



PORT OF KENNEWICK REGULAR COMMISSION MEETING

JANUARY 14, 2025 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 Officer
Nick Kooiker, Deputy Chief Executive Officer/CFO
Larry Peterson, Director of Planning and Building
Amber Hanchette, Director of Real Estate
Michael Boehnke, Director of Operations
Bridgette Scott, Executive Assistant (via telephone)
Lisa Schumacher, Special Projects Coordinator
David Phongsa, Marketing/Capital Projects Coordinator (via telephone)
Carolyn Lake, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Mr. Peterson led the Pledge of Allegiance.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated December 17, 2024**
Direct Deposit and E-Payments totaling \$87,179.96
- B. Approval of Direct Deposit and E-Payments Dated December 30, 2024**
Direct Deposit and E-Payments totaling \$127,225.08
- C. Approval of Warrant Register Dated December 20, 2024**
Expense Fund Voucher Number 106523 through 106561 for a grand total of \$456,046.30
- D. Approval of Warrant Register Dated December 31, 2024**
Expense Fund Voucher Number 106562 through 106579 for a grand total of \$26,605.65
- E. Approval of Warrant Register Dated January 14, 2025**
Expense Fund Voucher Number 106580 through 106619 for a grand total of \$626,344.51
- F. Approval of Regular Commission Meeting Minutes December 10, 2024**
- G. Approval of Lease Renewal; Renewal by Andersen Resolution 2025-01**

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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.*

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Kennewick Waterfront*

1. *Marina Milfoil Treatment Update*

Mr. Arntzen outlined the history of the milfoil herbicide treatment in the Clover Island Boat Basin and stated the Port works with the City of Kennewick water intake treatment center to determine a shutdown window for the herbicide treatment; however, the City did not shutdown last fall, therefore we were not able to treat the Boat Basin. Mr. Arntzen stated the herbicide treatment is applied in the fall to reduce the milfoil bloom and if it is applied later, it will not affect the milfoil. The Port has had the most success applying the herbicide treatment versus other methods of removal.

Mr. Boehnke stated for the treatment to work, the milfoil must be in an active growing season and the temperature of the water cannot be too cold. The Port works with a contractor to apply the treatment every two years and we have seen a reduction in milfoil. Mr. Boehnke continues to discuss a possible shutdown with the City and is keeping the contractor appraised.

Commissioner Moak inquired why can't the Port harvest the milfoil as we have done in the past.

Mr. Boehnke stated harvesting clears the path to six feet below the surface level but does not get the milfoil beyond that point. Harvesting would be a temporary solution, and the milfoil could grow back twice as bad.

Continued discussion regarding the milfoil commenced.

B. *Vista Field*

1. *Southern Gateway Project Update*

Mr. Peterson reported that the Southern Gateway project is expected to be completed by early February and is under budget (*Exhibit A*).

Commission and staff discussed the pavilions and the upcoming parking lot projects to support the pavilions and new businesses.

2. *Potential Artwork*

Ms. Bader Inglima presented options for a Hellcat airplane art wrap for the remaining Vista Field Hangar (*Exhibit B*). Ms. Bader Inglima inquired if the Commission has a preference in the size of the airplane and stated the approximate cost of the wrap and installation is under \$25,000. Ms. Bader Inglima stated in addition to the wrap, the Port would add lighting, an educational panel, and a walkway next to the hangar to make it easier to take pictures. Mr.

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Peterson suggested using the metal decking for the walkway, which could cost an additional \$35,000-\$40,000.

Commissioner Hohenberg stated the mural ties into the history of Vista Field, and he likes the larger plane.

Commissioner Moak agreed and inquired if the photo could be flipped.

Ms. Bader Inglima will work with the contractor on flipping the rendering and stated the landmark sign may cover up the majority of the plane.

Mr. Peterson stated if the Commission desires, the landmark sign can be moved closer to the building, but then the sign would be up next to the building and might get lost in the background of the building. We could move it to another location like Daybreak Commons, or the intersection of Deschutes and Young Street; however, we would no longer have an entrance sign into Vista Field.

Commissioner Novakovich likes the larger rendering and thinks using the runway decking for a walkway is a great idea.

C. Comp Scheme Update

Mr. Peterson stated staff looks to bring an amendment to the Comp Scheme related to the Vista Field Master Plan. The amendment will clarify the Port's position on selling or leasing land in Vista Field, consistent with the Vista Field Master Plan. Additionally, staff is working on the update to the history portion of the Comp Scheme to include the relationship with the Confederated Tribes of the Umatilla Indian Reservation.

D. Metz Family Plaza and Kay Metz

Mr. Arntzen stated Kay Metz, our good friend, recently passed. Kay was a treasure, and he deeply cared about this community and Clover Island. The Metz family came to Clover Island in the 50's and built the Metz Marina, which the Port purchased in 2003. Kay was a big supporter of the Port and Clover Island and the Port constructed the Metz Family Plaza in 2010 to honor the family and their contributions.

