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Or, join on-line at the following link: <https://meet.goto.com/652030725>

AGENDA

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

May 12, 2026
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 city of residence for the public record)*
- V. **CONSENT AGENDA**
 - A. Approval of Direct Deposit and ePayments April 30, 2026
 - B. Approval of Warrant Register Dated May 12, 2026
 - C. Approval of Regular Commission Meeting Minutes April 28, 2026
 - D. Approval of Resolution 2026-09: Esteem Wireless and GeoProfessionals Innovation Lease Bond Waiver
- VI. **REPORTS, COMMENTS AND DISCUSSION ITEMS**
 - A. Kennewick Waterfront
 - 1. Food Truck Fest (DAVID)
 - 2. The Exchange Artwork Update (MICHAEL)
 - B. Powwow Discussion (SKIP)
 - C. CEO Report (if needed) (TIM)
 - D. Commission Meetings (formal and informal meetings with groups or individuals)
 - E. Non-Scheduled Items
LISA/BRIDGETTE/ROCHELLE/NICK/LARRY/AMBER/MICHAEL/DAVID/CAROLYN/TIM/RAUL/SKIP/
KEN
- VII. **PUBLIC COMMENT** *(Please state your name and city of residence for the public record)*
- VIII. **EXECUTIVE SESSION (at 2:45 pm)**

Potential Litigation, pursuant to RCW 42.30.110 (1)(i)(iii)
One matter related to the legal and financial risk of a proposed action that the agency has identified when public discussion of the legal risks is likely to result in an adverse legal or financial consequence to the agency.
- IX. **ADJOURNMENT**

PLEASE SILENCE ALL NOISE MAKING DEVICES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

APRIL 28, 2026 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 Vice 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: Kenneth Hohenberg, President (Excused)
Skip Novakovich, Vice President
Raul Contreras Gonzalez, Secretary

MOTION: *Commissioner Contreras Gonzalez moved to excuse Commissioner Hohenberg's absence from the April 28, 2026 Commission Meeting; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 2:0.*

Staff Members: Tim Arntzen, Chief Executive Officer
Nick Kooiker, CFO/Deputy Chief Executive Officer
Amber Hanchette, Director of Real Estate
Michael Boehnke, Director of Operations
Rochelle Olson, Director of Governmental Affairs
Bridgette Scott, Executive Assistant (via telephone)
Lisa Schumacher, Special Projects Coordinator
David Phongsas, Marketing/Capital Projects Coordinator
Carolyn Lake, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Mr. Kooiker led the Pledge of Allegiance.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated April 17, 2026**
Direct Deposit and E-Payments totaling \$93,442.75
- B. Approval of Warrant Register Dated April 28, 2026**
Expense Fund Voucher Number 107857 through 107886 for a grand total of \$120,620.99
- C. Approval of Regular Commission Meeting Minutes April 14, 2026**

MOTION: *Commissioner Contreras Gonzalez moved to approve the Consent Agenda; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 2:0.*

PORT OF KENNEWICK REGULAR COMMISSION MEETING

APRIL 28, 2026 MINUTES

DRAFT

PRESENTATIONS

A. Maxwell Certified Leadership

Mr. Arntzen reported the Port team recently attended a John Maxwell team building and leadership seminar with local representatives, Josie Villa and Jan McDonald, to determine how to communicate better as a team.

Ms. Villa and Ms. McDonald outlined the John Maxwell training workshop and the communication training Port staff received (*Exhibit A*).

B. Towns on Elm

Mr. Phongsang introduced Jenna Coddington of the Paragon Group and Damian Padilla, President of Padilla Masonry Inc. (PMI).

Ms. Coddington stated Towns on the Elm are located on the corner of Elm and Bruneau, and are walkable to Columbia Gardens, downtown Kennewick, and Clover Island. The townhome styled apartments also have retail and/or commercial space (*Exhibit B*).

Damian Padialla, president of PMI and resident of Kennewick, wanted to invest in downtown Kennewick and is excited to bring a different residence to the area.

Commission and staff commented on the project and thanked PMI for the investment in downtown Kennewick.

ACTION ITEM

A. Head Start Administrative Lease

Ms. Hanchette presented Resolution 2026-08, a five year commercial lease with Benton Franklin Head Start at our Vista Field development building A (*Exhibit C*). Ms. Hanchette outlined the details of the lease and introduced Tricia Pena, a procurement specialist with Benton Franklin Head Start.

Ms. Pena briefed the Commission on what Benton Franklin Head Start their programs and what they do for our community (*Exhibit C*).

Motion: *Commissioner Contreras Gonzalez move approval of Resolution 2026-08 approving a 5-year commercial lease with one 5-year option for Benton Franklin Head Start; 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. Commissioner Novakovich seconded.*

PUBLIC COMMENT

No comments were made.

With no further discussion, motion carried unanimously. All in favor 2:0.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

APRIL 28, 2026 MINUTES

DRAFT

REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Vista Field*

Mr. Peterson reported that the City of Kennewick recently approved the ten-year Vista Field Development Agreement extension.

