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AGENDA

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

March 26, 2024
2:00 p.m.

- I. CALL TO ORDER**
- II. ANNOUNCEMENTS AND ROLL CALL**
- III. PLEDGE OF ALLEGIANCE**
- IV. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- V. CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments March 19, 2024
 - B. Approval of Warrant Register Dated March 26, 2024
 - C. Approval of Regular Commission Meeting Minutes March 12, 2024
- VI. ACTION ITEMS**
 - A. Clover Island Inn Lease, Taud Hume; Resolution 2024-07 (**AMBER**)
 - B. Oak Street Update; Resolution 2024-06 (**LARRY/AMBER**)
- VII. REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Grants Update (**TANA**)
 - B. Commission Meetings (formal and informal meetings with groups or individuals)
 - C. Non-Scheduled Items
(**LISA/BRIDGETTE/TANA/NICK/LARRY/AMBER/MICHAEL/CAROLYN/TIM/KEN/TOM/SKIP**)
- VIII. PUBLIC COMMENT** *(Please state your name and address for the public record)*
- IX. ADJOURNMENT**

***PLEASE MUTE YOUR MICROPHONE UNLESS YOU ARE SPEAKING
AND SILENCE ALL NOISE MAKING DEVICES***



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

MARCH 12, 2024 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 Skip Novakovich called the Regular Commission Meeting to order at 2:00 p.m.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Skip Novakovich, President
Kenneth Hohenberg, Vice President
Thomas Moak, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive (via telephone)
Nick Kooiker, Deputy Chief Executive Officer/CFO (via telephone)
Larry Peterson, Director of Planning (via telephone)
Amber Hanchette, Director of Real Estate (via telephone)
Michael Boehnke, Director of Operations (via telephone)
Bridgette Scott, Executive Assistant (via telephone)
Lisa Schumacher, Special Projects Coordinator
David Phongsa, Marketing and Capital Projects Coordinator (via telephone)
Carolyn Lake, Port Counsel (via telephone)

Commissioner Novakovich stated this morning, the Port celebrated the Governor's Smart Partnership Award:

"2023 Governor's Smart Community Smart Partnership Award. Presented to Port of Kennewick, Clover Island Restoration and Revitalization, signed Jay Inslee, Governor."

Commissioner Novakovich believes this award is a real tribute to the efforts that the Port puts forward.

Commissioner Hohenberg stated the transformation of Clover Island over the past 15 years has been fantastic and it is not surprising that the Port and our partners were recognized for this award. Additionally, Commissioner Hohenberg offered congratulations to Mr. Arntzen and staff for all of the extra efforts over the last 15 years and for today's event.

Commissioner Moak stated today's event not only recognized the most recent project, but projects over the last 15 years. The Recreation Conservation Office referenced several projects with the Port, and our partnerships with the Confederated Tribes of the Umatilla Indian Reservation, Benton County and the City of Kennewick. It was an excellent opportunity to show what we can do working together.

Mr. Arntzen thanked the staff for their work on the event.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

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Ms. Bader Inglima stated Jon Snyder from the Department of Commerce was happy the event was outside because it showcased what the Port and our partners have achieved, despite of the wind.

PLEDGE OF ALLEGIANCE

Commissioner Hohenberg led the Pledge of Allegiance.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

A. Approval of Direct Deposit and E-Payments Dated March 1, 2024

Direct Deposit and E-Payments totaling \$105,326.21

B. Approval of Warrant Register Dated March 12, 2024

Expense Fund Voucher Number 105687 through 105729 for a grand total of \$259,569.00

C. Approval of Regular Commission Meeting Minutes February 27, 2024

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

ACTION ITEM

A. Bid Award: Vista Field Southern Gateway Project

Mr. Peterson gave a brief history of the Vista Field Southern Gateway (VFSG) project, which was submitted in 2022 to Benton County for Rural County Capital Funds (RCCF). Benton County approved the RCCF application in February 2023. The VFSG project went out to bid on January 24, 2024 and the Port received seven bids, which were all very competitive. The bid featured a base bid and two alternatives and Goodman & Mehlenbacher Enterprises (Game) Inc. and came under the dollar amount allocated under the Benton County Rural Capital Funds for both the base bid and the two alternatives.

Mr. Peterson estimated the project will begin in early April and be completed in late October.

Mr. Kooiker stated the project is under budget; however, the contract amount does not include change orders, permits and any other unforeseen costs. If the Port does not utilize all the RCCF funds for the project, the funds will stay in our RCCF account for future projects.

MOTION: Commissioner Moak moved to approve Resolution 2024-05, authorizing the Port's Chief Executive Officer to execute the contract with Goodman & Mehlenbacher Enterprises Inc. for construction of the Vista Field Southern Gateway project including Alternatives 1 and 2, for the sum of \$2,137,000.00 plus applicable tax. Further, the Chief Executive Officer is authorized to amend the 2023-2024 capital budget to reflect the actual bid cost of the project; Commissioner Hohenberg seconded.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

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DRAFT

PUBLIC COMMENTS

No comments were made.

Discussion:

Commissioner Hohenberg is pleased that we are at this point, and it is exciting to see more activity at Vista Field and thanked everybody that has worked behind the scenes and all of our partners. Benton County has been tremendous to work with.

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

B. Vista Field Lot #25 Extension of 90 day Right to Negotiate

Ms. Hanchette requested a 30-day extension for the right to negotiate for Vista Field lot 25. The 40,000 square foot building offers mixed use commercial, multifamily and condominiums. Ms. Hanchette and Taodd Hume, Port real estate counsel, have been diligently working on the purchase and sale agreement, and the developer is now reviewing the document.

PUBLIC COMMENTS

No comments were made

The Consensus of the Commission is to extend the 90-day right to negotiate for lot #25 by 30 days.

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. Kennewick Waterfront

1. Swampy's BBQ Building Update

Ms. Hanchette reported Swampy's BBQ started their soft openings today and stated the grand opening is on March 22, 2024 and is open to the public. Ms. Hanchette stated that currently, the BBQ equipment is located in the food truck plaza but will be moved shortly. Mr. Phongsa is accepting applications to fill the two spaces vacated by Swampy's.

2. Wine Village Update

Mr. Kooiker attended the Columbia Gardens annual tenant meeting to discuss transparency and future improvements to make Columbia Gardens more successful. We received a lot of good feedback from our tenants and discussed possible projects.

Mr. Phongsa presented the 2023-year review at Columbia Gardens and presented tenant improvement ideas for the development (*Exhibit A*):

- Awnings for the winery patios
- Permanent security cameras
- Masonry wall to cover the trailer park
- More seating/indoor seating
- More parking/ EV charging stations

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2024 MINUTES

DRAFT

Mr. Phongsa reviewed the 2024 draft event schedule and will be working jointly with the Historic Downtown Association for Third Fridays to promote Columbia Gardens.

Commission and staff discussed the list of improvement ideas, available budget and possible grant dollars, and the Columbia Drive road diet.

Mr. Kooiker stated the indoor/covered seating would be the most expensive improvement and may need to be considered for the 2025-2026 budget. We are currently over budget for Columbia Gardens for the 2023-2024 due to the bathroom and wayfinding projects. Mr. Kooiker stated now that the VFSG project has been awarded, there may be a way to free up some funding.

Mr. Arntzen appreciates Mr. Kooiker and Mr. Phongsa for presenting the 2023 recap and stated, these items are not recommendations or a path forward. At this time, the tenants are happy; however, realistically, we do not have the budget funding for something other than a routine project.

Commissioner Novakovich asked staff to review the numbers to see if some of the projects can be accomplished.

Mr. Arntzen would like to bring this back in the future with more information.

B. Joint Meeting Update

Mr. Kooiker reiterated the Commission requested a joint meeting earlier this year and he has reached out to other entities at staff level regarding a proposed joint meeting.

C. Comprehensive Scheme Update

Mr. Peterson stated the Comprehensive Scheme was adopted in 2016 and amended in 2017 to include the Vista Field Master Plan and modified in 2019 to address the West Richland property. In 2021, the Port adopted the Waterfront District Master Plan; however, it has not been folded into the Comp Scheme, but there are no gaps. Mr. Peterson asked if the Commission would like to consider a minor update to comp scheme to fold in the Waterfront District Master Plan, with an updated timeline, and a few minor revisions for the 2025-2026 budget.

Commission and staff discussion on updating the Comprehensive Master Plan ensued.

Commissioner Novakovich shared his interest in documenting the history of the Port's relationship with the CTUIR and wondered if that might be appropriate to do when updating the comp scheme or as some a separate history report or maybe including that in the work plan; he is not sure how, but that is something he would like to see the Port do.

Mr. Arntzen stated that would be dependent upon if the Commission wanted to pursue this. Mr. Arntzen proposed including this in the history section of the comp scheme, if the Commission

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2024 MINUTES

DRAFT

approves editing the document. Additionally, we would need to consider how lengthy the project might be and proposed using a contract writer if the Commission moved forward.

It is the Consensus of the Commission to update 2017 Amended Comprehensive Scheme.

D. Public Disclosure Commission Update

Ms. Scott thanked the Commission for completing their annual financial reports and statements and/or letters of no-conflict.

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

Commissioners reported on their respective committee meetings.

F. Non-Scheduled Items

Mr. Phongsa completed his drone certification with the FAA and is now able to fly a drone for marketing and capital projects.

Ms. Bader Inglima mentioned Mr. Phongsa updated the marketing displays to promote Vista Field. Ms. Bader Inglima stated to fly a drone, you have to almost become a pilot, and Mr. Phongsa did a lot of work to pass the test. It will save the Port a considerable amount of money when we need to document projects or for marketing purposes.

Mr. Boehnke received an email from the owners of Cedars restaurant expressing their concerns over the dock. Mr. Boehnke stated one of the pilings is leaning and he has contacted some specialists/consultants to come out and review the situation and put together some next steps to ensure it is safe for public use.

Commissioner Moak inquired who owns the dock.

Mr. Boehnke stated the Port owns the dock and is responsible for repair and maintenance. Cedars keeps it clean and accessible to the public.

Commissioner Moak inquired if the Port is required to have the dock per their lease.

Ms. Hanchette stated that is not addressed in the lease; however, the Port has permits so that we can have that shade on the river.

Mr. Arntzen stated after the first dock piling dislodged, the Port sought a professional opinion, and there were only a few choices out of Portland and Coeur d'Alene. Staff have diligently continued to work through the process and will hire a consultant to review the dock and provide next steps. Owning docks is difficult because of the permitting, repairs, and costs associated with repairs. Mr. Arntzen believes it will be a significant amount and will bring it back to the Commission at a later date.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2024 MINUTES

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Mr. Arntzen talked with City of Kennewick Councilman Chuck Torelli at the award ceremony, and he inquired about Vista Field. Mr. Arntzen gave Mr. Torelli a briefing and stated we are working with a several developers. Staff is working with a builder/developer who is interested in building housing that is exactly called out in the Master Plan. It could be a very substantial project and Mr. Arntzen anticipates presenting it to the Commission at a later date.

Mr. Arntzen stated Port of Benton Commissioner Scott Keller attended the award ceremony as well and is interested in the two Ports to “cross pollinate.”

Mr. Arntzen thanked the Commission for their discussion and quick action regarding the Comp Scheme.

Commissioner Hohenberg stated it is a lot easier to make informed decisions when you are provided with great information. Staff have done an excellent job and from his perspective the Commission can make informed decisions based on the information we receive, and he is very appreciative of it.

Commissioner Moak noticed the City of Kennewick was advertising an RFQ for the Convention Center and inquired if staff knew what they were doing.

Staff is unaware of the project at the Convention Center, but they will be meeting with the City of Kennewick tomorrow.

Commissioner Moak is glad to hear that Port staff is still meeting with City.

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 3:31 p.m.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

MARCH 12, 2024 MINUTES

DRAFT

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Skip Novakovich, President

Kenneth Hohenberg, Vice President

Thomas Moak, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2024-05

***A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT
OF KENNEWICK ACCEPTING AND AWARDING A PROJECT
CONSTRUCTION CONTRACT FOR
THE VISTA FIELD SOUTHERN GATEWAY***

WHEREAS, a request for bids for the construction of building, utility, and landscape improvements at the Vista Field Redevelopment site was properly advertised with the approved plans and specifications being made available to prospective bidders; and

WHEREAS, construction plans and specifications were presented to the bidder in a base bid and alternate bid format; and

WHEREAS, construction bids have been received and staff and the project architect and engineer have certified that the bids received are in compliance with the plans and specifications; and

WHEREAS, the staff and the project engineer have certified that the bidder Goodman & Mehlenbacher Enterprises Inc. provided a base bid in the amount of \$1,740,000.00, plus applicable tax, for the base bid work for the construction of building, utility and landscape improvements and that such bid is in compliance with the plans and specifications; and

WHEREAS, the staff and the project engineer have certified that the bidder also provided a bid in the amount of \$335,000.00, plus applicable tax for Bid Alternative 1 work which includes construction of a bathroom building and that such bid is in compliance with the plans and specifications; and

WHEREAS, the staff and the project engineer have certified that the bidder also provided a bid in the amount of \$62,000.00, plus applicable tax for Bid Alternative 2 work which includes construction of an airplane artwork feature, and that such bid is in compliance with the plans and specifications; and

WHEREAS, the staff and the project engineer have certified that the low bidder for the work including the base bid and both Alternates 1 and 2 is Goodman & Mehlenbacher Enterprises Inc. in the amount of \$2,137,000.00, plus applicable tax.

NOW THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission does hereby accept the base bid of Goodman & Mehlenbacher Enterprises Inc. for the construction of building, utility, and landscape improvements at the Vista Field Redevelopment site in the amount of \$1,740,000.00, plus applicable tax and hereby awards the construction contract to said bidder.

BE IT HEREBY FURTHER RESOLVED that the Port of Kennewick Commission does hereby accept the Bid Alternative 1 of Goodman & Mehlenbacher Enterprises Inc. for the construction of a bathroom building in the amount of \$335,000.00 plus applicable tax and hereby increases the construction with said bidder to include this work.

BE IT HEREBY FURTHER RESOLVED that the Port of Kennewick Commission does hereby accept the Bid Alternative 2 of Goodman & Mehlenbacher Enterprises Inc. for the construction of an airplane artwork feature in the amount of \$62,000.00 plus applicable tax and hereby increases the construction with said bidder to include this work.

BE IT HEREBY FURTHER RESOLVED that the Chief Executive Officer (CEO) is authorized to enter into a contract between the Port of Kennewick and Goodman & Mehlenbacher Enterprises Inc. for \$2,137,000.00 plus applicable tax for the construction of building, utility, and landscape improvements, and that the CEO is further authorized to proceed with all necessary procedures required to complete construction of the project.

BE IT HEREBY FURTHER RESOLVED that the Chief Executive Officer is authorized to amend the 2023-2024 capital budget to reflect the actual bid cost of the project.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 12th day of March, 2024.

