

AGENDA

Port of Kennewick
Regular Commission Business Meeting
Port of Kennewick Commission Chambers
350 Clover Island Drive, Suite 200, Kennewick, Washington

Tuesday, May 22, 2018
2:00 p.m.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

IV. PUBLIC COMMENT *(Please state your name and address for the public record)*

V. CONSENT AGENDA - A

- A. Approval of Direct Deposit and ePayments Dated May 2, 2018
- B. Approval of Warrant Register Dated May 4, 2018
- C. Approval of Warrant Register Dated May 8, 2018
- D. Approval of Direct Deposit and ePayments Dated May 16, 2018
- E. Approval of Warrant Register Dated May 22, 2018
- F. Approval of Special Commission Business Meeting Minutes April 19, 2018
- G. Approval of Regular Commission Business Meeting Minutes April 24, 2018

VI. CONSENT AGENDA – B

- A. Approval of Warrant Register for PS Media Dated May 22, 2018

VII. PRESENTATION

- A. Columbia Gardens Latino Heritage Murals, Andrew Reid (TANA)

VIII. NEW BUSINESS

- A. Amendment to Ground Lease for DDM Investments LLC (Cedars); Resolution 2018-09 (AMBER)

IX. OLD BUSINESS

- A. Five Year Lease Renewal with Bruker AXS Handheld; Resolution 2018-10 (AMBER)

X. REPORTS, COMMENTS AND DISCUSSION ITEMS

- A. Vista Field Update
 - 1. Vista Field Policy Matters (TIM)
 - 2. Financing Strategy (TIM /NICK)
- B. Clover Island
 - 1. Master Plan Update (TIM)
- C. Congress of New Urbanism Report (COMMISSIONER MOAK)
- D. WPPA Award and Conference Report (TIM/COMMISSIONER NOVAKOVICH)
- E. Real Property Auction Plan (TIM)
- F. Commissioner Meetings (formal and informal meetings with groups or individuals)
- G. Non-Scheduled Items

XI. PUBLIC COMMENT *(Please state your name and address for the public record)*

XII. ADJOURNMENT

PLEASE SILENCE CELL PHONES



PORT OF KENNEWICK SPECIAL COMMISSION MEETING

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APRIL 19, 2018 MINUTES

CALL TO ORDER

Commission President Thomas Commissioner Moak called the Special Commission Meeting to order at 6:00 p.m. in the Tri-Cities Business and Visitor Center, Bechtel Board Room, located at 7130 West Grandridge Blvd., Kennewick, Washington 99336.

The following were present:

Board Members: Thomas Moak, President
Don Barnes, Vice-President
Skip Novakovich, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Financial Officer/Auditor
Larry Peterson, Director of Planning and Development
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel
Kandy Yates, Marina Manager

PLEDGE OF ALLEGIANCE

Commissioner Moak led the Pledge of Allegiance.

Commissioner Moak thanked the City of Kennewick City Council and staff for their continued partnership, support, and assistance with the Vista Field Master Plan and redevelopment efforts. Commissioner Moak expressed his gratitude for the Port's architecture firm, DPZ Partners, who have been part of the Vista Field vision since 2012. Commissioner Moak outlined the meeting expectations and stated the public will have an opportunity to ask questions and provide feedback.

Mr. Arntzen, Chief Executive Officer of the Port of Kennewick, thanked the community for attending the Special Meeting and stated Mr. Peterson, Director of Planning and Development will be presenting conceptual sketches of Vista Field, which encompasses the vision of the community over the past four years. Furthermore, Nick Kooiker, Chief Financial Officer will discuss the potential finance plan for Vista Field Phase 1A. Mr. Arntzen will review the prospective time line for construction; however there are several factors still in play which will determine the final construction plan. Lastly, Mr. Arntzen will discuss the Port and the private sector investment.

VISTA FIELD PHASE ONE DESIGNS/PLANNED INFRASTRUCTURE

Mr. Peterson, Director of Planning and Development, presented the conceptual sketches (*Exhibit 1*) of Vista Field which convey the ideas and concepts involved. Mr. Peterson emphasized that the buildings

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will not look exactly like the sketches but these are conceptual the development is significantly different than what is currently available in our community.

Commissioner Moak opened the meeting for public comment at 6:23 p.m. and invited the public to view the conceptual sketches.

PUBLIC COMMENT

Christine Weitz, River Reality, 3801 South Zintel Way, Kennewick. Ms. Weitz stated during the 2014 Charrette, Andres Duany spoke about “pink tape,” instead of “red tape”, which allows for a general building code, as long as it is defined. Ms. Weitz stated the permit process will take time and inquired if builders will be able to obtain a permit and begin construction at a quicker pace.

Mr. Arntzen stated Port and City of Kennewick staff met on a regular basis to discuss every detail of Vista Field, including zoning requirements. The City’s willingness to revise zoning and address special elements for Vista Field allowed the Port to create the community’s vision.

Mr. Peterson stated the concept behind the pink zone is to reduce the red tape and increasing the predictability for the development community is important. The following items have been addressed to reduce the amount of variables for construction:

- The City created the Urban Mixed Use (UMU) zoning district (applies at Vista Field and Kennewick Waterfront);
- A ten-year transportation mitigation plan, which allows for the Port and City to resolve traffic issues on certain streets
- The Port and City addressed fire flow and emergency access safety issues.

Mr. Peterson thanked City staff for all of their time and effort in the two year process, to outline the specific requirements for Vista Field. The documents will assist the development community; however, the Port moved far past the red tape, but not quite a true pink zone.

Dennis Arter, 4004 South Irby Street, Kennewick. Mr. Arter inquired if there will be paths for bicycling, jogging and walking.

Mr. Peterson stated the complete street concept includes vehicle lanes, bicycle lanes and areas for pedestrians. Vista Field will be a slow moving development with travel lane speeds of 20 MPH or less.

Kathleen Conaway, 2540 Prestwick Drive, Richland. Ms. Conaway inquired if the residential area will have a home owners association and if the homes will have any division and/or privacy.

Commissioner Moak indicated there will be a home owners association for the residential area.

Mr. Peterson stated the maximum lot size for a single family home is 5,000 square feet and the proximity of the residential houses will be very close together.

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Davin Diaz, 5143 Owl Court, West Richland. Mr. Diaz thanked the Port for their vision and for pushing the boundaries of the defined residential and commercial space in the Tri-Cities. Mr. Diaz believes the Port should be applauded their leadership and their determination to bring the community's plan to fruition. Mr. Diaz inquired about the Port's intended time line for development and if there are plans for public art and visual arts.

Commissioner Moak stated the Commission implemented an Arts Policy which defines the Port's intent to fund public art with a percentage of land sales.

Mr. Arntzen stated the time frame of Vista Field is challenging because the Port needs to finalize the construction documents and then submit the documents to the City for review and comment. Mr. Arntzen stated if there aren't any major issues or concerns with the construction documents, the Port would likely bid the infrastructure and landscaping of Phase 1A fall of 2018, with construction completed in July 2019. Mr. Arntzen appreciates that the community embraces the arts and stated if the Port is able to obtain some good bids, and if there is extra funds remaining, the Port could potentially install an art object at the entrance of the development.

Sean Saget, 5826 West Metaline Avenue, Kennewick. Mr. Saget stated during the Charrette, a community center was discussed and Mr. Saget inquired if a community center was planned for Vista Field. Additionally, Mr. Saget inquired if there will be provisions for bicycle parking and electric vehicle (EV) charging stations.

Commissioner Moak does not recall a community center specifically programmed for the development, outside of the Vista Arts Center and stated at this time, a community center is not planned.

Mr. Peterson stated in the land use matrix, in the overall build out, approximately 30,000 square feet will be considered community space, which includes churches. A space has not been specifically identified as a community center.

Mr. Peterson stated the Port will include EV charging stations and bicycle parking throughout the development in strategic locations.

Mr. Saget prefers modern architecture and appreciates the vision of the Vista Arts Center but believes stucco is overused in the Tri-Cities. Mr. Saget inquired if the principals of New Urbanism will be applied in future aspects in City planning in the Tri-Cities.

Mr. Peterson believes the City's UMU zoning and the idea of New Urbanism will begin to grow throughout Kennewick and stated it makes economic sense.

Commissioner Moak appreciates Mr. Saget's comments and stated the sketches are conceptual. The Port's intent is to create different types of styles that meet the criteria and the atmosphere and New Urbanism can be a mix of traditional and modern.

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Jose Chavallo, 5927 West Quinault, Kennewick. Mr. Chavallo stated if the residential lots are 5,000 square feet, will the Port have a stipulation which will deter buyers from purchasing four to five lots to build one home.

Mr. Peterson stated the zoning ordinance stipulates that a building permit will not be issued for a single family dwelling on a lot over 5,000 square feet. The Port may sell 10,000 square feet but the permit would allow for a multi-family dwelling or commercial property.

Vic Epperly, 8930 West Canyon Place, Kennewick. Mr. Epperly inquired who would be maintaining the private streets and the long water stream.

Mr. Peterson stated Washington legislature recently adopted the Common Ownership Interest Act, which bundles state-wide condo regulations and the home owners association (HOA) to address mixed-use zoning. The private alleys and residential woonerf's, landscaping and maintenance will be maintained by an HOA organization. Mr. Peterson stated the water stream will be maintained by the residents and businesses as well.

Ginger Wireman, 2435 Michael Avenue, Richland. Ms. Wireman stated in the concept of a woonerf, the alleys replace the driveway and a homeowner would be responsible for maintaining their driveway. Ms. Wireman encouraged the attendees to read *Happy City* and *Suburban Nation*, which speak to how these types of neighborhoods function.

Ryan Bailey, 3213 Luna Drive, Pasco. Mr. Bailey stated many Tri-Citians travel to Seattle or Portland for excitement and inquired if the development would be like a city that never sleeps, open to everyone for entertainment or community events, or is it primarily for the residents that live in the development.

Commissioner Moak believes there will be something for everyone, but initially it may not be open 24 hours a day.

Mr. Peterson stated the concept behind New Urbanism is that stores and restaurants do not close at 5:00 p.m. and the neighborhood goes dark. The Port is investing in the infrastructure and will lean on the private development to extend business hours to create the vibrancy of a downtown. Mr. Peterson stated the public spaces and water stream would be open 24 hours.

Commissioner Moak stated Vista Field is part of the vibrant center of the Tri-Cities and is part of the Toyota Center, the Convention Center and the main retail and restaurant hub of the Tri-Cities. The location of Vista Field, in proximity to the existing hospitality/retail amenities will drive the vibrancy of the development.

Mr. Arntzen stated Mr. Duany indicated that Vista Field will be built for the younger generation and stressed the importance of speaking to young kids about what they want to see in the Tri-Cities. It is important to build Vista Field with vibrancy and create that cool atmosphere, to keep that generation excited about the Tri-Cities so they will want to stay here, instead of moving to Seattle, Portland or Boise.

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Commissioner Barnes stated the concept for Vista Field is live, work, play, it makes better use of the resources and space, and creates the vibrancy because the community will live, works, and play there.

Anna “Dee” Boyle, 1909 West Second Avenue, Kennewick. Ms. Boyle stated the Port is constructing the infrastructure; however, is there a strategy that will be implemented to screen businesses that will create vibrancy in Vista Field.

Commissioner Moak stated the Port diligently created a plan that outlines a specific way of working with developers for Vista Field.

Mr. Arntzen stated the Commission created the Collaborative Design Process, by which the private sector developers and builders have an opportunity to present a concept to the Port staff. Staff will determine whether the concept fits with the overall vision of Vista Field prior to presenting to the Commission.

Ms. Boyle inquired if there was a strategy or board in place for commercial businesses and industries which outline the guidelines for tenants, to ensure that they fit the community.

Mr. Arntzen stated the Commission will be reviewing the proposals to determine if the project fits Vista Field, after they receive input from staff and the DPZ team.

Commissioner Novakovich stated the Commission purposely stayed out of the process so that the community could come up with the vision for Vista Field. The Commission is extremely committed to bring the community’s plan to fruition, which is reflected in the Vista Field Master Plan and Port policies.

Lori Mattson, 8812 West 5th Avenue, Kennewick. Ms. Mattson commended the Port for the thoughtful process to develop Vista Field. A few years ago, Visit Tri-Cities, TRIDEC, and the Tri-City Regional Chamber of Commerce did a regional branding study where the community asked for a town center, walkability, a performing arts center and locally owned businesses. Although Vista Field redevelopment was already in process, Ms. Mattson feels the Port really took the study to heart and created a community vision. Ms. Mattson stated there is a huge opportunity at Vista Field for our community and commended the Port Commission and staff for all of their work.

Vonnie Ashland, 100426 Canyon View Drive, Kennewick. Ms. Ashland inquired if there will be an outdoor pavilion for summer concerts or summer theater and when will the community be offered the opportunity for pre-sale on homes or lots.

Commissioner Moak stated in Phase 1A, the Port will not be constructing an outdoor pavilion.

Mr. Peterson stated in Phase 1A, with the pop-up retail, the three hangars and water feature, there might be an opportunity for a small stage. At full build out, the Charrette documents outlined areas for two pavilions in the public park area. Furthermore, the Port cannot sell a lot or offer to sell a lot on an unrecorded plat; however, once the Port opens bids, staff should be able to narrow down a time frame to sell lots.

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Bobbie Wilson, 920 South 5th, Pasco. Ms. Wilson appreciates what the Port has accomplished since the Charrette and inquired where the quiet area resides in the midst of the mixed-use urban area.

Commissioner Moak stated there is a lot of opportunity for quiet within the open space courtyards.

Mr. Peterson stated the main thoroughfare will encompass the vibrancy and activity, whereas the residential shared streets will be less active.

Commissioner Barnes stated there will be small pocket parks interspersed throughout the development, rather than one large central park in the residential area.

Mr. Peterson stated there are multiple, smaller pocket parks identified throughout the site; near the Quay Extension, the northeaster portion of the site, and small segments of green throughout the residential Woonerfs, public lawns and yards and a community garden.

Brian Malley, 2307 Franz Court, Richland. Mr. Malley inquired how many phases are there for full build out.

Mr. Peterson stated the Vista Field Master Plan and Development Agreement with the City of Kennewick identified eight phases. The Port will begin development with the center phase and work from the center of the development out. The timeline of the project will be based on the speed of development and success of Phase 1.

Ken Hohenberg, Kennewick Chief of Police. Chief Hohenberg relayed a message from City Manager, Marie Mosley, who is out of town. Chief Hohenberg thanked the Port Commission for their diligent work on Vista Field. The Port of Kennewick has a proven track record, which can be seen on Clover Island and along Columbia Drive with the Urban Wine Village. There is a lot of trust between the Port Commission and City Council and the staffs. Chief Hohenberg has had the opportunity to work with Mr. Arntzen and Mr. Peterson, and indicated the City is very excited and supportive of Vista Field. Chief Hohenberg extended this thanks to the Port Commission and staff on Vista Field.

Commissioner Moak stated the appreciation goes both ways. What the Port has accomplished in the last five years is due to the City, Port and community working together. The Port is writing new chapters, and the City is changing codes, and together, we are doing everything different than what has happened over the last sixty years. Vista Field is a lot of different people, at a lot of different levels, working together.

Marla Bosely, 1006 North Nevada Street. Ms. Bosely sees a lot of hardscape and inquired if the long stream brook will be a run-off area or a self-contained and pretty. Furthermore, is the retention pond going to be more like the pond down at the main park or a retention pond that will be hidden?

Mr. Peterson stated the water feature throughout the site is self-contained, continuous water feature that will be chlorinated. When the Vista Arts Center is constructed, there will be a small ribbon of water

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crossing the site and back into the pond. The Pond is not a retention pool and it will not be fenced off, and will be pleasing to the eye.