Mr. Peterson presented a map of contractual commitments for Vista Field, including construction of several joint-use parking lots and infrastructure related to the BlueChart Homes agreement (*Exhibit D*).

Ms. Hanchette informed the Commission that Kuki Izakaya is open at Vista Field (*Exhibit E*).

B. *CEO Report*

Mr. Arntzen commented on the following:

- Emphasized the significance of the approval of the Vista Field Development Agreement;
- The importance of the Head Start Lease and the opportunity to assist those that help the families in our community;
- He was a guest on Michael McDonald's KONA Radio show to discuss the Port.

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

Commissioners reported on their respective committee meetings.

D. *Non-Scheduled Items*

Mr. Phongsang reported Columbia Garden's first event for 2026 is the Food Truck Fest on May 3rd, 2026 from 12:00 to 4:00 p.m.

PUBLIC COMMENTS

No comments were made.

Commissioner Novakovich recessed the Regular Commission Meeting at 3:17 p.m.

Commissioner Novakovich stated at this time, the Port Commission will recess to Executive Session as allowed by law, to discuss two matters related to Real Estate, pursuant to RCW 42.30.110 (1) (c) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price, and pursuant to RCW 42.30.110 (1) (i) to discuss with legal counsel legal risks of a proposed action or current practice that the agency has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency.

No decision will be made in executive session, and no action will be taken at the public portion of the meeting afterwards as a result of the executive session. The executive session will last approximately 35 minutes. This will allow time to disconnect and reconnect to the virtual meetings. 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.

**PORT OF KENNEWICK
REGULAR COMMISSION MEETING**

APRIL 28, 2026 MINUTES

DRAFT

Commissioner Novakovich convened the meeting into Executive Session at 3:18 p.m. for approximately 35 minutes.

EXECUTIVE SESSION

RCW 42.30.110 (1) (c) and RCW 42.30.110 (1) (i)

Commissioner Novakovich adjourned the Executive Session at 3:53 p.m.

Commissioner Novakovich reconvened Regular Commission Meeting at 3:55 p.m.

No decisions or actions were made as a result of the Executive Session.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned at 3:55 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Kenneth Hohenberg, President

Skip Novakovich, Vice President

Raul Contreras Gonzalez, Secretary

PORT OF KENNEWICK

Resolution No. 2026-08

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK APPROVING
A LEASE AGREEMENT WITH BENTON FRANKLIN HEAD START***

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

WHEREAS, a five year lease with one (1) five year option to extend for 9,576 square feet of office and training space has been negotiated by Port staff with Benton Franklin Head Start, a Washington State 501(c)(3) non-profit; 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 five year lease with one (1) five year option to extend with Benton Franklin Head Start 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 28th day of April, 2026.

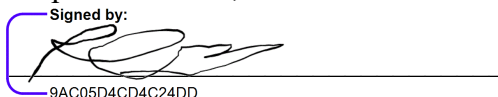
***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: Excused

Kenneth Hohenberg, President

By: 
DocuSigned by:
Skip Novakovich
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Skip Novakovich, Vice President

By: 
Signed by:
Raul Contreras Gonzalez
9AC05D4CD4C24DD...

Raul Contreras Gonzalez, Secretary

**COMMERCIAL PROPERTY
LEASE AGREEMENT**

**BETWEEN
PORT OF KENNEWICK,
LANDLORD**

AND

**Benton Franklin Head Start,
TENANT**

415 N. Roosevelt, Building A (Suite 1 & 2), Kennewick

Vista Field Development Facility A

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

THIS COMMERCIAL LEASE (this “Lease Agreement”), is entered into this 1st day of June, 2026 (the “Effective Date”), by and between the PORT OF KENNEWICK, a Washington municipal corporation (as “Landlord”) and Benton Franklin Head Start, a Washington State 501(c)(3) Non-Profit (as “Tenant”), who may be collectively referred to herein as the “Parties.”

RECITALS

- A. Landlord is the sole owner of the Premises described below, and desires to lease the Premises to a suitable Tenant for a business purpose; and
- B. Tenant desires to lease the Premises described below for the purpose of general office work related to the operation of its regional preschool program. Premises will not be used as a preschool location; and
- C. The Parties desire to enter a lease agreement defining their rights, duties and liabilities relating to the Premises; and

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this agreement, the Parties agree as follows:

AGREEMENT

BASIC LEASE PROVISIONS

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

- 1. Effective Date: June 1, 2026.
- 2. Landlord: Port of Kennewick, a Washington municipal Corporation
- 3. Tenant: Benton Franklin Head Start, a Washington State 501(c)(3)
- 4. Premises: The Premises shall mean the real property located at 415 N. Roosevelt, Building A, Suite 1 & 2, Kennewick, as described on **Exhibit “A”** attached

hereto and incorporated herein by reference, and any improvements located thereon.