E. CEO Report

Mr. Arntzen reported that the 2024 performance reviews of staff are complete, and he outlined some of the goals for 2025. Mr. Arntzen stated all of the reviews were great and he is proud of the team.

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

Commissioners reported on their respective committee meetings.

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G. Non-Scheduled Items

Ms. Bader Inglima reported that the *Columbia Basin Herald* and *Basin Business Journal* ran a six-page article on Columbia Gardens and the Port's investment in the area (*Exhibit C*). Additionally, Mr. Arntzen was interviewed for a second article that will run in February.

Ms. Bader Inglima stated the Port Newsletter was distributed digitally and will be inserted in the *Tri-Cities Journal of Business* and *Senior Times* as well. The newsletter is posted on the Port website and was sent out via email.

Mr. Peterson reported that the contractor for the Oak Street DB-3 building rehab has mobilized and is ready to start working.

Mr. Arntzen continued his CEO report and outlined future Commission presentations:

- Design for Daybreak commons
- Plan for identifying and recruitment of an institutional user for Vista Field
- Reconfiguration of Port Office
- Comp Scheme Historical Update
- Vista Field Artwork
- Marina stray current analysis

Commissioner Moak would like to see the Port Headquarters at Vista Field and a satellite office on the island.

Commissioner Moak attended the Washington Public Ports Association Annual meeting where international trade was discussed and Vietnam is the "new" China. Additionally, he attended a workshop on helipads and thinks it would be great if we could get one installed at Vista Field and bring back air to VSK.

Commissioner Novakovich heard Mr. Boehnke and the maintenance team hauled out a very large boat and thanked them for their work on the boat haul.

PUBLIC COMMENTS

No comments were made.

COMMISSION COMMENTS

No comments were made.

Commissioner Novakovich anticipates the Executive Session will last approximately 20 minutes, per RCW 42.30.110(1)(c) and (i) to Consider the minimum price at which real estate will be offered for sale, and to consider legal or financial risks of a proposed action, with no action anticipated. Commissioner Novakovich asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

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Commissioner Novakovich recessed the Regular Commission Meeting at 3:37 p.m. until 3:57 p.m.

Commissioner Novakovich convened the meeting into Executive Session at 3:37 p.m. for approximately 20 minutes.

EXECUTIVE SESSION

- (c) to consider the minimum price at which real estate will be offered for sale or lease; and
- (i)(c) to discuss legal or financial risks of a proposed action or current practice

Ms. Scott extended the session at 3:37 p.m. for an additional 15 minutes (4:12 p.m.).

Commissioner Novakovich adjourned the Executive Session at 4:11 p.m.

Commissioner Novakovich reconvened Regular Commission Meeting at 4:14 p.m.

No action was taken by the Commission.


Mr. Arntzen mentioned that a Seattle entrepreneur will be touring Clover Island for a potential long term lease.

ADJOURNMENT


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

APPROVED:

PORT of KENNEWICK BOARD of COMMISSIONERS

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Skip Novakovich, President

DocuSigned by:


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Kenneth Hohenberg, Vice President

DocuSigned by:


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Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2025-01

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK APPROVING
A LEASE AGREEMENT WITH RENEWAL BY ANDERSEN***

WHEREAS, on or about January 1, 2021, the Port of Kennewick (as the “Port”) and Renewal By Anderson (as “Tenant”) entered into a 2-year lease (the “Lease”) concerning the use of real property and improvements located at 1426 E. 3rd Ave, C101 and C102, Kennewick, WA 99336 (the “Property”); and

WHEREAS, during that original lease term the Tenant desired to lease additional space from Port; and

WHEREAS, on or about July 1, 2022, the parties terminated the Lease and executed a new Lease that included the use of real property and improvements located at 1426 E. 3rd Ave, Kennewick, WA 99336 (Suite C101, C102 and A110) along with 1328 E. 3rd Ave, Kennewick, WA 99336 (Bay 5 – Development Building D) (the “Second Lease”); and

WHEREAS, the Second Lease concluded on December 31, 2024, and the parties now desire to execute a new lease; and

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

WHEREAS, a two (2) year lease with an additional one (1) year lease option for 11,540 square feet of office and industrial warehouse space has been negotiated by Port staff with Renewal By Andersen at the Oak Street Industrial Development Park; and

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Port of Kennewick approves a two (2) year lease with an additional one (1) year lease option for Renewal By Andersen as presented and authorizes the Port’s Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that all action by port officers and employees in furtherance hereof is ratified and approved; and further that 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 this 14th day of January, 2025.

