties to the contrary, each party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the parties to the contrary, each party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorney fees), obligations, and causes of action arising against or incurred by the other party by reason of any claim for a real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying party.

#### ADDITIONAL PROVISIONS

#### CONSTRUCTION COMMENCEMENT

No site preparation or construction of any nature may commence until a ground lease for the Premises has been executed by both Tenant and Landlord.

#### CENTER STREET IMPROVEMENTS (SCOPE)

- 1. Port and Tenant understand and agree the City of Tumwater ("City") requires certain improvements on Center Street (a city-owned street) between Tumwater Boulevard and the south property line of Tenant's Premises frontage, a length of approximately 3,000 linear feet ("Center Street Improvements"). Such improvements are to be part of and as a condition to the approval of permits for development of the Lease Premises.
- 2. City and Tenant have agreed to the specific scope of work ("Scope") to be memorialized by the City of Tumwater-issued permit for the Center Street Improvements hereto attached as Exhibit H. The Scope, as identified in the city-issued permit and relevant supporting documents, is specifically limited to meeting, and not exceeding in any measure, the City's conditional requirements for permit issuance. The Scope shall not include Tenant's frontage improvements. Any such Tenant frontage improvements that may be required by the City are independent of any and all required Center Street Improvements.

3. The Port shall have the opportunity to review and approve, within ten (10) business days following submittal to the Port by the Tenant, and in advance of implementation, the Scope for the Center Street Improvements plan, and such review shall not be unreasonably withheld. Port approval of the scope for Center Street Improvements shall not require any improvement(s) other than those required by the City.

### CENTER STREET IMPROVEMENTS (PAYMENT)

- 1. Tenant agrees to pay one hundred percent (100%) of any and all costs and fees associated with the Scope, i.e., the City-required improvements of Center Street as defined, as part of Tenant's site development project.
- 2. Tenant has shared with the Port a Preliminary Estimate in the amount of \$643,711, plus reasonable design costs as agreed to by Port and Tenant, and Tenant shall submit to the Port a final Accepted Bid for Center Street Improvements in accordance with the Scope and not including Tenant's frontage improvements. Tenant and the Port understand and agree that the dollar amount of the Preliminary Estimate may fluctuate before the final Accepted Bid is executed and reasonable design costs are determined. Such final Accepted Bid shall not exceed \$750,000.

### CENTER STREET IMPROVEMENTS (RENT CREDIT)

- 1. Tenant will receive a credit in the amount of the final cost of Center Street Improvements, including reasonable design costs approved by the Port in advance, which represents the full cost of Center Street Improvements per the City-approved plans and Scope, not including any cost directly associated with Tenant's frontage improvements, a length of approximately 576 linear feet, as depicted in the attached Exhibit I.
- 2. Such credit will be applied on a continuing monthly basis, for the amounts that would have been otherwise due in that month, against the Tenant's obligated lease payments until the full credit has been applied.

#### **CONFLICTING PROVISIONS**

To the extent any of the provisions of the foregoing Paragraph 1, LEASE SUMMARY, conflicts with any other provisions of this lease, the provisions of Paragraph 1, LEASE SUMMARY, shall govern.

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#### THE PARTIES HEREBY AGREE AS FOLLOWS:

#### 2. PREMISES.

The Port hereby leases to Tenant, and Tenant hereby leases from the Port, the Premises described in Paragraph 1, **LEASE SUMMARY** above.

#### 3. TERM.

This Lease shall be for the term specified in Paragraph 1, LEASE SUMMARY above.

#### 4. RENT.

- 4.1. It is the intention of the parties hereto that the rent specified in this Lease shall be net to the Lessor in each year during the term of the Lease. Accordingly, all costs, expenses and obligations of every kind relating to the Premises (except as otherwise, specifically provided in the Lease) which may arise or become due during the term of the Lease shall be paid by Tenant and the Port shall be indemnified by the Tenant against such costs, expenses and obligations. All such costs, expenses, and obligations and payments coming due hereunder shall be deemed as "additional rent".
- 4.2. Tenant agrees to pay as rent for the use and occupancy of the Premises during the term of this Lease, without deduction or offset, the rent specified in Paragraph 1, **LEASE SUMMARY** above, payable to the Port in advance on or before the first day of each and every month and payable at such place as the Port may designate.
- 4.3. If the Tenant does not pay the rent by the 10th of the month, then in addition to the overdue rent, Tenant shall pay interest on the rent payment then due at a rate per annum equal to the greater of eighteen percent (18%) per annum or two (2) percentage points over the composite prime rate of interest set forth in the Wall Street Journal "Money Rates" Column (or its successor) most recently prior to such date. Such interest commences on the date the rent is due and continues until such rent is paid. If the Tenant does not pay the rent when due and interest is incurred each month for three (3) consecutive months, the rent called for herein shall automatically become due and payable quarterly in advance rather than monthly, notwithstanding any other provision in this Lease to the contrary, and regardless of whether or not the interest is paid or collected. The imposition of such interest does not prevent the Port from exercising any other rights and remedies under this Lease.

#### 5. LEASE SURETY.

Tenant shall, upon execution of this Lease, file with the Port a good and sufficient security in the form of a bond, letter of credit, cash deposit, or other surety acceptable to the Port in its sole discretion, in accordance with the requirements of state law RCW 53.08.085 and Paragraph 1, LEASE SUMMARY above. The form and terms of the surety and the identity of the surety shall be subject to approval of the Port, and the surety shall guaranty the full performance by Tenant of all the terms and conditions of this Lease, including the payment by Tenant of the rents and all other amounts herein provided for the full term hereof. Any acceptable surety instrument having an expiration earlier than the full lease term shall be automatically renewable. Any company issuing such a surety instrument must give the Port at least ninety (90) days advance written notice prior to the effective date of cancellation or expiration of such surety instrument. These provisions as to lease surety are subject to the continued approval of the Port and to revision and adjustment as may hereafter result from changes in state requirements or as established by the Port Commission.

The Surety is a part of the consideration for execution of this Agreement. If Tenant shall have fully performed all terms and conditions of this Agreement, the Surety (or such portion as remains without claim by the Port) shall be returned to Tenant within thirty (30) days following the termination (or expiration)

date; otherwise the Port shall, in addition to any and all other rights and remedies available under this Agreement or at law or equity, retain title to that portion of the Surety sufficient to remedy the default.

The Port may apply all or part of the Surety to unpaid rent or any other unpaid sum due hereunder, or to cure other defaults of Tenant. If the Port uses any part of the Surety, Tenant shall restore the Surety to its then-currently required amount within fifteen (15) days after the receipt of the Port's written request to do so. The retention or application of such Surety by the Port pursuant to this Section does not constitute a limitation on or waiver of the Port's right to seek further remedy under law or equity.

#### 6. ACCEPTANCE OF PREMISES.

Tenant has examined the Premises, and the adjoining premises of which the Premises are a part, and accepts them in their present condition. There are no warranties expressed or implied as to any condition apparent or unknown except as otherwise stated in this Lease. Tenant agrees to make any changes in the Premises necessary to conform to any federal, state or local law applicable to Tenant's use of the Premises.

#### 7. POSSESSION.

If the Port shall be unable for any reason to deliver possession of the Premises or any portion thereof at the time of the commencement of this Lease, the Port shall not be liable for any damage caused thereby to Tenant, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event Tenant shall not be liable for any rent until such time as the Port can deliver possession; provided that if Tenant shall take possession of any portion of the Premises in the interim, it shall pay the full rent specified herein reduced pro rata for the portion of the Premises not available for possession by Tenant; and provided further, that if the Port shall be unable to deliver possession of the Premises at the commencement of this Lease, Tenant shall have the option to terminate this Lease by giving at least thirty (30) days' written notice of such termination, and this Lease shall terminate unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Tenant shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Tenant shall not be obligated to pay any rental for the period prior to the commencement of the term of this Lease unless otherwise mutually agreed.

#### 8. USE OF PREMISES.

Tenant shall use the Premises only for those purposes stated in paragraph 1 above and shall not use them for any other purpose without the prior written consent of the Port, which consent may be withheld in the Port's sole discretion. The Premises shall be used only for lawful purposes; and only in accordance with all applicable building, fire and zoning codes. Tenant shall use the entire Premises for the conduct of said business in a first-class manner continuously during the entire term of this Lease. Tenant agrees that it will not disturb the Port or any other Tenant of the Port by making or permitting any disturbance or any unusual noise, vibration or other condition on or in the Premises. Tenant may install, post, erect and, as Tenant desires or may be required, illuminate exterior facility identification, traffic control, safety, security, ADA, and other code required signage complying with applicable building code, municipal code requirements, and FAA regulations. No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on or within the Premises, including the windows and doors thereof, without the approval of the Port, which shall not be unreasonably withheld, conditioned, or delayed. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Tenant shall be removed by Tenant at its own expense, and Tenant shall repair any damage or injury to the Premises and correct any unsightly condition caused by such removal. At no time shall the Tenant have the right to remove or otherwise disturb timber, valuable minerals, sand, gravel or water, from the site, which materials belong to the Port and may only be used with consent and appropriate compensation.

So long as Tenant is not in default under this Agreement and subject to the specific provisions, covenants and agreements contained in this Agreement, the Port covenants and agrees that the quiet and peaceful possession and enjoyment of the Property by Tenant shall not be disturbed or interfered with by the Port or by any other party claiming by or through the Port.

### 9. REQUIREMENTS AS TO IMPROVEMENTS.

The specific requirements as to the planning, construction and completion of any major improvements planned by Tenant on the Premises are attached hereto as **Exhibit "B"** to this Lease, which by this reference is incorporated herein as if set forth in full. Prior to the submission of any plans for contemplated improvements on the Premises, Tenant shall furnish a survey of the appropriate Premises as prepared by a registered and licensed surveyor, all at Tenant's own expense.

#### 10. RIGHTS-OF-WAY.

The Port agrees to grant other such right-of-way easements across the property of the Port reasonably available therefor, on reasonable terms and conditions, for the installation and maintenance of necessary and adequate services to the Premises, including but not limited to reasonable ingress, egress, and utilities to and from the Premises on established roadways, driveway, and corridors and sidewalks provided there is no public road access, petroleum product pipelines, railroad spurs, railways and utility lines.

#### 11. RESERVATION OF RIGHTS.

The Port reserves to itself from the Premises rights of way upon, over, across, onto or beneath the above-described lands for access ways, driveways, and other roads, pole and wire lines, gas, water and sewage pipes and mains, conduits, and other utilities, and industrial or business area facilities of all kinds now existing or to be constructed and maintained by it, either in addition to or in the substitution for those now existing from any point or points and in any direction and also reasonable rights of entry upon the Premises for the construction, repair, inspection and maintenance of them in efficient use and condition, providing such action by the Port shall not materially interfere with or interrupt Tenant's operation and shall be at the expense of the Port. The Port is hereby granted such continuous and perpetual easement or easements that the Port believe are necessary within the Premises for such purposes, which easement or easements may be further granted by the Port to third parties.

#### 12. AIR SPACE RESERVATIONS AND USE RESTRICTIONS.

There is hereby reserved to the Port, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the air space above the surface of the Premises herein conveyed, together with the right to cause in said air space such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said air space or landing at, taking off from or operating on the Olympia Regional Airport. Tenant, its successors and assigns, will not erect or permit the erection of any structures nor permit the growth of any tree thereon which would exceed the height limitations set forth in the "Zoning Ordinance", Olympia Regional Airport, Master Plan Update, Thurston County, Washington, dated November \_\_\_\_, 1996, and as may be amended from time to time. Tenant, its successors and assigns, will comply in all respects with said zoning ordinance, which is hereby made a part of this Lease. Tenant expressly agrees for itself, its successors and assigns to restrict the height of structures, objects or natural growth and other obstructions on the Premises to a maximum height as determined by applicable Federal Aviation Administration standards as currently in effect or as may be hereafter issued or amended.

Tenant expressly agrees for itself, its successors and assigns to prevent any use of the Premises described which would interfere with landing or taking off of aircraft at the Olympia Regional Airport or otherwise constitute an airport hazard as may be determined by the Port or the Federal Aviation Administration (FAA) or any similar agency having jurisdiction over operations at the Olympia Regional Airport. The prohibited use of the Premises referred to in this paragraph includes causing any visual obstruction or radio or similar emission that may tend to interfere with the operations at the Olympia Regional Airport.

If the Premises are located within the approach zone to the Olympia Regional Airport, Tenant would therefore be subject to substantial use restrictions for the benefit of such airport and its uses. In view of these restrictions, Tenant may not sublease the property until such sublessee shall have received written permission from the Port as to the nature and extent of the use to which such the sublessee intends to devote the property in order to ensure that such intended use will not in any way interfere with the operation of the Olympia Regional Airport.

Tenant acknowledges that noise from both flight and non-flight operations may be generated from activities at the Olympia Regional Airport and by other tenants of the Port. Tenant is taking the Premises subject to such condition, whether now existing or hereafter arising, and hereby waives all claims (including, without limitation, claims for damages, nuisance or injunctive relief) relating thereto; provided, however, that Tenant does not waive any right to have applicable statutes and regulations regarding noise enforced.

#### 13. UTILITIES AND SERVICES.

Tenant shall be liable for and shall pay throughout the term of this lease all charges for all utility services furnished to the Premises, including but not limited to, light, heat, gas, janitorial services, garbage disposal, security, electricity, water, stormwater and sewerage, including any connection fees, and any fire protection, police protection, or emergency health services as furnished by local authorities and as may be the subject of a contract between the Port and such local authorities or as imposed by ordinance or statute. If the Premises are part of a building or part of any larger premises to which any utility services are furnished on a consolidated or joint basis, Tenant agrees to pay to the Port Tenant's pro-rata share of the cost of any such utility services. Tenant's pro-rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required.

#### 14. INDEMNIFICATION/LIABILITY INSURANCE.

The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Tenant or by others (including, but not limited to all persons directly or indirectly employed by Tenant, and any agents, contractors, subcontractors, suppliers, customers, licensees, or invitees of Tenant) as a result of any condition (including existing or future defects in the Premises), or occurrence (including failure or interruption of utility service) whatsoever related in any way to the Premises and the areas adjacent thereto; provided, however, that the foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense to the extent resulting from the negligence or wrongful conduct of the Port or its employees, agents, contractors, subcontractors, suppliers, or officers. Tenant hereby covenants and agrees to indemnify, defend (with attorneys reasonably satisfactory to the Port), protect and hold the Port harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the Port arising from or in connection with the loss of life, personal injury and/or damage to property occasioned by any negligent or other wrongful act or omission of Tenant or its employees, agents, contractors, subcontractors, suppliers, customers, licensees, or invitees. In addition, Tenant covenants and agrees to indemnify, defend (with attorneys reasonably satisfactory to

the Port), protect and hold the Port harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the Port and arising from or in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon the Premises, unless caused by any negligent or other wrongful act or omission of the Port or its agents, contractors, servants or employees. If a court of competent jurisdiction determines that any activity covered by the indemnities under this section of this Lease is subject to RCW 4.24.115, then, in the event of liability for damages arising out of a bodily injury to persons or damage to property caused by or resulting from the concurrent negligence or willful act or omission of Tenant and Landlord, its officers, officials, employees, agents, contractors, or volunteers, the Tenant's and Landlord's liability hereunder shall be only to the extent of each such party's negligence or willful act or omission. It is further specifically and expressly agreed that Tenant hereby waives any immunity it may have under industrial insurance, RCW Title 51, solely for the purposes of this indemnification and only to the extent necessary to render the parties' indemnity obligations enforceable. This waiver was mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Lease.