5. Permitted Use: Check all that apply:
 Light manufacturing;
 Wholesale receiving/shipping;
 Administrative & training offices
Other: (Describe) _____
6. Term: Commencing on the Lease Commencement Date and terminating on the Expiration Date.
7. Lease Commencement Date: The date which is the earlier of (a) June 1, 2026, and (b) the date Tenant begins using the Premises for any reason.
8. Expiration Date: May 31, 2031.
9. Annual Price Per Square Foot: \$7.75 psf
Annual rent escalation of 3% beginning June 1, 2027.
10. Total Square Feet Leased: 9,576 square feet (9,504 sf office, 72 sf common area hallway)
11. Base Monthly Rent (without LET):
YEAR 1: \$ 6,224.40
YEAR 2: \$ 6,370.04
YEAR 3: \$ 6,561.14
YEAR 4: \$ 6,757.97
YEAR 5: \$ 6,960.71
12. Leasehold Tax (LET): Current Washington State Leasehold Tax shall be added to Base Rent. Current effective rate is 12.84% (2025).
13. Total Monthly Rent (includes LET): YEAR 1: \$ 7,023.61
YEAR 2: \$ 7,187.95
YEAR 3: \$ 7,403.59

YEAR 4: \$ 7,625.69
YEAR 5: \$ 7,854.46

14. Monthly Utilities: See Article 7.
15. Rent Due Date: The Lease Commencement Date and the first day of each month thereafter.
16. Financial Security: Check all that apply:
_____ \$ _____ deposit;
 Corporate surety bond;
_____ Personal Guaranty (**Exhibit B**);
_____ Other financial security: _____

17. Landlord's Address for Notices and Rent Payments:
Port of Kennewick
350 Clover Island Drive, Suite 200
Kennewick, WA 99336
- Tenant's Address for Notices:
Benton Franklin Head Start
415 N. Roosevelt St. Suite 1
Kenewick, WA 99336
(509) 735-1062
Magen Russell
magenv@bfhs.net
18. 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.

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

Tenant shall not create, maintain nor permit on the Premises any nuisance and shall, at Tenant's expense, at all time keep the Premises in an orderly, clean, sanitary and safe condition.

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 Agreement for one (1) five (5) year extension term with a 3% annual base rent escalation, but only if Tenant gives Landlord written notice thereof not less than sixty (60) days prior to the Expiration Date. If Tenant timely exercises this option, then the Lease Agreement 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.

Notwithstanding any provision to the contrary, Tenant's obligations under this Lease are expressly contingent upon the continued availability of federal Head Start/Early Head Start funding. In the event federal Head Start/Early Head Start is reduced, suspended, or terminated, or is otherwise insufficient to support Tenant's operations at the Premises, Tenant may terminate this Lease upon

providing one hundred eighty (180) days' written notice to Landlord. Within ten (10) days of submitting its written intent for such termination, Tenant shall pay the amount of the lease Bond to Landlord, and shall further be liable for Rent and other charges accrued through the effective date of such termination, and Landlord thereafter waives any claim to future rents, damages, or penalties.

ARTICLE 4 RENT

- 4.1 Amount of Payments. 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.
- 4.2 Late Fee. If any sums payable by Tenant to Landlord under this Lease Agreement are not received by the fifteenth (15th) day of the month in which they are due, Tenant shall pay Landlord an additional amount for the cost of collecting and handling such late payment as a late fee in an amount equal to the greater of (i) Fifty Dollars (\$50.00), or (ii) five percent (5%) of the overdue amount.
- 4.3 Interest. In addition to any applicable late fees, 12% APR interest (1% per month), shall be applied to the total unpaid balances calculated from the original due date to the date of payment.
- 4.4 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 Agreement by providing ~~a Personal Guaranty in the form as set forth in Exhibit "B"~~ and 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 Agreement 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 Agreement 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, unless such building or structure is added after the Effective Date of this Lease Agreement at the request of Tenant.
- 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

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.

Landlord shall pay all assessments, charges and/or fees for shared sewer, garbage, common area utilities and 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.

Electricity Meters Assigned to Tenant: 231971, 23192

Water Meters Assigned to Tenant: 211295640

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:
- (c) 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.
 - (d) 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.
 - (e) 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.

- (f) 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 Agreement 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 untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and this Lease Agreement shall not terminate. The Premises shall not be deemed untenable 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 Agreement 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 Agreement 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 Condemnation. If the Premises are made untenantable by eminent domain, or conveyed under a threat of condemnation, this Lease Agreement shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. In case of taking of a part of the Premises that does not render the Premises untenantable, then this Lease shall continue in full force and effect and the base monthly rental shall be equitably reduced based on the proportion by which the floor area of any structures is reduced, such reduction in Rent to be effective as of the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Tenant shall make no claim for

the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses or damages resulting from interruption in its business, provided that in no event shall Tenant's claim reduce Landlord's award.