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

By: DocuSigned by:
Skip Novakovich
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SKIP NOVAKOVICH, President

By: DocuSigned by:
Kenneth Hohenberg
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KENNETH HOHENBERG, Vice President

By: DocuSigned by:
Thomas Moak
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THOMAS MOAK, Secretary

2024

Improvement Ideas



February 20th, 2024

Annual Recap Meeting with Columbia Gardens Wine and Artisan Village tenants

Bartholomew Winery
Gordon Estate Winery
Monarcha Winery
Muret-Gaston Wine Bar
Culture Shock Bistro
Swampy's BBQ
Botanas Culichi
Bobablastic
Frida's Mexican Grill
Taste of Wok





Future Improvement Ideas

Columbia Gardens Wine and Artisan Village

1. Awnings for the winery patios
2. Permanent security cameras
3. Masonry wall to cover the trailer park
4. More seating/Indoor seating
5. More parking/EV charging stations

2024 Upcoming Events



Swampy's BBQ Restaurant

Coming Soon!

| | | | |
|--|------------------------------------|------------------------|--------------------------------|
|  | | | |
| 2024 EVENTS | | | |
| 15 MARCH | THIRD FRIDAYS (4-8) | 16 AUGUST | THIRD FRIDAYS (4-8) |
| 19 APRIL | THIRD FRIDAYS (4-8) | 20 SEPTEMBER | THIRD FRIDAYS (4-8) |
| 10 MAY | DRINK PINK (4-8) | 21 SEPTEMBER | MONARCH FESTIVAL (4-8) |
| 11 MAY | ART ON AUBURN (4-8) | 18 OCTOBER | THIRD FRIDAYS (4-8) |
| 17 MAY | THIRD FRIDAYS (4-8) | 9 NOVEMBER | HOLIDAY MARKET (12-8) |
| 8 JUNE | SUMMER SATURDAY NIGHT MARKET (4-8) | 15 NOVEMBER | THIRD FRIDAYS (4-8) |
| 21 JUNE | THIRD FRIDAYS (4-8) | 30 NOVEMBER | SMALL BUSINESS SATURDAY (12-8) |
| 19 JULY | THIRD FRIDAYS (4-8) | 20 DECEMBER | THIRD FRIDAYS (4-8) |
| 325 E COLUMBIA DRIVE KENNEWICK, WA 99336 | | | |
|  | | | |

2024 Events Draft

Starting March!



Public Restroom Art Wrap

Coming Soon!

Thank you

See you there!





AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Real Estate

MEETING DATE: March 26, 2024

AGENDA ITEM: CII Hospitality Group LLC

I. REFERENCE(S):

- A. Resolution 2024-07 and Exhibit A
- B. New lease for hotel
- C. Hilton Property Improvement Plan

II. FINANCIAL IMPACT: \$71,762.54 plus LET

III. DISCUSSION:

Operators of the CII Hospitality Group LLC have entered into an agreement with Clover Island Development LLC to purchase the Clover Island Inn.

CII Hospitality Group LLC requests a ground lease with the Port of Kennewick for hotel, and parking on Clover Island (Exhibit A).

CII Hospitality Group LLC Principals:

Bal Gosal

Balbir (Bal) Gosal was born and raised in California until meeting his wife, Lucky, and moving to the small town of Fernley, Nevada. Starting as a Honda salesman, Bal worked up to his first commercial property purchase in Fernley then partnering with other family members in 2001 on their first hotel opportunity in Fairbanks, Alaska to start building the Kishan Group. Bal has built a company portfolio of almost 20 properties and focuses on investing back into the properties to provide a unique product and grow business. His primary achievement is an increase in sales by contributing to operational goals and building personnel relations. The Kishan Group has won design awards and has top 10% performing hotels through branded relations with recognized names such as Best Western, Marriott and Choice hotels.

Zeal Bains

Gurdeep (Zeal) Bains is originally from New Zealand moving to Canada for college in 1995 and now living in the US with his wife and 2 young children in Blaine, Washington. Mr. Bains is a

CPA with 20+ years experience working in the US, Canada and the UK and has been investing in hotels and other real estate projects with the Kishan Group for 10+ years.

Mr. Bains is an involved member of the local community in Blaine where his wife runs a gift and flower shop, he coaches youth soccer, basketball, and rugby at Blaine Youth Sports. Mr. Bains is also the Treasurer of the Blaine Chamber of Commerce, and was appointed by the Mayor to a committee to help revitalize Blaine's downtown waterfront, working with the Port of Bellingham and other local groups to help attract development and new businesses to the City. With the growth in the Tri-Cities, Mr. Bains is looking forward to re-positioning the Clover Island Inn as the first of many successful projects for the Kishan Group.

Properties Owned by the Kishan Group:

- Aiden by Best Western; Reno, Nevada
- Hotel Arya, Best Western Signature Collection; Miami, Florida
- Four Points by Sheraton Downtown Anchorage; Anchorage, Alaska
- Baranof Hotel, Best Western Signature Collection; Juneau, Alaska
- Country Inn & Suites; Pineville, Louisiana
- Four Points by Sheraton; Anchorage, Alaska
- Travelodge by Wyndham; Anchorage, Alaska
- Best Western Plus Silverdale Beach Hotel; Silverdale, WA
- Lakeside Professional Plaza; Reno, Nevada
- Pemberley Executive Suites; Reno, Nevada
- Best Western Weston Inn; West Yellowstone; Montana
- Ramada by Wyndham Helena; Helena, Montana

Lease Details:

- Term – 20-year base term with three (3) separate and consecutive ten (10) year options to renew.
- Rent - \$71,762.54 plus LET and a 3% rental rate escalation per year.
- Security Deposit – Per RCW 53.08.085.
- Additional Consideration: Property Improvement Plan for a Spark by Hilton franchise.

IV. ACTION REQUESTED OF COMMISSION:

Discussion and consideration of a new ground lease with CII Hospitality Group LLC. Should the Commission wish to move forward, a suggested motion is as follows:

MOTION: I move approval of Resolution 2022-07 approving a ground lease with CII Hospitality LLC upon the purchase of building and assets from Clover Island Development LLC; and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the Port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

PORT OF KENNEWICK

Resolution No. 2024-07

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE A GROUND LEASE AGREEMENT WITH CII HOSPITALITY LLC

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

WHEREAS, CII Hospitality LLC, wishes to enter into a ground lease with the Port upon their purchase of building and assets from Clover Island Development LLC; and

WHEREAS, said ground lease would include Clover Island parcels identified in Exhibit A; and

WHEREAS, said ground lease will exist for a lease term of twenty years (20) years with three (3) options to renew for an additional ten (10) years each subject to the terms and conditions of the ground lease; and

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

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

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby approves a ground lease with CII Hospitality LLC upon the purchase of building and assets from Clover Island Development LLC; and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the Port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 26th day of March, 2024.

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

By: _____

SKIP NOVAKOVICH, President

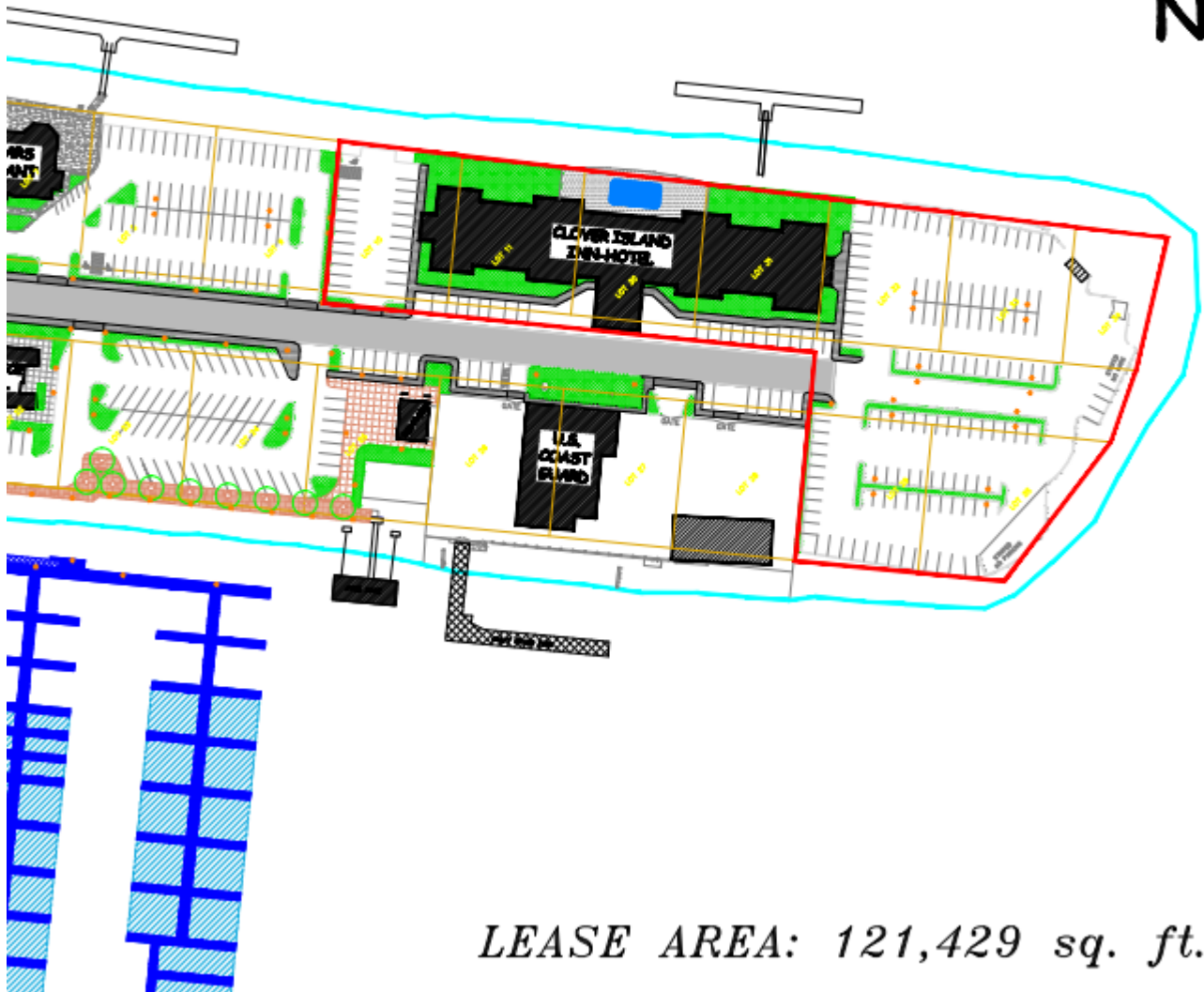
By: _____

KENNETH HOHENBERG, Vice President

By: _____

THOMAS MOAK, Secretary

*CLOVER ISLAND INN
LEASE AREA*



LEASE AREA: 121,429 sq. ft.

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (this “Agreement”), is made and entered into this _____ day of _____, 2024 (the “Effective Date”), by and between the PORT OF KENNEWICK, a municipal corporation created pursuant to the laws of the State of Washington, (as the “Port” or “Landlord”) and CII HOSPITALITY, LLC, a Washington limited liability company (as “Tenant”), who are collectively referred to herein as the “Parties.”

RECITALS

WHEREAS, the Port, acting under and by virtue of the authority granted to it under the laws of the State of Washington, and particularly RCW 53.04.010 *et seq.*, is the owner of certain real property located on Clover Island, within the City of Kennewick, Benton County, Washington which is legally described on **Exhibit A** attached hereto (the “Premises”); and

WHEREAS, Tenant is a Washington limited liability company, in good standing under the laws of the State of Washington; and

WHEREAS, the Parties hereto desire to enter into this Agreement for the purpose of granting the Tenant the use of the Premises; and

NOW, THEREFORE, in consideration of the Premises provided herein, the rights and privileges and the mutual covenants and conditions hereinafter contained and other valuable considerations, the Parties hereto agree as follows:

AGREEMENT

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

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.
2. **Grant of Lease.** Landlord leases to Tenant, and Tenant leases from Landlord, the Premises, upon the terms and conditions contained in this Agreement. A memorandum of this Agreement shall be recorded by the Parties in a form similar to that as attached hereto as **Exhibit B**.
3. **Use.**
 - 3.1 It is the intention of Tenant, subject to the approval of the Port, to install within or upon the Premises appurtenances and equipment for conducting the business of a hotel and restaurant and for such other lawful activities related to its business activities; and approval of which shall not be unreasonably withheld so long as such installation is consistent with the Clover Island Master Plan. Tenant shall construct,

install and maintain said appurtenances and equipment within the Premises after the plans for the same have been approved by the Port and at its sole cost unless otherwise agreed to by the Parties in writing. During the term of this Agreement, all additions, alterations and improvements to or replacements thereof constructed on the Premises, and all appurtenant fixtures, machinery and equipment installed therein, shall be the property of Tenant or Tenant's subtenants and assigns. At the expiration or sooner termination of this Agreement, all additions, alterations and improvements to or replacements thereof on the Premises, except for such of Tenant's fixtures, machinery and equipment which Tenant shall be required to remove, shall become the property of Landlord.

- 3.2 Tenant, its agents, employees, suppliers, and others doing business with Tenant shall have the right of ingress and egress to and from the Premises and the public use areas and facilities used in connection therewith, over designated Port property and roadways, subject to rules and regulations governing the use of the same and as same may be promulgated by the Port from time to time.
- 3.3 Tenant shall further have the right to use a dock currently located on the Premises, which Tenant shall operate, repair and maintain consistent with the standards of Section 8 below, and subject to the terms and conditions of the license granted to Landlord by the Department of the Army Corps of Engineers, dated July 2, 1980, which is attached hereto as **Exhibit C**.
- 3.4 Tenant acknowledges that: (i) it has examined the Premises, (ii) the Premises are fit and acceptable for Tenant's intended uses, (iii) Tenant accepts the Premises in its AS-IS condition, and (iv) that no representations as to the condition of the Premises have been made by Landlord or any agent or person acting for Landlord (except as expressly provided in this Agreement).

4. **Term; Extension Option; Holdover; Attornment.**

- 4.1 Effective Date. The Effective Date of this Agreement shall be the date upon which this Agreement is mutually executed by the Parties, whose signatures shall evidence any and all necessary authorization from their respective boards.
- 4.2 Term. This Agreement shall be for a period for twenty (20) years, which shall commence on the Effective Date and shall expire on _____, 2044 (the "Initial Term"). Tenant shall be given possession of the Premises immediately upon mutual execution of this Agreement and the subsequent fulfillment of any conditions precedent thereto, if necessary.
- 4.3 Extension Option. Tenant shall have the option to renew this Agreement for three (3) separate and consecutive ten (10) year terms upon written consent of the Landlord which shall not be arbitrarily withheld (each a successive "Option Term"). Should Tenant desire to exercise said renewal option(s), Tenant must give written notice of its intent to do so no more than one hundred eighty (180) days and no less than ninety (90) days in advance of the expiration of the present term.

Except as otherwise conditioned in this Section 4.3, the extension of the Initial Term and any subsequent Option Term shall be on the same terms and conditions as the original Agreement with the exception of rent which shall be adjusted as set forth in Section 5, and insurance which is set forth in Section 10 which shall be subject to adjustment by Landlord. Additionally, the right of Tenant to exercise the renewal option(s) shall be conditioned upon (i) Tenant not being in default under any terms, covenants, or conditions of this Agreement or any Amendments thereto; (ii) an affirmative demonstration to Landlord of Tenant's compliance with the terms and conditions of Section 5.7; and (iii) the further right of Landlord to require new and additional, improvements, repairs and maintenance under Section 5.7 for the duration of any option term.

