

The Governor's proclamation 20-28 regarding the Open Public Meetings Act and Public Records Act temporarily prohibits in-person public attendance at meetings subject to the OPMA.

A GoToMeeting has been arranged to enable the public to listen and make public comments remotely. To participate remotely, please use the following call-in information:

Via GoToMeeting: 1-877-309-2073, Access Code: 216-996-701

AGENDA

***Port of Kennewick
Regular Commission Business Meeting
Port of Kennewick Commission Chambers (via GoToMeeting)
350 Clover Island Drive, Suite 200, Kennewick, Washington***

- I. CALL TO ORDER**
- II. ANNOUNCEMENTS AND ROLL CALL**
- III. PLEDGE OF ALLEGIANCE**
- IV. APPROVAL OF AGENDA**
- V. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- VI. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments Dated February 2, 2021
 - B. Approval of Warrant Register Dated February 9, 2021
 - C. Approval of Regular Commission Meeting Minutes January 26, 2021
- VII. EMERGENCY DELEGATION UPDATE** (TIM)
- VIII. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Vista Field (LARRY/AMBER)
 - B. Kennewick's Historic Waterfront (LARRY)
 - C. Oak Street/Verbena Auction; Resolution 2021-02 (AMBER)
 - D. Citizen Complaint and Investigation Cost Inquiry (TIM/NICK)
 - E. Governance Audit (TIM)
 - F. Commission meetings (formal and informal meetings with groups or individuals)
 - G. Non-Scheduled Items
- IX. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- X. ADJOURNMENT**

PLEASE SILENCE ALL NOISE MAKING DEVICES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

JANUARY 26, 2021 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Commissioner Don Barnes called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Commissioner Don Barnes, President (via telephone)
Skip Novakovich, Vice-President (via telephone)
Thomas Moak, Secretary (via telephone)

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

PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: *Commissioner Novakovich moved to approve the Agenda; Commissioner Moak 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 January 19, 2021**
Direct Deposit and E-Payments totaling \$76,310.34.
- B. Approval of Warrant Register Dated January 26, 2021**
Expense Fund Voucher Number 102635 through 102671 for a grand total of \$174,628.23.
- C. Approval of Regular Commission Meeting Minutes January 12, 2021**

MOTION: *Commissioner Novakovich moved to approve the Consent Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

EMERGENCY DELEGATION UPDATE

Ms. Hanchette reported that she has not received any rent deferral requests from tenants, but she has been working with the tenants on the carbon dioxide monitoring so that they can open their indoor spaces to the public.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Vista Field*

Mr. Peterson reported Phase 1A construction at Vista Field by Total Site Services has been completed and we are finishing up final paperwork to accept the improvements. Additionally, DPZ is working on refining the conceptual drawings and summaries of each design standard from the December 11, 2020 Special Commission Meeting.

Commission and staff discussion ensued regarding acceptance of the project and opening Azure Drive and Crosswind Boulevard to the public.

1. Vista Field Owner's Association

Mr. Arntzen and Mr. Peterson have been working on the next phase of the Owner's Association. The Port continues to contract with Doris Goldstein and Ben Floyd of White Bluffs Consulting on setting up and implementation the Owner's Association. Mr. Arntzen stated this will be a lengthy process that will involve port staff.

Commissioner Barnes stated Vista Field is a huge undertaking for the small organization at the Port of Kennewick and Phase 1A involves a lot of the initial groundwork that is integral to the entire development. Commissioner Barnes thanked staff for their efforts and inquired about forming lots, setting boundaries, and lot legal descriptions.

Mr. Arntzen stated Mr. Peterson will be able to provide Commissioner Barnes with additional detail regarding lots and legal descriptions; however, he wanted to remind the Commission that there have been some challenges with COVID 19 and setbacks with the recent cyber incident, and staff is not able to meet our previous sequencing of events at this time.

Mr. Peterson indicated that the roads need to be dedicated to the City of Kennewick before the Port can move forward on the administrative details and begin the process of setting lots and boundaries.

B. *Kennewick's Historic Waterfront*

Mr. Peterson reported Makers Architecture and Urban Design are compiling information from the December 8, 2020 Commission input for the third public open house. The open house is planned for February 4-16, 2021 and Makers will be utilizing a similar format previously used. Mr. Peterson reported that the document will fold in the City's planned improvements at Washington Street and the general concept of traffic calming for Highway 397 and Columbia Drive.

Ms. Bader Inglima has been working with Makers on the advertising and public outreach for the February 4-16, 2021 open house. Makers will be making a virtual presentation on February 8, 2021 at 3:00 p.m. and this video will be uploaded to www.Kennewickhistoricwaterfront.org.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

C. 1135 Shoreline Deadline Update

Ms. Bader Inglima shared the status of 1135 Shoreline Restoration project and stated there is not a lot of movement to report on the federal funding. The U.S. Army Corps of Engineers (USACE) continues to work on the division questions regarding the final design and need for additional federal funding. Ms. Bader Inglima hopes that the project will go out to bid by June 2021, because the Port utilized an RCO grant through the aquatic funds for \$500,000 for our federal match. The grant has already been extended through June 2021 and if the Port were to go to bid in June, we would be able to show movement and a new construction timeline. In addition to the RCO grant, the Port received \$1,000,000 in Rural Capital County Funding (RCCF) from Benton County and the City of Kennewick. Port staff and Ms. Luke are working diligently to move the project forward.

Commissioner Novakovich recently spoke to Congressman Dan Newhouse and discussed the USACE federal funding and the 1135 project. Congressman Newhouse is aware of the Port project and is very supportive.

D. Oak Street/Verbena Auction

Ms. Hanchette stated at the November 10, 2020 Commission Meeting, it was the consensus of the Commission to surplus three parcels in east Kennewick owned by Port. Ms. Hanchette has been working with Ms. Luke on the legal process and Scott Musser of Musser Brothers Auction on the process. Ms. Hanchette stated the 26 acres are zoned for industrial use and she anticipates the auction will be held this spring.

E. Citizen Complaint Decision and Investigation Cost Inquiry

Mr. Arntzen stated the Commission discussed the Citizen Complaint and Investigation Cost Inquiry at the January 12, 2021 Commission Meeting. Mr. Arntzen has been working with Mr. Kooiker to gather the raw data to provide an accurate and detailed cost analysis regarding the Investigation Cost Inquiry. Due to the recent cyber incident and the impact to the finance department, the Port contracted with an accounting firm to assist with this report/request. Finance has been involved in rebuilding the accounting system. Mr. Arntzen estimated that the report may be completed by the February 9, 2021 Commission Meeting.

Commissioner Barnes expressed his disappointment and believed the request was straight forward. Commissioner Barnes understands there was a cyber incident that disabled our systems; however, the citizen's request was made in December. Commissioner Barnes asked staff to make every effort to have this information available at next the next Commission Meeting.

F. Quarterly Financial Presentation Update

Mr. Kooiker stated the last quarterly financial update was in August 2020, which was followed by the approval of the 2021-2022 Budget in November. Mr. Kooiker anticipates presenting a quarterly financial update at the February 23, 2021 Commission Meeting. Mr. Kooiker stated the finance department is currently working through the year-end processes, which is incredibly time consuming. This is another reason why we have contracted extra bookkeeping help, in addition to what we already have.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

G. Electronic Signature Policy

Ms. Luke stated before the Commission is Resolution 2021-01, which allows the Port to place digital or electronic signatures on many of the official Port documents. Washington State approved the use of digital signatures on June 11, 2020. Ms. Luke stated the fiscal impact is the cost of the Port to purchase the necessary software for the electronic signatures and the cost savings will be significant to the Port in staff time.

Commission and staff discussion commenced regarding the electronic signature policy.

PUBLIC COMMENT

No comments were made.

MOTION: *Commissioner Novakovich moved to approve the Resolution 2021-01 adopting the use of the Electronic Digital Signature Policy; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

H. Governance Audit

Commissioner Barnes requested that this item be placed on the agenda at the January 12, 2021 Commission Meeting. Commissioner Barnes believes many people follow the Port of Kennewick and are aware that the Port received an anonymous citizen complaint filed. As it turned out, Commissioner Novakovich wrote the anonymous citizen complaint against Commissioners Moak and Barnes. Commissioner Barnes stated it was a two-year process that was a distraction. He had hoped to learn the Port's legal cost for the citizen complaint and investigation and subsequent appeal and associated public records request; however, those figures are not available yet and he hopes to receive them at the next Commission Meeting. Commissioner Barnes believes this was not a wise or sound or prudent use of Port resources and Judge Kallas found the citizen complaint was unsubstantiated in its entirety. Commissioner Barnes stated there was no opportunity for the Commission to discuss the issue before moving forward, according to the Commission Rules of Policy and Procedure. Commissioner Barnes believes it would be in the best interest of the Port, the citizens, voters, and taxpayers to review the Rules of Policy and Procedure, review the governing processes and procedures, and review some other aspects or elements. Commissioner Barnes believes this is an opportunity to learn from what has happened over the last two years and take this opportunity to review the Rules of Policy and Procedures and make appropriate and necessary adjustments, so we do not experience something like this again. Commissioner Barnes reiterated that he did not believe this was a sound use of Port resources. Commissioner Barnes has heard comments from the public that were less diplomatic in their opinions about Port expenditures for this. Commissioner Barnes understands this is not an autocracy and the Commission needs to make the decision, but he is asking the Commission to request staff to generate a Request for Qualifications (RFQ) for qualified parties with experience in municipal governance and processes. Commissioner Barnes would like to see an RFQ issued to hire a consultant to review the Rules, processes, and practices and any other areas deemed appropriate. Furthermore, he would like this to happen as soon as possible and that all proposals be brought to the Commission for review and consideration. Additionally, the consultant would report to the Commission. Commissioner Barnes requested that staff prepare an RFQ for the next Commission Meeting for potential consideration by the Commission. If approved by the Commission, he would like to see it issued

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

and interested parties have an appropriate amount of time to respond and for the Commission to move forward.

Commissioner Moak stated we have not received the final cost, but it will be in the hundreds of thousands of dollars and that is just the hard costs, not soft costs including the impact on other projects. When you review Judge Kallas' decision, she totally dismissed the Port's position, how it was reading the Port's Rules of Procedure. We have tried to work on and update the Rules since he was elected in 2013 and it never went anywhere. Commissioner Moak stated there was no discussion and most of the items discussed in Judge Kallas' hearing were things that took place were decisions and policies and procedures that were adopted before he came on the Commission. Commissioner Moak stated there has never been a discussion about the Rules and that the CEO believed in the procedures and Commissioner Moak truly believes the CEO was trying to follow the Rules. However, that was not necessarily shared with the Commission and there was never a discussion on the Rules or procedure, and yet we have a complaint that centered on Rules of Procedure. Commissioner Moak believes this was out of place and handled poorly and mulled if it is because the Rules were wrong, maybe; because people were wrong, maybe; because we have not had something like this, maybe. Commissioner Moak stated, to spend two years and hundreds of thousands of dollars for what would amount to a slap on the wrist like he received, would do nothing. Commissioner Moak would like to do something, because someone should have said "time out"; this is not something that is worth the hundreds of thousands of dollars, because somebody violated a Rule of procedure by making two phone calls or not following Robert's Rules of Order correctly. Commissioner Moak stated the Rules are supposed to be for serious matters, such as fraud or misuse of public trust. This is not the way a government should operate and when we had our first inquiry, there was no personnel assistance for the CEO. The CEO should have been able to go to someone with personnel problems if there were issues with a Commissioner or Commissioners; likewise, the Commissioner should be able to consult with someone if they were having problems with other Commissioners or staff. Commissioner Moak believes we should not have gone to this length for such a minor violation of some Rule. Commissioner Moak believes there is something wrong and it needs to be fixed. Commissioner Moak thinks the world of the Port of Kennewick and the world of our staff, and we have made great strides in so many areas, but there are issues with the governance that deal with the Rules. Commissioner Moak thinks someone needs to review the Rules, from an outside perspective, who is not tied to the staff or the Commission, someone who can help us get better collectively. Commissioner Barnes is on the right track in that we need some outside assistance, and Commissioner Moak is unsure how to go about that, but it needs to be someone the Commission and staff agree on and have confidence in. Commissioner Moak stated this is not one sided, it is not just a Commission issue and he believes this has been tough on staff as well for the past two years. The next time someone stumbles, the Port does not need to spend two years and hundreds of thousands of dollars because someone made a mistake. Commissioner Moak agrees that the Port needs an outside consultant to review the Rules to help make us better in the governance issue, so that we can be as good there as we are in so many areas.

Commissioner Novakovich shared that he was on the Commission when the Rules were developed, and they were developed to hold the Commission to a high standard of honesty, integrity, and public transparency and accountability. The initial investigation, by an independent counsel, found

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

that two Commissioners were guilty in violation of these policies. It is Commissioner Novakovich's opinion that Judge Kallas developed a conclusion and then interpreted the policies in such a manner to justify her conclusion. Commissioner Novakovich believes the process was flawed; however, he agrees with Commissioner Moak in that it never should have gone on as long as it did. Commissioner Novakovich stated had an appeal not been filed it would not have gone on this long. Commissioner Novakovich thinks having a review of the Rules of Policy and Procedures is important but questioned if it is the right time. Commissioner Novakovich stated Commissioner Barnes commented on not receiving information he wanted, and now he wants to put something on staff to do even more. Commissioner Novakovich agrees that policies and procedures need to be reviewed but asked if the right time is now.

Commissioner Barnes appreciates Commissioner Novakovich's input, but he disagrees wholeheartedly and cannot see the justification of resources for these alleged violations against two Commissioners. Commissioner Barnes stated there are deep flaws in the Rules of Policy and Procedure and how they are being utilized by the people that put them in place, how they are being interpreted, and enforced, and in his opinion, are not in the best interest of the Port, taxpayers, and voters. This has been a two-year distraction that cost hundreds of thousands of dollars for what amounted to two phone calls and raised voices. Commissioner Barnes cannot see the justification of this level of expenditure and level of resources for alleged violations that Judge Kallas found unsubstantiated in its entirety. Commissioner Barnes stated that there are flaws and there is no better time than now to address these flaws because this could happen again. Commissioner Barnes believes this requires a response, an evaluation, and what he is offering is fair and reasonable. He is not asking to rewrite the Rules as he sees fit but requesting an outside professional with experience in municipal governance, functions, and operations to review our Rules. The last two years have highlighted the flaws and we have every reason to have a deeply divided Commission over what amounts to two phone calls, raised voices, and a buyback clause. Commissioner Barnes reiterated his request for an outside independent consultant to review the Rules of Policy and Procedure, our governing practices and processes, the organization chart, or anything else they see that needs to be corrected as soon as possible.

Commissioner Moak stated there needs to be a defined scope of work and boundaries set for an RFQ. The goal is to review the inadequate rules and correct them. We need to move forward and address these issues, because there will never be a time when staff is not busy.

Commission Novakovich suggested staff produce a list of projects for the Commission and the Commission prioritize the list, and then staff can provide a reasonable timeframe for the projects. Commissioner Novakovich stated it should not be put off, but it needs to be done correctly and not thrown together for next Commission Meeting.

Commissioner Barnes hears what Commission Novakovich is saying, and stated staff has a lot of work to do and he understand that. Commission Barnes stated as the President, he has the ability to appoint a committee and suggested appointing a committee of one to develop an RFQ for the next meeting and he would be happy to do that.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

Commissioner Moak stated Commissioner Barnes may have the power to appoint a committee, but he thinks it needs to be a team effort involving staff.

Commissioner Barnes is not inclined to exercise the power of the president to appoint himself and would rather have consensus agreement if we are going to go that route. Commissioner Barnes agrees that if we are going to bring in a professional to work with the Port, it goes without saying that they would work with the Commission, staff, and Ms. Luke.

Mr. Arntzen has been listening carefully to the discussion amongst the Commission and understands that pursuing this endeavor would be beneficial. Mr. Arntzen suggested staff have an opportunity to review the Commission comments and follow the same process we utilize whenever we start working on a new project. Mr. Arntzen would like the opportunity to discuss it with staff and Ms. Luke and come back with suggestions, as this is the first time hearing the request and Commission discussion. Mr. Arntzen feels as though there needs to be some level of process and was surprised by the expectation that an RFQ should be presented at the next Commission Meeting. Mr. Arntzen believes putting together an RFQ would be beyond our resources at staff level and it would be disjointed and thrown together. Mr. Arntzen understands this is an important project for the Commission and he believes there needs to be a process that would allow us to come out with a thorough and accurate review. Mr. Arntzen stated it is a complicated issue and he would like to be able to bring the Commission some thoughts. Additionally, staff would work with the Commission to define a scope of work, which needs to be completed before advertising an RFQ. Mr. Arntzen stated in his 18 years with the Port, staff has not and will not be sandbagging this or any other project, but he does feel it will take time and thought to process.

Commissioner Barnes thanked Mr. Arntzen for his comments and has spoken to people in the port industry about the challenges facing the Port. Commissioner Barnes stated there may be ways to approach this that would be less of a burden on the staff, for example, hire a consultant like Jim Darling, who has worked for several ports, including the Port of Kennewick. Commissioner Barnes stated this is an ambitious undertaking and perhaps the Port could bring in a knowledgeable, experienced consultant to spearhead the effort to assist the Commission and staff.

Commissioner Moak agrees with Mr. Arntzen about staff having time to review the request and discuss what issues they might see and how to steer this process based on the Commission comments today. Additionally, Commissioner Moak would like for Commissioner Barnes and Mr. Arntzen to talk about their concerns related to moving forward on this. Commissioner Moak feels Commissioner Barnes may want to steer this project more than what is appropriate, from a policy standpoint. Commissioner Moak thinks Commissioner Barnes may want to do more than just policy, and he cautioned against that, as he cautioned against staff getting into the policy issue. Commissioner Moak believes staff needs to review the request and come back to the Commission with their thoughts and ideas and how to approach the request. Commissioner Moak does not think it needs to be someone with port experience, but rather someone who understands municipalities. Commissioner Moak cautioned Commissioner Barnes on taking on more at this point, even though Commissioner Moak agrees with Commissioner Barnes perspective. Commissioner Moak would rather we move forward with this project sooner rather than later.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

Commissioner Novakovich agrees with Commissioner Moak's comments and believes staff should have the opportunity to review Commission Barnes request and that is where it should originate.

Commissioner Barnes appreciates the comments of his fellow Commissioners, and he wants to stay at the appropriate policy level. He is not inclined to work through the Rules of policy and procedures and would like to stay at the appropriate policy level on this. Additionally, Commissioner Barnes is not inclined to make changes to the Rules that he believes would be in order, based on recent his experience. Commissioner Barnes believes it is important to have outside professional help. Commissioner Barnes has no confidence in Ms. Luke doing this work for us. He thinks Ms. Luke is in a conflicted position, as she reports to Mr. Arntzen, was hired by Mr. Arntzen, and works closely with Mr. Arntzen. Commissioner Barnes thinks the Commission needs outside legal representation and outside professional help in this matter other than Ms. Luke.

Mr. Kooiker outlined a few items for the Commission in preparation for the next several meetings:

1. This item was not budgeted; therefore, the Commission will need to determine where the funding will come from and how much will the funding be. Mr. Kooiker is happy to provide suggestions to the Commission.
2. There are bid laws compliance that the Port needs to follow. The Port has 24 years of clean audits because we follow procedures. Bid Law or RCW or WAC's have specific statutes and what guides the threshold for an RFQ is the estimated dollar amount. Those are the bid thresholds for any public entity.

Commissioner Barnes appreciates Mr. Kooiker's input and inquired if the anonymous citizen complaint, the subsequent investigation, and appeal was ever in the budget.

Mr. Kooiker stated no, it was not.

Commissioner Barnes stated the long-term health and well-being of the Port of Kennewick are one of the most important things to him. Commissioner Barnes does not believe the Port is in a good place and this two-year process is his exhibit A, and strong support of the opinion he just made. The Port of Kennewick is not in good health and the sooner we can get some things corrected, the better for everyone.

Commissioner Novakovich appreciates Mr. Kooiker's comments. As far as Commissioner Barnes comments regarding Ms. Luke, Commissioner Novakovich would like to apologize to Ms. Luke, and stated he does not share the same view.

Commissioner Barnes reiterated that it is his opinion that the Port of Kennewick has some flaws, and he would like to apologize to Ms. Luke for being placed in an almost impossible situation by the Port of Kennewick. Commissioner Barnes thinks Ms. Luke is in a conflict of interest and she has been placed there by the Port of Kennewick.

Commissioner Moak inquired where we go from here.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

Mr. Arntzen has somewhat of an optimistic viewpoint after listening to the robust debate and he heard some similarities amongst Commission comments. Mr. Arntzen is getting a clearer picture of what staff might bring to the Commission for further input. One of the things Mr. Arntzen heard Commissioner Barnes say, it should not be a process where staff has its fingerprints all over it, and he agrees with that wholeheartedly. Mr. Arntzen cited the Clover Island Master Plan as an example of a process we might employ where there are some opportunities for input by staff, individual Commissioners, and the Commissioners as a unit and is driven by a third-party consultant. Mr. Arntzen appreciates the opportunity to discuss this; however, he believes staff will discuss the procedure of bringing the process forward in an expedient and efficient manner. Mr. Arntzen does not think staff will be making substantive comments regarding policies, rather staff would follow the procedure and move things along. Mr. Arntzen envisions an outside third party will do the heavy lifting on this project, whether it is Jim Darling or any other firm. Mr. Arntzen would like to put this topic on the Agenda for the next Commission Meeting to share staff thoughts regarding the procedure.

Commissioner Moak believes that is the right approach and appreciates Mr. Arntzen's comments and optimism. The Commission can move forward with this once we hear back from staff.

I. Director Reports

Mr. Peterson reported that the City of Kennewick is updating the shoreline management plan update, which is due every eight years. The City is only adding elements to address the changes in state law. Mr. Peterson shared a positive story regarding Ice Harbor, Cedars, and Clover Island Inn and their teamwork through these trying times.

Ms. Luke reported at the last Commission Meeting there was a question regarding insurance coverage related to the citizen complaint and appeal. Ms. Luke spoke with Frank Andres of Clear Risk Solutions, who is reviewing the policy as it relates to coverage. Clear Risk originally looked at the coverage issue early in the complaint process, but not recently. Ms. Luke sent over several requested documents to Mr. Andres and is awaiting his response.

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

Commissioners reported on their respective committee meetings.

K. Non-Scheduled Items

Commissioner Moak stated this has been a very difficult discussion today and he appreciates the comments and passion. Commissioner Moak believes Commissioner Barnes has shown more passion for Vista Field and the Port of Kennewick than anyone. It is hard to have these discussions and Commissioner Moak appreciates the way Commissioner Barnes listened to the Commission and staff. Commissioner Moak appreciates staff and stated it is not easy on staff to listen to some of the things the Commission says, but staff is also passionate about what the Port of Kennewick does and handles themselves in a very professional manner in working to support the policy direction of the Commission. Commissioner Moak would like to be optimistic like Mr. Arntzen and he believes we can get through this and hopefully we can all do better, and the Port can do better. Commissioner Moak is sorry we went through some of this stuff, and he holds very dear the Port of Kennewick and wishes to see it continue to do great things. The Port is involved in or

PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 26, 2021 MINUTES

DRAFT

has been involved in many great things and he looks forward to the next four years.

Commissioner Barnes offered his condolences to the family of Greg McConnell, the former publisher of the *Tri-City Herald*. Mr. McConnell was a strong friend and advocate of the Port of Kennewick.

No further comments were made.

PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 4:09 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Don Barnes, President

Skip Novakovich, Vice President

Thomas Moak, Secretary

*The January 26, 2021 Commission Meeting Minutes were Approved by the Port of Kennewick Commissioners on February 9, 2021 at the Regular Commission Business Meeting and signed with an Electronic Signature Per Resolution 2021-01, Adoption of Electronic & Digital Signature at the Port of Kennewick.

HISTORIC WATERFRONT DISTRICT

Draft Amenities and Design Features

The Historic Waterfront District Master Plan intends to unify Clover Island, Columbia Gardens Wine & Artisan Village, The Willows, and Cable Greens as one amenity district, creating a cohesive vision that responds to the area's evolving context and growing community.

To help develop this plan, the Port of Kennewick engaged community members, businesses, partners, and other stakeholders in August and October. This draft design compiles stakeholder feedback and showcases the draft vision for amenities and development in the district. Let us know what you think!



ISLAND TRAIL COMPLETION

- Ⓐ Completed trail around Clover Island allows for continuous views and connection



DISTRICT DESIGN STANDARDS

- Flexible design standards unify the district, improve comfort and safety, and add visual appeal



RECREATION

- Ⓑ Enhanced opportunities for indoor and outdoor activities and fun for all ages



DUFFY'S POND PATHWAY

- Ⓒ Completed trail around Duffy's Pond and link to Sacagawea Heritage Trail better connects the district and region



POND ECOLOGY

- Ⓓ Improved ecology of Duffy's Pond enhances enjoyment of this unique environment



ACTIVITY STOPS

- Ⓔ Periodic workout stations and active amenities along trails add interest and encourage healthy practices



CLOVER ISLAND WEST

Enhanced lighthouse plaza with covered event space and boutique hotel

- (A) Covered rentable event space
- (B) Boutique hotel



CLOVER ISLAND CENTRAL

Central hub with pop-up seasonal retail, grab 'n' go food, and vacation rentals

- (C) Unique island condominiums
- (D) Pop-up seasonal retail stores
- (E) Grab 'n' go restaurant



CLOVER ISLAND EAST

Destination with permanent performance space and viewpoint to Cable Bridge

- (F) Permanent entertainment space
- (G) River viewpoint to Cable Bridge

HISTORIC WATERFRONT DISTRICT

Draft Development Plan



THE WILLOWS

Residential community around Veterans Memorial Plaza and Duffy's Pond

- (H) Medium-scale residential neighborhood
- (I) Veterans Memorial Plaza
- (J) Condominiums



COLUMBIA GARDENS

Activity hub with brewery, restaurant, and local artisan market

- (K) Restaurant with water views
- (L) Additional shopping and local foods
- (M) Local artisan market with playground



CABLE GREENS

Future park-like setting with dog park and commercial or small-scale residential

- (N) Longer term residential and/or commercial development
- (O) Picnic area, dog park, or other shared open space



AGENDA REPORT

TO: Commission

FROM: Amber Hanchette, Director Real Estate & Operations

MEETING DATE: February 9, 2021

AGENDA ITEM: Oak Street Property Surplus – 50 S. Verbena, 109 S. Oak, 1721 E. 3rd Ave, Kennewick

I. REFERENCE(S): Appraisal – Valuation effective date 11/15/2020

II. FISCAL IMPACT: TBD

III. DISCUSSION:

On November 10, 2020, port commissioners through consensus agreed to surplus three port-owned parcels in the East Kennewick/Oak Street Industrial Park region of the port district. Commission determined the auction process to be an acceptable process for liquidation of the parcels.

Port staff engaged Southeast Washington Appraisal Group to update existing property appraisals and evaluate the combined parcel auction value.

Upon review of all the documents, staff summary includes:

- 1) Market timing was featured as a key indicator of value – A marketing window of 2-3 years (or possibly longer) for all three parcels, as a package, may yield a slightly higher price but fails to take into account property holding costs: advertising, security, management/staff time, extensive waste disposal or even necessary demolition. Expenses could outweigh the financial gain the port might receive from continuing to hold and market the properties.
- 2) The report indicates a possible auction value of \$890,000 for all three parcels (26.42 acres) combined by using a discount to present value calculation.

IV. ACTION REQUESTED OF COMMISSION:

Authorize staff, through resolution, to engage with Musser Bros. Auction and Real Estate firm.

Would the commission like to proceed with the Musser Bros. power parcel auction method? Due to the unique nature of an auction, would commission like to discuss a reserve price at a future executive session?

PORT OF KENNEWICK

RESOLUTION 2021-02

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING THE PORT CHIEF EXECUTIVE OFFICER TO EXECUTE A CONTRACT WITH MUSSEY BROS. AUCTION AND REAL ESTATE

WHEREAS, the Port Commission directed staff to surplus 26.42 acres of industrial property in the Oak Street Industrial Park (50 S. Verbena, 109 S. Oak, 1721 E. 3rd Ave, Kennewick) through the auction services process; and

WHEREAS, due to a positive outcome on a previous auction of surplus port property, the commission authorizes port staff to engage the services of Mussey Bros. Auction and Real Estate firm.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick authorizes the Chief Executive Officer to execute a contract with Mussey Bros. Auction and Real Estate firm for auction services.

BE IT FURTHER RESOLVED that all action by port officers and employees in furtherance hereof is ratified and approved; and the Port Chief Executive Officer is authorized to take all action and to pay all expenses necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 9th day of February, 2021.

***PORT OF KENNEWICK
BOARD OF COMMISSIONERS***

By:

DON BARNES, *President*

By:

SKIP NOVAKOVICH, *Vice President*

By:

TOM MOAK, *Secretary*

Real Property Appraisal
Appraisal Report

Port of Kennewick Land

109 N Oak St et al, Kennewick, Washington 99337



Effective Date of Valuation

November 15, 2020

Date of the Report

December 7, 2020 – ORIGINAL

December 31, 2020 – AMENDED

January 25, 2021 - AMENDED

Prepared for

Port of Kennewick

Ms Amber Hanchette

Prepared by

Nikki Griffith, MAI, CCIM

Sandollar LLC | Appraisal Group SEWA

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Kennewick, WA 99337

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Internal File Number SEWA #2020-222

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Nikki Griffith, MAI, CCIM
Washington State Certified General Appraiser

Gary E Chamberlin (MAI Retired), Consultant
Nathan Pratt, Appraiser
Sonnica King, Appraiser
David Hall, Research Associate
Dianne Hopkins, Research Associate

December 7, 2020 – ORIGINAL
December 31, 2020 – AMENDED
January 25, 2021 - AMENDED

Port of Kennewick
350 N Clover Island Dr #200
Kennewick, WA 99336

Attention: Ms Amber Hanchette, Director of Real Estate

Internal File Number: *SEWA #2020-222*

Re: Port of Kennewick Land Addressed as 109 N Oak St et al, in Kennewick, Benton County,
Washington 99337

Dear Ms. Hanchette:

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of the value in the subject property as above referenced. A copy of your authorization is included in the Addenda of the report.

As more fully described within this report, the subject property is comprised of three contiguous tax parcels containing in the aggregate 26.42 acres. The property lies partly in the unincorporated portions of Benton County, and partly in the incorporated portion of the City of Kennewick, state of Washington. A summary of the property is included here.

Summary of Property Appraised

	Parcel A	Parcel B	Parcel C	Combined
Address	109 N Oak St	1721 E 3rd St	50 S Verbena	
City/County	City of Kennewick	Uninc Benton Co	Uninc Benton Co	
Zoning	IH	Light Industrial	Light Industrial	Industrial
Tax PID	105802013067002	105802020010005	105802020006002	
Land AC	16.88	5	4.54	26.42
Land SF	735,293	217,800	197,762	1,150,855
Value Type/Premise #1	Market Value As Is	Market Value As Is	Market Value As Is	Market Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Value Type/Premise #2	Auction Value As Is	Auction Value As Is	Auction Value As Is	Auction Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
	Assume vacant / no	Assume vacant / no	Assume vacant / no	Assume vacant / no
Unusual Assignment Conditions	improvements	improvements	improvements	improvements
Approaches to Value	Sales Comparison	Sales Comparison	Sales Comparison	Sales Comparison

The report that follows is an **Appraisal Report** which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for an **Appraisal Report**. Accordingly, the report includes only a summary of the data and analysis with additional information retained in the appraiser's file. Nikki Griffith, MAI, CCIM observed the property and prepared this report.

ASSIGNMENT CONDITIONS

Please pay particular attention to the Extraordinary Assumptions and Hypothetical Conditions listed below. The value estimate in this appraisal could be different without these assumptions.

Extraordinary Assumptions & Limiting Conditions¹

- N/A

Hypothetical Conditions²

- It is a hypothetical condition that each parcel is assumed vacant and available for sale or lease. Currently there are a variety of improvements one or more parcels and it is beyond the scope of this appraisal to estimate the cost to remove those improvements for the purpose of re-development. If estimates for removal of the improvements were obtained, that amount could be deducted from the value estimates herein. The value estimate could be different if this assumption were not used.

RISK ANALYSIS

- The availability of data for this assignment is considered only fair due to the lack of sale transactions similar to the subject in the immediate neighborhood. A lack of data can affect the reliability of the report. Recent sale transactions of similar properties in the subject area have been infrequent; and thus, the search for data was expanded to include the entire Tri-Cities market and beyond. Even the expanded search yielded limited data.

¹ **Extraordinary Assumption** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

² **Hypothetical Condition** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.

- The location of the property with access from U.S. 397 (aka Chemical Dr) is considered fair to average for this asset class.

Given the above facts, the value estimate concluded herein is considered reasonably well supported. As detailed in the Reconciliation of the report, I estimated the following values:

Summary of Property Appraised				
	Parcel A	Parcel B	Parcel C	Combined
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Land SF	735,293	217,800	197,762	1,150,855
Value Type/Premise #1	Market Value As Is	Market Value As Is	Market Value As Is	Market Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Unusual Assignment Conditions	Assume vacant / no improvements	Assume vacant / no improvements	Assume vacant / no improvements	Assume vacant / no improvements
Approaches to Value	Sales Comparison	Sales Comparison	Sales Comparison	Sales Comparison
Effective Date	11/15/2020	11/15/2020	11/15/2020	11/15/2020
Value PSF	\$0.80	\$1.40	\$1.25	\$1.00
Indicated Value	\$588,234	\$304,920	\$247,203	\$1,150,855
Rounded	\$590,000	\$300,000	\$250,000	\$1,150,000
Marketing Time	1-2 Years	1-2 Years	1-2 Years	2-3 Years

SPECIAL NOTE: *Market Value As Is – Tied to a Marketing Window*

The client has requested a “Market Value As Is” for the subject property but has indicated that it may desire to sell this asset more quickly via an auction during the early portion of 2021. This poses a challenge in that while the client wants to know the current Market Value As Is, that value is dependent on the “timing” under the highest and best use (the reader is referred to the Market Analysis and Highest and Best Use Analysis sections of the report).

In this case, the “timing” associated with the market value was estimated as 2-3 years. Thus, the fact that an auction could occur in the near future requires consideration of a shortened marketing window. The auction definition utilized herein is as follows:

Auction Definition – A sale, public or private, where property is sold to the highest bidder...Historically auctions were seen as a way of disposing of distressed properties, but auctions have become an alternative when a quick sale is necessary...” (Source: Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute).

The prospective bidders on the property being appraised could include:

- an investor that would hold the property before selling to someone that would develop immediately; or
- a developer that would seek a change in zoning to say, a residential use, that would take both time and money, with no certainty as to the outcome; or even

- a developer that would seek to begin development immediately but seeking a “good deal” because the property was being sold at auction understanding that there is currently an oversupply of vacant land in the neighborhood.

When a property is appraised, a comparison with *similar properties and their marketing time* is typically undertaken in order to establish a Market Value As Is and a marketing time associated with that value. If the marketing time projection is extended, the client might then wish to know what the value would be if it specified a shorter marketing time. When the client specifies the marketing window, those value definitions differ from the Market Value definition. Here is a summary of those definitions.

Value Definitions – Three types of value are defined in the Introduction of this report, including “**Market Value**”, “**Disposition Value**”, and “**Liquidation Value**”. Each one of these definitions has a requirement that a marketing timeframe and motivation of the parties be established. The basic differences between the three definitions is associated with the motivation of the seller and the timeframe established. A brief summary of the differences is shown here:

Value Type And Premise	Market Value	Disposition Value	Liquidation Value
Marketing Timeframe	<i>Typical marketing window based on the property type Specified by appraiser</i>	<i>Shortened marketing window specified by client</i>	<i>Severely limited marketing window specified by client</i>
Seller Motivation	Typical motivation	Seller is under compulsion to sell	Seller is under extreme compulsion to sell

- Some of the sales utilized herein were for parcels that had never been officially listed with a broker, but rather was owned by a municipality or governmental agency which markets its own properties; thus data for marketing periods are not always available.
- Some parcels were officially listed and were purchased for a future re-sale; and
- Some parcels were officially listed and immediate development was undertaken (say within one year).

The marketing period associated with the Market Value conclusion herein is extended due to an oversupply of available competing parcels determined to be superior in location and utility and slower absorption.

Market Value As is at Auction Near Term

In order to provide an indication of what kind of discount would be reasonable to accept an offer at auction if it is lower than the Market Value conclusion above, I researched the discount associated with a marketing time related to the sale and re-sale of a property. Several sales and re-sales of property were researched to determine what type of discount might be associated with the purchase.

- The commercially zoned site at 4810 W Hildebrand in the Southridge neighborhood of Kennewick was originally acquired by Craig Eerkes on March 28, 2013 for \$392,040. Mr.

Eerkes held the property until April 8, 2019 when it was re-sold for \$550,000, an increase of 40% over the six-year holding period, or an average of 0.5%/month or 6%/year. Of course, that is an average, and it is possible that prices were stagnant for a period of time, and appreciation was greater at other times.

- A 47.278-acre parcel of industrially zoned land located at the SEC of Oregon and E A Street in east Pasco that conveyed in 2014 for \$400,000, or \$8,460/AC or \$0.19/SF to Bleyhl's Farms which planned to build a new retail store for ag products because it was close to their current location. Bleyhl's Farms abandoned development of that parcel and built in west Pasco instead. It re-sold the first parcel almost exactly three years later in 2017 for \$525,000, an increase of 31% over the 3-year period, reflecting an annual increase of about 0.83%/month or 10%/year. The buyer has put the property on the market again.
- The former Tri-City Taxi property zoned for industrial use and located at 1925 W A St in Pasco was comprised of two contiguous parcels comprising in the aggregate 2.19 acres of which 1.47 acres was deemed excess land. The combined parcels were purchased for \$637,000 in January 2018. The parcels were re-sold 18 months later in July 2019 for \$732,000, an increase of 15% over the intervening 18 months or approximately .75% per month.

The Market Value As Is associated with the extended marketing period of 2 to 3-years could thus be discounted at between 0.5%/month to 0.83%/month (or 6% to 10%/year) to arrive at a reasonable indication of the potential discount of a Market Value at Auction. For purposes of this analysis, a discount rate of 9%/year was selected.