ARTICLE 9 ACCEPTANCE AND CARE OF PREMISES

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

ARTICLE 10 ALTERATIONS AND IMPROVEMENTS

- 10.1 Tenant shall not make any alterations, additions or improvements to the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld. After such consent has been given, unless otherwise agreed upon in writing, any fixture permanently affixed to and intended to be a component of the Building, structure, or improvement on land, whether by alteration, improvement or addition made by Tenant upon the Premises, although at Tenant's own cost and expense, shall, at the option of Landlord, remain upon the Premises at the expiration of this lease and become the property of Landlord in fee simple, without other action or process of law. Notwithstanding the above, Tenant may remove any unaffixed items, equipment, trade fixtures, or any item owned separately from the real property that it attaches to the Premises upon expiration of lease, so long as Tenant repairs any damage caused to the Premises by such removal. All alterations, additions or improvements must be made in a good, first-class, workmanlike manner and in a manner that does not disturb the Landlord or other tenants (i.e., any loud work must be performed during non-business hours, unless prior written consent is given by Landlord and or other tenants) and Tenant must maintain appropriate liability and builder's risk insurance throughout the construction. Tenant does hereby agree to defend, indemnify and hold Landlord harmless from and against all claims for damages or death of persons or damage or destruction of property arising out of the performance of any such alterations, additions or improvements made by or on behalf of Tenant. Under no circumstances shall Landlord be required to pay, during the Term of this Lease and any extensions

or renewals thereof, any ad valorem or property tax on such alterations, additions, improvements or repairs. Landlord agrees to assign to Tenant any rights it may have against the contractor of the Premises with respect to any work performed.

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 understands and agrees that the duty to defend arises immediately upon the presentment of a claim or controversy from a third party, and is not otherwise dependent upon the adjudication of such claim by a court or other tribunal with jurisdiction.

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 Agreement, 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 Agreement 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. Landlord will provide janitorial service for common area restrooms, entry, hallways and exterior window washing. If applicable, Tenant agrees to keep any shared kitchen in neat and tidy condition with all personal items washed and stored, sinks cleaned after use, floors and tables free of garbage and debris.
- 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 building (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 Agreement.

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. Landlord shall have the right to remove any sign or signs in order to paint the building occupied by Tenant or Premises or in order make any other repairs or alterations and will thereafter reinstall the sign(s). Nothing in this Section shall be construed to require or obligate Landlord, at any time or in any manner, to make any repairs or alterations to a greater degree than otherwise required of Landlord in Article 10 or Article 13.

**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 Agreement 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 Agreement 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 Agreement, 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. Notwithstanding the foregoing, the Parties agree that Tenant may sublease all or a portion of the Premises to Early Head Start upon sixty (60) days written notice to Landlord.

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 Agreement, in whole or in part without the prior written consent of the Tenant. See also Landlord rights to terminate this Lease Agreement 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 Agreement, 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 Agreement, 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 Agreement 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 Agreement 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 Agreement.

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 Agreement.

ARTICLE 23 LANDLORD'S TERMINATION RIGHT

Notwithstanding anything to the contrary elsewhere in the Lease Agreement, 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 Agreement by providing one hundred eighty (180) days' written notice. If Landlord elects to terminate the Lease Agreement 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 Agreement 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 Agreement and Landlord shall have the right to seek all remedies set forth in this Lease Agreement.

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 Agreement (each, an “**Event of Default**”):

- (a) If Tenant, or any successor or assignee of Tenant while in possession, shall file a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act by answer or otherwise, or shall make an assignment for the benefit of creditors.
- (b) If involuntary proceedings under any bankruptcy law or insolvency act shall be instituted against Tenant, or if a receiver or trustee shall be appointed of all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within 30 days after the institution or appointment.
- (c) If Tenant shall fail to pay Landlord any Rent or Leasehold Tax when the same shall become due and shall not make the payment within 20 days after notice by Landlord to Tenant.
- (d) If Tenant shall fail to perform or comply with any of the conditions of this Lease and if the nonperformance shall continue for a period of 30 days after notice of nonperformance given by Landlord to Tenant or, if the performance cannot be reasonably had within the 30-day period, Tenant shall not in good faith have commenced performance within the 30-day period and shall not diligently proceed to completion of performance.
- (e) If Tenant shall vacate or abandon the Premises except as permitted under this Lease.

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 Agreement 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 Agreement 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 Agreement, 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 Agreement, 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 Agreement. 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 Agreement.
- (c) Damages. If Landlord elects to terminate this Lease Agreement 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 Agreement 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 24.20) and 24.20) 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 24.20) 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 Agreement 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 Agreement. 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 Agreement, 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 Agreement 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 Agreement 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 Agreement until paid, unless otherwise specifically provided in this Lease Agreement. 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 the Tenant requests an amendment to this Lease Agreement or other revision to the Landlord's standardized terms or forms, Tenant agrees that it shall pay the Landlord for all costs and legal fees incurred by the Landlord as the result of request.

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

ARTICLE 26 MISCELLANEOUS

Miscellaneous Provisions. The following miscellaneous provisions shall apply to this Lease Agreement:

- (a) Time is of the essence hereof.
- (b) If any portion of this Lease Agreement shall be deemed void, illegal or unenforceable, the balance of this Lease Agreement shall not be affected thereby.
- (c) This Lease Agreement 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 Agreement, that neither Landlord nor any other person has made any representation or warranty with respect to the Premises.
- (e) This Lease Agreement 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 Agreement, 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 Agreement.
- (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, epidemics, pandemics, fire or other casualty, inability to obtain any material or service, or acts of God.
- (i) This Lease Agreement and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the Parties. This Lease Agreement covers in full each and every agreement of every kind or nature whatsoever between the Parties hereto concerning this Lease Agreement 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 Agreement. All Exhibits, Riders, or Addenda mentioned in this Lease Agreement are incorporated herein by reference. No subsequent amendment to this Lease Agreement 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.
- (j) Tenant and Landlord hereby represent and warrant that they have not employed any broker with regard to this Lease Agreement and that they have no knowledge of any broker being instrumental in bringing about this Lease Agreement 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(j) 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 Agreement transaction except for the representations and covenants of Landlord expressly set forth in this Lease Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease Agreement as of the Effective Date written 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:
Benton Franklin Head Start,
a Washington State 501(c)(3)

By: _____
Magen Russell

Its: Executive Director _____

STATE OF WASHINGTON

ss.