- 4.4 Holdover. Any holding over at the expiration or termination of the term of this Agreement, for any reason and with or without the consent of Landlord, shall constitute a tenancy from month to month. The month-to-month tenancy shall be subject to all other terms and conditions of this Agreement, except that rent due hereunder shall be calculated at one hundred and fifty percent (150%) of the rent described in Section 5 below or any applicable option amendment hereto. Receipt by Landlord of rent or other charges and fees during such month-to-month tenancy shall not constitute a renewal of this Agreement.
- 4.5 Attornment. Tenant shall insert in each sublease permitted under Section 19 provisions to the effect that:
- (a) such sublease is subject and subordinate to all of the terms and provisions of this Agreement and to the rights of Landlord hereunder; and
 - (b) if this Agreement terminates before the expiration of such sublease, the subtenant thereunder will, at Landlord's option, attorn to Landlord and waive any right the subtenant may have to terminate the sublease or to surrender possession thereunder as a result of the termination of this Agreement; and
 - (c) if the subtenant receives a Notice from Landlord or Landlord's assignees, if any, stating that an uncured Event of Default exists under this Agreement, the subtenant shall thereafter be obligated to pay all rentals accruing under said sublease directly to the party giving such Notice, or as such party may direct; and
 - (d) all rentals received from the subtenant by Landlord or Landlord's assignees, if any, as the case may be, shall be credited against the amounts owing by Tenant under this Agreement; and
 - (e) Landlord shall recognize all of the rights and options of subtenant under the sublease with Tenant, which shall continue in full force as a direct lease between subtenant and Landlord, and the respective executory rights and obligations of subtenant and Landlord, as the case may be, to the extent of

the remaining balance of the sublease and any extensions and renewals thereunder, shall be and are the same as set forth therein; and

- (f) this attornment shall be effective and self-operative without the execution of any further instruments evidencing Landlord's succession to the interests of Tenant, as landlord, under the sublease.

5. **Rent.**

5.1 On or before the first day of each month of this Agreement, Tenant shall pay to Landlord the rent and all other assessment, charges, and fees as provided in this Section 5 and as otherwise set forth in this Agreement, at the Landlord's address. During the Initial Term, monthly rent for the Premises shall be FIVE THOUSAND NINE HUNDRED EIGHTY DOLLARS AND TWENTY-ONE CENTS (\$5,980.21) (\$71,762.54/year) PLUS LEASEHOLD TAX.

- (a) Late Fee. If any sums payable by Tenant to Landlord under this Lease are not received by the fifteenth (15th) day of the month in which they are due, Tenant shall pay Landlord an additional amount for the cost of collecting and handling such late payment as a late fee in an amount equal to the greater of (i) Fifty Dollars (\$50.00), or (ii) five percent (5%) of the overdue amount.
- (b) Interest. In addition to any applicable late fees, 12% APR interest (1% per month), shall be applied to the total unpaid balances calculated from the original due date to the date of payment.
- (c) Non-Sufficient Funds (NSF). If a Tenant check is returned by the bank for any reason, Tenant shall pay a NSF fee of Fifty Dollars (\$50.00) for administrative costs related to collecting and handling such returned check. The Tenant shall also pay any associated bank fees charged to the Landlord related to the returned check. Landlord may require, at Landlord's sole discretion that Tenant's future payments be made by cash, cashier's check or money order.

Landlord and Tenant hereby agree that these charges represent a fair and reasonable estimate of what the Landlord might incur by reason of Tenant's late or NSF payment. These fees are due and payable with the current rent payment. Landlord's acceptance of any late charge, interest or NSF fee shall not be deemed an extension of the date rent is due or prevent Landlord from exercising any other rights or remedies under this Lease. The Landlord reserves the right to revise its policy regarding late payment, interest and NSF check charges without notice to Tenant.

5.2 Said rent is subject to Washington State Leasehold and other applicable taxes that shall be collected by Landlord.

5.3 The rent for the Premises shall be adjusted upward annually by three (3) percent.

- 5.4 Notwithstanding 5.3 above, the rent for the Premises shall be adjusted every twenty (20) years based upon the then current fair market rental rate determined as follows: No later than one hundred (180) days prior to the date of the rent adjustment pursuant to this Section 5.4, the Landlord shall engage a third party real estate professional to opine if the rent for the Premises is within 10% of current fair market value. If the third party real estate professional opines that the rent for the Premises is not within 10% of a current fair market value, then not later than one hundred twenty (120) days prior date of the rent adjustment pursuant to this Section 5.4, the Parties shall meet and negotiate in good faith a current fair market value rent for the Premises. If not later than ninety (90) days prior date of the rent adjustment pursuant to this Section 5.4, the Parties are unable to negotiate in good faith a current fair market value rent for the Premises, then an appraisal shall be done by a licensed MAI appraiser acceptable to both Parties to determine the current fair market value of the Premises. The appraiser selected shall have a minimum of five (5) years commercial and industrial property appraisal experience, including experience in appraising other similar Landlord properties.
- 5.5 In the event Tenant exercises its options to renew this Agreement as set forth herein, the initial rental rate for said option periods shall be adjusted as outlined above in Section 5.3 and Section 5.4.
- 5.6 Failure to Pay Rent.
- 5.6.1 It shall be the duty of the Tenant to pay all rents, fees, taxes and charges when due. In the event Tenant fails to pay rental, fees, charges or billings as required under this provision of this Agreement after the payments become due as described in this Section 5.5, interest at a maximum legal rate shall be assessed until fully paid. The implementation of this provision shall not preclude the Landlord from terminating this Agreement for default or from otherwise enforcing any other provision contained herein.
- 5.6.2 Failure to pay the amounts due or comply with any other of the Tenant's financial obligations to the Landlord under this Agreement shall entitle the Landlord to re-enter and take possession of the Premises upon giving Tenant ten (10) days advance written notice of intent to do so, if said monetary default has not been remedied within said thirty (30) day period. However, the Landlord may extend the time period to correct the default if, in its sole opinion, due diligence is shown by Tenant in curing the default.
- 5.6.3 The Landlord's agents or employees shall not be liable for any civil or criminal claim or cause of action because of entering the Premises or any improvements thereon at reasonable times and in a reasonable manner to carry out the provisions of this Article.
- 5.7 Additional Consideration. Tenant agrees to perform the maintenance and construct the improvements described in the attached **Exhibit D** (the "Property Improvement Plan") as additional consideration under this Agreement, which

maintenance and construction shall conform to the standards of Section 8 below. Tenant understands and agrees that the Additional Consideration is a material inducement for Landlord to enter into this Agreement, and that the failure of Tenant to timely perform the work contained in the Property Improvement Plan shall be considered a material default hereunder and grounds for Landlord to terminate this Agreement pursuant to the terms of Section 11 below, or not to renew any subsequent Option Term desired by the Tenant.

The scope of work contained in the Property Improvement Plan must be completed within the timeframes contemplated therein. In the event Tenant fails to secure a franchise agreement with Hilton, Tenant nonetheless agrees to complete the scope of work contained in the Property Improvement Plan, except for the items exclusively relevant to the Hilton franchise brand, as determined by the Port in its sole and absolute discretion. In the event that Tenant secures a franchise commitment from a different franchisor, any applicable requirements of that franchisor may be substituted for the scope of work outlined in **Exhibit D**, with the written permission of the Port, which may be withheld in its sole and absolute discretion.

Tenant understands and agrees that a new Property Improvement Plan must be approved by the Port in writing prior to the execution and commencement of any Option Term desired by Tenant, shall be considered a material term of any Option Term, and the provisions of this Section 5.7, unless amended thereby, shall continue to apply.

- 5.8 Security Deposit. RCW 53.08.085 requires that every lease of Port property for a term of more than one year must have the rent secured by rental insurance, bond, or other security satisfactory to the Port. Evidence of the existence of such insurance, bonds or security must be on file with the Port at all times during the term of the Agreement. At the end of the Initial Term and any applicable Option Term, Landlord reserves the right to evaluate the sufficiency of the security, and, if appropriate, adjust the amount of the security to reflect the value of any improvements added to the premises since the Effective Date of the Agreement, the rate of inflation over the preceding five-year period, and any other commercially reasonable factors deemed appropriate by Landlord.

6. **Obligations of Tenant.** Tenant hereby covenants and agrees:

- 6.1 Tenant shall observe and comply with any and all applicable Landlord, Federal, State and local laws, statutes, ordinances, regulations and standards and shall abide and be subject to all reasonable rules and regulations which are now, or may from time to time, be promulgated by the Landlord concerning management, operation, or use of Landlord-owned property. Tenant, or its subtenant or assigns, shall, at its own expense, obtain and keep in effect all certificates licenses, and permits necessary to use the Premises.

- 6.2 Tenant agrees parking of vehicles and equipment by the Tenant, its agents, licensees, invitees, or employees, shall be restricted to those areas leased by Tenant.
- 6.3 Improvements, structures, alterations or additions shall only be made in conformance with the provisions of Section 8 below.
- 6.4 Tenant shall keep and maintain the Premises in good condition, order and repair during the time of occupancy of Premises, and to surrender the same upon the termination of this Agreement in the condition in which they are required to be kept, reasonable wear and tear and damage by casualty not caused by Tenant's negligence excepted.
- 6.5 Tenant agrees for itself, its agents and employees that it will not perform any acts or carry on any practices which would result in the necessity to repair or replace Landlord property, normal wear and tear excluded, or be a nuisance or menace to other users of Landlord-owned properties on Clover Island.
- 6.6 Tenant's equipment shall be maintained at Tenant's sole expense, in good, safe and operative order, and in a clean and neat condition.
- 6.7 Personnel performing services upon the Premises shall be neat, clean and courteous. Tenant shall not permit its agents or employees to conduct business or otherwise act in a loud, noisy, boisterous, offensive or objectionable manner.
- 6.8 Tenant shall meet the applicable legal requirements related the permitting of the Premises and the operation of its business thereon, and shall otherwise comply with common restrictions and/or obligations of the Clover Island Master Plan.
- 6.9 The Landlord shall have the right to adopt and enforce reasonable rules and regulations with respect to the use of Landlord-owned property, which Tenant agrees to observe and obey.

7. **Obligations of Landlord.** Landlord hereby covenants and agrees:

- 7.1 Landlord covenants that, subject to the performance of all other obligations of Tenant herein contained, Tenant shall peacefully and quietly have, hold and enjoy the Premises demised herein.

8. **Construction, Maintenance and Repair of Tenant's Leasehold Improvements.**

- 8.1 Tenant shall construct or install, at its own expense, any equipment, improvements and facilities, and any additions thereto, on all or any part of the Premises, under the conditions as hereinafter set forth.
- 8.2 Tenant shall keep and maintain all such improvements and facilities and any additions thereto constructed or installed by it in good condition. Tenant is responsible for extending and connecting utilities to the building.

- 8.3 No improvements, structures, alterations, or additions shall be made in, to or upon the Tenant's Premises without the prior written consent of the Landlord, which shall not be arbitrarily withheld, and all such improvements, structures, alterations, additions and work shall be in accordance with any conditions relating thereto then stated in writing by the Landlord. Landlord will use commercial reasonable efforts to approve or disapprove of all requests for consent to alterations within forty-five (45) days of receipt of a request containing plans and specifications for (or a reasonably detailed description of) the proposed alteration. Tenant understands and agrees that certain decisions regarding improvements, maintenance and repairs must be made the Board of Commissioners of the Landlord at an open meeting, which may take longer than forty-five (45) days.
- 8.4 At the time of requesting approval by the Landlord, the Tenant shall submit the preliminary plans for such improvements. Upon approval of said preliminary plans, the Tenant shall prepare and obtain the Landlord's approval of working drawings and specifications which shall be true and correct representations of the preliminary plans so approved. All construction shall conform to approved working drawings and specifications and when such work is commenced, it shall be completed with reasonable dispatch. No substantial change, addition or alteration shall be made in said working plans or specifications or in the construction called therefore without first obtaining the Landlord's written approval. Upon completion of said improvements, the Tenant shall furnish the Landlord, at no charge, two (2) complete sets of working drawings and one (1) set on electronic media of the improvements as constructed.
- 8.5 All improvements constructed by the Tenant pursuant to this Article shall conform in all respects to the applicable statutes, ordinances, building codes, rules and regulations of all applicable governmental agencies as may have jurisdiction.
- 8.6 Tenant shall have the right at any time during the term of the Agreement or upon termination and within thirty (30) days thereafter, to remove all trade fixtures and equipment subject to any valid lien the Landlord may have thereon for unpaid rents, fees or charges. Any and all property not removed by the Tenant within said thirty-day period shall thereupon become a part of the realty on which it is located and title thereto shall vest in the Landlord. All Landlord property damaged by or as a result of the removal of the Tenant's property shall be restored to a condition satisfactory to the Landlord by the Tenant at its expense.
- 8.7 Damage or Destruction to Improvements.
- 8.7.1 In the event the construction in accordance with this Section 8, or improvements thereto, are partially or totally damaged by fire or other casualty, the Tenant may repair or replace the same at its own expense. The new improvements shall be at least the same size, design and quality as that which existed prior to any damage or destruction. Both Parties agree, however, that any insurance proceeds shall be first applied to the cost of repair or replacement of improvements.

8.7.2 Alternatively, Tenant may elect not to repair or replace said construction or improvements. Tenant shall advise Landlord of its intent within sixty (60) days of the damage or destruction. If Tenant elects not to repair or replace the improvements, this Agreement shall be terminated. In such event, Landlord may either accept ownership of the improvements or require Tenant to remove the improvements and restore the Premises its original condition or as otherwise agreed to by the Landlord in writing. The insurance proceeds shall be used for such restoration and the balance divided between the Landlord and Tenant as their interests bear in accordance with the depreciation schedule outlined in Section 8.8 herein. Landlord shall notify Tenant of its intent within thirty (30) days of receipt of Tenant's notification. If Landlord elects to have Tenant remove the improvements, Tenant shall have sixty (60) days to do so.

8.7.3 In the event of damage or destruction of Landlord property caused by the Tenant, its agents, employees, or equipment, Tenant agrees to repair, reconstruct, or replace the affected property to the condition which existed prior to such damage or destruction, to the extent that same is not covered by insurance required under this Agreement. Tenant further agrees to cause such repair, reconstruction or replacement of affected property with due diligence.

8.8 Ownership of Improvements. All improvements constructed or installed on the Premises by Tenant as permitted by this Agreement shall be owned by Tenant until termination of this Agreement. All improvements, as existing prior to the Agreement or hereafter constructed or installed by Tenant, on the Premises at the termination of this Agreement shall, without compensation to Tenant, then become Landlord's property free and clear of all claims to or against them by Tenant and free and clear of defects, liens and encumbrances suffered or incurred by Tenant, except for those expressly permitted under the provisions of this Agreement.

8.9 Maintenance and Utilities.

8.9.1 Tenant shall have complete responsibility for and take good care of the Premises and the interior and exterior of all buildings erected thereon, including painting, and keep the same and all parts thereof, including the roof and all walls and foundation, together with any and all alterations, additions, and improvements therein or thereto, in good order and condition, including snow removal and asphalt maintenance and repair, suffering no waste or injury, and shall at the Tenant's expense, promptly make all needed repairs and replacements including casualty losses in and to any building or structure or equipment now or hereafter erected or installed upon the demised Premises, including walkways, parking areas, water, sewer, and gas connections, pipes and mains, and all other fixtures, machinery and equipment now or hereafter belonging to or connected with said Premises or used in their operation. All such repairs and replacements shall be of

high quality sufficient for the proper maintenance and operation of the demised Premises and subject to the provisions of this Section 8.