Calculation of Market Value As Is At Auction Near Term

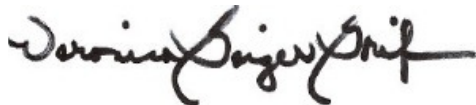
Summary of Property Appraised				
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Value Type/Premise #1	Market Value As Is	Market Value As Is	Market Value As Is	Market Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Unusual Assignment Conditions	Assume vacant / no improvements	Assume vacant / no improvements	Assume vacant / no improvements	Assume vacant / no improvements
Approaches to Value	Sales Comparison	Sales Comparison	Sales Comparison	Sales Comparison
Effective Date	11/15/2020	11/15/2020	11/15/2020	11/15/2020
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Indicated Value	\$588,234	\$304,920	\$247,203	\$1,150,855
Rounded	\$590,000	\$300,000	\$250,000	\$1,150,000
Marketing Time	1-2 Years	1-2 Years	1-2 Years	2-3 Years
Value Type/Premise #2	Auction Value As Is	Auction Value As Is	Auction Value As Is	Auction Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
# Annual Periods	1 to 2 yrs	1 to 2 yrs	1 to 2 yrs	2 to 3 yrs
Annual Discount Factor	9%	9%	9%	9%
Discount Factor	0.841680	0.841680	0.841680	0.772183
Future Value (FV)	\$590,000	\$300,000	\$250,000	\$1,150,000
Present Value (PV)	\$496,591	\$252,504	\$210,420	\$888,010
PV Rounded	\$500,000	\$250,000	\$210,000	\$890,000
Size (SF)	735,293	217,800	197,762	1,150,855
PV PSF	\$0.68	\$1.15	\$1.06	\$0.77

Thus, while the Market Value As is Today averages \$1.00/SF per parcel if an Owner is willing to wait 2-3 years for a sale, a lower price of \$0.77 is indicated to sell at a discount. Thus, in my opinion, any offer at auction in excess of those shown above would be representative of market value at auction near term.

In the narrative report that follows, the entire site comprised of three contiguous parcels is valued. At the end of the report, an individual form report for each tax parcel is included in the event the parcels did not sell together as a whole.

I appreciate the opportunity to provide this service. Please call me with any questions. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addenda.

Sincerely,
Sandollar LLC | Appraisal Group SEWA

A handwritten signature in black ink, appearing to read 'Nikki Griffith', with a stylized flourish at the end.

Nikki Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

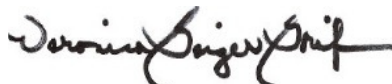
TABLE OF CONTENTS

Certification of Appraisal.....	9
Executive Summary	10
Assignment Conditions.....	11
Introduction.....	13
Regional Demographic Data	18
Neighborhood Overview.....	33
Property Data - LAND	41
Real Estate Taxes	49
Market Trends Analysis - General	50
Supply Analysis	54
Market Trends Analysis – Immediate Area	65
Highest and Best Use	66
Sales Comparison Approach.....	73
Addenda	80

Certification of Appraisal

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Nikki Griffith has personally inspected the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification other than Sonnia King, a licensed appraisal trainee. Ms. King accompanied the undersigned on the property inspections, took photographs, conducted initial research for potential comparable data that could be useful, and drafted portions of the form reports for each individual parcel. However, the final comparable data selected, adjustments made and value conclusions are mine.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Nikki Griffith has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



Nikki Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

Executive Summary



Property

Property Name: Port of Kennewick Land
 Location: 109 N Oak St et al, Kennewick, Washington 99337
 Property Type: Land

Land

Land Size (Acres) / SF: 26.42000 / 1,150,855 combined total (see breakdown below)
 Zoning Code: I-1, Part Light Industrial,
 Flood Zone: N/A, outside the boundary of a designated flood zone
 Topography: Level
 Utilities: Assumed 3-Phase power at perimeter, private water system
 Highest & Best Use - As If Vacant: The highest and best use of the property as vacant is for development with an industrial type use, including but not limited to industrial manufacturing, warehousing, etc. Timing is within the next 2-3 years as demand warrants.

Summary of Property Appraised

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Approaches to Value	Sales Comparison	Sales Comparison	Sales Comparison	Sales Comparison
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Indicated Value	\$588,234	\$304,920	\$247,203	\$1,150,855
Rounded	\$590,000	\$300,000	\$250,000	\$1,150,000
Marketing Time	1-2 Years	1-2 Years	1-2 Years	2-3 Years
Value Type/Premise #2	Auction Value As Is	Auction Value As Is	Auction Value As Is	Auction Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
# Annual Periods	1 to 2 yrs	1 to 2 yrs	1 to 2 yrs	2 to 3 yrs
Annual Discount Factor	9%	9%	9%	9%
Discount Factor	0.841680	0.841680	0.841680	0.772183
Future Value (FV)	\$590,000	\$300,000	\$250,000	\$1,150,000
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Size (SF)	735,293	217,800	197,762	1,150,855
PV PSF	\$0.68	\$1.15	\$1.06	\$0.77

Assignment Conditions

Extraordinary Assumptions:

- N/A

Hypothetical Conditions:

- It is a hypothetical condition that each parcel is assumed vacant and available for sale or lease. Currently there are a variety of improvements on each parcel and it is beyond the scope of this appraisal to estimate the cost to remove those improvements for the purpose of re-development. If estimates for removal of the improvements were obtained, that amount could be deducted from the value estimates herein. The value estimate could be different if this assumption were not used.

General Assumptions and Limiting Conditions

This appraisal is also subject to the following general assumptions and limiting conditions.

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in this report are intended to be visual aids and should not be construed as surveys of engineering reports.
4. All information in this report has been obtained from reliable sources. I cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
5. This opinion of value applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
6. Possession of this report or a copy thereof does not imply the right of publication or use for any purpose by any other than the addressee, without the written consent of the appraiser.
7. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless prior agreements have been made in writing.
8. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
9. The land, and particularly the soil, of the area under appraisal appear firm and solid. Subsidence in the area is unknown or uncommon, but I do not warrant against this condition or occurrence.
10. Subsurface rights (minerals and oil) were not considered in making this appraisal.
11. I inspected the buildings involved, if any, in this appraisal report and damage, if any, by termites, dry rot, wet rot, or other infestations was reported as a matter of information, and no guarantee of the amount or degree of damage, if any, is implied.
12. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
13. I inspected, as far as possible, by observation the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made herein as to these

matters and unless specifically considered in the report, the value estimate is subject to any such conditions that could cause a loss in value. Condition of heating, cooling, ventilating electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

14. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to my attention nor did I become aware of such during my inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, I am not qualified to test such substances or conditions. If the presence of substances such as asbestos, urea formaldehyde foam insulation, radon gas or other hazardous substances or environmental conditions may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.
15. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. Unless otherwise noted within the appraisal report, I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.
16. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which she is connected, or any reference to the Appraisal Institute.

Introduction

Client and Other Intended Users

Port of Kennewick is our client; no other intended users were identified at the time of engagement. Possession of a copy of this report does not carry with it any of the rights of the client; that person is an unintended user. No liability is extended to any unintended users.

Intended Use/Function

The intended use of the report is to serve as the basis for a possible sale by establishing a sale price.

Identification of the Property

As more fully described within this report, the subject property is comprised of three contiguous tax parcels containing in the aggregate 26.42 acres. The property lies partly in the unincorporated portions of Benton County, and partly in the incorporated portion of the City of Kennewick, state of Washington.

Purpose and Property Rights Appraised

The purpose of the appraisal is to estimate the following value in connection with the subject property.

Summary of Property Appraised

	Parcel A	Parcel B	Parcel C	Combined
Address	109 N Oak St	1721 E 3rd St	50 S Verbena	
City/County	City of Kennewick	Uninc Benton Co	Uninc Benton Co	
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Value Type/Premise #1	Market Value As Is	Market Value As Is	Market Value As Is	Market Value As Is
Interest Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple

Definitions

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

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

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

Disposition Value means “The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a **limited future marketing period** (emphasis mine) specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer and seller is each acting prudently and knowledgeably.
4. The **seller is under compulsion to sell** (emphasis mine).
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financial terms. See also distress sale, forced price, liquidation value, market value.” (Source: Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute)

Liquidation Value – The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur **within a severely limited future marketing period specified by the client** (emphasis mine).
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer is acting prudently and knowledgeably.
4. The **seller is under extreme compulsion to sell** (emphasis mine).
5. The buyer is typically motivated.
6. The buyer is acting in what he or she considers his or her best interest.
7. A **limited marketing effort and time will be allowed for the completion of a sale** (emphasis is mine)
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can be modified to provide for valuation with specified financing terms. **See also** disposition value; distress sale; forced price; market value. (Source: Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute.)

Auction – “A sale, public or private, where property is sold to the highest bidder. ... Historically auctions were seen as a way of disposing of distressed properties, but auctions have become an alternative when a quick sale is necessary...” (Source: Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute.)

Fee Simple Estate means “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (Source: *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute).

Leased Fee Interest means “the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.” (Source: *The Dictionary of Real Estate Appraisal*, 6th Edition, Appraisal Institute).

Important Appraisal Dates

November 15, 2020	Effective Date of Value	Subject to Assignment Conditions
November 15, 2020	Observation Date	
December 7, 2020	Date of Report – Original	
December 31, 2020	Date of Report -- Amended	

Ownership

Based upon a review of the Benton County records, the property owner is Port of Kennewick. There have been no sales of the property recorded since acquisition.

Sale History/Current Listing/Contract:

The property is not currently listed in the Tri-Cities Association of Realtors MLS, or in any other traditional resource of which we are aware. The current owners have owned the property for many years and market their own properties through their own marketing channels. A review of the current website did not reveal any marketing efforts directed towards the subject of this appraisal; however, we are aware that the property could be offered for sale during the first part of 2021 via an auction.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. Please refer to the Appraiser Qualifications at the end of our report.

Scope of Work

Based on conversations with the client and the intended use of the report, an appraisal applying the Sales Comparison Approach to value was considered appropriate to produce a credible value/report.

As part of this appraisal engagement, I completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property. This report was prepared to conform to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). The investigation included:

- an observation of the property and its neighborhood;
- disclosure, analysis, reconciliation of all sales, agreements of sale, offers, options or listings of the subject property within three (3) years prior to the effective date of the appraisal report;
- analysis of the highest and best use;
- disclosure of tax assessments information, current and forecasted property taxes;
- the gathering of information on local market conditions and trends, comparable land and improved sales, rents, operating expenses, and capitalization rates;
- confirmation and analysis of the data, including the application of the Sales Comparison Approach for the property as part of the highest and best use analysis.

- reconciliation of the value indications via each approach (if more than one approach is used) into a single estimate of value for each premise.

The elements of the scope of work are contained in the following:

Sources of Information	Market information was obtained from a variety of resources including but not limited to the following: <ul style="list-style-type: none">• Appraiser's Proprietary Database• Public records including online County Assessor, Treasurer and Auditor records• Loopnet, a national online subscription based real estate database• Subscription based Tri-Cities Association of Realtors MLS• Subscription based Commercial Broker's Association of Washington (CBA) MLS• Interviews with active real estate professionals• Subscription based Site to Do Business and the National Association of Realtor's Real Property Resource for demographics and flood plain information
Property Specific Information Provided by Owner and/or Client	<ul style="list-style-type: none">• Legal Description• Aerial Photographs

How Land Area was Calculated for Use as a Unit of Measure in Calculating Value

If land is being valued, unless otherwise stated the appraiser either reviewed (a) a survey of the property showing the calculated area or (b) relied on the legal description; or (c) relied on public records. Any difference in the data would be reconciled to ascertain the appropriate unit of measurement by which to value the subject property.

How Building Size was Calculated for Use as a Unit of Measure in Calculating Value

If the property contains building improvements, the appraiser either reviewed (a) a copy of the building footprint sketches for the improvements contained in the County online Assessor records which were spot checked in the field; (b) or the as-built plans and specifications, which were spot checked in the field; or (c) conducted a full measurement. Any difference would be reconciled to ascertain the appropriate unit of measurement by which to value the subject property.

How Data Was Confirmed

The appraiser reviewed and analyzed data from a variety of the resources cited in the preceding paragraphs. Raw unconfirmed data can be confirmed in two ways.

- *Direct Confirmation* – occurs when the appraiser speaks with a principal (buyer or seller or perhaps an attorney representing one of the parties) or licensed broker representing one of the principals to confirm details of the sale.
- *Indirect Confirmation* – occurs when the appraiser confirms the data with a public source such as MLS, newspaper accounts, county recording data including deeds and affidavits of value, etc.

Since Washington State is a “disclosure state” (meaning that all transaction data is recorded and published, unlike some states, notably Utah and Idaho), it has been our experience that in 95+% of cases, information related to the sale price and date of sale are correct as published when confirmed.

- Virtually all but a few transactions occur with the assistance of a broker, so the transactions are reported in the local MLS or the Washington State Commercial MLS, or Loopnet.
- Licensed brokers are ethically bound to report details as true.
- Additionally, title companies have an Affidavit of Value executed at closing by the principals in the transaction which is recorded and is now being made available for public viewing on Benton County’s website, although not Franklin County’s website.
- When the deed is recorded, the amount of excise tax is recorded directly on the deed, making it possible to mathematically calculate the sale price and compare it with the value reported in the Affidavit of Value.

The risks of using data that the appraiser has not been able to confirm with a principal or broker is that there may have been some condition of the sale or expenditure before or after the sale that could have influenced the sale price analyzed. Our appraisers make every attempt to directly verify all data whenever possible but there are times when indirect confirmation is conducted. If we find a sale in MLS and are unable to confirm data personally with the broker, we validate the data from the county records. Therefore, the risk is considered negligible.

This Appraisal Report is a brief recapitulation of my subject description, data, analysis and conclusions. Nikki Griffith, MAI, CCIM inspected the property and prepared this report.

Regional Demographic Data

Updated Quarterly, Most Recent Update Q4 (November), 2020

Location

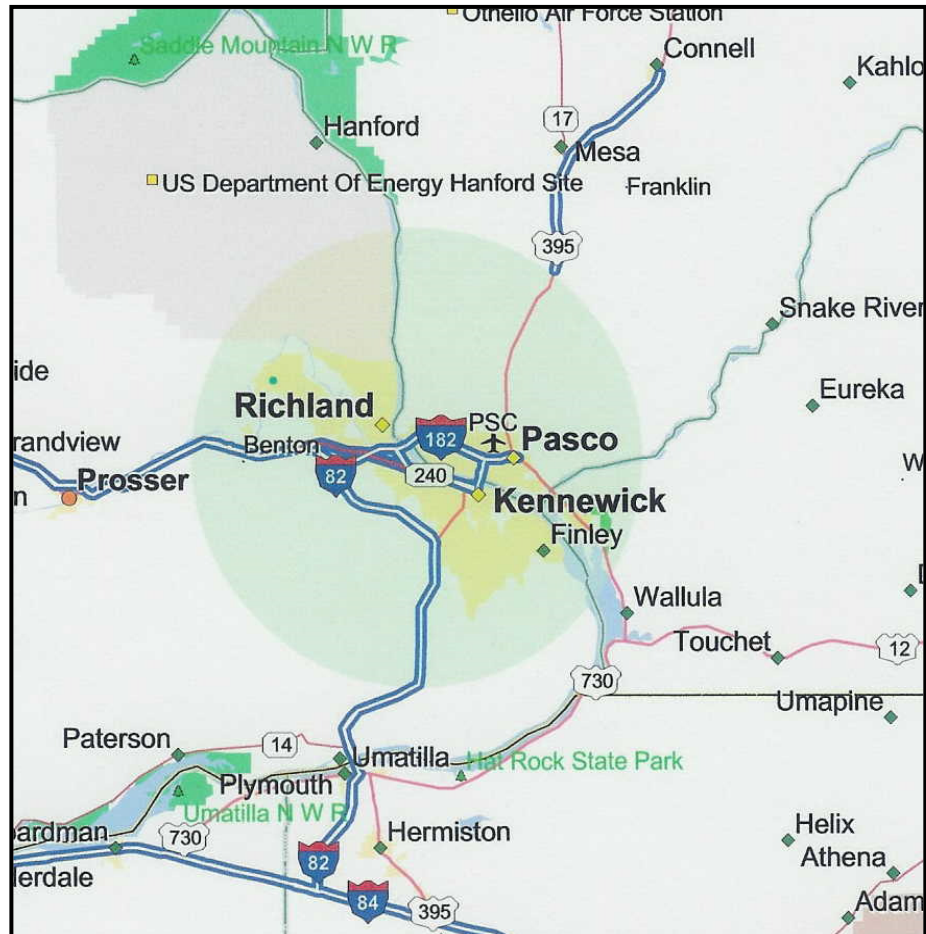
The Tri-Cities Metropolitan Statistical Area (MSA) is in south central / south eastern Washington State at the confluence of the Columbia, Snake, and Yakima Rivers in the heart of Washington State's wine country. The rivers provide the region with abundant irrigation, energy and recreational opportunities.

The Tri-Cities MSA is comprised of **two counties, Benton and Franklin Counties**, which combined occupy a total land area of 2,945 square miles. Benton County occupies a total land area of 1,700.3 square miles, varying in topography from level, irrigated farmland to the rolling hills of the Rattlesnake Mountain and Horse Heaven Hills. Franklin County occupies a total land area of 1,242.1 square miles. It is predominately agricultural: about 40% of the land is irrigated, 31% is dry-land wheat, 26% is grazing land, and 3% is town and suburban areas. Population density is equivalent to 103 persons per sq. mi. in Benton County and 62.3 persons per sq. mi. in Franklin County.

History

The region was settled in the late 1800s by cattle and horse ranchers, primarily along the Columbia River, which allowed product to get to market. Farming included corn, wheat, alfalfa, potatoes, and fruit, especially apples. Dry-land farming was also successful, but in the 1890's, the first of the region's irrigation canals were built and expansion occurred in orchards, vineyards, farming and ranching. Farming expanded and supports the region today.

The region is probably best known today for the U.S. Department of Energy's (DOE) development of the Hanford Site in 1943 as part of the Manhattan Project, the location of the United States' first B Reactor, the first full scale plutonium production facility used in the first nuclear bombs. The project ultimately expanded to include nine nuclear reactors and five large plutonium processing complexes. However, early cleanup



procedures were largely inadequate, and cleanup of toxic waste became a driving factor in the economy over the next several decades, along with diversification in scientific research and nuclear energy. The site is now mostly decommissioned but ongoing cleanup will be an economic driver for many years to come.

Climate

The region benefits from a location in the semi-arid high desert river basin, and within the rain shadow of the Cascade, Blue, Wallowa and Rocky Mountains. There is very nominal annual precipitation of less than 8" per year and an average high/low/average temperature of 65.5 / 43.7 / 54.6.

Climate Kennewick - Washington							°C °F
	Jan	Feb	Mar	Apr	May	Jun	
Average high in °F:	42	48	58	66	74	82	
Average low in °F:	29	31	36	42	49	56	
Av. precipitation in inch:	1.06	0.79	0.75	0.55	0.63	0.51	
Days with precipitation:	-	-	-	-	-	-	
Hours of sunshine:	-	-	-	-	-	-	
Average snowfall in inch:	1	0	0	0	0	0	
	Jul	Aug	Sep	Oct	Nov	Dec	
Average high in °F:	90	89	80	66	51	40	
Average low in °F:	62	61	52	42	35	29	
Av. precipitation in inch:	0.24	0.2	0.31	0.59	0.98	1.14	
Days with precipitation:	-	-	-	-	-	-	
Hours of sunshine:	-	-	-	-	-	-	
Average snowfall in inch:	0	0	0	0	0	0	

Source: USClimatedata.com

This temperate climate and the lengthy growing season is especially beneficial for agricultural related industries and Washington State in general and Benton and Franklin Counties in particular, are top producers in many areas of agricultural activity in the United States. Food processing has become a larger and larger part of the economy over the last decade. The area is also within the heart of the Columbia Valley AVA, and there are now over 300 wineries and tasting rooms in the area. The climate as well as the location in proximity to the Columbia, Yakima and Snake Rivers, also provide many recreational opportunities for the region.

Towns and Cities

Benton County's largest cities are Richland and Kennewick. Smaller outlying areas of the county include West Richland, Benton City, Finley, Kiona, Whitstran, Prosser (County Seat), Paterson, and Plymouth.

- Kennewick was incorporated in 1904. Now the largest population of the Tri-Cities, it is supported primarily by light industrial service and retail trade.
- Richland was incorporated in 1910. In 1943, the U.S. Government selected the area to site the Manhattan Project to produce plutonium for nuclear weapons. It was transferred from federal control in 1958 and became a chartered First-Class city. Clean-up of the Hanford Site is one of the major economic drivers today.

Franklin County's largest city is Pasco (County Seat). Smaller, outlying cities within the county include Connell, Kahlotus, Basin City, Eltopia, and Mesa.

- Pasco was the first city that early settlers developed and incorporated in 1891. Acknowledged for its strong agricultural and industrial base, Pasco has grown into one of the region's largest food processing and agricultural centers. Today it is the 3rd fastest growing areas in the state.

Population Trends

The following chart depicts population trends reported by Washington State for the area since the last census. The Tri-Cities has experienced a nearly 50% increase in absolute numbers of citizens since 2000, indicating that it is in the midst of both a population and economic boom. It is currently listed at 302,460 persons in the final count, updated in April 2020.

The cities of Kennewick, Pasco, Richland, and West Richland grew by about 36,400 persons between 2010 and 2018 according to new population estimates released May 22, 2019 by the United States Census Bureau. Projections are that an additional 112,000 more persons are estimated to live here in 20 years based on the Benton-Franklin Council of Government's Transition 2040 plan.

The 2020 estimate surpassed 300,000 for the first time; this threshold is a harbinger of many national businesses beginning to look at the area as a site for new locations.

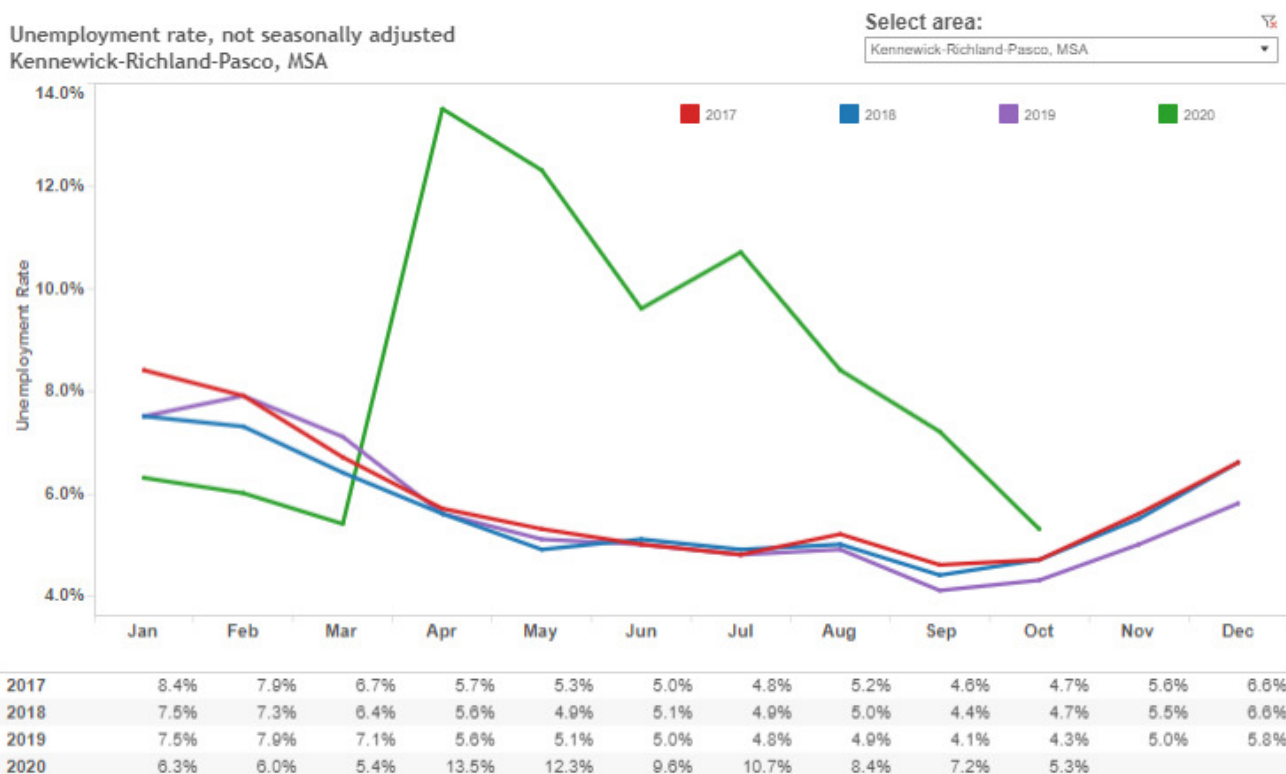
Population Trends for the Tri-Cities, WA MSA											
Area	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*
MSA	253,340	258,400	262,500	268,200	273,100	275,740	279,170	283,830	289,960	296,480	302,460
Benton County	175,177	177,900	180,000	183,400	186,500	188,590	190,500	193,500	197,420	201,800	205,700
Kennewick	73,917	74,665	75,160	76,410	77,700	78,290	79,120	80,280	81,850	83,670	84,960
Richland	48,058	49,090	49,890	51,150	52,090	53,080	53,410	54,150	55,320	56,850	58,550
West Richland	11,811	12,200	12,570	13,080	13,620	13,960	14,340	14,660	15,320	15,340	15,710
Franklin County	78,163	80,500	82,500	84,800	86,600	87,150	88,670	90,330	92,540	94,680	96,760
Pasco	59,781	61,000	62,670	65,600	67,770	68,240	70,560	71,680	73,590	75,290	77,100
<i>Source: WA State Office of Financial Management, April 1, 2020 Used for Allocation of Selected State Revenue</i>											
<i>*Based on Estimates from 2010 US Census as determined in April every year</i>											

Labor Force and Employment

One of the major reasons for population growth is the strong economy with abundant job opportunities. The region possesses a well-educated and professional work force; in fact, the Tri-Cities holds the #1 spot in the nation for the number of PhDs in its work force as a result of the scientific research carried out at Hanford by many of the sub-contractors. Benton County's labor force also includes a high percentage of high-end managerial and professional specialty occupations. Due to its large agricultural base, Franklin County's work force is a high concentration of farming and fabrication occupations.

The most recent not seasonally adjusted *monthly* data from the U.S. Bureau of Labor Statistics is for October 2020 and suggests a preliminary local jobless rate of 5.3%. The following chart shows the unemployment rate, not seasonally adjusted for the period 2017 through September 2020. Clearly the ongoing global Covid-19 pandemic resulted in a spike in unemployment during the spring, which gradually came back down to present levels, which is now near typical averages for this region.

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington



Employment and unemployment, not seasonally adjusted
 Kennewick-Richland-Pasco, MSA

	2020		2019		2018		2017	
	October	September	October	September	October	September	October	September
Civilian Labor Force	161,702	158,252	148,024	147,996	141,952	140,138	138,077	139,153
Employment	153,205	146,927	141,690	141,877	135,300	133,976	131,564	132,765
Unemployment	8,497	11,325	6,334	6,119	6,652	6,162	6,513	6,388
Unemployment Rate	5.3%	7.2%	4.3%	4.1%	4.7%	4.4%	4.7%	4.6%

Source: WA State Employment Security Department
<https://esd.wa.gov/labormarketinfo/labor-area-summaries>

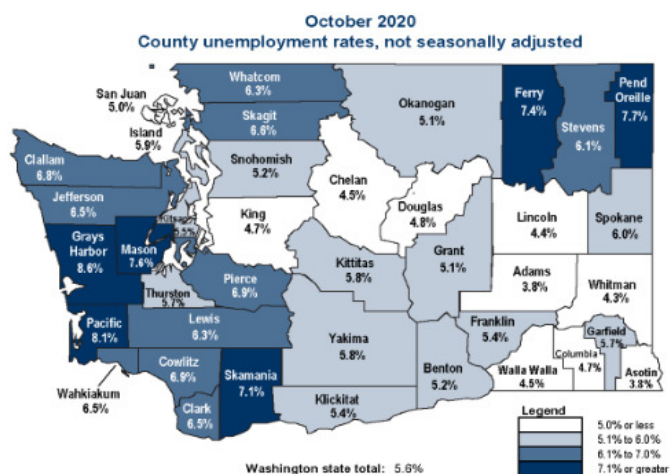
Annual unemployment rates for Kennewick-Richland-Pasco MSA from 2007 to 2020 are reported in the following chart. Labor force growth has increased strongly, and unemployment rates have clearly declined since 2007. This chart then compares current data with other counties and the state of Washington.

Labor Force Statistics: Benton and Franklin Counties

Year	Labor Force	Total Employment	Unemployment	Unemployment Rate
2007	117,700	111,510	6,190	5.3%
2008	122,530	115,840	6,690	5.5%
2009	128,690	119,010	9,680	7.5%
2010	133,980	123,570	10,410	7.8%
2011	135,060	124,350	10,710	7.9%
2012	134,410	122,560	11,850	8.8%
2013	131,930	120,600	11,330	8.6%
2014	127,200	115,600	11,600	7.2%
2015	130,078	122,279	7,799	6.0%
2016	134,094	125,188	8,905	6.6%

Year	Labor Force	Total Employment	Unemployment	Unemployment Rate
2017	138257	130347	7883	5.7%
2018	147,925	140,914	7,011	4.7%
2019	147,420	138,665	8,755	5.9%
2020 (October) Note: Pandemic	161,702	153,205	8,497	5.3%

Source: Labor Area Summaries, Washington State Employment Security Department, Labor Market and Economic Analysis Branch, not seasonally adjusted (September 2020)



Source: WA State Department of Labor Security, October 2020 published November 2020
<https://esd.wa.gov/labormarketinfo/monthly-employment-report>

It is noteworthy that unemployment was adversely affected by the global Covid-19 Pandemic beginning in the spring of 2020 and continuing through to the present time. However, unemployment rates are trending down again as more employers and employees return to the market/

Top 10 Benton County Industries in 2018

Rank	Industry	Percent of total jobs
1	Government	14.4%
2	Healthcare and social assistance	13.7%
3	Administrative and waste services	11.4%
4	Retail trade	11.0%
5	Professional and technical services	9.6%
6	Accommodation and food services	8.6%
7	Construction	7.5%
8	Agriculture	7.1%
9	Manufacturing	5.0%
10	Finance and insurance	2.2%

(Source: Employment Security Department, QCEW)

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Top 10 industries in Franklin County in 2018

Rank	Industry	Percent of total jobs
1	Agriculture	19.7%
2	Government	18.8%
3	Manufacturing	10.5%
4	Retail trade	9.6%
5	Healthcare and social assistance	8.3%
6	Accommodation and food services	6.2%
7	Construction	5.9%
8	Wholesale trade	5.5%
9	Transportation and warehousing	4.1%
10	Administrative and waste services	3.1%

Source: Employment Security Department, QCEW

Source: TRIDEC, July 2020

The following table lists a few of the major employers (800 or more employees) in the MSA.

Company	Industry	Employees
Battelle/Pacific Northwest National Laboratory	Research & Development	4,500
Kadlec Regional Medical Center	Health Services	3,532
Lamb Weston	Food Processing	3,000
Bechtel National	Engineering & Construction	2,943
Kennewick School District	Education	2,336
Washington River Protection Solutions	Environmental Remediation Services	2,129
Pasco School District	Education	2,015
Mission Support Alliance, LLC	Support Services, Hanford/DOE Site	1,902
CH2M	Environmental Remediation	1,682
Richland School District	Education	1,500
Tyson Foods	Food Processing	1,300
Trios Health	Health Services	1,268
Energy Northwest	Utilities	1,100
First Fruits	Food Processing	920
Lourdes Health Network	Health Services	804

Congressional funding for the clean-up of the Hanford Site in North Richland through the Department of Energy (DOE) has been the primary economic and employment driver for many years. Annual budgets will continue to play a major role in economic growth. The following table outlines Hanford's budget allocations for fiscal years 2012-2020.

Hanford Budget Allocation of EM Cleanup Funding (\$ in Thousands)									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	Post Sequester								
Richland Operations	1,021,824,000	943,327,000	1,012,620,000	941,000,000	990,653	916,176	947,422	954,097	718,098
Office of River Protection	1,181,800,000	1,097,441,000	1,210,216,000	1,212,000,000	1,414,000,000	1,496,965	1,552,000	1,573,000	1,392,460
Total	2,203,624,000	2,040,768,000	2,222,836,000	2,153,000,000	1,414,990,653	2,299,965	2,499,422	2,527,097	2,110,558

Source: The Hanford Site, Budget Overview for FY 2020; FY 2021 Budget Public Priorities

The most recent budget request was \$718,098 for the Richland Operations and \$1,392,460 for the Office of River Protection. Presidential requested funding for FY 2020 is a combined amount of \$2,110,558, which is a significant 20% decrease over 2019. However, President Trump signed 12 annual appropriation bills for fiscal 2020 into law after approval of the appropriations bill with the Hanford budget. The budget tops \$2.5 Billion, actually increasing spending by about \$90 Million. This bodes well for continued clean-up activity for the foreseeable future.

TRIDEC (The Tri-City Development Council) has been working to help diversify the employment base away from the Hanford economy since the mid-1990s, and these efforts are paying off in a big way. More important industries today include food processing which spins off agriculture; and the region has become most important for healthcare. Logistics and transportation on water, highways, and rail have contributed in large part as well.

Income

According to the most recent Washington State Median Household Income Estimates by the Office of Financial Management, the projected 2015-2018 and projected 2019 median household income statistics for the Tri-City were:

Median Household Income Estimates by County, 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	*2019
Washington State	\$ 54,888	\$ 55,500	\$ 56,444	\$ 57,554	\$ 60,153	\$ 63,439	\$ 65,500	\$ 69,288	\$ 73,294	\$ 74,992
% Change		1.1%	1.7%	2.0%	4.5%	5.5%	3.2%	5.8%	11.9%	8.2%
Benton County	\$ 60,070	\$ 60,608	\$ 62,739	\$ 63,062	\$ 63,157	\$ 62,071	\$ 62,282	\$ 63,502	\$ 64,745	\$ 65,888
% Change		0.9%	3.5%	0.5%	0.2%	-1.7%	0.3%	2.0%	4.0%	3.8%
Franklin County	\$ 53,355	\$ 53,644	\$ 56,221	\$ 57,196	\$ 58,538	\$ 57,664	\$ 58,854	\$ 63,345	\$ 68,179	\$ 70,638
% Change		0.5%	4.8%	1.7%	2.3%	-1.5%	2.1%	7.6%	15.8%	11.5%

Last updated April 29, 2020

Source: <https://www.ofm.wa.gov/washington-data-research/economy-and-labor-force/median-household-income-estimates>

*Preliminary

Franklin County had an astonishing jump in just two years of nearly \$10,000 in median household income as new residential construction drew a large number of upper income workers to the region. It is now ahead of Benton County for 2018 projections, where it lagged for many years. The median income is considered high when compared to Washington State because there are so many high income earners in the Seattle area which dominates the state statistics.

Education - Primary and Secondary Levels

Increased population in the MSA has resulted in overcrowding in most K-12 schools and many schools built in the middle of the previous century were seriously outdated needing replacement. In attempt to ease the overcrowding situation, all districts passed school bond issues in the last several years, and over the last five years, 33 new schools have been built or are under construction totaling a stunning 2.35M SF:

Summary of New School Construction

Tri-Cities, WA

2014-2020

	KSD	PSD	RSD	Combined
Complete SF (#)	596,618 (11)	494,299 (7)	622,164 (8)	1,713,081 (26)
Under Constr SF (#)	403,225 (4)	110,000 (1)	130,500 (2)	643,725 (7)
Total	999,843 (15)	604,299 (8)	752,664 (10)	2,356,806 (33)
% of Total	42.4%	25.6%	32.0%	

The following depicts enrollment for the MSA school districts between 2012 and the present projection.

School District K-12 Enrollments				
School Year	Richland	Kennewick	Pasco	Total
2012-2013	11,848	16,427	15,625	43,900
2013-2014	11,950	17,703	16,612	46,265
2014-2015	12,419	17,737	17,230	47,386
2015-2016	12,986	18,043	17,790	48,819
2016-2017	13,552	18,172	17,882	49,606
2017-2018	13,908	18,583	18,284	50,775
2018-2019	14,210	19,197	18,783	52,190
2020-2021	13,796	18,541	18,265	50,602
Num. Chg.	2,362	2,770	3,158	8,290
% Change	19.9%	16.9%	20.2%	18.9%

Office of Superintendent of Public Instruction, October, 2020

Enrollment at the secondary level is clearly increasing, providing evidence of population increases. There is no indication as yet how the current pandemic will affect school enrollments.

Education - University and College Levels

Washington State University (WSU) headquartered in Pullman, WA expanded to a satellite campus here in the late 1980's, and this campus in North Richland not far from the Hanford Site attracts a large and growing student body from all over the state. WSU Tri-Cities has both undergraduate and graduate studies. A new student housing project was completed during 2018 to serve the growing student body.

Columbia Basin College (CBC) offers Associates of Arts degrees, but recently became an accredited 4-year college. From approximately 2006 to 2009, CBC underwent a \$45 million renovation to update classrooms, labs and faculty offices. A new classroom building was completed (August 2016) and a 120-unit student housing project broke ground in October 2016 and was completed in time for opening for the Fall, 2017 semester to serve this institution's growing student body.

Current enrollment figures are summarized as follows:

	WSU Tri-Cities	CBC
2020 (Fall)	1,937	11,368

Transportation

The Tri-Cities is one of an extremely few population centers in the entire Pacific Northwest region that has all forms of transportation access. These provide superior linkages and access to and from the area and include:

- *Air Service* - Several public and private airports and heliports serve the region, the largest of which is the Tri-Cities Airport in Pasco. A \$42 Million expansion project including a new terminal, baggage handling system and runway was completed in January 2017; total passenger traffic in 2018 set a new record at 395,084 boardings. Total 2019 boardings were 438,123 passengers, a whopping 10.9% increase over 2018; but, of course have been impacted by the pandemic during 2020; PSC is the eighth-busiest small airport on the continent.
- *Highway Service* - The Tri-Cities has become a transportation hub for the entire Eastern Washington State area east of the Cascade Mountains. It is strategically located and benefits from a highway system in place that provides rapid interstate and state route access to a variety of points. The major cities of Seattle, Spokane and Portland are all less than 3.5 hours away.
 - I-82, running through the Tri-Cities, is a 143.58-mile interstate highway extending from I-90 in Ellensburg, Washington southeastwardly to I-84 near Umatilla, Oregon.
 - I-182 is an east-west auxiliary interstate highway traveling around the City of Kennewick and passing through the cities of Richland and Pasco.
 - U.S. 395 is a major U.S. highway which includes a long overlap with I-90. The southern piece, from I-82 near the Tri-Cities to I-90 near Ritzville, is a high speed four-lane divided highway.
 - State Route 240 begins at the southern end of the Blue Bridge in central Kennewick as an offshoot of U.S. Route 395.
- *Bus Service* - Mass public transit is operated locally across 17 routes by the Ben Franklin Transit system. Serving the cities of Kennewick, Pasco, and Richland, several routes also extend as far as Prosser, Benton City and West Richland. Most routes run six days a week. A Dial-A-Ride is also offered for the physically disabled.
- *Rail Service* - The Tri-City MSA is the only metropolitan manufacturing area between the Cascade and Rocky Mountains to offer main line rail freight service to both Burlington Northern and Union Pacific Railroads. Amtrak also has a stop on its system in Pasco.
- *Water* - The Columbia-Snake River system is one of the most modern interlinked transportation networks in the world. This commercial waterway extends 465 miles from the Pacific Ocean into the North American continent moving an increasingly large quantity of goods through the region.