The Port indemnifies, defends, and holds Tenant harmless from claims that are: (i)(a) for personal injury, death, or property damage or b) for incidents occurring in or about the Premises, building, common areas or project; and (ii) caused by the negligence or wrongful conduct of the Port, its principals, agents, contractors, or employees. This indemnification and hold harmless shall include reasonable attorney fees and court costs incurred by Tenant with respect to such claims.

Tenant shall, at its own expense, provide and maintain commercial general liability insurance or its equivalent with a reputable insurance company or companies reasonably satisfactory to the Port, and including, but not limited to premises and operations; personal injury, contractual liability; independent contractors; broad form property damage; completed operations and products; pollution liability; and such additional types and amounts of liability insurance as the Port may deem reasonably necessary for the types of services or activities offered by Tenant and customarily required by landlords under such circumstances and with the minimum policy limits set forth above. The coverage afforded by such policies shall thereafter be in such amounts as the Port may specify from time to time in accordance with what would be required by a reasonable and prudent property manager in the same geographic area. The Port shall be named as an additional insured on such policies. Such policies shall provide that such insurance may not be cancelled without the insurance company first having given the Port thirty (30) days' advance written notice of such intent to cancel. Tenant shall submit certificates evidencing compliance with this paragraph by time of execution of the Lease by Tenant, and at the Port's request shall provide the Port with the actual policies or copies thereof. Tenant shall furnish the Port with evidence of renewal of such policies prior to their expiration.

#### 15. WAIVER OF SUBROGATION.

The Port and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective insurance contracts, including any extended coverage endorsements thereto, provided, that this paragraph shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of the Port or Tenant. Each party agrees to cause their respective insurance carriers to include in its policies a waiver of subrogation clause or endorsement.

#### 16. TAXES.

Tenant shall be liable for, and shall pay, throughout the term of this lease, all license fees and taxes covering or relating to the Premises and its use, including, without limitation, (a) all real estate taxes

assessed and levied against the Premises; (b) all amounts due and payable for general or special assessments against the Premises during the term of this lease (whether assessed prior to or during the term of this lease), including any assessments for LIDs or ULIDs; and (c) all personal property taxes upon Tenant's fixtures, furnishings, equipment and stock in trade, Tenant's leasehold interest under this lease or upon any other personal property situated in or upon the Premises. Tenant shall reimburse the Port for all such taxes paid or payable by the Port. All other tax amounts for which the Port is or will be entitled to reimbursement from Tenant shall be payable by Tenant to the Port at least fifteen (15) days prior to the due dates of the respective tax amounts involved; provided, that Tenant shall be entitled to a minimum of thirty (30) days' written notice of the amounts payable by it. If any governmental authority at any time levies a tax on rentals payable under this lease or a tax in any form against Lessor because of or measured by income derived from the leasing or rental of the Premises, such tax shall be paid by Tenant; provided, however, that Tenant shall not be liable for the payment of any tax imposed generally on Lessor's gross or net income without regard to the source of such income.

#### 17. MAINTENANCE AND REPAIR.

Tenant shall, at its own expense, keep the Premises and the buildings, structures and other improvements located on the Premises, and the adjoining roadways, sidewalks and areas, in a neat, clean, safe, sanitary, and good condition, reasonable wear and tear excepted, and to maintain the landscape and undeveloped areas (including ditches and shoulders of adjoining roadways) in a clean, sanitary, orderly and attractive condition, mowed and free from rubbish and debris.

Tenant shall also, at its own expense, at all times keep the Premises free from infestation of pests and conditions which might result in harborage for, or infestation of, pests (pests shall include, without limitation, rodents, insects, and birds in numbers to the extent that a nuisance is created). Tenant shall keep the glass of all windows and doors on the Premises clean and presentable, and shall maintain and keep the Premises in a good state of repair, and shall commit no waste of any kind, and, without limiting the generality of the foregoing, shall replace all cracked or broken glass in the Premises, and keep the electrical system and all drains clean and in a good state of repair, and shall protect all sprinkler systems and all pipes and drains so that they will not freeze or become clogged.

Tenant shall replace any and all improvements which become worn out, obsolescent, deteriorated, unsafe or unusable and shall replace such improvements with new fixtures and improvements of at least as good a quality as originally installed at the commencement of this Lease. If Tenant fails to properly maintain or repair the Premises or any improvements thereon, the Port shall be entitled, but shall not be obligated, to enter the Premises after notice to Tenant and the expiration of any applicable cure period, and perform such work as may be necessary to restore the Premises and improvements to the conditions set forth herein. The cost of such repairs shall be billed to Tenant by the Port and shall be payable upon receipt and subject to the same penalties for late payment as if such payment was additional rent. Tenant shall have no claim as deduction or offset any monies or charges against the rent paid to the Port for maintenance or repairs. Tenant has inspected the Premises and accepts the Premises "AS IS".

Tenant shall also keep the Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the Premises by Tenant. At the Port's request, Tenant shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the Premises if not paid. Any dispute under this section shall be subject to arbitration under paragraph 38, **ARBITRATION PROCEDURE**.

#### 18. ALTERATIONS AND IMPROVEMENTS -- SIGNAGE.

18.1 Alterations and Improvements. Tenant shall make no alterations or improvements to or upon the Premises or install any fixtures (other than trade fixtures which can be removed without injury to the Premises) without first obtaining written approval of the Port. The Port's response to Tenant's requests

for approval shall be prompt, and such approval shall not be unreasonably withheld. Upon installation, Tenant shall furnish the Port with a copy of the "as-built" drawings including utility installations and site plans detailing the nature of the additions, alterations or improvements. The Port reserves the right to have Tenant remove, at Tenant's sole expense, all or any of such alterations, additions or improvements at the end of the Lease term as provided in paragraph 19, **DISPOSITION OF IMPROVEMENTS**. Any dispute under this section shall be subject to arbitration under Paragraph 37, **ARBITRATION PROCEDURE**.

18.2 Signage. Tenant may install, post, erect and, as Tenant desires or may be required, illuminate exterior facility identification, traffic control, safety, security, ADA, and other code required signage complying with applicable building code, municipal code requirements, and FAA regulations. Tenant shall have no right to install Tenant identification signs in any location in or about the Premises that are visible from the exterior of the building, without first obtaining written approval of the Port, which shall not be unreasonable withheld, conditioned or delayed. The location, size, design, color and other physical aspects of permitted signs shall be subject to (i) Port's written approval prior to installation; (ii) any covenants, conditions or restriction encumbering the Premises and (iii) any applicable municipal permits and approvals.

#### 19. DISPOSITION OF IMPROVEMENTS.

- a. Except as otherwise agreed to in writing by the Port, in its sole and absolute discretion, within sixty (60) days after the expiration or earlier termination of this Lease (including any and all extensions or renewals thereof), the Tenant shall at Tenant's expense, remove, demolish or clear off from the Premises all improvements and all property owned by Tenant, and after such removal or clearance, Tenant shall restore the surface of the ground to a properly graded, filled, compacted, level, and uniform condition, free from all debris, and in accordance with all applicable law and all provisions of this Lease, including but not limited to Paragraph 27, HAZARDOUS SUBSTANCES.
- If the Port, in its sole discretion, elects to have all or any portion of the improvements remain on the Premises, then title to the same shall automatically pass to the Port, free of any right, title, or interest of Tenant therein, or its successors or assigns, without the necessity of executing any further instrument and without any allowance, compensation, or payment by the Port. Tenant hereby grants and conveys to the Port all of its right, title and interest in and to such improvements, to be effective for all purposes only upon the expiration or termination of this Lease and the Port's election to have such improvements remain upon the Premises. Upon such election by the Port, Tenant further agrees to execute, acknowledge and deliver to the Port contemporaneously with the expiration or termination of this Lease, a proper recordable instrument quit claiming and releasing to the Port to any right, title and interest of Tenant in and to the Premises and in and to all improvements remaining on the Premises pursuant to the election of the Port, and agrees to give such further assurances of title as may be required by the Port. In addition, upon such election by the Port, Tenant shall, upon expiration or termination of the lease, surrender and deliver the Premises and all improvements to remain on the Premises to the Port, without delay and in good order, condition and repair, ordinary wear and tear excepted, and in a neat and clean condition, excepting only Tenant's or any subtenant's movable trade fixtures, machinery, equipment and personal property that can be removed without injury to the Premises. Tenant shall also deliver to the Port all documents necessary or appropriate for the proper operation, maintenance and management of the Premises and remaining improvements.
- c. Any dispute under this section shall be subject to arbitration under Paragraph 37, **ARBITRATION PROCEDURE**.

#### 20. INSPECTION.

The Port reserves the right to inspect the Premises at any and all reasonable times throughout the term of this Lease, provided that it shall not interfere unduly with Tenant's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to

ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for a reasonable period of time prior to the expiration or sooner termination of this Lease.

#### 21. RESTORATION.

- a. At all times during the term of this Lease, Tenant shall maintain in effect upon the Premises and Tenant's improvements thereon, fire and extended coverage property insurance for physical loss and damage excluding earthquake insurance and flood insurance, written by companies authorized to do business in the State of Washington and approved by the Port's insurance carrier. Such policy or policies (a) shall be written in the form of replacement cost insurance in an amount not less than 100% of the full replacement cost of the Premises and Tenant's improvements thereon, which amount shall be adjusted not less frequently than annually, (b) shall contain an endorsement waiving any and all rights of subrogation against the Port and (c) shall provide that notice of cancellation of the policy or any endorsement shall be given to the Port and any other party designated by the Port at least 10 days prior to cancellation. The Port and each other party designated by the Port shall be named as additional insureds and loss payees on all such policies. Tenant shall provide the Port and each other party designated by the Port with certificates of insurance evidencing such coverage. Tenant shall provide evidence of renewal prior to the expiration of such policy or policies. Tenant will also take out and maintain policies of insurance to cover the loss, damage or destruction of Tenant's furniture, fixtures, equipment and other items owned by Tenant on the Premises, with limits based on the reasonable value thereof.
- b. If any building or improvement erected by Tenant on the Premises or any part thereof shall be damaged or destroyed by fire or other casualty during the term of this Lease, Tenant shall, at its own cost and expense, either (i) repair or restore the same according to the original plans thereof, or (ii) repair or restore the same according to such modified plans as shall be previously approved in writing by the Port. Tenant shall elect whether to proceed under (i) or (ii) above. Such work of repair or restoration shall be commenced within sixty (60) days after the damage or loss occurs and shall be completed with due diligence but no later than one (1) year after such work is commenced, and such work shall be otherwise done in accordance with the requirements of the provisions hereof pertaining to the construction of improvements upon the Premises. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration. If (i) there are not insurance proceeds, or (ii) the same shall be insufficient for said purpose, Tenant shall make up the deficiency out of its own funds. Should Tenant fail or refuse to make the repair or restoration as hereinabove provided, then in such event said failure or refusal shall constitute a default under the covenants and conditions hereof, and all insurance proceeds so collected shall be forthwith paid over to and be retained by the Port on its own account, and the Port may, but shall not be required to, sue and apply the same for and to the repair, restoration or removal of said Premises or improvements, and the Port may, at its option, terminate this Lease as elsewhere provided herein.
- c. Notwithstanding anything to the contrary contained in the preceding section, if any building erected on said Premises shall be damaged by fire or other casualty, and if the cost of repairing or restoring the same as provided above shall exceed the insurance payable for such damage, and if such damage shall occur during the term so that the remaining term of this Lease is of insufficient length to allow Tenant to finance such cost in a commercially reasonable manner, the Tenant shall have the option, to be exercised within sixty (60) days after such event, to repair or restore said building as provided above, or to terminate this Lease by written notice thereof to the Port, and upon termination, the Base Rent, Additional Rent and other charges under this Agreement will be apportioned as of the date of destruction, and Tenant will be discharged from responsibility to repair the damage, shall remove debris and restore the Premises to a clean, graded and safe condition, and all proceeds of insurance covering the loss shall in that circumstance belong to Tenant free of any claim thereto by the Port
- d. Any dispute under this section shall be subject to arbitration under Paragraph 37 **ARBITRATION PROCEDURE**.

#### 22. DEFAULTS.

Time is of the essence of this Lease, and in the event of the failure of Tenant to pay the rental, interest or other charges provided in this Lease at the time and in the manner herein specified, or to keep any of Tenant's covenants or agreements herein, the Port may elect to terminate this Lease and reenter and take possession of the Premises with or without process of law, provided, however, that Tenant shall be given thirty (30) days' notice in writing if the default is for the nonpayment of rent or other monetary default, or sixty (60) days' notice in writing for any other default (or such longer period as is reasonably required to cure the Event of Default so long as Tenant commences to cure within such sixty (60) day period and diligently pursues such cure to completion), stating the nature of the default in order to permit such default to be remedied by Tenant within the applicable time period. If the Port issues a notice of default for the nonpayment of rent, in order to cure such default, Tenant must pay the overdue rent, together with interest as set forth in paragraph 4 above, plus a Fifty Dollar (\$50.00) lease reinstatement fee. If during any consecutive twelve-month period, the Port has issued three notices of default, the Port shall not be required to accept the cure of any subsequent default by Tenant and may terminate this Lease or exercise any other rights or remedies available to it immediately by written notice to Tenant without the expiration of any otherwise applicable cure period.

If upon such reentry there remains any personal property of Tenant or of any other person upon the Premises, the Port may, but without the obligation to do so, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Tenant shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Tenant, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Tenant to the Port, and the balance, if any, shall be paid to Tenant. Notwithstanding any such reentry, the liability of Tenant for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Tenant shall make good to the Port any deficiency arising from a reletting of the Premises at a lesser rental than that chargeable to Tenant. At the Port's option, Tenant shall pay such deficiency each month as the amount thereof is ascertained by the Port, or the Port may accelerate all future payments and Tenant shall pay the present value of all future payments at once. Payment by Tenant to the Port of interest on rents and/or any other charges due and owing under this Lease shall not cure or excuse Lessee's default in connection with rents and/or other charges. All remedies of the Port hereunder are cumulative and not alternative.

### 23. ADVANCES BY PORT FOR TENANT.

If Tenant shall fail to do anything required to be done by it under the terms of the Lease, after any applicable cure period, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Tenant, and upon notification to Tenant of the cost thereof to the Port, Tenant shall promptly pay the Port the amount of that cost. However, if the Port shall pay any monies on Tenant's behalf, Tenant shall repay such monies, together with interest thereon commencing on the date the Port paid such monies and calculated at the greater of the rate of eighteen percent (18%) per annum, or two (2) percentage points over the composite prime rate of interest set forth in the Wall Street Journal "Money Rates" column (or its successor) most recently prior to such date.