- 8.9.2 The Tenant shall provide at its own expense such janitorial and cleaning services and supplies as may be necessary or required in the operation and maintenance of its Premises. The Tenant also agrees to keep and maintain the interior of its Premises in a clean, neat and sanitary condition, and attractive in appearance.
- 8.9.3 Tenant shall maintain and make necessary repairs, structural or otherwise, to the interior of all of its Premises and the fixtures or equipment therein and appurtenances thereto, including, without limitation, fire extinguisher, fire suppressants, the interior windows, doors and entrances, floor coverings, interior walls and ceiling, the interior surface, the surfaces of interior columns exclusive of structural deficiencies, any columns erected by Tenant, partitions and lighting within its Premises and serving Tenant. This maintenance shall be such that the original theme will be maintained in accordance with original approved plans.
- 8.9.4 Tenant shall keep and maintain in good condition all service lines, electrical equipment and plumbing fixtures located at or on its Premises.
- 8.9.5 All repairs made by the Tenant or on its behalf shall be of high quality in both materials and workmanship. All repairs will be made in conformity with the rules and regulations prescribed from time to time by Federal, State or local authority having jurisdiction over the work in or to the Tenant's Premises.
- 8.10 Except in the case of an emergency, no improvements, structures, alterations or additions shall be made in, to or upon the Premises without the prior written consent of the Landlord, which shall not be arbitrarily withheld. All such improvements, structures, alterations, additions and work shall be in accordance with any conditions relating thereto then stated in writing by the Landlord. Landlord will use commercially reasonable efforts to approve or disapprove of all requests for consent to alterations within forty-five (45) days of receipt of a request containing plans and specifications for (or a reasonably detailed description of) the proposed alteration. Tenant understands and agrees that certain decisions regarding improvements, maintenance and repairs must be made the Board of Commissioners of the Landlord at an open meeting, which may take longer than forty-five (45) days.
 - 8.10.1 Upon providing forty-eight (48) hours' notice, if possible, the Landlord or its duly appointed representatives shall have the right to enter the Tenant's Premises to:
 - (a) Inspect the Premises during the Tenant's regular business hours or at any time in case of emergency to determine whether the Tenant

has complied with and is complying with the terms and conditions of this Agreement and other enumerated and health/operational standards. The Landlord may, at its discretion, require the Tenant to effect repairs at the Tenant's own cost.

- (b) Perform any and all things which the Tenant is obligated to perform and has failed after reasonable written notice to perform, including: maintenance, repairs and replacements to the Tenant's Premises or to respond to any public health or safety emergency. Notwithstanding the above, in the event of an emergency condition, the Landlord or its duly appointed representatives shall have the right to enter the Tenant's Premises to perform maintenance repair and replacement.
- (c) Undertake the maintenance, repair or replacements requested by the Landlord if the Tenant refuses or neglects to make any repairs necessitated by the negligent acts or omissions of the Tenant, its employees, agents, servants or licensees. The Landlord shall have the right to make such repairs on behalf of and for the Tenant if Tenant has not commenced such repairs within thirty (30) days after written notice by Landlord. Such work shall be paid by the Tenant within ten (10) days following demand by Landlord for said payment at the Landlord's standard rates plus administrative costs.

8.10.2 The Tenant shall provide, in a timely manner, for the adequate sanitary handling and removal of all trash, garbage and other refuse caused as a result of the Tenant's operations in a manner and area designated by the Landlord. The Tenant agrees to provide and use suitable closed receptacles for all garbage, trash and other refuse in its Premises. Piling of boxes, cartons, barrels or similar items shall not be permitted in a public area. In the event Landlord installs a central/common use trash collection facility, Tenant shall pay its proportionate share of the cost of using such a facility if the Tenant uses the facility.

8.10.3 The Tenant shall pay for all utilities consumed within the Premises. The Tenant shall maintain separate utility meters.

8.10.4 Inside storage of materials and equipment is required. Outside storage is not permitted however outside storage may be permitted if Tenant obtains prior, written Landlord approval as to amounts and methods of storage.

8.10.5 Tenant shall keep and maintain grounds and landscape maintenance on its demised Premises in good order and repair and attractive in appearance..

8.11 Indemnification and Insurance During Construction and Renovation.

8.11.1 To the extent permitted by applicable law, Tenant agrees to indemnify and hold the Landlord, its elected and appointed officials, agents and

employees, free and harmless from any and all claims, suits, loss, damage or injury to persons or property that might occur during the construction or renovation of the Premises arising from the acts of Tenant or its agents.

- 8.11.2 Tenant further agrees that it shall not allow or permit any agent, independent contractor or subcontractor to commence work on the Premises until all insurance certificates from such agents, independent contractor or subcontractor hereunder have been approved and are in the Landlord's possession. The approval of insurance by the Landlord shall not relieve or decrease the liability of the Tenant for its agents, independent contractors or subcontractors. Upon written request by Tenant, the Landlord may waive the provisions of this Section if, in the Landlord's opinion, contractors' activities are included under Tenant's insurance coverage. This insurance shall protect the contractor, Tenant and the Landlord, its elected and appointed officials, agents and employees, as additional insured, against liability, claims or costs thereof, for bodily injury or property damage resulting from the performance of the construction contract, to the extent Tenant has assumed liability herein, within the following limits:

Public Liability, Property Damage and Builder's Risk:

- (a) Not less than Five Million Dollars (\$5,000,000) combined single limit for bodily injury, death or property damage resulting from any one occurrence.
- (b) Contractor's Protective Liability and Property Damage:
Same limits as set forth in Section 8.11.2(a).
- (c) Automobile Public Liability and Property Damage:
Not less than One Million Dollars (\$1,000,000) combined single limit.
- (d) Builder's Risk:
Coverage for all portions of work stored off-site from the Premises and portions of work in transit, in the amount of the insurable value of the improvements contemplated, including all change orders, on a replacement costs basis. Builder's risk insurance shall be on an "all-risk" or equivalent policy form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including ,without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal, including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for

architect's and contractor's services and expenses required as a result of such insured loss.

9. **Indemnification and Waiver of Damages.**

- 9.1 To the extent permitted by applicable law, the Tenant shall indemnify, hold harmless and defend the Landlord, its elected and appointed officials, agents, employees and representatives from and against any and all claims and actions, demands, damages, civil penalties, charges, judgments, losses, liabilities of any character or kind and other legal actions and proceedings of whatever nature, including reasonable attorney's fees (including fees to establish the right to indemnification) resulting from, arising out of, related to, or caused by Tenant's or Tenant's subtenant's conduct of business or from any activity or other things done, permitted, or suffered by Tenant in, or about the Premises or other act or failure to act, excluding only claims or actions arising out of the sole negligence of the Landlord, its elected and appointed officials, agents and employees, provided that the Landlord shall give the Tenant prompt and reasonable notice of any such claim or actions made or filed against it. Likewise, Landlord shall indemnify, hold harmless and defend the Tenant, its elected and appointed officials, agents, employees and representatives from and against any and all claims and actions, demands, damages, civil penalties, charges, judgments, losses, liabilities of any character or kind and other legal actions and proceedings of whatever nature, including reasonable attorney's fees (including fees to establish the right to indemnification) resulting from, arising out of, related to, or caused by Landlord's conduct of business or from any activity or other things done, permitted, or suffered by Landlord in, or about the Premises or other act or failure to act, excluding only claims or actions arising out of the sole negligence of the Tenant, its elected and appointed officials, agents and employees, provided that the Tenant shall give the Landlord prompt and reasonable notice of any such claim or actions made or filed against it. The Parties understand and agree that the duty to defend is absolute and shall arise immediately upon the defending Party receiving written notice of its obligation to defend from the other Party and is not otherwise contingent upon a finding of negligence or wrongful acts, errors or omissions by a court. This waiver has been mutually negotiated by the Parties. The provisions of this section shall survive the expiration or termination of this Agreement.
- 9.2 To the extent permitted by applicable law, Tenant hereby agrees to release and hold harmless the Landlord, its elected and appointed officials, agents and employees, from any damages to the Tenant caused by the operation of any other business located on Landlord-owned property on or near Clover Island. The above exception shall not limit a cause of action against other persons or entities, including licensees or concessionaires..
- 9.3 To the extent permitted by applicable law, Tenant further agrees to hold the Landlord, its agents, officials and employees free and harmless for any claims arising out of the damage, destruction or loss of any or all of Tenant's equipment

excluding any claims arising out of the sole negligence of the Landlord, its elected officials, agents and employees.

- 9.4 Survival of Indemnities. All indemnities provided in this Agreement shall survive the expiration or any earlier termination of this Agreement. In any litigation or proceeding within the scope of any indemnity provided in this Agreement, the indemnifying party shall, at the other party's option, defend the indemnified party at the indemnifying party's expense by counsel satisfactory to the indemnified party.

10. **Insurance.**

- 10.1 Tenant shall, at its expense, maintain insurance in full force and effect during the term of this Agreement in such amounts as to meet the minimum limits of liability as outlined in the minimum standards and as specified below, and insurance shall be placed with companies or underwriters authorized to issue said insurance in the State of Washington and carry a Best's rating no lower than A-. Failure to obtain and maintain such insurance shall constitute a default under this Agreement. The insurance policy(ies) shall be standard comprehensive insurance coverage.. The policy(ies) shall include, but not by way of limitation, bodily injury; property damage; automobile, including owned, non-owned, leased and hired; and contractual coverage, including the obligations pursuant to Section 9 herein. The Landlord, its elected and appointed officials, agents and employees shall be named as additional insureds with respect to Tenant's use of the Premises which are the subject of this Agreement. Tenant's insurance shall be primary and non-contributory with any insurance maintained by the additional insureds. Tenant shall promptly upon execution of this Agreement, furnish to the Landlord appropriate certificates of insurance and additional insured endorsements evidencing coverage affected and to be maintained for the term of this Agreement.

The coverage shall be less than a combined five million (\$5,000,000) per occurrence limit for general liability and commercial auto. The primary liability policy should have a one million (\$1,000,000.00) per occurrence limit with an annual aggregate limit of two million (\$2,000,000.00). The automobile liability limit shall be no less than one million (\$1,000,000) for owned, non-owned and hired automobiles. The tenant shall also purchase an umbrella policy with a limit of no less than 4 million (\$4,000,000.) The limits of the primary and umbrella policies will stack and thus meet the contract requirements. The Tenant's insurance policies shall be endorsed so that the insurance carrier will provide the Landlord with at least thirty (30) days notification prior to cancellation or material change. Such notice of cancellation or material change shall be mailed to the Landlord by certified mail. Where any policy(ies) has (have) normal expirations during the term of this Agreement, written evidence or renewal shall be furnished to the Landlord at least thirty (30) days prior to such expiration. Upon written request by the Landlord, Tenant shall permit the Landlord to inspect the originals of all applicable policies. The Tenant's insurance identified in this Section 10

shall include a waiver of subrogation in favor of the additional insured. This Section 10 shall be subject to periodic adjustments by the Landlord.

- 10.2 Tenant shall procure and maintain policies of insurance at its own expense, insuring the Premises and improvements thereon against all perils of direct physical loss. The insurance coverage shall be for not less than one hundred percent (100%) full replacement value of said Premises and improvements with an agreed amount clause and a reasonable and customary deductible on said Premises and improvements. Such amount is subject to final approval by the Landlord. The Tenant shall furnish to the Landlord evidence that such coverage has been procured and is being maintained in full force and effect.

10.3 Waiver of Subrogation.

10.3.1 The Landlord and Tenant each waive any rights it may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Premises or its contents arising from any liability, loss, damage or injury caused by fire or other casualty for which property insurance is carried or required to be carried pursuant to this Agreement. Each of the Parties hereto, on behalf of their respective insurance companies insuring the property of either Landlord or Tenant against any such loss, to the extent of any recovery under such insurance, waives any right of subrogation that it may have against the other. Each waiver shall be expressly included in, and shall comply with the requirements of the respective insurance policies. Should either or both of the respective insurance companies assess a charge for such waiver, each party shall pay only for the charges assessed by its respective insurer.

10.3.2 Tenant further expressly waives any and all claims against the Landlord, its agents and employees of whatever nature, for any and all loss or damage sustained by the Tenant, except loss or damage caused by the sole negligence of the Landlord, its agents or employees, including interruption of the Tenant's business operations, by reason of any defect, deficiency, failure or impairment of the Premises, or any utility service to or in the Premises, including, but not limited to, the water supply system, electrical wires leading to or inside the Premises, gas, electric or telephone service, or any other failure which may occur during the term of this Agreement from any cause.

11. **Default by Tenant.** In addition to any terms and conditions as specified in this Agreement and all other remedies available to the Landlord, this Agreement shall be subject to cancellation by the Landlord should any one or more of the following occur:

- 11.1 If the Tenant shall file a voluntary petition in bankruptcy, or proceeding in bankruptcy shall be instituted against the Tenant and the Tenant is thereafter adjudicated as bankrupt pursuant to such proceedings, or if a court shall take jurisdiction of the Tenant and its assets pursuant to proceedings brought under the provisions of any Federal Reorganization or Bankruptcy Act, or if a Receiver for

the Tenant's assets is appointed, or if the Tenant shall be divested of its rights, powers and privileges under this Agreement by other operation of law and such proceeding is not dismissed within sixty (60) days of filing.

- 11.2 If the Tenant shall fail to perform, keep and observe any applicable covenants and conditions contained in this Agreement, including, but not limited to the timely performance of any obligations contained or referenced in Section 5.7 above, and provided that upon the occurrence of any event of default, failure to perform or breach, the Tenant shall be given written notice to correct or cure the same. In the case of default, Landlord shall notify any lenders holding an interest in the leasehold improvements in accordance with any consent form executed by the Landlord. If, within sixty (60) days from the date of such notice, or any further period of time if the default, failure to perform or breach cannot be reasonably cured within sixty (60) days as determined in the sole and absolute discretion of the Landlord, then at Landlord's option, in addition to and not exclusive of any other remedy, Landlord may have by operation of law, without any further demand or notice, enter the Premises and evict all persons therefrom, using all necessary force to do so, and either (i) declare this Agreement terminated, in which event Tenant shall immediately pay Landlord a sum of money equal to the amount, if any, by which the then cash value of the rent reserved hereunder for the balance of the term of this Agreement exceeds the then cash reasonable rental value of the Premises for the balance of said term, or (ii) without terminating this Agreement, may re-let the Premises, or any part thereof, as the agent and for the account of Tenant, upon such terms and conditions as Landlord may deem advisable.

In the event the Landlord re-lets the Premises, Tenant shall be obligated to pay, in addition to the deficiencies in the lease rent and the re-letting rent amount, all necessary renovation and alteration costs and expenses, reasonable attorney's fees and real estate commissions. Said necessary renovations and alterations, reasonable attorney's fees, and real estate commissions paid shall be deemed additional rent due and owing by Tenant. The Landlord shall apply all rent collected upon re-letting toward payment of all sums due or to become due to the Landlord. Thereafter, if the rent collected upon re-letting is insufficient to pay the original rent and the additional rent due and owing as described above, the Landlord may, at any time during the Agreement, but in no event later than six (6) years, bring an action in the Superior Court of the County of Benton for any deficiencies due and owing to the Landlord as a result of Tenant's default under the terms and conditions of this Agreement

- 11.3 If under any of the foregoing provisions of this Section 11 the Landlord shall have the right to reenter and take possession of the Premises, the Landlord may enter and eject the Tenant and those claiming through or under it and remove its property and effects, (using reasonable force, if necessary) without being guilty of any manner of trespass; without any liability therefore, without prejudice to any remedies of the Landlord in the event of default by the Tenant.