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

By: DocuSigned by:
Skip Novakovich
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SKIP NOVAKOVICH, President

By: DocuSigned by:
Kenneth Hohenberg
89F77EAC8921416...
KENNETH HOHENBERG, Vice President

By: DocuSigned by:
Thomas Moak
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THOMAS MOAK, Secretary

COMMERCIAL PROPERTY LEASE AGREEMENT

BETWEEN
PORT OF KENNEWICK,
LANDLORD

AND

Renewal by Andersen,
TENANT

OAK STREET INDUSTRIAL PARK

**1426 E. 3rd Ave, A110, Kennewick
1426 E. 3rd Ave C101, Kennewick
1426 E. 3rd Ave C102, Kennewick**

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

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

BASIC LEASE PROVISIONS

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

- A. Lease Commencement Date: January 1, 2025
- B. Landlord: Port of Kennewick, a Washington municipal corporation
- C. Tenant: RENEWAL BY ANDERSEN
- D. Premises: The Premises shall mean the real property located at:

1426 E. 3rd Ave C101, Kennewick, WA 99336 (DB-C)

1426 E. 3rd Ave C102, Kennewick, WA 99336 (DB-C)

1426 E. 3rd Ave A110, Kennewick, WA 99336 (DB-A)

as described on Exhibit “A” attached hereto and incorporated herein by reference, and any improvements located thereon.

- E. Permitted Use: Check all that apply:
 - Light manufacturing;
 - X Wholesale receiving/shipping;
 - X Administrative Offices
 - X Other: (Describe)
 - Remodel Contractor

- F. Term: Commencing on the Lease Commencement Date and terminating on the Expiration Date, and subject to a possible one (1) year option term pursuant to the terms of Article 3.

- G. Lease Commencement Date: The date which is the earlier of (a) January 1, 2025, and (b) the date Tenant begins using the Premises for any reason.

- H. Expiration Date: December 31, 2026

I. Base Monthly Rent Calculation: Year 1 (January 1, 2025 – December 31, 2025):
 C101 – warehouse & office .49 psf 2,950 sf
 C102 – warehouse & office .49 psf 2,915 sf
 A110 – warehouse & office .49 psf 5,675 sf

Year 2 (January 1, 2026 – December 31, 2026):
 C101 – warehouse & office .50 psf 2,950 sf
 C102 – warehouse & office .50 psf 2,915 sf
 A110 – warehouse & office .50 psf 5,675 sf

J. Base Monthly Rent (not including LET): Year 1: (January 1, 2025 – December 31, 2025):
 C101 – warehouse & office \$1,445.50
 C102 – warehouse & office \$1,428.35
 A110 – warehouse & office \$2,780.75
 \$5,654.60

Year 2: (January 1, 2026 – December 31, 2026):
 C101 – warehouse & office \$1,475.00
 C102 – warehouse & office \$1,457.50
 A110 – warehouse & office \$2,837.50
 \$5,770.00

K. Utilities: Paid Directly to Utility Provider

L. Leasehold Tax (LET): Current Washington State Leasehold Tax shall be added to Base Rent. Current effective rate is 12.84%.

M. **Total Monthly Rent (includes LET):** **Year 1: \$6,380.65**
Year 2: \$6,510.87

N. Monthly Utilities: See Article 7 of Lease.

O. Rent Due Date: The Lease Commencement Date and the first day of each month thereafter.

P. Financial Security: Check all that apply:
 deposit on file \$13,800.78;
 Corporate surety bond;
 Personal Guaranty as set forth in Exhibit B;
 Other financial security: (Describe) _____

Q. Landlord’s Address for Notices and Rent Payments:

Port of Kennewick
350 Clover Island Drive, Suite 200
Kennewick, WA 99336

R. Tenant's Address for Notices:

Renewal by Andersen
700 S. Renton Village Place #600
Renton, WA 98057
(253) 279-2795
Greg Walker
Gregory.walker@RBAWA.com

S. Exhibits: Exhibit "A" Legal Description of Premises

ARTICLE 1
PREMISES

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

ARTICLE 2
USE OF PREMISES

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

ARTICLE 3
TERM

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

Tenant shall have the option to renew this Lease for one (1), one year extension term (12 months) with a 3% rent increase, but only if Tenant gives Landlord written notice thereof not less than thirty (30) days prior to the Expiration Date. If Tenant timely exercises this option, then the Lease shall continue in effect on the same terms and conditions, except that rent shall be adjusted in the manner provided in Article 4 below and there shall be no further renewal options. Tenant's right to the renewal term shall be contingent upon Tenant not being in default hereunder at the time of notice of intent is given or at any time thereafter prior to the beginning of the renewal term.

ARTICLE 4
RENT

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

(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) for administrative costs related to collecting and handling such returned check. The Tenant shall also pay any associated bank fees charged to the Port related to the returned check. Landlord 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.