#### 24. HOLDING OVER.

If Tenant shall, without the consent of the Port, hold over after the expiration or sooner termination of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be on a month-to-month basis. During such month-to-month tenancy, Tenant shall pay to the Port the rate of one hundred fifty percent (150%) of the then-current rental under the terms of the Lease, unless a different rate shall be agreed upon, and the Tenant shall be bound by all of the additional provisions of this Lease.

#### 25. ASSIGNMENT OR SUBLEASE.

Except as provided below, Tenant shall not assign or transfer (including any assignment or transfer for security purposes) this Lease or any interest therein nor sublet the whole or any part of the Premises, nor shall this Lease or any interest hereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the advance written consent of the Port, which may be withheld in the Port's sole discretion. Lessor agrees that it will consent to the assignment of this Lease (or any interest herein) for security purposes to a bona fide lender, but only on the terms and conditions contained in the form of Lessor's Consent and Agreement attached hereto as **Exhibit "C"**, which must be signed by such lender. If Tenant is a corporation, limited liability company, limited partnership, partnership, or other form of entity or association, Tenant further agrees that if at any time during the term of this Lease, more than one-half (1/2) of the outstanding beneficial interests of any class of interest in Tenant, or the managerial control of Tenant, shall belong to any persons other than those who hold such interests or managerial control at the time of the execution of this Lease, such change shall be deemed an assignment of this Lease within the meaning of this paragraph.

Notwithstanding anything to the contrary in this Agreement, Tenant may, without the Port's prior written consent, assign this Agreement or sublet all or portions of the Premises to: (i) an Affiliate of Tenant, or (ii) a successor corporation, limited liability company or other entity related to Tenant by merger, consolidation or non-bankruptcy reorganization or (iii) any investor as part of the organization of Tenant or any entity owned or controlled by Carl D. Panattoni, Adon Panattoni or Bart Brynestad (any of the foregoing are referred to herein as "Permitted Assignments"). No Permitted Assignment shall take effect until Tenant shall has delivered to the Port copies of the applicable transfer documents or sublease documents, including an assumption agreement whereby the Permitted Assignee assumes the obligations of Tenant under this Agreement from and after the date of the transfer, running in favor of the Port (except for subleases), and has provided the notice address of the transferee.

Except for the Permitted Subleases, Tenant may not sublease, license or grant concession rights as to any portion of the Premises without the Port's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed and which consent shall be given if the proposed subtenant is financially capable of performing the obligations of the Tenant under this Agreement for the portion of the Premises or portion of the Term being subleased. Tenant shall at the time the Tenant requests the consent of the Port, deliver to the Port such information in writing as the Port may reasonably require respecting the proposed subtenant, including, without limitation, the name, address, nature of business, ownership, financial responsibility and standing of such proposed subtenant and the proposed documentation for the transfer as described below. In determining whether to grant such a consent to a sublease, the Port may consider all factors which Lessor reasonably determines in good faith are relevant to its decision. Within twenty (20) days after receipt of all required information, the Port shall, in its sole discretion, elect one of the following: (a) to consent to such proposed sublease or (b) to refuse such consent. Any such sublease shall be subject to all of the covenants, conditions, agreements and terms of this Agreement. As used herein the term "Permitted Sublease" shall mean any sublease by Tenant to a user who will occupy and use some or all of the Premises, so long as Tenant remains the tenant and obligated under this Agreement and the term of the sublease is for a shorter period that the Term of this Agreement and consistent with this Agreement.

# Upon any sublease of the Premises or any part thereof, Tenant shall include the following provision in the sublease:

Port Ground Lease. Lessee understands, acknowledges, and agrees that Lessor's right to the real property on which the Premises are located are pursuant to a Ground Lease between Lessor and the Port of Olympia, a copy of which is attached as Exhibit \_\_ hereto. Lessee understands, acknowledges, and agrees that it shall be bound by all provisions in the Ground Lease to which Lessor is subject, including but not limited to provisions related to protection

of air space, environmental provisions, and any limitation on use of the property and Premises. Lessee acknowledges that it has had an opportunity to review the Ground Lease in its entirety and takes no exceptions to any provisions therein.

In connection and simultaneously with any Permitted Assignment of this Agreement or Permitted Sublease, the Port agrees to execute and deliver to any Permitted Assignee or Permitted Sublessee a non-disturbance and attornment agreement in substantially the form of **Exhibit "G"** attached hereto (the "**NDA**"), whereby the Port shall agree not to disturb the Permitted Assignee's or Permitted Sublessee's occupancy and quiet enjoyment of the Premises so long as Tenant or the Permitted Assignee or Sublessee is not in default beyond applicable notice and cure periods on the terms described in the NDA.

Notwithstanding any assignment or sublease, Tenant, except in the case of a Permitted Assignment, shall remain liable under the terms of this Lease, and this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent pursuant to this paragraph. Tenant shall pay all reasonable costs and attorney fees, not to exceed \$5,000.00 incurred by the Port with respect to any request by Tenant for assignment, sublease, or other encumbrance or transfer of this Lease or the Premises or any interest therein.

No sublease by Tenant shall relieve Tenant of any obligation under this Agreement, including Tenant's obligation to pay Base Rent, fees or Additional Rent hereunder. Any purported sublease contrary to the provisions hereof (or for which consent is not specifically obtained) shall be void. Any sublease shall specifically be subject and subordinate at all times to this Agreement, and to all of its covenants, agreements, terms, provisions, and conditions.

Subject to the terms of a Leasehold Mortgage, in the event that any portion of the Premises is sublet or occupied by anyone other than Tenant, the Port may, upon the default of Tenant, collect rent from the subtenant, licensee, concessionaire or occupant and apply the amount collected to the Rent reserved under the terms of this Agreement, but without thereby affecting Tenant's liability under this Agreement

#### 26. MORTGAGES OF TENANT'S INTEREST.

- a. <u>Prior Notice Required; Limited Purpose</u>. Upon prior notice to the Port, Tenant shall have the right to mortgage its leasehold interest under this Agreement subject to the limitations set forth in this Section 26 and the terms and conditions of Lender's Consent and Agreement, attached here as **Exhibit C**. Any such mortgage ("**Leasehold Mortgage**") shall be for a term not to exceed the Term of this Agreement plus any Extension Option that has been exercised, and shall be subject and subordinate to the rights of the Port.
- b. <u>No Benefit Without Notice</u>. No holder ("**Leasehold Mortgagee**") of a Leasehold Mortgage on this Agreement shall have the rights or benefits mentioned in this Section 26 nor shall the Port be bound by this Section 26, unless and until an executed counterpart of such Leasehold Mortgage (or any assignment thereof), together with a written notice setting forth the name, address, contact person (or department) for the Leasehold Mortgagee, is delivered to the Port. The Leasehold Mortgagee may designate other contact information by providing notice thereof to the Port in the manner provided by Section 41 of this Agreement.
- c. <u>Obligations to Leasehold Mortgagee.</u> If Tenant mortgages this Agreement in compliance with this Section 26, then so long as such Leasehold Mortgage shall remain unsatisfied of record, the following provisions shall apply:
- i. The Port shall serve upon the Leasehold Mortgagee, in the manner permitted by Section 41 of this Agreement, a copy of any notice of default sent to Tenant and any other notices the Port is required by the terms of this Agreement to provide to Tenant or that will materially affect the leasehold interest, including but not limited to amendments to this Agreement, side letters that affect the economics of this Agreement or any waivers of any rights or obligations under the terms of this Agreement.

- ii. The Port, upon providing Tenant any notice of (i) default under this Agreement or (ii) a termination of this Agreement, or (iii) a matter upon which the Port may predicate or claim a default, shall at the same time provide a copy of such notice to every Leasehold Mortgagee. No such notice by the Port to Tenant shall be deemed to have been duly given unless and until a copy thereof has been so provided to every Leasehold Mortgagee. After such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period after the giving of such notice upon it for remedying any default or causing the same to be remedied as is given Tenant after the giving of such notice to Tenant plus, in each instance, the additional periods of time specified in Sections 26(c)(iii) and 26(c)(iv) to remedy, commence remedying, or cause to be remedied the defaults specified in any such notice. The Port agrees that it shall accept such performance by or at the instance of the Leasehold Mortgagee as if the same had been made by Tenant. For such purpose, the Port and Tenant hereby authorize the Leasehold Mortgagee to enter upon the Premises and to exercise any of Tenant's rights and powers under this Agreement and, subject to the provisions of this Agreement, under the Leasehold Mortgage.
- iii. <u>Cure Notice to Leasehold Mortgagee.</u> Notwithstanding anything to the contrary in this Agreement, if any Event of Default shall occur that entitles the Port to terminate this Agreement, the Port shall have no right to terminate this Agreement unless, following the expiration of the period of time given Tenant to cure such default, the Port shall notify ("**Cure Notice**") every Leasehold Mortgagee of the Port's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination if the nature of such default is the failure to pay a sum of money, and at least sixty (60) days in advance of the proposed effective date of such termination if such default is not the failure to pay a sum of money. A six (6) month extension of the date for termination of this Agreement as provided in Section 26(c)(iv) shall be granted by the Port if, during such thirty (30) or sixty (60) day Cure Notice period, any Leasehold Mortgagee:
- (a) Notifies the Port of such Leasehold Mortgagee's desire to nullify such Cure Notice; and
- (b) Pays or causes to be paid all Base Rent and other payments then due and in arrears as specified in the Cure Notice to such Leasehold Mortgagee\_and that may become due during such 30- and 60-day period, provided that any Leasehold Mortgagee shall not be required to pay any amount before the same is due and owing under this Agreement; and
- (c) Complies or in good faith, with reasonable diligence and continuity, commences to comply with all non-monetary requirements of this Agreement then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee.

Nothing herein obligates such Leasehold Mortgagee to cure any default of Tenant under the terms of this Agreement. Notwithstanding the above, Leasehold Mortgagee shall not be required to cure any default of Tenant resulting from insolvency or bankruptcy of the Tenant.

- iv. <u>Six-Month Extension</u>. If the Port shall elect to terminate this Agreement by reason of any default of Tenant, and a Leasehold Mortgagee shall have proceeded in the manner provided for by Section 26(c)(iii), the specified date for the termination of this Agreement as fixed by the Port in its Cure Notice shall be extended for a period of six (6) months, provided that such Leasehold Mortgagee, during such 6-month period:
- (a) Pays or causes to be paid Base Rent and other monetary obligations of Tenant under this Agreement as the same become due, including the payment of any sums due under any Leasehold Mortgage; and

- (b) Continues its good faith efforts to perform all of Tenant's other obligations under this Agreement, including during any period during which the Leasehold Mortgagee has possession of the Premises the obligation to operate and maintain the Project and Premises in accordance with the standards set forth by the Port in this Agreement.
- v. <u>Termination; New Lease</u>. In the event that this Agreement is terminated by the Port for any reason under the terms of this Agreement or on account of a bankruptcy by or against Tenant, the Port shall serve notice to the Leasehold Mortgagee that the Agreement has been terminated. The notice shall include a statement of any and all sums which would at the time be due under this Agreement but for such termination and of all other defaults under this Agreement then known to the Port. Every Leasehold Mortgagee shall thereupon have an option, which must be exercised within forty-five (45) days after the notice, to obtain a new lease ("New Lease") in accordance with and upon the following terms and conditions:
- (a) The New Lease shall be effective as of the date of termination of this Agreement, and shall be, for the remainder of the Term of this Agreement, at a rent and fee and upon all of the original agreements, terms, covenants and conditions. Such New Lease shall require the lessee to perform any unfulfilled obligation of the Tenant under this Agreement.
- (b) Upon the execution of the New Lease, the lessee therein named shall pay any and all sums which would at the time of the execution thereof be due under this Agreement but for termination and shall pay all expenses, including reasonable attorneys' fees, court costs and disbursements, incurred by the Port in connection with any default and termination, the recovery of possession of the Premises, and the preparation, execution and delivery of the New Lease.
- (c) Nothing herein, however, shall be deemed to obligate the Port to deliver possession of the Premises to the lessee under any New Lease. Upon the execution and delivery of such New Lease, the lessee, in its own name or in the name of the Port, may take all appropriate steps as shall be necessary to remove Tenant from the Premises. The provisions of this Section 26(c) shall survive the termination of this Agreement.
- vi. Subject to the provisions of this Section 26, the Leasehold Mortgagee may exercise, with respect to the Premises, any right, power, or remedy under the Leasehold Mortgage. Every Leasehold Mortgagee (or its designee) or any other purchasers in foreclosure proceedings may become the legal owners and holders of Tenant's interest in this Agreement through such foreclosure proceedings or by assignment of this Agreement in lieu of foreclosure and shall provide notice of such assignment and assumption to the Port in compliance with Section 25. Leasehold Mortgagee after a foreclosure or assignment in lieu of foreclosure under the Leasehold Mortgage may subsequently assign the leasehold interest or the New Lease to a third party who shall assume the lease and provide notice of the assumption to the Port and otherwise comply with the Provisions of Section 25. Upon such assumption, the Leasehold Mortgagee shall be released from all liability for the performance or observance of the covenants and conditions in this Agreement (or such New Lease) contained on Tenant's part to be performed and observed from and after the date of such assignment.
- vii. Notwithstanding Sections 26(c)(v) and 26(c)(vi), in the event that any person or entity other than Leasehold Mortgagee (a "Foreclosure Purchaser") shall acquire title to Tenant's interest in this Agreement as a result of foreclosure or assignment in lieu of foreclosure under the Leasehold Mortgage, or under a New Lease pursuant to this Section 26, the Foreclosure Purchaser may not assign this Agreement (or such New Lease) without the prior written consent of the Port in compliance with the requirements of Section 25. If the Port's consent is obtained, the assignee must assume Tenant's obligations under this Agreement and an executed counterpart of such assumption must be delivered to the Port. Upon

such assumption, the Foreclosure Purchaser shall be released from all liability for the performance or observance of the covenants and conditions in this Agreement (or such New Lease) contained on Tenant's part to be performed and observed from and after the date of such assignment.

- viii. Notwithstanding Section 26(c)(a), no agreement between the Port and Tenant modifying, canceling or surrendering this Agreement shall be effective without the prior written consent of the Leasehold Mortgagee.
- ix. Tenant's share, as provided by Section 31 of this Agreement of the proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions of such Section 31, be disposed of as provided for by any Leasehold Mortgage.

A Standard Mortgagee Loss Payee Clause naming Leasehold Mortgagee may be added to any and all property insurance policies required to be carried by Tenant hereunder on condition that the insurance proceeds are to be applied to rebuilding in the manner specified in this Agreement and the Leasehold Mortgage shall so provide; *provided, however*, the Leasehold Mortgage may provide a manner for the disbursement of such proceeds.