COUNTY OF _____

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

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

STATE OF WASHINGTON

ss.

COUNTY OF BENTON

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

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

EXHIBIT "A"

LEGAL DESCRIPTION

PTN: 1-3299-400-0004-002

**THAT PORTION OF THE SOUTH HALF OF SECTION 32 DESCRIBED AS FOLLOWS
COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 32. THENCE SOUTH 89° 08'
33' EAST 356.15 FEET TO THE NORTHWEST CORNER OF SECTION 5, TOWNSHIP 8 NORTH,
RANGE 29. BENTON COUNTY**

COMMONLY KNOWN AS 415 N. Roosevelt, Suite 1 & 2, Kennewick

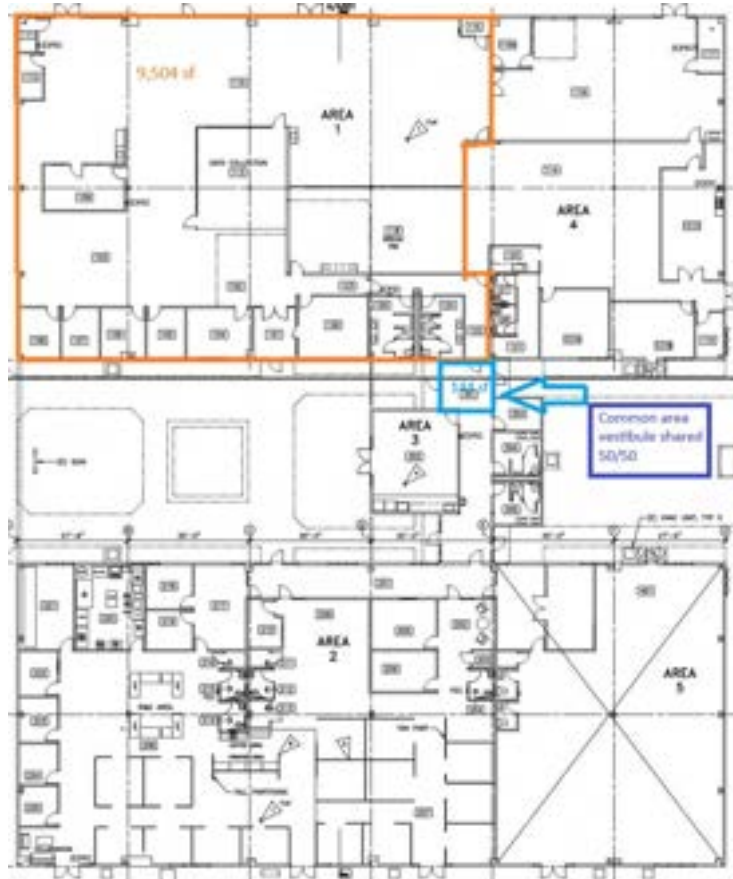


EXHIBIT C

STANDARD SIGN CRITERIA

These sign specifications have been established for the purpose of assuring outstanding building and for the mutual benefit of all Tenants. Conformance will be strictly enforced and into conformance at the full expense of Tenant.

The Port of Kennewick Director of Planning and Development is to administer and interpret the sign specifications, but is not empowered to authorize any departure from such specifications.

All permits for signs and their installation shall be obtained by the Tenant or his representative. Tenant shall be responsible for all costs and expenses of signage, including but not limited to the construction and design thereof and of Landlord's approval, and the fulfillment of all requirements and specifications.

All signage shall be designed to harmonize with the color scheme and existing signage of the overall building project. Professional sign drawings to be approved by the Port prior to installation.

No sign cabinets (transformers) or exposed conduit permitted on exterior face of sign or building. No 'can' or 'box' signs will be permitted.

All signs installed on Building shall be subject to the approval of the Port of Kennewick, City of Kennewick, and other agencies with jurisdiction over such matters.

Port Commissioners

EXHIBIT A



Port of Kennewick Leadership Development Update

Presented by:
Jan McDonald and Josie Villa
Maxwell Leadership Certified Team Members



Work Completed With The Port Team

Facilitated 5-hour leadership workshop

- Maxwell Live2Lead Rebroadcast - Featured Speakers
 - Jesse Cole on the 5 Es of creating raving fans.
 - Craig Groeschel on the importance of strong systems.
- Interactive Maxwell DISC workshop focused on communication and collaboration.
 - All participants completed DISC assessments before the session.
 - Provided a Team Report for ongoing development use.