ARTICLE 5
FINANCIAL SECURITY

In compliance with the requirements of the state law, Tenant agrees that it will secure the performance of the rental portion of this Lease by providing one or more of the following: 1) a deposit in the amount set forth in the Basic Lease Provisions, or 2) procuring and maintaining, during the term of this Lease, a corporate surety bond ("Bond"), or 3) by providing other financial security satisfactory to Landlord.

The Bond shall be in a form and issued by a surety company acceptable to Landlord and shall comply with the requirements of Washington law. Tenant shall obtain such Bond and forward evidence thereof to Landlord within fourteen (14) days of execution of this Lease, but in no event later than the Lease Commencement Date. Failure to comply with this requirement shall be grounds for immediate termination of this Lease without notice by Landlord. Such Bond shall be kept in effect during the term of this Lease; failure to comply with this requirement shall render Tenant in default. The Bond shall be increased to reflect any increases in Rent.

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

ARTICLE 6
TAXES & ASSESSMENTS

6.1 Property Taxes.

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

6.2 [Personal Property Taxes](#)

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

6.3 [Additional Taxes/Assessments; Leasehold Excise Tax \(LET\)](#)

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

**ARTICLE 7
UTILITIES**

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

DB-A Suite A110: Electricity Meters Assigned to Tenant:	<u>250802</u>
DB-A Suite A110: Water Meters Assigned to Tenant:	<u>74521135</u>
DB-C Suite C101: Electricity Meters Assigned to Tenant:	<u>250754</u>
DB-C Suite C102: Electricity Meters Assigned to Tenant:	<u>231725</u>
DB-C Suite C101 Water Meters Assigned to Tenant:	<u>75131776</u>
DB-C Suite C102 Water Meters Assigned to Tenant:	<u>32240148</u>

At Tenant’s own expense, tenant may have a maximum of one (1) 30 yard waste disposal container and (1) 30 yard cardboard recycling container placed in a designated area as allowed by Landlord. Tenant must keep container closed and secured at all times. Debris (including broken glass) shall not be allowed around container or as a result of tenant operations.

Tenant shall be solely responsible to Landlord for the payment of all assessments, charges and/or fees pertaining to the Premises, including but not limited to, water assessments, charges for public utilities, license and permit fees which may, during the Lease Term, be assessed, levied, charged, confirmed or imposed i) on the Premises or any part thereof, ii) on improvements now or hereafter comprising a part

thereof, and iii) on the use or occupancy of the Premises. Tenant shall pay all such assessments, charges and/or fees to Landlord when due.

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

ARTICLE 8 **INSURANCE**

8.1 Insurance

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

(a) Commercial General Liability Insurance

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

(b) Statutory Workers' Compensation

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

(c) Automobile Liability Insurance

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

(d) Property Insurance

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

8.2 Requirements

The foregoing insurance requirements shall be placed with an insurance company or companies admitted to do business in the State of Washington and shall have an A.M. Best's rating of A- or better. Tenant shall furnish Landlord with a copy of the certificate of such policies before the Commencement Date of this Lease and, upon request by Landlord, shall provide proof satisfactory to Landlord that all such policies are in full force and effect. Tenant's liability insurance policies shall list Landlord as an additional insured and Tenant's property insurance policies shall reflect Landlord as a loss-payee as its interests may appear, and all of Tenant's insurance policies shall be primary and non-contributing with any insurance carried by Landlord. Such policies shall not be cancelable or materially altered without forty-five (45) days' prior written notice to Landlord. In addition, the policies shall provide for ten (10) days' written notice to Landlord in the event of cancellation for non-payment of premium. Tenant's failure to deliver the policies or certificates to Landlord as required above shall constitute an event of default pursuant to **Article 24** hereof.

8.3 Mutual Waiver of Subrogation

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

8.4 Destruction or Condemnation.

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

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

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

to repair any damage thereto or replace the same unless the damage is caused by Landlord's negligence or willful misconduct.

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

ARTICLE 9

ACCEPTANCE AND CARE OF PREMISES

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

ARTICLE 10

ALTERATIONS AND IMPROVEMENTS

Tenant shall not make any alterations, additions, renovations or improvements to the Premises without first obtaining the written consent of Landlord. All alterations, additions, renovations and improvements made shall be at the sole cost and expense of Tenant and shall become a part of the real property and belong to Landlord and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease. Tenant further agrees to indemnify, defend, and hold Landlord harmless from, and against, any and all damages, injuries, losses, liens, costs or expenses (including attorneys' fees) incurred, claimed or arising out of said work.

Upon lease termination notice for C101 or C102, by either party, Tenant shall employ at its own expense a Washington State licensed, bonded and insured contractor to obtain all required permits and to reconstruct all walls where wall penetrations have been constructed by Tenant between warehouses and/or offices. All such work shall be completed within 30 days. Tenant shall be required to return the premises to the same condition as when entered into lease including but not limited to wall construction, paint, materials, and meeting all applicable building and fire codes.