#### 27. COMPLIANCE WITH PORT REGULATIONS/ALL LAWS.

Tenant agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other realty of which the Premises are a part or to Tenant's use or occupancy thereof, now in existence or hereafter promulgated for the general health, welfare, safety and convenience of the Port, its various tenants, invitees, licensees and the general public, including without limitation, the Minimum Standards for Commercial Activities for the Olympia Regional Airport, and payment of all fees and tariffs provided for therein or adopted in accordance therewith, as the same now exist or may hereafter be amended. Tenant further agrees to comply with all applicable federal, state and local laws, rules, regulations, ordinances, permits, orders, and decrees, including, without limitation, those relating to environmental matters, and Americans with Disabilities Act, as currently in effect or as may be hereafter amended or issued. Tenant shall defend, indemnify, and hold harmless the Port from and against all claims, costs, fees, fines, penalties, liabilities, losses, and damages incurred by the Port by reason of any charge, claim, litigation, or enforcement action related to any actual or claimed violation by Tenant of any of the laws, rules, regulations, ordinances, permits, orders and/or decrees referenced in this section. Costs and fees shall include, but not be limited to, all direct and indirect costs and professional fees, including engineering, consultant, and attorney's fees. Any fees for any federal, state or local inspections and/or certificates required for use and occupancy of the Premises shall be paid by Tenant. The Premises are located at the NEWMARKET INDUSTRIAL CAMPUS Complex and Tenant agrees to conform and to comply with all of the "Standards for Development - NewMarket Industrial Campus, 1998" as now promulgated or as may be amended in the future.

#### 28. HAZARDOUS SUBSTANCES.

Tenant certifies, represents, warrants, covenants and agrees that:

- (a) As used in this Section 28, "Hazardous Substances" means any chemical, substance, material, waste, vapor, or similar matter defined, classified, listed or designated as harmful, hazardous, extremely hazardous, dangerous, toxic, radioactive, or pollution, or as a contaminant or pollutant, or other similar term, by, and/or which are subject to regulation under, any federal, state or local environmental statute, rule, regulation, or ordinance presently in effect or that may be promulgated in the future, and as they may be amended from time to time.
- (b) As used in this Section 28, "Other Property" means any real or personal property other than the Premises (including, without limitation, surface or ground water) which becomes contaminated with Hazardous Substances as a result of operations or other activities on, or the contamination of, the Premises by Tenant or its agents.

- (c) Tenant shall apply for and obtain all necessary federal, state, and local permits and approvals for Tenant's use of the Premises. Tenant shall not commence any activity on the Premises until all permits and approvals required for such activity have been issued, and shall conduct all activities on the Premises in compliance with such permits and approvals.
- Tenant agrees and warrants for itself and its employees, agents, representatives, contractors, subcontractors, licensees, invitees, subtenants, and assigns (collectively "Tenant's Representatives"), that Tenant and Tenant's Representatives will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, orders, and decrees relating to the generation, recycling, treatment, use, sale, storage, handling, transport, disposal, release, and cleanup of any Hazardous Substances by any person on the Premises or other Port property (collectively "Environmental Laws"). In addition, Tenant and Tenant's Representatives will not, without the Port's prior written consent, keep on or around the Premises or any common areas, for use, disposal, treatment, generation, storage, or sale, any Hazardous Substances. The provisions of this Section 28(d) shall not apply to, and the following are specifically excepted from, the storage or use by Tenant or any subtenant of any Hazardous Materials in compliance with all Environmental Requirements that are used by Tenant or any subtenant for ordinary cleaning, for office purposes and warehouse maintenance purposes, for refrigeration equipment installed in accordance with the terms of this Lease, for printing, and except for Hazardous Materials contained in any merchandise being handled, stored or distributed by Tenant or any subtenant provided that such merchandise remains in their original sealed and unopened containers, materials used on minor maintenance of Tenant's or any subtenant's trucks and machinery, and fuel (including liquid hydrogen or other alternative fuels) or batteries for any trucks, generators or other machinery (all of which shall be handled by Tenant or any Subtenant only in compliance with all Environmental Requirements and the other terms and conditions of this Lease).
  - (e) With respect to any Hazardous Substance, Tenant shall:
- (i) Comply promptly, timely and completely with all applicable requirements for reporting, keeping and submitting manifests and obtaining and keeping current identification numbers;
- (ii) Make available for the Port's review during normal business hours, true and correct copies of all reports, manifests and identification numbers retained by Tenant or submitted to appropriate governmental authorities, and all documents and communications received from any government agencies, and provide copies to the Port of all documents requested by the Port at no cost to the Port within ten (10) business days of the Port's request;
- (iii) Within Ten (10) business days of a written report from the Port, submit a written report to the Port regarding Tenant's use, storage, treatment, transportation, generation, disposal or sale of Hazardous Substances and provide evidence satisfactory to the Port of Tenant's compliance with applicable Environmental Laws;
- (iv) Allow the Port or the Port's agents or representatives to come on the Premises at all reasonable times subject to three (3) days' notice, to check Tenant's compliance with all applicable Environmental Laws; and
- (v) Comply with all applicable Environmental Laws, and all requirements and standards established by federal, state, or local governmental agencies responsible for or specifically charged with the regulation of Hazardous Substances.
- (f) Tenant has not and will not release or waive the liability of any party who may be potentially responsible for the presence or removal of Hazardous Substances on or from the Premises.
- (g) Tenant agrees to immediately notify the Port if Tenant becomes aware of (a) any release of any Hazardous Substances or any other environmental issue or liability with respect to the Premises or any Other Property; or (b) any lien, action or notice resulting from violation of any Environmental Laws. At its own cost, Tenant will take all actions which are necessary to notify relevant and appropriate authorities of any

such release and to remediate any Hazardous Substances affecting the Premises, including removal, containment or any other remedial action, whether or not required by governmental authorities.

- (h) If Tenant is in non-compliance with any Environmental Laws or is in non-compliance with this Section 28, it shall promptly take such action as is necessary to mitigate and correct the non-compliance. If Tenant fails to act in a prudent and prompt manner, the Port shall have the right, upon ten (10) business days' notice and after an opportunity for Tenant to cure, but not the obligation, to enter the Premises and act in place of the Tenant (with Tenant hereby appointing the Port as its agent for such purposes), and to take such action as the Port deems necessary to address or mitigate the non-compliance. All costs and expenses incurred by the Port in connection with any such action shall be payable by the Tenant and shall become immediately due and payable as additional rent upon presentation of an invoice therefor. Without limiting the foregoing, in the event of Tenant's non-compliance with any requirements in subsections (e)(i) (v) above, any and all costs incurred by the Port with respect thereto, including but not limited to costs of inspections, monitoring, and attorney fees, shall become immediately due and payable as additional rent upon presentation of an invoice therefor.
- Tenant shall be fully and completely liable to the Port for, and shall defend, indemnify, and hold the Port harmless from and against any and all actual or alleged claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including costs and professional fees, including engineering, consultant, and attorneys' fees and disbursements), which accrue to or are incurred by Tenant or the Port which arise or are alleged to arise directly or indirectly from or out of, or are in any way connected with (a) the inaccuracy of the representations and warranties contained herein, (b) the breach of any covenant contained herein, (c) any operations or activities (including, without limitation, use, disposal, transportation, storage, generation or sale of Hazardous Substances) on or about the Premises during Tenant's possession or control of the Premises which directly or indirectly result in the Premises or any Other Property becoming contaminated with Hazardous Substances or otherwise violating any applicable Environmental Laws, and (d) the cleanup of Hazardous Substances at or from the Premises or any Other Property to a level sufficiently protective of human health and the environment in compliance with all applicable Environmental Laws. Tenant acknowledges that it will be solely responsible for all costs and expenses relating to investigation (including preliminary investigation) and cleanup of Hazardous Substances from the Premises or from any Other Property. Tenant specifically agrees that the bond provided pursuant to this Lease shall extend to the indemnity agreed to in this subparagraph.
- (j) Tenant's obligations under this Section 28 are unconditional and shall not be limited by any other limitations of liability provided for in this Lease. The representations, warranties and covenants of Tenant set forth in this Section 28: (a) are separate and distinct obligations from Tenant's other obligations under the Lease; and (b) shall survive and continue in effect after any termination or expiration of this Lease for any reason.
- (k) Within sixty (60) days following the expiration date of the Term of this Agreement (or within ninety (90) days after any earlier termination of this Agreement), Tenant shall submit a report ("Termination Assessment Report") to the Port describing the results of a comprehensive environmental assessment that reasonably investigates whether Hazardous Material in the Premises or migrating from the Premises (except Pre-existing Hazardous Material) for which the Tenant is responsible remain on the Property or have migrated from the Property. The Termination Assessment Report shall be conducted by an independent qualified environmental professional selected by Tenant or a successor tenant, as applicable, with the Port's reasonable consent, and the scope of the investigation shall be reasonably determined by such independent qualified environmental professional, subject to the reasonable consent of both Tenant, as applicable, and the Port, and to dispute resolution. The scope of the Termination Assessment Report environmental assessment shall include, at a minimum: (i) review of tenant/occupant operational history, audit reports and responses, spill and spill response reports, and other relevant environmental records; (ii) collection and analysis of samples representative of facility operations; equipment, material and waste storage locations; and locations of leaks, spills and other releases, which could reasonably be expected to

have resulted in introduction of Hazardous Material to the environment; and (iii) collection and analysis of samples from random locations, at a rate determined reasonable and appropriate based on best professional judgment considering the recommendations of the independent qualified environmental professional, and to dispute resolution. With respect to Hazardous Material identified in such Termination Assessment Report that were stored, released, spilled, discharged, leaked, emitted, injected, escaped or dumped in, on or about the Premises after the Commencement Date in violation of any Environmental Requirement (i) by Tenant or its employees, agents, invitees or sublessees and (ii) by unassociated third parties, if prevention of the release was within Tenant's control (and, for avoidance of doubt, releases, Tenant shall perform (x) a final remediation of such Hazardous Material pursuant to a plan approved by the Port in the exercise of it's reasonable discretion which, to the extent reasonably feasible and practical under the circumstances (and subject to dispute resolution pursuant to Section 14.8), shall meet the standard established under MTCA Method A or, if such standard does not exist, a reasonably comparable replacement standard consistent with Environmental Requirement ("Method A"); and (y) also to the extent reasonably feasible and practical under the circumstances (and subject to dispute resolution pursuant to Section 14.7), a remediation below Method A in areas or circumstances where such residual Hazardous Material at levels compliant with Method A would materially impair the Port's ability, or increase the cost to the Port, to release, or otherwise use, the Property for uses compatible with Airport noise levels and otherwise compliant with 49 U.S.C. 47107(c)(2)(A) (the "Post Termination Remediation"). Post Termination Remediation shall be a condition precedent to the Port's payment of any Surety to Tenant upon termination or expiration of this Agreement. Notwithstanding the foregoing, with respect to Post Termination Remediation, the Port will reasonably approve less stringent cleanup criteria and investigation, monitoring, removal, institutional controls and restrictive covenants that are not materially burdensome to the Port's re-leasing or future use of the Premises in light of FAA restrictions otherwise imposed upon the Property. The Post Termination Remediation shall fully and finally resolve Tenant's environmental obligations to the Port under this Agreement, and the Port shall be deemed to accept the Premises upon expiration or earlier termination of this Agreement in their then current condition, AS IS, WHERE IS, WITH ALL FAULTS AND DEFECTS, and subject only to completion of such Post Termination Remediation. As used herein the term "Environmental Requirements" shall mean and refer to any and all Legal Requirements relating to the protection of human health and the environment, including but not limited to all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any governmental authority or agency regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder

#### 29. STORAGE TANK LICENSES.

All storage on site, whether permanent or mobile, capable of holding more than one hundred ten (110) gallons either in bulk or in separate containers or any material identified in **Exhibit "D"** shall require a separate hazardous materials license. Such license shall provide for appropriate handling and storage facilities, inspections, testing and clean up procedures and any special insurance provisions which may be required. Tenant shall comply with all laws, rules and regulations applicable thereto. Tenant shall provide Lessor with full and complete copies of any reports or other results of inspections within five (5) days after any remedial or other action required as a result of any inspection. Upon request, Tenant shall provide Lessor with a certificate of insurance evidencing Tenant's compliance with insurance requirements applicable to storage tanks. Tenant shall pay any and all costs necessary to comply with the terms of any license required under this section and the costs of complying with any other legal or regulatory requirements associated with Tenant's storage of materials identified in Exhibit "D."

#### 30. INSPECTIONS AND NOTICE OF CHANGE.

- a. Tenant agrees that inspections may be required by the Port at the Tenant's expense to assure compliance with paragraphs 28, **HAZARDOUS SUBSTANCES**, and 29, **STORAGE TANK LICENSES**. Such inspections shall be made once every five (5) years or at any time the Port has good cause to believe a problem may exist.
- b. The Tenant shall annually identify any materials listed in Exhibit "D" used in the course of its ordinary business.
  - 31. EMINENT DOMAIN. [Note to Port: Since the Tenant will be constructing improvements to the Property and will have obligations to its Lenders and tenants, the Tenant under this Lease will need to maintain control over any funds received as a result of eminent domain. The Port only has its interest in the bare land and it would be entitled to the value for the property taken as bare land. The Tenant would be entitled to the value of any improvements that were taken. The Port is only entitled to the Improvements at the termination of the lease. So if an eminent domain procedure happened in the 5<sup>th</sup> year of the lease term, with the changes made by the Port the Tenant would lose all of the value of the improvements made and would be sued by the Lender and all the sub-tenants and would have no money to pay off the loan and would have to depend on the Port to rebuild the improvements all the while taking the risk that we would be in breach of a term of a sub-lease. The terms of this section are fair to both parties and have been accepted by several major lenders.]

If the Premises shall be taken or condemned for any public purpose, or for any reason whatsoever, to such an extent as to render the Premises untenantable, either Lessor or Tenant shall have the option to terminate this Lease effective as of the date of taking or condemnation, which shall be the earlier of the date the final condemnation judgment or the date possession is taken by the condemning authority. If the taking or condemnation does not render the Premises untenantable, this Lease shall continue in effect, and Lessor shall, if the condemnation award is sufficient therefor, promptly restore the portion not taken to the extent possible to the condition existing prior to the taking. If, as a result of such restoration, the area of the Premises is reduced, the rental shall be reduced proportionately. The phase "untenantable" as used herein means a taking of such scope that the untaken portion of the Premises is insufficient to permit Tenant or its subtenant to occupy the Premises as a high-quality business park, eliminates or material adversely affects access to the Premises or otherwise results in the elimination of parking or truck docks such that the Premises cannot be used for the original intended purpose, or any other then current use of the Premises, as reasonably determined by Tenant.

If title to the whole or materially all of the Premises shall be taken, the rights of the Port and Tenant to share in the net proceeds of any award for the respective Property and Project, and the damages upon the taking, shall be in the following order of priority:

- (a) The Port, at all times, regardless of when the taking occurs, shall be entitled to receive, that portion of the award as shall represent compensation for the value of the Property, considered as vacant and improved only to the extent existing at the Commencement Date, but subject to a ground lease similar to this Agreement, such value being hereinafter referred to as the "**Property Value**."
- (b) The remaining portion of the award shall be paid to the Tenant, subject to the rights of any Leasehold Mortgagee (the "Remaining Value").
- (c) In addition, to the extent consistent with Washington eminent domain law, Tenant shall have the right to seek an independent and separate award from the condemning authority for loss of value of the leasehold improvements, relocation benefits, and for any tangible personal property of the Tenant or any subtenant that is taken.

In the event of a taking of less than materially all of the Premises, the rights of the Port and Tenant to share in the net proceeds of any award for the respective Property and Project, and the damages upon the taking, shall be in the following order of priority:

- (a) The Port, at all times, regardless of when the taking occurs, shall be entitled to receive that portion of the award as shall represent compensation for the Property Value.
- (b) The Remaining Value of the award shall be payable to Tenant, subject to the rights of any Leasehold Mortgagee.