- 11.4 If the Tenant should fail to do anything required to be done under the terms and conditions of this Agreement, except for the payment of rents, fees or charges, the Landlord may, at its sole option and after giving written notice to the Tenant, perform such act on behalf of the Tenant. Upon notification to the Tenant of the cost thereof by the Landlord, the Tenant shall promptly pay the Landlord the amount due.
12. **Default by Landlord.** In addition to all other remedies available to the Tenant, this Agreement shall be subject to the breach by the Landlord of any covenants, terms or conditions of this Agreement to be kept, performed and observed by the Landlord and the failure to remedy such breach for a period of sixty (60) days after written notice from Tenant of the existence of such breach.
13. **Hazardous Materials.**
- 13.1 For the purposes of this Article, the term “Hazardous Substances” shall be interpreted broadly to include but not be limited to substances designated as hazardous under the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq., or the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. 9601, et seq. or as may be amended, the Model Toxics Control Act (M.T.C.A.), R.C.W. 70.105D, et seq., and any applicable federal, state, or local law or regulation and any applicable State law or any other federal, state, or local law or regulation.
- 13.2 **Hazardous Substances Storage.**
- 13.2.1 The Tenant is solely responsible for taking all steps and actions to remove or remediate any Hazardous Substances or any other environmental contamination on or under the Premises that are a result of the Tenant’s use or occupancy of the Premises. The Tenant is responsible for the protection of public health and safety and the environment from actual or potential harm and is obligated to ensure that the Premises are in compliance with all Environmental Laws. If any remediation work is required, Tenant, at its sole expense, shall perform all work required and provide to the Landlord for approval, a written plan of action for completing said remediation work.
- 13.2.2 **Hazardous Substances.**
- (a) Tenant shall not engage in or allow the generation, use, manufacture, treatment, transportation, or storage of any Hazardous Substance in, on, under, or adjacent to the Premises, except by written permission of the Landlord.
- (b) Tenant shall not engage in or allow the unlawful release of any Hazardous Substance in, on, under or adjacent to Tenant’s Premises (including air, surface water and ground water on, in, under or adjacent to the property). Tenant shall at all times be in compliance

with Environmental Laws (and shall cause its employees, agents and contractors to be) with respect to the Premises or any hazardous substance and shall handle all Hazardous Substances in compliance with good industry standards and management practices.

- (c) Tenant shall promptly notify the Landlord and any and all adjacent property tenants, in writing, if Tenant has or acquires notice or knowledge that any hazardous substance has been or is threatened to be released, discharged or disposed of, on, in, under or from the Premises. Tenant shall immediately take such action as is necessary to report to governmental agencies as required by Environmental Laws and to detain the spread of and remove, to the satisfaction of any governmental agency having jurisdiction, any Hazardous Substances released, discharged or disposed of as the result of or in any way connected with the conduct of Tenant's business, and which is now or is hereafter determined to be unlawful or subject to governmentally imposed remedial requirements.

14. **Inspections.**

14.1 The Premises and improvements may be subject to annual inspections for exterior aesthetics and use of the Premises by the Landlord or its designee, as desired by Landlord in its sole discretion.

14.2 One Hundred Eighty (180) days prior to the commencement of any and all desired Option Term, Tenant shall submit to the Landlord a Letter of Intent (LOI) stating its intention of exercising its option to renew the Agreement and to agree with the terms of the inspection process. The Premises and improvements thereon may be inspected at the Landlord's options and Tenant's cost within ninety (90) days of acceptance of the LOI by the Landlord, said inspection to determine the initial aesthetic, structural and roof conditions of the Premises and improvements thereon. The inspections shall be conducted by a qualified structural engineer.

Initial inspections shall also be conducted by members of the Landlord and Tenant for the purpose of inspecting the Tenant's allowed use of Premises as specified in Section 3. In the event of any dispute arising as the result of structural and roof inspections, a second inspection shall be obtained and the inspector shall be mutually selected and funded by the Landlord and Tenant. The results of the second inspection report shall be considered final and binding to both Parties, and Tenant agrees to repair all deficient areas identified in the second inspection report.

Additionally, during this inspection and review of the Premises Landlord shall inspect the Premises for the completion of any agreed upon improvements listed as Additional Consideration at Section 5.7.

14.3 Pursuant to the completion of initial inspections and submission of reports, should the Parties determine that major structural repairs to the Premises are necessary,

said repairs shall be completed no later than six (6) months from the date of notification to the Tenant of the results of the inspection report, unless such timeline is impractical under the circumstances, in which case a Tenant shall have a reasonable period of time for completion of the improvements.

15. **Advertising and Signs.** Tenant shall have the right, at its own expense to install and maintain signs for the purpose of identification and advertising. Prior to installation of such signage, the Tenant shall submit plans and obtain approval of the Landlord. The right to install identification signs or other advertising devices for information to its customers shall be at a location, in the number and type, size and design approved in writing by the Landlord. In the event the signs are removed and not replaced, Tenant shall repair the area to its normal appearance. All signs, now or hereafter erected on the Premises by or a the direction of Tenant shall be: (i) subject to all municipal and other governmental sign codes, (ii) erected and maintained at the Tenant's sole cost and expense, and (iii) included within the scope of the Tenant's insurance coverage for the Premises. Tenant agrees that it shall not advertise any connection with Landlord, or any agency thereof, nor make use of Landlord's name or other identifying marks or property nor make representations, either express or implied, as to Landlord's promotion or endorsement of Tenant's operation, aside from those expressly authorized under this Agreement.
16. **Taxes.** Tenant agrees to pay all lawful taxes and assessments during the term hereof or any extension as provided for herein, which may be levied or charged by the State, County, City or other tax-levying body upon the Premises herein or upon any taxable interest acquired by the Tenant in this Agreement, including leasehold excise tax, or any taxable possessory right which the Tenant may have in or to the Premises or facilities hereby leased or the improvements thereon, by reason of its occupancy thereof, or otherwise, as well as all taxes on taxable property, real or personal, owned by the Tenant in or about the Premises. Nothing herein shall prevent the Tenant from protesting through due process, any taxes levied. Upon any termination of this Agreement, all taxes levied or a lien upon any of said property or taxable interest therein shall be paid in full without proration by the Tenant forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between the attachment of the lien and issuance of statement.
17. **Government Reservations and Restrictions.** The Premises being leased and rights granted by this Agreement shall be subject to all enforced reservations and restrictions, including the terms of any grant assurances and agreements now required or imposed in the future, between the Landlord and the State of Washington and its various departments or the United States of America and its various departments.
18. **Subordination; Estoppel.**
 - 18.1 **Subordination to Bond Ordinance.** This Agreement and all rights of the Tenant hereunder are expressly subordinated and subject to the lien and provisions of any pledge or assignment made by the Landlord, to secure any bonds authorized by law to be issued for the development or improvement of Landlord-owned property, and the Landlord and the Tenant agree that the holders of the said bonds shall possess,

enjoy and may exercise all rights of the Landlord hereunder to the extent such possession, enjoyment and exercise are necessary to ensure compliance by Tenant and the Landlord with the terms and provisions of the bond covenants. Landlord will use reasonable efforts to exclude the improvements to be constructed hereunder from the terms and provisions of any bond covenants, obligations or guarantees.

- 18.2 Subordination to Mortgages. This Agreement, at the Landlord's option shall be subordinated to all present and future mortgages, deeds of trust or any other hypothecation for security affecting the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacement and extensions thereof. Subject to the provisions of Section 18.4, Tenant shall execute, at no expense to Landlord, within thirty (30) days of demand therefor, a statement reasonably necessary to further effect the subordination of this Agreement to any mortgage or deed of trust.
- 18.3 Estoppel Certificate. Tenant shall, from time to time within thirty (30) days of demand therefore, at no expense to the Landlord, submit to the Landlord, or to any person designated by the Landlord, in such form as the Landlord reasonably requests, a statement in writing certifying that: (i) this Agreement is unmodified and in full force and effect (or, if there have been modifications, identifying the same by the date thereof and specifying the nature thereof); (ii) that to the knowledge of the Tenant no uncured default exists hereunder, or if such uncured default does exist, specifying the same; (iii) the dates to which the rental and other sums and charges payable hereunder have been paid; and (iv) that the Tenant has no claims against the Landlord and no defenses or offsets to rent (or, if the Tenant has any such claims, defenses or offsets, specifying the same).
- 18.4 Nondisturbance. As a condition to the Tenant's obligation to subordinate this Agreement as described in Section 18.1 and Section 18.2 above, the Landlord shall obtain and deliver to the Tenant, the original, signed and notarized unconditional statement of the Landlord's lender certifying that in the event of any foreclosure of the Landlord's interest in the Premises, that said lender and its successors and assigns shall recognize this Agreement and the Tenant's rights hereunder and that the Tenant will not be disturbed in its right of quiet enjoyment, use or occupancy of the Premises, so long as the Tenant attorns to the lender following the Landlord's default under such mortgages, deeds of trust or the documents secured thereby.

19. **Assignment and Subletting.**

- 19.1 Tenant shall not in any manner, directly or indirectly, by operation of law or otherwise, assign, sublet, transfer or encumber any of Tenant's rights in and to this Agreement, or to the fixed improvements, or any interest therein, nor license or permit the use of the rights herein granted in whole or in part, without the prior written consent of the Landlord; provided, however, that no such consent shall be arbitrarily withheld, and in the event of any transfer, Tenant shall remain responsible for all of the covenants and terms contained in this Agreement. This prohibition includes, without limitation, any subletting or assignment which would

otherwise occur by operation of law, merger, consolidation, reorganization, transfer or other change of Tenant's corporate, partnership or proprietary structure.

- 19.2 Tenant shall have the right, upon prior approval by the Landlord, to assign its leasehold interest in this Agreement as collateral for financing purposes. Any such assignment or other security instrument which Tenant may execute in favor of a lender shall be subject to and subordinate to the rights of the Landlord pursuant to this Agreement.

20. **Legal Claims and Attorneys Fees.**

- 20.1 Each party hereto shall promptly report to the other any claim or suit against it arising out of or in connection with the Tenant's operation. The Landlord and Tenant shall each have the right to compromise and defend the same to the extent of its own interest; provided the defense of the same has not been tendered and accepted by the other party. The Tenant is an independent contractor in every respect, and not the agent of the Landlord.

- 20.2 In the event either party requires the services of an attorney in connection with enforcing the terms of this Agreement or in the event suit is brought for the recovery of any rent, fees or other sum or charges otherwise payable by Tenant, this Agreement or the breach of any covenant or condition of this Agreement, or for the restitution of the Premises to the Landlord and/or eviction of Tenant during the term of this Agreement, or after the expiration thereof, the prevailing party will be entitled to reasonable attorneys' fees, consultants' fees, witness fees and other costs, both at trial and on appeal.

21. **Liens or Encumbrances.** Tenant agrees that it shall pay, or cause to be paid, all costs and expenses for work done, materials delivered, and professional services provided to the Premises for improvements done at Tenant's request, during the leasehold term for improvement to the Premises. Tenant shall keep the Premises free and clear of all mechanic's or materialmen's liens or any other liens on account of any work done on the Premises at Tenant's request. Tenant agrees to and shall defend, indemnify, and hold the Landlord free from and harmless against all liability, loss, damage, cost, attorney's fees and all other expenses on account of claims of lien of laborers or materialmen, or others, for work performed or materials or supplies furnished to Tenant for use on the Premises. Landlord may require lien releases as a condition of approval of construction, maintenance and repair to be performed by Tenant.

22. **Nondiscrimination.** Tenant covenants that:

- (a) No person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises; and
- (b) In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national

origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and

- (c) Tenant further agrees promptly to provide the Landlord, upon written request by the Landlord, such information the Landlord is required to obtain from Tenant to show compliance with applicable nondiscrimination laws.
 - (d) Tenant shall develop all improvements and otherwise operate the Premises in a manner consistent with handicapped access requirements, and in full compliance with the Americans with Disabilities Act.
23. **Merger Clause.** This Agreement shall constitute the entire Agreement between the Parties and no other stipulation, agreement or understanding, written or oral, expressed or implied of the Parties hereto or of their agents, relating to the Agreement and use of the Premises demised herein, shall limit or modify its terms. This Agreement shall, as of the Effective Date, cancel and supersede all prior agreements, written or oral, expressed or implied, between the Parties for the rights granted herein. This Agreement shall not be subject to modification or change except by written instrument duly signed.
24. **Submission of Agreement.** The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of or option for leasing the Premises. This document shall become effective and binding only upon execution and delivery hereof by the Landlord and Tenant. No act or omission of any officer, employee or agent of the Landlord shall alter, change or modify any of the provisions hereof.
25. **Relationship of the Parties.** Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent, partnership, or joint venture partners, and no provision contained in this Agreement nor any acts of Tenant and the Landlord shall be deemed to create any relationship other than that of Tenant and the Landlord.
26. **Severability.** If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
27. **Non-Waiver of Breach.** The waiving of any of the covenants of this Agreement by either party shall be limited to the particular instance and shall not be deemed to waive any other breaches of such covenants. The consent by the Landlord to any act by Tenant requiring Landlord's consent shall not be deemed to waive consent to any subsequent similar act by Tenant.
28. **Applicable Law; Venue.** This Agreement, and the rights and obligations of the Parties hereto, shall be construed and enforced in accordance with the laws of the State of Washington. Jurisdiction and venue for any action on or related to the terms of this Agreement shall be exclusively in either the United States District Court for the Eastern District of Washington at Spokane or the Benton County Superior Court for the State of Washington, and the Parties irrevocably consent to the personal jurisdiction of such courts over themselves for the purposes of determining such action and waive any right to assert

a claim for inconvenient forum. In any action on or related to the terms of this Agreement, the Parties (for themselves and their successors and assigns) hereby waive any right to trial by jury and expressly consent to trial of any such action before the court.

29. **Leasehold Mortgage Provisions.**

- 29.1 Tenant may mortgage or otherwise encumber Tenant's leasehold estate under one or more mortgage, deed of trust, security agreement or collateral assignment, securing loans in favor of Tenant and encumbering Tenant's estate created (each, a "Leasehold Mortgage") and regulatory, use and other security agreements in connection therewith, provided such Leasehold Mortgage and regulatory, use or other security agreements are consistent with this Agreement and allowed by applicable law. To the extent provided by Washington law, Landlord shall have a statutory lien upon the improvements, fixtures and furnishings constructed on or located on the Premises by Tenant, which lien shall be subordinate to any and all Leasehold Mortgages created above.
- 29.2 If Tenant shall mortgage Tenant's leasehold estate, the holder of such Leasehold Mortgage shall provide Landlord with written notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the mortgagee.
- 29.3 No cancellation, surrender, termination, or modification of this Agreement (in each case, other than in accordance with the terms of this Agreement) shall be effective as to any Leasehold Mortgage unless Landlord first provides written notice to the holder, mortgagee, grantee or secured party under such Leasehold Mortgage (together with its successors and assigns, the "Leasehold Mortgagee").
- 29.4 Landlord, upon providing Tenant any notice of (i) an event of default under this Agreement, (ii) termination of this Agreement, or (iii) failure of Tenant to exercise any renewal option or purchase option prior to the expiration date thereof, shall, at the same time provide a copy of such notice to any Leasehold Mortgagee. After such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any event of default or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance, the additional periods of time specified herein to remedy, commence remedying, or cause to be remedied the events of default specified in any such notice. Landlord shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes each Leasehold Mortgagee to make any such action at such Leasehold Mortgagee's option and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose.
- 29.5 **Rights of Leasehold Mortgagees.**
- 29.5.1 Each Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of this Agreement, to pay all of the rents due

and amounts payable by Tenant to Landlord hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent a termination of this Agreement as the same would have been if made, done and performed by Tenant instead of by a Leasehold Mortgagee. Landlord shall have no right to terminate this Agreement or Tenant's possession of the Premises if such cure is made by a Leasehold Mortgagee in accordance with the terms of this Agreement.

29.5.2 All rights of Landlord to terminate this Agreement as the result of the occurrence of any event of default shall be subject to, and conditioned upon: (i) Landlord having first given each Leasehold Mortgagee notice of such event of default as provided in Section 29.4 above and; (ii) no Leasehold Mortgagee having remedied such default or acquired Tenant's Leasehold Estate created hereby or commence foreclosure or other appropriate proceedings in the nature thereof within the time and manner set forth in Section 29.5.3 or 29.5.4 below, as applicable.