No further comments were made.

Commissioner Moak introduced Nick Kooiker, Chief Finance Officer, who will be speaking about the financing plan for Vista Field Phase 1.

Mr. Kooiker stated over the past several years the Commission and staff have been discussing a finance plan for Vista Field. The Port has an approved Master Plan and is currently working on completing the biddable construction documents; however, we cannot move forward on the finance plan until the construction documents are complete. Mr. Kooiker stated the community will not pay additional for the construction of Vista Field and anticipates that Phase 1 will cost approximately \$5,000,000-\$7,000,000. The Port's current levy is .33 cents per \$1,000 assessed value and that rate will not increase with the development of Vista Field. The Port will take out a \$5,000,000 private bank loan and will budget the difference in the 2019-2020 budget. For future phases, the Port will use the "pay as you go" approach, where the Port will pay off the \$5,000,000 loan and then grow funds through land sales and leases, then construction can begin on the next phase. This is a sustainable finance plan for the Port where the tax payers are not burdened by new taxes or debt payments.

Mr. Arntzen appreciates Mr. Kooiker reviewing the finances and stated the Port will take out a very conservative loan to finance Phase 1, with the hopes of retiring the debt early. Mr. Arntzen stressed that the Port will take a "pay as you go" approach and there will not be an increase in taxes. The Port is partnering with the City of Kennewick and is looking for other partners to assist with Vista Field.

Commissioner Novakovich stated when he became a Commissioner, he inquired about the tax structure and how the Port pays for projects. Over the past ten years, the Port's levy rate has decreased for home ownership, and the equity in the Port has tripled. That bodes well, because the Port can handle the debt and is going to "pay as we go" and not raise taxes.

Commissioner Barnes expressed his excitement that the Port has reached this point in the Vista Field redevelopment process. April 17, 2013, the Commission met in this room and made the decision to close Vista Field and redevelop the property. Since that decision was made over five years ago, the Commission listened to our community and our consultants and embarked on a very ambitious project. The Port will construct the basic infrastructure and then work with the private sector through a process, where developers and builders will construct the homes and businesses. Commissioner Barnes stated the positive impacts to our community will be immeasurable. As Ms. Mattson stated earlier in the meeting, the study indicated three major deficiencies in the Tri-Cities: lack of an urban center, lack of arts/culture and not enough small locally-based/branded businesses. If Vista Field is done well, it will address the three major deficiencies that were identified in the study. Commissioner Barnes thanked the public for attending and encouragement.

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Commissioner Moak stated the Commission did not want to simply rush to break ground early on in the process, but wanted to take things slowly and get it right to determine the communities' vision. Commissioner Moak stated he may not see the full build out of Vista Field, but it will eventually happen and it will be there for a lot of people who will come after us. The Commission and staff hope to shepherd one of the greatest developments in the history of the Tri-Cities. Commissioner Moak is honored to be a Port Commissioner and honored to work with his colleagues and staff and our community to bring this project to fruition. The Port needs the public to continue to hold us true to the vision, to continue to ask the tough questions and make sure that the Port has the livable, bikeable, walkable community of vibrancy that the public has asked for. This is your project and as Commissioners, we are pleased to shepherd that project. Commissioner Moak expressed his appreciation for those coming out tonight and for the work by staff and Mr. Peterson, who answered all of the tough questions. Commissioner Moak hopes that the Port will break ground later this year and looks forward to everyone attending that event.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 7:42 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary



PORT OF KENNEWICK REGULAR COMMISSION MEETING

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APRIL 24, 2018 MINUTES

CALL TO ORDER

Commission President Thomas Commissioner Moak called the Regular Commission Meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

Board Members: Thomas Moak, President
Don Barnes, Vice-President
Skip Novakovich, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Nick Kooiker, Chief Financial Officer/Auditor
Larry Peterson, Director of Planning and Development
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant
Lucinda Luke, Port Counsel

PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

Mr. Arntzen stated Item VI.B. regarding the Three Year Building Lease with ESD112 will be addressed at a future meeting.

MOTION: Commissioner Novakovich moved to approve the Agenda with removal of Item VI.B., as presented; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated April 17, 2018**
Direct Deposit and E-Payments totaling \$55,180.24
- B. Approval of Warrant Registers Dated April 24, 2018**
Expense Fund Voucher Number 100038 through 100080 for a grand total of \$165,948.08
- C. Approval of Regular Commission Business Meeting Minutes April 10, 2018**

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MOTION: *Commissioner Novakovich moved for approval of Consent Agenda as presented; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

NEW BUSINESS

A. Award of Bid: Columbia Gardens Loop Road Project; Resolution 2018-05

Mr. Peterson stated the Port went out for bid on the Columbia Gardens Loop Roadway, parking lot, utilities, food truck area and plaza on April 1, 2018. The Port received five bids before the 2:00 p.m. April 19, 2018 deadline. Big D's Construction of Tri-Cities, Inc. base bid of \$673,218.60 was the lowest of the five bids received for this project and has been deemed as a responsive bid. Big D's Construction of Tri-Cities, Inc. provided a bid price of \$49,880.00 for alternative #1 for the six foot masonry wall, plus applicable sales tax. Mr. Peterson reported that Hall Engineering and Associates reviewed the Bid and concluded that it is a responsive bid.

Before the Commission is Resolution 2018-05, awarding the base bid to Big D's Construction of Tri-Cities, Inc. to construct Columbia Gardens Loop Road Way Project and alternative #1.

Commissioner Novakovich asked what the engineer's estimate was.

Mr. Peterson stated the engineer's estimate was \$880,000 and indicated that four bids were very close.

Commissioner Moak inquired what is the difference between the Schedule A tax and Schedule B tax.

Mr. Peterson stated there are items in the project which are exempt from sales tax, which include pavement, curbs, gutters, sidewalks, storm systems associated with roadways and illumination. Elements that are taxable include water lines, sewer lines and portions of the project that are not part of the loop roadway. By creating the two tax schedules, the Port saved \$30,000 on the project.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Barnes moved for approval of Resolution 2018-05, authorizing the Port's Chief Executive Officer to execute the contract with Big D's Construction of Tri-Cities, Inc. for construction of the Columbia Gardens Loop Roadway project on Columbia Drive including Alternative 1, for the sum of \$723,098.60, plus applicable tax; and further authorize the CEO to amend the 2017-2018 capital budget to reflect the actual cost of the project; Commissioner Novakovich seconded.*

Discussion:

Commissioner Barnes is impressed by how many competitive bidders responded to the project during this time of year. Commissioner Barnes commended Mr. Peterson and staff for their work on the project and stated over the past several years, the Port has demonstrated a level of dependability and reliability, which speaks highly of staff. Additionally, the bid came in under the engineer's estimate and within budget. The Port received financial support from our partners

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from the Hanford Area Economic Investment Fund Advisory Committee (HAEIFAC Grant) and Benton County (Rural Capital County Funds - RCCF) which covers almost the entire cost of project.

Commissioner Moak appreciates that the project is able to move forward because of the RCCF and HAEIFAC Grant funding, because previously the Port anticipated Phase 2A would not be completed for a few years. To be able to start constructing Phase 2A, the Port is able to entice more wineries or artisans and food trucks to the development to create the atmosphere and economic impact that we had hoped for. Commissioner Moak is very pleased with our partnerships that allow the Port to move forward and support the wineries in Phase 1.

With no further discussion, motion carried unanimously. All in favor 3:0.

B. Three Year Building Lease with ESD112; Resolution 2018-06

This Item was pulled.

C. Oak Street Land Sale to Three Rivers Acquisitions LLC; Resolution 2018-07

Ms. Hanchette stated the Port received an offer from Three Rivers Acquisitions LLC. to purchase approximately 12.33 acres of Port-owned vacant land in the Oak Street Industrial Park. Three Rivers Acquisitions intends to develop the property into an industrial business park, with distribution, warehousing and light manufacturing. Ms. Hanchette stated the asking price was \$400,000 based on a 2017 appraisal, and Three Rivers Acquisitions has offered \$375,000 for the property. Three Rivers Acquisitions based the offer on the challenges of the property and felt the need to make further investments to prepare the property for development. Ms. Hanchette outlined the property's history and terms of the Purchase and Sale Agreement:

- Property has been in the Port's real estate portfolio since 1972 generating little to no revenue;
- The property is located at Oak Street and 7th Avenue with no improvements on the property;
- Property is located in a flood plain and near the City of Kennewick's sewer treatment plant;
- Property has been used over the years as a construction debris stockpile;
- Zoned Light Industrial.

Terms:

- Purchaser takes property in "As Is" condition
- Purchaser requests 12 month feasibility period
- 30 day close after feasibility expiration
- 5% earnest month deposit

Three Rivers Acquisitions LLC. intends to create an industrial business park for warehousing, manufacturing, logistics/delivery and construction-related trades and projects the annual business park sales in excess of \$15,000,000 at full build out with over 60 family wage jobs created. The principal owners have a background in construction, development, and finance.

Commissioner Barnes inquired if Three Rivers Acquisition is working with a Real Estate Broker and if the Port will be paying commission, according to Port policy.

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Ms. Hanchette indicated that Three Rivers Acquisitions LLC is using River Reality as their Broker and as part of the Port's commission structure and policy, the Port will be paying commission to that agency.

Commissioner Moak inquired what will happen if Three Rivers Acquisitions fails to close on the property within a year.

Ms. Hanchette stated if they choose to cancel the transaction during the feasibility period, the company will retain their earnest money and the property will go back on the market.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich moved approval of Resolution 2018-07 authorizing the Port's Chief Executive Officer to execute all necessary documentation associated with the land sale to Three Rivers Acquisitions and to take all other action necessary to close this transaction; Commissioner Barnes seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

OLD BUSINESS

A. Bruker AXS Handheld 60 Day Lease Extension; Resolution 2018-08

Ms. Luke reported that the Port has been negotiating the lease renewal with Bruker AXS Handheld since December 2017. Ms. Luke has been communicating with Bruker's legal counsel, who is back east, which has created some schedule challenges and believes the lease renewal will be completed before the end of the next extension.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Barnes moved approval of Resolution 2018-08 approving a 60-day lease extension with Bruker AXS Handheld to complete lease renewal negotiations, and authorize the CEO to execute an amendment to the Commercial Lease Agreement; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Land Sales Procedure

Mr. Arntzen stated several months ago, Musser Brothers Auctions made a presentation on utilizing auctions for property disposal; however, Commissioner Barnes was absent from that meeting. Mr. Arntzen stated Musser Brothers outlined the general concepts and processes of an auction and how an auction is an alternative to the typical sales process, which is instituted by staff or real estate professionals. Mr. Arntzen indicated that revenue from the land sale could be used for the Vista Field construction fund. As the Commission is aware, Parametrix is currently working on the construction documents for Vista Field Phase 1A and staff is putting together a finance plan that does not rely on the sale of the Southridge property. Mr. Arntzen stated the Port has several acres for sale in the Southridge area and inquired if the Commission had any comments regarding the auction process for Southridge.

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Commissioner Moak believes the existing process is not working and while staff is preparing a finance plan that does not include the sale of Southridge, the funds would assist in Phase 1B construction. Commissioner Moak stated it is critical to sell the Southridge property and if it cannot happen with traditional methods, then he is open to a different method, such as an auction. Musser Brothers presentation was compelling and they have a very good track record. Mr. Moak stated if there is a reason that the Port needs to sell the Southridge property quickly, an auction might be the right course of action.

Commissioner Novakovich asked if the Port can establish a reserve on property.

Mr. Arntzen believes the Port could establish a reserve on the property.

Commissioner Novakovich agrees with Commissioner Moak and stated if the Port needs the funds for projects, then he is in favor of an auction.

Mr. Arntzen stated there is a benchmark for the reserve, but some negotiating could be done, if there is a solid offer. The Port would pay all advertising costs and due to the size of property, the marketing could cost \$30,000 or more. Mr. Arntzen stated there has been activity in the past on property around Southridge, but believes it has slowed down.

Commissioner Moak stated Mr. Musser addressed a robust marketing effort is what makes Musser Brothers successful.

Commissioner Novakovich stated Mr. Musser also markets to prospective buyers who would be interested in the property.

Commissioner Barnes disclosed that he is a licensed broker and is familiar with the auction concept. Commissioner Barnes has reviewed the power point presentation; however, he believes the live presentation probably conveyed additional information. Commissioner Barnes stated one slide addressed date specific price discovery, which means the highest price for the property is discovered on the auction date. Commissioner Barnes stated if the Port is considering entering into an exclusive agreement with the auctioneer, why couldn't the Port consider listing the property with a broker, who would also market the property to specific buyers as well. Commissioner Barnes stated the main difference with a broker and an auctioneer is that the Port does not have to pay a marketing fee for a broker if the property does not sell; however, with an auctioneer, the Port pays regardless of the sale of the property. Additionally, policy states that the Port will not sell property to land speculators and how that would work with the auction process and would the buy-back option still be available. Commissioner Barnes believes a broker would be as motivated as an auctioneer to move the property, because a broker invests the marketing costs up front and is able to list in the Multiple Listing Service (MLS), which the Port cannot do.

Mr. Arntzen stated Commissioner Barnes raised valid concerns and indicated that there is a clause in the Port policy regarding land speculators. Mr. Arntzen has researched the topic and stated there is no state law that prohibits the Port from selling land to a speculator. The Port can stipulate in the terms of the auction agreement that anyone who participates in the auction must have a land

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development plan or the Commission can waive the requirement for this particular property. Mr. Arntzen asked Ms. Hanchette to share the marketing details with the Commission.

Ms. Hanchette reported that the Southridge property is marketed on the Port website, and advertised in the Tri-Cities and Spokane *Journal of Business* publications, as well as direct mailings, and inserts in numerous publications. Ms. Hanchette has shared a broker's package with a number of local brokers, which outlines the Port's commission package. The Southridge property is listed on loopnet.com and is a premier listing; however, in order to put the listing on MLS, the property would need to be listed with a brokerage.

Commissioner Moak stated the Port has marketed the property to the brokerage community and has not seen any significant results. Commissioner Moak believes the Port needs to advance the activity on the property and is not sure if the Port were to hire a broker, the property would move quickly. Musser Brothers has been successful in their processes and received significantly higher prices than the normal process; however, Commissioner Moak understands some properties do not meet expectations. Commissioner Moak stated there is a lot of property available in the Southridge area and inquired if there has been movement on neighboring property.

Ms. Hanchette stated she has not run a comparable recently and believes a lot of properties have been listed over 700 days, which indicates a soft market.

Commissioner Barnes stated it is supply and demand and currently there is a lot of land available in that area and not much of a demand for it. Commissioner Barnes inquired if the Port could have a trial run on one parcel to see what the price discovery is, given all of the undeveloped land available.

Commissioner Novakovich indicated that Musser Brothers offered to come back and answer additional questions for Commissioner Barnes.

Commissioner Moak asked Commissioner Barnes if it would be of value to invite Musser Brothers back to answer questions.

Commissioner Barnes believes that it would be helpful, and inquired if there are other auctioneers in the area and if the Port would require a Request for Proposals (RFP).

Commissioner Moak stated Musser Brothers stated that they are only local property broker and most of the competition is from out of region auctioneers.

Mr. Arntzen will visit with Ms. Luke regarding the process and see if the Port is required to have a formal RFP and report back to the Commission. Mr. Arntzen inquired if the Commission has enough information or if they would prefer to speak to Musser Brothers again.

Commissioner Barnes indicated that he would listen to the Commission Meeting recording and meet with Musser Brothers one on one and ask additional questions.