Should, however, the partial taking occur during the last two (2) years of the Term, then Tenant at its option upon thirty (30) days' prior notice to the Port, given at any time within sixty (60) days after the vesting of title in the taking authority, may terminate this Agreement. Upon that termination the Rent and other charges under this Agreement shall be apportioned as of the date of termination and the Tenant will be discharged from responsibility to restore the Premises. Upon that termination the entire Remaining Value shall belong to the Port free of any claim thereto or any part thereof by Tenant, anything in this Section to the contrary notwithstanding.

A voluntary sale or conveyance in lieu of but under the threat of condemnation shall be considered a taking or condemnation for public purpose, and shall include the Port's use of the Premises for any purpose for public use in connection with the operation of the business of the Port. If the Port so requires the use of the Premises, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Tenant not less than six (6) months or more before the termination date specified in the notice, and damages to Tenant, if any resulting therefrom shall be determined by agreement between the parties hereto, or in the absence of agreement, by arbitration as hereafter provided. Damages or other compensation shall be determined in accordance with RCW 53.08.010 and Title 8 as appropriate.

#### 32. INSOLVENCY.

If Tenant shall: solicit acceptances of a plan of reorganization to be filed in any subsequent case under the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as hereafter amended or any successor statute thereto (the "Bankruptcy Code"); negotiate with one or more creditors for any workout, including, but not limited to, an extension agreement, composition agreement, standoff, standby, or standstill agreement whereby the creditors agree to forebear in any fashion from their rights to collect a debt of Tenant; cease to pay Tenant's debts as they come due; admit in writing the inability to pay its debts as they come due; make an assignment for the benefit of creditors; become a party to any liquidation or dissolution action or proceeding; have appointed (voluntarily or involuntarily), a trustee, custodian, receiver, conservator, or liquidator for Tenant or for a significant portion of Tenant's assets; have entered against it any order by a district court or bankruptcy court of the United States or any of its territories that dismisses a voluntary petition under the Bankruptcy Code because the bankruptcy petition was filed in bad faith; have entered against it an order, judgment, or decree; have any of its assets levied against by writ of execution, attachment (including pre-judgment attachment), garnishment, recording of a judgment or any similar process whereby a creditor seeks to obtain a legal right to dispose of particular assets of Tenant to satisfy to any extent a debt of the Tenant to the creditor; file a voluntary petition under the Bankruptcy Code or have filed against it an involuntary petition under the Bankruptcy Code creating any automatic stay or other injunctive force protecting the assets of Tenant from the immediate collection actions of a creditor (where such involuntary petition is not subsequently dismissed within 90 days in response to pleadings filed by the Tenant by entry of an order of any district court or bankruptcy court of the United States or any of its territories); have appointed voluntarily or involuntarily, a trustee, custodian, or examiner with special powers by any district court or bankruptcy court in the United States or any of its territories; admit in an answer filed in response to an involuntary petition filed under the Bankruptcy Code that Tenant is insolvent because Tenant's assets are exceeded by Tenant's debts or that Tenant is unable to pay Tenant's debts as

they come due; then, in the event any of the foregoing shall occur, the Port may, at its option, terminate this Lease.

#### 33. PROMOTION OF PORT COMMERCE.

The purpose of the Port is to encourage the development of commerce within the Port district, and to every reasonable extent possible, increase the movement of passengers and freight through Port facilities. In furtherance of this purpose, Tenant agrees to cooperate with the Port in the promotion of these purposes during the term of this Lease, and wherever reasonably possible, to utilize the Port's facilities in the movement of freight and passengers as a part of Tenant's business activities. Nothing in this paragraph shall be construed to obligate Tenant to spend monies in the Port's promotional advertising, but Tenant does agree to supply such information and data for the Port's promotional and advertising activities.

#### 34. ATTORNEY'S FEES AND COSTS.

Should a dispute arise between the parties hereto as to the effect of any provision hereof and said dispute is referred to an attorney, whether for enforcement in court or for decision under arbitration, the losing party shall pay the prevailing party's actual and incurred attorney's fees; costs of court or arbitration, including such fees and costs of any appeal; other legal expenses; and collection costs, except that the amount of such fees, costs or expenses taken separately or in the aggregate, shall not be unreasonable. If such dispute arises and is later settled by the parties, such settlement shall include a specific allocation of disposition of attorney's fees on both sides.

#### 35. NONDISCRIMINATION - SERVICES.

Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a federal Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

It is agreed that Tenant's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this Lease, or may pursue such other remedies as may be provided by law.

#### 36. NONDISCRIMINATION – SERVICES, CONSTRUCTION, USE.

Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The Port reserves the right to take such action as the appropriate governmental authority may direct to enforce these provisions.

#### 37. APPRAISAL PROCEDURE.

The fair market value of the property shall be determined at Tenant's election (made concurrently with Tenant's execution of this Lease) as indicated in Paragraph 1, LEASE SUMMARY for rent revisions. At the commencement of the Lease, Tenant shall choose whether to have such fair market value determined either (a) by reference to the most recent land valuation for the parcel as determined by the Thurston County Assessor's Office (for so long as Washington State law requires the Assessor to assess land at 100% of its fair market value) ("Option A") or (b) by an appraisal conducted by an independent appraiser selected by Tenant and approved by the Port, which approval will not be unreasonably withheld, ("Option B"). Such choice shall be effective and binding for all rental revisions during the lease term, including any options. Such appraiser shall be a qualified MAI appraiser, with not less than 10 years experience appraising commercial real estate in Thurston County, Washington. A qualified MAI appraiser shall mean a member in good standing of the Appraisal Institute, or equivalent professional organization. In conducting an appraisal of the property, the fair market value shall be based upon the highest and best use of the property as if vacant, and the appraiser (a) shall consider sales of fee simple comparable properties in the general area; (b) shall appraise the property as if in private ownership and without discount or consideration for the property being owned by a municipal corporation; (c) shall appraise the property without regard to the Premises being leased or the Tenant owning any improvements thereon; and (d) shall conduct and write the appraisal in conformity with the Uniform Standards of Professional Appraisal Practice. If Tenant has chosen Option B, and fails to choose an appraiser within 180 days prior to the date a rental revision is to become effective, the Port may choose an appraiser, or, at the Port's election, Tenant shall be deemed to have elected to have such rental revision determined as provided in Option A.

If Tenant has selected Option A and the fair market value is not or cannot be determined by the Assessor's office as provided in Option A, fair market value shall be determined by an appraiser selected by the Port who meets the qualifications described above. Such determination and any rental revision resulting therefrom shall be retroactive to the date the rental revision was to be effective. The cost of any appraisal shall be shared equally by the Port and Tenant.

#### 38. ARBITRATION PROCEDURE.

In the event of a dispute between the Port and Tenant with respect to any issue specifically mentioned elsewhere in this Lease as a matter to be decided by arbitration, such dispute shall be determined by arbitration as provided in this paragraph. The Port and Tenant shall each appoint a person as arbitrator who shall have had at least ten (10) years of experience in Thurston County in the subject matter of the dispute. The appointment shall be in writing and given by each party to the other, and the arbitrators so appointed shall consider the subject matter of the dispute, and if agreement can be reached between them, their opinion shall be the opinion of the arbitration. In the event of their failure to agree upon the matter so submitted, they shall appoint a third arbitrator. In the case of the failure of such arbitrators to agree upon the third arbitrator, the same shall be appointed by the American Arbitration Association from its qualified panel of arbitrators, with similar qualifications. If the Port or Tenant shall fail to so appoint an arbitrator for a period of ten (10) days after written notice from the other party to make such appointment, then such party will have defaulted its right to make such appointment, and the arbitrator appointed by the nondefaulting party shall determine and resolve the dispute. In the event the three arbitrators are appointed, after being duly sworn to perform their duties with impartiality and fidelity, they shall proceed to determine the question submitted. The decision of the arbitrators shall be rendered within thirty (30) days after their appointment, and such decision shall be in writing, with copies thereof delivered to each of the parties. The award of the arbitrators shall be final, binding, and conclusive on the parties. The fees of the arbitrators and the expenses incident to the proceedings shall be borne equally between the Port and Tenant. The arbitrators shall award to the prevailing party the fees of that party's counsel, expert witnesses, or other witnesses called by the prevailing party.

#### 39. JOINT AND SEVERAL LIABILITY.

Each and every party who signs this Lease, other than in a representative capacity, as Tenant, shall be jointly and severally liable hereunder.

#### 40. INVALIDITY OF PARTICULAR PROVISIONS.

If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

#### 41. NOTICES.

All default and other substantial notices required under the provisions of this Lease may be personally delivered or mailed. If mailed, they shall be sent by certified mail, return receipt requested, to the following addresses:

To the Port: Port of Olympia 606 Columbia Street NW, Suite 300 Olympia, WA 98501

To the Tenant: SSECC PDC GL1, LLC c/o Panattoni Development Company, Inc. 1821 Dock Street, Suite 100 Tacoma, WA 98402

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices given by personal delivery shall be deemed given upon receipt. Notices sent by mail shall be deemed given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

#### 42. WAIVER.

The acceptance of rental by the Port for any period or periods after a default by Tenant hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Tenant in writing. No waiver by the Port of any default hereunder by Tenant shall be construed to be or act as a waiver of any subsequent default by Tenant. After any default shall have been cured by Tenant, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of Paragraph 22, **DEFAULTS**.

#### 43. BINDER.

Subject to Paragraph 25, **ASSIGNMENT OR SUBLEASE** above, this Lease is binding upon the parties hereto, their heirs, personal representatives, successors in interest and assigns.

#### 44. NO RECORDING.

Without the prior written consent of the Port, this Lease shall not be placed of record. The Port and Tenant agree to record a memorandum of this Agreement in the form of **Exhibit "F"** attached hereto.

**45. ESTOPPEL CERTIFICATES/ATTORNMENT.** Each party shall, at any time and from time to time as requested by the other party, upon not less than thirty (30) days' prior written notice, execute,

acknowledge and deliver to the other a statement in writing certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the date through which Base Rent, Additional Rent and other charges, if any, have been paid, and stating whether or not, to the best knowledge of the signer, the other party is in default beyond any applicable notice and cure period provided in the performance of any of its obligations under this Agreement, and if so, specifying each such default of which the signer may have knowledge, and such other matters as may be reasonably requested. The parties agree and acknowledge that it is specifically intended that any such statement delivered pursuant to this Section 45 may be relied upon by others with whom the party requesting the certificate may be dealing.

Tenant shall, in the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage or deed of trust made by the Port, its successors or assigns, encumbering the Premises or any part thereof, and if so requested, attorn to the purchaser upon such foreclosure or sale or upon any grant of a deed in lieu of foreclosure and recognize such purchaser as landlord under this Agreement, provided, that such purchaser recognizes Tenant's rights under this Agreement, Tenant's subleases, and any modification of this Agreement or any sublease and assumes the Port's obligations under this Agreement arising after the date of transfer, and agrees not to disturb Tenant's or its subtenants quiet possession of the Premises for so long as Tenant is not in default hereunder.

Notwithstanding the above, the Port shall not use the Property as security for any monetary obligation or further encumber the Property, except as may be expressly authorized by this Agreement or by prior written approval of Tenant, which approval shall not be unreasonably withheld. So long as Tenant is not in default of this Agreement, this Agreement will not be amended, modified or terminated or subject to termination by any trustee's sale, any action to enforce the security, or by any proceeding or action in foreclosure.

#### 46. REAL ESTATE COMMISSIONS AND FEES.

Any real estate commissions or fees related to this Lease, and claims related thereto, shall be handled in accordance with **Paragraph 1**, **LEASE SUMMARY** above.

LESSOR:	TENANT:
PORT OF OLYMPIA, a Washington municipal corporation	SSECC PDC GL1, LLC, a Delaware limited liability Company
By:Robert Rudolph Jr. Interim Executive Director	By: PDC Seattle LPIV BB/TH, LLC a Delaware limited liability company Its Manager
	Ву:
	Name:
	Title: Local Partner

STATE OF WASHINGTON	)
COUNTY OF THURSTON	) ss )
corporation named in the within and	, 2023, personally appeared before me <b>ROBERT</b> be the Interim Executive Director at the Port of Olympia, the municipal d foregoing <b>Lease Agreement</b> , and acknowledged to me that he signed athorized to do, as his free and voluntary act and deed for the uses and
IN WITNESS WHEREOF written.	, I have hereunto set my hand and seal the day and year first above
	(Print Name)  NOTARY PUBLIC in and for the State of Washington, residing at  My commission expires:
STATE OF WASHINGTON COUNTY OF THURSTON	) ) ss )
On this day of named in the within and foregoing lits behalf, as he is so authorized to otherein mentioned.	, 2023, personally appeared before me, to me known to be the at the entity  Lease Agreement, and acknowledged to me that he signed the same on do, as his free and voluntary act and deed for the uses and purposes
IN WITNESS WHEREOF, written.	, I have hereunto set my hand and seal the day and year first above
	(Print Name)  NOTARY PUBLIC in and for the State of Washington, residing at  My commission expires:

### RATIFICATION

ALTERNATIVE A:
The <b>Standard Lease Form</b> was ratified – per Section 5.1 of the Option Lease Agreement, as amended, between the Port and the Tenant dated July 13, 2020 – by the Port of Olympia Commission on July 12, 2021, and as further amended on
ALTERNATIVE B:
This <b>Lease</b> shall be subject, as a condition subsequent, to ratification by the Port of Olympia Commission within thirty (30) days after the date set forth on Page 1. This Lease shall be effective and binding on the parties until such time (and thereafter if ratified), the Executive Director having the authority to sign this Lease and bind the Port to all of its material terms. If this Lease is not ratified, it shall terminate and be of no further force and effect.
The undersigned confirms that this Lease was ratified by the Port of Olympia Commission on, 2023.
Port of Olympia Commission
By:
Its:
Date:
STATE OF WASHINGTON )
COUNTY OF THURSTON ) ss
On this day of, 2023, personally appeared before me, to me known to be the President of the Port of Olympia Commission, the municipal corporation named in the within and foregoing <b>Lease Agreement</b> , and acknowledged to me that he signed the same on its behalf, as he is so authorized to do, as his free and voluntary act and deed for the uses and purposes therein mentioned.
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

residing at \_

Print Name:

NOTARY PUBLIC in and for the State of Washington,

My commission expires:

# EXHIBIT A PREMISES

# EXHIBIT B REQUIREMENTS AS TO IMPROVEMENTS

These conditions relating to improvements in this Exhibit "B" shall control unless the Port and Tenant have otherwise separately agreed to more specific time periods for production and coordination of drawings, financing and commencement of construction. In the event such additional documentation becomes a part of this Lease, then the time periods set forth in such documents shall be logically coordinated, the intent being that the shorter time periods should control the parties' respective performances.