29.5.3 Should any event of default under this Agreement occur which is of a curable nature, and not be cured by or on behalf of Tenant within the applicable notice and cure period provided in this Agreement, Landlord shall not terminate this Agreement nor exercise any other remedy hereunder unless it first gives written notice of such event of default to each Leasehold Mortgagee and, thereafter, no Leasehold Mortgagee has, within 30 days of receipt of said written notice, either (i) remedied such default; or (ii) obtained title to Tenant's interest in the Premises in lieu of foreclosure and subsequently remedied the default; or (iii) commenced foreclosure or other appropriate proceedings in the nature thereof and thereafter diligently prosecuted such proceedings to completion, and subsequently remedied the default. If a Leasehold Mortgagee takes any of the actions in (i) through (iii) above, then such event of default shall be deemed remedied.

29.5.4 Any event of default under this Agreement which in the nature thereof cannot be remedied by Tenant or a Leasehold Mortgagee, as reasonably determined by the Landlord, shall be deemed to be remedied if, within 30 days of receipt of Landlord's written notice setting forth the nature of such event of default, a Leasehold Mortgagee either (a) obtains title to Tenant's interest in the Premises in lieu of foreclosure; or (b) commences foreclosure or other appropriate proceedings in the nature thereof and thereafter diligently prosecutes such proceedings to completion. The deemed remedy of the default that triggered the notice to Leasehold Mortgagees shall not constitute a waiver of any future defaults.

29.6 If this Agreement is terminated or extinguished for any reason, including by rejection of any receiver or trustee in bankruptcy or by operation of law, Landlord

shall, in addition to providing the notices required by Sections 29.4 and 29.5, provide each Leasehold Mortgagee with written notice that this Agreement has been terminated, together with a statement of all sums which would at the time be due under this Agreement but for such termination, and of all other defaults, if any, then known to Landlord. Landlord may enter into a new lease ("New Lease") of the Premises with such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale, with the same priority as this Agreement. If there exists more than one Leasehold Mortgagee, each Leasehold Mortgagee (or its designee or any other purchaser at a foreclosure sale) may be offered the opportunity to enter into such New Lease in the order of the priority of their Leasehold Mortgages and, if Landlord makes such offer, each Leasehold Mortgagee (or its designee or any other purchaser at a foreclosure sale) shall be given 15 days following written notice to exercise such option. The New Lease shall be on the same terms and conditions contained in this Agreement and shall be for the remainder of the term which would otherwise then exist under this Agreement; provided, however:

29.6.1 Such Leasehold Mortgagee shall make written request upon Landlord for such New Lease within 30 days after the date such Leasehold Mortgagee receives Landlord's notice of termination of this Agreement given pursuant to this Section 29.6;

29.6.2 Such Leasehold Mortgagee or its designee shall pay or cause to be paid to Landlord at the time of the execution and delivery of such New Lease, any and all sums which are at the time of execution and delivery thereof due pursuant to this Agreement regardless of such termination and, in addition thereto, all reasonable expenses, including reasonable attorneys' fees, which Landlord shall have incurred by reason of such termination and the execution and delivery of the New Lease and which have not otherwise been received by Landlord from Tenant or other party in interest under Tenant.

29.6.3 Such Leasehold Mortgagee or its designee shall remedy any of Tenant's defaults of which said Leasehold Mortgagee was notified by Landlord's notice of termination;

29.6.4 Any Tenant under a New Lease made pursuant to this Section 29.6 shall have the same right, title and interest in and to the Premises and the improvements thereon as Tenant had under this Agreement; and

29.6.5 The Tenant under any such New Lease shall be liable to perform the obligations imposed on the Tenant by such New Lease only during the period such person has ownership of such leasehold estate.

30. **Notices.** All payments, demands and notices required herein shall be deemed to be properly served if personally delivered, or if sent by overnight courier or certified mail with postage prepaid, to the last address furnished by the Parties hereto. Until hereafter changed by the Parties, in writing, notices shall be addressed as follows:

(a) LANDLORD: Port of Kennewick
c/o Chief Executive Officer
350 Clover Island Drive
Kennewick, WA 99336

(b) TENANT: CII Hospitality, LLC

The date of service of such notice shall be upon personal delivery, one (1) day after such notice is deposited with reliable overnight courier or three (3) days after such notice is deposited in a Post Office of the U.S. Post Office Department.

31. **Time Of The Essence.** It is mutually agreed that time is of the essence in the performance of all covenants and conditions to be kept and performed under the terms of this Agreement.
32. **Surrender of Possession: Disposition of Buildings and Improvements.** In the event this Agreement is terminated due to default by Tenant or upon expiration of the Initial Term of this Agreement or any exercised option as outlined in Section 4, Tenant shall, upon transfer of ownership of the improvements constructed or installed on the Premises to the Landlord, remove all of its property defined as trade fixtures or personal property from the Premises and surrender the entire possession of its rights to the Landlord. The Landlord, at its option, reserves the right to enter into a new Agreement, or reject ownership and require that all buildings and improvements, including foundations, footings, foundation walls and slabs be removed within one hundred twenty (120) days of the termination date; provided, however, that Tenant shall be granted a three (3) month extension, without penalty, upon showing of good cause for delaying the removal of the building and improvements. Landlord shall notify Tenant of its intent within sixty (60) days of the cancellation or expiration.
33. **Paragraph Headings.** Paragraph headings contained herein are for convenience in reference only, and are not intended to define or limit the scope of any provisions of this Agreement.

EXHIBITS

- A – Legal Description
- B – Memorandum of Ground Lease
- C – Dock Permit
- D – Property Improvement Plan

[Remainder of page left intentionally blank. Signature page to follow.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date set forth above.

LANDLORD:
PORT OF KENNEWICK, a Washington
Municipal corporation, by authority of its Commissioners

By: _____
Tim Arntzen, Chief Executive Officer

Approved:

Approved as to Form:

Nick Kooiker, Chief Financial Officer

Taud Hume, Port Counsel

TENANT:
CII HOSPITALITY, a Washington limited liability company

By: _____

Its: _____

STATE OF WASHINGTON)

: ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of the **Port of Kennewick**, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned therein.

Dated this ____ day of _____, 2024.

[Signature of Notary]

[Print Name of Notary]

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

My commission expires: _____

STATE OF WASHINGTON)

: ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of CII Hospitality, LLC, a Washinton limited liability company, to be the free and voluntary act of such entity for the uses and purposes mentioned therein.

Dated this ____ day of _____, 2024.

[Signature of Notary]

[Print Name of Notary]

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

My commission expires: _____

EXHIBIT A

(Legal Description)

EXHIBIT B

(Memorandum of Ground Lease)

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE AGREEMENT (this “Memorandum”) is made and entered into this _____ day of _____, 2024 (the “Effective Date”), by and between the PORT OF KENNEWICK, a municipal corporation created pursuant to the laws of the State of Washington, (as the “Port” or “Landlord”) and CII HOSPITALITY, LLC, a Washington Limited Liability Company (as “Tenant”), who are collectively referred to herein as the “Parties.”

RECITALS

A. Landlord and Tenant entered into that certain Ground Lease Agreement dated _____, 2024 (the “Lease”) whereby Landlord agreed to lease to Tenant real property located on Clover Island, City of Kennewick, County of Benton, State of Washington, which is legally described as:

Lots 10, 11, 29, 30, 31, 32, 33, 34 and 35; together with the platted roadway lying easterly of the west boundaries of Lots 27 and 30, subject, however, to a right off ingress and egress over the southerly 30 feet thereof for Owner and its invitees and assigns, all a part of “Clover Island” as recorded under Benton County Auditor’s File Number 729176, records of Benton County, Washington.

(the “Property”).

B. The Parties wish to give notice of the existence of the Lease.

NOW, THEREFORE, in consideration of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Landlord and Tenant have entered into the Lease to lease and operate the Property.
2. The Initial Term of the Lease commences on the _____ day of _____, 2024 and ends on the _____ day of _____, 20____. Tenant has the option to renew the Lease for three (3) consecutive ten (10) year terms thereafter upon written consent of the Landlord.
3. The sole purpose of this Memorandum is to give notice of the Lease and its terms, covenants and conditions. This Memorandum shall not modify in any manner the terms, covenants, conditions or intent of the Lease and the Parties agree that this Memorandum is not intended, nor shall it be used to interpret the Lease, or determine the rights of the Parties under the Lease.
4. The terms and conditions of the Lease are incorporated by reference into this Memorandum as if set forth fully herein at length.

IN WITNESS WHEREOF, the Parties have executed this Memorandum as of the Effective Date first above written.

LANDLORD: **PORT OF KENNEWICK**

By: _____

Name: _____

Its: _____

TENANT: **CH HOSPITALITY, LLC**

By: _____

Name: _____

Its: _____

STATE OF WASHINGTON)

: ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of the **Port of Kennewick**, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned therein.

Dated this ____ day of _____, 2024.

[Signature of Notary]

[Print Name of Notary]

Notary Public in and for the State of

_____, residing at _____

My commission expires: _____

STATE OF WASHINGTON)

: ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of CII Hospitality, LLC, to be the free and voluntary act of such entity for the uses and purposes mentioned therein.

Dated this ____ day of _____, 2024.

[Signature of Notary]

[Print Name of Notary]

Notary Public in and for the State of

_____, residing at _____

My commission expires: _____

EXHIBIT C

(Dock Permit)

EXHIBIT D

(Property Improvement Plan)

PROPERTY IMPROVEMENT PLAN

Hilton



PREPARED FOR:

Clover Island Inn

To be converted to a Spark by Hilton



(InnCode: , Facility ID: 61964)

PIP Number: PIP-008551

435 N Clover Island Dr,
Kennewick, Washington,
United States,
99336

Inspection Date :24-Jan-2024
by Jamie Lawrence

Not for Contractual Use

PIP CONTACT

Jamie Lawrence

Email: jamie.lawrence@hilton.com

Phone: (303) 408-6942

Hilton

W
WALDORF ASTORIA

LXR

CONRAD

canopy

Signia
by Hilton

Hilton

CURIO
COLLECTION

DOUBLETREE

TAPESTRY
COLLECTION

EMBASSY
SUITES

TEMPO

MOTTO

Hilton
Garden Inn

Hampton

tru

spark

HOMEWOOD
SUITES

HOME2
SUITES

Hilton
GRAND VACATIONS

Hilton
HONORS

Generated on: 29-Jan-2024

BRAND STANDARDS

| # | ITEM DESCRIPTION | DUE DATE |
|---------------------|--|---------------------|
| PIPI-1152984 | This PIP will expire one year after the Inspection Date ("PIP Expiration Date") unless you have entered into a Franchise Agreement or Branding and Management Agreement with Hilton or its affiliates prior to the PIP Expiration Date. | 25-Jan-2025 |
| PIPI-1152985 | The proposed layouts and finishes for all renovations must be approved in advance by the Hilton Architecture, Design, and Construction team prior to any work commencing. Visit https://designinformation.hilton.com/ for resources that can help you with many of the subjects covered in this document. | Per Brand Standards |
| PIPI-1152986 | <p>You must obtain Brand Package and OS&E procurement services from our affiliate, HSM. You may not obtain any item within a Brand Package or Brand Package procurement services from any other sources. In addition, we require you to obtain and use certain finishes, furniture, furnishings, fixtures, equipment, décor, amenities, and other supplies that are not included within a Brand Package.</p> <p>We have a designated grouping of specifically-selected finishes, specifications, casegoods, furnishings, fixtures, equipment, and operating supplies and equipment ("OS&E") (the "Brand Package") that meet our Standards and specifications for the conversion of your property to a Spark by Hilton brand. You must use this package for the Conversion of your hotel, and you must purchase or lease the items in the Brand Package only from approved suppliers.</p> | Per Brand Standards |
| PIPI-1152987 | Fixed Renovation Cycle Management (FRCM) - This hotel must be renovated to meet the fixed renovation cycle brand standard. A soft goods renovation must begin no later than 7 years after the date the hotel opens as a Spark by Hilton. The renovation must be complete no later than 7 years plus 90 days after the date the hotel opens as a Spark by Hilton. | Per Brand Standards |

EXTERIOR

BUILDING

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152896 | <p>Building exterior:</p> <p>Complete the following scope of work using the required Spark by Hilton specifications:</p> <ul style="list-style-type: none"> - Clean, repair, and paint exterior finishes, exhaust louvers and pipes, soffits, exterior doors and frames, and other wall components to match their adjacent wall color. - Repair and Paint gutters and downspouts | Pre Conversion |
| PIPI-1152897 | Statement Mural: Provide the painted Spark by Hilton Statement Mural in a prominent location. Submit the location and size of the mural to Project HUB for review and approval by Hilton. | Pre Conversion |
| PIPI-1152899 | Replace window units that are fogged and/or have broken seals. | Pre Conversion |
| PIPI-1152900 | <p>Secondary entrances:</p> <ul style="list-style-type: none"> - Replace "building locked- key card required" signage | Pre Conversion |
| PIPI-1152902 | <p>Porte-cochere:</p> <ul style="list-style-type: none"> - Replace trash receptacles, seating, and planters. - Provide new clearance height signs on both sides of the porte cochere - Replace tile at the entry walkway with a non-slip surface. | Pre Conversion |
| PIPI-1155281 | <ul style="list-style-type: none"> - Replace fabric awnings or provide updated structures to match the new building finishes. - Replace the blue banner signage. Provide update finishes to match the Spark by Hilton finishes. Submit a proposal to Hilton for review. | Pre Conversion |

GROUNDS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152906 | <p>Trash Collection Area:</p> <ul style="list-style-type: none"> - Demo the existing dumpster enclosure and construct a permanent dumpster enclosure using a minimum of wood or composite fencing with gates to conceal the trash/recycle bin. Submit the proposed design to Project HUB for review and approval by Hilton. - Paint the exterior, interior, and gates of the existing trash enclosure to match the main building. | Pre Conversion |
| PIPI-1152907 | <ul style="list-style-type: none"> - Remove temporary outdoor storage container. If outdoor storage is provided, submit proposed design to Project HUB for review and approval by Hilton. | Pre Conversion |

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| PIPI-1152908 | Clean and repair damaged sidewalks and curbs. | Pre Conversion |
| PIPI-1155282 | Remove the "Clover Cantina" bar from the property including, but not limited to: bar equipment, plumbing, and electrical. | Pre Conversion |
| PARKING | | |
| # | SCOPE OF WORK | DUE DATE |
| PIPI-1152909 | - Replace parking signage including branded signage and park at your own risk signage - Provide Hilton Honors parking signage | Pre Conversion |
| PIPI-1152910 | - Repair damaged areas in the parking lot. - Seal and Stripe the parking lot | Pre Conversion |

LOBBY AREA

| | | |
|---------------------|--|-----------------|
| ENTRANCE | | |
| # | SCOPE OF WORK | DUE DATE |
| PIPI-1152946 | Vestibule/Entrance: Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package: - Install Spark by Hilton signature graphics at the entry doors. - Install a card reader, intercom/phone and required instructional signage | Pre Conversion |