Government

The incorporated municipalities of Kennewick, Richland, and Pasco each have the Council-Manager form of government. West Richland and smaller outlying areas within the counties have retained the Mayor-Council form of government.

Community Healthcare Services

The Tri-Cities is a regional health care center currently served by two major national hospital groups, numerous outpatient facilities, and private practices. Area residents are presented with a wide array of health care services provided by:

1. *Kadlec Regional Medical Center in Richland*, (owned by Providence Health & Services) most recently opened a new NICU in April 2015; opened a new 600-car parking garage August 1, 2016; and completed a 4-story addition in December 2016.
2. RCCH Healthcare Partners owns two major facilities in the Tri-Cities that were previously operated independently.
 - *Our Lady of Lourdes in Pasco*, which signed an agreement with RCCH in July 2017 to be acquired and which agreement closed in August 2018;

- *Trios Hospital in Kennewick*, which had operated out of a vintage hospital near the original downtown CBD, and opened a second, new facility in the Southridge area during July 2014. However, Trios declared bankruptcy in mid-2017. Staff lay-offs occurred, and it was acquired by RCCH as well in August 2018.

RCCH HealthCare Partners officially merged with LifePoint Health on November 16, 2018, shortly after the acquisition of Lourdes Hospital and Trios Hospital closed in late summer. It is unknown at this point what impact the merger will have on the healthcare system in the Tri-Cities although they will be officially operating as one united company under the LifePoint Health name. Thus, as part of the LifePoint network, the two local hospitals are now connected to an even stronger network of community hospitals, regional health systems, physician practices, outpatient centers and post-acute facilities that span 30 states.

All three hospitals had been expanding community services as well, opening both emergency and non-emergency clinics in the 2014-2017 timeframe. With the recent mergers, the three hospital networks have been reduced to two networks. The status of the federal Affordable Care Act is uncertain, and its impact on the Tri-Cities' health care delivery system is uncertain as well.

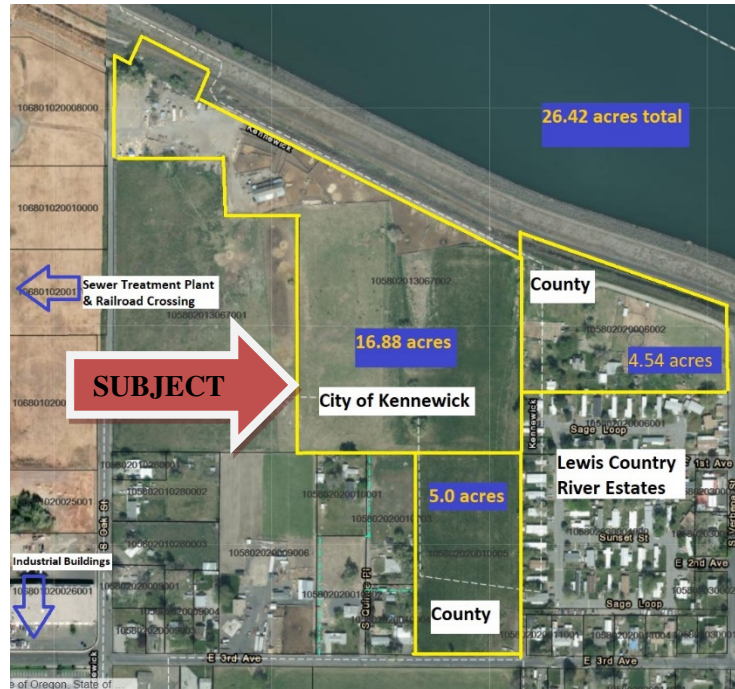
Conclusion

The Tri-City market is a mid-sized and rapidly growing, somewhat isolated market with linkages to other areas via a strong transportation network including air, rail, water and truck. By all indications, the economic base has been well diversified in the last decade from its previous reliance on the government funding of the Hanford project. After crossing the 300,000-person threshold in population in 2020, the area becomes attractive to a higher level of national firms seeking to diversify. Population is increasing steadily, the demographic characteristics of the population are well educated and diverse, incomes are increasing, unemployment rates are being reduced (pre-pandemic), and investment in the area is increasing.

A more robust analysis of each market segment is included in the appropriate section of this report.

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

CLOSE-UP AERIAL MAP – Source: Client



NEIGHBORHOOD AERIAL MAP – Source: Google



109 N Oak St et al, Kennewick, Benton County, Washington

Regional Street Map –Source: STDB

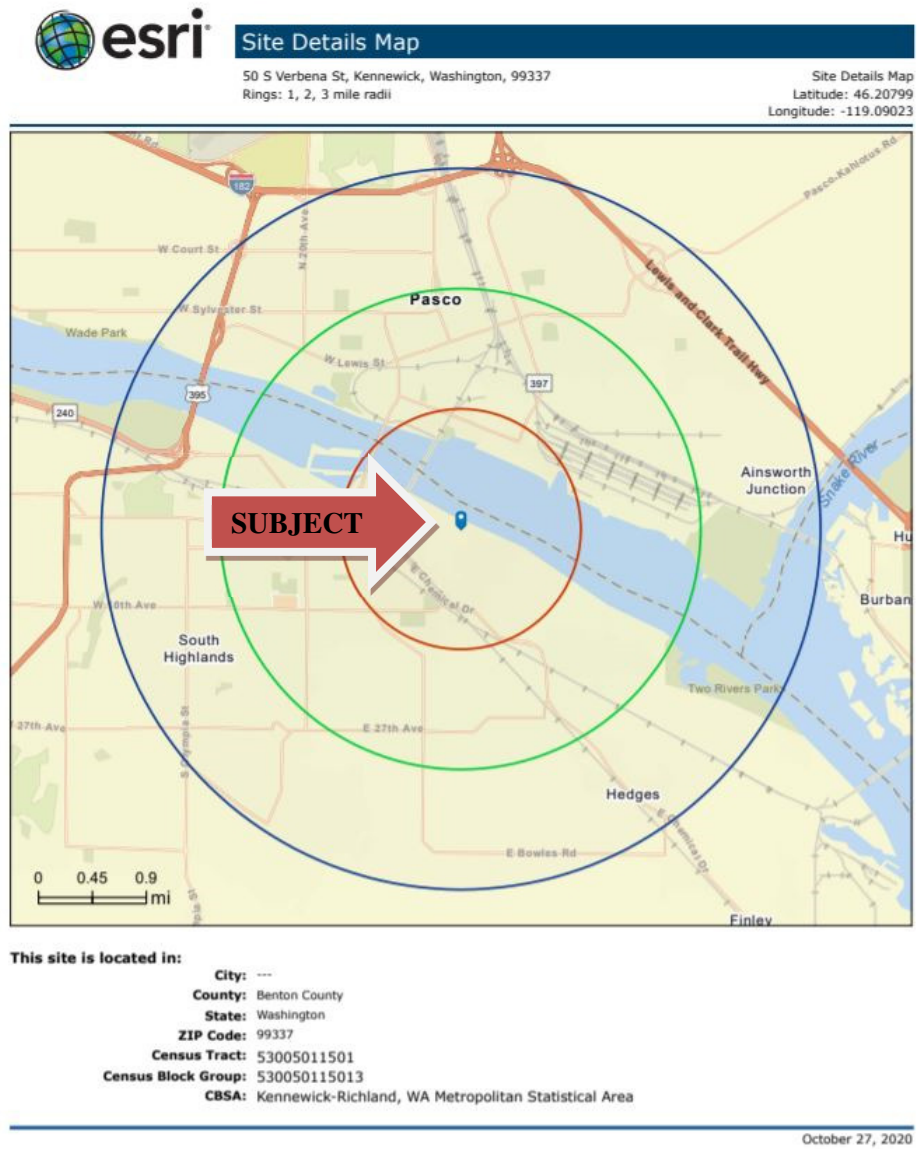


Regional Aerial Map –Source: STDB

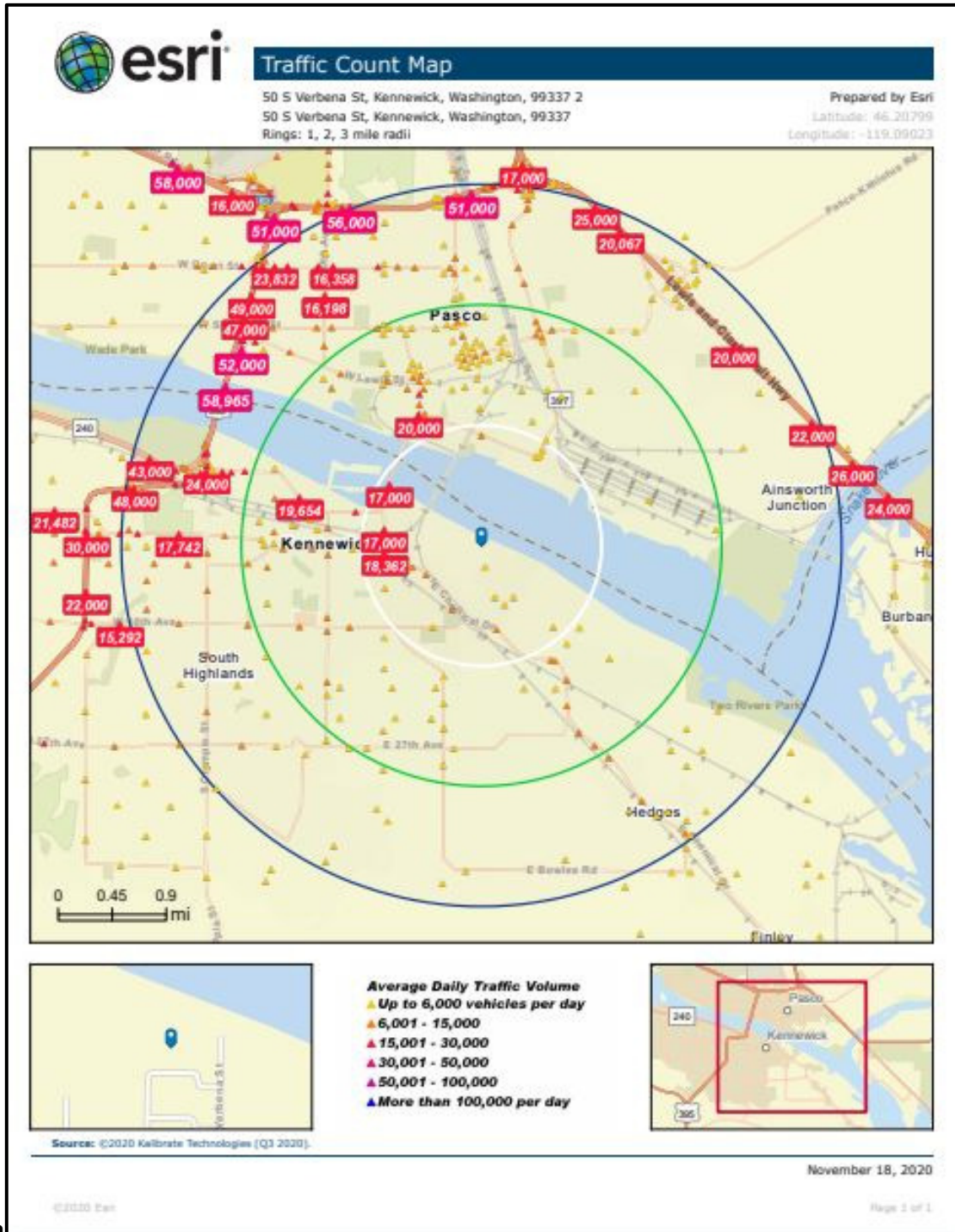


*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

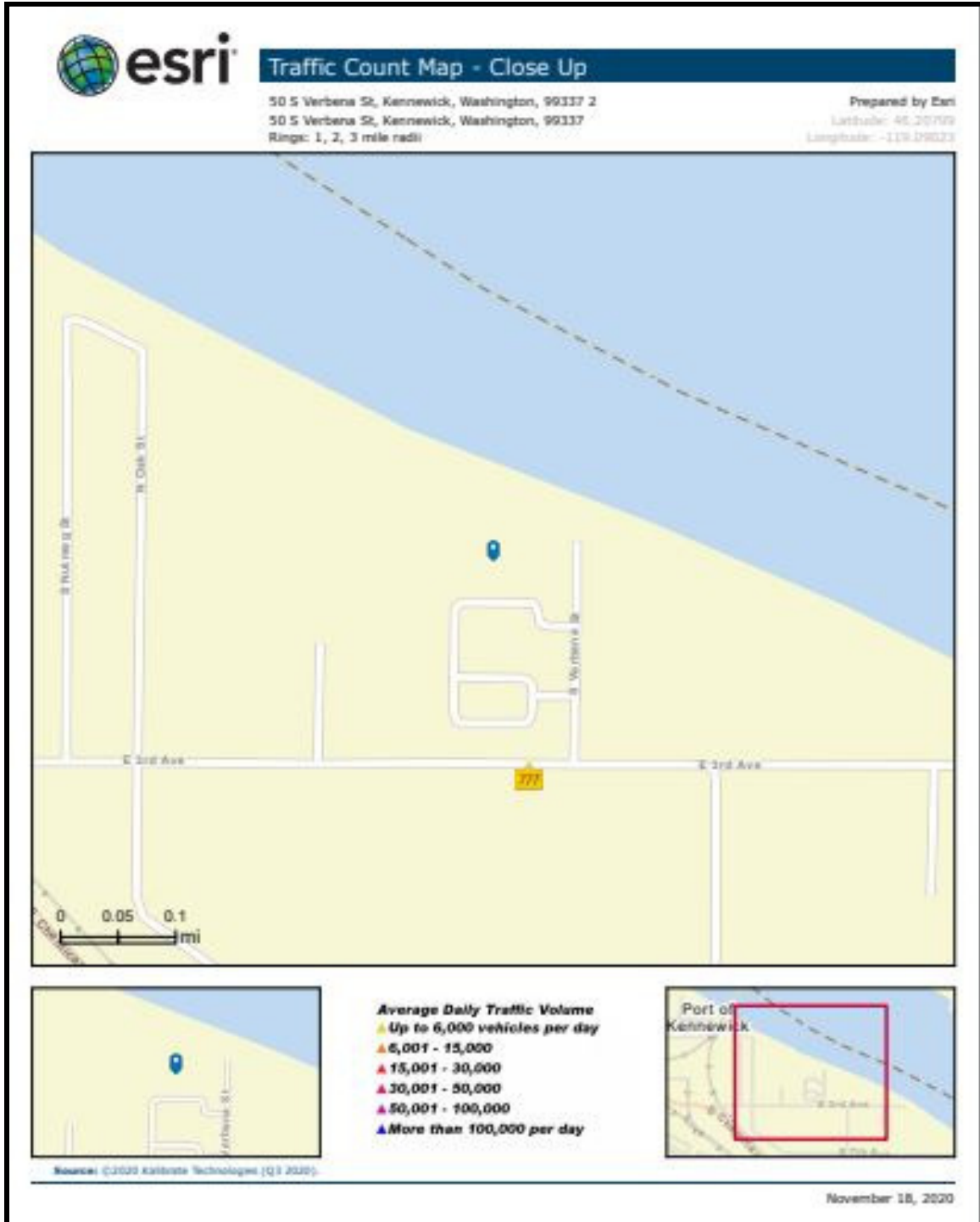
Neighborhood Ring Study Map – 3-Mile Radius – Source: STDB



TRAFFIC COUNT MAP – 1-Way – Source: STDB



TRAFFIC COUNT CLOSE-UP – 1 Way – Source: STDB



Neighborhood Ring Study Map – Source: STDB



Neighborhood Overview

Social, economic, governmental and environmental forces all influence properties and the neighborhoods in which they are located. A neighborhood includes a group of complementary land uses and usually a related grouping of inhabitants, buildings, or business enterprises³.

For purposes of this report, the neighborhood boundaries are best described as follows:

North	Columbia River
South	Game Farm Road
East	Columbia River
West	U.S. 395

The subject is located just east of SR 397 aka Gum St/Chemical Dr in a neighborhood dominated by the 150-acre light industrial neighborhood commonly referred to as the Oak Street Industrial Park neighborhood developed and owned by the Port of Kennewick. Over the years, a number of parcels have been sold while the Port remains in control of a number of others including those that are the subject of this report.

³ *The Appraisal of Real Estate*, Appraisal Institute, page 164.

S.R. 397 (aka Gum Street, aka Chemical Drive)

“is a state highway serving both Benton and Franklin Counties that was approved by the state legislature and the department of transportation in 1991, that took effect on April 1, 1992. A new connection between I-82 and U.S. 395 and SR 397, dubbed the I-82 to SR 397 intertie by WSDOT is a bypass through the eastern area of the Horse Heaven Hills. It extends 22.31 miles from I-82 east toward Piert Road in Finley before going north on the Cable Bridge over the Columbia River, to Interstate 182 (I-182), U.S. Route 12 and U.S. 395 in Pasco. The route serves as a connector between Finley, Kennewick, and Pasco. The road that S.R. 397 uses, Chemical Drive, continues for 190 feet east from Piert Road/S.R. 397 to South Piert Road (Source: Wikipedia).

S.R. 397 (aka Gum Street, aka Chemical Drive) provides access to cities to both the north and south forms the eastern boundary line of the original Kennewick downtown neighborhood; and thus, the subject is located about one mile east of the “central business district” or CBD of the original downtown Kennewick core neighborhood. Due to the combined efforts of the City of Kennewick and the Port of Benton to re-develop the area, it is now referred to as the Historic Downtown District. Several other distinct neighborhoods adjacent to Oak Street are depicted in the graphic map below and discussed in the following paragraphs.



Directly north of the Columbia Dr Corridor is the Port of Kennewick and City of Kennewick joint venture project known as the Columbia Gardens project which includes the recently completed Columbia Gardens Wine & Artisan Village housing a number of wineries and breweries and north of that project is Clover Island (see discussion below).

The central business district originally developed within the area immediately south of the BNSF railway right of way that runs parallel to Canal Avenue (marked RR and industrial development on the map). The area abutting to the north of the railway right of way took on the character of industrial development as it was oriented to the railway.

The business district expanded during the 1950's and ultimately included the area along Columbia Drive to the north of the industrial district which is now referred to as the Columbia Drive corridor; and to the south along 10th Avenue; between U.S. 397/Gum Street on the east, and Fruitland on the west, with Washington St. serving as a north/south dividing line. The majority of *retail* commerce takes place in a corridor defined by Canal Avenue on the north, Washington St. on the east, 1st Avenue on the south and Fruitland on the west. Many buildings are 2-story, with retail on the street level and apartments above (marked as Downtown CBD).

Downtown Kennewick developed during the early 1900s and continued as a viable central business district through the early to mid-1960s. Later on, businesses began a westward migration as the population grew, crossing U.S. Highway 395 and continuing west on to Clearwater Avenue, a major commercial artery. Around 1980, the growth along Clearwater Avenue reached Columbia Center Boulevard, a major north/south artery, about 7-8 miles west of the downtown Kennewick area. From the intersection of Clearwater and Columbia Center Boulevard, development traveled north along Columbia Center Boulevard to U.S. Highway 240, about three miles north.

With exception of institutional redevelopment, i.e., Trios Women & Children's Hospital (formerly Kennewick General Hospital), City Hall and related agencies, and Kennewick High School, very little private development has taken place in recent years in the vicinity of the subject downtown area.

- The High School is currently in the middle of an \$87.4 Million redevelopment program to construct a new 2-story school containing 292,600 SF and will replace the original school which opened in 1951. It is designed to house about 2,000 students; completion is anticipated in August 2021.
- Trios Hospital was purchased out of bankruptcy in 2018 and the hospital was re-positioned as a Women and Children's Hospital by the new owner. A recent study commissioned by the hospital owner has indicated that conversion of the hospital into a center to treat addiction and other behavioral health services is vitally needed and is financially viable. It is said that the birthing center is already moving to the new hospital at Southridge.
- Padilla Masonry purchased a 2.93-AC site at the corner of SR 397 and Bruneau for construction of its new headquarters, containing 12,376 SF which were completed in 2019.
- A multi-story building housing retail on the first floor and luxury apartments on the upper floors has been announced for the CBD at 9 W Canal. However, no further details were provided.

Original commercial buildings downtown have had some updating as tenants and ownerships have changed. For the most part, residential housing is now classed as entry level based on the income levels of the population in the neighborhood and average sale price, occupied by individuals and families at the entry income levels, or used either as rental housing by investors

The City, the Port District of Kennewick, individuals, business and property owners and volunteers work with the Historic Downtown Kennewick Partnership to achieve a shared vision for the downtown area with the goal to "create an inviting downtown by preserving historic buildings, encouraging more public art, building maintenance, and enhance the pedestrian safe and clean environment." Building on

downtown Kennewick's reputation as one of the few "old" areas in the Tri-Cities, buildings are slowly being properly restored, preserving their historic relevance while achieving more useful functionality. Public art adds to the comfortable pedestrian friendly environment. There has been no new development in the immediate area surrounding the subject for several blocks in each direction.

An emphasis is also being placed on improving linkages from the "Historic Downtown CBD" to the area adjacent north to the Columbia Drive neighborhood known as "Clover Island", the centerpiece of the riverfront development to the neighborhood north of Columbia Drive (the northern boundary of the subject neighborhood) to take advantage of the proximity to the river. Clover Island is a small island in the Columbia River located between the Blue Bridge on the west and the Cable Bridge on the east, about 700' wide, and has a land area of about 16 acres. Clover Island is home to the Yacht Club, a Lighthouse (the first built in the U.S. since 1962); a 4-story hotel, the Cedars Restaurant, and the Ice Harbor Brewing Company. Other improvements are planned, but nothing is finalized.

Columbia Drive, formerly known as Avenue "C", is the main east-west arterial in the northern portion of the defined neighborhood, which also acts as the southern boundary of Clover Island and the northern boundary of the industrial district. During the 1950s and 1960s, Columbia Drive was known as "Auto Row", the main location for both new and used Tri-City auto dealers. Beginning in the mid-1970s, auto dealers sought newer neighborhoods, which included the Columbia Center area, Clearwater Avenue, the Highlands, and the Pasco Auto Mall. Since that time, Columbia Drive has experienced declining property values with little capital improvement made to existing properties. Today, the majority of buildings are occupied by used car retailers, parts dealers, and automotive repair facilities.

Situated on the north side of Columbia Drive, stretching east to west from the Blue Bridge on the west to the Cable Bridge on the east, and towards Clover Island and the Columbia River on the north, is an older residential neighborhood referred to now as The Columbia Drive Urban Revitalization Area and comprising about 16 acres. This area is separated from Clover Island by a small inlet of water from the Columbia River. The Port of Kennewick, the City of Kennewick and Benton County have partnered for the re-development of a joint project including completion of three phases to date including (1) the infrastructure development, and completion of (2) the first building and (3) second buildings and a food truck plaza. This effort included the purchase of several vacant buildings and a mobile home park. Still to come will be development of the former Willows site and the Cable Greens site flanking the east and west boundaries, most likely with residential uses.

The City finished the pre-treatment facility at a cost of about \$400,000 to be connected to the City's waste treatment plant in 2015 so that boutique production wineries could be in place and operating by crush of 2017. Groundbreaking for the first building in The Gathering Place occurred in early 2016 and the first winery took possession in late 2017. Two more wineries have since taken possession of their new facility.

In anticipation of the opening of the Gathering Place, several of the older buildings located across from it on the south side of Columbia Drive have been acquired, renovated and are now occupied or available for lease. For many years, remaining retail and office buildings along Columbia Drive have been at the low end of the market, experiencing rents on average from \$3.00 to \$7.00 per square foot. Most buildings are of a retail nature and constructed in the mid-1950s and early 1960s. Typical tenants include sales, service and repair of automotive, motorcycle, boat, recreational vehicles, etc. Tenants also include auto parts stores, tire stores, second-hand stores, carpet wholesalers, etc. Development along Columbia Drive remains and will likely continue to remain as affordable property.

The most recent traffic counts (2018) along W. Columbia Dr indicate average daily trips of 19,486 between Washington St and SR-397, increasing to 27,654 vehicle trips between Fruitland St and U.S. 395. Traffic counts have been steadily increasing over the last ten years. The majority of this traffic is deemed commuter traffic, not retail or point of destination retail. Public transportation is available at intervals along West Columbia Dr, as well as North Washington St.

Other renovation and new commercial development projects within the past decade along Columbia Dr west of Washington Street includes the expansion and renovation for the Apollo Sheet Metal and Apollo Inc. headquarters located at 1207 W. Columbia Drive. In 2009, a 11,196 square foot building was completed at 503 W. Columbia Drive for Poland and Sons, located on Columbia Drive. A portion comprising 4,944 square feet was listed for rent for several years, which reportedly did not lease up. Additional new development includes the Overturf Volkswagen Dealership located to the northwest of the subject, at 1016 W. Columbia Drive. Situated on over three acres, the 18,286 square foot dealership was constructed in 2005, and a new Dutch Brothers Coffee recently opened at the intersection of Columbia Drive and Washington Street. Most recently, the property at 4 E Columbia Dr the southeast corner of Washington St and Columbia Dr was acquired and refurbished for retail use by Soft Water Specialists.

About 21± acres, including a former 78-space mobile home park along with numerous older dilapidated homes in the northeast quadrant of Columbia Drive and U.S. Hwy. 395 was acquired in 2013 for about \$3.1 Million by BW Land LLC for new commercial re-development. Plans announced included a new hotel, retail and residential. The acquisition required the relocation of numerous residents, and it got a lot of media attention. Although the tenants were relocated, and the area has been cleared, plans have never been finalized, and it is rumored that the partnership owning the property is in litigation over the property. Thus, nothing has happened with this large parcel and there have been no recent announcements.

It has also been announced (late 2016) that a \$10 Million 20,000 sq. ft. 2-story culinary school / bakery / boutique restaurant will be developed along Columbia Drive as a joint venture between Columbia Basin College, the Port of Kennewick and the City of Kennewick. Fundraising is ongoing and no further details have been announced.

Immediate Neighborhood

The combined subject property is located in the neighborhood east of SR 397 aka Chemical Drive accessed via 3rd Ave, with frontage on public rights of way from three sides.

- Parcel A – This parcel is accessed by turning north from 3rd Ave onto N Oak
- Parcel B – This parcel has frontage and access directly from 3rd Ave
- Parcel C – This parcel is accessed by turning north from 3rd Ave onto So Verbena St

SR-397 has a traffic count coming off the Cable Bridge of 20,671 reducing to 12,390 as it connects with E 3rd Ave into the Oak Street Industrial Park neighborhood. Originally an agriculturally zoned area used for farming and ranching, the 150-acre Oak Creek industrial Park was developed by the Port of Kennewick in the early 1970's and dominates the area on the north and south side of 3rd Ave. The area to the north and east of the park remains a primarily agricultural and residential area today but have had some properties controlled by the Port of Kennewick such as the subject zoned for industrial use.

Access to the neighborhood is provided via E 3rd Ave from its intersection with S.R. 395 / E Chemical Dr. about one to three blocks west of the subject. Traffic can turn east on E 3rd Ave and cross the BNSF Railway tracks to enter the industrial park. The Port of Kennewick has a major project in the triangular quadrant bounded by E Chemical Dr and E 3rd Ave on the south side of E 3rd with some space available for lease. Directly across E 3rd St on the north side is the City of Kennewick's wastewater treatment plant at the northwest corner of E 3rd Ave and S Nutmeg St. This treatment plant extends all the way to the Columbia River to the north and there are plans to further expand the site.

Major tenants in the park besides the Port of Kennewick include Western Restaurant Supply & Design, AG Engineering & Development, Inland Empire Drywall, WSL Services and the Benton Franklin Humane Society.



The low population within a 1- and 2-mile radius supports the predominance of agricultural, commercial and industrial uses observed in the subject's immediate neighborhood. The population has remained very stable since 2000, growing less than 100 housing units during that time in the 1-mile radius, and less than 500 housing units in the 2-mile radius.

DEMOGRAPHIC ANALYSIS – 1351 E 3rd Ave, Kennewick				
1 Mile Radius				
	2000	2010	2020	2025
Population	2,208	2,308	2,553	2,692
Housing Units	780	792	860	904
Median HH Income			\$53,828	\$58,371
2 Mile Radius				
	2000	2010	2020	2025
Population	17,028	18,586	20,362	21,655
Housing Units	6,033	6,200	6,628	7,006
Median HH Income			\$43,201	\$45,684

Source: ESRI

Median income in the 1-mile ring surrounding the subject is \$53,828 and within a 2-mile range is \$43,201. These falls significantly below the median income of Benton County. The 2019 projected median income for Benton County is \$65,888, below the State of Washington of \$74,992 and Franklin County of \$70,638. The demographic data indicates that within a one-mile radius, 49.2% of the housing units are renter occupied. Within a two-mile radius, 49.4% are renter occupied. The data suggests a significant number of rental units in the immediate neighborhood.

Utilities

All utilities are available to the subject neighborhood. They include city water, sewer, underground electrical (provided by Benton County PUD), and underground telephone (provided by Verizon Northwest). The HUD identified flood zone does not appear to include the subject property. The City of Kennewick wastewater treatment plant is located on the north side of 3rd Ave across Oak St from the subject, and there may be plans to expand it in the works.

Summary

The prognosis for the subject's general neighborhood is continued stability with the Port of Kennewick's and the City of Kennewick's long-term investment in the area. There are still several parcels of land available for industrial development both inside of and outside of the park including the subject parcels. In the interim, this neighborhood provides affordable land and buildings to small agricultural users.

A study of the neighborhood and the trend of development did not indicate any adverse conditions or projects planned for the neighborhood that would negatively impact the subject's market value or marketability, although some might view the City's waste treatment plant west across Oak St subject on the west as a negative. The neighborhood is served by all city utilities and the Ben Franklin Transit system. Overall stability and desirability of the neighborhood is considered average.

Major and community arterials are in good condition. Residential arterials are, in some cases, in need of replacement as many of the older neighborhoods are still without sidewalks, curbs, and gutters. The neighborhood does not appear to experience any adverse conditions from environmental factors, such as noise, air pollution, or other potential adversities affecting market value of the subject property.

The neighborhood has shown only modest growth throughout the 1990's and undeveloped parcels are primarily utilized for agricultural use north and east of the subject. Traffic patterns are well established on the major arterials. No adverse conditions arising from the neighborhood were noted. The area should remain a viable community for many years to come. Given the history of the neighborhood and the lack of growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is for limited growth in the near term paralleling the nation and metropolitan economies.

Given the history of the neighborhood and the limited growth trends noted in the area analysis since it is almost fully developed, it is our opinion the outlook for the neighborhood is for stability with limited growth in the near term paralleling the nation and metropolitan economies.

Property Data - LAND

The subject land characteristics are described *in general* in the following outline format. This section is meant to acquaint the reader with the characteristics of the land only.

As more fully described within this report, the subject property is comprised of three contiguous tax parcels containing in the aggregate 26.42 acres. The property lies partly in the unincorporated portions of Benton County, and partly in the incorporated portion of the City of Kennewick, state of Washington.

Summary of Property Appraised				
	Parcel A	Parcel B	Parcel C	Combined
Address	109 N Oak St	1721 3rd Ave	50 S Verbena	
City/County	City of Kennewick	Uninc Benton Co	Uninc Benton Co	
Zoning	IH, IH-L	Light Industrial	Light Industrial	Industrial
Tax PID	105802013067002	105802020010005	105802020006002	
Land AC	16.88	5.00	4.54	26.42
Land SF	735,293	217,800	197,762	1,150,855

Property History

Each parcel has been owned by the Port of Kennewick for more than three years. Details of the individual acquisitions were not provided but they were acquired from different owners at different points in time.

Environmental Hazards

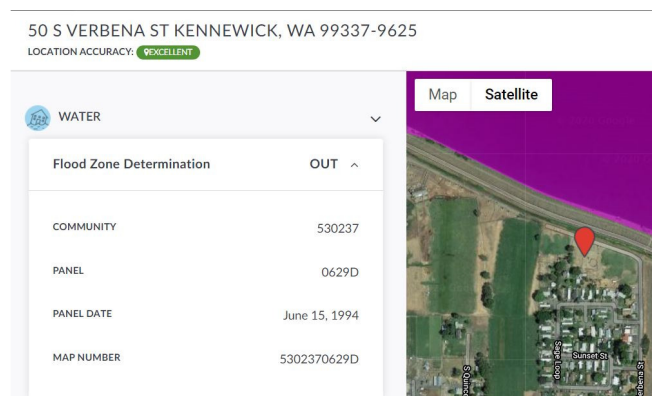
The appraiser noted no adverse site conditions at time of inspection, which might impact the use of the site for commercial development.

Title

A copy of a title commitment was not provided and a review of public record was not conducted. It is assumed that there are no adverse easements, encroachments, etc. which would have an adverse impact on the value of the property.

Flood Plain

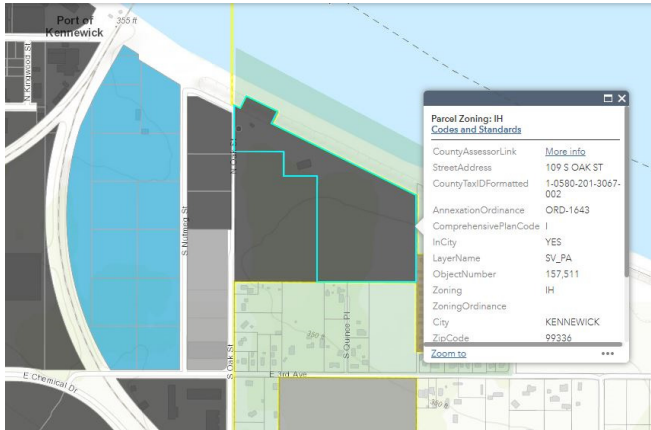
According to a review of Flood Plain Panel 5302370629D with an effective date of June 15, 1994, the subject is located outside the boundaries of the flood plain.



Zoning

Zoning of portions of the subject is controlled by either the City of Kennewick; Benton County. As reflected in the above table, Parcel A is located within the City and parcels B and C are both within unincorporated Benton County.

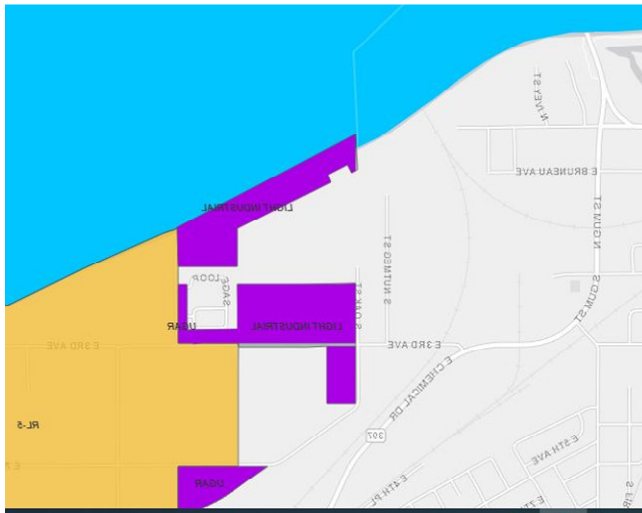
Parcel A in the City of Kennewick is zoned **IH, Heavy Industrial**. Chapter 18.03.040 provides a summary of uses permitted in this district.



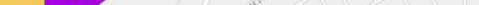
“18.03.040 (19) IH – The purpose of the IH district is to provide areas for general industrial processing and manufacturing subject only to the protection of nearby uses and the required quality of the air and water.”

Additional uses are permitted with a conditional use permit. There is no minimum lot area requirement or minimum yard setbacks or heights except where dictated where adjoining a residential district.

Parcels B & C in unincorporated **Benton County** are zoned **I-1, Part Light Industrial** zoning designation. Chapter 11.33 of the County's municipal code provides a summary of uses permitted in this district.



“11.33010 PURPOSE The Light Industrial District (LI) is designed to provide an area for the establishment of manufacturing facilities that generally do not involve significant pollution issues, such as: research and development, computer component manufacturing businesses, and other businesses of a similar nature. Such light industrial activities should be sited and designed so as to avoid or significantly mitigate material adverse effects to the natural environment, adjacent non-industrial areas, and communities whenever feasible. [Ord. 611 (2018) S 124].”

 Additional uses are permitted with a conditional use permit. There is no minimum lot area requirement or minimum yard setbacks or heights except where dictated where adjoining a residential district.

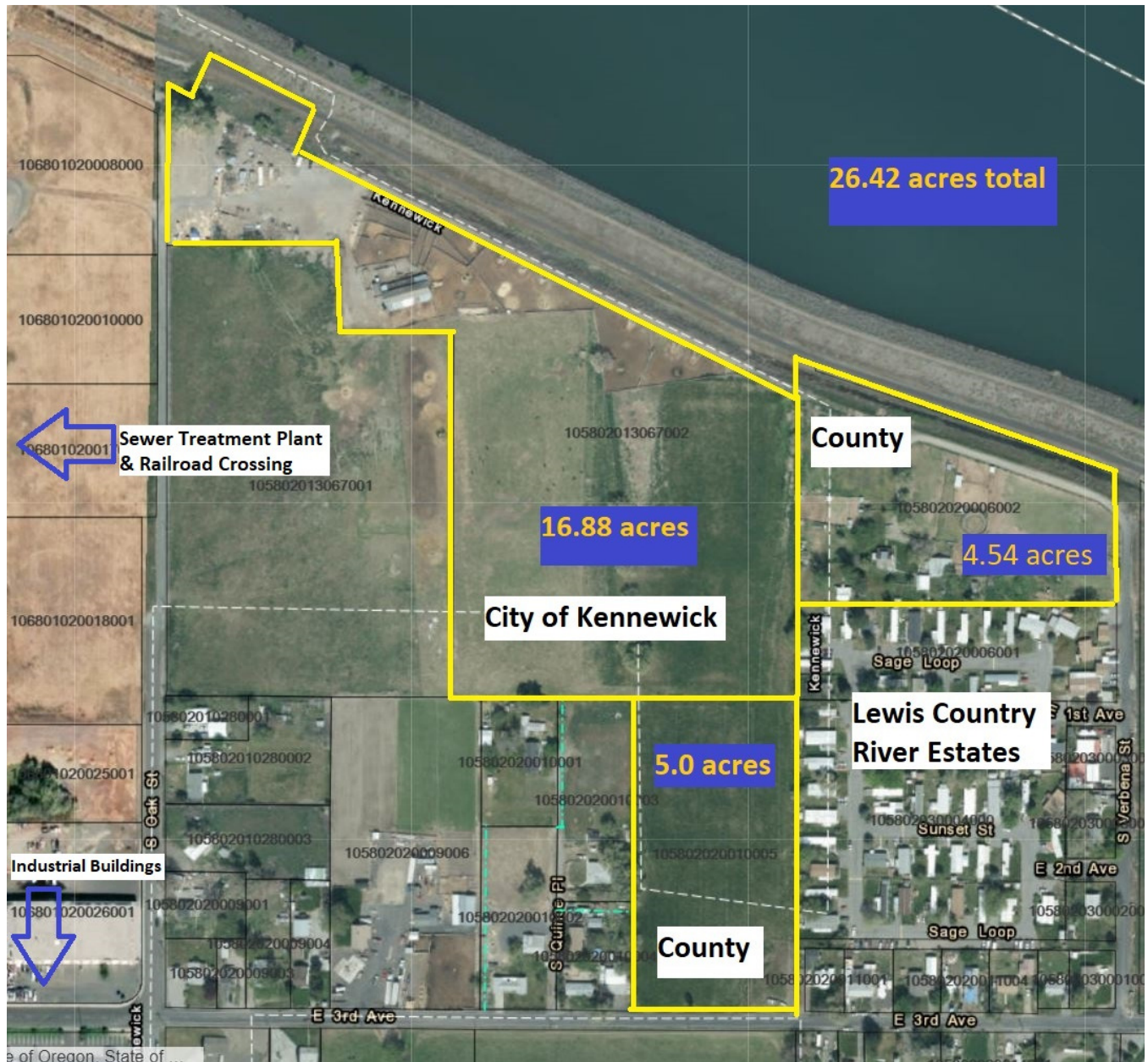
Thus, the entire site is zoned for industrial use.