ARTICLE 11
ACCIDENTS AND INDEMNIFICATION

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

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

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

ARTICLE 12
COMPLIANCE WITH LAWS

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

ARTICLE 13
MAINTENANCE

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

13.1 **Janitorial:** Tenant will provide janitorial service inside the Premises, restrooms and window washing on inside of windows.

13.2 **Landscaping and Common Area Sweeping:** Landlord, at its cost, will provide landscaping care and common area repairs, maintenance, and sweeping outside the building.

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

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

ARTICLE 14 **LANDLORD'S ACCESS**

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

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

ARTICLE 15 **SIGNS AND ADVERTISING**

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

ARTICLE 16 **WASTE AND UNLAWFUL USE**

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

ARTICLE 17 **SUCCESSORS**

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

ARTICLE 18
HAZARDOUS MATERIALS

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

ARTICLE 19
ASSIGNMENT AND SUBLETTING

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

Landlord shall have the right to transfer, dispose, assign, mortgage, or hypothecate this Lease, in whole or in part without the prior written consent of the Tenant. See also Landlord rights to terminate this Lease as set forth in **Article 23** below.

ARTICLE 20
SURRENDER OF POSSESSION

20.1 Surrender

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

20.2 Removal of Property

In the event of any entry in, or taking possession of, the Premises or upon the termination of this Lease, Landlord shall have the right, but not the obligation, to remove from the Premises all personal property remaining on the Premises, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the Tenant thereof, with the right to sell

such stored property, as per applicable statutory requirements. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, with the balance, if any, to be paid to Tenant.

20.3 Holding Over

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

ARTICLE 21 **NOTICES**

All notices, requests and demands to be made hereunder shall be in writing at the address set forth in the Basic Lease Provisions, as applicable, by any of the following means: (a) personal service (including service by recognized overnight delivery/courier service, such as UPS or FEDEX); or (b) registered or certified first class mail, return receipt requested. Such addresses may be changed by written notice to the other party given in the same manner provided above. Any notice, request, or demand sent pursuant to clause (a) of this **Article 21** shall be deemed received upon such personal delivery or service (or the date of refusal, if personal service or delivery is refused), and if sent pursuant to clause (b), shall be deemed received three (3) days following deposit in the mails.

ARTICLE 22 **LIENS AND ENCUMBRANCES**

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

ARTICLE 23 **LANDLORD'S TERMINATION RIGHT**

Notwithstanding anything to the contrary elsewhere in the Lease, in the event that Landlord elects to use the Land and/or Premises for industrial development or other public or port-related purposes, Landlord shall have the right to terminate this Lease by providing sixty (60) days' written notice. If

Landlord elects to terminate the Lease early as provided herein, the early termination date chosen by Landlord shall operate as if that date is the Expiration Date set forth in the Basic Lease Provisions. The parties recognize that the foregoing early termination right is important to Landlord and that any delay caused by the failure of Tenant to vacate the Premises pursuant to this **Article 23** when required can cause irreparable harm to the Landlord and future tenants. Therefore, Landlord and Tenant agree that time is of the essence of this **Article 23** and that if any dispute arises between Landlord and Tenant with respect to the provisions of this **Article 23**, any other provisions of this Lease notwithstanding, Tenant will vacate the Premises on or before the early termination date selected by Landlord, and Tenant shall be deemed to have waived any rights in law or equity to possession of the Premises.

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

ARTICLE 24 **DEFAULT AND REMEDIES**

24.1 Default

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

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

24.2 Remedies.

(a) Re-entry and Termination

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

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

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

(b) Express Termination Required

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

(c) Damages

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

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

(d) Definitions

As used in **Paragraphs 24.2(c1)** and **24.2(c2)** above, the “worth at the time of award” is computed by allowing interest at the rate of twelve percent (12%) per annum compounded monthly. As used in **Paragraph 24.2(c3)** above, the “**worth at the time of award**” is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Property at the time of award plus one (1) percentage point.

(e) No Waiver

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

24.3 [Interest](#)

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

ARTICLE 25
ATTORNEYS’ FEES AND COSTS

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

ARTICLE 26
MISCELLANEOUS

26.1 [Miscellaneous Provisions](#)

The following miscellaneous provisions shall apply to this Lease:

- (a) Time is of the essence hereof.
- (b) If any portion of this Lease shall be deemed void, illegal or unenforceable, the balance of this Lease shall not be affected thereby.