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|---------------------|---|-----------------|
| LOBBY | | |
| # | SCOPE OF WORK | DUE DATE |
| PIPI-1152948 | - Replace ceiling tiles that are damaged or stained. Paint the existing grid. - Remove ceiling fans - Provide functional exit signs at all exits - Remove ATM | Pre Conversion |
| PIPI-1152949 | Relocate the existing TV from the elevator lobby and provide the Spark by Hilton entertainment zones in the lobby. - Provide the Spark by Hilton accent wallcovering and storage cubbies. - Replace TVs with 50" wall mounted TVs - Hide cords from guest view | Pre Conversion |
| PIPI-1152950 | - Completely remove the existing Business Center seating and desks - Remove equipment, graphics, and OSE and provide a single print station for guests at the front desk. | Pre Conversion |
| PIPI-1152951 | Provide the Spark by Hilton Elevated Coffee Cart. - Remove existing coffee station serving equipment | Pre Conversion |
| PIPI-1152952 | Provide a water bottle filler. Locate near the fitness center or other location on first floor that is accessible to guests without key card access. | Pre Conversion |
| PIPI-1152956 | General (Lobby, Registration, Retail, Vestibule) Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package: - Replace existing wall finishes - Paint door frames - Paint wood trim and other wood details - Paint or replace exhaust grills - Replace corner guards to match new color scheme - Replace all flooring and wall base - Replace FFE- Seating, decorative lighting, casegoods, window treatment, artwork/mirrors - Remove track lighting - Adjust electrical location for new decorative lighting/pendants | Pre Conversion |

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| MARKET/RETAIL | | |
| # | SCOPE OF WORK | DUE DATE |
| PIPI-1152953 | Retail: Remove existing retail display and provide the Spark by Hilton retail solution in line of sight from the arrival desk. Provide dry good display units, refrigeration units, and microwave unit. | Pre Conversion |

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|---------------------|----------------------|-----------------|
| REGISTRATION | | |
| # | SCOPE OF WORK | DUE DATE |

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|---------------------|---|----------------|
| PIPI-1152954 | <p>Arrival Desk: Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package:</p> <ul style="list-style-type: none"> - Paint walls where there is existing paint - Replace existing guest-facing desk cladding with tambour cladding. - Provide the Arrival Wall graphics near the arrival desk and in line of sight of the main entry - Replace all guest-facing countertops with a white stone top (including the countertops behind the front desk). - Replace/remove any additional FFE located near the front desk - Replace carpet and base behind the front desk - Remove track lighting - Refinish the cabinets behind the front desk with the Spark by Hilton finishes. | Pre Conversion |
| PIPI-1152955 | <ul style="list-style-type: none"> - Provide safe deposit boxes (1 box per 20 guestrooms) when not provided in guestrooms. - Provide a remote release switch tied to the main entry door for afterhours guest access. - Replace damaged or stained acoustical ceiling tiles. Paint existing ceiling grid. - Replace light fixtures with new decorative fixtures or recessed can lights. | Pre Conversion |
| PIPI-1155285 | <ul style="list-style-type: none"> - Remove the security video screens from the front desk and locate in a space not visible to guests. - Relocate awards to the back-office area. | Pre Conversion |

PUBLIC RESTROOMS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152960 | <p>Public Restrooms:</p> <ul style="list-style-type: none"> - Paint walls where there is existing paint - Paint wood trim and other wood details - Replace ceiling tiles that are damaged or stained. Paint the existing grid. - Paint existing doors - Paint door frames - Replace door hardware | Pre Conversion |

FOOD AND BEVERAGE

BAR

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152920 | <p>Completely remove the bar area from the property including, but not limited to: bar equipment, millwork, plumbing, electrical, decorative lighting, seating, and countertops. Repair walls, floors, and ceilings in the demo area to match the new finishes in the adjacent spaces.</p> | Pre Conversion |

COMP FACILITIES

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152921 | <p>Breakfast (General- seating and serving area): Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package:</p> <ul style="list-style-type: none"> - Replace existing wall finishes - Paint hard ceilings - Paint wood trim and other decorative wood items - Replace corner guards to match new color scheme - Replace all existing flooring and base - Replace FFE- Seating, tables, casegoods, decorative lighting - Sand, prep, and paint existing doors | Pre Conversion |
| PIPI-1152923 | <p>Breakfast serving counter: Install a new breakfast serving counter using the required Spark by Hilton Specifications and Brand Package:</p> <ul style="list-style-type: none"> - Replace existing service counter and provide base storage cabinets with a 30" x 16'-6" serving counter with a white stone top. - Provide tile backsplash extending the new chair rail - Install chair rail millwork for artwork - Install tambour panel with "Good Morning" design - Replace display ware, fixtures, equipment and graphics | Pre Conversion |

KITCHEN

| # | SCOPE OF WORK | DUE DATE |
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| PIPI-1152925 | Food Prep: - Provide a juice machine - Provide a 3-compartment sink | Pre Conversion |
|---------------------|---|----------------|

MEETING FACILITIES

MEETING ROOMS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152957 | - Remove the "Island Room". Convert to a guestroom or storage room. - If the space is utilized for storage, provide an addressable smoke detector | Pre Conversion |
| PIPI-115286 | The meeting room is optional. If the meeting room is to be removed, remove all equipment and submit a re-purposing proposal to Hilton for approval. If the meeting room remains operable, complete the following work listed below. - Reduce the total available space to less than 1000 square feet and convert to a Hospitality room. Submit a re-purposing proposal of the remaining space to Hilton for approval. - Lock the existing space off from guest access - Provide a frosted glass film on all windows to prevent visibility into the space by guests. - If the space is utilized for storage, provide an addressable smoke detector - Paint walls where there is existing paint - Paint door frames - Replace door hardware. - Replace corner guards to match new color scheme - Replace carpet and carpet base - Replace FFE - Seating, tables, decorative lighting, window treatment, artwork/mirrors - Replace damaged or stained acoustical ceiling tiles. Paint existing ceiling grid. | Pre Conversion |

RECREATION FACILITIES

FITNESS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152963 | Fitness centers are optional. If the fitness center is to be removed, convert the room to storage or other use approved by Hilton. Remove the equipment. If the fitness center remains, complete the following scope of work listed in other lines of this section. | Pre Conversion |
| PIPI-1152964 | - Replace existing door and provide a glass door or door with a window viewer - Provide a card reader to prevent after-hours access by guests - Replace track lighting with new decorative fixtures - Provide an accent wall - Replace flooring with rolled resilient fitness flooring with a matching base. - Wire lighting to remain on 24/7 or provide occupancy sensor with a 30 minute delay and a minimum of one light on 24/7. - Conceal conduit - Remove plants | Pre Conversion |
| PIPI-1152965 | Replace all equipment and provide minimum of 3 zones- cardio, strength, and stretch. Contact a Hilton approved fitness supplier to provide the equipment and submit to Hilton ADC for approval. | Pre Conversion |
| PIPI-115284 | Infill wall between the pool/restroom corridor and the fitness room. Patch/repair the demo area, and extend the new and adjacent Spark by Hilton finishes into this area. | Pre Conversion |

SWIMMING POOL

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152966 | The pool is optional. If the swimming pool is to be removed, submit a repurposing proposal to Hilton for approval. The pool and all associated equipment must be removed. If the pool remains operable complete the following work listed in other lines of this section. | Pre Conversion |
| PIPI-1152967 | Outdoor Pool Area: - Install a self-closing/self-latching gates with a card lock - Repair and paint existing fencing and posts - Replace all rusted metal components including, but not limited to fencing, ladders, and pool lift - Powerwash and clean the pool deck. Repair where needed. - Replace the pool furniture with Spark by Hilton pool furniture | Pre Conversion |

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|---------------------|--|----------------|
| PIPI-1152968 | <ul style="list-style-type: none"> - The pool/whirlpool was winterized at the time of the PIP walk. This area will be reviewed at another time. Please submit photos to Hilton for review. Additional requirements may be required. - Install new imperial and metric depth markers and "no diving" symbol and letter tiles around the pool/whirlpool deck and water line. | Pre Conversion |
| PIPI-1152969 | Canopy Area: <ul style="list-style-type: none"> - Replace the orange fabric awning. Provide an updated structure to match the Spark by Hilton finishes. - Remove BBQ's | Pre Conversion |
| PIPI-1152973 | Provide addressable smoke, heat, and carbon monoxide detectors in the pool equipment room. | Pre Conversion |
| PIPI-1152974 | Pool Restrooms: <ul style="list-style-type: none"> - Paint walls where there is existing paint - Paint hard ceilings - Paint existing doors - Paint door frames - Replace door hardware with an auto-release push button lever latchset | Pre Conversion |
| PIPI-1152975 | Showers/Sauna: <ul style="list-style-type: none"> - Remove the showers and sauna (including plumbing fixtures) and repair the area to match adjacent finishes. - If the space is utilized for storage, provide an addressable smoke detector - Remove the sauna door. Patch/repair frames, flooring, and walls where the hardware was connected to remove all evidence of an existing door. | Pre Conversion |
| PIPI-1152976 | Toilet accessories/Fixtures: <ul style="list-style-type: none"> - Provide grab bars and coat hooks - Replace mirrors - Remove artwork - Deep clean tile and grout or replace | Pre Conversion |

CIRCULATION

CORRIDORS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152889 | General (corridors, elevator lobbies, guest laundry, and vending): Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package: <ul style="list-style-type: none"> - Paint walls where there is existing paint - Paint hard ceilings - Replace corner guards to match new color scheme - Paint wood trim and other decorative wood items - Replace light fixture lenses with frosted lenses or recessed can lights. - Replace carpet and carpet base - Paint existing wood base - Deep clean tile, base and grout - Replace FFE- Decorative lighting (ceiling and wall sconces) and furnishings - Sand, prep, and paint existing doors - Replace door hardware. | Pre Conversion |
| PIPI-1152890 | - Replace ceiling tiles that are damaged or stained. Paint the existing grid. | Pre Conversion |
| PIPI-1152891 | Vending area: <ul style="list-style-type: none"> - Remove snack/drink machines - Replace surface mounted light fixtures with new decorative fixtures - Replace damaged flooring and wall base - Replace vinyl base | Pre Conversion |

ELEVATOR LOBBIES

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152892 | Elevator lobbies: <ul style="list-style-type: none"> - Paint elevator doors and frames - Replace ceiling tiles that are damaged or stained. Paint the existing grid. - Replace flooring and wall base - Paint existing wood base - Paint wood trim and other decorative wood items - Replace light fixture lenses with frosted lenses or recessed can lights. - Provide emergency egress "in case of fire" signage | Pre Conversion |

- Remove local attractions information stands
- Remove plants

ELEVATORS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152893 | Elevators: <ul style="list-style-type: none"> - Provide emergency egress "in case of fire" signage in the cab - Replace flooring - Replace wall panels - Replace egg crate diffusers with frosted lenses | Pre Conversion |

GUEST LAUNDRY

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152894 | Guest laundry: Guest laundry is optional. If removed, submit a proposed re-use solution to Hilton for approval. If Guest laundry remains, complete the following scope of work: <ul style="list-style-type: none"> - Paint existing door and frame - Provide a key card reader - Provide a table for folding clothes - Replace surface-mounted light fixture with decorative lighting - Deep clean tile and grout - Replace the wall base - Wire lighting to remain on 24/7 or provide occupancy sensor with a 30-minute delay and a minimum of one light on 24/7. - Provide a wall-mounted outlet for a house telephone with automatic dialing to the front desk. | Pre Conversion |

STAIRS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152895 | Stairwells: <ul style="list-style-type: none"> - Paint walls, rails, and ceilings - Clean, reseal, or paint concrete floors - Provide panic hardware and door closer on the door - Provide floor-level signage - Provide emergency lighting with backup power - Provide a gate and lock to the roof access to prevent guest access. - Remove all storage from under the stairs | Pre Conversion |

GUEST ROOMS / SUITES**BATHROOM**

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152930 | Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package: <ul style="list-style-type: none"> - Paint walls where there is existing paint - Remove heat lamps and provide new bath exhaust grilles. - Replace existing vanity - Replace decorative lighting and mirror - Replace all toilet accessories - Replace sink and faucet - Replace existing shower heads | Pre Conversion |
| PIPI-1152931 | <ul style="list-style-type: none"> - Replace ivory outlets, switches, and coverplates with white components - Remove recessed tissue holder. Patch/repair to match with the adjacent finishes. - Remove wall-mounted hair dryers. Patch/repair to match with the adjacent finishes. | Pre Conversion |
| PIPI-1152932 | <ul style="list-style-type: none"> - Provide vertical grab bars on the tub/shower walls - Replace surrounds with cultured marble surrounds that extend to the ceiling - Replace shower valve trim kit, spout, and drain kit - Replace existing shower doors | Pre Conversion |
| PIPI-1152933 | Bathroom doors: <ul style="list-style-type: none"> - Sand, prep, and paint existing doors. - Replace door hardware. Provide privacy latchset with push button-lock with auto-release when the door is shut closed or the lever turns. | Pre Conversion |

BEDROOM

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152934 | Complete the following scope of work using the required Spark by Hilton Specifications and Brand Package: <ul style="list-style-type: none"> - Paint walls where there is existing paint - Repair and paint the hard ceilings. - Paint door frames - Replace corner guards to match new color scheme - Replace carpet and carpet base - Replace LVT and base. Note: Spark approved LVT may be provided in place of carpet. - Replace entry tile. - Replace FFE- Seating, decorative lighting, casegoods, window treatment, artwork/mirrors - Remove wall-mounted sconces. Cap off the electrical. - Replace mattress/box spring/bed base - Replace TV with 50" TV - Provide Cubie Power Outlets - Replace refrigerators - Remove microwaves - Conceal exposed conduit | Pre Conversion |
| PIPI-1152935 | Entry Door and Hardware: <ul style="list-style-type: none"> - Sand, prep, and paint existing wood doors - Replace the evacuation signage on the door with Spark by Hilton signage. Hardware: - Replace Smoke seals, Door guard with safety flip latch, Door viewer with 180-degree door viewer with cover - Provide Door sweep | Pre Conversion |
| PIPI-1152936 | Connecting Door and Hardware: <ul style="list-style-type: none"> - Sand, prep, and paint existing doors Hardware: <ul style="list-style-type: none"> - Replace Latchset with one-way lever latchset, Deadbolt with one-sided thumb turn deadbolt - Provide Spring hinges, Full width adjustable vinyl threshold, Smoke seals, Safety flip latch (match entry door), Overhead stop or wall stop. | Pre Conversion |
| PIPI-1152937 | Bedroom Door and Hardware <ul style="list-style-type: none"> - Sand, prep, and paint existing wood doors - Replace door hardware with Privacy lever latchset with auto-release push button lock | Pre Conversion |
| PIPI-1152938 | Patio Doors: <ul style="list-style-type: none"> - Provide non-keyed, auxiliary/additional locking device (safety door chains are not permitted) Balconies: <ul style="list-style-type: none"> - Replace the balcony furniture with Spark by Hilton furniture | Pre Conversion |
| PIPI-1152939 | Closets: <ul style="list-style-type: none"> - Replace the existing rod and shelf and OSE. | Pre Conversion |
| PIPI-1152940 | Wet Bars: <ul style="list-style-type: none"> - Replace wet bar finishes with Spark by Hilton finishes. Replace existing wet bar top with white stone top. - Remove mirror - Replace faucet and sink | Pre Conversion |
| PIPI-1152942 | Completely remove all garden and whirlpool hot tubs and their equipment, plumbing, and electrical. Remove existing finishes and knee walls, patch/repair the demo area, and extend the new and adjacent Spark by Hilton finishes into this area. | Pre Conversion |
| PIPI-1152943 | Windows and storefronts: <ul style="list-style-type: none"> - Provide a child-proof locking device that prevents the window from opening more than 4" max. | Pre Conversion |
| PIPI-1152944 | Smoke detectors: Install a fully addressable hard-wired smoke detector system in all guestrooms. | Pre Conversion |
| PIPI-1152945 | Replace ivory outlet and switch coverplates with white coverplates when visible to guests | Pre Conversion |