Site Description

An aerial Assessor's plat, flood map, topography map and zoning map are included with this section. Individual characteristics of each parcel are outlined below.

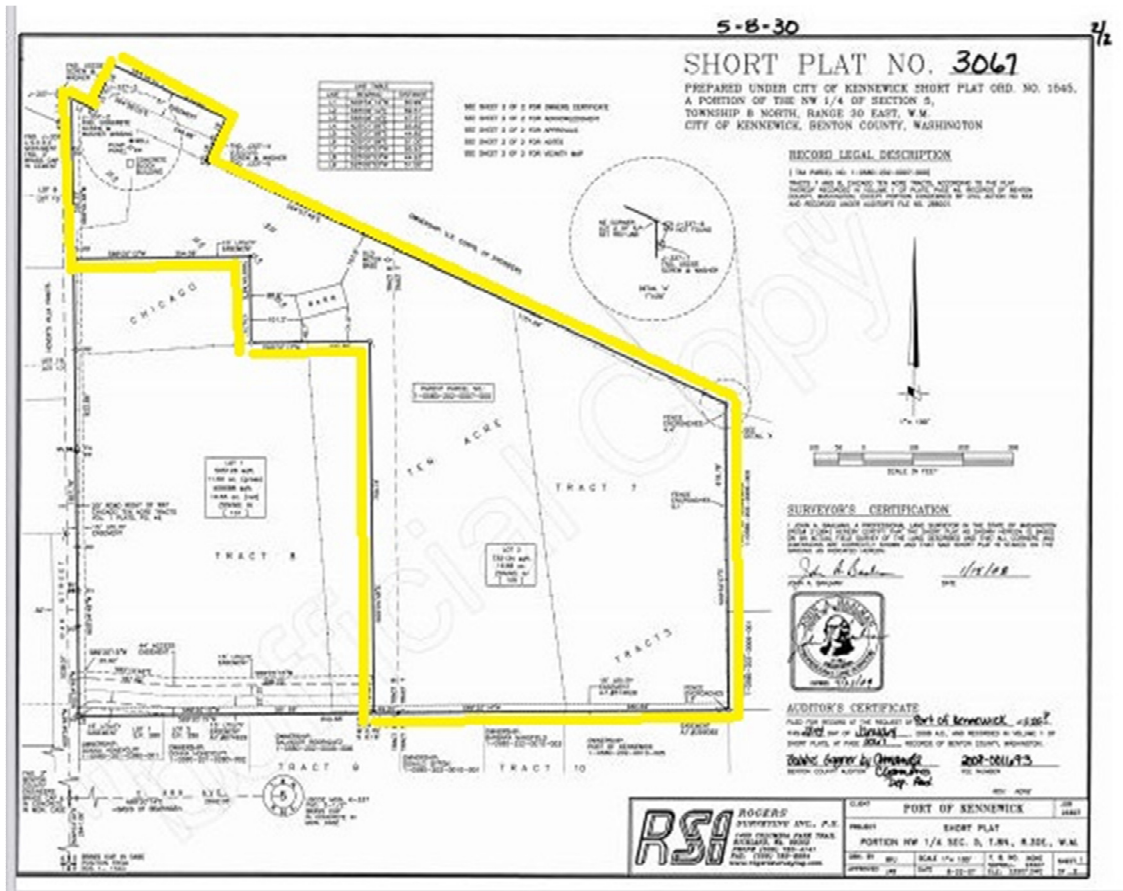
Individual Site Characteristics				
	Parcel A	Parcel B	Parcel C	Combined
Address	109 N Oak St	1721 3rd Ave	50 S Verbena	
City/County	City of Kennewick	Uninc Benton Co	Uninc Benton Co	Part City/Part Uninc
Zoning	Heavy Industrial	Light Industrial	Light Industrial	Industrial
Tax PID	105802013067002	105802020010005	105802020006002	Combined
Land AC	16.88	5.00	4.54	26.42
Land SF	735,293	217,800	197,762	1,150,855
Excess Land	N/A	N/A	N/A	N/A
Surplus Land	N/A	N/A	N/A	N/A
Shape/Configuration	Irregular	Rectangular	Irregular	Irregular
Topography	Mostly level	Mostly level	Mostly level	Mostly level
Drainage	Assume Adequate	Assume Adequate	Assume Adequate	Assume Adequate
Flood Map Date	6/15/1994	6/15/1994	6/15/1994	6/15/1994
Flood Panel #	5302370629D	5302370629D	5302370629D	5302370629D
Flood Zone?	No	No	No	No
Utilities (W,S,P)	Power	Power	Power	Power
Ground stability	Assume Stable	Assume Stable	Assume Stable	Assume Stable
Access	SR 397 to 3rd to Oak	SR 397 to 3rd to Oak	SR 397 to 3rd to Oak	SR 397 to 3rd to Oak
Corner Influence	N/A	N/A	N/A	N/A
Traffic Light	N/A	N/A	N/A	N/A
Traffic Level	Light	Light	Light	Light
Traffic Count	<1,000	<1,000	<1,000	<1,000
Frontage Description	Along E/S Oak	Along E/S Oak	Along E/S Oak	Along E/S Oak
Curbs/Gutters	N/A	N/A	N/A	N/A
Sidewalks	N/A	N/A	N/A	N/A
# Lanes of Traffic	2	2	2	2
Direction of Traffic	North/South	North/South	North/South	North/South
Medians	N/A	N/A	N/A	N/A
Visibility	Poor to Fair	Poor to Fair	Poor to Fair	Poor to Fair

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

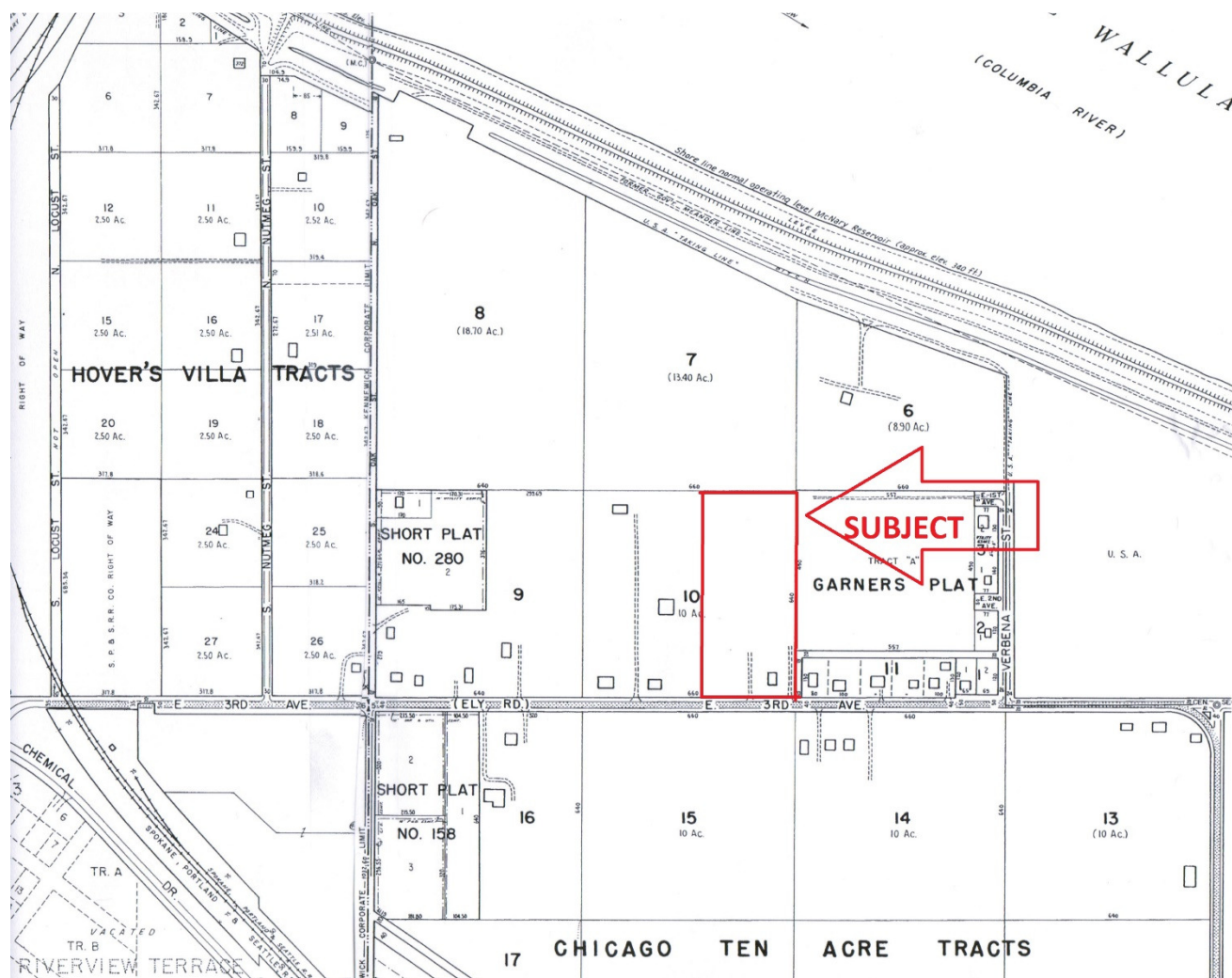


Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

PARCEL 'A' - Site Survey or Plat – Source: Benton County Online Records

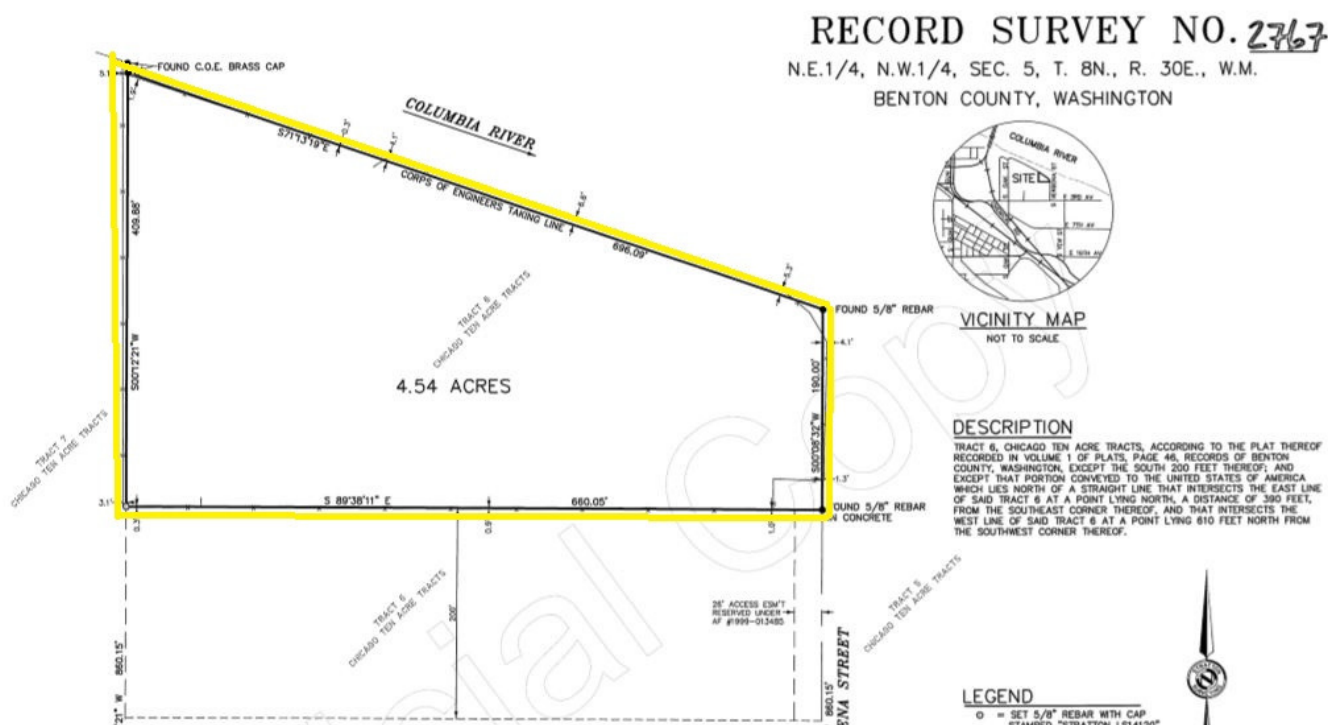


PARCEL 'B' - Site Survey or Plat – Source: Benton County Kroll Maps

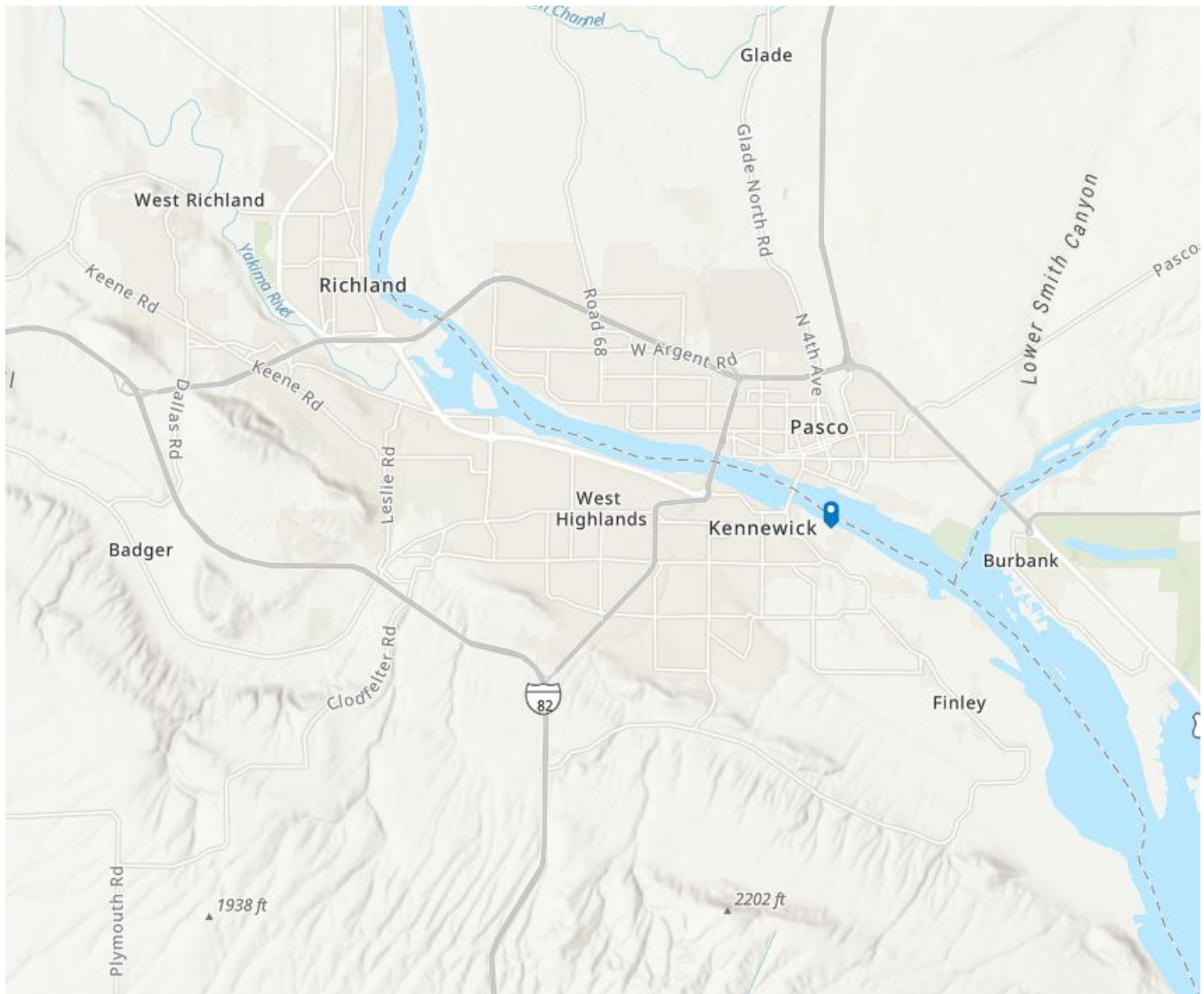


Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

PARCEL 'C' - Site Survey or Plat – Source: Benton County Online Records



Topographic Map – Source: STDB



Real Estate Taxes

Benton County has assigned parcel identification numbers of Parcel A) 105802013067002, Parcel B) 105802020010005 Parcel C) 105802020006002 for the subject tax lot. A map for the parcel and a summary of the current assessment is included below.



Tax Year	2020	2020	2020	Combined
Appraised Value	Parcel A	Parcel B	Parcel C	Combined
Land	\$604,180	\$55,000	\$50,070	\$709,250
Improvements	\$0	\$14,500	\$133,100	\$147,600
Tax Market Value	\$604,180	\$69,500	\$183,170	\$856,850
Assessment Ratio	100.0%	100.0%	100.0%	100.0%
Assessed Value	\$604,180	\$69,500	\$183,170	\$856,850
Taxable Value	\$604,180	\$69,500	\$183,170	\$856,850
Tax Rate	\$10.41	\$11.49	\$11.49	
Tax Rate Per	\$1,000	\$1,000	\$1,000	\$1,000
Real Estate Taxes				
Special Assessments				
Total Taxes	\$6,292	\$799	\$2,105	\$9,196
Payment Status	Current	Current	Current	Current
Amount Due	\$0	\$0	\$0	\$0

In Washington State, all real and personal property is subject to assessment at 100% of its true and fair market value according to its highest and best use. Washington State's Constitution limits the regular (non-voted) combined property tax rate that applies to an individual's property to one percent of market value (\$10 per \$1,000). Voter approved special levies, such as for schools, are in addition to this amount. Each property must be visited at least once every six years, although assessed values are updated on an annual basis by statistical analysis.

Parcel A falls within the City of Kennewick's Taxing District R-1. The estimated tax rate for the subject tax area this year based on an online view for properties within the city of Kennewick is \$11.490974 per \$1,000 of Assessed Valuation. Parcels B and C fall within the unincorporated Benton County Taxing district and the estimated tax rate for those parcels is \$10.41477 per \$1,000 of Assessed Valuation.

The Owner is exempt from payment of real estate taxes, but if sold, taxes for the subject property in 2020 are calculated in the amount of \$9,196, for land and/or improvements, and based on a review of similar projects, taxes for the subject appear to be competitive. It is noted that no tax is currently owing.

The market value conclusion is higher than the assessed value by the Benton County Assessor and is considered competitive with other land parcels in the neighborhood.

Market Trends Analysis - General

Updated Quarterly, Most Recent Update Q4 (October) 2020

Introduction

Assisting with estimating the highest and best use of real property, a study of general market characteristics and trends was conducted for the Tri-City market in which the subject competes.

Market segments generally move through cycles, although segments do not typically move in lockstep with one another. Since there are no major real estate brokerage or other companies that provide this service, it becomes incumbent on the analyst to do primary research to remain abreast of changes occurring in the market as they occur, especially when a change in zoning to an alternative use is being explored.

For purpose of this analysis, the first demographic researched was that of demand generators and existing supply of commercial and residential development in response to demand for the majority of the Tri-Cities market of Pasco, Kennewick and Richland. Those trends are then compared with the subject neighborhood.

DEMAND ANALYSIS

Demand Generator - Changes in the Population Base

A summary of current market trends for different market segments of the Tri-Cities is found in the pages to follow, including commercial (office and retail), industrial, and residential, both single and multi-family.

Demand for real estate in general is created by changes in the population and the labor force in the study area. Employment generated in the Tri-Cities in general is greatly affected by primarily three factors:

1. The first factor is the demand generated through the U.S. Department of Energy (DOE) and related contractors including Pacific Northwest National Laboratory (PNNL) and others in connection with research and clean-up associated with the Manhattan Project at the Hanford Site. The Hanford Site is the location of the first plutonium production in the United States for the production of the atomic bomb. Any other Hanford site contractor can create demand for additional office buildings and services catering to the employees. Forecasting this demand is difficult, if not impossible, at best because of the volatility of the DOE's annual budgeting and funding through Congress. This budget has been stable for several years; in fact, it was announced in December, 2019 that a new contract had been awarded by the US DOE in the amount of \$4 Billion to Hanford Mission Integration Solutions of Richland, WA to replace the expiring contract of Mission Support Alliance owned by the same firm. And while, more recently, the recent White House Budget submitted to Congress for approval made significant cuts in the budget, the final budget was actually higher than the previous year.
2. Second, increasing demand is evident as a result of the expanding agricultural activities in the region. The Tri-Cities enjoys one of the longest growing seasons anywhere in the

United States. This is coupled with a high desert climate (10" or less of annual rainfall) which is ideal for growing many agricultural crops. But the pièce de résistance is the fact that the Columbia Basin Project (CBP) in Central Washington is the irrigation and hydroelectric network that the Grand Coulee Dam (completed in 1942) makes possible. It is the largest water reclamation project in the United States, supplying irrigation water to over 670,000 acres of the 1,100,000-acre project area. Water pumped from the Columbia River is carried over 331 miles of main canals, stored in a number of reservoirs, then fed into the 1,339 miles of lateral irrigation canals. Currently it is estimated that about 3.0 million acre-feet or 2.3% of the average river flow, is diverted into the CBP. Its hydroelectric capacity provided the electric demanded by the Hanford nuclear reservation during World War II. Washington leads the nation in production of raspberries, hops, spearmint, peas, apples, grapes and sweet cherries. It is the #2 producer of potatoes and #5 in wheat. It is also the second-largest producer of premium wine in the country with a number of designated viticulture areas.

3. Finally, increasing demand is evident as the number of retirees attracted to the area relocate. The baby boomer generation has begun this process and is looking for an affordable place to retire with a good climate, good amenities and good quality regional medical care. The Tri-Cities offers these options.

The total metropolitan area population grew from 191,822 to 253,340 between 2000 and 2010, an increase of 30%, or 3% per year based on the 2010 census. As reported in the Regional Trends section of this report, recent population growth statistics can be summarized as follows:

Population Trends for the Tri-Cities, WA MSA											
Area	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*
MSA	253,340	258,400	262,500	268,200	273,100	275,740	279,170	283,830	289,960	296,480	302,460
Benton County	175,177	177,900	180,000	183,400	186,500	188,590	190,500	193,500	197,420	201,800	205,700
Kennewick	73,917	74,665	75,160	76,410	77,700	78,290	79,120	80,280	81,850	83,670	84,960
Richland	48,058	49,090	49,890	51,150	52,090	53,080	53,410	54,150	55,320	56,850	58,550
West Richland	11,811	12,200	12,570	13,080	13,620	13,960	14,340	14,660	15,320	15,340	15,710
Franklin County	78,163	80,500	82,500	84,800	86,600	87,150	88,670	90,330	92,540	94,680	96,760
Pasco	59,781	61,000	62,670	65,600	67,770	68,240	70,560	71,680	73,590	75,290	77,100
<i>Source: WA State Office of Financial Management, April 1, 2020 Used for Allocation of Selected State Revenue</i>											
<i>*Based on Estimates from 2010 US Census as determined in April every year</i>											

<https://www.ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>

Based on a review of this data, it is clear that the Tri-Cities region is growing steadily. The City of Pasco segment of the Tri-Cities is actually the third fastest growing city in the state, and the airport is the 8th busiest small airport in the country. The nine-year growth rate projections between 2010 and 2019 is 17.02%, or 2% annually. While the percentage may be declining, the absolute numbers are not that different as the numbers grow larger. For the first time, the TriCities crossed

the 300,000-person benchmark, a threshold which allows a number of national companies to begin looking to this market.

Demand Summary – Population Trends: It is calculated that 26,720 persons were added during the 6-year study period, or an average of 4,453 persons per year. According to statistics reviewed from ESRI for the 2-county area, the average household size is 2.85 persons, indicating that demand was approximately 9,374 new housing units that would be required to accommodate the growth. Owner occupied housing makes up 64% of the total requirement (6,093 homes) and renters make up the remainder (3,281 apartments).

Demand Generator – Changes in Employment

As previously indicated, the labor force of the Tri-Cities area is comprised of agricultural, service and Hanford related industries. The Washington State Office of Employment Security publishes labor force statistics for the Benton County and Franklin County areas. A review of the statistics shows the fluctuation of the annual average resident civilian labor force and employment levels in the Benton and Franklin Counties for years 2014 through December 2019, the most recent 5-year data available. The average annual unemployment rates, which averaged about 7.7% during 2014, were averaging 5.8% (average 2019), a rate which will dip during the spring and summer months until harvest, before rising slightly again. These characteristics are pre-covid data which showed a spike in the unemployment followed by a steady downward trend between May and October, 2020.

Demand Summary – Employment Trends: Given the historical growth in the number of employed persons in the Tri-Cities area coupled with the reduction in the unemployment rate, it is reasonable to assume that employment growth will continue, yet at a somewhat slower rate than in the past once the pandemic has passed.

Demand Generators - Tri-Cities Market for Retail Trends

Annual retail sales are shown in the accompanying table for both Benton and Franklin counties as well as the respective major cities.

Over the five-year period from 2015-2019, the average annual growth in retail sales in Kennewick's average annual growth was 4.18%, which is slightly higher from the earlier period. Richland has continued to grow in sales from a lower total in 2015, to a rise of 6.99%/yr for the last five years. Pasco's retail sales incurred a marked decrease in 2010, but sales increased 40.85% over the last five years, an astonishing 7.31%, although the majority of that growth occurred in the City of Pasco.

Demand Summary – Retail Sales Trends

Retail trends show strong increases, a trend which could be expected to continue for the foreseeable future. However, with the advent of online shopping, and the damage it is doing to bricks and mortar stores, caution is necessary in projecting future sales.

TAXABLE RETAIL SALES

(000)

Benton & Franklin Counties, WA

Year	Benton County	Kennewick	Richland	Franklin County	Pasco
2005	\$2,226,436	\$1,277,295	\$686,414	\$862,138	\$781,597
2006	\$2,303,245	\$1,303,810	\$748,888	\$929,718	\$811,293
2007	\$2,574,398	\$1,432,031	\$811,768	\$1,057,004	\$856,422
2008	\$2,601,911	\$1,442,198	\$802,685	\$1,052,102	\$877,529
2009	\$1,918,416	\$1,445,410	\$812,779	\$1,038,744	\$884,080
2010	\$2,731,890	\$1,478,874	\$873,190	\$964,585	\$825,267
2011	\$2,959,959	\$1,558,341	\$954,851	\$1,007,226	\$839,174
2012	\$2,937,656	\$1,634,408	\$903,715	\$1,037,096	\$861,063
2013	\$3,189,855	\$1,723,129	\$989,622	\$1,110,257	\$933,301
2014	\$3,284,582	\$1,768,985	\$1,041,224	\$1,196,017	\$1,016,795
2015	\$3,612,773	\$1,930,747	\$1,129,471	\$1,315,962	\$1,125,061
2016	\$3,789,869	\$2,002,185	\$1,207,961	\$1,428,477	\$1,250,472
2017	\$3,905,643	\$2,024,430	\$1,259,515	\$1,534,638	\$1,333,597
2018	\$4,166,740	\$2,185,588	\$1,329,492	\$1,655,850	\$1,432,202
2019	\$4,633,618	\$2,334,519	\$1,523,948	\$1,765,835	\$1,536,180
% Chg 2017-2019	11.20%	6.81%	14.63%	6.64%	7.26%
5-Yr Avg	28.26%	20.91%	34.93%	34.19%	36.54%
Growth	5.65%	4.18%	6.99%	6.84%	7.31%
2020-Q1	\$1,054,737	\$526,310	\$3,387,310	\$451,498	\$390,349
2020-Q2	\$1,180,718	\$592,247	\$372,882	\$456,992	\$395,755
2020-Q3					
2020-Q4					

Updated as of 11/01/2020 from the WA State Quarterly Business Review Published by Department of Revenue

<https://dor.wa.gov/about/statistics-reports/quarterly-business-reviews>

Quarter 2 data delayed due to pandemic; last checked 11/30/2020

SUMMARY – Market Demand

It is clear that the population, employment and retail sales trends are all growing at a strong and steady pace. This trend is expected to continue well into the foreseeable future barring any unforeseen events at the national, regional and local level that would have an adverse impact on the Tri-Cities. These are positive characteristics that bode well for the subject development.

Supply Analysis

General Comments

The Tri-Cities real estate market is less sophisticated than larger first tier markets. For example, there are no published statistics regarding the current standing inventory of the individual office, retail or industrial markets, and no hand count has ever been done of which the appraiser is aware. Thus, it is left to the analyst to make its best estimates.

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different. Thus, the office segment could be under counted, but probably not to a great degree. And even if undercounted in the office segment, it is accounted for in the retail segment.
- Secondly, a large portion of the newly completed commercial space was developed for a specific owner/user rather than an investor for lease to tenants. Some owners build something larger than they need and either expect to grow into the space at some point while leasing it in the interim; others expect the rental received from excess space will assist with the mortgage payment and generate profit in the form of appreciation at the end of the investment.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market. We see the same phenomenon in custom home construction frequently.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

In this segment, all the new construction since 2014 that falls into this commercial category has been reviewed, with office and retail viewed separately to determine any difference. The following table provides a summary of all types of new construction.

Following the table is an analysis of each market segment, followed by a current inventory of available space estimate. A copy of the entire study is retained in our files.

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

New Construction Summary Square Footage

Tri-Cities, Washington

For the Period January 2014 to August 2020

	Kennewick	Pasco	Richland	Combined	
Office	359,592	137,269	185,794	682,655	
Retail	366,149	330,684	321,766	1,018,599	
Industrial	269,106	2,056,789	1,141,315	3,467,210	
Apartments	365,166	0	932,657	1,297,823	
Hotels	206,201	160,804	271,093	638,098	
Self Storage	217,926	300,082	78,930	596,938	
Civic/Healthcare	1,110,505	586,099	828,951	2,525,555	
Sub-Total Complete	2,894,645	3,571,727	3,760,506	10,226,878	
Office	67,400	0	0	67,400	
Retail	55,059	0	18,022	73,081	
Industrial	42,000	15,000	273,250	330,250	
Apartments	558,000	60,648	601,000	1,219,648	
Hotels	0	0	0	0	
Self Storage	239,575	38,147	20,000	297,722	
Civic/Healthcare	444,795	110,000	130,500	685,295	
Sub-Total U/C or Planned	1,406,829	223,795	1,042,772	2,673,396	
Office	426,992	137,269	185,794	750,055	5.8%
Retail	421,208	330,684	339,788	1,091,680	8.5%
Industrial	311,106	2,071,789	1,414,565	3,797,460	29.4%
Apartments	923,166	60,648	1,533,657	2,517,471	19.5%
Hotels	206,201	160,804	271,093	638,098	4.9%
Self Storage	457,501	338,229	98,930	894,660	6.9%
Civic/Healthcare	1,555,300	696,099	959,451	3,210,850	24.9%
Sub-Total U/C or Planned	4,301,474	3,795,522	4,803,278	12,900,274	100.0%
	33.3%	29.4%	37.2%	100.0%	

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Commercial (Office, Retail, Hotel) Development Segment

Office Development

No source of data is available in terms of existing supply. Surveyed all new construction for a 6.5 Year study period through August 2020, summarized as follows:

Current Available Space: 51,499 SF
Rental Rates: \$14 TO \$25 PSF; avg \$19.05/SF NNN
Current Occupancy Rates: 93%
Absorption Rates: 100,000+ SF/Yr
General Market Trend Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; very little on the horizon in the way of new development compared to prior years
New Construction Feasible? Specific target markets only

Summary of Office Construction in the Tri-Cities (Square Feet) For the Period January 2014 to August, 2020

Location		# Projects	Complete	# Projects	UC / Planned	# Projects	Combined	%
Kennewick	East	1	47,340	0	-	1	47,340	6.3%
"	Central	3	13,489	1	6,400	4	19,889	2.7%
"	Gage Blvd	8	64,455	1	-	9	64,455	8.6%
"	US 395 South	8	70,507	0	-	8	70,507	9.4%
"	Vista / CC Mall	12	137,154	2	61,000	14	198,154	26.4%
"	W Clwtr	4	26,647	0	-	4	26,647	3.6%
"	Sub-Total	36	359,592	4	67,400	40	426,992	56.9%
Richland	Central	5	62,347	0	-	5	62,347	8.3%
"	South	5	106,681	0	-	5	106,681	14.2%
"	Queensgate	1	8,426	0	-	1	8,426	1.1%
"	West	1	8,340	0	-	1	8,340	1.1%
"	Sub-Total	12	185,794	0	-	12	185,794	24.8%
Pasco	West	7	137,269	0	-	7	137,269	18.3%
	Sub-Total	7	137,269	0	-	7	137,269	18.3%
Combined	Grand Total	55	682,655	4	67,400	59	750,055	100.0%
Avg SF			12,412	Avg	16,850	Avg	12,713	
Avg/Yr			105,024					

Retail Development

No source of data is available in terms of existing supply. Surveyed all new construction for a 6.5 Year study period through August 2020, summarized as follows:

Current Available Space:	17,318 SF
Rental Rates:	\$16 to \$26 PSF; avg \$20.32/SF NNN
Current Occupancy Rates:	98.3%
Absorption Rates:	152,000 SF/Yr
General Market Trend	Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; very little on the horizon in the way of new development compared to prior years
New Construction Feasible?	Specific target markets only

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

Location		# Projects	Complete	# Projects	Under Constr / Planned	# Projects	Combined	%
Kennewick	East	3	10,548	0	-	3	10,548	1.0%
"	Central	6	21,302	1	10,552	7	31,854	2.9%
"	Gage Blvd	3	23,186	0	-	3	23,186	2.1%
"	US 395 South	13	147,930	1	6,900	14	154,830	14.2%
"	Vista / CC Mall	8	133,887	2	25,475	10	159,362	14.6%
"	W Clrwtr	2	29,296	3	12,132	5	41,428	3.8%
"	Sub-Total	35	366,149	7	55,059	42	421,208	38.6%
Richland	Central	9	64,551	3	18,022	12	82,573	7.6%
"	South	1	5,000	0	-	1	5,000	0.5%
"	Queensgate	19	232,685	0	-	19	232,685	21.3%
"	West	4	19,530	0	-	4	19,530	1.8%
"	Sub-Total	33	321,766	3	18,022	36	339,788	31.1%
Pasco	West	19	256,966	0	-	19	256,966	23.5%
"	All Other	8	73,718	0	-	0	73,718	6.8%
	Sub-Total	27	330,684	0	-	27	330,684	30.3%
Combined	Grand Total	95	1,018,599	10	73,081	105	1,091,680	100.0%
Avg SF			10,722	Avg	7,308	Avg	10,397	
Avg/Yr			156,708					

Niche Commercial Market - Big Box Space

In looking at the retail product available for lease, the following big box spaces are currently being marketed and not included in the previous numbers. Brokers in this segment report that this segment is experiencing higher vacancy than in the past due to increasing closures in the retail industry. In any event, about 112,940 SF of big box space was released in 2019, not counting the Dick's Sporting Goods.

BIG BOX Space Available For Lease Tri-Cities, WA As of August 2020

<u>Former Tenant</u>	<u>Address</u>	<u>City</u>	<u>Space Available</u>	<u>Rental Rate</u>	<u>Year Built</u>
Hastings	1425 G W Way	Richland	10,400	\$12	1974
Retail	908 N Colorado Ste A	Kennewick	33,456	\$9	1996
Office Max	908 N Colorado Ste B	Kennewick	7,184	\$9	1996
Sports Authority	908 N Colorado, Ste C	Kennewick	27,815	\$10	1996
Toys R Us	821 N Columbia Ctr Blvd	Kennewick	38,000	Unk	1970
Ashley's Furniture	1340 Tapteal Dr	Kennewick	13,200	\$10	2007
Albertson's	1320 Lee Blvd	Richland	<u>41,316</u>	<u>\$10</u>	1961
			171,371	\$9 to \$14 avg	

****NOTE:** Goodwill Industries completed a new store on Columbia Center Boulevard and vacated 22,940 SF at 2801 W Kennewick in mid-September 2019 when the new store opened. Harbor Freight almost immediately signed a new lease for the former Goodwill store; they opened in November 2019 in the new location expanding their presence in the Tri-Cities.

*****NOTE:** The former Shopko space containing about 90,000 SF was vacated in May 2019, but almost immediately re-leased to At Home, a no-frills home décor retailer that opened in September 2019.

NOTE: The Sears Store at the Columbia Center Mall containing an estimated 160,000 SF has been vacated, but it has not yet been listed for lease and the availability of that space is questionable.

NOTE: Dicks Sporting Goods removed the former theatre at the Columbia Center Mall and opened its new store in September 2019 in time for the holiday shopping season.

NOTE: JCPenney filed for bankruptcy protection in May 2020 and it is likely that the store at the Columbia Center Mall will be closed permanently. However, Simon Properties (owner of the mall) has announced it will purchase all of JCPenney assets so that it can control redevelopment.

Hotel Development

According to the Tri-Cities Herald, the base inventory of hotel rooms in the Tri-Cities as of 2014 totaled 3,358 rooms. A survey was conducted of all new hotel rooms constructed since that time. A total of 1,059 rooms (31.5% increase) has been added to the base inventory, bringing the total to 4,417 rooms.