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Commissioner Moak stated staff can address additional details and report back at a later meeting.

B. Vista Field Update

Mr. Peterson stated staff was directed to continue moving forward with Phase 1A of Vista Field at the Special Commission Meeting held April 19, 2018. Mr. Peterson indicated the civil plans will be delivered to the City of Kennewick Public Works for review by the end of May and the Port hopes to bid Vista Field Phase 1A by early fall of 2018.

Commissioner Moak stated it was a good meeting and was pleased with the level of community support. Commissioner Moak appreciated the answers provided by Mr. Arntzen and Mr. Peterson and their ability to answer very direct community questions. Commissioner Moak stated staff did a great job making people feel welcome and comfortable.

Mr. Arntzen stated the Special Meeting was essentially a planning meeting with directed questions to Mr. Peterson, who did a very good job answering the community's inquiries. Furthermore, the Commission did a great job answering questions regarding policy.

1. Pop Up Retail & Programming

Mr. Arntzen reported that Mr. Peterson will present information on an Owner's Association for Vista Field. The Owner's Association, similar to the Historic Downtown Kennewick Partnership, will address the revenue portion of the development and assess fees, which will fund programming and maintenance. Additionally, the Port will contract with a consultant or firm for the programming of activities and events. Mr. Arntzen stated staff continues working on the construction documents, bidding, and financing plan, and then will address the Owner's Association and programming portion. Mr. Arntzen stated the Owner's Association needs to be in place prior to selling property.

Commissioner Moak believes the people purchasing property will want to see the amenities and activities within Vista Field.

Mr. Arntzen has asked staff to be mindful of interim uses for the undeveloped property at Vista Field during this process.

C. West Richland Review of Directives Proposal (Exhibit 1)

Mr. Arntzen presented a memo regarding the West Richland Review of Directives Proposal (*Exhibit 1*) to the Commission. Mr. Arntzen believes there is a misconception of what the Port has accomplished in West Richland, such as, assisting the City with Futurewise to get property into the Urban Growth Boundary and removing all of the entitlements from the former Raceway property, which was completed last year. Mr. Arntzen stated the Port intends to communicate to the public their intention for the future of the former Raceway. In 2016, the Port Commission approved the Comprehensive Scheme, which included a long term work plan for Port properties, including the former Raceway. Additionally, the Port adopted the former Raceway Master Plan in 2017 and amended the Comprehensive Scheme in 2017 to include the Master Plan. The Port identified a 4-7 year time line for on-site development of the former Raceway. The time line allows for development on Red Mountain AVA and the I82 Interchange to be constructed, prior to the

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Port developing the property. Another factor is money, the Comprehensive Plan and Budget states that funds will be set aside for infrastructure on the property and indicated a partnership with the City, to extend utilities to the property line. However, the City stated that they will not partner with the Port to extend the utilities to the boundary of the property. The City of Kennewick has partnered with the Port in developing Columbia Gardens and invested a substantial amount in Port property and Mr. Arntzen stated it would not be prudent for the Port to fund the extension of the utilities to the Racetrack. Mr. Arntzen asked if the Commission had comments or questions regarding the memo.

Commissioner Barnes stated the Port dedicated a lot of time on public meetings for the Comprehensive Scheme and Master Plan and he is comfortable with the directives outlined in the documents. Commissioner Barnes has not seen a significant change in the community that would necessitate the need to review the documents. Commissioner Barnes encouraged staff to continue moving forward per the Port's guiding documents that are currently in place.

Commissioner Novakovich agrees with Commissioner Barnes and stated that the Port should move forward with the guiding documents. Commissioner Novakovich recently met with Rich Buel, Mayor Pro Tem, to discuss Port activity in West Richland. Commissioner Novakovich believes the Port and City should have a joint meeting to discuss the former Raceway and previous Port investments in West Richland.

Commissioner Moak stated the Port met nearly two years ago to discuss the Comp Scheme and outlined a 4-7 year strategy for West Richland, which is now it is 2-5 years away. In the next biennium budget, the Port will continue to allocate funds for the former Raceway, in order to prepare for potential construction and development for the 2021-2022 Budget, if the Port stays on course. Commissioner Moak stated the Port will need to enter into an Interlocal Agreement with West Richland prior to any development taking place and believes the Port should not move forward with development until the City is willing to extend the utilities to the former Raceway. Commissioner Moak stated there are several factors that need to be in place prior to construction, such as a development and financing plan and the I82 Interchange. Commissioner Moak mulled if the Port should sell the property and utilize the proceeds elsewhere. Commissioner Moak asked what kind of resources the City will bring to the table to move the project forward and is curious what kind of development they want at the former Raceway.

Commissioner Novakovich confirmed that the Port is allocating funds for West Richland.

Mr. Arntzen stated for the 2017-2018 Budget, the Port allocated \$100,000 and staff will propose the same allocation for the 2019-2020 Budget; however, if the City has requests, the Port will pull from that allocation. Additionally, the City and Port would need to determine the potential cost split to extend the utilities to boundary.

Commissioner Moak stated the Commission needs to determine if the Port will commit RCCF funding to West Richland and if so, would the City partner with the Port and match the funding. Commissioner Moak stated the City of Kennewick has invested funds and is working in partnership with the Port on Columbia Gardens, Clover Island and Vista Field. The City of West Richland

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needs to be given the opportunity to enter into a partnership with the Port and match potential funding.

Mr. Arntzen spoke to Brent Gerry, Mayor of West Richland on several occasions about an RCCF partnership and believes that the City does not have an interest in a partnership. Mr. Arntzen stated the Port needs to marshal assets for Columbia Gardens, the US Army Corps of Engineers 1135 Project, and Vista Field. Mr. Arntzen believes his discussion with the Mayor would center on marshaling assets for the Port's current projects and the Port will continue allocating funds for development of the former Raceway, and develop the property when the time is right. Mr. Arntzen stated he would like to focus on Vista Field during its infancy stages without having small issues vie for attention.

Commissioner Moak stated the Commission and staff have reiterated numerous times that the Port will not be developing the former Raceway for several years.

Commissioner Novakovich stated City Council needs to be aware of the Port's direction for West Richland and perhaps Mr. Arntzen should speak with the Mayor regarding a joint meeting.

Mr. Arntzen previously asked Mr. Gerry about a joint meeting and was told it was not appropriate at this time to have a meeting. Mr. Arntzen inquired how to proceed further regarding a joint meeting.

Commissioner Novakovich stated the invite needs to come from the City Council and directed Mr. Arntzen to not pursue a joint meeting.

D. Tri-Cities Hispanic Chamber of Commerce - Outstanding Latino Business of the Year award

Ms. Bader Inglima and Commissioner Novakovich attended the Tri-Cities Hispanic Chamber of Commerce "Night of Achievements" Banquet recently, where a number of businesses were honored. Jeff Escalera of Numerica announced the Outstanding Latino Business of the Year:

Just a little bit about this year's worthy recipient. This year's nominee has continually invested towards evolving our community. Not only has this nominee invested in our community but has created inclusion of our local communities. This past February, this nominee recognized the Confederated Tribes of the Umatilla Indian Reservation as a "2017 Friend of the Port".

For the past two years a special committee was formed for a Latino Heritage Mural to be displayed at the Columbia Gardens Wine and Artisan Village. This organization is funding this project with support from Columbia Center Rotary. The two murals will focus on the Latino Heritage in the Tri-Cities community. We can't wait to attend the unveiling of the Latino Heritage Mural.

This Business has helped the community in many ways and let me say they know how to throw a ribbon cutting.

Please help me congratulate Port of Kennewick, as this year's Business of the Year!

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The Port was the recipient of the Chamber's Outstanding Latino Business of the Year award and Commissioner Novakovich accepted the award on behalf of the Port. The Port received a tremendous outpouring of appreciation for the Port and the Port's involvement with the Latino community. The chamber members expressed their excitement for the ribbon cutting celebration of the Latino mural project which will be held on May 23, 2018 at 2:00 p.m.

E. Cancellation of May 8, 2018 Commission Meeting

Ms. Scott reported that a number of Commission and staff will be traveling on May 8, 2018 to attend conferences. Commissioner Barnes and Commissioner Novakovich and staff will be attending the Washington Public Ports Association on Wednesday, May 9, 2018 in Vancouver, Washington. The conference begins at 8:00 a.m., and cancelling the May 8, 2018 meeting will allow Commissioners and staff time to travel. Furthermore, additional staff will be traveling to other conferences as well.

It is the Consensus of Commission to cancel the May 8, 2018 Regular Commission Meeting.

F. Commissioner Meetings (formal and informal meetings with groups or individuals)

Commissioners reported on their respective committee meetings.

G. Non Scheduled Items

1. Commissioner Moak received several emails from the community regarding Vista Field:

- Have there been any discussions about setting aside some property for a dog park within Vista Field, similar to the one off Keene Road in Richland?
- Will the Port construct an on-site storage facility for boats and/or RV's?
- Will there be an outdoor venue for concerts?

Commissioner Moak stated when Vista Field closed the Commission made a commitment to the community that the Port would memorialize the history of Vista Field. Commissioner Moak would like to define what will be produced and where it will go, within the development.

2. Commissioner Novakovich was recently approached by Karen Miller, asking if the Port would participate in RiverFest 2018.

Commissioner Moak stated RiverFest promotes the benefits of the Columbia River Power System and highlights the four lower Snake River dams. RiverFest will be held on Saturday, September 8, 2018 at the east end of Columbia Park in Kennewick.

Ms. Bader Inglima stated the Port was approached by the Pasco Chamber of Commerce, who was trying to put together a committee to plan and fund RiverFest, the committee would include other local chambers, ports and PUD's. Ms. Bader Inglima spoke with Mr. Arntzen regarding RiverFest and the potential time commitment. Ms. Bader Inglima relayed that staff has been challenged by the Commission to stay the course with current Port projects, and with the limited staff resources, the Port declined to participate.

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Mr. Arntzen stated that Tri-Ports was approached as well and suggested that a small financial contribution from Tri-Ports would suffice. Mr. Arntzen stated Ms. Bader Inglima's response was appropriate and correct, based on the recent history of the Port.

3. Ms. Bader Inglima shared the Columbia Basin College (CBC) Foundation's marketing materials that will assist with fundraising for the Culinary School, which will be located in The Willows. CBC Foundation is fully committed and currently working on the funding feasibility analysis which outlines the fundraising structure. Additionally, CBC devoted space in the *Tri-City Herald Progress Edition* to the Culinary School and the partnership with the Port and the redevelopment of The Willows.
4. Mr. Peterson thanked Commissioner Barnes for his kind words regarding the bid for the Columbia Gardens Loop Road project; however, it was a team effort and every staff member assisted with this project bid.
5. Ms. Hanchette reported that the parking lots on Clover Island will receive a fresh seal coat and stripping over the next several weeks.

Ms. Hanchette stated a field trip to the Columbia Gardens Urban Wine and Artisan facility and wine tasting is planned by the Easter Washington Chapter of the Academy of Certified Hazardous Materials Managers. The field trip will include a lecture by Chris Espinoza of the Kennewick Public Works, tasting visits to the Bartholomew Winery and Monarch Wines. The group will be touring the Wine Effluent Treatment Facility.

Ms. Bader Inglima stated the treatment facility provides an additional opportunity for tours for industry insiders, who want to see how the effluent works. Ms. Bader Inglima reported that Visit Tri-Cities coordinated a meeting with a few travel writers to stop by the Port and discuss the revitalization of the waterfront and Columbia Drive. Following that meeting the writers met with Bart Fawbush and Victor Palencia at Columbia Gardens. Furthermore, on Saturday, April 21, 2018, Visit Tri-Cities organized a group of travel writers' bus tour to visit Columbia Gardens and share the Port's message and visions for Phase 2 and 3 of the development. Ms. Bader Inglima reported that Mr. Palencia held his spring release event last weekend and was pleased with the turn out.

PUBLIC COMMENTS

Thomas Kastner, 8180 West 4th Avenue, Kennewick. Mr. Kastner inquired if the Port has developed specific guidelines for Vista Field, to create the feel and atmosphere that the Port is trying to achieve.

Mr. Arntzen stated the Port and Michael Mehaffy are working on the design standards for Vista Field. Additionally, the Commission approved a Collaborative Design Process, where a builder/developer will meet with staff and Mr. Mehaffy regarding their specific design plan for the development.

No further comments were made.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

APRIL 24, 2018 MINUTES

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ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:14 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Thomas Moak, President

Don Barnes, Vice President

Skip Novakovich, Secretary



AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Operations & Real Estate

MEETING DATE: May 22, 2018

AGENDA ITEM: Resolution 2018-09; Ground Lease Amendment
DDM Investments LLC

I. REFERENCE(S): Resolution 2018-09

II. FISCAL IMPACT: \$2,199,395.02 – rental income from additional options

III. DISCUSSION: Cedars restaurant has been a Clover Island destination since 1974. Dave and Darci Mitcham of DDM Investments LLC purchased the restaurant and assumed a ground lease agreement with the Port of Kennewick effective January 2, 2006. For the benefit of current and future owners, DDM Investments LLC requests two additional ten (10) year options for a potential fifty-five year ground lease.

A key benefit of the lease amendment to the Port of Kennewick is the continuation of vitality on Clover Island that Cedars restaurant has attracted over many years as a dining destination. The additional options provide increased revenue to port operations and projects along with clarification of dock usage and maintenance. The proposed Amendment incorporates the port's current late fee, interest, and NSF policies as standard lease language bringing continuity and cost savings to port administration.

IV. STAFF RECOMMENDATION:

Approve ground lease amendment for two additional ten (10) year options to DDM Investments LLC at the end of current lease terms.

V. ACTION REQUESTED OF COMMISSION:

Motion: I move approval of Resolution 2018-09 approving a ground lease amendment for two additional ten year options added to the end of the port's current ground lease with DDM Investments.

PORT OF KENNEWICK

Resolution No. 2018-09

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN AMENDMENT TO COMMERCIAL LEASE AGREEMENT WITH DDM INVESTMENTS LLC

WHEREAS, the Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, DDM Investments LLC commonly known as Cedars Restaurant has a long-term ground lease effective November 22, 2005 through assignment of lease from original tenant effective after January 2, 2006 on the port's Clover Island property; and

WHEREAS, an Amendment for two additional ten (10) year lease renewal options has been negotiated by port staff and legal counsel; and

WHEREAS, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

WHEREAS, Port staff and legal counsel have reviewed the proposed Lease Amendment and find it is in proper form and it is in the Port's best interest; and

WHEREAS, after consideration of the attached lease amendment, the Port Commission has determined that the lease is proper.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby approves two additional ten (10) year lease renewal options with DDM Investments LLC as presented and authorizes the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 22nd day of May 2018.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By:

THOMAS MOAK, *President*

By:

DON BARNES, *Vice President*

By:

SKIP NOVAKOVICH, *Secretary*

AMENDMENT TO GROUND LEASE

THIS AMENDMENT, entered into this ____ day of _____, 2018, by and between the Port of Kennewick, a Washington municipal corporation (hereinafter referred to as “Port”), and DDM Investments LLC, a Washington limited liability company (hereinafter referred to as “Tenant”),

WITNESSETH

WHEREAS, on November 22, 2005, Port and Tenant’s predecessor in interest entered into a Ground Lease (with Option to Purchase)(the “Ground Lease”) for the lease of Lots 6, 7, 8 and 9, Clover Island Plat, Kennewick, Washington, such plat recorded under Auditor’s File No. 317685, records of Benton County, Washington and as shown on Exhibit A of the Ground Lease (the “Property”). A true and correct copy of the Ground Lease is attached hereto and incorporated by reference herein as Exhibit “1”. On December 30, 2005, effective from and after January 2, 2006, the Ground Lease was assigned from the original Tenant, Cedars Pier One, Inc. to DDM Investments LLC pursuant to an Assignment of Lease. A true and correct copy of the Assignment of Lease is attached hereto and incorporated by reference herein as Exhibit “2”.