Core Themes Introduced in the Training

Service Mindset



Systems Thinking



Team Awareness



EXHIBIT A

What DISC and the Team Report Provided

- A shared language for communication styles, pace, and decision-making tendencies.
- Better awareness of strengths the team can leverage more intentionally.
- A clearer understanding of friction points that may affect collaboration and follow-through.
- Practical insight the leader can use to support team development over time.



Why this matters to the Port of Kennewick

Internal Effectiveness

- Clearer communication
- Trust and steadiness
- Stronger collaboration

External Reputation

- Greater confidence
- Positive experiences
- Trust becomes a differentiator

Frontline Consistency

- Applies across the organization - including visible roles such as maintenance
- Everyday interactions reinforce professionalism and the Port's brand

Proposed Follow-on Workshop

Help the Port team operationalize the strategies identified in the Team Report.

- Identify the highest-value strategies for the team right now.
- Translate the team report insights into practical team habits, leader actions, and communication commitments to maximize team effectiveness.
- Strengthen accountability, collaboration, and consistency across daily work.

Strengthening Our Leadership

- Protects and extends the value of the training already completed.
- Helps convert insight into clear, sustainable team practices and next-step priorities.
- Supports stronger consistency, communication, and execution across the organization.



BUILDING ON A STRONG FOUNDATION

The Towns On Elm

New Live/Work Townhomes in Kennewick Waterfront



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Property Manager

JENNA CODDINGTON
Designated Broker

The Paragon Group is a full-service real estate and property management agency based in Richland, WA.



Project Snapshot

First purpose-built live/work townhome community now leasing in Kennewick's Historic Downtown and Waterfront District.

Details

- \$8M project
- Spring '26 completion
- 22 townhomes

Unit Mix

- 13 residential 2-bed
- 9 live/work 1&3-bed

Features

- Multilevel layouts
- Private entries
- Attached garages
- Rooftop decks*
- Floor-to-ceiling windows
- Washer/dryer

* Select units







Live/Work Activation

Street-level storefronts with attached living quarters above designed for entrepreneurs, small business owners, and professionals.



- Urban mixed-use zoning
- 1 & 3 Bedrooms
- 1.5 & 3.5 Bathrooms
- 1100-2000* SF residential
- 440* SF commercial
- Street access and visibility
- Retail signage
- Tenant improvements
- Ideal for boutique retail, offices, client-facing services, and select food concepts

* Approximately



EXHIBIT B





B



Padilla VI LLC

EXHIBIT B

Builder / Developer

DAMIAN PADILLA
President

PMI Inc. is a premier contractor for residential and commercial masonry design and installation services based in Kennewick, WA.



Supporting the Revitalization Vision

- Local ownership and investment
- Efficient project delivery
- Hands-on management approach
- Long-term commitment to the asset and community
- Activate street frontage
- Support small business growth
- Economic development
- Embrace density in a thoughtful way
- Contribute to a more walkable waterfront





Looking Ahead

- Demand exists for flexible live/work spaces
- Location and design are critical for success
- Activation builds momentum
- Continued lease-up and stabilization
- Ongoing commercial tenant curation
- Future developments
- Leveraging combined expertise

Q&A



Thank You

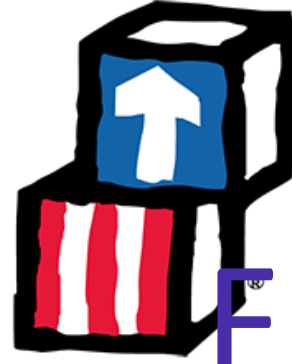
FOR LEASE
415 N. Roosevelt
Building A

LEASED



VISTA FIELD DEVELOPMENT BUILDING A - SPACE FOR LEASE
415 N. Roosevelt, Kennewick





Benton Franklin Head Start

Our Journey: Benton Franklin Head Start

A LEGACY OF GROWTH AND COMMUNITY IMPACT

Benton Franklin Head Start was founded about 50 years ago has transformed lives through dedicated early childhood education, empowering families, and fostering community partnerships that promote lasting change.

Benton Franklin Head Start completes an annual community assessment to ensure our program services are continuing to meet the community needs.

Over the years, Benton Franklin Head Start has had several locations throughout Benton and Franklin counties. We are currently serving a total of 350 children at 7 locations in the Tri-Cities.

Program Overview

Core Components of Our Program

- Early Childhood Education
- Family Support Services
- Health and Nutrition Programs
- Parent Involvement Initiatives



Lease Highlights

- **Lease Terms:**
- **Five (5) year lease with one (1) five-year option.**
- **Lease start date - June 1, 2026**
- **Leased Area - Approximately 9,500 square feet in north side of building.**
- **Use of Space - Administrative offices and training area.**
- **Common area parking and courtyards.**
- **Beginning monthly rent (without LET) - \$6,224.40**
- **Annual base rent escalation - 3%**
- **Deposit - Corporate Surety Bond**
- **Modified Gross - separately metered utilities paid by Tenant directly to utility provider.**
- **Space Modifications - Construction of a small office for their finance director, returning a couple of separation walls.**