Total New Hotel Construction		
Tri-Cities, WA		
2014 to 2020 YTD		
City	# Projects	Total Rooms
Kennewick	3	337
Pasco	3	283
Richland/WRichland	<u>4</u>	<u>439</u>
Sub-Totals	10	1,059
	Base Inventory	<u>3,358</u>
	Combined Total	4,417

Average Daily Room Rate:	N/A
Estimated Occupancy	65%, borderline feasible
Feasibility of New Construction	Very doubtful; a 31% increase in supply was added in only six years; market needs time to catch up

**Summary of Available Space for Lease
Benton & Franklin Counties, WA
2016 through 2019**

BENTON CO	Industrial		Office		Retail	
	SF Avail	\$ PSF	SF Avail	\$ PSF	SF Avail	\$ PSF
12/31/2016	70,580	\$ 8.53	165,074	\$ 16.00	259,114	\$ 13.78
12/31/2017	85,989	\$ 8.97	403,774	\$ 15.75	187,454	\$ 15.84
6/30/2018	31,172	\$ 10.12	302,670	\$ 19.40	244,121	\$ 14.17
6/30/2019	26,926	\$ 7.78	374,372	\$ 18.37	157,410	\$ 15.82
12/31/2019	54,406	\$ 8.78	335,814	\$ 15.61	118,652	\$ 11.73
4-Yr Avg	53,815		316,341		193,350	

Source: Tri-Cities Association of Realtors Report - Sandollar LLC \ Appraisal Group

**Summary of Available Space for Lease
Benton & Franklin Counties, WA
2016 through 2019**

FRANKLIN CO	Industrial		Office		Retail	
	SF Avail	\$ PSF	SF Avail	\$ PSF	SF Avail	\$ PSF
12/31/2016	79,820	\$ 5.11	48,937	\$ 15.02	109,739	\$ 10.59
12/31/2017	78,180	\$ 6.79	68,999	\$ 15.76	88,683	\$ 11.09
6/30/2018	76,730	\$ 7.52	72,927	\$ 13.10	98,086	\$ 12.09
6/30/2019	38,380	\$ 8.09	59,345	\$ 15.40	48,267	\$ 13.92
12/31/2019	53,780	\$ 7.12	49,341	\$ 14.62	57,894	\$ 17.65
4-Yr Avg	65,378		59,910		80,534	

Source: Tri-Cities Association of Realtors Report - Sandollar LLC \ Appraisal Group

**Summary of Available Space for Lease
Benton & Franklin Counties, WA
2016 through 2019**

COMBINED	Industrial		Office		Retail	
	SF Avail	\$ PSF	SF Avail	\$ PSF	SF Avail	\$ PSF
12/31/2016	150,400	\$ 6.82	214,011	\$ 15.51	368,853	\$ 12.19
12/31/2017	164,169	\$ 7.88	472,773	\$ 15.76	276,137	\$ 13.47
6/30/2018	107,902	\$ 8.82	375,597	\$ 16.25	342,207	\$ 13.13
6/30/2019	65,306	\$ 7.94	433,717	\$ 16.89	205,677	\$ 14.87
12/31/2019	108,186	\$ 7.95	385,155	\$ 15.12	176,546	\$ 14.69
4-Yr Avg	119,193		376,251		273,884	

Source: Tri-Cities Association of Realtors Report - Sandollar LLC \ Appraisal Group

Summary – Commercial and Industrial Market Trends

Based on a review of current and historical data, my estimates for today's general patterns for commercial space based on visual observation and a review of listing data can be summarized in the following table. It is noteworthy that for some newer office warehouse projects, rents are bifurcated between the office and warehouse, with both quoted differently. Also noteworthy is the fact that only the quoted rates were considered with no adjustment made for gross vs. net lease data.

Tri-Cities, WA Commercial and Industrial Space Summary AVERAGES as of Q4/2019										
Type of Space / Neighborhood	Typ. Lease Type	Kennewick			Pasco			Richland		
		"A"	"B"	"C"	"A"	"B"	"C"	"A"	"B"	"C"
INDUSTRIAL										
Occupancy Levels	NNN	95%	95%	95%	95%	95%	95%	95%	95%	95%
Average Rental Rates	NNN	\$9	\$8	\$7	\$9	\$8	\$7	\$9	\$8	\$7
PROFESSIONAL OFFICE										
Occupancy Levels	Gross	95%	85%	75%	95%	80%	75%	95%	80%	75%
Average Rental Rates	Gross	\$20+	\$15	\$12	\$20+	\$12	\$10	\$20+	\$15	\$12
MEDICAL OFFICE										
Occupancy Levels	Gross	90%	85%	80%	90%	80%	75%	90%	80%	75%
Average Rental Rates	Gross	\$22+	\$18	\$15	\$22+	\$18	\$15	\$22+	\$18	\$15
RETAIL										
Occupancy Levels	NNN	95%	90%	85%	95%	90%	85%	95%	90%	85%
Average Rental Rates	NNN	\$20+	\$17	\$15	\$20+	\$15	\$12	\$20+	\$16	\$12

Gross Lease = Tenant pays utilities and Janitorial in addition to contract rental

NNN Lease = Tenant pays all operating expenses in addition to contract rental

Market Trends – Residential Multi-family Development

New Apartment Units Constructed (Projects/Units)					
Tri-Cities, WA					
2014 to 2020 YTD					
	Kennewick	Pasco	Richland	W Richland	Combined
# Projects / # Units					
Completed Since 2014	(7) 394	0	(6) 958	0	(13) 1,352
# Projects / # Units U/C or Planned	(3) <u>531</u>	(1) <u>60</u>	(4) <u>601</u>	<u>0</u>	(8) <u>1,192</u>
Combined	(10) 925	(1) 60	(10) 1,559	0	(21) 2,544
Total Added in 2013					<u>994</u>
Grand Total New Construction SINCE 2013					3,538

Of the total of 21 projects developed, only seven contained 30 units or less and represented less than 10% of all units developed. The majority of those projects contained 2- and 3-bedroom townhouse style units. Two other projects announced but details not yet available:

1. The 19 on Canal Dr – a multi-story building to contain retail on the main floor and 33 luxury units above is in the planning stages at 19 N Auburn St in the historic downtown district.
2. 1100-1200 Jadwin – Two multi-story office buildings (50,000 SF and 110,000 SF respectively) were purchased by partners Crook/Lipus; 1100 Jadwin is to be renovated as first class office space at a cost of \$5 Million and began in August 2020; followed by redevelopment of the other 7-story building with luxury apartment units. No final plans have been announced for this urban style project

Current Occupancy Level: 97.5% overall market, stable

Current Average Rent Level: \$1,022 overall market

General Market Trend Market is strong and moving upward

New Construction Feasible? Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Market Trends – Residential Single-Family Development

The Tri-Cities is experiencing the highest demand and the lowest inventory of housing in the last decade; inventory is about 56% lower than the inventory at the same time in 2013, which is putting steady upward pressure on prices. In this market, new listings that are well priced and in good condition are selling in less than one week, sometimes in one day, oftentimes with multiple offers. The median sold price in May 2013 of \$189.5K had increased 65% to nearly \$313.1K by December 2019, an increase of about 10% per year average. For the first time, several homes have sold above the \$1,000,000 threshold. A summary of the last three years of data from the Tri-Cities Association of Realtors MLS is included in this section.

The most recent report for October 2020, published November 18, 2020 reflects an inventory of 350 units and an average price of \$363.6 with the median at \$339, up 11.8% and 11.1% respectively over the last rolling 12 months beginning November 1, 2019.

Developers are having difficulty finding parcels to purchase at affordable prices which can then be appropriately re-zoned, and many are resorting to smaller infill parcels. This trend is expected to continue for the foreseeable future.

A summary of total building permit activity for new home construction for the last nine years is summarized below:

Benton Franklin Counties			
Summary of New SFR Building Permits			
Year	Benton	Franklin	Combined
2011	781	558	1,339
2012	897	374	1,271
2013	840	245	1,085
2014	798	280	1,078
2015	825	396	1,221
2016	952	496	1,448
2017	848	609	1,457
2018	942	616	1,558
2019	1,082	574	1,656
Totals	7,965	4,148	12,113

SUPPLY AND DEMAND ANALYSIS – Summary

In general, supply has been totally outstripped by demand in almost all market segments, resulting in rising prices and fewer projects in inventory throughout the metropolitan area for the last five years. At the current time, there is more space under construction or planned than at any other time in its recent history. Absorption of that space and its effect on the market will be closely watched over the next two years to determine any further trends. This information will be utilized in the Highest and Best Use Analysis following.

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Tri-City Association of REALTORS®, 7151 W. Clearwater, Kennewick, WA

	Total Number Active Residential Listings	Total Sold	Average Sold Price	Median Sold Price	Pending
January 2018	460	293	277.4	253.0	352
February	458	289	281.1	265.0	356
March	475	366	289.7	276.0	430
April	495	379	298.6	275.0	400
May	549	394	299.9	279.8	458
June	593	413	288.2	272.9	419
July	648	438	311.6	285.0	422
August	684	443	306.9	292.0	409
September	685	351	298.8	273.6	386
October	674	430	292.1	272.0	371
November	636	361	299.9	277.8	277
December	586	270	294.9	278.9	263
January 2019	499	264	315.2	299.7	368
February	450	269	310.1	280.9	290
March	411	297	305.2	287.0	431
April	450	348	308.5	289.5	429
May	480	387	317.0	301.0	487
June	516	463	327.2	309.5	468
July	591	447	325.2	298.0	455
August	645	459	333.1	305.9	464
September	674	411	319.8	296.0	443
October	650	447	325.4	304.0	414
November	635	365	325.2	301.5	327
December	537	391	326.2	309.9	272
January 2020	464	307	312.6	299.9	375
February	464	322	317.3	308.7	471
March	463	390	334.1	316.0	423
April	430	333	339.9	309.9	367
May	421	330	330.5	313.5	491
June	433	453	334.7	318.0	514
July	398	534	356.8	334.9	502
August	380	449	348.6	319.6	565
September	405	486	363.6	337.9	494
October	350	518	363.0	339.0	473

NOTE: Active count is calculated the day report was run and is not cumulative.

Current listings include ACT (Active) and AWB (Active With Bump). Pending statuses include PIF (Pending Inspection/Feasibility) and PAC (Pending Appraisal/Closing) and Sold listings that closed in the same month.

(11/18/2020)

Market Trends Analysis – Immediate Area

The subject site is located in the eastern portion of the Kennewick's industrial market that has developed along the east side of SR 397 aka Chemical Drive, about one mile southeast of the downtown CBD.



The site is zoned for industrial use, and as discussed in the previous section, demand for industrial land and existing projects is as strong as it has ever been. The majority of projects have been developed for owner/users rather than speculative projects for investment. Occupancy rates in the neighborhood are strong, with only minor listing vacancies noted. The subject property has historically been owner occupied.

A review of the current active listings in the Commercial MLS and/or Tri-Cities

Association of Realtors revealed only five listings for industrial space anywhere in the City of Kennewick. The data is summarized in the following table.

	Listing #1	Listing #2	Listing #3	Listing #4
MLS #	242252	246805	237820	235620
Address	1351 E 3rd	333 W Canal Dr	307 N Dayton	10 E Bruneau
SF Available	9,420	49,731	27,580	147,000
Year Built	1979	2004	1945	1953
% Ofc	<10%	N/A	10%	<10%
Ceiling Height	14'	14'	12'	12'-14'
For Sale or Lease	Lease	Lease	Sale	Sale
List Price			\$1,750,000	\$4,150,000
List Price PSF			\$63.45	\$28.23
Lease Price PSF	\$6 NNN	\$7 NNN		
Listing Broker	S Sautell	S Sautell	R Ellsworth	D Stricker
Listing Firm	SVN Retter	SVN Retter	SVN Retter	NAI Tri-Cities
DOM	352	137	534	674

Considering the totality of space in Kennewick, the availability of these minor spaces reflect the strength of the market here. The immediate neighborhood is in the mature stage. This information will be discussed further in the Highest and Best Use section of the report.

Highest and Best Use

General Comments

The highest and best use is an economic principle that represents the premise upon which value is based. Highest and best use is defined in The Dictionary of Real Estate Appraisal, 6th Edition (Appraisal Institute), as follows:

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

As indicated by the above definition, the following considerations are imposed in the consideration of highest and best use and are generally considered sequentially:

1. The use must be legally permissible;
2. The use must be physically possible;
3. The use must be financially feasible under the existing market conditions (i.e. cost of production does not exceed value); and
4. The use must be the most profitable from among the multiple uses meeting the three above criteria.

The concept of highest and best use applies only to land because land has intrinsic value; improvements only *contribute* to value; land is valued as if vacant. Location, zoning, size, and surrounding developments generally dictate the use to which a property can be legally and physically put. Then any potential legally and physically possible development is related to current market conditions (supply and demand) and the availability of capital and/or financing. While a site may be well suited for a specific legally permitted and physically permitted use, there may be other sites that are equally or more appropriate for that same use, but with a superior timing, depending on the neighborhood’s overall development cycle.

In the case of improved properties or uses which have been proposed, the Highest and Best Use of the land analysis is undertaken twice. The first relates to the Highest and Best Use “As If Vacant”; and the second relates to the Highest and Best Use “As Improved or As Proposed”.

Neighborhoods typically go through four cycles, including (a) growth and development, (b) stability, (c) decline and (d) re-vitalization on a continual basis. Some neighborhoods remain in the same portion of the cycle for many years, depending on supply and demand; but this can change rapidly.

The subject neighborhood is in the mature stage of the cycle, and based on history, I would expect this trend to continue for the foreseeable future. This neighborhood of course competes with other developing neighborhoods in the Tri-Cities, each of which has its own advantages.

Highest and Best Use – As if Vacant – Combined Property

Legally Permissible Use

Zoning

Zoning of portions of the subject is controlled by either the City of Kennewick; Benton County. As reflected in the above table, Parcel A is located within the City and parcels B and C are both within unincorporated Benton County.

Parcel A in the City of Kennewick is zoned **IH, Heavy Industrial**. Chapter 18.03.040 provides a summary of uses permitted in this district.

“18.03.040 (19) IH – The purpose of the IH district is to provide areas for general industrial processing and manufacturing subject only to the protection of nearby uses and the required quality of the air and water.”

Additional uses are permitted with a conditional use permit. There is no minimum lot area requirement or minimum yard setbacks or heights except where dictated where adjoining a residential district.

Parcels B & C in unincorporated **Benton County** are zoned **I-1, Part Light Industrial** zoning designation. Chapter 11.33 of the County’s municipal code provides a summary of uses permitted in this district.

“11.33010 PURPOSE The Light Industrial District (LI) is designed to provide an area for the establishment of manufacturing facilities that generally do not involve significant pollution issues, such as: research and development, computer component manufacturing businesses, and other businesses of a similar nature. Such light industrial activities should be sited and designed so as to avoid or significantly mitigate material adverse effects to the natural environment, adjacent non-industrial areas, and communities whenever feasible. [Ord. 611 (2018) S 124].”

Additional uses are permitted with a conditional use permit. There is no minimum lot area requirement or minimum yard setbacks or heights except where dictated where adjoining a residential district.

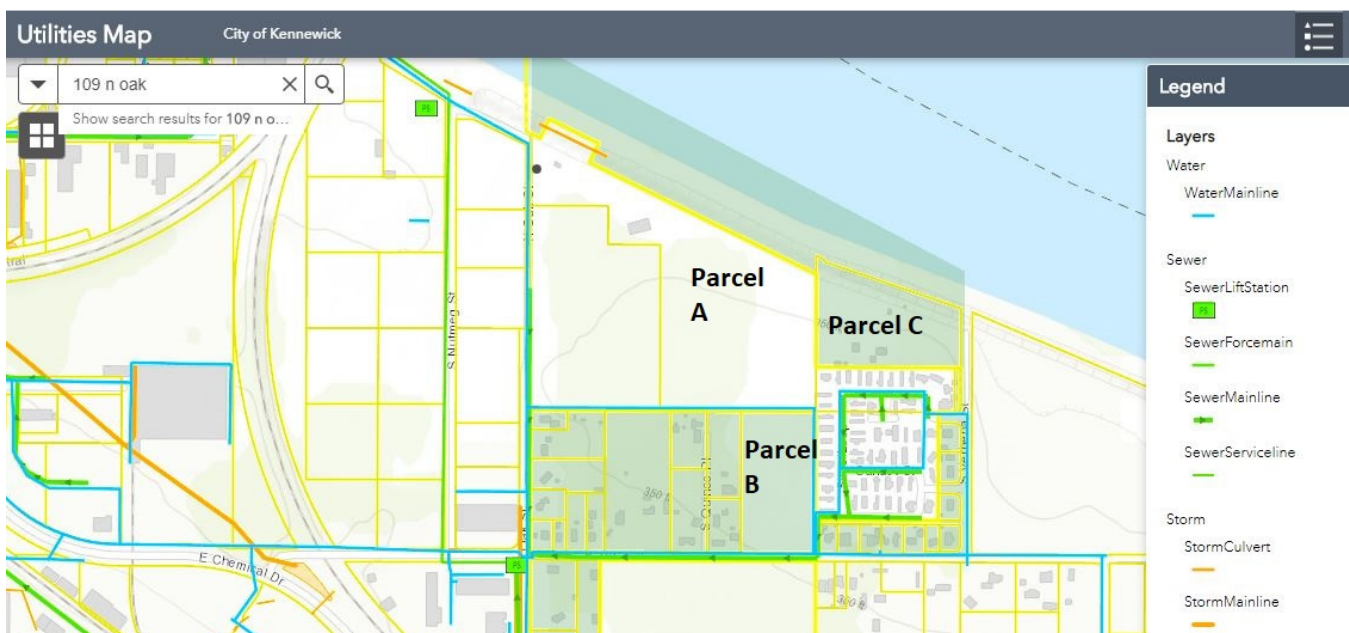
When the highest and best use of vacant land is explored, it is often prudent to explore alternative uses that the property could be put to if a re-zoning effort could be successfully mounted at minimal cost and without undue delay. In this case, it is doubtful if such a re-zoning effort would be successful. Other surrounding parcels are zoned for industrial use, even though an interim use might be for residential or agricultural use.

The City of Kennewick reportedly expects to expand the waste treatment plant and thus, would likely not look favorably on a re-zoning request. Even if it would look favorably, it would need to go through a change in the Comprehensive Plan which only occurs once each year. Plans for a change must be submitted in May of each year, and the City reviews and then forwards on to the State for approval. Thus, it can take about two years for a successful re-zoning. Additionally, the Owner is considering putting the site up for auction during the first quarter of 2021 under the current zoning, although a buyer could potentially be interested in a different zoning.

Physically Possible Use

Highest and best use as vacant must take into consideration the locational benefits and physical features the site enjoys.

- Given the *location* along a lightly traveled secondary arterial, a use consistent with poor to fair exposure and visibility is deemed appropriate. The location within a short distance to SR 397 is a positive factor as it provides access to all areas of the metropolitan area and beyond; and in portions is a limited access highway.
- The *parcel size* which combines for 26.42000 acres (or 1,150,855 SF) would preclude some smaller developments without additional short platting the site. The size would be attractive primarily to a large manufacturing or warehousing operation, but buyers seeking a parcel of that size are limited. As shown in the Market Analysis section earlier, average size of industrially zoned lots sold was 1.52 to 1.82 acres, thus, subject is much larger. Only five sales of similar sized parcels were discovered during research for this engagement over the last two years.
- The *parcel shape* is irregular which can limit development potential, depending on the use.
- The mostly level *topography* of the site is conducive to a variety of uses and does not prohibit development of the legally permissible uses.
- *View* is a combination of industrial to the west and residential to the south and agricultural to the east, with nothing detrimental noted.
- *Access* is available via a Hwy 397 to E 3rd Ave. Access to the regional interstate highway system is available from Hwy 397.
- As far as *utilities*, it is assumed that power is readily available at the perimeter, although water and sewer might have to be extended given the close proximity of neighboring development. A copy of the Utilities Map published by the City of Kennewick was reviewed and it would appear as if there is water and a sewer main in both Oak St and 3rd Ave abutting the subject as shown in the following map



Thus, the legally permissible industrial use is physically possible.

Feasible Use

A property will be maximized to its greatest productivity when the present/proposed use is in balance with existing supply and market demand within the local economic mix; therefore, the factors which influence the success and competitive position of a particular property are the supply and demand within the community.

As indicated in the Market Trends section of this report, the supply of vacant land in the Tri-Cities zoned for industrial use currently exceeds demand. The majority of vacant parcels is controlled by the City of Richland and the Port Districts including Port of Benton, Port of Pasco and Port of Kennewick. Infrastructure for a good percentage of the parcels is in place.

Demand for new industrial development is strong and stable in the Tri-Cities, but the demand primarily comes from owners building their own building for their business with perhaps some excess space that can be rented to an unrelated third party until the Owner's business grows to the point where it needs the extra space. About 75% of all land acquisitions over the last several years were for owner/occupied projects. Owners are less concerned about feasibility of their projects and in fact, will inject additional cash if necessary if there is a shortfall between the appraised value and the cost of a project.

When the number of smaller parcels acquired recently is compared to the number of larger parcels acquired for development, it is clear that smaller parcels of 2.5 acres or less account for the lion's share of activity. There were only about a half dozen sales of land parcels in excess of 10 acres over the last two years that were discovered during research and will be discussed in the valuation section of the report. Thus, demand for larger parcels is considered very weak and requires a specific user.

Alternatively, given the development that has taken place south of 3rd Ave along Oak St with smaller users, it is reasonable to expect that subdivision of the site for a number of smaller users also makes sense. However, the location of subject is considered weaker when compared with other newer developing areas.

Maximum Profitability

Based upon the subject site's location, zoning, physical characteristics, and prospective alternative uses, the Highest and Best Use, the most financially feasible use meeting maximum profitability would best be suited for industrial development.

However, timing is most difficult to predict due to the large amount of available land that is similarly zoned, both in the Tri-Cities market in general in which the subject competes, and the slower than expected rate of absorption that is presently occurring. New development is primarily occurring in the King City neighborhood of North Pasco and the Horn Rapids and north Richland markets of North Richland and to a lesser degree in the Vista Field neighborhood in Kennewick and the East Pasco neighborhood. The compatibility of uses and synergy surrounding projects in those neighborhoods is much greater than for the subject site in the subject neighborhood which has an unusual mix of residential, agricultural and light industrial.

Thus, the interim highest and best use for now appears to be to hold for future development; as timing would likely be at least 2 to 3 years.

Highest and Best Use Conclusion

As no other legally permissible use of the property would result in a higher value other than those proposed, the highest and best use of the property is for its designated use as zoned. Marketing Time would likely be 2 to 3 years.

VALUATION SECTION

LAND

Value Parameters	
Property Name	Port of Kennewick Land
Property Appraised	109 N Oak St et al, Kennewick, Benton County, Washington
Value Perspective	Current
Value Type & Premise	Market Value As Is Disposition Value As Is
Interest Appraised	Fee Simple
Effective Date	November 15, 2020
Approaches Used	Sales Comparison
Assignment Conditions	Yes

Methods of Estimating Value

Sales Comparison Approach

This method of estimating value is based on the principle of substitution; i.e., a prudent buyer will not pay more to buy a property than it would cost to buy a similar substitute property having similar desirability or utility. Sales of similar properties are compared to the subject to arrive at an estimate of value. Where differences exist between the comparable sales and the subject, adjustment is made. For example, if the comparable is superior to the subject with regard to an element of comparison, a downward adjustment is made to the comparable. If the comparable property is inferior, an upward adjustment is made. After adjustments for market conditions, financing, location, etc., have been made, they are added to or subtracted from the comparable sale price, thus reflecting a value for the subject property.

- This approach HAS BEEN CONDUCTED in valuation of the property. For vacant land parcels, this is traditionally the most applicable approach to value.

Income Approach

This method provides an estimate based on the property's ability to produce an acceptable income.

For *income producing properties*, the gross income is estimated, a vacancy and credit loss is subtracted to arrive at an effective gross income. From the effective gross, typical operating expenses are taken to produce a net operating income (NOI). The NOI is then capitalized at an appropriate rate to produce an estimate of value.

For *subdivision projects*, a subdivision analysis is undertaken. The potential lot sizes are estimated along with a probable selling price and absorption rate in the market based on supply and demand. The lot sales are projected over the sell-out period, and expenses are deducted for the cost of development and holding through the sell-out period. The annual net incomes over the holding period are then discounted back to present value at an appropriate rate which reflects the risk in the investment.

- This approach has NOT been utilized in valuation of the property as the appraiser believes support for the assumptions necessary for this project are too numerous and flawed to provide a credible opinion. Projections for the cost of development of infrastructure to support such a subdivision are not available and in fact, could exceed the market value of the finished lots.

Cost Approach

This method of estimating value is based on the estimate of reproduction costs new, i.e., the cost of creating a replica building on the basis of current prices, using the same or similar materials. This method is traditionally used in estimating value for property improvements. Once reproduction costs are estimated, accrued depreciation is subtracted.

Depreciation or obsolescence may occur in several categories, including physical depreciation, functional depreciation, and economic obsolescence. To the depreciated improvements land value is added. As the improvements age, depreciation becomes very subjective and difficult to support.

- This approach has NOT been utilized as only the value of the land as if vacant is estimated.

Sales Comparison Approach

General Process

In the sales comparison approach to value, the following steps have been taken in estimating a market value.

- Research recent sales of comparable land properties.
- Select the most comparable sales and analyze the pertinent data on these sales.
- Adjust the sales for differences in the various elements of comparison.
- Summarize the analysis and conclude a value indication based upon the adjusted sale prices of the comparables.

Comparable Sales

The subject consists of three contiguous tax parcels in varying sizes combining for a 26.42-acre site of a fairly irregular shape. Sales of vacant land parcels similar in size to the subject in the subject neighborhood for industrial use have been infrequent in this market with only one sale over the last three years. Thus, the search was expanded to include sales from other industrial markets in the Tri-Cities.

In evaluating the comparable sales, they are most often analyzed on the following basis:

- Sale Price per SF of Land
- Sale Price per Acre of Land

Our initial search for industrial land sales in connection with this project initially revealed the sales included in the following table. Interestingly, there is not a great deal of difference in the average price of large parcel than for a smaller parcel.

Land Sales					Bucket <input type="text"/>	edit	Actions <input type="text"/>
Name	Address	Sold	Recorded	Sale Price	Adj \$/Acre	Adj \$/SF Land	
Central Washington State Corn Processor's (CWCP)	3334 Logston Blvd	10-01-2020		\$303,750	\$15,722.00	\$.36	
Calaway Parcel	34xx Glade North Rd between Selph Landing & Clark Rds	07-29-2020		\$250,000	\$53,184.00	\$1.22	
AJC Realty Parcels (2)	W Foster Wells Rd and Industrial Way	04-22-2020		\$450,064	\$94,419.00	\$2.17	
FCID Industrial Park	Lots BTW Railroad and Rainier BTW St Helens to Adams	12-31-2019		\$1,264,731	\$35,034.00	\$.80	
BS Group	SWC W Foster Wells and Industrial Way	12-09-2019		\$235,994	\$87,120.00	\$2.00	
Kenyon Storage	NKA Burlington Loop (W Btwn Foster Wells and Industrial Way)	12-05-2019		\$1,151,617	\$54,450.00	\$1.25	
Oak Street Industrial Park, Lots 5 & 6, Lots 1,2,3,4 SP 696	NKA E 7th Ave (East of BF Humane Society)	06-28-2019		\$375,000	\$30,637.00	\$.70	
MK NW Properties	2811 Polar Way	06-07-2019		\$833,600	\$37,737.00	\$.87	
4RD2 Parcel	SEC E B St @ S Rd 40 E	02-22-2019		\$265,000	\$59,284.00	\$1.36	
4RD2 to Lingle/Surgeon Parcel	E/S S Road 40 E one lot south of E B St	02-21-2019		\$170,000	\$52,960.00	\$1.22	
Columbia East LLC to Prieto Parcel	S/S E A St, west of S Rd 40 E	11-05-2018		\$260,000	\$55,319.00	\$1.27	
4RD2 to DK&G Development Parcel	NKA Road 40 and E A St	10-24-2018		\$222,592	\$43,560.00	\$1.00	

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

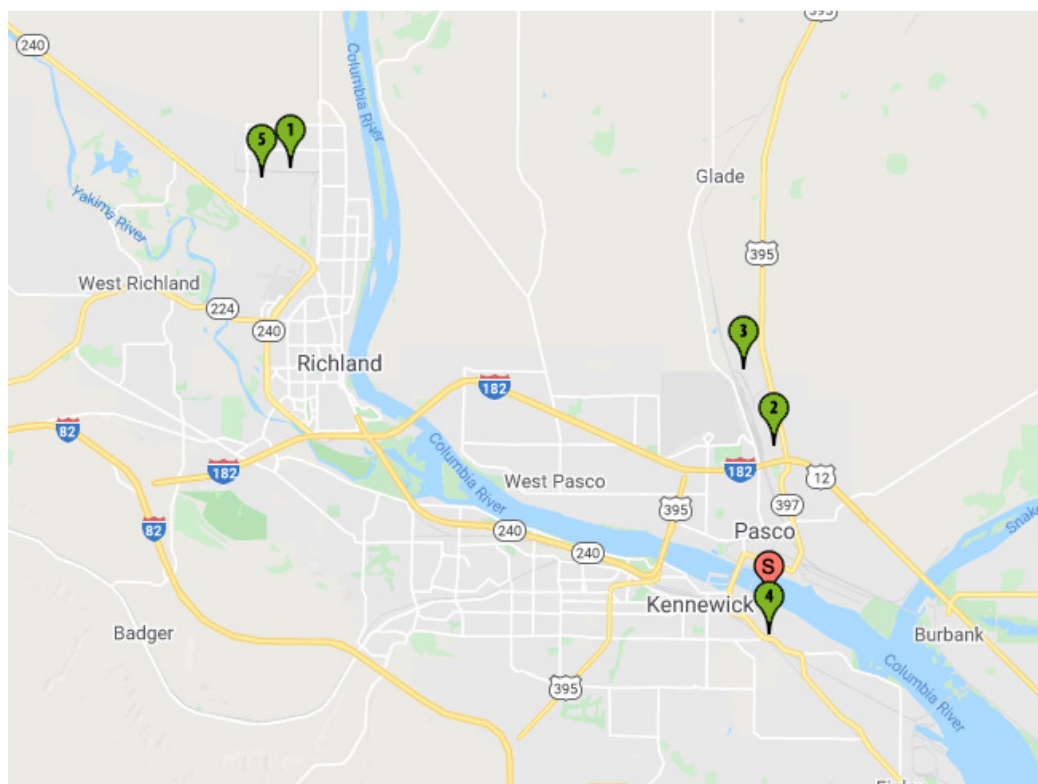
Only five sales of industrially zoned land similar in size to subject have been discovered that occurred in 2019-2020 that are considered relevant. There are others zoned for commercial use. Listed below is a summary. Detailed descriptions of these sales with photographs are included in the Addendum of the report. Following the summary of the sales is a sale location map.

SUMMARY OF COMPARABLE SALES

Land Sale Summary

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5
Property Name	Port of Kennewick Land	CWCP Underlying Land	FCID Industrial Park	Kenyon Storage	Oak Street Industrial Park, Lots 5 & 6, Lots 1, 2, 3, 4 SP	MK NW Properties
Address	109 N Oak St et al	3334 Logston Boulevard	Lots BTW Railroad and Rainier BTW St Helens to Adams	NKA Burlington Loop (W Btwn Foster Wells and Industrial Way)	NKA E 7th Ave (East of BF Humane Society)	2811 Polar Way
City	Kennewick	Richland	Pasco	Pasco	Kennewick	Richland
Land Area SF	1,150,855	841,579	1,572,516	921,294	533,174	962,240
Land Area in Acres	26.420	19.320	36.100	21.150	12.240	22.090
Usable Land Area (SF)	1,150,855	841,579	1,572,516	921,294	533,174	962,240
Shape	Irregular	Rectangular	Mostly Rectangular	Rectangular	Mostly Rectangular	Irregular
Date of Sale	Date of Sale	Oct-20	Dec-19	Dec-19	Jun-19	Jun-19

Comparable Sales Map



Subject is located east of SR 397 in East Kennewick in a mixed-use neighborhood dominated by the Port of Kennewick Oak Street Industrial Park. The availability of sale data in this market is considered poor to fair. Thus, the search was expanded to include all areas of the Tri-Cities commercial land market.

The reader is asked to keep in mind that the dataset in the market is considered extremely limited, and extracted market support for adjustments is not available, either for the direction or magnitude of the adjustment. The adjustments made are not meant to be an absolute numerical adjustment but more of a directional qualitative adjustment considered by the appraiser.

Elements of Comparison - Related to the Transaction

I have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms and conditions of the sale, and changes in market conditions.

Property Rights Conveyed

Sale prices may be influenced by rights conveyed vs. rights retained by the seller. The fee simple absolute interest is conveyed when the seller sells all the rights to ownership and occupancy, but lesser or partial interests can be sold. When a property is sold subject to existing tenant long term leases (land or improved property), the leased fee is typically conveyed. When a property is sold subject to short term rental contracts (such as with apartment rentals), the value impact is typically not as significant because those short-term lease contracts are easily adjusted to a market level rather quickly. If contract rental rates and market rental rates are similar, the value of the fee simple and leased fee can be similar. However, if there are significant differences between contract and market rental rates, the leased fee and leasehold interests can be impacted.

- In this case, the fee simple interest was conveyed in all transactions, and no adjustment is required.

Financing

Prices can vary when non-market lending terms are available in the market such as higher LTV ratios or lower interest rates. Oftentimes, a seller will carry a note on favorable terms that can impact the sales price as buyers are often more interested in affordable monthly payments than loan amounts.

- Unless stated otherwise, all sales were reported as cash to the seller, and no adjustment is required.

Terms and Conditions of Sale / Expenses Post Sale

The terms and conditions involved in a sale can be influenced when the parties are unusually motivated. For example, a bank seeking to dispose of a property it has taken back through foreclosure, can be motivated to accept a reduced or discounted price. On the other hand, a property owner acquiring an adjacent parcel could pay a premium.

When vacant land is being valued, the cost of extending utilities to the site can be a factor. When improved property is being valued, repairs required can also play a significant role in determining what a buyer is willing to pay and oftentimes as the result of an inspection, the price ultimately paid reflects the condition of the property. Adjustments are considered for any repairs made immediately before or after the sale. Of course, this information is only available when sales are confirmed with a party to the sale.

- In the case at hand, the seller of Sale #4 (several contiguous tax lots that were already platted for smaller sites) reported during the confirmation process that there were years of accumulated construction debris that would need to be removed before construction could occur; that utilities would need to be extended (cost unknown) and that the property was in the flood plain. An adjustment for conditions of sale will be necessary. There has been no activity with this property since its acquisition.

Market Conditions

A market conditions adjustment measures any difference in unit price between the date of sale of the comparable and the effective date of appraisal. If prices have been trending upward, a positive adjustment may be warranted. In the opposite case, a downward adjustment might be warranted.

The larger parcel sales are slightly stale, with only one having occurred since the first of the year (2020), and four that occurred in 2019. While it is clear that prices are rising in most segments, the change could vary from segment to segment and from neighborhood to neighborhood. One strong indicator of price changes over time is the sale and re-sale of a property, and we do not have evidence of that phenomenon here with any of the sales utilized. This firm tracks sales and re-sales of all types of property; here is a summary of several recent sales.

Paired Sale and Re-Sale Analysis							
	Pair #1	Pair #2	Pair #3	Pair #4	Pair #5	Pair #6	Pair #7
Location	1919 N 20 th Ave, Pasco	4771 W Van Giesen St, W Rich	7139 W Hood Pl, Kennewick	320 N Kellogg St, Kennewick	1925 W A St, Pasco	4810 W Hildebrand, Kennewick	3603 W Court, Pasco
Type	POB	Indl / Ofc / Whse	POB	Retail	Ind'l Plus Land	Land	MOB
Orig. Sale Date	06/2014	05/07/2018	12/2017	07/2016	01/2018	03/2013	12/2017
Orig. Sale Price	\$550,000	\$515,000	\$800,000	\$429,000	\$637,000	\$392,040	\$818,126
Re-Sale Date	04/2020	02/05/20	10/2019	07/2019	07/2019	04/08/19	03/2019
Re-Sale Price	\$865,000	\$615,000	\$1,075,000	\$565,000	\$732,000	\$550,000	\$1,049,000
# Months	70	18	23	36	18	72	16
Change	57%	19%	34.3%	31%	15%	40%	28%
Change/Mo	0.81%	1.07%	1.5%	0.86%	0.75%	0.5%	1.75%

The change ranges from 0.5% to 1.75%/MO, or an average of about 1% per month.

- **Comparison to Subject:** Given the limited number of transactions reflecting such limited demand for such large parcels as well as the current oversupply which has been on the market for many years, no adjustments are considered necessary. No adjustment will be made.

Elements of Comparison – Based on the Characteristics of the Real Estate

In addition, it is necessary to evaluate the sales based on location, as well as physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs. Some elements relate to land only and some relate to improvements only, and some relate to both.

Location/Access

Locational adjustments are a primary consideration when valuing real estate. Parcels which have frontage along well-traveled commercial arteries providing very good visibility to passing motorists for the improvements, and providing easy access to the property, typically sell for a premium when compared with parcels along lightly travelled secondary or interior arteries providing visibility to fewer or perhaps even no passing motorists. Demographics can also play a part, i.e., neighborhoods with a stronger demographic can command a premium when compared with neighborhoods with weaker demographics.

- Sales #1 and Sale #5 are located in the Horn Rapids area of north Richland, a very homogenous emerging market for this industrial use controlled by the City of Richland which has seen a great deal of activity in the last three years. Access to a state highway is very similar. Because of current level of activity, it could be considered slightly superior location.⁴
- Sales #2 is located in north Pasco. Sale #2 was actually the acquisition of multiple lots to which infrastructure is in place, but because of the age of the infrastructure, the City of Pasco was requiring much work as if the infrastructure was not in place. However, this is likely offset by the superior location in the northwest quadrant of U.S. 395 and I-182.
- Sale #3 is much farther north, on the fringe of development in this market and with no visibility to passing motorists. The location of this sale would be considered more similar to subject.
- Sale #4 is part of the Oak Park Industrial park just south of the subject and no adjustment is warranted.

Parcel Size

Smaller parcels typically have a wider pool of available buyers providing stronger demand, creating a competitive market and driving up the price on a unit of comparison basis, while the converse is typically true for larger properties. However, oftentimes the availability of

⁴ We weren't able to confirm details of Sale #1 other than the price and date of sale shown in public records, and recognize that this is the land underlying the CWCP corn processing facility, possibly to fund the expansion that was announced in September, which will increase the size of their facility to 140,000 SF. This site is rail served, and it could have been a related party sale, although public records do not really reflect that possibility and the appraiser is not familiar with either the buyer or seller. The selling entity, Northern Pacific Development LLC listed Randolph Peterson as the governing person and Lisa Davis as the registered agent. Randolph Peterson established the Tri-City Railroad in 1999 to be operated in Richland and owned by the Port of Benton and it is still owned by the family today. We could find nothing about the buyer, Leila Revel.

larger properties is so limited that the unit price can be driven upward when demand exceeds supply.