AND, WHEREAS, the Port and Tenant wish to set forth their agreement to provide Tenant with additional lease term renewal options, to address dock usage, and to address rent for the additional lease terms.

NOW, THEREFORE, it is agreed by and between the parties, as follows:

1. The following sentences are added before the last sentence of Section I, “Lease”:

The Port and the Tenant may jointly use the dock immediately adjacent to the property. The Port will maintain the dock structure while the Tenant shall maintain dock cleanliness.

2. Section II, Term, “Renewal Options”, of the Ground Lease Agreement is amended to read as follows:

Provided that Tenant is in possession of the premises, and that this Lease is not previously cancelled or terminated by either party as in this Lease provided, by operation of law or otherwise, and further provided that Tenant has faithfully complied with and performed all of the terms of this Lease, and any extension of said term, and is not in default at the time of exercise of this option, then Port and Tenant covenant and agree that Tenant shall have the option to extend the term of this Lease for four (4) successive terms of ten (10) years each, each successive term commencing at the expiration of the prior term of this Lease, upon the same terms, covenants and provisions herein set forth except for rent as hereinafter provided. The option(s) for said renewal term(s) shall be exercised by Tenant giving Port not less than ninety (90) days written notice prior to the expiration of the then applicable Lease term of Tenant’s intention to exercise the renewal option.

3. Section III – RENT of the lease is hereby amended to read in full as follows:

SECTION III
RENT

Base Rent: Tenant shall pay rent monthly in advance as set forth below commencing on the first day of this Lease and continuing monthly thereafter on the first day of each succeeding month as follows: (Rates for years 16 through 55 apply only if renewal term option is validly exercised.)

YEAR 1	\$1,800
YEAR 2	\$2,000
YEAR 3	\$2,200
YEAR 4	\$2,500
YEARS 5 THROUGH 9	\$3,000
YEARS 10 THROUGH 15	\$3,500
YEARS 16 THROUGH 20	\$4,500
YEARS 21 THROUGH 25	\$6,000
YEARS 26 THROUGH 30	\$6,500
YEARS 31 THROUGH 35	\$7,000
YEARS 36 THROUGH 55 (2.5% increase each lease year; e.g., Year 36 rate will be \$7175; Year 37 rate will be \$7354.38, with 2.5% increase added in the same manner each year thereafter.)	

Leasehold Tax: In addition to the rent provided for herein, Tenant shall pay the Leasehold tax as required by the Revised Code of Washington Chapter 82.29A, as the statute may be hereafter amended. The Leasehold tax shall be paid with each installment of rent. The current Leasehold tax rate is 12.84%.

Place of Payment: The rent payment shall be made payable to the Port of Kennewick and shall be paid at the Port offices at 350 Clover Island Drive, Kennewick, Washington 99336, or at such other address as the Port shall direct in writing.

Late Fees: If any sums payable by Tenant to Port under this Lease are not received by the fifteenth (15th) day of the month in which they are due, Tenant shall pay Port an additional amount for the cost of collecting and handling such late payment as a late fee in an amount equal to the greater of (i) Fifty Dollars (\$50.00), or (ii) five percent (5%) of the overdue amount.

Interest: Any rent payment not paid within thirty days of the date upon which the payment is due shall accrue interest on the unpaid rent at the rate of one percent (1%) per month.

Insufficient Funds: If a Tenant check is returned by the bank for any reason, Tenant shall pay a NSF fee of Fifty Dollars (\$50.00) for administrative costs related to collecting and handling

municipal corporation for the uses and purposes therein mentioned, and on oath stated he is authorized to execute the said instrument.

GIVEN under my hand and official seal this _____ day of _____ 2018.

Notary Public in and for the State of Washington

Residing at: _____

My Commission Expires: _____

STATE OF WASHINGTON)
) ss.
County of Benton)

On this day personally appeared before me _____ to me known to be the
_____ of the **DDM Investments, LLC**, the limited liability company that
executed the foregoing instrument, and acknowledged the said instrument to be the free and
voluntary act and deed of said limited liability company for the uses and purposes therein mentioned,
and on oath stated he/she is authorized to execute the said instrument.

GIVEN under my hand and official seal this _____ day of _____ 2018.

Notary Public in and for the State of Washington
Residing at: _____
My Commission Expires: _____



AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Operations & Real Estate

MEETING DATE: May 22, 2018

AGENDA ITEM: Resolution 2018-10; 5-Year Lease with Bruker

I. REFERENCE(S): Resolution 2018-10

II. FISCAL IMPACT: \$769,941.48

III. DISCUSSION: The Port of Kennewick leases approximately 21,000sf of space to Bruker AXS Handheld Inc. in Vista Field Development Facility A at 415 N. Quay Street, Kennewick. Bruker is a long-term port tenant with 38 employees in various professional positions: scientists, engineers, research and development, applications, assembly/production and administration.

With more than 6,000 employees worldwide, Bruker Corporation is a publicly traded global manufacturer of high-end analytical instruments used within the academic & government, pharma/biotech, clinical diagnostic and industrial markets. The Kennewick Bruker office is one of six locations in the United States. Locally, Bruker is conducting research, development, design, assembly, shipping and service for a proprietary line of handheld, mobile and portable spectrometers. Vendors and Bruker employees come to Kennewick from all over the world for product training, often times visiting for a week at a time and contributing to the local economy by staying in area hotels, shopping and dining.

Deviation from standard lease: Bruker has requested removal of Article 23 (attached) from the standard lease language.

IV. STAFF RECOMMENDATION:

Approve a five (5) year lease with Bruker AXS Handheld effective June 1, 2018.

V. ACTION REQUESTED OF COMMISSION:

Motion: I move approval of Resolution 2018-10 approving a 5 year lease with Bruker AXS Handheld.

PORT OF KENNEWICK

Resolution No. 2018-10

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE A COMMERCIAL LEASE AGREEMENT WITH BRUKER AXS HANDHELD INC.

WHEREAS, the Port of Kennewick (Port) is authorized to enter into certain leases upon such terms as the Port Commission deems proper; and

WHEREAS, Bruker AXS Handheld Inc. is a current long-term tenant in the port's Vista Field Development Facility Building A at 415 N. Quay, Kennewick leasing approximately 21,000 square feet of building space; and

WHEREAS, a five (5) year lease with Bruker AXS Handheld Inc. effective June 1, 2018 has been negotiated by port staff and legal counsel; and

WHEREAS, the Port Commission has called a regularly scheduled public meeting with notice of such meeting given as provided by law and such public meeting was held at such time and on said date; and

WHEREAS, Port staff and the Port attorney have reviewed the proposed Lease Agreement and find it is in proper form and it is in the Port's best interest; and

WHEREAS, after consideration of the attached lease agreement, the Port Commission has determined that the lease is proper.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby approves a five (5) year lease with Bruker AXS Handheld Inc. as presented and authorizes the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 22nd day of May 2018.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By:

THOMAS MOAK, *President*

By:

DON BARNES, *Vice President*

By:

SKIP NOVAKOVICH, *Secretary*

DRAFT

COMMERCIAL PROPERTY LEASE AGREEMENT

**BETWEEN
PORT OF KENNEWICK,
LANDLORD**

AND

**Bruker AXS Handheld Inc.,
TENANT**

VISTA FIELD DEVELOPMENT FACILITIES

415 N. Quay Building A, Kennewick

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**PORT OF KENNEWICK LEASE AGREEMENT
(Commercial Property)**

Landlord hereby leases to Tenant and Tenant hereby leases and accepts from Landlord the premises hereinafter described on the terms and conditions set forth in this Lease Agreement, hereinafter called "this Lease".

BASIC LEASE PROVISIONS

The following Basic Lease Provisions are hereby incorporated herewith as part of this Lease:

- A. Lease Date: June 1, 2018.
- B. Landlord: Port of Kennewick,
a Washington municipal corporation
- C. Tenant: Bruker AXS Handheld, Inc.
- D. Premises: The Premises shall mean the real property located at 415 N. Quay Building A, Kennewick, as described on Exhibit "A" and Exhibit "B" attached hereto and incorporated herein by reference, and any improvements located thereon.
- E. Permitted Use: Check all that apply:
☒ Light manufacturing
☐ Wholesale receiving/shipping
☒ Administrative offices
☐ Other: (Describe) _____
- F. Term: Commencing on the Lease Commencement Date and terminating on the Expiration Date.
- G. Lease Commencement Date: June 1, 2018
- H. Expiration Date: May 31, 2023.
- I. Total Square Feet Leased: 21,000 square feet
- J. Base Annual Rent Calculation: \$6.12 psf
- K. Annual Price Adjustment: 3% annual price increase to Base Monthly Rent (not including LET) effective June 1 each year starting 6/1/2019.
- L. Base Monthly Rent (not including LET): Year 1: \$10,710.00
Year 2: \$11,031.30
Year 3: \$11,362.24
Year 4: \$11,703.12
Year 5: \$12,054.20
- M. Leasehold Tax (LET): Current Washington State Leasehold Tax shall be added to Base Rent. Current effective rate is 12.84%.

- N. **Total Monthly Rent** (includes LET): Year 1: \$12,085.16
Year 2: \$12,447.72
Year 3: \$12,821.15
Year 4: \$13,205.80
Year 5: \$13,601.96
- O. Monthly Utilities: See Article 7 of Lease.
- P. Rent Due Date: The Lease Commencement Date and the first day of each month thereafter.
- Q. Financial Security: Check all that apply:
☒ \$24,115.00 ON FILE deposit
☐ Corporate surety bond
☐ Personal Guaranty
☐ Other financial security (Describe) _____
- R. Landlord's Address for Notices and Rent Payments:

Port of Kennewick
350 Clover Island Drive, Suite 200
Kennewick, WA 99336
- S. Tenant's Address for Notices: Bruker AXS Handheld
415 N. Quay Bldg. A
Kennewick, WA 99336
John Landefeld
(509) 783-9850
John.Landefeld@bruker.com
- T. Exhibits: Exhibit "A" Legal Description of Premises
Exhibit "B" Floor Plan

ARTICLE 1 PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord the Premises, which Premises are more particularly described in the Basic Lease provisions above.

ARTICLE 2 USE OF PREMISES

Tenant shall occupy and use the Premises for such uses as described in the Basic Lease provisions above. Tenant may not use the Premises for any other business purpose except as may be authorized in writing by Landlord at Landlord's sole discretion. No smoking shall be allowed within any portion of the Premises and within twenty-five (25) feet of all entryways.

Landlord shall give Tenant and its authorized representatives, the nonexclusive and reasonable right to use the Common Areas in Tenant's ordinary course of business, provided however, that such use is consistent with the purposes of the Common Areas. The term "Common Areas" means areas and facilities outside the Premises that are provided for the general use and convenience of Tenant and of other Tenants and their respective authorized representatives, guests, and invitees. Common Areas include, without limitation, landscaped areas, sidewalks, loading areas, and parking areas. Tenant shall not store any items or objects in Common Areas except as authorized in writing by Landlord.

ARTICLE 3 TERM

The Term hereof shall commence on the Lease Commencement Date defined in the Basic Lease Provisions and shall terminate on the Expiration Date defined in the Basic Lease Provisions, unless earlier terminated.

ARTICLE 4 RENT

On or before the first day of each month of this Lease, Tenant shall pay to Landlord the Total Monthly Rent and all other assessment, charges, and fees as provided in the Basic Lease provisions, this **Article 4** and as otherwise set forth in this Lease, at the Landlord's address set forth in the Basic Lease Provisions.

4.1 Late Fee

If any sums payable by Tenant to Landlord under this Lease are not received by the fifteenth (15th) day of the month in which they are due, Tenant shall pay Landlord an additional amount for the cost of collecting and handling such late payment as a late fee in an amount equal to the greater of (i) Fifty Dollars (\$50.00), or (ii) five percent (5%) of the overdue amount.

4.2 Interest

In addition to any applicable late fees, 12% APR interest (1% per month), shall be applied to the total unpaid balances calculated from the original due date to the date of payment.

4.3 Non-Sufficient Funds (NSF)

If a Tenant check is returned by the bank for any reason, Tenant shall pay a NSF fee of Fifty Dollars (\$50) for administrative costs related to collecting and handling such returned check. The Tenant shall also pay any associated bank fees charged to the Port related to the returned check.

Landlord and Tenant hereby agree that these charges represent a fair and reasonable estimate of what the Landlord might incur by reason of Tenant's late or NSF payment. These fees are due and payable with the current rent payment. Landlord's acceptance of any late charge, interest or NSF fee shall not be deemed an extension of the date rent is due or prevent Landlord from exercising any other rights or remedies under this Lease.

The Landlord reserves the right to revise its policy regarding late payment, interest and NSF check charges without notice to Tenant.

ARTICLE 5 FINANCIAL SECURITY

In compliance with the requirements of the state law, Tenant agrees that it will secure the performance of the rental portion of this Lease by procuring and maintaining, during the term of this Lease, a deposit in the amount set forth in the Basic Lease Provisions, or by providing other financial security satisfactory to Landlord.

Upon any default by Tenant of its obligations under this Lease, Landlord may collect on the deposit to offset the Tenant's liability to Landlord. Collection on the deposit shall not relieve Tenant of liability, shall not limit any of Landlord's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

ARTICLE 6 TAXES & ASSESSMENTS

6.1 Property Taxes

Landlord will pay property tax on Premise's real property and any building or structure that is permanently attached to the real property.

6.2 Personal Property Taxes

Tenant shall pay when due all license fees, public charges, taxes and assessments on the Tenant-owned trade fixtures, furniture, other fixtures, equipment, inventory and all other personal property of or being used by Tenant in the Premises, whether or not owned by Tenant.

6.3 Additional Taxes/Assessments: Leasehold Excise Tax (LET)

Tenant shall also pay: (a) all special taxes and assessments (including irrigation assessments) or license fees now or hereafter levied, assessed or imposed by law or ordinance, by reason of Tenant's use of the Premises; (b) all business and occupation tax and any tax, assessment, levy or charge assessed on the Rent paid under this Lease; (c) the statutory leasehold excise tax imposed in connection with the Rent due hereunder or otherwise due as a consequence of this Lease; and (d) any excise, transaction, sales, privilege, or other tax (other than net income and/or estate taxes) now or in the future imposed by the city, county,

state or any other government or governmental agency upon Landlord and attributable to or measured by the Rent or other charges or prorations payable by Tenant pursuant to this Lease.

ARTICLE 7 UTILITIES

Landlord shall pay all assessments, charges and/or fees for garbage and common area utilities. Landlord shall pay water and sewer assessments if water and sewer is not separately metered to the Premises. Tenant shall be solely responsible for payment of all separately metered electrical, water and sewer assessments charged to the Premises. Tenant shall pay all such charges directly to utility provider when due. Tenant shall be solely responsible for all separately metered electrical and water assessments which may, during the Lease Term, be assessed, levied, charged, confirmed or imposed i) on the Premises or any part thereof, ii) on improvements now or hereafter comprising a part thereof, and iii) on the use or occupancy of the Premises. Tenant shall pay all such assessments, charges and/or fees when due.

Electricity Meters Assigned to Tenant: _____

Water Meters Assigned to Landlord: _____

Irrigation Meters Assigned to Landlord: 39823729

Interruptions: There shall be no abatement of rent and Landlord shall not be liable for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Landlord's reasonable control or in cooperation with governmental request or directions.