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

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

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

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

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

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

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

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

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

PORT OF KENNEWICK

RENEWAL BY ANDERSEN OF TRI-CITIES

By: _____
Tim Arntzen

By: _____
Jason Boesl

Title: Chief Executive Officer

Title: Chief Operating Officer

Reviewed:

Approved as to form:

By: _____
Title: Nick Kooiker, Port CFO

By: _____
Title: Taodd Hume, Port Legal Counsel

EXHIBIT "A"

LEGAL DESCRIPTION

PTN: 100680400002001

Section 6 Township 8 Range 30 Quarter SE; THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 8 NORTH, RANGE 30 EAST, W. M., BENTON COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE RIGHT-OF-WAY OF THE BURLINGTON

REAL PROPERTY LOCATED IN THE SOUTHEAST QUARTER OF SECTION 6 AND SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 8 NORTH, RANGE 30 EAST, WILLAMETTE MERIDIAN, BENTON COUNTY, WASHINGTON DESCRIBE AS FOLLOWS: LOT 1, SHORT PLAT 3002

COMMONLY KNOWN AS
1426 E. 3rd Ave Suite A110 (Development Building A)
1426 E. 3rd Ave Suite C101 & C102 (Development Building C)
Kennewick, WA 99336

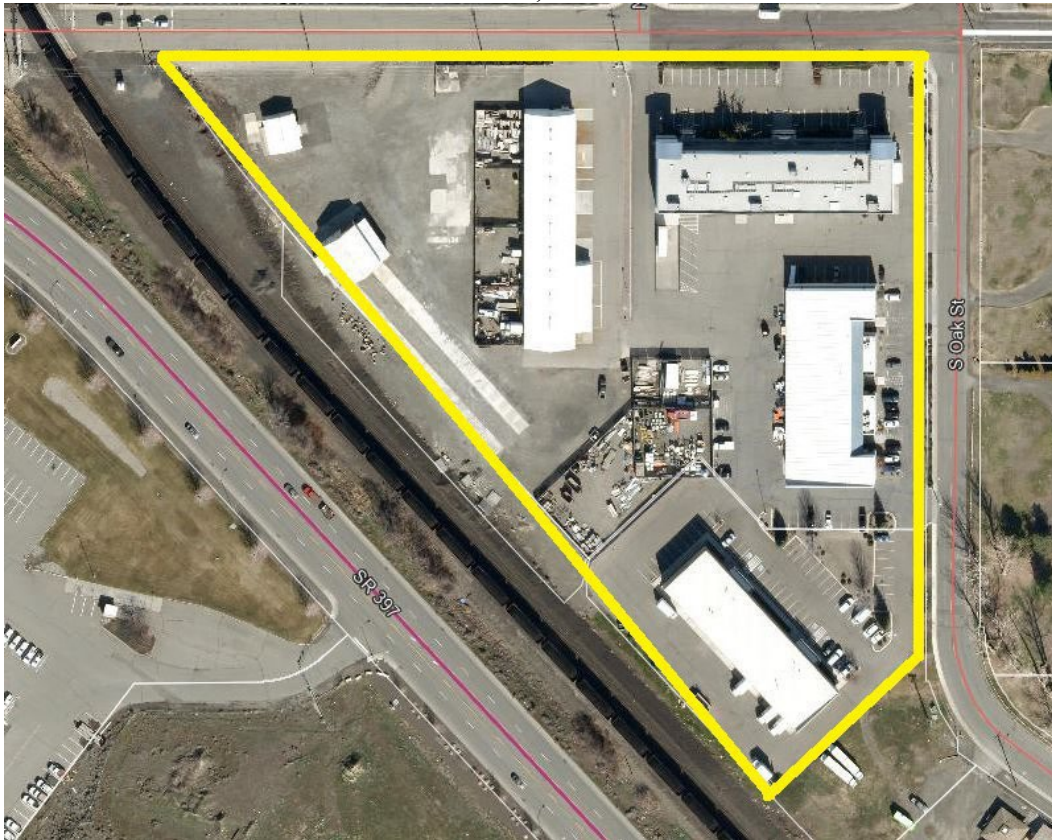


EXHIBIT "B"

PERSONAL GUARANTY TO THE PORT OF KENNEWICK

TO GUARANTEE PERFORMANCE OF LEASE

~~KNOW ALL MEN BY THESE PRESENTS, that the undersigned, as personal guarantor, is firmly bound unto the Port of Kennewick, a municipal corporation, in the sum of all monthly rent, plus leasehold tax, and any other assessments, charges and/or fees due as per Lease Agreement dated January 1, 2025.~~

The conditions of this obligation are as follows:

~~WHEREAS, Kathryn Marriott entered into a lease with the PORT OF KENNEWICK for land as described in Exhibit "A", located in Benton County, Washington, which Lease provides for the payment of monthly rent, leasehold tax, and other assessments, charges and/or fees; and~~

~~WHEREAS, the laws of the State of Washington require a bond to the Port District in accordance with the terms of RCW 53.08.085, for a minimum of one year's rent; and~~

~~WHEREAS, this guaranty incorporates the Lease hereinabove referred to;~~

~~NOW THEREFORE, the undersigned agrees that in place of such bond called for under RCW 53.08.085, he/she/they agree to be personally liable and guarantee the payment of all sums due from him/her/them to the Port of Kennewick.~~