While not definitive for each parcel, it tends to support the theory that an increase in size results in a decreasing unit price.

- In the case at hand, the sizes are fairly uniform ranging from 12 to 36 acres and affected by its larger size. In connection with the subject data, no adjustments will be made.

Zoning

Zoning restricts potential development and can have a significant impact on value. Parcels with different zoning can have differences in highest and best use.

- In the case at hand, we have no data to extract an adjustment for zoning; however, all parcels were similarly zoned for industrial use. Thus, no adjustments were made.

Availability of Utilities

The availability of utilities at the perimeter of the site and cost of extending utilities to potential development and can have a significant impact on value due to the added cost of preparing the land for development. And oftentimes with the case of raw land parcels, utilities may be nearby but the cost to extend is not yet known at the time of confirmation of the sale.

- Portions of the subject are in the City of Kennewick jurisdiction and portions are within the jurisdiction of unincorporated Benton County. It is assumed subject and all comparables have only power at the perimeter of each parcel. Efforts are made to confirm availability of utilities to each of the comparables; and in the majority of cases, utilities for the comparable parcels were available at the perimeter of the site or nearby. Thus, no adjustment has been made.

Topography/Terrain

Level and at grade parcels are easier to develop and require less extensive site work, thus making them very desirable when compared with parcels challenged by slopes or other terrain related issues.

- Subject is a relatively level parcel, with some minor slope variation from one end to the other. No particular challenges were noted with any of the comparables, and thus, no adjustments were necessary.

Shape/Utility

The utility or shape of a site can have an impact on the development possibilities.

- Subject is very irregularly shaped as is Sale #1, which is shaped like a donut; the remaining sales are considered superior and warrant an adjustment.

Improvements – Quality and Character

Although there are a variety of residential improvements located on the subject property, they are deemed of no contributory value, and in fact, could represent a penalty to the value of the property for its industrial use. Subject is being appraised under a hypothetical condition that there are no improvements.

Summary

The data is considered only fair, with five relatively recent sales in the Tri-Cities having occurred since 2019. The adjustment process did not yield much of a variation in unit pricing, although the process followed a traditional path. The primary reason for this is the oversupply of vacant land parcels in the market, which is indicative of limited demand.

Adjustments were very subjective and followed a traditional path but cannot be truly supported by extracted adjustments from the sparse market data; rather the adjustments applied represent only the direction of the adjustment since data to support the adjustments with market data is not available.

Although there are three contiguous tax parcels, the shape is irregular and the location is considered below average. The following value is concluded.

Value Premise	
Property Name	N/A
Address	109 S Oak St, 1721 E 3 rd Ave and 50 S Verbena
City/State	Kennewick, WA
Perspective	Current
Value Type	As Is
Interest Appraised	Fee Simple
Effective Date	November 15, 2020
Indicated Value PSF	\$1.00
Parcel Size (SF)	1,150,155
Market Value	\$1,150,000 Rounded
Marketing Time	2-3 years, say 2 years average

Marketing Time / Exposure Time

Marketing time is that period of time that would follow the effective date of value, while exposure represents the period of time preceding the effective date of value. In our opinion, market conditions during both periods were similar, and if exposed to the market, a sale at the appraised value would occur within three to five years. This is based on a review of days on market statistics for the properties utilized in the sales comparison approach.

Addenda

**APPRAISAL REPORT
OF**



109 S Oak St
Kennewick, WA 99337

PREPARED FOR

Port of Kennewick
350 Clover Island
Kennewick, WA 99336

AS OF

November 15, 2020

PREPARED BY

Sandollar LLC | Appraisal Group SEWA
2001 S Washington St
Kennewick, WA 99337

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

File No. 2020-222
Case No.


Table of Contents

Page Title	Page #
Land Summary	1
Assignment Parameters	2
Market Area Analysis	3
Site Valuation	4
Extra Sites 4-5-6	5
Assumptions/Limiting Conditions	6
Appraiser's Certification	7
Appraisal Compliance Addendum	8
Location Map - Subject & Comparables	9
Location Map - Assessor's Aerial (Source: County Assessor)	10
Location Map - Street (Source: STDB)	11
Location Map - Aerial (Source: Google Maps)	12
Location Map - Flood (Source: Riskmeter)	13
PHOTOS - Subject Exterior View	14
PHOTOS - Street	15
Photo Comparables 1-2-3	16
Photo Comparables 4-5-6	17
Zoning Map (Source: City or County Records)	18
Zoning Code (Source City or County)	19
Legal Description (Source: Short Plat)	20
Plat Map (Source: County Records)	21
Appraiser's Statement of Qualifications	22
Appraiser's Statement of Qualifications	23
E&O Insurance	24
Appraiser's License	25
Supervisor Certificate	26
Appraiser Trainee License	27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

 Form 120.05*	Client File #:		Appraisal File #:		2020-222
	Appraisal Report · Land				
	Appraisal Company: Sandollar LLC Appraisal Group SEWA				
	Address: 2001 S Washington St Suite 104, Kennewick, WA 99337				
Phone: 509.628.9817		Fax: N/A		Website: www.AppraisalGroupSEWA.com	
Appraiser: Veronica R Griffith, MAI, CCIM			Co-Appraiser:		
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS			AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate			AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		
Other Professional Affiliation: CCIM			Other Professional Affiliation:		
Email: appraisalgroupsewa@gmail.com			E-mail: appraisalgroupsewa@gmail.com		
Client: Port of Kennewick			Contact: Amber Hanchette, Director of Real Estate		
Address: 350 Clover Island, Kennewick, WA 99336					
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortOfKennewick.org	
SUBJECT PROPERTY IDENTIFICATION					
Address: 109 S Oak St					
City: Kennewick		County: Benton		State: WA ZIP: 99337	
Legal Description: See Lengthy Legal Description in the Addendum					
Tax Parcel #: 105802013067002		RE Taxes: 6292.40		Tax Year: 2020	
Use of the Real Estate As of the Date of Value: Agricultural					
Use of the Real Estate Reflected in the Appraisal: Light Industrial					
Opinion of highest and best use (if required): Light Industrial					
SUBJECT PROPERTY HISTORY					
Owner of Record: Port of Kennewick					
Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years.					
Description and analysis of agreements of sale (contracts), listing, and options: There are no current listings for sale or for lease of the subject property. The Owner reports that it wishes to sell the property and will likely list it for auction or for sale during 2021.					
RECONCILIATIONS AND CONCLUSIONS					
Indication of Value by Sales Comparison Approach		\$ 590,000			
Indication of Value by Cost Approach		\$ Not conducted			
Indication of Value by Income Approach		\$ Not conducted			
Final Reconciliation of the Methods and Approaches to Value:					
Opinion of Value as of: November 15, 2020		\$ 590,000			
Exposure Time: 1-2 Years					
The above opinion is subject to: <input checked="" type="checkbox"/> Hypothetical Conditions and/or <input type="checkbox"/> Extraordinary Assumptions cited on the following page.					

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June 2017

Page 1 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	109 S Oak St, Kennewick, WA 99337	Appraisal File #:	2020-222

ASSIGNMENT PARAMETERS	
Intended User(s): Client Only; no other intended users were identified at the time of engagement	
Intended Use: Estimate the Market Value of the property As Is for a potential sale	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value Effective Date of Value: 11/15/2020	
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) Currently the property is improved with one or more outbuildings appropriate for agricultural use. These improvements no longer contribute to any value of the property as it is currently zoned for light industrial use. Thus, it is a hypothetical condition that the property is vacant and available to be put to its highest and best use. In order to reach an "as-is" market value, the cost of removing any improvements would need to be deducted.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) N/A	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: November 15, 2020 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Local PACMLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: November 15, 2020 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Local PACMLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	
Additional Scope of Work Comments: Three contiguous parcels are appraised simultaneously, both individually and in the aggregate. Different sets of data were researched, confirmed and analyzed for use in estimating the value of each parcel. Each land sale was physically inspected, confirmed at least with the public records and photographed by the appraisers.	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia King, a licensed appraiser, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final value conclusions however, were those of Veronica R Griffith.	

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Page 2 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	109 S Oak St, Kennewick, WA 99337	Appraisal File #:	2020-222

MARKET AREA ANALYSIS											
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time	
<input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural		<input checked="" type="checkbox"/> Under 25% <input type="checkbox"/> 25% - 75% <input type="checkbox"/> Over 75%		<input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow		<input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input checked="" type="checkbox"/> Over Supply		<input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Decreasing		<input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months	
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : East Kennewick			
Price		Age		1 Family		Commercial		PUD		Condo	
150K		Low		10		50 %		<input type="checkbox"/> HOA: \$		/	
500K		High		0		40 %		Amenities: N/A			
350K		Predominant		0							
<p>Market area description and characteristics: Subject lies in the Oak St Industrial Park neighborhood of East Kennewick that was developed by the Port of Kennewick during the 1970's to 1990's. The Port still retains ownership of a number of improved properties as well as vacant industrial land suitable for development. The park dominates the area east of SR 397 (aka Gum St aka Chemical Dr) between the Columbia River and approximately Bowles Avenue and is surrounded by a lightly populated farming base that is gradually being absorbed for redevelopment with single family homes and subdivisions.</p>											
SITE ANALYSIS											
Dimensions:						Area: 16.8801 AC					
View: Pastoral / Rural						Shape: Somewhat irregular					
Drainage: Appears Adequate						Utility: Slightly irregular					
Site Similarity/Conformity to Neighborhood						Zoning/Deed Restriction					
Size:			View:			Zoning: LI - Light Industrial			Convenants, Condition & Restrictions		
<input type="checkbox"/> Smaller than Typical <input type="checkbox"/> Typical <input checked="" type="checkbox"/> Larger Than Typical			<input type="checkbox"/> Favorable <input type="checkbox"/> Typical <input checked="" type="checkbox"/> Less than Favorable			<input type="checkbox"/> Legal <input type="checkbox"/> No zoning <input checked="" type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal			<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown		
									Documents Reviewed		
									<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
									Ground Rent \$ /		
Utilities						Off Site Improvements					
Electric	<input checked="" type="checkbox"/>	Public	<input type="checkbox"/>	Other	Benton PUD or REA	Street	<input checked="" type="checkbox"/>	Public	<input type="checkbox"/>	Private	
Gas	<input type="checkbox"/>	Public	<input type="checkbox"/>	Other		Alley	<input type="checkbox"/>	Public	<input type="checkbox"/>	Private	N/A
Water	<input type="checkbox"/>	Public	<input checked="" type="checkbox"/>	Other	Well	Sidewalk	<input type="checkbox"/>	Public	<input type="checkbox"/>	Private	N/A
Sewer	<input type="checkbox"/>	Public	<input checked="" type="checkbox"/>	Other	OSS	Street Lights	<input type="checkbox"/>	Public	<input type="checkbox"/>	Private	N/A
<p>Site description and characteristics: The subject site lies at the end of a public ROW used for both commercial and residential use and is currently being utilized for agricultural uses. This current use is grandfathered, but in the event of a loss the improvements could only be rebuilt in their current configuration. The site may or may not have an onsite well and OSS associated with its prior use, but is likely reaching the end of its useful life and if the property were to be redeveloped, would require new utility connections. There are one or more agricultural outbuildings which no longer contribute to value given the current zoning of the property and the proximity to the City of Kennewick waste water treatment plant. The site is also completely irrigated, but that does not contribute to value either.</p>											
HIGHEST AND BEST USE ANALYSIS											
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other Light Industrial use											
<p>Summary of highest and best use analysis: The site is zoned for light industrial use, which is the only legally permissible use if vacant and available for sale or lease. That use is physically possible and financially feasible; in fact, it is the only financially feasible use given the current zoning of the property.</p>											

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June 2017

Page 3 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	109 S Oak St, Kennewick, WA 99337	Appraisal File #:	2020-222

SITE VALUATION							
Site Valuation Methodology							
<input checked="" type="checkbox"/>		Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.					
<input type="checkbox"/>		Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.					
<input type="checkbox"/>		Alternative Method: (Describe methodology and rationale)					
Site Valuation							
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3	
Address	109 S Oak St Kennewick, WA 99337	3334 Logston Blvd Richland, WA 99354		Lots BTW Railroad & Rainier BTW Pasco, WA 99301		NKA Burlington Lp BTW F Wells & Ind Pasco, WA 99301	
Proximity to Subject		13.22 miles NW		3.22 miles N		5.09 miles N	
Data Source/ Verification		Public Records Public Records		Public Records Public Records		Public Records Public Records	
Sales Price	\$		\$ 303,750.00		\$ 1,264,731.00		\$ 1,151,617.00
Price/ AC	\$ 0		\$ 15,722.05		\$ 35,034.10		\$ 54,449.98
Sale Date		10/1/2020		12/31/2019		12/05/2019	
Location	Fair	Fair to Avg -1,572		Fair to Avg -3,503		Fair to Avg -5,449	
Site Size	16.8801 AC	19.32 AC		36.1 AC		21.15 AC	
Site View	Pastoral/ Dike	Industrial		Industrial Pk		Industrial Pk	
Site Improvements	No Contributory Value	N/A		N/A		N/A	
Zoning	Light Industrial	Industrial		Industrial		Industrial	
Utilities	P: Needs New Well/OSS	P/W/S -1,572		P/W/S -3,503		P/W/S -5,449	
Shape / Utility	Poor to Fair	Average -1,572		Average -3,503		Average -5,449	
Net Adjustment		<input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -4,716.00	<input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -7,006.00	<input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -16,347.00
Indicated Value		Net Adj. -30%	\$ 11006.05	Net Adj. -20%	\$ 28,028.10	Net Adj. -30%	\$ 38,102.98
Prior Transfer History	No sales recorded in the last three years	No sales recorded in the last three years		No sales recorded in the last three years		No sales recorded in the last three years	
Site Valuation Comments: The subject site location, utility of shape, and lack of utilities is inferior to the sales in varying degrees, none of which can be measured with the data set available. Thus, the direction of the adjustment is more important than the actual amount. These are the only industrially zoned sales of any significant size that was uncovered during research. The only sale in the subject park occurred about one year ago, but when this sale was confirmed the Owner reported that utilities needed to be extended, and that there was a great deal of construction debris which had accumulated over the last several years, and that it was in the flood plain. This sale would set the lower limit of value at \$30,000 per acre but benefits from a superior location with visibility to passing traffic on SR 397.							
Site Valuation Reconciliation: In my opinion, the value of the subject has been estimated in the amount of \$35,000/AC or \$590,803, rounded to \$590,000.							
Opinion of Site Value				\$ 590,000			

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Page 4 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

Client:	Port of Kennewick	Client File #:	
Subject Property:	109 S Oak St, Kennewick, WA 99337	Appraisal File #:	2020-222

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

ITEM	SUBJECT	COMPARISON 4	COMPARISON 5	COMPARISON 6
Address	109 S Oak St Kennewick, WA 99337	Oak St Ind Lots 5 & 6 Kennewick, WA 99336	2811 Polar Way Richland, WA 99354	
Proximity to Subject		2.14 miles W	13.47 miles NW	
Data Source/ Verification		Port of Kennewick Amber Hancette	Public Records Public Records	
Sales Price	\$	\$ 375,000.00	\$ 833,600.00	\$
Price/ AC	\$ 0	\$ 30,637.25	\$ 37,736.53	\$ 0.00
Sale Date		6/28/2019	2/21/2019	
Location	Fair	Fair/Average	Fair/Average	
Site Size	16.8801 AC	12.24 AC	22.09 Ac	
Site View	Pastoral/ Dike	Industrial	Industrial	
Site Improvements	No Contributory Value	N/A	N/A	
Zoning	Light Industrial	Industrial	Industrial	
Utilities	P: Needs New Well/OSS	None	P/W/S	
Shape / Utility	Poor to Fair	Poor	Average	
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3,063.14	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -3,773.00	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0
Indicated Value		Net Adj. 10% Gross Adj. 10% \$ 33,700.39	Net Adj. -10% Gross Adj. 30% \$ 33,963.53	Net Adj. 0% Gross Adj. 0% \$ 0
Prior Transfer History				

Site Valuation Comments: See prior page

Site Valuation Reconciliation: See prior page

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	109 S Oak St	Appraisal File #:	2020-222

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

Page 6 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	109 S Oak St	Appraisal File #:	2020-222

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

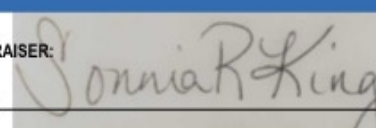
Report Date 1/25/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature 

Name

Report Date

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # State

Expiration Date

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

Page 7 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

APPRAISAL COMPLIANCE ADDENDUM

File No. 2020-222
Case No.

Borrower/Client <u>N/A</u>		Unit No.	
Address <u>109 S Oak St</u>		Zip Code <u>99337</u>	
City <u>Kennewick</u>	County <u>Benton</u>	State <u>WA</u>	
Lender/Client <u>Port of Kennewick</u>			

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

☒ Appraisal Report This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).

☐ Restricted Appraisal Report This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Unless otherwise indicated, I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- This appraisal report was prepared in accordance with the requirements of Title XI of FIRREA and any implementing regulations.

PRIOR SERVICES

☒ I have **NOT** performed services, as an appraiser or in another other capacity, regarding the property that is the subject of the report within the three-year period immediately preceding acceptance of this assignment.

☐ I **HAVE** performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

☒ I **HAVE** made a personal inspection of the property that is the subject of this report.

☐ I **have NOT** made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

Sonnia King is a licensed trainee assigned to me. Ms King assisted with the observation, measurement and photography of the subject property. She assisted with the original research about the subject property and conducted the preliminary market data research and drafted the initial report. However, the final selection of comparable data used, the analysis thereof, and value conclusion were mine.

ADDITIONAL COMMENTS

Additional USPAP related issues requiring disclosure and/or any state mandated requirements: Additional certifications required by Appraisal Institute:

1. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, I Nikki Griffith, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.


MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY

☒ A reasonable marketing time for the subject property is 1000 day(s) utilizing market conditions pertinent to the appraisal assignment.

☒ A reasonable exposure time for the subject property is 1000 day(s).

APPRAISER

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

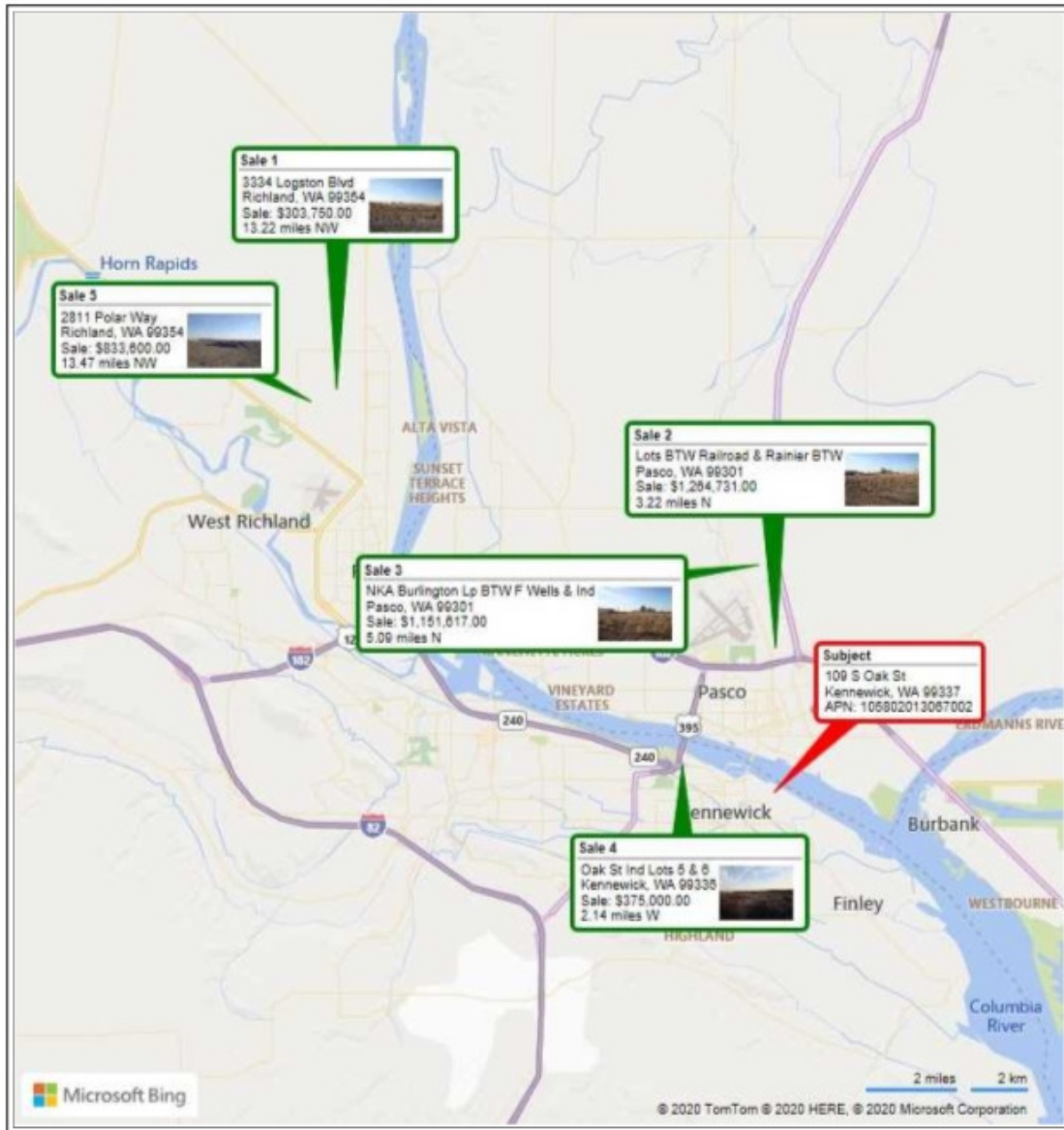
<p>Signature </p> <p>Name <u>Veronica R. Griffith, MAI, CSIM</u></p> <p>Date of Signature <u>1/25/2021</u></p> <p>State Certification # <u>1101758</u></p> <p>or State License # _____</p> <p>State <u>WA</u></p> <p>Expiration Date of Certification or License <u>11/15/2021</u></p> <p>Effective Date of Appraisal <u>November 15, 2020</u></p>	<p>Signature _____</p> <p>Name _____</p> <p>Date of Signature _____</p> <p>State Certification # _____</p> <p>or State License # _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p>Supervisory Appraiser Inspection of Subject Property:</p> <p><input type="checkbox"/> Did Not <input type="checkbox"/> Exterior Only from street <input type="checkbox"/> Interior and Exterior</p>
---	---

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Location Map - Subject & Comparables

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			



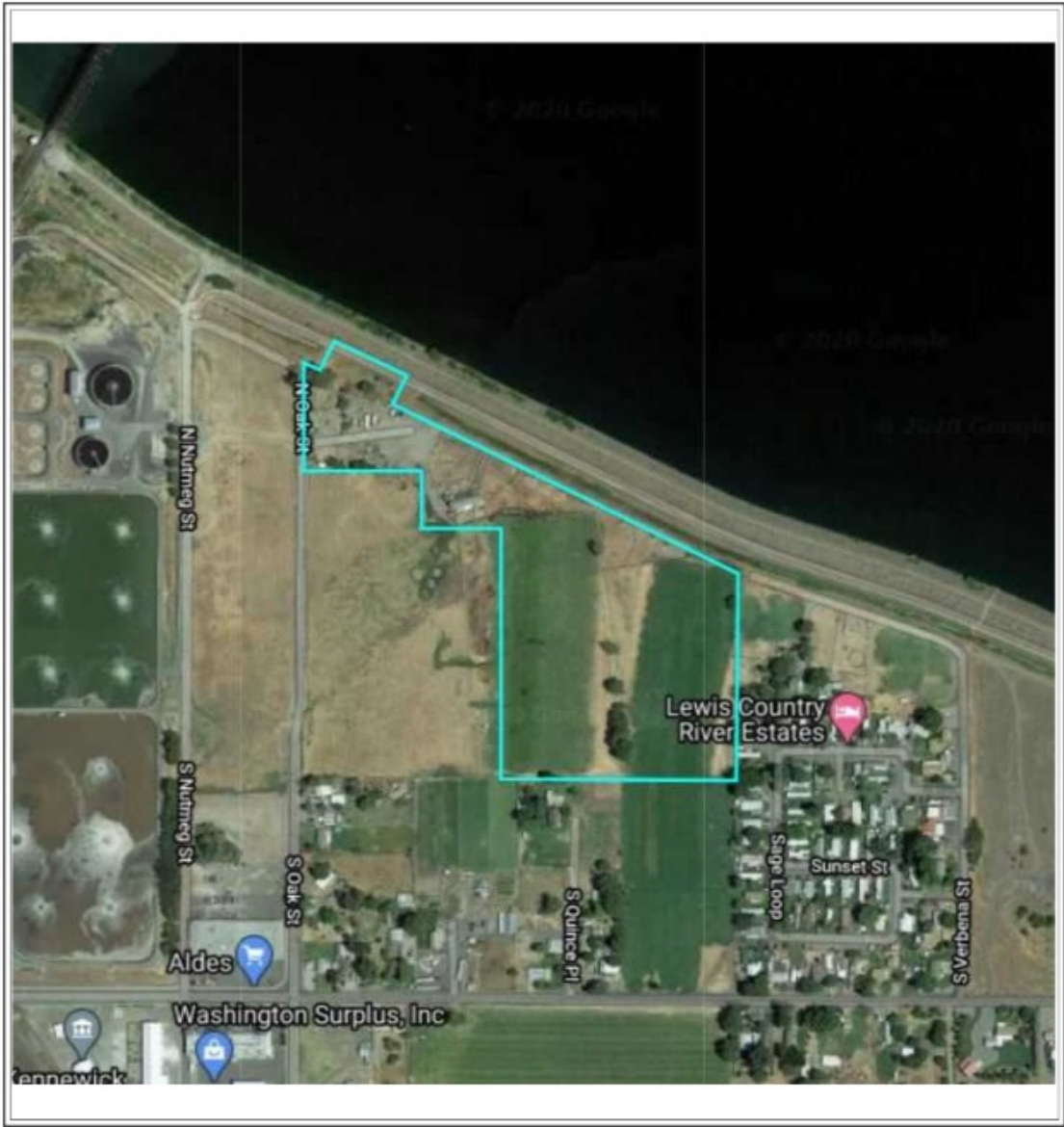
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Page 9 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			



Produced by ClickFORMS Software 800-622-8727

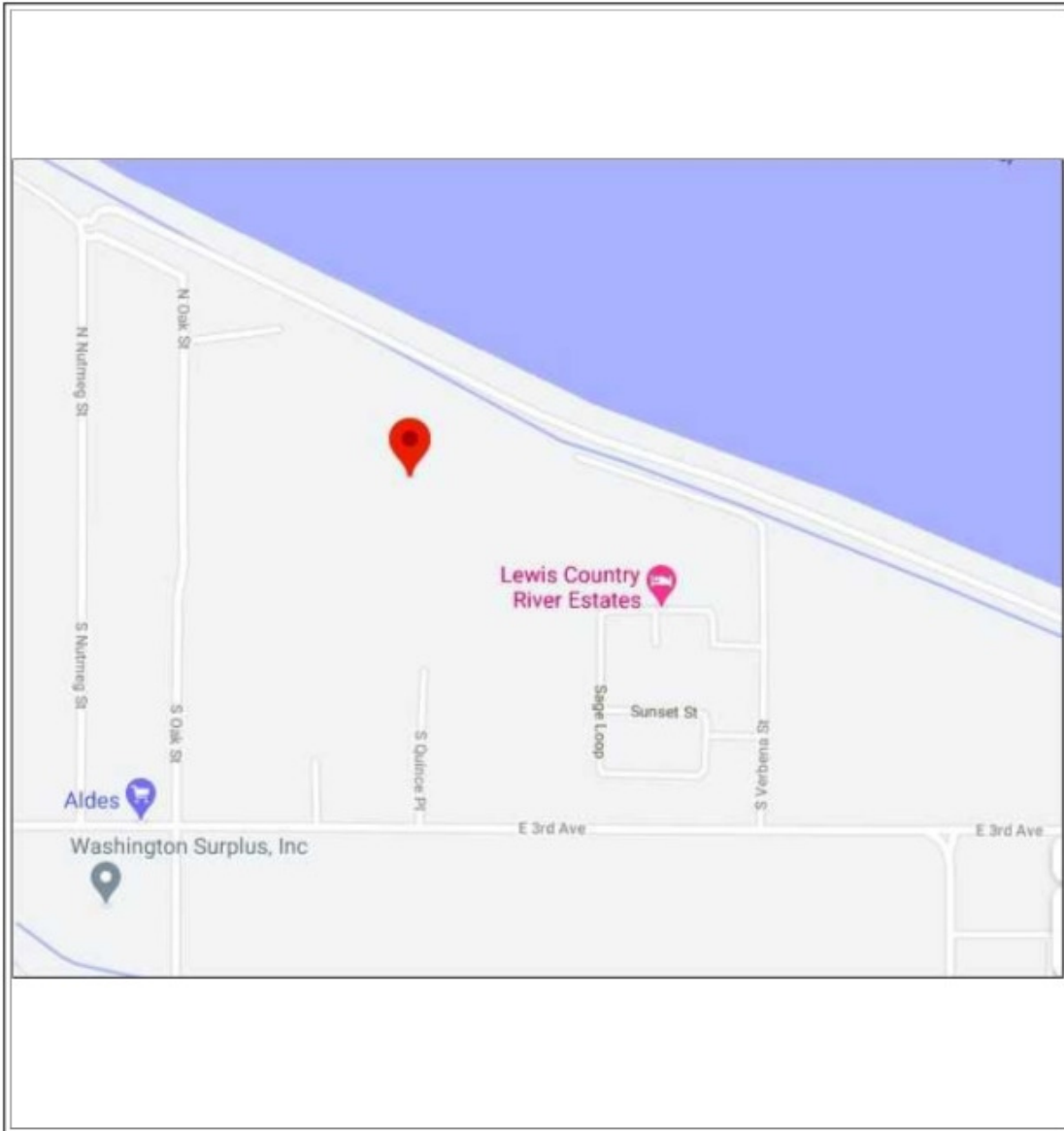
Page 10 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			



Produced by ClickFORMS Software 800-622-8727

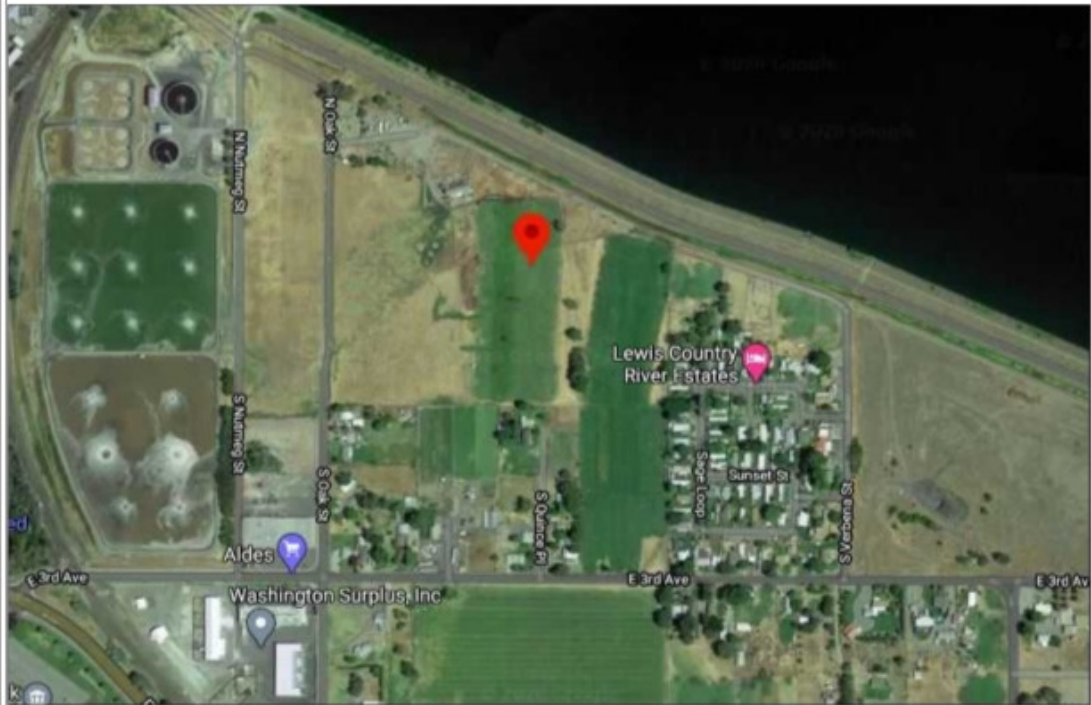
Page 11 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			



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Page 12 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
PHOTOS - Subject Exterior View

File No. 2020-222
Case No.

Borrower N/A					
Property Address 109 S Oak St					
City Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			



Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
PHOTOS - Street

File No. 2020-222
Case No.

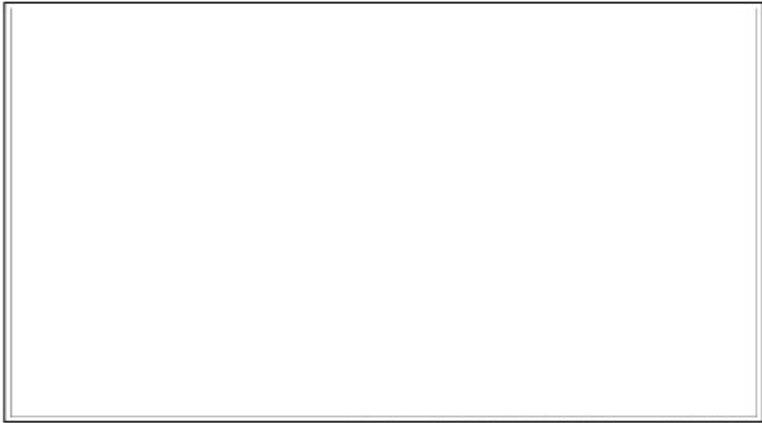
Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island, Kennewick, WA 99336				



Oak St Access North



Oak Street Access South



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Page 15 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
COMPARABLES 1-2-3

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island, Kennewick, WA 99336				



COMPARABLE SALE # 1
3334 Logston Blvd
Richland, WA 99354



COMPARABLE SALE # 2
Lots BTW Railroad & Rainier BTW
Pasco, WA 99301



COMPARABLE SALE # 3
NKA Burlington Lp BTW F Wells & Ind
Pasco, WA 99301

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Page 16 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

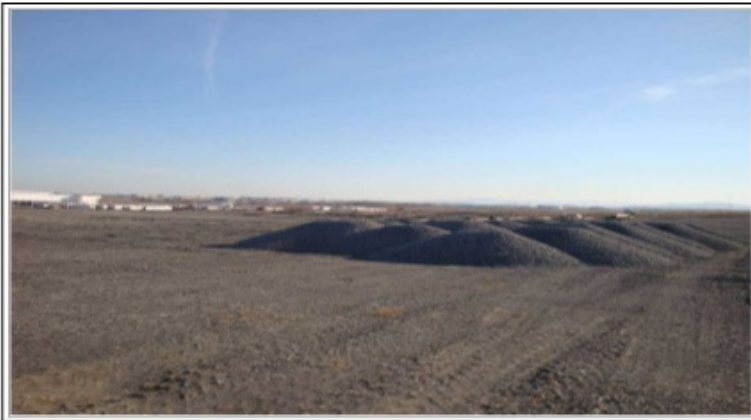
Sandollar LLC | Appraisal Group SEWA
COMPARABLES 4-5-6

File No. 2020-222
Case No.

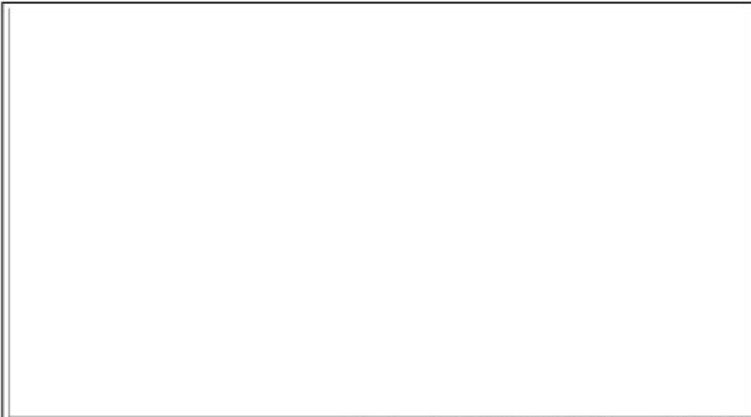
Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island, Kennewick, WA 99336				



COMPARABLE SALE # 4
Oak St Ind Lots 5 & 6
Kennewick, WA 99336



COMPARABLE SALE # 5
2811 Polar Way
Richland, WA 99354



COMPARABLE SALE # 6

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Page 17 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			



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Page 18 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Zoning Code (Source City or County)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336			

11.33.010 PURPOSE. The Light Industrial District (LI) is designed to provide an area for the establishment of manufacturing facilities that generally do not involve significant pollution issues, such as: research and development, computer component manufacturing businesses, and other businesses of a similar nature. Such light industrial activities should be sited and designed so as to avoid or significantly mitigate material adverse effects to the natural environment, adjacent non-industrial areas, and communities whenever feasible.
[Ord. 611 (2018) § 124]

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Legal Description (Source: Deed or Title Commitment)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	109 S Oak St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick Address 350 Clover Island, Kennewick, WA 99336					



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Page 20 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Appraiser's Statement of Qualifications

File No. 2020-222
Case No.

Borrower N/A

Property Address 109 S Oak St

City Kennewick County Benton State WA Zip Code 99337

Lender/Client Port of Kennewick Address 350 Clover Island, Kennewick, WA 99336

Statement of Qualifications for


Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION


May, 1988 **St. Louis University** Graduated Cum Laude; Major in Business Management
St. Louis, MO with Minor in Communications

PROFESSIONAL EXPERIENCE

2014 - Now **Sandollar LLC | Appraisal Group** **Owner/Principal**
SEWA

 Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - Now **Sandollar Realty Advisors** **Owner/Principal**
Tri-Cities (Kennewick, Pasco & Richland), WA

 Private practice specializing in (1) *appraisal, appraisal review and litigation support* for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) *education, curriculum development, and regulatory compliance* for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004 **Bank One Corporation (now** **SVP, Chief Appraiser, National Manager**
JPMorgan Chase), Phoenix, AZ **Real Estate Appraisal Group (REAG)**

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991 **RTC (Western Savings & Loan),** **VP, Chief Appraiser**
Phoenix, AZ **Real Estate Appraisal Department**

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

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Page 22 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Appraiser's Statement of Qualifications

File No. 2020-222

Case No.