ARTICLE 8 INSURANCE

8.1 Insurance

Tenant, at its own expense, shall provide and keep in force all insurance deemed appropriate for the purposes that the Premises are to be used and with companies reasonably acceptable to Landlord, including but not limited to the following:

8.1.1 Commercial General Liability Insurance. Commercial General Liability (CGL) insurance for the benefit of Landlord and Tenant jointly against liability for bodily injury and property damage for a combined single limit of not less than One Million Dollars (\$1,000,000) for any one occurrence for this location, including coverage for contractual liability and personal injury, with a \$2,000,000 aggregate limit;. Landlord reserves the right to require higher liability limits and/or to change insurance requirements at any time during the term of the lease with thirty (30) days' notice to Tenant.

8.1.2 Statutory Workers' Compensation. Statutory Workers' Compensation, including at least \$250,000 Employer's Contingent Liability (Stop Gap) coverage in Tenant's commercial general liability insurance;

8.1.3 Automobile Liability Insurance. Automobile Liability Insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000, including all owned, non-owned and hired vehicles and covering claims for damages because of bodily injury or death of any person or property damage arising out of ownership, maintenance or use of any motor vehicle; and

8.1.4 Property Insurance. Property insurance covering all leasehold improvements to the Premises, furniture, fixtures, equipment, inventory and other personal property located on the Premises (and, at Landlord's election, on all buildings and other improvements now or hereafter existing at the Premises) in an amount of not less than one hundred percent (100%) insurable replacement value minimum co-insurance of 80%, "Special Form—Causes of Loss", with Flood Insurance if Landlord reasonably deems such insurance to be necessary or desirable, and replacement cost coverage to protect against loss of owned or rented equipment and tools brought onto or used at the Property by Tenant.

8.2 Requirements

The foregoing insurance requirements shall be placed with an insurance company or companies admitted to do business in the State of Washington and shall have an A.M. Best's rating of A- or better. Tenant shall furnish Landlord with a copy of the certificate of such policies before the Commencement Date of this Lease and, upon request by Landlord, shall provide proof satisfactory to Landlord that all such policies are in full force and effect. Tenant's liability insurance policies shall list Landlord as an additional insured and Tenant's property insurance policies shall reflect Landlord as a loss-payee as its interests may appear, and all of Tenant's insurance policies shall be primary and non-contributing with any insurance carried by Landlord. Such policies shall not be cancelable or materially altered without forty-five (45) days' prior written notice to Landlord. In addition, the policies shall provide for ten (10) days' written notice to Landlord in the event of cancellation for non-payment of premium. Tenant's failure to deliver the policies or certificates to Landlord as required above shall constitute an event of default pursuant to Article 23 hereof.

8.3 Mutual Waiver of Subrogation

Each party hereby waives, and each party shall cause their respective property insurance policy or policies to include a waiver of such carrier's entire right of recovery (i.e., subrogation) against the other party, and the officers, directors, agents, representatives, employees, successors and assigns of the other party, for all claims which are covered or would be covered by the property insurance required to be carried hereunder or which is actually carried by the waiving party.

8.4 Destruction or Condemnation

8.4.1 Damage and Repair. If the Premises are partially damaged but not rendered untenantable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and this Lease shall not terminate. The Premises shall not be deemed untenantable if less than twenty-five percent (25%) of the Premises are damaged. Landlord shall have no obligation to restore the Premises if insurance proceeds are not available to pay the entire cost of such restoration. If insurance proceeds are available to Landlord but are not sufficient to pay the entire cost of restoring the Premises, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty; provided, however, that if Landlord has not completed its restoration of the Premises or does not anticipate completing its restoration of the Premises within nine (9) months of the date of such casualty, Tenant may elect to terminate this Lease by delivering written notice of such election to Landlord.

If the Premises are entirely destroyed, or partially damaged and rendered untenantable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises to their previous condition. If, within 60 days after receipt by Landlord from Tenant of written notice that Tenant deems the Premises untenantable, Landlord fails to notify Tenant of its election to restore the Premises, or if Landlord is unable to restore the Premises within six (6) months of the date of the casualty event, then Tenant may elect to terminate the Lease.

If Landlord restores the Premises under this Article 8.4.1, Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the untenantable portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, subtenants, agents, servants, employees, guests, invitees or visitors. Provided, Landlord complies with its obligations under this Article, no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises. Landlord will not carry insurance of any kind for the protection of Tenant or any improvements paid for by Tenant or on Tenant's furniture or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord shall not be obligated to repair any damage thereto or replace the same unless the damage is caused by Landlord's negligence or willful misconduct.

8.4.2 If the Premises are made untenantable by eminent domain, or conveyed under a threat of condemnation, this Lease shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. In case of taking of a part of the Premises that does not render the Premises untenantable, then this Lease shall continue in full force and effect and the base monthly rental shall be equitably reduced based on the proportion by which the floor area of any structures is reduced, such reduction in Rent to be effective as of the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses or damages resulting from interruption in its business, provided that in no event shall Tenant's claim reduce Landlord's award.

ARTICLE 9 ACCEPTANCE AND CARE OF PREMISES

Tenant has inspected the Premises and accepts the Premises "AS IS" in its present condition and acknowledges that Landlord is not responsible to provide, and has made no representations or warranties that it will provide, any improvements to the Premises whatsoever, except as set forth in Article 10, Alterations and Improvements, below. Tenant shall, at its sole cost, keep the Premises in as good working order, cleanliness, repair, and condition, as that which existed at the Lease Commencement Date. In the event that Tenant fails to comply with the obligations set forth in this **Article 9**, Landlord may, but shall not be obligated to, perform any such obligation on behalf of, and for the account of Tenant, and Tenant shall reimburse Landlord for all costs and expenses paid or incurred on behalf of Tenant in connection with performing the obligations set forth herein. Tenant expressly waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

ARTICLE 10 ALTERATIONS AND IMPROVEMENTS

Tenant shall not make any alterations, additions, renovations or improvements to the Premises without first obtaining the written consent of Landlord. All alterations, additions, renovations and improvements made shall be at the sole cost and expense of Tenant and shall become a part of the real property and belong to Landlord and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease. Tenant further agrees to indemnify, defend, and hold Landlord harmless

from, and against, any and all damages, injuries, losses, liens, costs or expenses (including attorneys' fees) incurred, claimed or arising out of said work.

ARTICLE 11 ACCIDENTS AND INDEMNIFICATION

Tenant shall indemnify Landlord and hold it harmless from and against, and shall defend with counsel acceptable to Landlord, any and all suits, actions, damages, claims, liability, and expense in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or from the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, invitees, licensees, or concessionaires; provided that Tenant shall not be liable to Landlord to the extent such damages, liability, claims or expenses are caused by or result from the negligence or intentional misconduct of Landlord.

Tenant hereby expressly waives claims against Landlord, and Landlord shall not be responsible or liable at any time, for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining property, unless and only to the extent due to Landlord's gross negligence or intentional misconduct, and in no event shall Landlord be liable for Tenant's consequential damages. Tenant shall use and enjoy the Premises and improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law and except as expressly provided above, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

Solely for the purpose of effectuating the indemnification obligations under this Lease, and not for the benefit of any third parties (including but not limited to employees of Tenant), Tenant specifically and expressly waives any immunity that may be granted it under the Washington State Industrial Insurance Act, Title 51 RCW. Furthermore, the indemnification obligations under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts. Tenant shall cause Contractors and their subcontractors and material suppliers to execute similar waivers of industrial insurance immunity. The parties, by their execution hereof, acknowledge that the foregoing provisions of this **Article 11** have been specifically and mutually negotiated between the parties.

ARTICLE 12 COMPLIANCE WITH LAWS

Tenant shall comply fully at its sole expense with all federal and state laws and local or city ordinances (including all applicable zoning ordinances) now or hereafter in force with respect to the Premises and Tenant's activities therein. Tenant warrants and represents to Landlord that Tenant shall use the Premises only for lawful purposes.

ARTICLE 13 MAINTENANCE

Tenant shall keep the premises in a neat, clean, and sanitary condition at all times. Tenant shall keep all improvements to the Premises in good condition.

13.1 Janitorial

Tenant will provide janitorial service inside the Premises, restrooms and window washing including all supplies, material, labor and equipment. Tenant shall keep the Premises in neat, orderly, and sanitary condition to include the control/prevention of rodents, insects and pests.

13.2 Landscaping and Common Area

Tenant, at its cost, will provide landscaping care and maintenance, sidewalk snow removal and general sweeping of Tenant's portion of building. Landlord, at its cost, will provide parking lot sweeping and parking lot snow removal.

13.3 Other Maintenance and Repairs

Landlord will maintain exterior of building, roof, walls, foundation, lighting electrical, heating and plumbing, in a good state of repair. Tenant shall pay the reasonable cost of repairs of all damage caused by Tenant, its agents, servants, employees, or invitees within ten (10) days of receipt of an invoice stating the repairs performed and the cost thereof. Tenant shall be responsible for all minor plumbing repairs and maintenance including but not limited to plumbing line blockages and minor leaks. Tenant shall be responsible to replace all light bulbs and light fixture ballasts located in Tenant's leased space. Tenant shall be responsible for the maintenance and repair of all overhead and/or sliding doors located in Tenant's Premises. Landlord shall be responsible for testing and maintaining Landlord-owned interior fire systems, smoke detectors, and fire extinguishers.

13.4 HVAC

HVAC and all mechanical systems shall be in satisfactory operating condition and will be maintained by Landlord during the term of the Lease.

ARTICLE 14 LANDLORD'S ACCESS

Landlord shall have the right to inspect the Premises at all reasonable times and enter the same for purposes of cleaning, repairing, inspecting, altering, exhibiting, or improving the Premises, but nothing contained in this Lease shall be construed so as to impose any obligation on Landlord to make any repairs, alterations or improvements not otherwise expressly set forth elsewhere herein.

The Landlord reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses will not unduly interfere with the use of the Premises by Tenant.

ARTICLE 15 SIGNS AND ADVERTISING

Tenant shall not inscribe, post, place, or in any manner display any sign, notice, picture, poster or any advertising matter whatsoever anywhere in or about the Premises, without first obtaining Landlord's written consent thereto.

ARTICLE 16
WASTE AND UNLAWFUL USE

Tenant shall not commit or suffer any waste upon the Premises, or make or suffer any nuisance, undue or unseemly noise, or otherwise, and will not do or permit to be done in or about the Premises anything which is illegal, unlawful, or dangerous, or which will increase Landlord's insurance rates upon the Premises.

ARTICLE 17
SUCCESSORS

All the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, marital communities and assigns. Any assignment or subletting of the Premises or any interest in this Lease shall not relieve Tenant of primary responsibility for the performance of the terms and payment of the sums to be paid by Tenant hereunder.

ARTICLE 18
HAZARDOUS MATERIALS

Tenant shall not dispose of or otherwise allow the release of any hazardous waste or materials in, on, or under the Premises, or any adjacent property. Tenant represents and warrants to Landlord that Tenant's intended use of the Premises does not involve the use, production, or disposal of any hazardous waste or materials. As used herein, "**hazardous waste or materials**" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state, or local statute, regulation, rule or ordinance now or hereafter in effect. In the event Tenant brings or uses hazardous waste or materials on the Premises in violation of this **Article 18**, Tenant shall, at its sole cost, properly dispose of all such hazardous waste or materials. Tenant shall be responsible for complying with all federal, state and local laws and regulations in regard to the handling of and disposing of hazardous waste or materials, and agrees to indemnify, defend, and hold Landlord harmless from and against all losses, costs, and expenses (including but not limited to site cleanup, investigation, and remediation costs and attorneys fees and costs related thereto) arising from a breach by Tenant of its obligations under this **Article 18**.

ARTICLE 19
ASSIGNMENT AND SUBLETTING

Tenant shall not transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises, or any part thereof (any of which, a "**Transfer**") without the prior written consent of Landlord in each instance, which shall not be unreasonably withheld. In no event shall Tenant be released or relieved of any liability hereunder due to any Transfer whether or not consented to by Landlord.

Landlord shall have the right to transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part without the prior written consent of the Tenant.

ARTICLE 20

SURRENDER OF POSSESSION

20.1 Surrender

At the expiration of the tenancy created hereunder, whether by lapse of time or otherwise, Tenant shall surrender the Premises in substantially the as good condition or better as they were at the Lease Commencement Date, and shall remove all of its personal property, furniture, non-permanent fixtures installed by or for Tenant, Tenant's equipment, and all cabling and wiring installed by or for Tenant. Tenant's obligations shall include the repair of any damage occasioned by the installation, maintenance or removal of Tenant's personal property, furniture, non-permanent fixtures installed by or for Tenant, and Tenant's equipment.

20.2 Removal of Property

In the event of any entry in, or taking possession of, the Premises or upon the termination of this Lease, Landlord shall have the right, but not the obligation, to remove from the Premises all personal property remaining on the Premises, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the Tenant thereof, with the right to sell such stored property, as per applicable statutory requirements. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, with the balance, if any, to be paid to Tenant.

20.3 Holding Over

If Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount due on the first of each month of the holdover period, without reduction for partial months during the holdover, equal to 150% of the greater of: (1) the monthly Total Monthly Rent (including Leasehold Tax), and any other charge due, for the monthly period immediately preceding the holdover; or (2) the fair market value for gross monthly rental for the Premises as reasonably determined by Landlord. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant, or to perform improvements for a new tenant, as a result of Tenant's holdover, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from Tenant's holdover. Nothing herein shall be construed as Landlord's consent to such holding over. During the holdover Tenant shall remain responsible for payment of all utilities, taxes, and other assessments, charges and/or fees due under this Lease.

ARTICLE 21

NOTICES

All notices, requests and demands to be made hereunder shall be in writing at the address set forth in the Basic Lease Provisions, as applicable, by any of the following means: (a) personal service (including service by recognized overnight delivery/courier service, such as UPS or FEDEX); or (b) registered or certified first class mail, return receipt requested. Such addresses may be changed by written notice to the other party given in the same manner provided above. Any notice, request, or demand sent pursuant to

clause (a) of this **Article 21** shall be deemed received upon such personal delivery or service (or the date of refusal, if personal service or delivery is refused), and if sent pursuant to clause (b), shall be deemed received three (3) days following deposit in the mails.

ARTICLE 22

LIENS AND ENCUMBRANCES

Tenant shall keep the Premises free and clear of any liens and encumbrances arising out of the use and occupancy of the Premises by Tenant. Should Tenant fail to discharge any lien of the nature described in this **Article 22** Landlord may, at Landlord's election, pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title and the cost thereof shall be immediately due from Tenant as rent under this Lease.

ARTICLE 23

DEFAULT AND REMEDIES

23.1 Default

The occurrence of any one or more of the following events shall constitute a material breach and default of this Lease (each, an “**Event of Default**”):

- (a) Any failure by Tenant to pay Rent and Leasehold Tax when due, or any other assessment, charge and/or fee when due;
- (b) Any failure by Tenant to obtain and keep in full force and affect the insurance coverage(s) required hereunder to be carried by Tenant;
- (c) Any failure to immediately remedy an emergency condition that poses a significant risk of injury or damage;
- (d) Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease; or
- (e) Tenant bankruptcy.