~~DATED this 19th day of December, 2024.~~

GUARANTORS:

Name: KATHRYN MARRIOTT

VISTA FIELD SOUTHERN GATEWAY

Construction Update
January 14, 2025









EXHIBIT A

VSK STAGE & RUNWAY DECKING



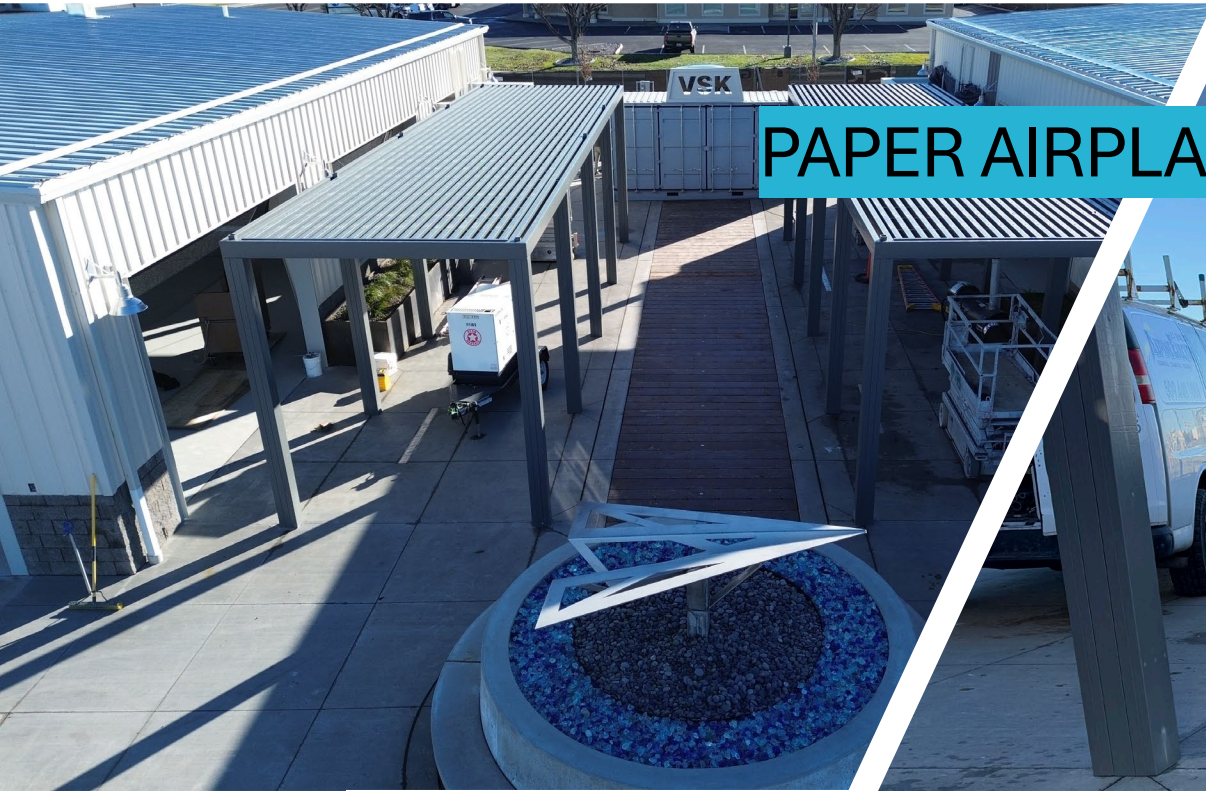


VISTA FIELD MONUMENT SIGN





PAPER AIRPLANE SCULPTURE





LANDSCAPING





BIRD NETTING INSIDE PAVILIONS





FBO BUILDING GONE

THANK YOU

Larry Peterson

Director of Planning & Development

Port of Kennewick

www.vistafield.com

























Columbia Gardens

EXHIBIT C
Port of Kennewick
turns industrial zone
into wine and food
destination



COURTESY PHOTO/KIMBERLY TESKE FETROW/
PORT OF KENNEWICK

Six wineries have tasting rooms at Kennewick's Columbia Gardens, showcasing local wines.

By JOEL MARTIN
Staff Writer

KENNEWICK — On a given day you can see folks on the Kennewick waterfront sipping wine, noshing on tacos or barbecue or just soaking up the sunshine and the view at Columbia Gardens, and they can thank the Port of Kennewick for that.

“Our community is growing, and people are saying, ‘Why can’t I have better access to waterfront? There’s other communities that redeveloped their waterfront. We want more,’” said Port of Kennewick Deputy CEO Tana Bader Inglima.

Columbia Gardens is located on Clover Island, a little spit of land on the Columbia River in the middle of Kennewick just across the railroad tracks from the city’s historic downtown. It’s home to a lighthouse and a yacht club, wine tasting rooms, food trucks and a barbecue restaurant.