Lease Highlights

- **Article 3 - added language**
- Notwithstanding any provision to the contrary, Tenant's obligations under this Lease are expressly contingent upon the continued availability of federal Head Start/Early Head Start funding. In the event federal Head Start/Early Head Start is reduced, suspended, or terminated, or is otherwise insufficient to support Tenant's operations at the Premises, Tenant may terminate this Lease upon providing one hundred eighty (180) days' written notice to Landlord. Within ten (10) days of submitting its written intent for such termination, Tenant shall pay the amount of the lease Bond to Landlord, and shall further be liable for Rent and other charges accrued through the effective date of such termination, and Landlord thereafter waives any claim to future rents, damages, or penalties.
- **Article 19 - Assignment and Subletting - added language**
- Notwithstanding the foregoing, the Parties agree that Tenant may sublease all or a portion of the Premises to Early Head Start upon sixty (60) days written notice to Landlord.

Thank you

- Amber Hanchette
- Director of Real Estate
- Port of Kennewick



EXHIBIT D
CURRENT (as of April 2026)
Contractual Commitments *
\$8,700,000

\$1,000,000
Parking Lot
(Convention Center)

\$2,000,000
Parking Lot
(Lots 23-25)

Parking Lot
(Woonerf-North & South)
\$1,200,000

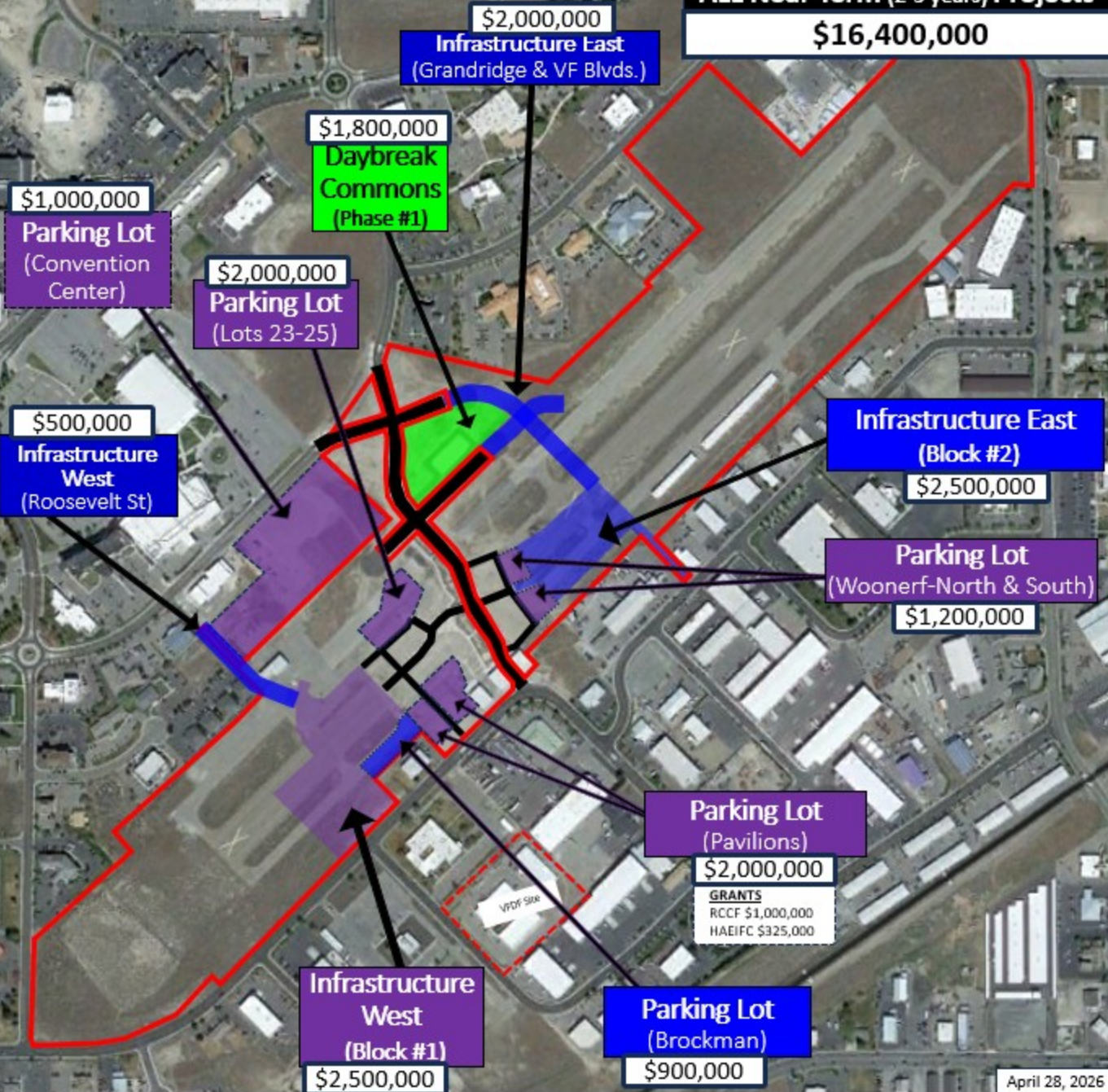
Parking Lot
(Pavilions)
\$2,000,000

Infrastructure West
(Block #1)
\$2,500,000

GRANTS
RCCF \$1,000,000
HAEIFC \$325,000

VPDF Site

\$16,400,000







**PORT of
KENNEWICK**

AGENDA REPORT

TO: Port Commission

FROM: Amber Hanchette, Director of Real Estate

MEETING DATE: May 12, 2026

AGENDA ITEM: Lease Rental Security– Electronic Systems Technology (ESTEEM) & Geo Professional Innovation