23.2 Remedies

23.2.1 Re-entry and Termination. Upon and during the continuance of an Event of Default, Landlord, in addition to any other remedies available to Landlord at law or in equity, at Landlord's option, may without further notice or demand of any kind to Tenant or any other person:

- (a) Declare the Lease Term ended and reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim to the Premises; or
- (b) Without declaring this Lease ended, reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect any unpaid Rent, Leasehold Tax, and other charges, which have become payable, or which may thereafter become payable; or

- (c) Even though Landlord may have reentered the Premises, thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

23.2.2 Express Termination Required. If Landlord re-enters the Premises under the provisions of this Article, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any Rent, Leasehold Tax, or other assessments, charges and/or fees thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions of this Lease, by any such re-entry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that Landlord had elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of Washington State and surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.

23.2.3 Damages. If Landlord elects to terminate this Lease pursuant to the provisions of this Article, Landlord may recover from Tenant as damages, the following:

- (a) The worth at the time of award of any unpaid Rent, Leasehold Tax, and other assessments, charges and/or fees which had been earned at the time of such termination; plus
- (b) The worth at the time of award of the amount by which the unpaid Rent, Leasehold Tax, and other charges which would have been earned after termination until the time of award exceeds the amount of such loss Tenant proves could have been reasonably avoided; plus
- (c) The worth at the time of award of the amount by which the unpaid Rent, Leasehold Tax, and other assessments, charges and/or fees due for the balance of the Lease Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided; plus
- (d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to any costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees, (ii) maintaining or preserving the Premises after the occurrence of an Event of Default, (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (iv) leasing commissions, and (v) any other costs necessary or appropriate to relet the Premises; plus
- (e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted by the laws of Washington State.

23.2.4 Definitions. As used in **Paragraphs 23.223.2.3(a)** and **23.223.2.3(b)** above, the "worth at the time of award" is computed by allowing interest at the rate of twelve percent (12%) per annum compounded monthly. As used in **Paragraph 23.223.2.3(c)** above, the "**worth at the time of award**" is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Property at the time of award plus one (1) percentage point.

23.2.5 No Waiver. The waiver by Landlord of any breach of any term, covenant or condition herein contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or any other term, covenant or condition of this Lease. The subsequent acceptance of Rent, Leasehold Tax, and other charges due hereunder shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular amount so accepted regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such amount. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver shall be in writing and signed by Landlord.

23.3 Interest

Any sum accruing to Landlord under the terms and provisions of this Lease which shall not be paid when due shall bear interest at the interest rate provided herein from the date the same becomes due and payable by the terms and provisions of this Lease until paid, unless otherwise specifically provided in this Lease. The interest rate which shall apply shall be the lesser of (i) twelve percent (12%) per annum (1% per month), or (ii) the highest rate allowed by applicable law.

ARTICLE 24 ATTORNEYS' FEES AND COSTS

If the Tenant requests an amendment to this Lease Agreement other than the revisions contained herein, or other revision to the Landlord's standardized terms or forms, Tenant agrees that it shall pay the Landlord for all costs and legal fees incurred by the Landlord as the result of request.

If either party hereto shall file any action or bring any proceeding against the other party arising out of this Lease or for the declaration of any rights hereunder, the prevailing party therein shall be entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party as determined by the court. If either party ("**secondary party**") without its fault is made a party to litigation instituted by or against the other party (the "**primary party**"), the primary party shall pay to the secondary party all costs and expenses, including reasonable attorneys' fees, incurred by the secondary party in connection therewith.

ARTICLE 25 MISCELLANEOUS

25.1 Miscellaneous Provisions

The following miscellaneous provisions shall apply to this Lease:

25.1.1 Time is of the essence hereof.

25.1.2 If any portion of this Lease shall be deemed void, illegal or unenforceable, the balance of this Lease shall not be affected thereby.

25.1.3 This Lease shall be interpreted according to the laws of the State of Washington. The parties agree that the Superior Court of the State of Washington for Benton County shall have sole jurisdiction over any question, claim, loss or injury arising hereunder.

25.1.4 Tenant acknowledges that, except as expressly set forth in this Lease, that neither Landlord nor any other person has made any representation or warranty with respect to the Premises.

25.1.5 This Lease shall be binding upon the heirs, executors, administrators, successors, and assigns of both parties hereto, except as otherwise provided for herein;

25.1.6 Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of its business or otherwise.

25.1.7 The paragraph and section headings hereof are for convenience only and shall not be used to expand or interpret the meaning of any part of this Lease.

25.1.8 Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.

25.1.9 Landlord will not utilize Washington State Department of Corrections ("DOC") work crew labor within fifty feet (50') of the Premises except for special projects previously approved by Tenant, which such approval shall not be unreasonably withheld, or in an emergency situation such as heavy snow accumulation on the Premises roof or similar emergency, in which case the Landlord will provide prior notification to Tenant before emergency work commences.

25.1.10 This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. This Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Lease and all preliminary negotiations, inducements, representations, and agreements of whatsoever kind or nature are merged herein, and there are not oral agreements or implied covenants. Both parties represent they have had the opportunity to seek legal counsel prior to signing this Lease. All Exhibits, Riders, or Addenda mentioned in this Lease are incorporated herein by reference. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any section.

Tenant and Landlord hereby represent and warrant that they have not employed any broker with regard to this Lease and that they have no knowledge of any broker being instrumental in bringing about this Lease transaction. Each party shall indemnify the other against any expense as a result of any claim for brokerage or other commissions made by any broker, finder, or agent, whether or not meritorious, employed by them or claiming by, through or under them. Tenant acknowledges that Landlord shall not be liable for any representations of Landlord's leasing agent or other agents of Landlord regarding this Lease transaction except for the representations and covenants of Landlord expressly set forth in this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

PORT OF KENNEWICK

By: _____
Tim Arntzen, Chief Executive Officer

Reviewed:

By: _____
Nick Kooiker, Port CFO

BRUKER AXS HANDHELD INC

By: _____
John Landefeld, Managing Director

Approved as to form:

By: _____
Lucinda Luke, Port Legal Counsel

STATE OF WASHINGTON

COUNTY OF BENTON _____

ss.

I certify that I know or have satisfactory evidence that John Landefeld is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Managing Director of Bruker AXS Handheld Inc., a Delaware corporation, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 201__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

STATE OF WASHINGTON

COUNTY OF BENTON _____

ss.

I certify that I know or have satisfactory evidence that Tim Arntzen is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Chief Executive Officer of Port of Kennewick, a municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 201__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

EXHIBIT "A"

PTN: 1-3299-400-0004-002

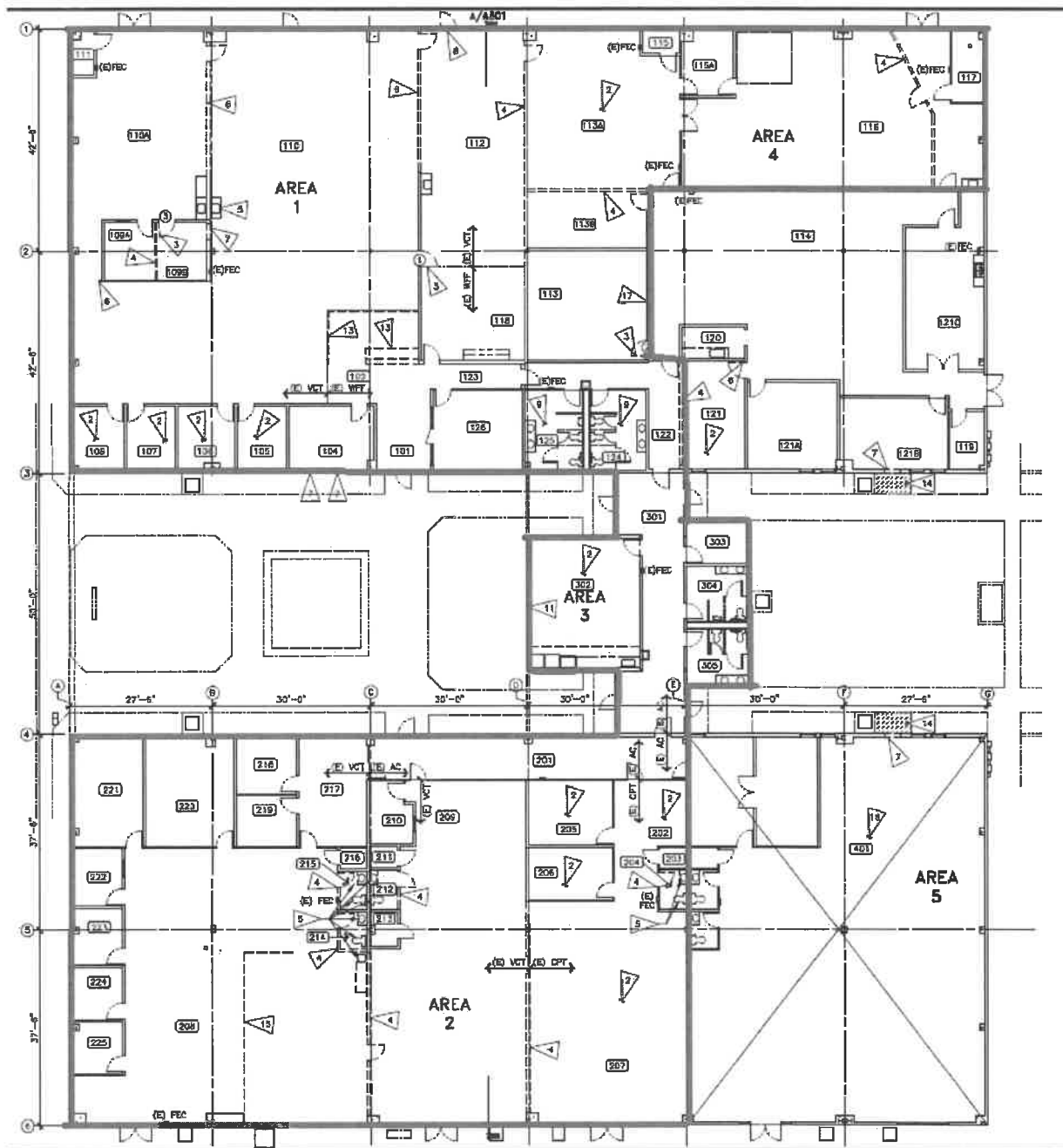
Commonly Known as a Portion of:
415 N. Quay Building A, Kennewick

LEGAL DESCRIPTION:

THAT PORTION OF THE SOUTH HALF OF SECTION 32 DESCRIBED AS FOLLOWS COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 32. THENCE SOUTH 89°08' 33" EAST 356.15 FEET TO THE NORTHWEST CORNER OF SECTION 5, TOWNSHIP 8 NORTH, RANGE 29. THENCE CONTINUING ALONG THE SOUTH LINE OF SECTION 32, SOUTH 89°16' 47" EAST 1044.66 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS NORTH 08° 43' 13" EAST 820 FEET. THENCE NORTHEASTERLY ALONG SAID CURVE 651.70 FEET, TO THE END OF SAID CURVE. THENCE NORTH 45°11' 04" EAST 261.64 FEET. THENCE NORTH 44°48' 56" WEST 40 FEET. THENCE NORTH 45°11' 04" EAST 1052.11 FEET. THENCE SOUTH 44°48' 56" EAST 460 FEET TO THE TRUE POINT OF BEGINNING: THENCE SOUTH 44°48' 56" EAST 365 FEET. THENCE SOUTH 45°11' 04" WEST 416.17 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY OF A CITY STREET, KNOWN AS SOUTH QUAY STREET, SAID POINT BEING ON A CURVE THE RADIUS POINT OF WHICH BEARS SOUTH 32° 36' 30" WEST 50 FEET. THENCE WESTERLY ALONG SAID CURVE AND ALONG SAID RIGHT-OF-WAY 37.18 FEET, TO POINT OF REVERSE CURVATURE OF A CURVE THE RADIUS POINT OF WHICH BEARS NORTH 98°59' 27" WEST 20 FEET. THENCE WESTERLY ALONG SAID CURVE AND ALONG SAID RIGHT-OF-WAY 19.26 FEET. THENCE NORTH 44°48' 56" WEST ALONG SAID RIGHT-OF-WAY 318.42 FEET. THENCE NORTH 45°11' 04" EAST 445 FEET, TO THE SAID TRUE POINT OF BEGINNING (#89-2452 2/24/89) CORRECTION DEED FILED 3/29/89 #89-4201 PROTECTIVE COVENANTS A#92-3453 2/19/92 PERPETUAL SETBACK EASEMENT FOR EMERGENCY PURPOSES AND NON EXCLUSIVE RIGHT OF INGRESS AND EGRESS PER AF#2007-007291, 3/9/2007; TOGETHER OF THE PORTION OF VACATED ROAD RIGHT OF WAY DESCRIBED AS FOLLOWS; BEGINNING AT THE NORTHWEST CORNER OF A 3.71 ACRE LOT AS DEPICTED ON RECORD OF SURVEY 1189; THENCE SOUTH 44° 48' 56" EAST ALONG THE NORTHERLY RIGHT OF WAY LINE OF QUAY STREET FOR A DISTANCE OF 318.42 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 45° 11' 04" WEST FOR A DISTANCE OF 4.00 FEET; THENCE SOUTH 44°48' 56" EAST FOR A DISTANCE OF 104.84 FEET TO A POINT ON A NON TANGENT 50.00 FOOT RADIUS CURVE TO THE LEFT (THE RADIUS POINT OF WHICH BEARS NORTH 63° 26' 52" WEST); THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 126°32' 35" FOR AN ARC DISTANCE OF 110.43 FEET (CHORD BEARING NORTH 36°43' 09" WEST CHORD LENGTH 89.31 FEET), TO THE POINT OF REVERSE CURVATURE ON A 20.00 FOOT CURVE TO THE RIGHT (THE RADIUS POINT OF WHICH BEARS NORTH 09° 59' 29" WEST); THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 55°10' 33" FOR AN ARC DISTANCE OF 19.26 FEET, (CHORD BEARING NORTH 72°24' 13" EAST CHORD LENGTH 18.52 FEET) TO THE TRUE POINT OF BEGINNING. (DESCRIPTION CHANGE PER CITY ORDINANCE #5174 FOR VACATED QUAY ST, AF#2007-010370, 4/04/2007).

EXHIBIT "B"

FLOOR PLAN



Article 23:
LANDLORD'S TERMINATION RIGHT

Notwithstanding anything to the contrary elsewhere in the Lease, in the event that Landlord elects to use the Land and/or Premises for industrial development or other public or port-related purposes, Landlord shall have the right to terminate this Lease by providing sixty (60) days' written notice. If Landlord elects to terminate the Lease early as provided herein, the early termination date chosen by Landlord shall operate as if that date is the Expiration Date set forth in the Basic Lease Provisions. The parties recognize that the foregoing early termination right is important to Landlord and that any delay caused by the failure of Tenant to vacate the Premises pursuant to this **Article 23** when required can cause irreparable harm to the Landlord and future tenants. Therefore, Landlord and Tenant agree that time is of the essence of this **Article 23** and that if any dispute arises between Landlord and Tenant with respect to the provisions of this **Article 23**, any other provisions of this Lease notwithstanding, Tenant will vacate the Premises on or before the early termination date selected by Landlord, and Tenant shall be deemed to have waived any rights in law or equity to possession of the Premises.

In the event of the insolvency or bankruptcy of the Tenant, Landlord may, at Landlord's option, immediately take full possession of the premises to the exclusion of all persons. Exercising such option shall not alleviate Tenant's obligations under this Lease and Landlord shall have the right to seek all remedies set forth in this Lease.

Memorandum

To: Tim Arntzen & Port Commissioners
From: Elizabeth Plater-Zyberk
Date: April 5, 2018
Re: Vista Field Project Meeting, March 21-22, 2018

The following memo summarizes the Vista Field design details discussed with Port staff during a two day work session. DPZ team members including Senen Antonio, Michael Mehaffy, Laurence Qamar and myself meet with Tim Arntzen and Larry Peterson and the project engineer Sam Nielson to refine the details of the upcoming Phase #1A improvements.