Borrower N/A

Property Address 109 S Oak St

City Kennewick County Benton State WA Zip Code 99337

Lender/Client Port of Kennewick Address 350 Clover Island, Kennewick, WA 99336

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	Principal, Senior Appraiser & Broker
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	VP, Senior Commercial Appraiser

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**

OTHER

- **Commissioner, Kennewick Housing Authority (KHA), Kennewick, WA** – Assist in promoting and maintaining affordable housing for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for new seminar entitled *Appraisal Engagement and Review for Bankers*, launched Spring, 2016 to replace earlier seminar launched in 2012.
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2 day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Real Estate Fundamentals* (REF, 1-day seminar);
 3. *Intermediate Real Estate Lending* (IREL, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Advanced Cash Flow and Valuation for Commercial Real Estate* (ACFVCRE, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including RELA; UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.

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Page 23 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

E&O Insurance

File No. 2020-222
Case No.

Borrower N/A

Property Address 109 S Oak St

City Kennewick County Benton State WA Zip Code 99337

Lender/Client Port of Kennewick Address 350 Clover Island, Kennewick, WA 99336

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3873294-20**

Renewal of: **RAB3873294-19**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062**

Item 1. **Named Insured:** **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. **Address:** **2001 S Washington St**
City, State, Zip Code: **Kennewick, WA 99337**
Attn:

Item 3. **Policy Period:** From 08/22/2020 To 08/22/2021
(Month, Day, Year) (Month, Day, Year)
(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability:** (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. **Deductible:** (inclusive of Claim Expense): \$ 5,000 Each Claim

Item 6. **Premium:** \$ 1,046.00

Item 7. **Retroactive Date** (if applicable): 12/31/2018

Item 8. **Forms, Notices and Endorsements attached:**

D43100 (08/19) D43300 WA (03/15)
D43425 (05/13) D43444 (03/17) D43447 (06/17)
D43448 (06/17) D43432 (05/13) D43416 (05/13) IL7324 (08/12)


Authorized Representative

D43101 (03/15)

Page 1 of 1

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2020-222
Case No.

Borrower	N/A						
Property Address	109 S Oak St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick	Address	350 Clover Island, Kennewick, WA 99336				



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Page 25 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Supervisor Certificate

File No. 2020-222
Case No.

Borrower N/A

Property Address 109 S Oak St

City Kennewick

County

Benton

State WA

Zip Code

99337

Lender/Client Port of Kennewick

Address 350 Clover Island, Kennewick, WA 99336

Certificate of Completion

This is to certify that
Veronica R Griffith - 1101758

has successfully completed the course


Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015



Richard D. McKissock
Education Director
100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

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Page 26 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2020-222
Case No.

Borrower	N/A						
Property Address	109 S Oak St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick		Address 350 Clover Island, Kennewick, WA 99336				



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Page 27 of 27

**APPRAISAL REPORT
OF**



1721 E 3rd Ave
Kennewick, WA 99337

PREPARED FOR

Port of Kennewick
350 Clover Island Dr
Kennewick, WA 99336

AS OF

November 15, 2020

PREPARED BY

Sandollar LLC | Appraisal Group SEWA
2001 S Washington St
Kennewick, WA 99337

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

File No. 2020-222
Case No.


Table of Contents

Page Title	Page #
Land Summary	1
Assignment Parameters	2
Market Area Analysis	3
Site Valuation	4
Extra Sites 4-5-6	5
Assumptions/Limiting Conditions	6
Appraiser's Certification	7
Appraisal Compliance Addendum	8
Location Map - Subject & Comparables	9
Location Map - Assessor's Aerial (Source: County Assessor)	10
Location Map - Street (Source: STDB)	11
Location Map - Aerial (Source: Google Maps)	12
Location Map - Flood (Source: Riskmeter)	13
PHOTOS - Subject Exterior View	14
PHOTOS - Street	15
Photo Comparables 1-2-3	16
Photo Comparables 4-5-6	17
Plat Map (Source: County Records)	18
Legal Description (Source: Deed or Title Commitment)	19
Zoning Map (Source: City or County Records)	20
Zoning Code (Source City or County)	21
Appraiser's Statement of Qualifications	22
Appraiser's Statement of Qualifications	23
Appraiser's License	24
Supervisor Certificate	25
Appraiser Trainee License	26
E&O Insurance	27

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*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

 AI Reports® Form 120.05*	Client File #:		Appraisal File #:		2020-222
	Appraisal Report · Land				
	Appraisal Company: Sandollar LLC Appraisal Group SEWA				
	Address: 2001 S Washington St Suite 104, Kennewick, WA 99337				
Phone: 509.628.9817		Fax: N/A		Website: www.AppraisalGroupSEWA.com	
Appraiser: Veronica R Griffith, MAI, CCIM			Co-Appraiser: Sonnia King		
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS			AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate			AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		
Other Professional Affiliation: CCIM			Other Professional Affiliation:		
Email: appraisalgroupsewa@gmail.com			E-mail: appraisalgroupsewa@gmail.com		
Client: Port of Kennewick			Contact: Amber Hanchette, Director of Real Estate		
Address: 350 Clover Island Dr, Kennewick, WA 99336					
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortOfKennewick.org	
SUBJECT PROPERTY IDENTIFICATION					
Address: 1721 E 3rd Ave					
City: Kennewick		County: Benton		State: WA ZIP: 99337	
Legal Description: Abbr. Chicago Ten-Acre Tracts: The E 5 acres of tract 10; NOTE: the plat dimensions do not multiply to the land SF contained in a 5-acre tract contained in the legal description or public records. The SF shown in the assessor records was assumed correct.					
Tax Parcel #: 105802020010005		RE Taxes: 798.64		Tax Year: 2020	
Use of the Real Estate As of the Date of Value: Agricultural					
Use of the Real Estate Reflected in the Appraisal: Light Industrial					
Opinion of highest and best use (if required): Light Industrial					
SUBJECT PROPERTY HISTORY					
Owner of Record: Port of Kennewick					
Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years.					
Description and analysis of agreements of sale (contracts), listing, and options: There are no current listings for sale or for lease of the subject property. The Owner reports that it wishes to sell the property, either with adjacent parcels or alone; and will likely list it for auction or for sale during 2021.					
RECONCILIATIONS AND CONCLUSIONS					
Indication of Value by Sales Comparison Approach		\$ 300,000			
Indication of Value by Cost Approach		\$ Not Conducted			
Indication of Value by Income Approach		\$ Not Conducted			
Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was conducted. The data available was considered sparse, with only one sale in subject's neighborhood in the last three years, and that property required extension of utilities, cleanup and was located in the flood plain. Thus, it was necessary to expand search parameters to other industrial areas of the Tri-Cities.					
Opinion of Value as of: November 15, 2020		\$ 300,000			
Exposure Time: 1-2 Years					
The above opinion is subject to: <input checked="" type="checkbox"/> Hypothetical Conditions and/or <input type="checkbox"/> Extraordinary Assumptions cited on the following page.					

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June 2017

Page 1 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	1721 E 3rd Ave, Kennewick, WA 99337	Appraisal File #:	2020-222

ASSIGNMENT PARAMETERS	
Intended User(s): Client Only; no other intended users were identified at the time of engagement	
Intended Use: Estimate the Market Value of the property As Is for a potential sale	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: 11/15/2020
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) Previously, the property was improved with a vintage residence and several outbuildings previously used for agricultural use; it is an assumption that the property is vacant and any such improvements no longer contribute to value as the property as it is currently zoned for light industrial use. Thus, it is a hypothetical condition that the property is vacant and available to be put to its highest and best use. An "as-is" market value could be reached by deducting the cost if any of removal of any of those improvements if they still exist.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) N/A	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: November 15, 2020 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Local PACMLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: November 15, 2020 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Local PACMLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	
Additional Scope of Work Comments: Three contiguous parcels are appraised simultaneously for this client. Different sets of data were researched, confirmed and analyzed for use in estimating the value of each parcel. Each land sale was physically inspected, confirmed at least with the public records and photographed by the appraisers. The most similar sales were then analyzed for valuation of this parcel.	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia King, a licensed appraiser trainee, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final data set, analysis and value conclusions however, were those of Veronica R Griffith, MAI.	

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June 2017

Page 2 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	1721 E 3rd Ave, Kennewick, WA 99337	Appraisal File #:	2020-222

MARKET AREA ANALYSIS											
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time	
<input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural		<input checked="" type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input type="checkbox"/> Over 75%		<input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow		<input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input checked="" type="checkbox"/> Over Supply		<input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Decreasing		<input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months	
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : East Kennewick			
Price		Age		1 Family		Commercial		PUD		Condo	
150K		Low		0		50 %		<input type="checkbox"/> HOA: \$ / Amenities: N/A			
500K		High		100		40 %					
350K		Predominant		40		0 %					
<p>Market area description and characteristics: Subject lies in the Oak St Industrial Park neighborhood of East Kennewick that was developed by the Port of Kennewick during the 1970's to 1990's. The Port still retains ownership of a number of improved properties as well as vacant industrial land suitable for development. The park dominates the area east of SR 397 (aka Gum St aka Chemical Dr) between the Columbia River and approximately Bowles Avenue and is surrounded by a lightly populated farming base that is gradually being absorbed for redevelopment with single family homes and subdivisions.</p>											
SITE ANALYSIS											
Dimensions: Approx 330' x 640'						Area: 217,800					
View: Pastoral / Rural						Shape: Somewhat irregular					
Drainage: Appears Adequate						Utility: Slightly irregular					
Site Similarity/Conformity to Neighborhood						Zoning/Deed Restriction					
Size:			View:			Zoning: LI - Light Industrial			Convenants, Condition & Restrictions		
<input type="checkbox"/> Smaller than Typical <input type="checkbox"/> Typical <input checked="" type="checkbox"/> Larger Than Typical			<input type="checkbox"/> Favorable <input type="checkbox"/> Typical <input checked="" type="checkbox"/> Less than Favorable			<input type="checkbox"/> Legal <input type="checkbox"/> No zoning <input checked="" type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal			<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ /		
Utilities						Off Site Improvements					
Electric		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Benton PUD or REA		Street		<input checked="" type="checkbox"/> Public	
Gas		<input type="checkbox"/> Public		<input type="checkbox"/> Other				Alley		<input type="checkbox"/> Public	
Water		<input type="checkbox"/> Public		<input checked="" type="checkbox"/> Other		Well		Sidewalk		<input type="checkbox"/> Public	
Sewer		<input type="checkbox"/> Public		<input checked="" type="checkbox"/> Other		OSS		Street Lights		<input type="checkbox"/> Public	
										<input type="checkbox"/> Private	
										<input type="checkbox"/> Private	
										<input type="checkbox"/> Private	
										<input type="checkbox"/> Private	
<p>Site description and characteristics: The subject site lies along the north alignment of a public ROW, E 3rd Ave, primarily for residential use and is currently being utilized for agricultural uses. This current use is grandfathered. The site may have an onsite well and OSS to service any prior improvements, but is likely reaching the end of its useful life and if the property were to be redeveloped, would require new utility connections. Any remaining improvements no longer contribute to value given the current light industrial zoning of the property and the proximity to the City of Kennewick waste water treatment plant. The site is also completely irrigated, but that does not contribute to value.</p>											
HIGHEST AND BEST USE ANALYSIS											
<input type="checkbox"/> Present Use		<input checked="" type="checkbox"/> Proposed Use		<input type="checkbox"/> Other		Light Industrial use					
<p>Summary of highest and best use analysis: The site is zoned for light industrial use, which is the only legally permissible use if vacant and available for sale or lease. That use is physically possible and financially feasible; in fact, it is the only financially feasible use given the current zoning of the property.</p>											

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June 2017

Page 3 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	1721 E 3rd Ave, Kennewick, WA 99337	Appraisal File #:	2020-222

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	1721 E 3rd Ave Kennewick, WA 99337	34xx Glade North Rd Pasco, WA		Foster Wells Rd / Ind'l Way Pasco, WA		SWC Foster Wells / Ind'l Way Pasco, WA			
Proximity to Subject		10.99 miles N		5.35 miles N		5.25 miles N			
Data Source/ Verification		Public Records Public Records		Port of Pasco Port of Pasco, Public Records		Port of Pasco Port of Pasco, Public Records			
Sales Price	\$		\$ 250,000.00		\$ 450,064.00		\$ 235,994.00		
Price/ square foot	\$		1.22		2.17		2.00		
Sale Date		07/29/2020		04/22/2020		12/09/2019			
Location	Fair	Poor to Fair +.12		Fair to Avg -.55		Fair to Avg -.50			
Site Size	217,800	204,760		207,637		117,997			
Site View	Ag/Res/Ind'l	Ind'l / Ag		Industrial Pk		Industrial Pk			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	Light Industrial	Light Industrial		Light Industrial		Light Industrial			
Utilities: P/W/S	P	P		P/W/S -.21		P/W/S -.20			
Buyer		Eric D Calaway		AJC Realty LLC		BS Group LLC			
Seller	Port of Kennewick	Glen Ford Roundy		Port of Pasco		Port of Pasco			
Tax Parcel ID		124250092		113120557;579		113120570			
Net Adjustment		X +	- \$ 0.12	X + X -	\$ -0.76	X + X -	\$ -0.70		
Indicated Value		Net Adj. 10%		Net Adj. -35%		Net Adj. -35%			
		Gross Adj. 10%	\$ 1.34	Gross Adj. 35%	\$ 1.41	Gross Adj. 35%	\$ 1.30		
Prior Transfer History		No transfer in the preceding 3 years		No transfer in the preceding 3 years		No transfer in the preceding 3 years			
<p>Site Valuation Comments: Sale #1 is in a mostly agricultural neighborhood with a few commercial/industrial buildings in far north Pasco along Glade North Road which is deemed inferior; while Sales #2 and #3 are in an industrial park in North Pasco that has been steadily absorbed over the last three years and are deemed superior for location and utilities; after adjustment these sales indicate \$1.30 to \$1.41. Sales #4, #5 and #6 are all located in a light industrial area (not in an industrial park) that is emerging along W A St, just west of the U.S. Hwy 395 access and reflect a tight range of \$1.10 to \$1.36 PSF prior to adjustment for similar sized parcels. These slightly dated sales are just across the river from subject in East Pasco and really require only a minor adjustment for changing market conditions, utilities and are supported by Sale #1. The location of Sales #2 and #3 in a homogenous park with easy access to U.S. Hwy 395 is superior. All sales except #1 had power, water and sewer available at the perimeter.</p> <p>Site Valuation Reconciliation: After adjustment, the sales reflect a range of \$1.00to \$1.42 PSF. Most emphasis is placed on Sales #4, #5 and #6 in estimating a value of \$1.40 PSF. When applied to the land area of 217,800 SF, the result is \$304,920, rounded to \$300,000</p>									
Opinion of Site Value						\$ 300,000			

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June 2017

Page 4 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

Client:	Port of Kennewick	Client File #:	
Subject Property:	1721 E 3rd Ave, Kennewick, WA 99337	Appraisal File #:	2020-222

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

ITEM	SUBJECT	COMPARISON 4	COMPARISON 5	COMPARISON 6
Address	1721 E 3rd Ave Kennewick, WA 99337	Sec E Bst at S Rd 40 E Pasco, WA 99301	E/S S Road 40 One lot S of E B St Pasco, WA 99301	S/S E A St, W of Rd 40 Pasco, WA 99301
Proximity to Subject		2.76 miles NE	2.34 miles NE	2.58 miles NE
Data Source/ Verification		Public Records Public Records	Public Records Public Records	C. Laird, Tippet MLS 206229
Sales Price	\$	\$ 265,000.00	\$ 170,000.00	\$ 260,000.00
Price/ square foot	\$ 0.00	\$ 1.36	\$ 1.22	\$ 1.27
Sale Date		2/22/2019	2/21/2019	11/05/2019
Location	Fair	Fair/Average	Fair/Average	Fair
Site Size	217,800	194,712	139,828	204,732
Site View	Ag/Res/Ind'l	Industrial	Pastoral/Ind'l	Industrial/ Res
Site Improvements	N/A	At Perimeter	At Perimeter	At Perimeter
Zoning	Light Industrial	Industrial	Light Industrial	Industrial
Utilities: P/W/S	P	At Perimeter	At Perimeter	At Perimeter
Buyer		RD1 Trucking	Lingle & Surgeon	Prieto Enterpr.
Seller	Port of Kennewick	4RD2 LLC	4RD2 LLC	Columbia East LLC
Tax Parcel ID		112520239,239	112520418	112530052
Net Adjustment		X + - \$ 0.13	X + - \$ 0.12	X + - \$ 0.13
Indicated Value		Net Adj. 10% Gross Adj. 10% \$ 1.49	Net Adj. 10% Gross Adj. 10% \$ 1.34	Net Adj. 10% Gross Adj. 10% \$ 1.40
Prior Transfer History		No transfer in the preceding 3 years	No transfer in the preceding 3 years	No transfer in the preceding 3 years

Site Valuation Comments: See prior page.

Site Valuation Reconciliation: See prior page.

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	1721 E 3rd Ave	Appraisal File #:	2020-222

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

Page 6 of 27

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*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	1721 E 3rd Ave	Appraisal File #:	2020-222

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☐ None ☒ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

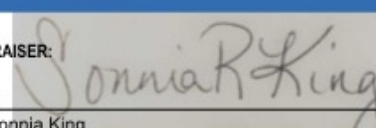
Report Date 12/31/2020

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature 

Name Sonnia King

Report Date 12/31/2020

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 20111836 State WA

Expiration Date 12/11/2022

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

Page 7 of 27

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
APPRAISAL COMPLIANCE

File No. 2020-222
Case No.

Borrower/Client <u>N/A</u>		Unit No.	
Address <u>1721 E 3rd Ave</u>			
City <u>Kennewick</u>	County <u>Benton</u>	State <u>WA</u>	Zip Code <u>99337</u>
Lender/Client <u>Port of Kennewick</u>			

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

☒ Appraisal Report This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).

☐ Restricted Appraisal Report This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Unless otherwise indicated, I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to parties involved.
- Unless otherwise indicated, I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification (if there are exceptions, the name of each individual providing significant real property appraisal assistance is stated elsewhere in this report).
- This report has been prepared in accordance with Title XI of FIRREA as amended, and any implementing regulations.

PRIOR SERVICES

☒ I have **NOT** performed services, as an appraiser or in another capacity, regarding the property that is the subject of the report within the three-year period immediately preceding acceptance of this assignment.

☐ I **HAVE** performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

☒ I **HAVE** made a personal inspection of the property that is the subject of this report.

☐ I **have NOT** made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

Sonnia King is a licensed trainee assigned to me. Ms King assisted with the observation, measurement and photography of the subject property. She assisted with the original research about the subject property and conducted the preliminary market data research and drafted the initial report. However, the final selection of comparable data used, adjustments applied and value conclusion were mine.

ADDITIONAL COMMENTS

Additional USPAP related issues requiring disclosure and/or any state mandated requirements: Additional certifications required by Appraisal Institute:

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.


As of the date of this report, I Nikki Griffith, MAI have completed the continuing education program for Designated Members of the Appraisal Institute

MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY

☒ A reasonable marketing time for the subject property is 1-2 years day(s) utilizing market conditions pertinent to the appraisal assignment.

☒ A reasonable exposure time for the subject property is 1-2 years day(s).

APPRAISER

Signature 

Name Veronica R Griffith, MAI, CCIM

Date of Signature 12/31/2020

State Certification # 1101758

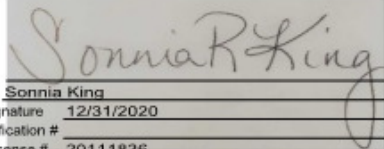
or State License # _____

State WA

Expiration Date of Certification or License 11/15/2021

Effective Date of Appraisal November 15, 2020

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature 

Name Sonnika King

Date of Signature 12/31/2020

State Certification # _____

or State License # 20111836

State WA

Expiration Date of Certification or License 12/11/2022

Supervisory Appraiser Inspection of Subject Property:

☐ Did Not ☐ Exterior Only from street ☐ Interior and Exterior

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Subject & Comparables

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



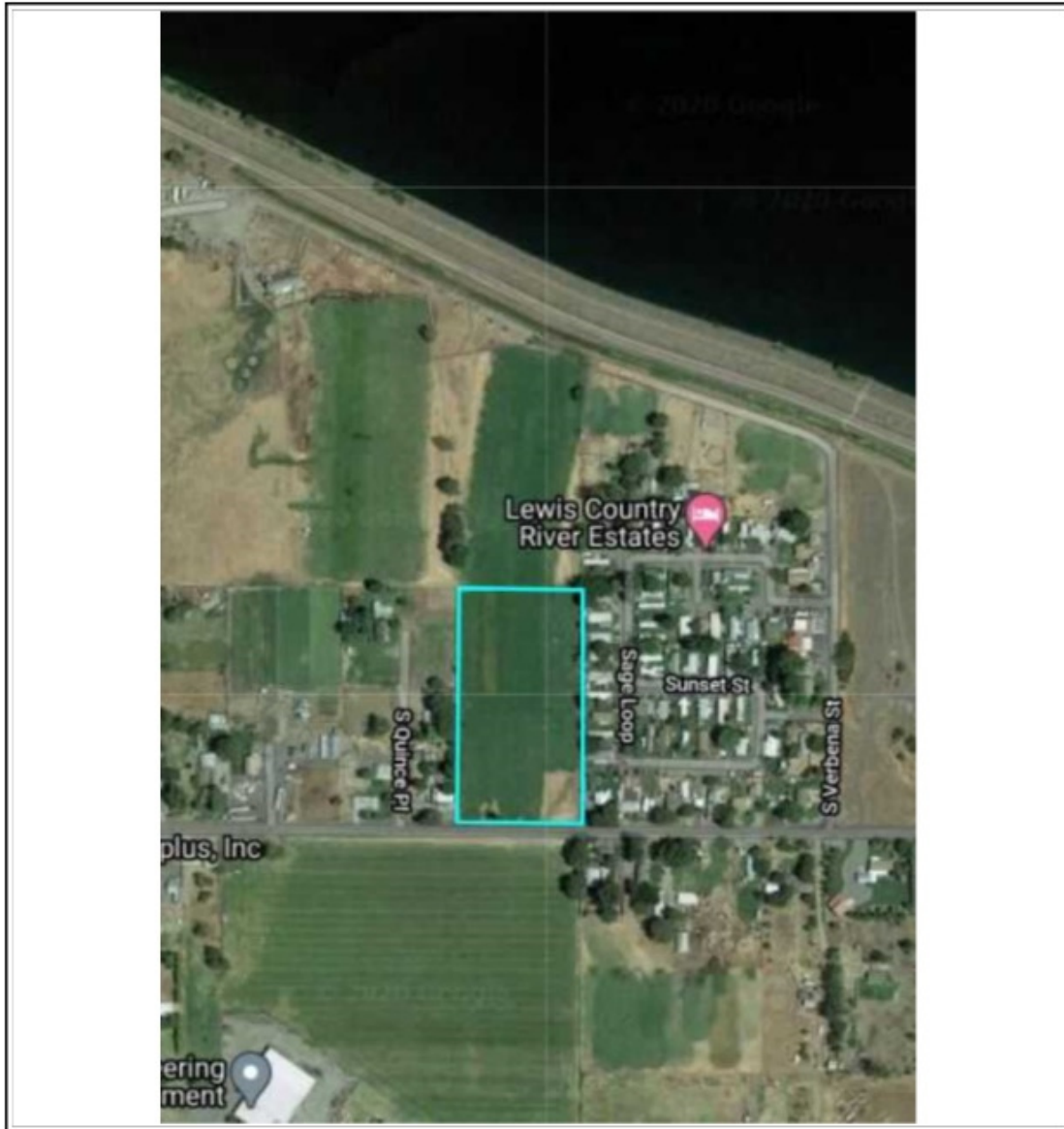
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Page 9 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 10 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 11 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 12 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
PHOTOS - Subject Exterior View

File No. 2020-222
Case No.

Borrower	N/A						
Property Address	1721 E 3rd Ave						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick	Address	350 Clover Island Dr, Kennewick, WA 99336				



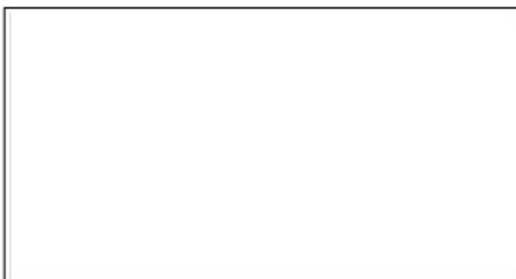
Looking North from 3rd Ave



Looking Northeast from 3rd Ave



Looking Northwest from 3rd Ave

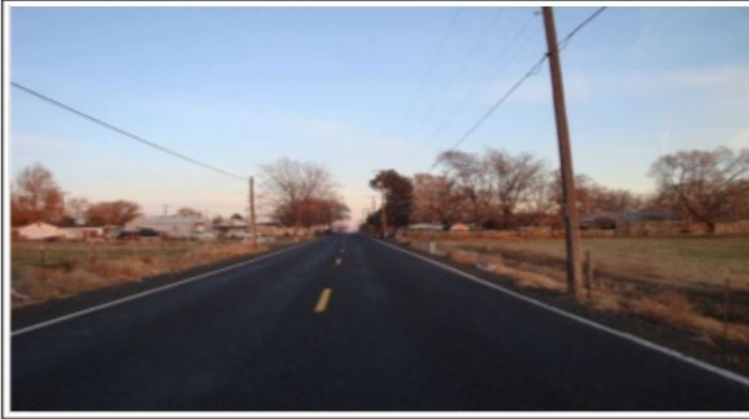


Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

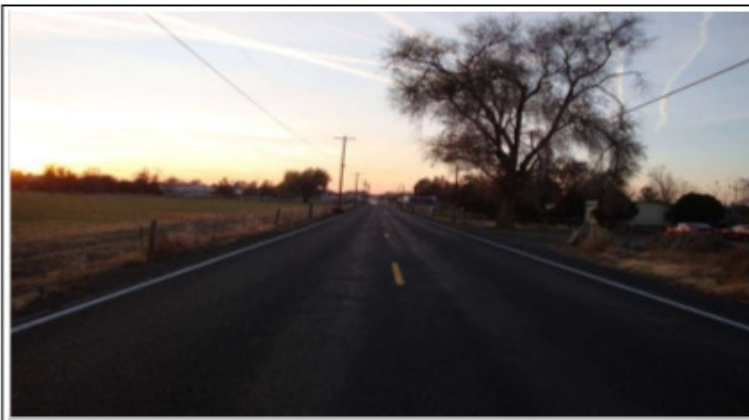
Sandollar LLC | Appraisal Group SEWA
PHOTOS - Street

File No. 2020-222
Case No.

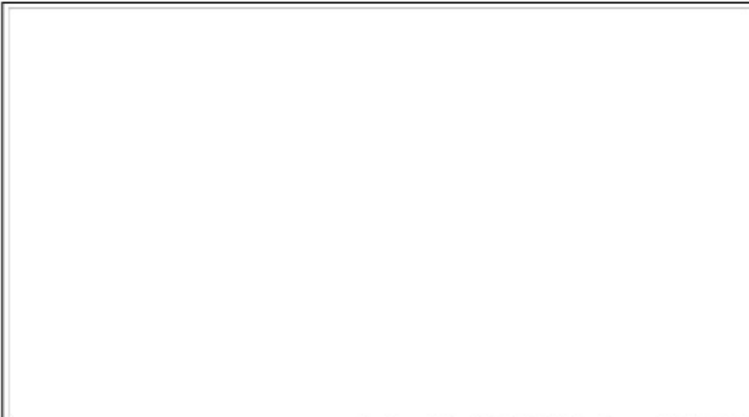
Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island Dr, Kennewick, WA 99336				



E 3rd Ave, Kennewick, WA 99337
E Facing Access



E 3rd Avenue, Kennewick WA 99337
W Facing Access



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Page 15 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
COMPARABLES 1-2-3

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island Dr, Kennewick, WA 99336				



COMPARABLE SALE # 1
34xx Glade North Rd
Pasco, WA



COMPARABLE SALE # 2
Foster Wells Rd / Ind'l Way
Pasco, WA



COMPARABLE SALE # 3
SWC Foster Wells / Ind'l Way
Pasco, WA

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Page 16 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
COMPARABLES 4-5-6

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island Dr, Kennewick, WA 99336				



COMPARABLE SALE # 4
Sec E Bst at S Rd 40 E
Pasco, WA 99301



COMPARABLE SALE # 5
E/S S Road 40 One lot S of E B St
Pasco, WA 99301



COMPARABLE SALE # 6
S/S E A St, W of Rd 40
Pasco, WA 99301

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Page 17 of 27

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Plat Map (Source: County Records)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 18 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Legal Description (Source: Deed or Title Commitment)

File No. 2020-222
Case No.

Borrower		N/A	
Property Address		1721 E 3rd Ave	
City	Kennewick	County	Benton
		State	WA
		Zip Code	99337
Lender/Client	Port of Kennewick		
	Address 350 Clover Island Dr, Kennewick, WA 99336		

Transamerica
Title Insurance Services

Transamerica
Title Insurance Company

VOL 430 PAGE 104
THIS SPACE PROVIDED FOR RECORDEE'S USE

FILED BY 870093
DEC 13 3 07 PM '02
RECORDED BY 430
INDEXED BY
CHECKED BY

FILED FOR RECORD AT REQUEST OF

WHEN RECORDED RETURN TO
Name TA/Betty
Address
City, State, Zip

A-189
Rev. \$59.00

Statutory Warranty Deed

THE GRANTOR JAMES N. STRODE, as executor of the Will of
MILDRED C. STRODE, deceased

for and in consideration of One dollar and other valuable consideration
in hand paid, conveyed and warrants to PORT OF KENNEWICK, a Municipal corporation
the following described real estate, situated in the County of Benton, State of Washington:

The East 5 acres of Tract 10, Chicago Ten-Acre Tracts,
as per plat thereof recorded in Volume 1 of Plate, page 46,
records of Benton County, State of Washington.

Subject to: easements, covenants, water rights and matters
relating to water rights of record.

Executed December 6, 2002
James N. Strode, Executor
As Executor of the Will of Mildred
C. Strode, deceased

STATE OF WASHINGTON
COUNTY OF BENTON

On this day personally appeared before me
James N. Strode
to me known to be the individual described in and
who executed the foregoing instrument, and
acknowledged to me that he executed the same
as his free and voluntary act and deed,
for the uses and purposes therein mentioned.

ON WITNESS my hand and official seal this
6th day of December, 2002

Notary Public in and for the State of Wash-
ington, residing at

STATE OF WASHINGTON
COUNTY OF BENTON

On this day of
before me, the undersigned, a Notary Public in and for the State of Wash-
ington, duly commissioned and sworn, personally appeared
and
to me known to be the President and Secretary,
respectively, of
the corporation that executed the foregoing instrument, and acknowledged
to me that the instrument is the true and voluntary act and deed of said corpora-
tion, for the uses and purposes therein mentioned, and on each stated that
they are authorized to execute the said instrument and that the seal
affixed is the corporate seal of said corporation.

Witness my hand and official seal herein affixed the day and year first
above written.

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

Form No. W-900 Rev. 9/01

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Page 19 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2020-222
Case No.

Borrower	N/A					
Property Address	1721 E 3rd Ave					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 20 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Zoning Code (Source City or County)

File No. 2020-222
Case No.

Borrower	N/A						
Property Address	1721 E 3rd Ave						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick		Address				350 Clover Island Dr, Kennewick, WA 99336

11.33.010 PURPOSE. The Light Industrial District (LI) is designed to provide an area for the establishment of manufacturing facilities that generally do not involve significant pollution issues, such as: research and development, computer component manufacturing businesses, and other businesses of a similar nature. Such light industrial activities should be sited and designed so as to avoid or significantly mitigate material adverse effects to the natural environment, adjacent non-industrial areas, and communities whenever feasible.
[Ord. 611 (2018) § 124]

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Appraiser's Statement of Qualifications

File No. 2020-222

Case No.

Borrower N/A

Property Address 1721 E 3rd Ave

City Kennewick

County

Benton

State

WA

Zip Code

99337

Lender/Client Port of Kennewick

Address 350 Clover Island Dr, Kennewick, WA 99336

Statement of Qualifications for


Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION


May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
------------------	---	--

PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	Owner/Principal
-------------------	---	------------------------

 Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - Now	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	Owner/Principal
-------------------	---	------------------------

 Private practice specializing in (1) *appraisal, appraisal review and litigation support* for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) *education, curriculum development, and regulatory compliance* for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)
--------------------	---	--

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	VP, Chief Appraiser Real Estate Appraisal Department
--------------------	--	---

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

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Page 22 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Appraiser's Statement of Qualifications

File No. 2020-222

Case No.

Borrower N/A

Property Address 1721 E 3rd Ave

City Kennewick	County Benton	State WA	Zip Code 99337
Lender/Client Port of Kennewick	Address 350 Clover Island Dr, Kennewick, WA 99336		

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	Principal, Senior Appraiser & Broker
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	VP, Senior Commercial Appraiser

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**

OTHER

- **Commissioner, Kennewick Housing Authority (KHA)**, Kennewick, WA – Assist in promoting and maintaining affordable housing for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for new seminar entitled *Appraisal Engagement and Review for Bankers*, launched Spring, 2016 to replace earlier seminar launched in 2012.
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2 day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Real Estate Fundamentals* (REF, 1-day seminar);
 3. *Intermediate Real Estate Lending* (IREL, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Advanced Cash Flow and Valuation for Commercial Real Estate* (ACFVCRE, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including RELA; UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.

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Page 23 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2020-222
Case No.

Borrower	N/A						
Property Address	1721 E 3rd Ave						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336				



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Page 24 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Supervisor Certificate

File No. 2020-222
Case No.

Borrower N/A

Property Address 1721 E 3rd Ave

City Kennewick

County

Benton

State

WA

Zip Code

99337

Lender/Client Port of Kennewick

Address 350 Clover Island Dr, Kennewick, WA 99336

Certificate of Completion

This is to certify that
Veronica R Griffith - 1101758

has successfully completed the course

Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015



Richard D. McKissock
Education Director
100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

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Page 25 of 27

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2020-222
Case No.

Borrower	N/A						
Property Address	1721 E 3rd Ave						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336				



*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

E&O Insurance

File No. 2020-222
Case No.

Borrower N/A

Property Address 1721 E 3rd Ave

City Kennewick

County

Benton

State

WA

Zip Code

99337

Lender/Client Port of Kennewick

Address 350 Clover Island Dr, Kennewick, WA 99336

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3873294-20**

Renewal of: **RAB3873294-19**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062**

Item 1. **Named Insured:** **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. **Address:** **2001 S Washington St**
City, State, Zip Code: **Kennewick, WA 99337**
Attn:

Item 3. **Policy Period:** From 08/22/2020 To 08/22/2021
(Month, Day, Year) (Month, Day, Year)
(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability:** (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. **Deductible:** (inclusive of Claim Expense): \$ 5,000 Each Claim

Item 6. **Premium:** \$ 1,046.00

Item 7. **Retroactive Date** (if applicable): 12/31/2018

Item 8. **Forms, Notices and Endorsements attached:**

D43100 (08/19) D43300 WA (03/15)
D43425 (05/13) D43444 (03/17) D43447 (06/17)
D43448 (06/17) D43432 (05/13) D43416 (05/13) IL7324 (08/12)


Authorized Representative

D43101 (03/15)

Page 1 of 1

**APPRAISAL REPORT
OF**



50 S Verbena St
Kennewick, WA 99337

PREPARED FOR

Port of Kennewick
350 Clover Island Dr
Kennewick, WA 99336

AS OF

11/15/2020

PREPARED BY

Sandollar LLC | Appraisal Group SEWA
2001 S Washington St
Kennewick, WA 99337

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

File No. 2020-225
Case No.


Table of Contents

Page Title	Page #
Land Summary	1
Assignment Parameters	2
Market Area Analysis	3
Site Valuation	4
Extra Sites 4-5-6	5
Assumptions/Limiting Conditions	6
Appraiser's Certification	7
Appraisal Compliance Addendum	8
Location Map, Subject & Comparables	9
Location Map - Assessor's Aerial (Source: County Assessor)	10
Location Map - Aerial - Client Provided	11
Location Map - Aerial (Source: Google Maps)	12
Location Map - Flood (Source: Riskmeter)	13
Photo Comparables 1-2-3	14
Photo Comparables 4-5-6	15
Legal Description (Source: Deed or Title Commitment)	16
Legal Description - Page 2	17
Zoning Map (Source: City or County Records)	18
Zoning Code (Source City or County)	19
Plat Map (Source: County Records)	20
Appraiser's Statement of Qualifications	21
Appraiser's Statement of Qualifications	22
Appraiser's License	23
Supervisor Certificate	24
Appraiser Trainee License	25
E&O Insurance	26

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

 Form 120.05*	Client File #:		Appraisal File #:		2020-225
	Appraisal Report · Land				
	Appraisal Company: Sandollar LLC Appraisal Group SEWA				
	Address: 2001 S Washington St, Suite 104, Kennewick, WA 99337				
Phone: 509.628.9817		Fax: N/A		Website: www.AppraisalGroupSEWA.com	
Appraiser: Veronica R Griffith, MAI, CCIM			Co-Appraiser: Sonnia Renee King		
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS			AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate			AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		
Other Professional Affiliation: CCIM			Other Professional Affiliation:		
Email: appraisalgroupsewa@gmail.com			E-mail: appraisalgroupsewa@gmail.com		
Client: Port of Kennewick			Contact: Amber Hanchette, Director of Real Estate		
Address: 350 Clover Island Dr, Kennewick, WA 99336					
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortOfKennewick.org	
SUBJECT PROPERTY IDENTIFICATION					
Address: 50 S Verberna St					
City: Kennewick		County: Benton		State: WA ZIP: 99337	
Legal Description: See Lengthy Legal Description in the Addendum on the Last Recorded Deed					
Tax Parcel #: 105802020006002		RE Taxes: 2104.81		Tax Year: 2020	
Use of the Real Estate As of the Date of Value: Agricultural					
Use of the Real Estate Reflected in the Appraisal: Light Industrial					
Opinion of highest and best use (if required): Light Industrial					
SUBJECT PROPERTY HISTORY					
Owner of Record: Port of Kennewick					
Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years.					
Description and analysis of agreements of sale (contracts), listing, and options: There are no current listings for sale or for lease of the subject property. The Owner reports that it wishes to sell the property and will likely list it for auction or for sale during 2021.					
RECONCILIATIONS AND CONCLUSIONS					
Indication of Value by Sales Comparison Approach		\$ 250,000			
Indication of Value by Cost Approach		\$ Not Conducted			
Indication of Value by Income Approach		\$ Not Conducted			
Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was conducted. The data was considered sparse, with only one sale in subject's neighborhood in the last three years, and that property required extension of utilities, cleanup and was located in the flood plain. Thus, it was necessary to expand search parameters to other industrial areas of the Tri-Cities.					
Opinion of Value as of: 11/15/2020		\$ 250,000			
Exposure Time: 1-2 Years					
The above opinion is subject to: <input checked="" type="checkbox"/> Hypothetical Conditions and/or <input type="checkbox"/> Extraordinary Assumptions cited on the following page.					