BACK OF HOUSE

EMPLOYEE AREA

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152882 | Provide a dedicated employee break area and include the following: <ul style="list-style-type: none"> - Table and chairs - Countertop, storage cabinets, and sink | Pre Conversion |

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| | <ul style="list-style-type: none"> - Full size refrigerator and microwave - Lockers | |
| PIPI-1152883 | Employee Restroom: <ul style="list-style-type: none"> - Provide coat hooks. - Replace door hardware. Provide privacy latchset with push button-lock with auto release when the door is shut closed or the lever turns. | Pre Conversion |

LAUNDRY

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152884 | <ul style="list-style-type: none"> - Provide an addressable CO and smoke detector in the laundry room. - Provide self-closing/self-latching doors with a functioning fusible link and smoke seals at the linen chute doors. - Provide an eye wash station. | Pre Conversion |

OFFICES

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152885 | Office area: <ul style="list-style-type: none"> - Install a door at the front desk to screen the BOH office area from guest view. - Where not currently present, Install a push-button lock or electronic card reader and a one-way viewer in the entry door. - Replace flooring | Pre Conversion |

STORAGE ROOMS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152887 | Provide dedicated linen storage in the upper floor storage rooms. | Pre Conversion |

FIRE PROTECTION AND LIFE SAFETY

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152912 | Provide confirmation that adequate emergency lighting is provided in all public areas. Provide new light fixtures as needed to comply with Spark by Hilton standards. | Pre Conversion |
| PIPI-1152913 | Fire and Life Safety - A Hilton Fire and Life Safety Survey checklist must be satisfactorily completed and signed by an appropriate engineer or approved hotel representative. All FLS conditions not in compliance with Hilton brand standards must be corrected prior to conversion. The more stringent requirements between brand standards and local or regional codes must be followed as a minimum. | Pre Conversion |
| PIPI-1152914 | Fire Alarm: Install fire alarm pull station in "close proximity" to the front desk. | Pre Conversion |
| PIPI-1152915 | Provide addressable Carbon Monoxide detectors in the following areas where not currently located: hotel laundry, pool pump room, and water heater room. | Pre Conversion |
| PIPI-1152917 | Stairwells: <ul style="list-style-type: none"> - Modify guardrails so there are no gaps larger than 4"/102mm o.c. and rails are not horizontal or climbable. - Provide stair risers | Pre Conversion |
| PIPI-1152918 | The building is not sprinklered. Install a fully addressable hard-wired smoke detector system in all rooms in the building including, but not limited to all guestrooms, Interior guest suite corridors, elevator lobbies, mechanical rooms, electrical rooms, elevator/lift machine rooms, engineering, maintenance, utility rooms, computer/telecom/pbx rooms, storage rooms over 35sf. Submit a third-party certification from a licensed fire protection and detection engineer describing the function and operations of the addressable smoke detector system and locations of the detectors and alarms. | Pre Conversion |
| PIPI-1152919 | Provide fire extinguishers in the following areas where not currently located: Office areas, Laundry, Engineering and mechanical spaces, Kitchens, and storage rooms | Pre Conversion |

TECHNOLOGY

| # | SCOPE OF WORK | DUE DATE |
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|---------------------|---|----------------|
| PIPI-1152979 | Locks: Replace the electronic card lock system with a Hilton approved card lock model. New RFID locks must be compatible with Hilton Digital Key and have BLE technology. Retrofit solutions must be approved by Hilton. | Pre Conversion |
| PIPI-1152980 | Connected Room: The Hilton Connected Room Edge Controller must be installed at all guestroom TVs. Connected Room resources are available on the Hilton Lobby upon signing of the FA. For questions regarding Connected room contact "in_room_technology@hilton.com" | Pre Conversion |
| PIPI-1152981 | Free-To-Guest TV: Provide the minimum 40 HD Channel lineup in all guestrooms from the Hilton FTG TV Marketplace. An approved list of FTG providers and the required channel lineup can be found on the Hilton Lobby upon signing of the FA. | Pre Conversion |
| PIPI-1152982 | Guest Internet Access: Install Stay Connected™ Guest Internet Access. The Guest Internet Access must be provided by a Hilton approved vendor and comply with all Stay Connected Technology requirements and UnoNet technical standards including, but not limited to minimum of CAT5e cabling throughout the building. Findings in the initial StayConnected survey may require additional work to update the network for compliance with Brand Standards. For more Stay Connected Resources contact your PIP Writer, ADC Project Manager, or visit the Hilton Lobby upon signing of the FA | Pre Conversion |
| PIPI-1152983 | Property Management System: Install all components of the Hilton "PEP" Property Management System. Include proper wiring and outlets for all systems. *Only approved ancillary systems may be interfaced with OnQ. Non-approved systems must be replaced. Replace non-compliant phone and PBX systems with Hilton approved systems. | Pre Conversion |

SIGNAGE

| # | SCOPE OF WORK | DUE DATE |
|---------------------|--|----------------|
| PIPI-1152977 | Interior Signage: Replace existing interior signage with a Spark by Hilton interior sign package by a Hilton approved interior sign vendor. The interior sign package includes, but is not limited to wayfinding signage, directional signage, room signage, branded signage, fire life safety signage, and floor level signage. Replace all current or previous hotel branding collateral and marketing material. | Pre Conversion |
| PIPI-1152978 | Exterior Signage: Replace all exterior signage. Install a new sign package meeting all Spark by Hilton exterior signage standards. Provide a minimum of one building mounted channel letter sign and one ground mounted monument sign. All sign packages must be designed and manufactured by a Hilton licensed sign vendor and submitted to the Hilton exterior Signage team for review and approval prior to purchasing. | Pre Conversion |

GENERAL HOTEL ITEMS

| # | SCOPE OF WORK | DUE DATE |
|---------------------|---|----------------|
| PIPI-1152926 | Window Treatments: Replace all window treatments at each window in the building with the required Spark by Hilton window treatments. | Pre Conversion |
| PIPI-1152927 | Artwork: Replace all existing artwork at the hotel with Spark by Hilton required artwork. | Pre Conversion |
| PIPI-1152928 | Doors: Unless noted otherwise in this PIP complete the following: <ul style="list-style-type: none"> - Paint all guest-facing solid core wood veneer doors including, but not limited to guestroom doors (entry, bathroom, suite, closet, and connecting), corridor doors, public area doors, and guest-facing back of house doors such as storage rooms, mechanical rooms, and electrical rooms. - Paint metal and wood veneer exit stair doors - Replace guest-facing hollow core wood doors with solid core painted wood doors. - Replace all damaged doors with solid core painted wood doors. - Remove kickstops from doors. - Replace all door hardware. | Pre Conversion |
| PIPI-1152929 | OSE: Replace all Operating Supplies and Equipment with the required Spark by Hilton OSE from the New Hotel Order Guide. | Pre Conversion |

End of Report



AGENDA REPORT

TO: Port Commission

FROM: Larry Peterson, Director of Planning & Development

MEETING DATE: March 26, 2024

AGENDA ITEM: Oak Street Fire – Building Reconstruction Direction

I. REFERENCE(S):

- a. Resolution 2024-02
- b. Tenant Relocation Resources memo from Amber Hanchette to Tim Arntzen (dated 3/8/2024)
- c. Resolution 2024-06

II. FISCAL IMPACT:

Unknown at this time; however, the intent is to remain within insurance carrier proceeds.

III. DISCUSSION:

On April 11, 2023 there was a fire at the Port's Oak Street Development Building "D" located at 1328 E 3rd Avenue, Kennewick. While the Kennewick Fire Department did an excellent job minimizing the amount of damage, unit 9 was destroyed completely and unit 8 received a significant amount of damage as well.

Staff worked with our insurance company Cities Insurance Company of Washington (CIAW) to analyze costs associated with the damage. The Port also hired David Robison with Strategic Construction Management (SCM) to assist with reviewing the damage and analyzing the best path forward. Based upon all information gathered from May through December 2023, Port staff presented Resolution 2024-02, which directed staff to proceed with reconstruction to the original condition.

Port staff and SCM diligently pursued the directed path; however, after further detailed discussions with City building and fire officials it became apparent the "rebuilding to original" would yield a building with questionable life, health, and safety compliance. Further continuation of light industrial uses came into question. Staff reported these evolving issues to the Commission on February 27, 2024.

Staff explained the proposed partial demolition and revision would require existing tenants to vacate the remaining occupiable spaces. The Commission expressed concerns about the impacts to existing business and, if necessary, seemed supportive of providing a longer transition period than required by the lease documents. At present four (4) tenants occupying Bays 3 through 7 would be impacted by lease termination actions necessary for the partial demolition and revision of the fire damaged building. Those tenants are:

Bay 3: R&R General Contractor LLC, has operated a welding & fabrication in the space since 2019.

Bay 4: RL General Contractor LLC, has operated welding & fabrication in the space since 2019.

Bay 5: Renewal By Andersen, utilizes the space for overflow storage of windows and doors when their other Port leased spaces in Oak Street Buildings A & C are at capacity.

Bays 6 & 7, office, Bullpens 1, 5 & 6: North American Alloys has operated a metal import/export business involving cutting and grinding in the spaces since 2005.

The lease terms with Renewal By Anderson and North American Alloys requires a 60-day notice of termination; whereas the R&R General Contractor LLC and RL General Contractor LLC lease terms only requires a 20-day notice. Staff contacted our sister Tri-City Ports and developed a resource list for the tenants, which is attached as a reference to this agenda report.

The attached resolution would rescind Resolution 2024-02 directing staff to rebuild the structure to original condition, and instead direct staff to pursue the partial demolition/revision path and provide a 90-notice of termination to the existing tenants, which is longer than required.

IV. ACTION REQUESTED OF COMMISSION:

Motion: *I move approval of Resolution 2024-06, rescinding Resolution 2024-02 and directing staff to proceed with the partial demolition and reconstruction of Oak Street Development Building D and provide tenants an extended lease termination notice period of 90-days; and further authorize the Port Chief Executive Officer and employees to take all action necessary in furtherance hereof.*

PORT OF KENNEWICK

RESOLUTION 2024-02

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK
RATIFYING STAFF RECOMMENDATION TO REBUILD OAK STREET DEVELOPMENT
BUILDNG D, 1328 EAST 3RD AVENUE BACK TO ITS ORIGINAL CONDITION**

WHEREAS, Oak Street Development Building D suffered fire damage on April 11th, 2023, sustaining significant damages to unit 8 and unit 9 located at 1328 East 3rd Avenue; and

WHERAS, Port staff has been working with various consultants, the City of Kennewick, and the Port's insurance carrier to determine the best path forward; and

WHERAS, through this research, Port staff has determined it is in the best interest of the Port to rebuild the structure as it was before, utilizing reimbursements from the insurance carrier.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick hereby ratify Port staff's recommendation to rebuild Oak Street Development Building D located at 1328 East 3rd Avenue to its original condition, using the Port's insurance carrier on a fully reimbursable basis.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 9th day of January, 2024.

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

By: DocuSigned by:
Skip Novakovich
0E53A30E1C8E442...

SKIP NOVAKOVICH, *President*

By: DocuSigned by:
Kenneth Hohenberg
89F77EAC8921416...

KENNETH HOHENBERG, *Vice President*

By: DocuSigned by:
Thomas Moak
A35176A2D2CD413...

THOMAS MOAK, *Secretary*



MEMO

DATE: 3/8/2024
TO: Tim Arntzen, CEO
FROM: Amber Hanchette, Director of Real Estate
RE: Industrial Space Outreach

The following research was conducted on available industrial space under 10,000 sf in the greater Tri-Cities area.

Port of Pasco: 3704 Swallow, Pasco, WA
Port of Benton: No availability currently.

LoopNet:

| <u>Address</u> | <u>City</u> | <u>Agent</u> |
|----------------------------|-------------|---------------------------------|
| 550 E. Bruneau Ave | Kennewick | Derrick Stricker (509) 591-9949 |
| 1907 E. James St | Pasco | Derrick Stricker (509) 591-9949 |
| 5710 Rd. 92 | Pasco | Scott Sautell (509) 430-8986 |
| 836 S. 3 rd Ave | Pasco | Kenny Teasdale (509) 943-5200 |

MLS Search (Benton City, Finley, Hermiston, Kennewick, Kiona, Pasco, Richland, Wallula, West Richland)

| <u>Address</u> | <u>City</u> | <u>Agent - Agent Name</u> |
|------------------------------|---------------|---------------------------------|
| 1600 Dale Ave. | Benton City | Aaron Rowe (509) 737-9429 |
| 10379 W Clearwater Ave | Kennewick | Jazmine Murillo (509) 792-0428 |
| 5418 W Hood Units 110-140 | Kennewick | Rob Ellsworth (509) 737-9429 |
| 5115 W Brinkley Road | Kennewick | Rob Ellsworth (509) 737-9429 |
| TBD Wiser Pkwy | Kennewick | Scott Sautell (509) 737-9429 |
| 3306 Swallow Ave - Suite 203 | Pasco | Derrick Stricker (509) 591-9949 |
| 3306 Swallow Ave - Suite 201 | Pasco | Derrick Stricker (509) 591-9949 |
| 3205 Commercial Avenue A101 | Pasco | Anna Grigsby (509) 735-4042 |
| 308 Wellhouse Loop #1E | Richland | Timothy Bush Jr (509) 947-7913 |
| 323 Wellsian Way | Richland | Ashley Mbala (541) 379-1338 |
| 2465 Stevens Dr | Richland | Scott Sautell (509) 737-9429 |
| 1857 Bronco Lane | Richland | Mary Williams (509) 521-0673 |
| 2151 Henderson Loop | Richland | Rob Ellsworth (509) 737-9429 |
| 4771 Van Giesen St | West Richland | Derrick Stricker (509) 591-9949 |

PORT OF KENNEWICK

RESOLUTION No. 2024-06

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK RELATED TO OAK STREET DEVELOPMENT BUILDING D

WHEREAS, Oak Street Development Building D suffered fire damage on April 11, 2023, sustaining significant damage to unit 8 and unit 9 located at 1328 East 3rd Avenue; and

WHEREAS, Port staff has been working with various consultants, the City of Kennewick, and the Port's insurance carrier to determine the best path forward; and

WHEREAS, on January 9, 2024, the Port Commission adopted Resolution 2024-02 directing staff to proceed with rebuilding Oak Street Development Building D located at 1328 East 3rd Avenue to its original condition, using the Port's insurance carrier proceeds on a fully reimbursable basis; and

WHEREAS, Port staff diligently pursued the reconstruction path which uncovered significant concerns from the permitting entity and practicality concerns related to potential code upgrade requirements; and

WHEREAS, Port staff presented an alternate path involving utilization of insurance carrier proceeds for the partial demolition of the fire damaged segments of the building; and

WHEREAS, partial demolition and reconstruction would serve the Port's best interest by both provision of space for the Port's Maintenance Department and control of activities within the building.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Commission hereby rescinds Resolution 2024-02; and approves Resolution 2024-06 directing staff to proceed with the partial demolition and revision to the damaged building at 1328 E. 3rd Avenue utilizing insurance carrier proceeds.

BE IT FURTHER RESOLVED that the Port Commission hereby directs staff to provide the affected tenants the required notice to vacate the building and with an extended lease termination notice period of 90-days.

BE IT FURTHER RESOLVED that the Port Commission hereby approves all action by port officers and employees in furtherance hereof; and directs the Port CEO to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 26th day of March, 2024.

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

By: _____

SKIP NOVAKOVICH, President

By: _____

KENNETH HOHENBERG, Vice President

By: _____

THOMAS MOAK, Secretary