### 1. PORT APPROVAL OF TENANT IMPROVEMENTS.

As used herein, the terms "improvements" or "structures" shall mean and include without limitation all permanent buildings, and all other major structures or improvements of any kind located above the ground level of any site, plus any replacements, additions, repairs or alterations thereto. No improvement shall be constructed or maintained on the Premises until the Port has first approved the design, density, size, appearance and location thereof. Before commencing any work of improvement or applying for any governmental permit or approval, Tenant shall first deliver to the Port for approval two (2) sets of schematic plans and preliminary specifications, including grading and drainage plans, exterior elevations, floor plans, site plans, and showing in reasonable detail existing topography and proposed type of use, size, land coverage, shape, height, location, material and elevation of each proposed improvement, all proposed ingress and egress to public or private streets or roads, all utilities and service connections, and all proposed landscaping, exterior materials and fences, parking, exterior lighting, signs, cut and fill, finished grade, runoff and concentration points. Nothing in this paragraph shall imply a submission standard higher than that required for a building permit, except as it relates to land use(s), utilities, infrastructure and impact upon adjoining properties and use(s) of adjoining properties.

The Port shall then have fifteen (15) days during which to accept and approve or reject such preliminary plans and specifications. Once the preliminary plans and specifications have been approved, but prior to commencing any such work, Tenant shall submit to the Port for approval of final plans and specifications for any proposed improvements in the same manner as provided above.

All plans and specifications for grading or improvements to be submitted to the Port hereunder shall be prepared by a licensed or registered architect or engineer, as the case may be. All grading, piling, footing and foundation work must be conducted under the supervision of an appropriate licensed engineer. At the Port's option, a final certification by a licensed soils engineer or geologist must be filed with the Port upon completion of the grading work. The Port shall not unreasonably withhold its approval of any such plans or specifications.

The Port shall be conclusively deemed to have given its approval unless, within ten (10) days after all such plans and specifications have been received by the Port, the Port shall give Tenant written notice of each item of which the Port disapproves. Unless so disapproved, the Port shall endorse its approval on at least one set of plans and return the same to Tenant. The Port may disapprove any plans which are not in harmony or conformity with other existing or proposed improvements on or in the vicinity of the Premises, or with the Port Master Plan or other plans or criteria for the Premises in the general area in which the Premises are located, the sole discretion as to such adequacy remaining with the Port. Notwithstanding the foregoing, Tenant may, in accordance with the lease, repair, replace, alter or reconstruct any improvement on the Premises for which plans were previously approved by the Port as provided above, but only if such repair, replacement, alteration or reconstruction is substantially identical to the improvement previously approved.

Concerning utility installations, Tenant, at Tenant's sole cost, including any connection fees, assessments or changes, shall be responsible for the installation on the Premises of all utilities required by Tenant's use of the Premises, assuming such utility services are available to the Premises. Any contractual arrangements with any municipal supplier with respect to the improvements or utility installation shall not be

entered into by Tenant without first obtaining the Port's approval. In the event that such utility services are not readily available at the Premises, Tenant, at Tenant's sole cost, shall pay for the extension of such utilities to the Premises. The Port shall cooperate with Tenant to facilitate the design, permitting and construction of such utility services, including, without limitation, executing applications or other instruments, necessary or appropriate, in Tenant's reasonable discretion, in connection therewith. The Port further agrees to grant any reasonably necessary easements on over or across or under the Port Property necessary to bring the utility services to the Premises.

The Port shall not be liable for any damages in connection with the approval or disapproval of any plans or specifications, any construction or performance by Tenant on the Premises in connection with the erection of such improvements, any mistake in judgment, negligence or omissions in exercising its rights and responsibilities hereunder, or the enforcement or failure to enforce any provisions contained in the Lease. The Port's approval of plans and specifications shall not constitute the assumption of any responsibility by the Port or its representatives for the accuracy, efficacy or sufficiency thereof, and Tenant shall be solely responsible therefor.

### 2. **CERTIFICATES OF COMPLIANCE.**

Tenant shall obtain all necessary permits and shall send copies of same to the Port, as well as copies of Certificates of Completion/Occupancy associated with such permits and pay the cost thereof. Prior to commencement of any such work of improvements, Tenant shall supply to the Port a certificate from a licensed civil engineer or land surveyor verifying that the appropriate subdivision or binding site plan approval has been obtained, and that the proposed improvements will be located on the correct parcel and in accordance with plans previously approved by the Port. The Port may waive such requirement if the Port has already surveyed the proposed Premises. Upon completion of any such improvements, Tenant shall supply to the Port a further certification by Tenant's architect (including the landscape architect in the case of improvements consisting of landscaping) that the improvements, as designed by the architect, have been completed in accordance with the plans previously approved by the Port. Final landscaping as approved by the Port shall be completed within sixty (60) days after completion of the structure. Tenant shall also supply to the Port one (1) set of "as-built" grading plans showing all underground installations within sixty (60) days following completion of any substantial improvement within the Premises. Tenant shall also furnish the Port with a complete set of "as-built" building plans and an itemized statement of the actual construction cost of such improvements, not later than sixty (60) days after completion.

### 3. **DILIGENT COMPLETION AND COMPLIANCE.**

After commencement of construction, Tenant shall diligently complete the construction so that the improvements will not remain in a partly finished condition any longer than is reasonably necessary. Tenant shall comply with all applicable governmental laws, ordinances and other requirements or conditions and restrictions which may affect the Premises, (whether prior to, during or after construction) including, without limitation, the Americans With Disabilities Act, and shall make such corrections, alterations or other improvements which may be necessary to remedy any non-complying condition (subject to the reasonable approval of the Port), all at the sole cost and expense of Tenant. Notwithstanding Substantial Completion of the Premises, Tenant shall use reasonable efforts to cause its contractor to diligently proceed to complete full construction of the Premises and obtain a permanent certificate of occupancy for the Premises once there is an occupant or user for the Premises.

### EXHIBIT C LESSOR'S CONSENT AND AGREEMENT

(For Financing Purposes)

[Note to Port: We tried to fix the inconsistencies between Section 26 and this form by referring to Section 26 for any cure period. We have found in the past that Lender want to see Section 26 stay in the Lease and a form SNDA similar to this one to be signed at closing of the Loan.]

Description of Ground Lease.

"Lessor"	The Port of Olympia
"Tenant"	
"Lease":	Ground Lease dated
"Leasehold":	Tenant's interest in the Lease and all Leasehold Improvements
"Lender(s)":	
	essor represents, warrants, covenants and agrees as follows:
the Leasehold to Lender for security purposes u Herein the term "Deed of Trust" shall mean the Le	sor hereby consents to the assignment of Tenant's interest in nder the Lender's Deed of Trust upon closing of the loan. ender's Deed of Trust as may be applicable and the "Lender", as its/their interests appear in the Deed of Trust.
amendments, supplements, and modifications there	e. A true and correct copy of the Lease, together with all reto, is attached as Schedule A to this Agreement. The Lease inforceable according to its terms and has not been modified opy of the Lease attached hereto.
other amounts due and payable by Tenant to Less observance or performance of any other covenant	Tenant is not in default (a) in the payment of rent or any sor under the Lease or (b) to the knowledge of Lessor, in the t or condition to be observed or performed by Tenant under nt has occurred which now does or hereafter will authorize
4. Right to Forec	close Deed of Trust. Lender recognizes that any Deed of

Trust taken by Lender affects and applies only to Tenant's interest in the Leasehold and that Lessor will not permit any security interest to be taken in any of its land. In the event of default by Tenant under the terms of

the Deed of Trust, Lender may enforce or foreclose the Deed of Trust including the acceptance of a Deed in Lieu of Foreclosure. Lessor agrees that in connection with any such foreclosure, Lender may:

a. acquire Tenant's interest in the Leasehold either by Deed in Lieu of Foreclosure or actual foreclosure without further consent of Lessor, subject to the requirements of paragraph 6.4 below.

b. rent the Premises pending foreclosure of the Leasehold by Lender without further consent of Lessor.

c. assign and sell the Leasehold in whole or in part to any person or entity, subject to the requirements set forth in paragraph 6.5 below.

5. <u>Surrender of the Premises</u>. No surrender of the Premises or any other act of Tenant shall be deemed to terminate the Lease and Lessor will not terminate voluntarily by agreement with Tenant unless Lender has been previously notified in writing and has consented to the termination in writing. The Lease shall not be amended or modified unless Lender has been previously notified in writing and has consented to such amendment or modification in writing.

### 6. Notice of Default and Lender's Rights.

- 6.1. Notice of Default. If Tenant defaults under the Lease or if any event occurs which would give Lessor the right to terminate, modify, amend or shorten the term of the Lease, Lessor shall take no steps to exercise any right it may have under the Lease without first giving Lender written notice of such default. A copy of each and every Notice of Default and any other notices the Port is required by the terms of the Lease to provide to Tenant or that will materially affect the leasehold interest, including but not limited to amendments to this Agreement, side letters that affect the economics of this Agreement or any waivers of any rights or obligations under the terms of this Agreement served or sent by Lessor or its agent to or upon Tenant pursuant to the Lease shall be sent contemporaneously to Lender in accordance with paragraph 13 below. Such Notice of Default shall specify the event or events of default then outstanding and the time period at the end of which the indicated action would become effective.
- 6.2. <u>Termination for Monetary Default</u>. If the Notice of Default given by Lessor to Lender relates to a monetary default and Tenant has not cured such monetary default within time period as provided in the Lease and Tenant's failure to cure results in Lessor desiring to terminate the Lease, Lessor may terminate the Lease if such monetary default is not cured by either Tenant or Lender within the time periods set forth in Section 26(c) of the Lease.
- 6.3. <u>Termination for Non-Monetary Default.</u> If the notice given by Lessor to Lender relates to a non-monetary default and Tenant has not cured such non-monetary default within the time period specified in the Lease, Lessor shall take no action to terminate the Lease if:
- (a) within the time period set forth in Section 26(c) of the Lease Lessor's notice to Lender of Tenant's failure to cure (or failure to diligently pursue a cure) Lender notifies Lessor of its intent to realize upon its security interest and commences realization within the time periods set forth in Section 26(c) of the Lease, and diligently pursues realization; and
- (b) Lender notifies Lessor that it will assume the Lease when Lender is legally entitled to the ownership and/or possession of Tenant's interests in the Leasehold; and

(c) Lender pays Lessor at time of notification all back rent or other monies or performances due that may be in default up to the date Lender notifies Lessor of Lender's intent and further pays all rent that accrues during the period after Lender so notifies Lessor and completes such other performances that may be required or come due under the Lease.

Lessor shall not terminate the Lease because of Tenant's breach of any term(s) of the Lease relating to the solvency of Tenant or the institution of any bankruptcy, insolvency, receivership or related action by or against tenant as long as Lender cures any default under the Lease by Tenant as provided in this Consent and Agreement.

- 6.3.1. If the non-monetary default is of a nature which requires immediate abatement as a result of which Lender would not normally pursue realization on the collateral, and Tenant has not taken steps to immediately cure the default, then Lender must take immediate steps to cure such default within the time period set forth in Section 26(c) of the Lease after receipt of notice or else the Lessor may terminate the Lease.
- 6.3.2. Upon termination of the Lease as provided herein, Lender will release its Deed of Trust within fifteen (15) days thereafter.
- 6.4. <u>Assumption of the Lease</u>. If Lender acquires the interest of Tenant at any time or takes possession of the collateral, then Lender shall formally assume the Lease within twenty (20) days thereafter.
- 6.5. Right to Assign. Lender shall not have the right to assign its interest in the Leasehold nor in the case of a foreclosure under the Deed of Trust shall the Trustee under the Deed of Trust transfer the Leasehold to any person or entity (other than Lender) except under the terms set forth in Section 26 of the Lease.
- 7. Disposition of Insurance and Condemnation Proceeds. Lessor shall be named as an additional insured under any of Tenant's casualty policies on the Premises to the extent of the interests limited in this paragraph 7. Should the Premises suffer any loss which is covered by casualty insurance, and the insurance proceeds are used to restore any improvements made by Tenant, Lessor agrees that Tenant and Lender shall have the right to such proceeds so long as none of Lessor's property, utilities or other services therein are damaged or such damages are repaired. In the event the Premises are substantially damaged and Tenant's improvements have been repaired, Lessor shall only participate in the insurance proceeds to the extent necessary to repair and restore Lessor's ground and any of Lessor's or Tenant's improvements (excluding buildings and personal property) on or in the ground to the same condition the land was in at the commencement of the Lease, or in the same condition at the time of the casualty. Under the Lease, Lessor has the option of requiring Tenant to demolish the improvements at the end of the Lease term, or to have Tenant convey title to Lessor Tenant's interests in the Leasehold Improvements. In the event Premises and the Leasehold are so severely damaged that Tenant's and Lenders' decision is not to repair or restore the Premises, Lessor shall participate in the insurance proceeds to the extent necessary to remove the remainder of the damaged improvements and to restore the Premises and any utilities or other such improvements (excluding rebuilding the improvements or restoring other personal property of Tenant) to the same condition the land was in at the commencement of the Lease, or in the same condition at the time of the casualty. Other than as described herein, Lessor shall have no claim to insurance proceeds or condemnation proceeds that are attributable to Tenant's interest in the Leasehold, nor shall Lender have any interest in Lessor's condemnation proceeds, if any.
- 8. <u>Right to Participate in Litigation.</u> Lender shall have the right to participate in any litigation, arbitration or dispute directly affecting the Premises or the interests of Tenant or

Lender therein, including without limitation, any suit, action, arbitration proceeding, condemnation proceeding or insurance claim. Lessor, upon instituting or receiving notice of any such litigation, arbitration or dispute will promptly notify Lender of the same.