Following are items discussed, and decisions made **in bold**. Drawings will be completed by the DPZ team (MWM as point person, LQ working to complete, SA and EPZ to review and/or revise before sending to TA/LP). From there they will be routed to SN to complete construction documents as appropriate. To stay on schedule, construction drawings need to be turned into the city by the first of May, so plan and detail changes/recommendations from DPZ are requested by early April.

Prior to the meeting, TA listed key decisions he would like to make in the meeting:

1. *Pop-Up Retail.* **We decided to include pop-up retail along the watercourse in Phase 1a, at the edge of the future buildings.** We proposed 10-12 users. We discussed a model of curating these users, to be done by a contractor or other entity besides the Port. This needs research by Port staff.
2. *Pedestrian Bridge Details.* **We drew a sketch at the workshop, a more developed version of which is attached herewith.** The structure will re-use the carrier decking, and include benches and railings. The structure may include an optional roof structure. Please refer to the attached drawing/layout for more details.
3. *Drivable Woonerf crossing of the watercourse.* **We drew a sketch at the workshop, a more developed version of which is attached herewith.** This needs to be designed as a cohesive part of the waterway that appears bridge-like, although merely a culvert beneath. A suggested surface treatment was wood cast/board-marked concrete in horizontal bands. Please refer to the attached drawing for more details.
4. *Public Park (PH II).* **All agreed that the pond needs to be centered to the park. All agreed that trees should be added to the park,** if their location and final grade can be determined.
5. *Street Names.* **All agreed that the main NW-SE street should be named Runway (except LP), and the main NE-SW street should be named Crosswind.** (They may be named “boulevard” or “avenue” if the City requires it.) Additional streets can be named for various terms for winds/clouds/air (NW-SE), and airplane/aviation/flight themes (NE-SW). This will help with wayfinding. They should also have a hierarchy, {LP thought} related to orientation with 3-4 crossing being primary; 5-6 on runway/taxi-lane alignment being secondary & 10-12 alleys being tertiary {not

just a suffix hierarchy} i.e. ~~lane, street, drive, avenue etc.~~ The above being said, all agreed that the street naming should be part of a larger branding strategy that also includes the logo, wayfinding and signage standards, public art, etc.

6. Landscaping Details. **All agreed that trees will be added to the extent of the watercourse (but not other landscaping, except in Phase 1A). All agreed that the Phase 1A area will receive extensive landscaping, including ornamental grasses, ground covers, and other materials. There will also be lighting added to this area.** (Note: The current plan calls for using the same street lights in the plaza so we need direction if this is not the case.) **All also agreed on initial details for the retaining walls (radius top) and steps of the water feature, as well as the “natural banks”.** Please refer to the attached drawing for more details.

7. Street/Pathway Details. **All agreed that drivable surfaces (in woonerfs and “Española Way”) will be concrete, scored in a “tortoise shell”/cyclopean stonework pattern and color. Also considered was a bid alternate to replace the integral color with an integral stone aggregate.** The color may be a medium gray, or light brown, for a subtle difference from the normal sidewalk concrete. **All agreed that sidewalks will also be concrete, with a radial/gridded scoring pattern perpendicular to the path shape. One or both surfaces may be sandblasted, especially to expose the stone aggregate.** (This should be tested by the selected contractor prior to proceeding, with a price for adding.) All agreed that other areas will have a specification of decomposed granite, rolled with tackifier, at ¼ minus specification. The selected contractor is to specify this cost and/or an alternate to save cost if available (e.g. locally available basalt), with a sample test section furnished for final selection.

Other items also discussed and/or decided included city street details: We understand these are set except for the pattern of the concrete at the center of the intersections. Coloring of the central concrete (possibly the same as the woonerfs) such that the white pedestrian crossing markings that are applied to blacktop elsewhere on the streets can be applied (and visible) at the intersections was discussed. We suggested introducing geometric patterns for these intersection centers; sample designs will be provided.

8. Woonerf to east. **All decided that the existing woonerf next to the UPS site will be shifted to the northwest, aligning with the “Española Way”.** A second parking area to the south will accommodate some of the PAC parking. Additional residential and/or live-works may line this space at the current entrance to the woonerf. **All decided that there may be small cottages (tiny homes) in this area, and/or in another alternate area to the west.** This will be drawn and finalized promptly, per the routing outlined above. (The POK will need to review with the PAC group.)

9. Additional activities in the area. **All decided that there should be additional offerings of informal events and activities as part of Phase 1A.** These will also need to be “curated” by someone at the Port and/or by other partners of the Port. These will need to be drawn up as part of the process identified above.

10. Logo. We discussed logo ideas and gravitated toward a cloud and/or aviation theme. (No final decision was made; see 5. Street Names above.)

11. *“Curation.”* We discussed the need for a person who can help to identify and recruit various users and programming activities. As part of possible early activation strategies, the following were discussed:

- Opening Vista Field to the public even in the interim/sooner than later, as a park-like setting with dog walking trails, skate parasailing and biking on the runways, picnic areas with a few newly planted trees, etc. Tempelhof was cited as a precedent in this regard.
- Allocating a small budget to create a strong “placemaking” ambience, especially at the grand opening, e.g. inexpensive painting, lighting, signage, and other elements.

12. *Small cottages.* We toured the small cottages and “cottage square” in Ocean Springs, MS, and examined the potential for a similar development at Vista Field. This seems possible and appealing. (No final decision was made.) See photos attached.

13. *Detailing.* We discussed the kind of detailing that is helpful for windows, trim, brackets etc., and the very helpful example of the Faubourg Lafitte Housing by UDA and Michael Willis Architects in New Orleans. See photos attached. We also discussed a more regionally and climatically appropriate variation, e.g. more of a “high desert” character.

14. *Design controls.* We examined other precedent projects regarding their specifications for materials, colors etc., as well as sample “pattern books” of specific design elements. This will be a complement to the guideline and precedent materials already provided, and will help to assure the best possible outcome in the “collaborative design process.” **It was agreed that MM and LQ will assemble some prototype material and a proposed budget for this scope of work (design standards and pattern book) and send to TA and LP for review and/or approval.**

15. *Builder recruitment.* We discussed the timing for approaching builders, and the relative desirability of local versus non-local builders who may be more experienced with New Urbanist type projects. We agreed there is a need for both, and the time may be right to reach out to qualified builders to explore possible deal structures, locations etc.



ABOVE. Tim Arntzen examining the houses at Cottage Square, MS.



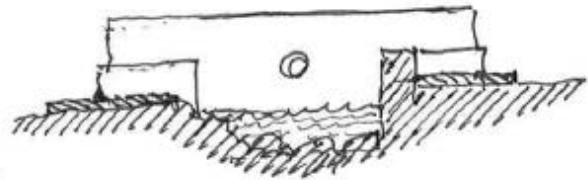
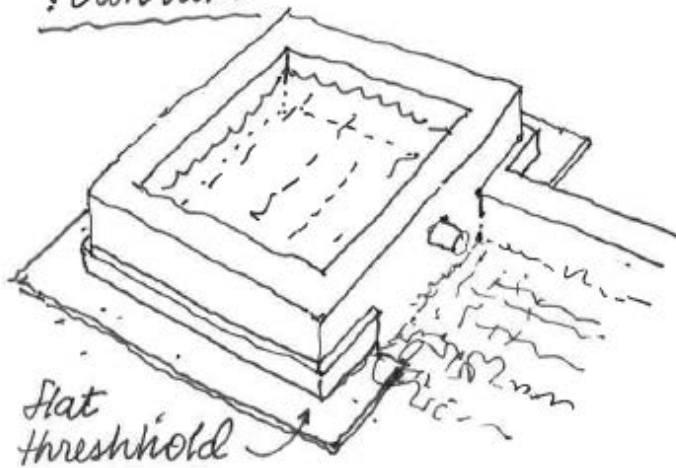
ABOVE: Tim Arntzen examining the good-quality detailing at the Faubourg Lafitte affordable housing project, New Orleans.

ADDITIONAL TOPICS DISCUSSED:

At the start of the meeting, LP and TA reviewed the milestones already achieved in the entitlements process with the City. Those include:

- Negotiated key issues with the City. Successfully approved master plan with the City that is the first time they have agreed to such progressive ideas.
- Master Plan and Development Agreement approved by Port and City. Neither side can change for 10 years. “Monumental achievement ”
- Transportation System Impact Evaluation - TSIE - Key piece.
- Public works specifications of the design have been approved.
- Zoning is in place and can’t be taken away.
- 750K sf of commercial
- City upsizing water lines to allow sprinkling of buildings.
- No maximum density.
- ~1,000 residential units build out
- \$6-6.5M for first phase allocated for horizontal infrastructure by the Port. Not for buildings. Financed from a \$5M loan. City contributions to other Port project allows allocation of \$1M cash additionally. Time working with the County possibly for maybe \$1/2M.
- Vertical Metal objects: trash cans, street lights, bollards, benches will need to be specified but should blend into the built environment (simple with dark colors potentially the same as the light poles).
- Scoring of the sidewalks was slightly changed to a 2-4-6 pattern.
- Raised intersections - described above.

Fountain:

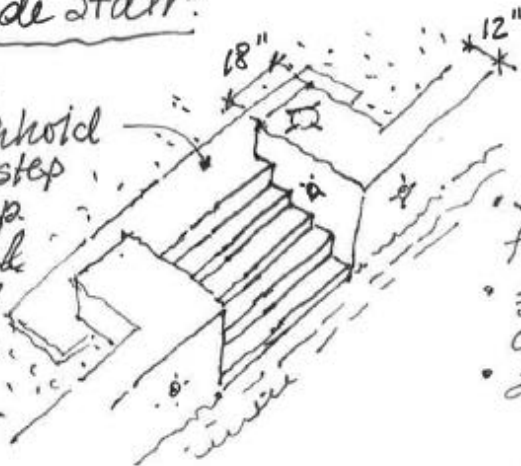


North Elevation:

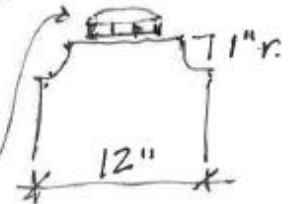
(instead of gap that may be unattractive when water not flowing, pipe centered on closed basin is suggested.)
pipe - terra cotta or theme metal

Wall-side Stair:

flat threshold at top step to keep gravel away from stairs

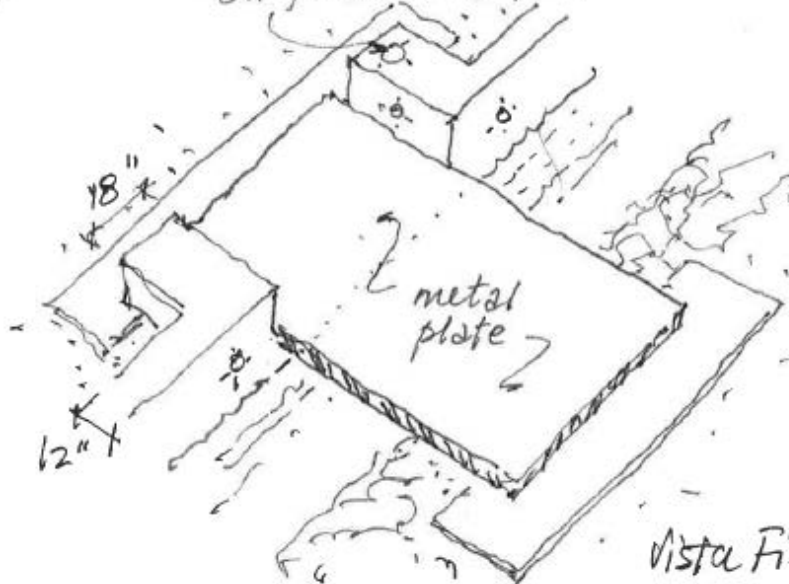


- step lights equi-distant from corners
- flat top wall or with coveled corners
- airfield lamps?



Pedestrian Bridge:

flat threshold both sides - stone or concrete

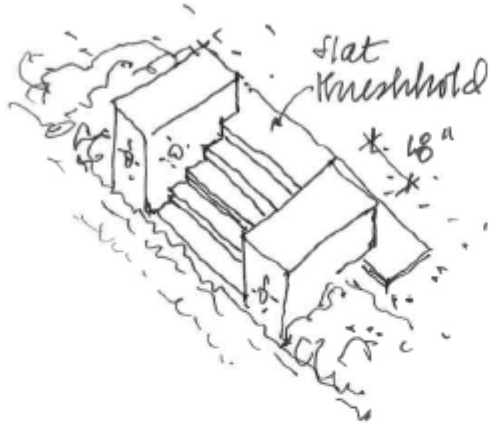


Vista Field

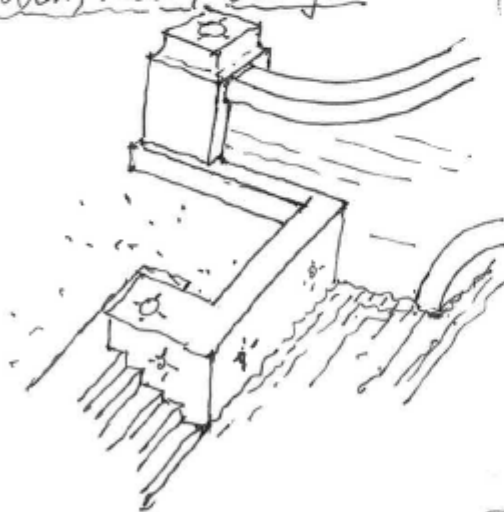
DP2

3.23.18

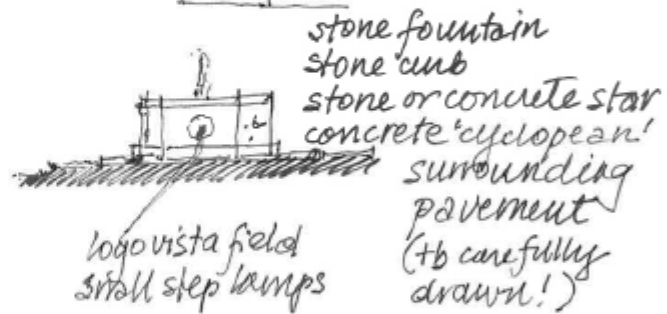
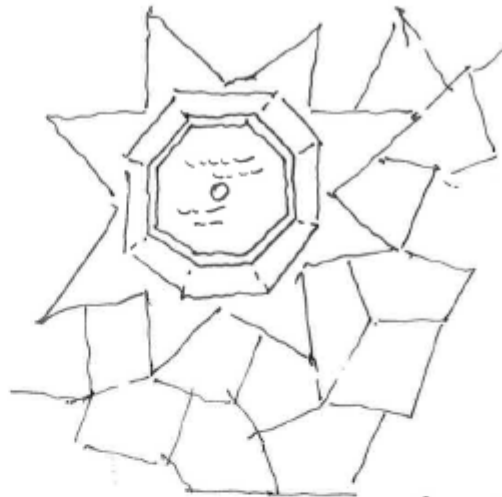
Natural-side Stair:



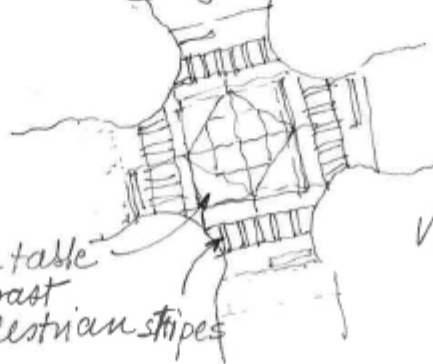
Wall, Post & Bridge:



Espanola Way Fountain:



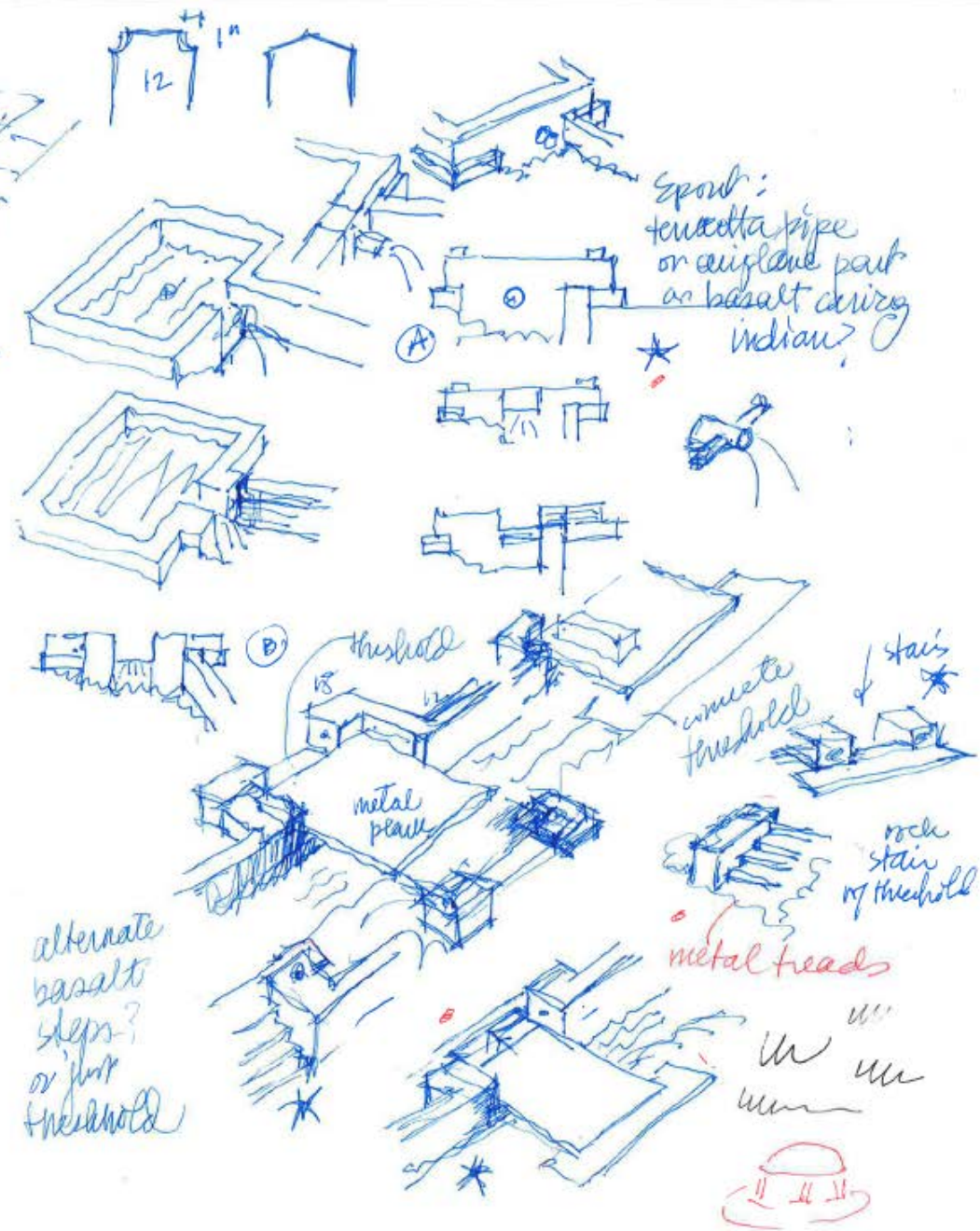
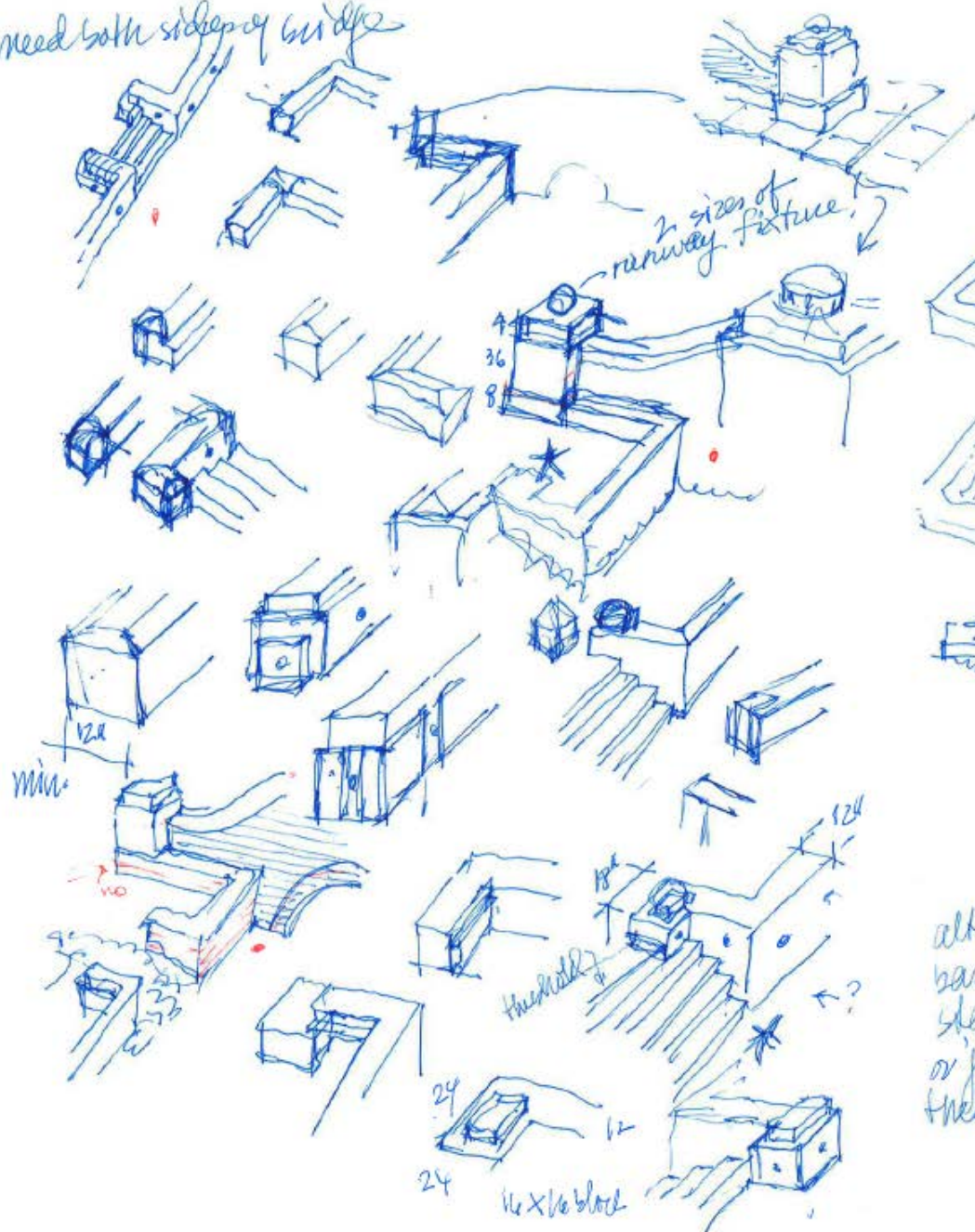
City Street Intersection:

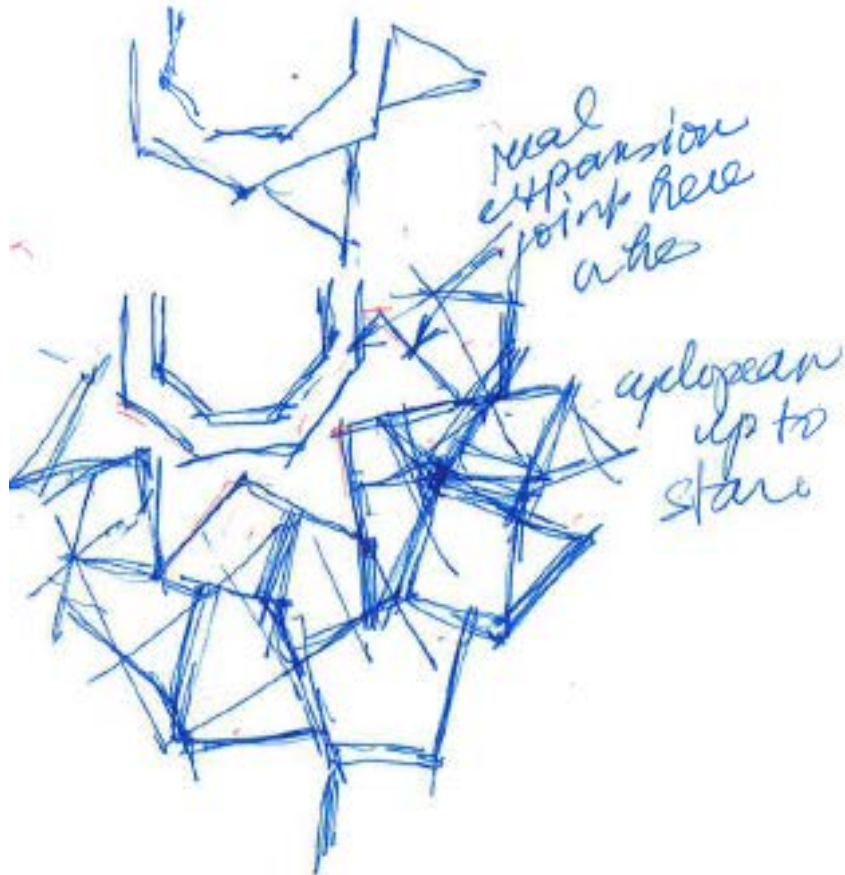
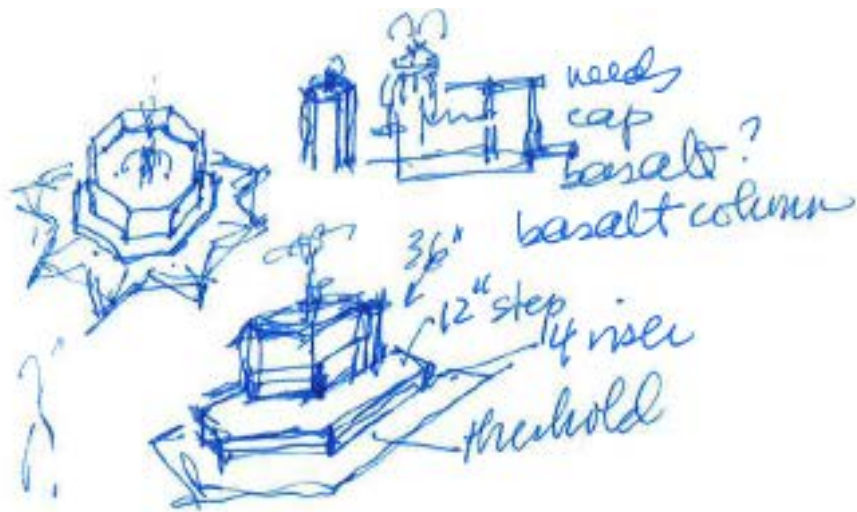


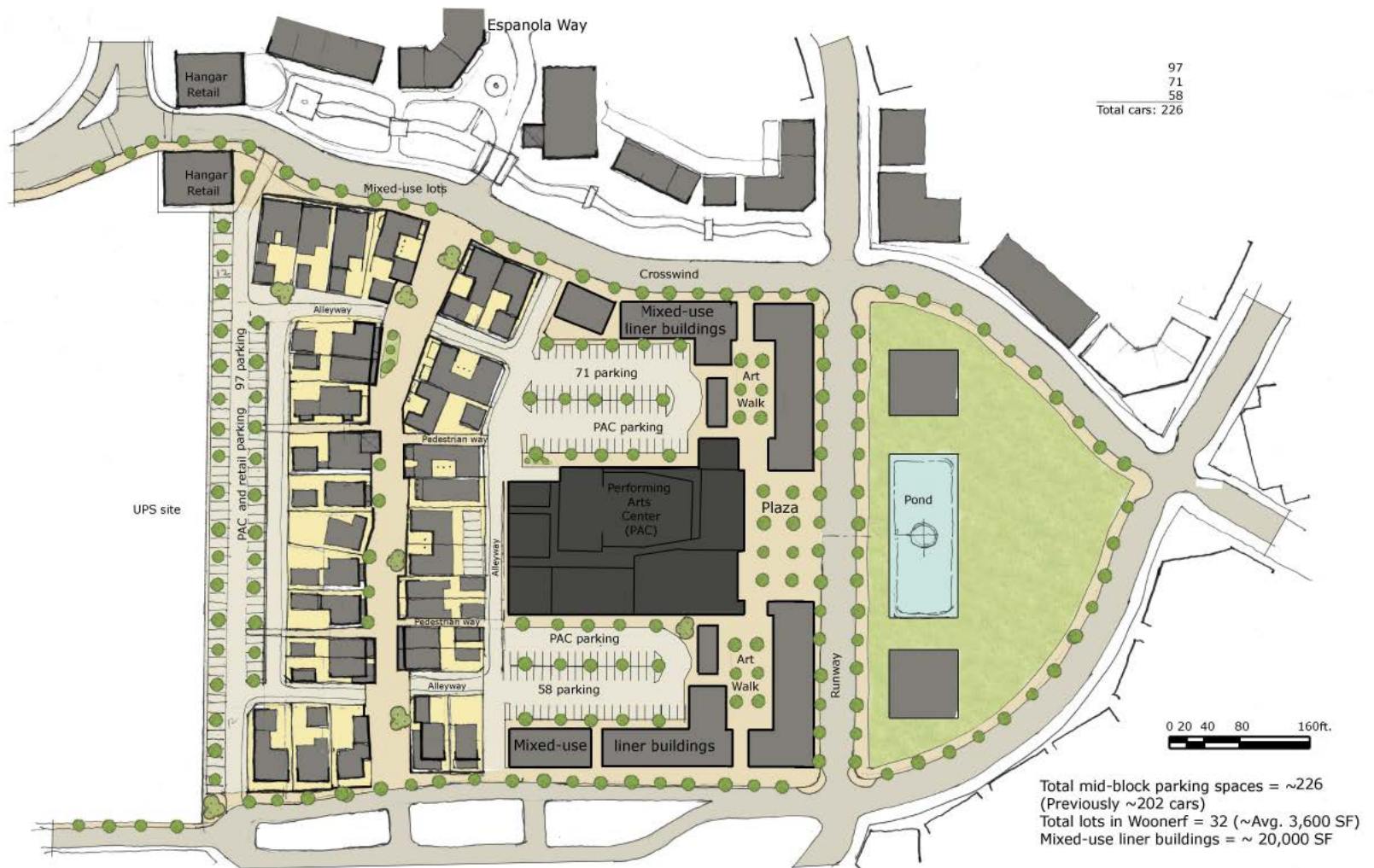
scored concrete table
colored to contrast
with applied pedestrian stripes

Vista Field
DP2
3.23.18

→ need both sides of bridge







Vista Field
Port of Kennewick

Central District Plan Adjustment

March 29, 2018
DPZ Cascadia