Port districts in Washington are generally associated with more industrial and transportation-related work – operating airports and rail lines and attracting manufacturers – than with creating attractive retail space or community gathering places. But Port CEO Tim Arntzen said it’s not as off-the-wall as it seems at first glance.

“Port districts have a lot of legislative authority, and we can do lot of different things, but it doesn’t mean that you want to or it’s a smart thing, so you’ve got to be careful getting into new things,” Arntzen said.

The progression started when the Port of Kennewick was looking into ways to support Washington’s wine industry, Arntzen explained. The Port sent a delegation to California’s Napa Valley to see what could be emulated up here.

“We wanted to create something that would draw visitors in. Because if you start getting the visitors in and they’re spending money, that will attract other businesses.”

Tana Bader Inglima,
Port of Kennewick

“We were blown away with how advanced California is,” Arntzen said. “It’s not only the industry end of wine, but it’s the tourism end as well. If you go down the Napa Valley on a weekend, it’s crazy busy. What we saw down there was, you had to drive from your motel room out into the Napa Valley, and you’d have to drive to all these locations. And we got thinking, what would happen if we brought the wine industry (into) town, in Kennewick, where it’s closer?”

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The Port of Kennewick was formed in 1915 to capitalize on the opening of the Celilo Canal near The Dalles, which turned Kennewick into a bona fide seaport, according to the Port's history. Like so many urban waterfronts, the space along the river was filled up with industry, including Clover Island, which the Port has owned since the mid-1950s, Bader Inglima said. "Over the years, there were a lot of tired buildings,"

she said. "We had paint shops and auto body shops and tire shops and things along the waterfront. Clover Island had a restaurant out there and there was a marina, but there wasn't a lot of other activity." In 2003, Bader Inglima said, there was a move to revitalize the waterfront as well as the historic downtown

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FETROW/PORT OF KENNEWICK

The Port of Kennewick's
Columbia Gardens project has
turned an industrial site into a
destination for wine, food and
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FETROW/PORT OF KENNEWICK

Patrons enjoy a glass of wine at a winery at Columbia Gardens on Clover Island.



district. The Port renovated the road leading to Clover Island in 2006, put in all new utilities and built a new office building for itself. It bought the marina and put in marine infrastructure as well and bought land on the mainland along Clover Island Drive and the interior waterfront.

“We worked with a number of the businesses,” Bader Inglima said. “There was a wrought iron welding company, there was a tire shop, there was a vending machine supplier, a variety of other businesses there that we helped relocate to property that the port had ... so that we weren’t just kicking them to the curb when we acquired their business.”

Arntzen’s policy was to spend Port money on people rather than lawyers, she added, so the people at a trailer park that the Port bought weren’t just kicked out either. The process took about six years, she said.

“We helped work with the folks who had the trailers and purchased some of them outright, because many of them were so old, they weren’t up to code, they couldn’t be moved elsewhere,” she said. “Over the course of about six years, we



COURTESY PHOTO/PORT OF KENNEWICK

At the Port of Kennewick’s Columbia Gardens, storage containers and utility boxes have been made into works of art, to create a more friendly aesthetic.

worked with those who were able to move their trailer, waited and worked with them till they were able to relocate.”

Today, Columbia Gardens has tasting rooms for six wineries and five food trucks with room for more, Arntzen said. One food truck, Swampy’s BBQ owner Ron Swanby, bought property on Clover Island from the Port and moved out of his mobile kitchen into a brick-and-mortar restaurant.

Artwork by local artists decorate the grounds, Bader Inglima said.

“Art is a kind of a foundational element for economic development,” she said. “If you’re a visitor and you see interesting and well-tended, maintained public art, it creates a kind of a sense of place.”

The port has four or five more lots for sale that would be well suited to a winery or restaurant or tasting room, Arntzen said. He’d also like to see a sit-down building to go with the food trucks, to accommodate diners during the chilly winter months, he said. The investment has been worth it because taxpayers have been able to see what they’ve got for their money, especially given the limited resources and the desire for economic development that contributes to quality of life.

“There’s always more we can do,” Arntzen said. “But, you know, our problem, if it’s a problem, is that we’re a small government entity, and our budget is very, very limited ... You’ve got to make it justifiable to the taxpayers, and as we know, taxpayers don’t want to pay any more than they have to.”

Visitors have noticed Kennewick’s recreation options as well.

“We wanted to create something that would draw visitors in,” Bader Inglima said. “Because if you start getting the visitors in and they’re spending money, that will attract other businesses.”



COURTESY PHOTO/
KIMBERLY TESKE FETROW/
PORT OF KENNEWICK

**Columbia Gardens
hosts a number of
food trucks, with
a space to enjoy a
meal in the open
air.**