- 9. <u>Incorporation of Mortgagee Protection Provisions.</u> To the extent not inconsistent with this Agreement, all provisions of the Lease which by their terms are for the benefit of any leasehold mortgagee, are hereby incorporated herein for the benefit of Lender. Without limiting the foregoing, Lender shall be a beneficiary of the warranty and indemnity provided in paragraph 6 of Paragraph 1, LEASE SUMMARY, of the Lease and Section 26 of the Lease.
- Right to Remove Collateral. In the event Lender exercises its rights under its collateral and realizes upon the collateral, Lessor agrees that Lender is entitled to remove Tenant's furniture, movable trade fixtures and equipment installed by Tenant from the Premises at any reasonable time and that the collateral shall remain personal property even though the trade fixtures may be affixed to or placed upon the Premises. "Trade fixtures" means the movable personal property of Tenant which is free standing or attached to floors, walls or ceiling, but does not include installed light fixtures, floor coverings, doors, windows, heating, plumbing or electrical systems or components thereof, including any roof-mounted HVAC equipment and/or units thereof, or permanent walls or partitions installed by Tenant. In the event Lender so realizes on its collateral, Lessor waives any right, title, claim, lien or interest in the above trade fixtures by reason of such fixtures being attached to or located on the Premises. Lender shall use reasonable care in removing the trade fixtures from the Premises and shall repair any damage that may result from such removal which shall be completed in accordance with the terms of the Lease.
- 11. <u>Interpretation of Agreement.</u> This Agreement sets forth the complete understanding of Lender with respect to this transaction; may be amended only in writing signed by the party against whom it is sought to be enforced; and, without limiting the generality of the foregoing shall not be deemed modified by any course of dealing. No provision in the Assignment of Tenant's Interest in Lease, Security Agreement and Deed of Trust shall vary, modify or expand the covenants herein contained. In the event of any conflict between the terms of this Agreement and the Lease, this Agreement shall control.
- 12. In the event of litigation or arbitration between the parties to enforce or interpret this Agreement, the arbitrator, Board of Arbitration or Judge, as may be appropriate, may award the prevailing party in such arbitration or litigation a reasonable attorney's fee not to exceed 20 percent of the amount in controversy, plus costs and costs of collection.
- 13. <u>Notices.</u> All notices, copies of notices, consents or other communications given under this Agreement must be in writing and shall be effective when received. Such communications shall be given in person to an officer of Lender or to Lessor or shall be delivered to one of such persons by registered or certified U.S. mail or by public or private courier or wire service or facsimile transmission addressed to the parties at their respective addresses set forth below, unless by such notice a different person or address shall have been designated in writing:

If to Lender:	(Print)
	(Print)
	(Print
	(Print)
	(Print

If to Lessor: Port of Olympia

606 Columbia St. NW, Suite 300

### Olympia, Washington 98501 Attn: Real Estate Operations

IN V	WITNESS WHER	REOF, Lessor has executed these presents this d	lay o
, 20		LESSOR:	
		PORT OF OLYMPIA, a Washington Municipal	
		corporation By:	_
AGI	REED to this	Its:	_
		TENANT:	
		By:	_
AGI	REED to this	day	
		LENDER: By:	_
AGI	REED to this	Its:	_

### EXHIBIT A of C

### To Lessor's Consent and Agreement (Exhibit C)

**Copy of Lease** 

### EXHIBIT "D"

### TOXIC, DANGEROUS AND HAZARDOUS SUBSTANCES STORAGE LICENSE

(License required for any material covered by Dangerous Waste Regulations in WAC 173-303 as amended and 40 CFR Part 116-117 as amended, copies are on file in the Port of Olympia offices)

Licen	see:
Lease	
Term	:
Fee:	(Not to exceed 5 years.)
Insura	ance:
	(The Port must be named insured and entitled notice prior to cancellation.)
Renev	wable: For life of underlying lease so long as conditions below are met:
1.	Facilities approved for installation and use:
2.	Preconstruction approvals required:
3.	Preoccupancy approvals required:
4.	Inspections required: a.
	<del></del>

- b. At any time the Port has good reason to believe a problem may exist.
- c. At a minimum, all tanks shall be pressure tested at least once every five (5) years to assure no loss of product into the environment (air, soil, surface or ground water).
- 5. Materials authorized for storage:

	a	
	b.	Any additional materials require the consent of the Port.
6.	Addit	onal terms:
	pose a thirty	The Port Engineer shall have the right to terminate this license at any time and in his iscretion, if the facilities fail to meet all federal, state or local requirements or otherwise hazard of unlawful contamination or pollution and such failures are not cured within (30) days of written notice or such lesser time as appropriate under emergency estances.
	during	The licensee agrees to bear all costs of construction, operation, maintenance, tion or repair of the approved facilities and to keep the same in good operating repair the term of this license, and the cost of any cleanup or other activities required in the of a spill, leak or other pollution-causing event.
	facilit	The licensee agrees at any time that the approved facilities cease to be subject to a icense agreement, for any reason, that the licensee shall, at its own cost, remove the es and restore the site to its original condition (including removal of all contaminated r water).
		The Port shall have the right to terminate this license upon breach of any term herein mination of the specified lease. Breach of any term of this license shall constitute at of the specified lease.
	e. of this	The licensee shall compensate the Port for all costs incurred by reason of any breach license.
LICE	NSEE:	PORT OF OLYMPIA;
By: _		By:
Title:	se Date:	Title:
LICCII	sc Date.	

### **EXHIBIT "E"**

### **DEVELOPMENT GUIDELINES**

### **EXHIBIT F**

### FORM OF MEMORANDUM OF GROUND LEASE

RECORDED AT THE REQUEST OF:	
WHEN RECORDED RETURN TO:	
Albert & Coss, LLC 550 Howe Ave., Suite 100 Sacramento, CA 95825	
<u>MEMORANDU</u>	M OF GROUND LEASE
This Memorandum of Ground Lease ("I into by and between <b>SSECC PDC GL1, LL0</b> (" <b>Tenant</b> "), <b>PORT OF OLYMPIA</b> , a Washing	C, a Delaware limited liability company, or its assigns
	rty located in the City of Olympia, Thurston County, State described in <b>Exhibit A</b> attached hereto and incorporated
On even date herewith, Landlord entered into the wherein Landlord agreed to lease to Ten	nat Ground Lease Agreement with Tenant (the "Lease") ant the Land.
The Lease term is for a period of fifty-five (55 expires on, 20 To Lease each for a ten-year period.	5) years and commences on, 202_ and enant has two successive options to extend the term of the
This Memorandum is solely for recording purpo otherwise modify the terms and condition	oses and shall not be construed to supplement, amend, or ns contained in the Lease.
	inure to the benefit of the parties and their respective heirs, er, to the provisions of the Lease regarding Assignment.
This Memorandum and the Lease are governed by	by the laws of the State of Washington.
Signatures	are on the next page.

# SIGNATURE PAGE to Memorandum of Option to Ground Lease

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date set forth above.

### [ALL SIGNATURES MUST BE NOTARIZED]

# PORT OF OLYMPIA A Washington municipal corporation By: Name: Its: TENANT: SSECC PDC GL1, LLC, a Delaware limited liability company By: PDC Seattle LPIV BB/TH, LLC, a Delaware limited liability company, Manager By:

Local Partner

# Exhibit A to Memorandum of Ground Lease

### **LEGAL DESCRIPTION OF PROPERTY**

### ACKNOWLEDGMENT

STATE OF	_ )			
COUNTY OF	_ )			
On be personally known to me, or prove name(s) is/are subscribed to the wisame in his/her/their authorized caperson(s), or the entity upon behalf	d to me on the bathin instrument a pacity(ies), and t	asis of satisfacto and acknowledg hat by his/her/tl	ory evidence, to be the ded to me that he/she heir signature(s) on	he person(s) whose e/they executed the the instrument the
WITNESS my hand and official se	al.			
Notary Public Signature	(SEAL)			
	ACKNOW	LEDGMENT		
STATE OF	_ ) _ )			
On be personally known to me, or prove name(s) is/are subscribed to the wisame in his/her/their authorized caperson(s), or the entity upon behalf	d to me on the bathin instrument a pacity(ies), and t	asis of satisfacto and acknowledg that by his/her/tl	ory evidence, to be the ed to me that he/she heir signature(s) on	he person(s) whose e/they executed the the instrument the
WITNESS my hand and official se	al.			
Notary Public Signature	(SEAL)			
Trous y I dolle bigliature				

### **EXHIBIT G**

### Form of Non-Disturbance and Attornment Agreement

[Note to Port: We are agreeable in reviewing the Port's form. This form was accepted by the Port of Seattle so we thought it would be acceptable to you.]

### RECOGNITION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT, is made as of, 20, by and amon, a (hereinafter referred to as "Prime Lessor"), an
, a (hereinafter referred to as "Prime Lessee"
and, LLC, a Delaware limited liability compan (hereinafter referred to as "Tenant"), with reference to the following facts:
(herematical released to as a remained), with reference to the following facts.
A. Prime Lessor has entered into a Lease with Prime Lessee dated (the "Prime Lessee")
Lease") for [the building located at] (the "Property") as more fully described in the Prim
Lease;
B. By a certain sublease entered into between Prime Lessee and Tenant date (hereinafter called the "Sublease"), Prime Lessee leased to Tenant [a portion of] the
Property and the improvements to be erected thereon as more particularly described in the Sublease (sai portion of the Property and the improvements now or hereafter erected thereon being hereinafter called the "Demised Premises");
C. The parties hereto desire to provide for the recognition and nondisturbance to Tenant b the Prime Lessor; and
D. The parties hereto desire to provide for Tenant's agreement to pay Prime Lessor the repayments due under the Prime Lease and to assume the Prime Lease after the occurrence of a default be Prime Lessee not cured within any applicable cure period.
NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreement herein contained, the parties hereto intending to be legally bound hereby agree as follows:
1. Prime Lessor agrees that as long as the Sublease shall be in full force and effect:
(a) The possession by Tenant of the Demised Premises and the Tenant's rights theret shall not be disturbed, affected or impaired by, nor will the Sublease or the term thereof be terminated of otherwise affected by (i) any suit, action or proceeding upon the Prime Lease, or by the termination of the Prime Lease or the enforcement of any rights under the Prime Lease or any other documents held by the Prime Lessor, or by any judicial sale or execution or other sale of the Demised Premises, or (ii) any defautunder the Prime Sublease; and
(b) Prime Lessor will not exercise any of its rights under the Prime Lease in a manner which would effectively prohibit Prime Lessee from performing the Sublease in accordance with its terms

the Property shall be sold as a result of any action or proceeding to terminate the Prime Lease, or transfer of ownership given in lieu of termination, prior to expiration of the Sublease, the Sublease shall continue in full force and effect as a direct lease between Prime Lessor, or their successor in interest, as landlord,

If the Prime Lessor shall terminate the Prime Lease with Prime Lessee or its assigns or if

and Tenant, as tenant, upon and subject to the terms and conditions contained in the Sublease, without necessity for executing any new lease, as a direct lease between Tenant and the then owner of the Property, as "landlord." In such event:

- (a) Tenant shall be bound to the Prime Lessor or such new owner under all of the terms, covenants and provisions of the Sublease for the remainder of the term thereof (including the Renewal Periods, if Tenant elects or has elected to exercise its options to extend the term) and Tenant hereby agrees to attorn to the Prime Lessor or such new owner, as the case may be, and to recognize the Prime Lessor or such new owner shall, from and after the date the Prime Lessor or new owner succeeds to the interest of "landlord" under the Sublease, have the same remedies against Tenant for the breach of any covenant contained in the Sublease that landlord might have had under the Sublease against Tenant; and
- (b) The Prime Lessor or such new owner shall be bound to Tenant under all of the terms, covenants and provisions of the Sublease for the remainder of the term thereof (including the Renewal Periods, if Tenant elects or has elected to exercise its options to extend the term of the Sublease). Tenant shall, from and after the date the Prime Lessor or new owner succeeds to the interest of "landlord" under the Sublease, have the same remedies against the Prime Lessor or new owner for the breach of any covenant contained in the Prime Lease that Tenant might have had under the Sublease against landlord if the Prime Lessor or new owner had not succeeded to the interest of landlord.
- 3. Prime Lessee hereby agrees to protect, defend, indemnify and hold Tenant harmless from and against any and all claims, damages, costs and expenses (including not limited to reasonable attorneys' fees) incurred by Tenant as a result of the violation of this Agreement by Prime Lessee or the breach by Prime Lessee of the Prime Lease, including but not limited to any breach which result in termination of the Prime Lease. Tenant hereby agrees to protect, defend, indemnify and hold Prime Lessee harmless from and against any and all claims, damages, costs and expenses (including but not limited to reasonable attorneys' fees) arising from Tenant's violation of the terms of this Agreement.
- 4. Any notices or communications given under this Agreement shall be in writing and shall be given by registered or certified mail, return receipt requested, postage paid or reliable overnight courier to each of the parties at their respective addresses as hereinabove set forth or at such other address as a party may designate by notice given in accordance with this paragraph. Notices shall be deemed delivered upon actual receipt as evidenced by the return receipt.
- 5. This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

Signatures are on the next page.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

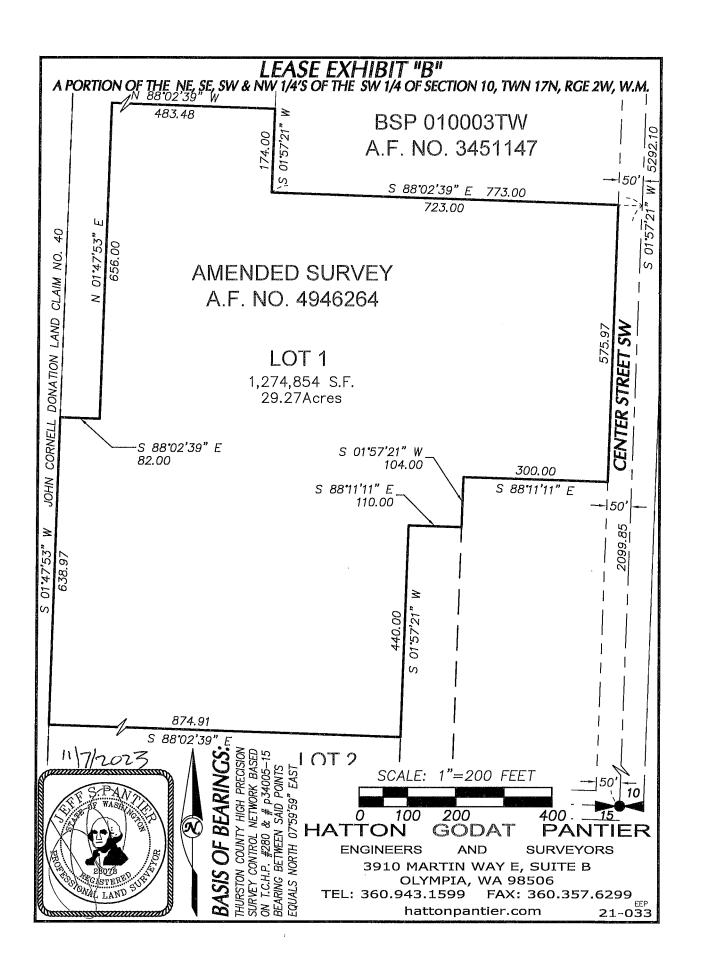
### PRIME LESSOR:

By: Name: Title:	
PRIME LESSEE:	
SSECC PDC GL1, LLC, a Delaware limited liability company	
By: PDC Seattle LPIV BB/TH, LLC, a Delaware limited liability company, Manager	
By:, Local Partner	
TENANT:	
By:	
Name: Title:	

### LEASE EXHIBIT "A"

LOT 1 OF AMENDED SURVEY RECORDED AUGUST 15, 2022, UNDER AUDITOR'S FILE NO. 4546264, RECORDS OF THURSTON COUNTY, WASHINGTON.







# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA



# South Sounds Premier Industrial Campus

**EVAN PARKER** 360.705.0174

evan.parker@kidder.com

TODD CLARKE

253.722.1422 todd.clarke@kidder.com

### KIDDER.COM

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# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA



# Potential Uses

Industrial distribution and warehousing

Light manufacturing

E-Commerce distribution

Technology/Life Sciences

**EVAN PARKER** 360.705.0174 evan.parker@kidder.com

**TODD CLARKE**253.722.1422
todd.clarke@kidder.com

### KIDDER.COM

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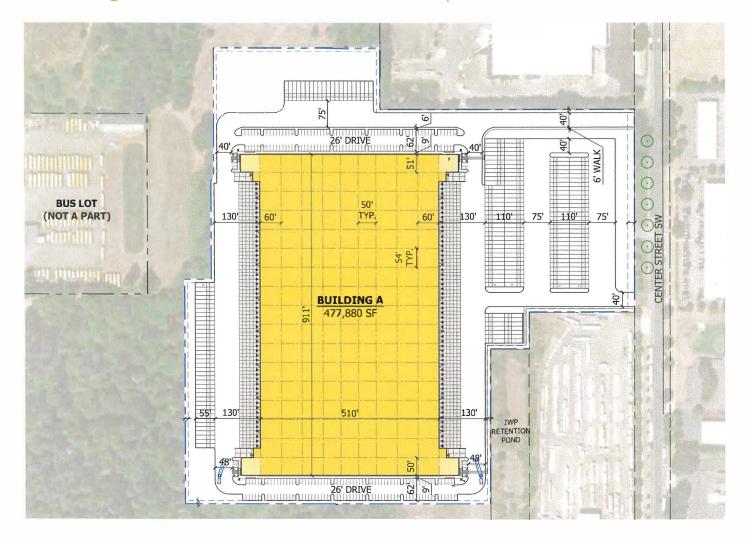




# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA

# Building A: 477,880 SF on 29.2 AC | Phase I



Truck Courts: 130'
Column Spacing: 50' x 50'

Speed Bay: 60'

Clear-Height: 36'

Dock Doors: 96

Grade Doors: 4

Trailer Parks: 206

Car Parks: 260

EV Stalls: 12

**EVAN PARKER** 360.705.0174

evan.parker@kidder.com

TODD CLARKE

253.722.1422 todd.clarke@kidder.com

### KIDDER.COM

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# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA

# **Project Features**

### **PHASE I**

**BUILDING A 477,880 SF** 

### PHASE II | OPTION I

**BUILDING 1** 200,000SF

**BUILDING 2** 177,804 SF

### PHASE II | OPTION 2

YARD/TRAILER parking

±20 acres

559 trailer stalls

66 auto stalls

**INCLUDED** guard shack with restrooms

**STANDALONE** buildings

**DELIVERY Q4** 2023

**GREAT** freeway access with Interstate 5 located approximately 1/2 a mile away

**PROJECT** has multiple ingress and egress options

**DESIRABLE** location with high functionality and appeal to a variety of industrial uses

### **GENERAL BUILDING SPECS**

**CLEAR-HEIGHT** up to 65' allowed per zoning

**BTS** lease

WILLING to customize design

BUILDING can be multi-tenant









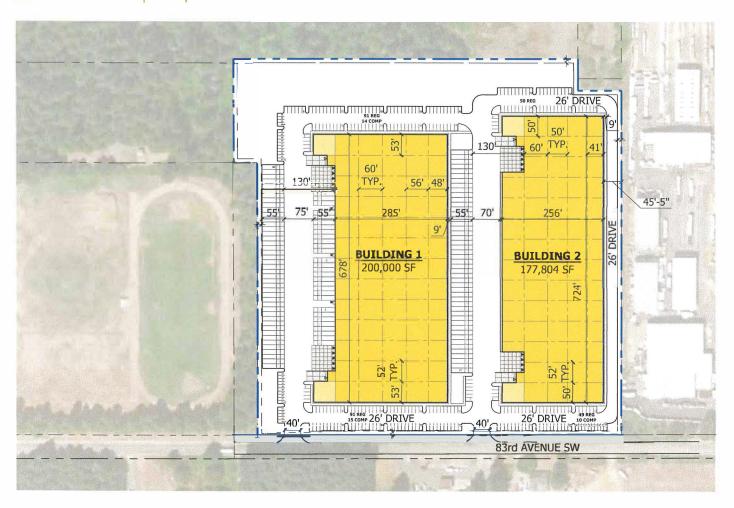
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# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA

# Building 1: 200,000 SF | Building 2: 177,804 SF on ±20.3 AC | Option 1



Truck Courts: 130'

Column Spacing: 50' x 50'

Bldg 1: 10 dock-doors

Car Parks: 119

Speed Bay: 60'

Bldg 2: 9 dock-doors

EVAN PARKERTODD CLARKE360.705.0174253.722.1422evan.parker@kidder.comtodd.clarke@kidder.com

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# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA

# Yard/Trailer Parking 20 acres | Option 2



Trailer Parks: 559

Guard Shack: 140

Car Parks: 66

Includes Restrooms

**EVAN PARKER** 360.705.0174 evan.parker@kidder.com

**TODD CLARKE**253.722.1422
todd.clarke@kidder.com

### KIDDER.COM

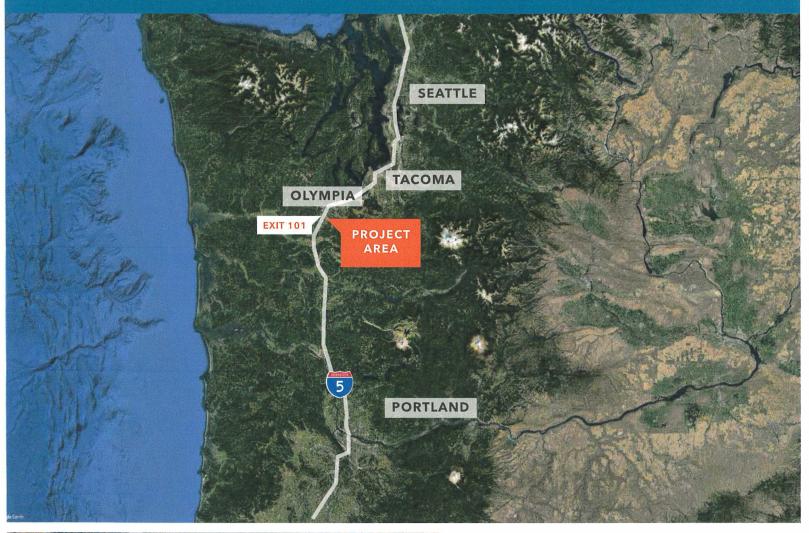
If the more plant here in the manner will be not labeled to mode of without any sepresentation werking or guarantee increased or implied as to its accuracy. Prospective burst or Ten introduct an independent investigation and verification of all more is deciment to be material mode trug, but not first to discover in the introduction of a specific consult your attorney accountant or other professional advisor.





# South Sound Commerce Center

CENTER STREET SW, TUMWATER, WA





### **DRIVE TIMES**

1-5	1/2 Minutes
Port of Tacoma	35 Miles
SeaTac International Airport	50 Miles
Seattle	60 Miles
Portland	100 Miles

**EVAN PARKER** 360.705.0174 evan.parker@kidder.com

TODD CLARKE 253.722.1422 todd.clarke@kidder.com

### KIDDER, COM

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### **COVER MEMO**

**Briefing Date/Time:** Dec. 11, 2023

Staff Contact/Title: TJ Quandt, Harbor Senior Manager, 360.528.8045,

tjq@portolympia.com

Subject: Contract Award Janitorial Purchase Services Contract

**Purpose:** ☐ Information Only ☐ Decision Needed

### Objective:

Award the new Janitorial Purchase Services contract via Action/Other. This item has been brought forward as an Action/Other to expedite Janitorial services before the expiration of the previous contract on December 31<sup>st</sup> so that we don't have a lapse in service.

### **Background/Overview:**

The Port previously had a Janitorial purchase services contract with Apex Janitorial, which will expire on December 31, 2023.

As before, this new contract will be used for cleaning services at the Marina, Marine Terminal offices, Cascade Pole building, ILWU warehouse, Airport, and Port Properties. The expense from this purchase services contract is outlined in each business line's approved 2024 operation budgets. This contract provides essential cleaning services that support several Port business lines.

The scope of the purchased services contract is to provide cleaning services for all tenants and public restrooms at the Marina, office & restroom cleaning at the Airport, Terminal, Marina, and Cascade Pole, and garbage receptacle pickup at each business location.

### **Contract Timeline:**

- 11/14/23 Bids solicited.
- 12/07/23 Submission deadline.
- 12/08/23 Bid opening this information will be provided at the Dec. 11 meeting.

### **Documents Attached:**

- PowerPoint Presentation
- Bid Results

### **Staff Recommendation:**

Staff recommends the Commission award the Janitorial Purchased Services contract to the most qualified, responsive, responsible bidder, TBD, and has provided a suggested motion for the Commission's consideration.

### This motion will be updated at the Dec. 11 meeting.

### Next Steps/Timeframe:

If awarded, the Port will execute the contract.



# **Janitorial Purchased Services Contract Award**

TJ Quandt Harbor Senior Manager Dec. 11, 2023

1



# **Notice**

This presentation has been prepared prior to receiving bid results for this contract. The PowerPoint will be updated 12/8/23 with bid results.

2

2



# **Today's Presentation** *Action/Other Item – Approval Requested*

Janitorial Purchased Service contract award



# Background *Scope*

- **Budget-Approved Outside Professional Services** 
  - Restroom cleaning
  - Office cleaning
  - Garbage receptacle pickup
- Locations
  - Swantown Marina
  - Boatworks
  - Marine Terminal
  - Cascade Pole Plant
  - Airport
  - Properties

# **Background**

### *Timeline*

### 2020-2023

- Port awarded a Janitorial Purchased Services contract #2020-1011 to APEX Janitorial.
- The current contract is set to expire on December 31.

### 2024

• The Port seeks to establish a new two-year Janitorial contract.

5



This slide will be completed

before the Dec. 11 Commission meeting.

5

# **Contract Bid Process**

### *Timeline*

- Bids solicited 11/14/23
- Site Visit 11/28/23
- Submission deadline 12/07/23
- Bids evaluated 12/08/23

Contractor	<b>Evaluation Score</b>	Base Bid	Total Bid (including WSST @ 9.5%)
TBD		\$	\$
TBD		\$	\$
TBD		\$	\$

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# **Questions and Comments**

Suggested Motion

This slide will be completed before the Dec. 11 Commission meeting.

"...move to award the Janitorial Purchased Services contract to the most qualified, responsive, responsible bidder, TBD, in the amount of TBD and authorize the Interim Executive Director to execute a two-year contract pursuant to the bid award."

7



### **COVER MEMO**

**Briefing Date/Time:** Dec. 11, 2023

Staff Contact/Title: TJ Quandt, Harbor Senior Manager, 360.528.8045,

tjq@portolympia.com

Subject: Contract Award Security Guard Purchase Services

**Purpose:** □ Information Only ⊠ Decision Needed

### Objective:

Award the contract for the new Security Guard Purchase Services contract via Action/Other. This item has been brought forward as an Action/Other to expedite the Security Guard purchase services contract prior to the expiration of the previous contract on December 31 so that we don't have a lapse in service.

### **Background/Overview:**

The Port previously had a Security Guard purchase services contract with Allied Universal Security Services, which will expire on December 31, 2023.

This new contract will be used, as before, for Security services at the Marine Terminal for Ship vessel guards and gate guards and at the Marina and Peninsula properties for nighttime roaming security guards. The expense from this purchase services contract is outlined in the approved 2024 operation budgets of each business line and is a pass-through cost to incoming ships at the Marine Terminal. This contract provides essential security services that are required for the Marine Terminal under Coast Guard regulations as a MARSEC Level 1 secure location and provides security for our Marina tenants and downtown Port properties during non-working hours.

The scope of the purchased services contract is to provide 70 hours of roaming security guards per week, a Marine Terminal gate guard, and up to 8 on-call vessel guards with TWIC certifications as needed. They are to perform outlined security details defined by the Marine Terminal, Properties, and Marina business lines.

### **Contract Timeline:**

- 11/14/23 Bids solicited.
- 12/07/23 Submission deadline.
- 12/08/23 Bid opening this information will be provided at the Dec. 11 meeting.

#### **Documents Attached:**

- Power Point Presentation
- Bid Results

#### **Staff Recommendation:**

Staff recommends the Commission award the Security Guard Purchased Services contract to the most qualified, responsive, responsible bidder, TBD, and has provided a suggested motion for the Commission's consideration.

This motion will be updated at the Dec. 11 meeting.

#### Next Steps/Timeframe:

If awarded, the Port will execute the contract.



## **Security Guard Purchased Services Contract**

TJ Quandt Harbor Senior Manager Dec. 11, 2023

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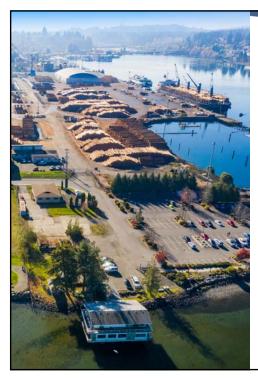


## **Notice**

This presentation has been prepared prior to receiving bid results for this contract. The PowerPoint will be updated Dec. 8, 2023 with bid results.

2

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**Today's Presentation** *Action/Other Item – Approval Requested* 

 Security Guard Purchased Services contract award



# Background Scope

- Purchased Services Contract to provide:
  - · Terminal Gate Guard
  - Terminal Vessel Guards
  - Roaming Peninsula Security Guards
- Locations:
  - Swantown Marina
  - Marine Terminal
  - Downtown Properties

## **Background**

#### Timeline

#### 2021-2023

- Port awarded a Security Guard Purchased Services contract #2021-1002 to Allied Universal Security Services.
- The current contract expires December 31.

#### 2024

• The Port seeks to establish a new two-year Security Guard Services contract.

5



5

### **Contract Bid Process**

#### *Timeline*

- Bids solicited 11/14/23
- Site Visit 11/27/23
- Submission deadline 12/07/23
- Bids evaluated 12/08/23

This slide will be completed before the Dec. 11 Commission meeting.

Contractor	Evaluation Score	Total Bid (including WSST @ 9.5%)
TBD		\$ \$
TBD		\$ \$
TBD		\$ \$

-



## **Questions and Comments**

Suggested Motion

This slide will be completed before the Dec. 11 Commission meeting.

"...move to award the Security Guard Purchased Services contract to the most qualified, responsive, responsible bidder, TBD, in the amount of TBD and authorize the Interim Executive Director to execute a two-year contract pursuant to the bid award."

7



#### **COVER MEMO**

**Briefing Date/Time:** Dec. 11, 2023

Staff Contact/Title: Cliff Moore – Prothman Recruiting 360.528.1234,

cliffmoore74@comcast.net

**Subject:** Executive Director Recruitment Update

**Purpose:** 

✓ Information Only 

☐ Decision Needed

#### **Background/Overview:**

Prothman was selected to assist the Commission with the recruitment of the Executive Director. The information shared tonight is to provide an update on the recruitment and for decisions to be made on the next steps.

#### **Documents Attached:**

n/a

#### **COVER MEMO**

Briefing Date/Time: Dec. 11, 2023

**Staff Contact/Title:** Danny Kim, Senior Finance Analyst and Budget Officer

DannyK@portolympia.com, 360-528-8021

**Subject:** Q3 2023 Financial Report

**Purpose:** 

☑ Information Only □ Decision Needed

#### **Background/Overview:**

Staff will present to the Commission and the public the 2023 Third Quarter Financial Report. The detailed financial report for third quarter will be available on the Port's website.

#### **Documents Attached:**

PowerPoint Presentation

#### **Summary and Financial Impact:**

Port income (loss) from Operations is (\$413,254) for the third quarter.



## 2023 3<sup>rd</sup> Quarter Financial Report

Danny Kim Senior Finance Analyst and Budget Officer Dec. 11, 2023

1



## **Today's Presentation**

Advisory only, no action

- Operations
- Non-Operating
- Net Position
- Financial Metrics