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June 2017

Page 1 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	50 S Verbena St, Kennewick, WA 99337	Appraisal File #:	2020-225

ASSIGNMENT PARAMETERS	
Intended User(s): Client Only; no other intended users were identified at the time of engagement	
Intended Use: Estimate the Market Value of the property As Is for a potential sale	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: 11/08/2020
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) Currently the property is improved with a vintage residence and several outbuildings previously used in connection with an agricultural use. These improvements no longer contribute to any value of the property as it is currently zoned for light industrial use. Thus, it is a hypothetical condition that the property is vacant and available to be put to its highest and best use. The cost to remove the improvements could be deducted to calculate the Market Value As Is.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) N/A	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 11/15/2020 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Local PACMLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 11/15/2020 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Local PACMLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	
Additional Scope of Work Comments: Three contiguous parcels are appraised simultaneously for this client. Different sets of data were researched, confirmed and analyzed for use in estimating the value of each parcel. Each land sale was physically inspected, confirmed at least with the public records and photographed by the appraisers.	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia King, a licensed appraiser, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final data set selection, analysis and value conclusions however, were those of Veronica R Griffith.	

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June 2017

Page 2 of 26

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	50 S Verbena St, Kennewick, WA 99337	Appraisal File #:	2020-225

MARKET AREA ANALYSIS					
Location	Built Up	Growth	Supply & Demand	Value Trend	Typical Marketing Time
<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Under 25%	<input type="checkbox"/> Rapid	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Under 3 Months
<input type="checkbox"/> Suburban	<input type="checkbox"/> 25% - 75%	<input type="checkbox"/> Stable	<input type="checkbox"/> In Balance	<input type="checkbox"/> Stable	<input type="checkbox"/> 3-6 Months
<input checked="" type="checkbox"/> Rural	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> Slow	<input checked="" type="checkbox"/> Over Supply	<input type="checkbox"/> Decreasing	<input checked="" type="checkbox"/> Over 6 Months
Neighborhood Single Family Profile		Neighborhood Land Use		Neighborhood Name : East Kennewick	
Price	Age	1 Family	10 % Commercial	50 %	PUD <input type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ /
150K	Low	0	Condo	0 % Vacant	40 %
500K	High	100	Multifamily	0 %	
350K	Predominant	40			Amenities: N/A
<p>Market area description and characteristics: Subject lies in the Oak St Industrial Park neighborhood of East Kennewick that was developed by the Port of Kennewick during the 1970's to 1990's. The Port still retains ownership of a number of improved properties as well as vacant industrial land suitable for development. The park dominates the area east of SR 397 (aka Gum St aka Chemical Dr) between the Columbia River and approximately Bowles Avenue and is surrounded by a lightly populated farming base that is gradually being absorbed for redevelopment with single family homes and subdivisions.</p>					
SITE ANALYSIS					
Dimensions:			Area: 197,762		
View: Pastoral / Rural			Shape: Somewhat irregular		
Drainage: Appears Adequate			Utility: Slightly irregular		
Site Similarity/Conformity to Neighborhood			Zoning/Deed Restriction		
Size:	View:		Zoning: LI - Light Industrial		Convenants, Condition & Restrictions
<input type="checkbox"/> Smaller than Typical	<input type="checkbox"/> Favorable		<input type="checkbox"/> Legal <input type="checkbox"/> No zoning		<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown
<input type="checkbox"/> Typical	<input type="checkbox"/> Typical		<input checked="" type="checkbox"/> Legal, non-conforming		Documents Reviewed
<input checked="" type="checkbox"/> Larger Than Typical	<input checked="" type="checkbox"/> Less than Favorable		<input type="checkbox"/> Illegal		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Utilities			Off Site Improvements		
Electric	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other	Benton PUD or REA	Street	<input checked="" type="checkbox"/> Public <input type="checkbox"/> Private
Gas	<input type="checkbox"/> Public	<input type="checkbox"/> Other		Alley	<input type="checkbox"/> Public <input type="checkbox"/> Private N/A
Water	<input type="checkbox"/> Public	<input checked="" type="checkbox"/> Other	Well	Sidewalk	<input type="checkbox"/> Public <input type="checkbox"/> Private N/A
Sewer	<input type="checkbox"/> Public	<input checked="" type="checkbox"/> Other	OSS	Street Lights	<input type="checkbox"/> Public <input type="checkbox"/> Private N/A
<p>Site description and characteristics: The subject site lies at the end of a publicly maintained ROW used primarily for residential use and was previously being utilized for residential and agricultural uses. This former use is grandfathered, but in the event of a loss the improvements could only be rebuilt in their current configuration. The site likely has an onsite well and OSS in connection with its former use, but is likely reaching the end of its useful life and if the property were to be redeveloped, would require new utility connections. There are several outbuildings in addition to a vintage home which no longer contribute to value given the current zoning of the property and the proximity to the City of Kennewick waste water treatment plant. The site is also completely irrigated, but that does not contribute to value for an industrial use. Although the site is zoned for light industrial use, the location, with access only via a residential street could present challenges for any user that might want to incorporate any heavy equipment.</p>					
HIGHEST AND BEST USE ANALYSIS					
<input type="checkbox"/> Present Use <input type="checkbox"/> Proposed Use <input checked="" type="checkbox"/> Other Light Industrial use					
<p>Summary of highest and best use analysis: The site is zoned for light industrial use, which is the only legally permissible use if vacant and available for sale or lease. That use is physically possible and financially feasible; in fact, it is the only financially feasible use given the current zoning of the property.</p>					

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June 2017

Page 3 of 26

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	50 S Verbena St, Kennewick, WA 99337	Appraisal File #:	2020-225

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	50 S Verbena St Kennewick, WA 99337	34xx Glade North Rd Pasco, WA		Foster Wells Rd / Ind'l Way Pasco, WA		SWC Foster Wells / Ind'l Way Pasco, WA			
Proximity to Subject		10.80 miles N		5.09 miles N		5.21 miles N			
Data Source/ Verification		Public Records Public Records		Port of Pasco Port of Pasco, Public Records		Port of Pasco Port of Pasco, Public Records			
Sales Price	\$		\$ 250,000		\$ 450,064		\$ 235,994		
Price/ square foot	\$		1.22		2.17		2.00		
Sale Date		07/29/2020		04/22/2020		12/09/2019			
Location	Fair	Fair to Avg		Fair to Avg		Fair to Avg		- .50	
Site Size	197,762	204,760		207,637		117,997			
Site View	Pastoral/ Dike	Ind'l / Ag		Industrial Pk		Industrial Pk			
Site Improvements		N/A		N/A		N/A			
Zoning	Light Industrial	Light Industrial		Light Industrial		Light Industrial			
Utilities: P/W/S	P	P		P/W/S		P/W/S		- .20	
Buyer		Eric D Calaway		AJC Realty LLC		BS Group LLC			
Seller		Glen Ford Roundy		Port of Pasco		Port of Pasco			
Tax Parcel ID		124250092		113120557,559		113120570			
Net Adjustment		X	+		X	+	X	-	
Indicated Value		Net Adj. 10%		Net Adj. -35%		Net Adj. -35%			
		Gross Adj. 10%	\$ 1.34	Gross Adj. 35%	\$ 1.41	Gross Adj. 35%	\$ 1.30		
Prior Transfer History		No transfer in the preceding 3 years		No transfer in the preceding 3 years		No transfer in the preceding 3 years			
Site Valuation Comments: Sale #1 is in a mostly agricultural neighborhood with a few commercial/industrial buildings in far north Pasco along Glade North Road which is deemed inferior; while Sales #2 and #3 are in an industrial park in North Pasco that has been steadily absorbed over the last three years and are deemed superior for location and utilities; after adjustment these sales indicate \$1.30 to \$1.41. Sales #4, #5 and #6 are all located in a light industrial area (not in an industrial park) that is emerging along W A St, just west of the U.S. Hwy 395 access and reflect a tight range of \$0.97 to \$1.36 PSF prior to adjustment for similar sized parcels. These slightly dated sales are just across the river from subject in East Pasco and really require only a minor adjustment for changing market conditions and utilities and are supported by Sale #1. The location of Sales #2 and #3 in a homogenous park with easy access to U.S. Hwy 395 is superior. All sales except #1 had power, water and sewer available at Site Valuation Reconciliation: After adjustment, the sales reflect a range of \$1.00 to \$1.42 PSF with a weighted average of \$1.19 PSF. Most emphasis is placed on Sales #4, #5 and #6 in estimating a value of \$1.25 PSF. When applied to the land area of 197,762 SF the result is \$247,240, rounded to \$250,000.									
Opinion of Site Value					\$ 250,000				

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June 2017

Page 4 of 26

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

Client:	Port of Kennewick	Client File #:	
Subject Property:	50 S Verbena St, Kennewick, WA 99337	Appraisal File #:	2020-225

SITE EVALUATION

Site Valuation Methodology

- ☒ **Sales Comparison Approach:** A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.
- ☐ **Market Extraction:** A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.
- ☐ **Alternative Method:** (Describe methodology and rationale)

Site Valuation

ITEM	SUBJECT	COMPARISON 4		COMPARISON 5		COMPARISON 6	
Address	50 S Verbena St Kennewick, WA 99337	Sec E Bst at S Rd 40 E Pasco, WA 99301		E/S S Road 40 one lot S of E B St Pasco, WA 99301		S/S E A St W of Rd 40 Pasco, WA 99301	
Proximity to Subject		2.39 miles E		2.60 miles E		2.18 miles E	
Data Source/ Verification		Public Records Public Records		Public Records Public Records		C. Laird, Tippet MLS 206229	
Sales Price	\$		\$ 1.36		\$ 1.22		\$ 1.27
Price/ square foot	\$ 0.00		\$ 1.36		\$ 1.22		\$ 1.27
Sale Date		2/22/2019		2/21/2019		11/05/2019	
Location	Fair	Fair/Average -.13		Fair/Average -.12		Fair -.12	
Site Size	197,762	194,712		139,828		204,732	
Site View	Pastoral/ Dike	Industrial		Pastoral/Ind'l		Industrial/ Res	
Site Improvements		At Perimeter		At Perimeter		At Perimeter	
Zoning	Light Industrial	Industrial		Light Industrial		Industrial	
Utilities: P/W/S	P	PW/S -.13		P/W/S -.13		P/W/S -.13	
Buyer		RD1 Trucking		Lingle & Surgeon		Prieto Enterpr	
Seller		4RD2 LLC		4 RD2 LLC		Columbia East LLC	
Tax Parcel ID		112520239,237		112520418		125300052	
Net Adjustment		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -0.26	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -0.25	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -0.25
Indicated Value		Net Adj. -19%		Net Adj. -20%		Net Adj. -20%	
		Gross Adj. 19%	\$ 1.10	Gross Adj. 20%	\$ 0.97	Gross Adj. 20%	\$ 1.02
Prior Transfer History		No transfer in the preceding 3 years		No transfer in the preceding 3 years		No transfer in the preceding 3 years	

Site Valuation Comments: See prior page

Site Valuation Reconciliation: See prior page

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	50 S Verbena St	Appraisal File #:	2020-225

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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

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

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

Page 6 of 26

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	
Subject Property:	50 S Verbena St	Appraisal File #:	2020-225

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

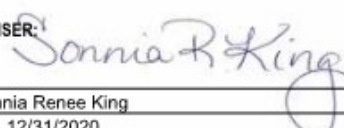
Report Date 1/25/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature 

Name Sonnia Renee King

Report Date 12/31/2020

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 20111836 State

Expiration Date 12/11/2022

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June 2017

Page 7 of 26

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Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA

APPRAISAL COMPLIANCE ADDENDUM

File No. 2020-225
Case No.

Borrower/Client <u>N/A</u>	
Address <u>50 S Verbenia St</u>	
City <u>Kennewick</u>	County <u>Benton</u> State <u>WA</u> Zip Code <u>99337</u>
Lender/Client <u>Port of Kennewick</u>	

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:
☒ Appraisal Report This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).
☐ Restricted Appraisal Report This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Unless otherwise indicated, I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- This appraisal report was prepared in accordance with the requirements of Title XI of FIRREA and any implementing regulations.

PRIOR SERVICES

☒ I have **NOT** performed services, as an appraiser or in another other capacity, regarding the property that is the subject of the report within the three-year period immediately preceding acceptance of this assignment.
☐ I **HAVE** performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

☒ I **HAVE** made a personal inspection of the property that is the subject of this report.
☐ I **have NOT** made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

Sonnika King is a licensed trainee assigned to me. Ms. King assisted with the observation, measurement and photography of the subject property. She assisted with the original research about the subject property and conducted the preliminary market data research and drafted the initial report. However, the final selection of comparable data used, analysis conducted and value conclusion were mine.

ADDITIONAL COMMENTS


Additional USPAP related issues requiring disclosure and/or any state mandated requirements: Additional certifications required by Appraisal Institute:
1. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, I Nikki Griffith, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.

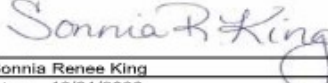
MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY

☒ A reasonable marketing time for the subject property is 1-2 Years day(s) utilizing market conditions pertinent to the appraisal assignment.
☒ A reasonable exposure time for the subject property is 1-2 Years day(s).

APPRAISER

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature 
Name Veronica R. Griffith, MAI, CSIM
Date of Signature 1/25/2021
State Certification # 1101758
or State License #
State WA
Expiration Date of Certification or License 11/15/2021
Effective Date of Appraisal 11/15/2020

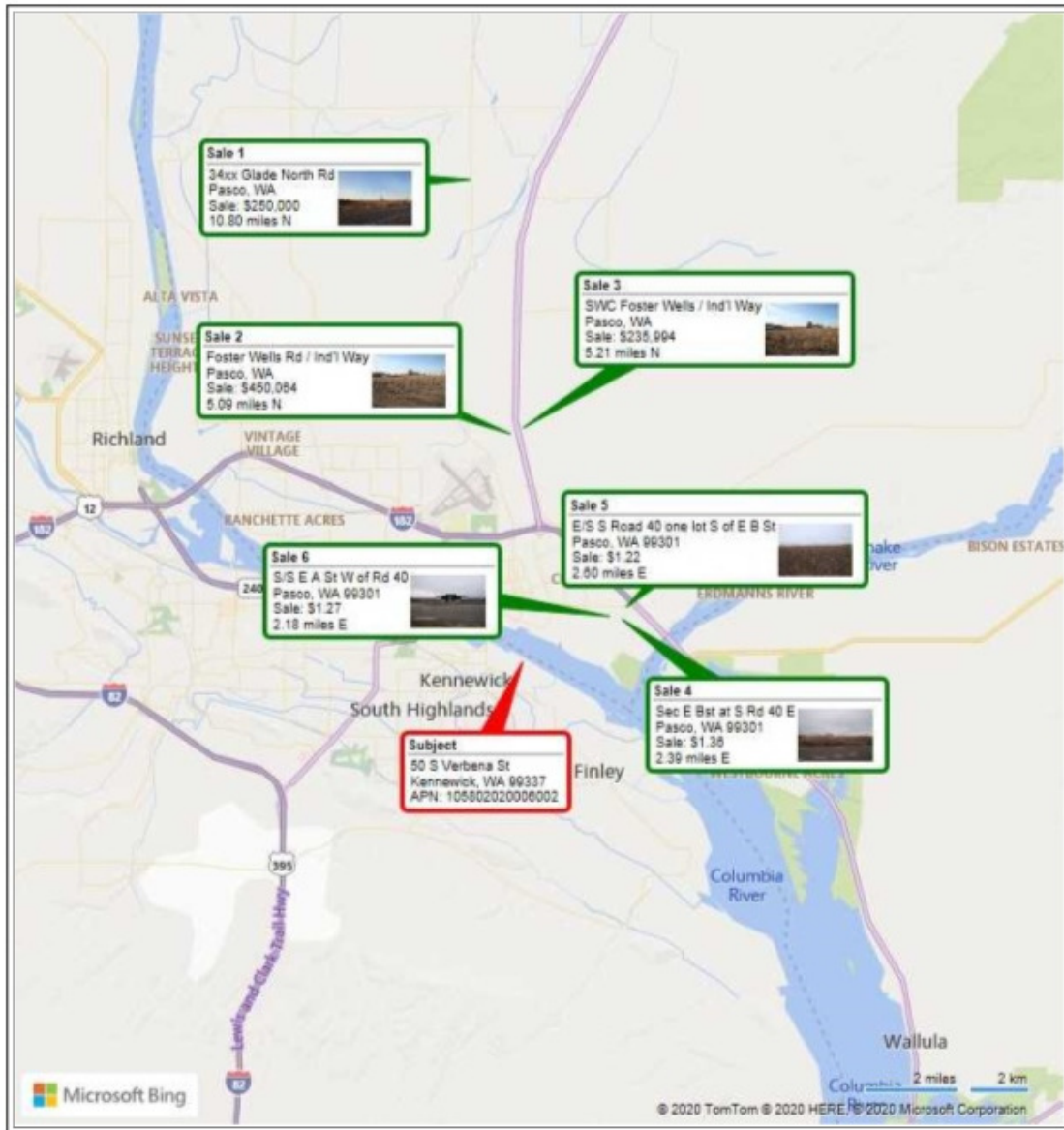
Signature 
Name Sonnika Renee King
Date of Signature 12/31/2020
State Certification #
or State License # 20111836
State
Expiration Date of Certification or License 12/11/2022
Supervisory Appraiser Inspection of Subject Property:
☐ Did Not ☒ Exterior Only from street ☐ Interior and Exterior

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map, Subject & Comps #1, #2 and #3

File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 9 of 26

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick Address 350 Clover Island Dr, Kennewick, WA 99336					



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Page 10 of 26

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 11 of 26

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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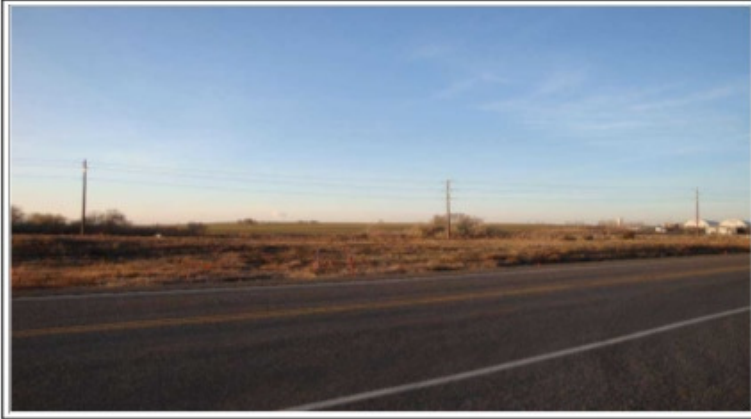
Page 12 of 26

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
COMPARABLES 1-2-3

File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island Dr, Kennewick, WA 99336				



COMPARABLE SALE # 1
34xx Glade North Rd
Pasco, WA



COMPARABLE SALE # 2
Foster Wells Rd / Ind'l Way
Pasco, WA



COMPARABLE SALE # 3
SWC Foster Wells / Ind'l Way
Pasco, WA

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Page 14 of 26

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
COMPARABLES 4-5-6

File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick	Address 350 Clover Island Dr, Kennewick, WA 99336				



COMPARABLE SALE # 4
Sec E Bst at S Rd 40 E
Pasco, WA 99301



COMPARABLE SALE # 5
E/S S Road 40 one lot S of E B St
Pasco, WA 99301



COMPARABLE SALE # 6
S/S E A St W of Rd 40
Pasco, WA 99301

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Page 15 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Legal Description (Source: Deed or Title Commitment)

File No. 2020-225
Case No.

Borrower	N/A						
Property Address	50 S Verbena St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick	Address	350 Clover Island Dr, Kennewick, WA 99336				

2020-014512
Page: 1 of 2
6/11/2020 12:13 PM
Benton County

EXCISE TAX PAID
9/16/13
JN 1280 K037R2
NOT
BENTON COUNTY WA

After recording return to:
PORT OF KENNEWICK
1 CLOVER ISLAND
KENNEWICK WA 99336

Statutory Record No.
50 S VERBENA
Tax Parcel No: 105802020660902
Abbreviated Legal: TR 6 LESS DIKE ROW CHICAGO TEN-ACRE TRCT
Full Legal on Page one of document
Filed for record by CHICAGO TITLE INSURANCE COMPANY

STATUTORY WARRANTY DEED

THE GRANTOR WILLIAM F. LEWIS AND JOAN M. LEWIS, HUSBAND AND WIFE

for and in consideration of Ten Dollars and Other Good and Valuable Consideration in hand paid, conveyed and warrants to **PORT OF KENNEWICK, A MUNICIPAL CORPORATION, the grantee**

the following described real estate, situate in the County of BENTON, State of Washington:
SEE EXHIBIT "F" attached hereto and by reference incorporated herein

SUBJECT TO: EASEMENTS, RESTRICTIONS, COVENANTS, CONDITIONS OF RECORD AND RESERVATION OF LIFE ESTATE OF AUDREY E. BOUTON AS DISCLOSED BY DEED RECORDED UNDER AUDITOR'S FILE NO. 1990-013485.

Dated this 12 day of JUNE, 2000

By William F. Lewis
WILLIAM F. LEWIS

By Joan M. Lewis
JOAN M. LEWIS

STATE OF WASHINGTON
COUNTY OF BENTON

On this day personally appeared before me WILLIAM F. LEWIS AND JOAN M. LEWIS to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that THEY signed the same as THEIR free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 12 day of JUNE 2000

Kathryn M. Farrell
KATHRYN M. FARRELL
Notary Public in and for the State of Washington
residing at RICHLAND My commission expires: 4-4-01

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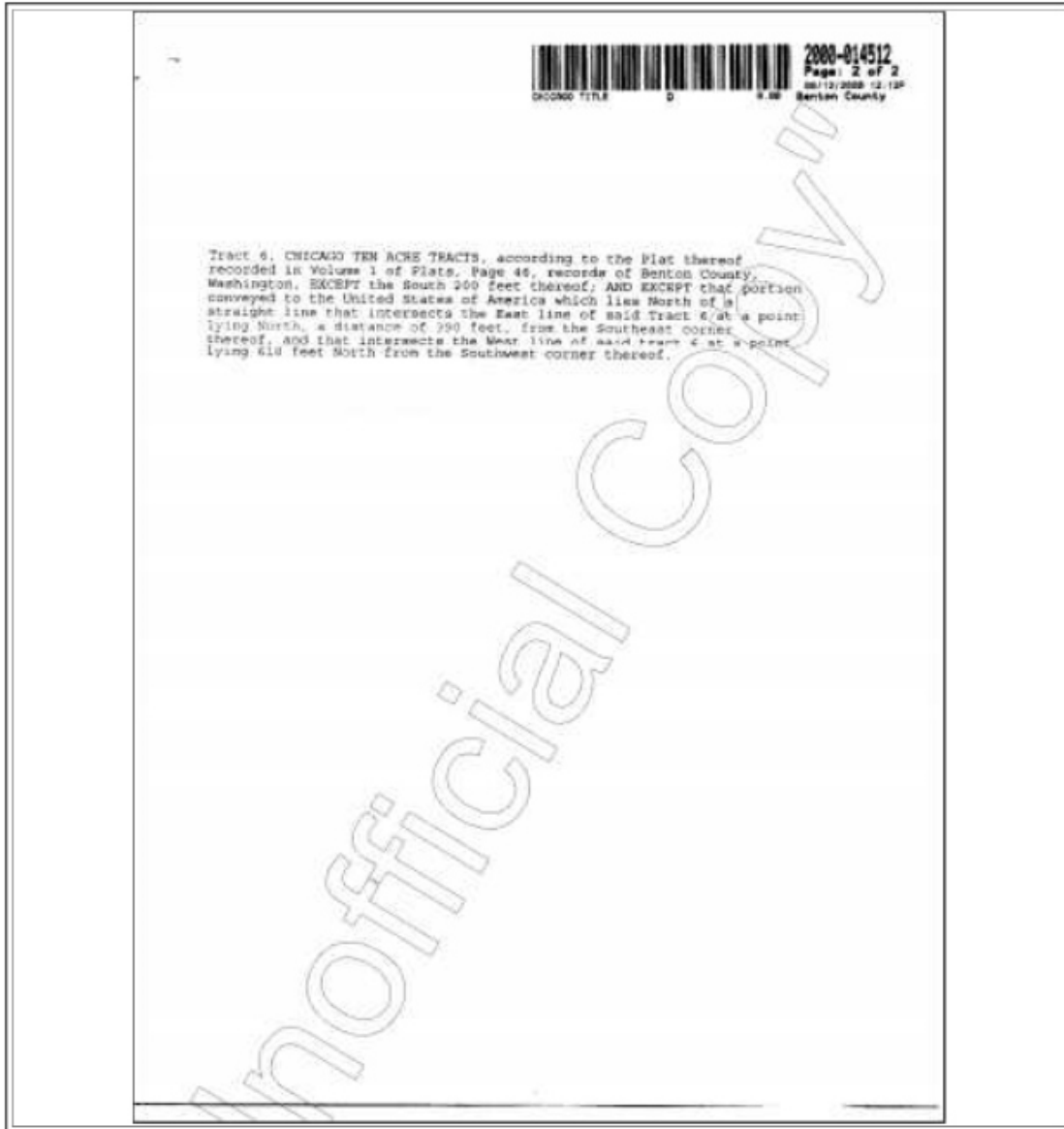
Page 16 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Legal Description - Page 2

File No. 2020-225
Case No.

Borrower	N/A						
Property Address	50 S Verbena St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick	Address	350 Clover Island Dr, Kennewick, WA 99336				



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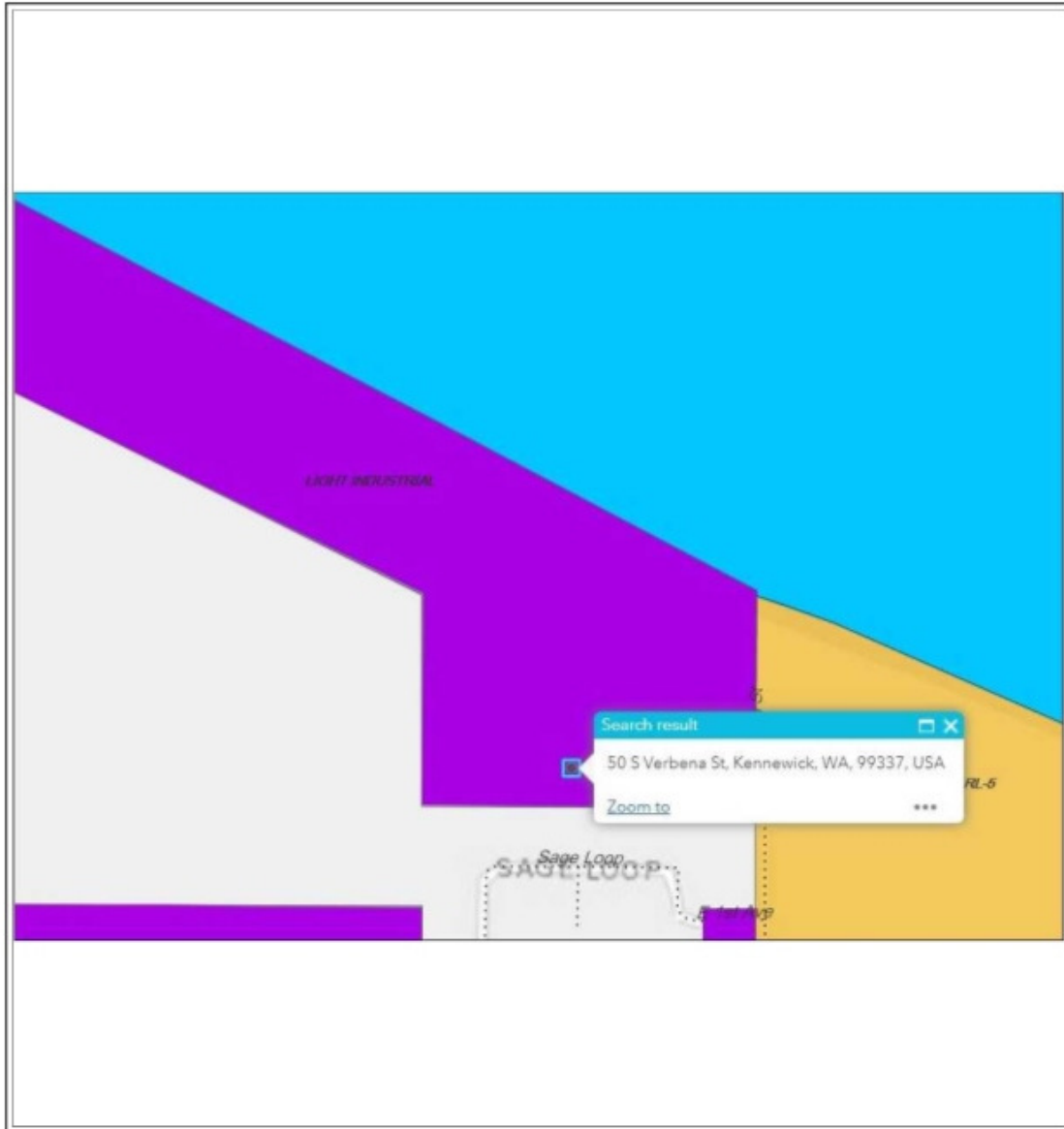
Page 17 of 26

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2020-225
Case No.

Borrower	N/A					
Property Address	50 S Verbena St					
City	Kennewick	County	Benton	State	WA	Zip Code 99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336			



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Page 18 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Zoning Code (Source City or County)

File No. 2020-225
Case No.

Borrower	N/A						
Property Address	50 S Verbena St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick	Address	350 Clover Island Dr, Kennewick, WA 99336				

11.33.010 PURPOSE. The Light Industrial District (LI) is designed to provide an area for the establishment of manufacturing facilities that generally do not involve significant pollution issues, such as: research and development, computer component manufacturing businesses, and other businesses of a similar nature. Such light industrial activities should be sited and designed so as to avoid or significantly mitigate material adverse effects to the natural environment, adjacent non-industrial areas, and communities whenever feasible.
[Ord. 611 (2018) § 124]

Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington

Appraiser's Statement of Qualifications

File No. 2020-225
Case No.

Borrower N/A

Property Address 50 S Verbena St

City Kennewick

County

Benton

State WA

Zip Code

99337

Lender/Client Port of Kennewick

Address 350 Clover Island Dr, Kennewick, WA 99336

Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988

**St. Louis University
St. Louis, MO**

Graduated Cum Laude; Major in Business Management
with Minor in Communications

PROFESSIONAL EXPERIENCE

2014 - Now

**Sandollar LLC | Appraisal Group
SEWA**

Owner/Principal



Private practice firm specializing in *appraisal, appraisal review and consulting* for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - Now

**Sandollar Realty Advisors
Tri-Cities (Kennewick, Pasco & Richland), WA**

Owner/Principal



Private practice specializing in (1) *appraisal, appraisal review and litigation support* for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) *education, curriculum development, and regulatory compliance* for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004

**Bank One Corporation (now
JPMorgan Chase), Phoenix, AZ**

***SVP, Chief Appraiser, National Manager
Real Estate Appraisal Group (REAG)***

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991

**RTC (Western Savings & Loan),
Phoenix, AZ**

***VP, Chief Appraiser
Real Estate Appraisal Department***

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

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Page 21 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Appraiser's Statement of Qualifications

File No. 2020-225

Case No.

Borrower N/A

Property Address 50 S Verbena St

City Kennewick County Benton State WA Zip Code 99337

Lender/Client Port of Kennewick Address 350 Clover Island Dr, Kennewick, WA 99336

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO	Principal, Senior Appraiser & Broker
	Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	
1984 – 1988	Buckles & Associates St. Louis, MO	VP, Senior Commercial Appraiser
	Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**

OTHER

- **Commissioner, Kennewick Housing Authority (KHA)**, Kennewick, WA – Assist in promoting and maintaining affordable housing for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for new seminar entitled *Appraisal Engagement and Review for Bankers*, launched Spring, 2016 to replace earlier seminar launched in 2012.
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2 day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Real Estate Fundamentals* (REF, 1-day seminar);
 3. *Intermediate Real Estate Lending* (IREL, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Advanced Cash Flow and Valuation for Commercial Real Estate* (ACFVCRE, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including RELA; UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.

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Page 22 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2020-225
Case No.

Borrower	N/A						
Property Address	50 S Verbena St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336				



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Page 23 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Supervisor Certificate

File No. 2020-225
Case No.

Borrower N/A

Property Address 50 S Verbena St

City Kennewick

County

Benton

State WA

Zip Code

99337

Lender/Client Port of Kennewick

Address 350 Clover Island Dr, Kennewick, WA 99336

Certificate of Completion

This is to certify that
Veronica R Griffith - 1101758

has successfully completed the course

Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015



Richard D. McKissock
Education Director
100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2020-225
Case No.

Borrower	N/A						
Property Address	50 S Verbena St						
City	Kennewick	County	Benton	State	WA	Zip Code	99337
Lender/Client	Port of Kennewick		Address 350 Clover Island Dr, Kennewick, WA 99336				



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Page 25 of 26

*Port of Kennewick Land
109 N Oak St et al, Kennewick, Benton County, Washington*

E&O Insurance

File No. 2020-225
Case No.

Borrower N/A

Property Address 50 S Verbena St

City Kennewick County Benton State WA Zip Code 99337

Lender/Client Port of Kennewick Address 350 Clover Island Dr, Kennewick, WA 99336

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3873294-20**

Renewal of: **RAB3873294-19**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062**

Item 1. **Named Insured:** **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. **Address:** **2001 S Washington St**
City, State, Zip Code: **Kennewick, WA 99337**
Attn:

Item 3. **Policy Period:** From 08/22/2020 To 08/22/2021
(Month, Day, Year) (Month, Day, Year)
(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability:** (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. **Deductible:** (inclusive of Claim Expense): \$ 5,000 Each Claim

Item 6. **Premium:** \$ 1,046.00

Item 7. **Retroactive Date** (if applicable): 12/31/2018

Item 8. **Forms, Notices and Endorsements attached:**

D43100 (08/19) D43300 WA (03/15)
D43425 (05/13) D43444 (03/17) D43447 (06/17)
D43448 (06/17) D43432 (05/13) D43416 (05/13) IL7324 (08/12)


Authorized Representative

D43101 (03/15)

Page 1 of 1



451 Diamond Drive | Ephrata, WA 98823

COPY

January 28, 2021

**VIA ELECTRONIC MAIL &
CERTIFIED MAIL- RETURN RECEIPT REQUESTED**

Lucinda Luke
Carney Badley Spellman, PS
701 - 5th Avenue, Ste #3600
Seattle, WA 98104
luke@carneylaw.com

RE: Insured: Port of Kennewick
Claim #: C1127
MOC: **CIAW181951408**

Dear Ms. Luke:

On behalf of Cities Insurance Association of Washington (CIAW), this letter acknowledges receipt of the following documents that you forwarded to us to review: 1. Investigator Tara Parker's August 6, 2019 Report (note Exhibits include the complaint and Port Rules), 2. Recommend Action, 3. Minutes of August 13, 2019 and August 27, 2019 meetings and 4. Copies of a couple of the briefs filed during the appeal process. This letter serves to advise the Port of Kennewick of CIAW's position with respect to coverage for the matter under MOC #CIAW181951408. Our purpose is to call your attention to certain coverage issues that may limit or preclude defense or indemnity available from CIAW.

The definition of a claim is a written or oral notice, including a Suit, demanding payment of money to compensate for damages and the definition of a Suit is a civil proceeding in which damages because of Bodily Injury, Property Damage, Personal Injury, Advertising Injury, or Wrongful Act to which the applicable Coverage Part applies. A Suit does not include administrative hearings or proceedings. If a claim was submitted the policy contains exclusions regard any liability arising out of any Claim by a Covered Party against any other Covered Party and any Claims, including Claims for attorney fees, arising out of administrative hearings.

Based on the above-referenced policy definition and exclusions, we regret to inform you that there will not be any coverage for defense or indemnity through the MOC for the above-referenced matter. Based on this determination, we will not be able to assist you, at this time, with this matter.

This determination is based on the documents provided to us to date and we ask that you forward any documents that you subsequently receive, for further review. Please be advised that if you disagree with this coverage determination, your appeal process is described in the Association By-Laws. If you have any questions, please contact our office.

Sincerely,

A handwritten signature in black ink that reads "Tammy Wiersma". The signature is written in a cursive, flowing style.

Tammy Wiersma
Claims Representative
Clear Risk Solutions
on behalf of CIAW

/kes

cc: Nick J. Kooiker, CFO, Port of Kennewick
Basin Pacific Insurance, Kennewick

Memorandum

To: Commission
From: Tim Arntzen, POK CEO
Date: February 9, 2021
Re: Governance Audit

The commission has directed the CEO to prepare a governance audit. When setting CEO goals this past fall, discussion took place related to this topic and the possibility of that item being added to the list of other goals at a later date. It now appears that the commission desires to not only formalize the directive for a governance audit, but also to direct the CEO to make it a priority.

At the commission meeting of January 26th, the commission shared various thoughts related to the audit. However, no clear consensus was reached on what an audit might encompass, who might conduct it, timing of the audit, etc. However, the higher level discussion was quite helpful and follows the process used for many successful projects. Indeed, higher level conversation is usually how most of the port projects start--with unfettered discussion. Ideas are aired and notes taken. Subsequent discussion and staff work usually results in refinement of a proposed project. In my opinion, that is exactly where we are with this project. And that's not bad.

Following commission recommendation, I have discussed the audit with port directors. And based on that discussion, coupled with the commission discussion, I offer the following observations:

- Both commission and staff recognized the yet undefined nature of the task. More information needs to be formulated for staff to move the process forward
- Both commission and staff recognized the need for neutrality and transparency
- The project should be a process with a logical progression
- The process should be as straight forward as possible
- The process should be thorough
- The product delivered should be of value and useful

As a result of the discussion and feedback, I suggest the process could be divided into two main parts:

First, the creation of a quality scope of work (SOW). Second, formulation of an RFQ/RFP solicitation, and production of the work.

Most projects follow this same course. The commission identifies its objectives, staff provides insight, and a third party (consultant) provides a scope of work which forms the basis of an RFQ or RFP. The RFQ/RFP process is where the firm providing the actual project work is selected.

Thus, I suggest that this is where we start. Identify a person or firm to develop the SOW. Perhaps, as was suggested by commission, this could be a person with some human resources experience.

I might also suggest that in defining this SOW, the consultant could follow the same process that was used to develop the Waterfront Master Plan scope, and include interviews with each commissioner. This will allow each commissioner's objectives to be identified and folded into the SOW. Staff could also be interviewed.

Once the SOW is formalized, staff will work up an acceptable RFQ/RFP to publicly solicit. From there, the commission would review firm qualifications and select the firm best suited to perform the work described in the SOW.

I hope to discuss this matter with the commission in the meeting of February 9th to determine whether this appears to be an acceptable process and a good path forward.

Thank you for your comments and input.