I. REFERENCE(S): Resolution 2026-09

II. DISCUSSION:

Electronic Systems Technology (ESTEEM) has been a port tenant at Vista Field Development Facility Building B since 1990. Prior to 2018 ESTEEM supplied a surety bond as financial security. Through lease amendment dated October 1, 2018, ESTEEM converted from a one-year rental security to cash deposit exceeding two months rent. ESTEEM has been a loyal port tenant in good financial standing for many decades.

Geo Professional Innovation (Geo Pro), a geotechnical firm, has been a port tenant since 2023 located in the Oak Street Industrial Park. At the beginning of their lease term, Geo Pro supplied a surety bond as financial security. In 2024, Geo Pro converted to a cash deposit equal to two months rent and has consistently paid their rent on time or in advance of the due date.

Both ESTEEM and Geo Pro are corporations, not sole proprietorships, and request a waiver of the RCW 53.08.085 one-year rental security requirement. This waiver is allowable by law and at the Port Commission discretion to accept a lower amount. An internal review by the port's auditor has found this to be an acceptable option based on tenant longevity and favorable payment history.

Thank you for your consideration.

III. ACTION REQUESTED OF COMMISSION:

Motion:

I move approval of a rental security waiver for tenants Electronic Systems Technology and Geo Professional Innovation; 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. 2026-09

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK APPROVING
LEASE BOND WAIVERS FOR ESTEEM AND
GEO PROFESSIONAL INOVATION***

WHEREAS, the Port of Kennewick (Port) is allowed by RCW 53.08.085 to obtain Port Commission waiver of the one-year rental security requirement if Commission deems necessary; and

WHEREAS, the Port has two leases, Electronic Systems Technology (ESTEEM) and Geo Professional Innovation, which were signed under the CEO delegation of authority, and

WHEREAS, industry standard and Port’s standard deposit on file for tenants is typically two months’ rent and the purpose of rental security is to ensure recovery of rent payment in the event the tenant is late. Both tenants are in good standing with the Port and have excellent payment history with many occasions where rent has been paid in advance; and

WHEREAS, this waiver of accepting a one-year lease rental security is strictly limited to the rent security requirement of the above mentioned leases and does not affect any other requirements or terms of Port leases; and

WHEREAS, this policy may be rescinded or amended at any time and original lease requirements may be reinstated.

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

NOW THEREFORE, BE IT HEREBY RESOLVED that the Port of Kennewick Commissioners hereby waives the one-year rental security requirement as per RCW 53.08.085 for Geo Professional and EST lease. In exchange the Port will accept a minimum two months’ rent deposit already on file with the Port as rental security.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 12th day of May, 2026.

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

By: _____
Kenneth Hohenberg, President

By: _____
Skip Novakovich, Vice President

By: _____
Raul Contreras Gonzalez, Secretary

DISCUSSION POINTS FOR POWWOW IN TRI-CITIES FOR 2027
5/1/2026

Concept: Native American Powwow in the Tri-Cities in 2027 with assistance from the Port of Kennewick (Port). Location likely to be at the expanded convention center in Kennewick, adjacent to the Port's Vista Field New Urbanism project.

As a result of early discussions, it appears that the board of the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) is supportive of the concept. The Port commission has not been briefed on the project, so there is not direction from the Board of Commissioners as a whole. The Commission Vice President has had several briefings on the concept from CTUIR members and seems supportive of the concept. However, the concept would need to be presented to the Port commission before further action and discussions take place.

As has been discussed, one possible path forward could be that the Port plays a supportive role in the Powwow, a role that would be complementary to a planning and implementing group of persons that have background in planning and implementing Powwows. This is because the Port has no experience in planning Powwows which are robust, well attended events with many intricate parts and pieces. While the Commission Vice President and the CEO had the opportunity to attend the recent Powwow in Pendleton, Oregon, they left with the impression that planning such an event is beyond the capabilities of the port and its limited staff. That is why if an event was planned for 2027, the port could play a role, but realistically could not function as the overall planner and implementer.

Perhaps a planning group (consisting primarily of tribal members) could be formed that would be in charge of planning and carrying out the event. Perhaps the Port could be a major participant in funding the event and could help with pre-event planning such as securing (and paying for) the convention center.

The port would also envision that the event and the planning for the event would be inclusive; that other regional tribes would be invited and encouraged to attend. In the meantime, perhaps smaller events could be planned, for example, having tribal elders give presentations to the public at significant locations, such as the gathering place on Clover Island in Kennewick.

Comments to this memo are encouraged.