The Port of Benton Commission Meetings are open to the public.

The regular Commission Meeting will be available via Zoom, telephone conference call-in line and inperson. The link to access this broadcast via Zoom, as well as the call-in number to participate via telephone, will be made available on the morning of the meeting on the Port of Benton's website at the link below, along with the meeting agenda, and minutes from past meetings. Live broadcast information: <u>portofbenton.com/commission</u>

For those unable to access the internet, please call 509-375-3060 by 8 a.m. on November 8, 2022 to be provided with call-in details.

All participants will be muted upon entry; when prompted click 'raise hand' in zoom or dial star + 9 (*9) to raise your hand. The host will unmute you to speak in the order hands are raised, when the host calls on you, press star + 6 (*6) to unmute yourself.

PORT OF BENTON REGULAR COMMISSION MEETING Agenda 8:30 a.m., November 8, 2022 3250 Port of Benton Blvd., Richland, WA 99354

- A. CALL TO ORDER
- B. PLEDGE OF ALLEGIANCE
- C. CONSENT AGENDA
 - 1. Approval of Agenda
 - 2. Approval of Minutes from the October 10, 2022 Special Commission Meeting Budget Workshop
 - 3. Approval of Minutes from the October 11, 2022 Commission Meeting
 - 4. Approval of Vouchers and Certifications, Including Payroll for Month of October Totaling \$1,317,852.11
 - 5. Approval of Project Fund Vouchers and Certifications for the Month of October Totaling \$355,609.12
 - 6. Resolution 22-36, To Cancel U.S. Bank Warrant Nos. 45449 47300, Which Were Not Issued

D. PUBLIC COMMENT

E. PUBLIC HEARING

- 1. 2023 Comprehensive Plan of Harbor Improvements
- 2. 2023 Port of Benton Budget

F. ITEMS OF BUSINESS

- Resolution 22-37, 2023 Port of Benton Budget; Resolution 22-38; Certifying the Port's 2022 Levy for 2023 Collection; Resolution 22-39, Port's 2023 Comprehensive Scheme of Harbor Improvements (Adoption)
- Resolution 22-40, Accepting Work Completed by Paintmaster, Inc. at 3100 George Washington Way
- 3. Resolution 22-41, Cascade Natural Gas Pipeline Easement within Railroad Right of Way Steptoe
- 4. Interstate Concrete (ICAC) / AMR 12.73 Acre Ground/Aggregate Lease Amendment – Richland Business Park
- 5. Revision of Resolution 22-32, City of Richland Interlocal Agreement for Railroad Maintenance to Resolution 22-35
- 6. Resolution 22-42, Approval of Richland Airport Land Lease Rates
- 7. Resolution 22-43, Consenting to Assignment of Ground Lease (RAP), Herbert and Jennifer Brayton to Hangar 2060 LLC, 2060 Butler Loop
- 8. Resolution 22-44, Consenting to Assignment of Ground Lease (RAP), Herbert and Jennifer Brayton to Hangar 2120 LLC, 2120 Butler Loop

G. INFORMATION REPORTS

1. Grants Update

H. COMMISSIONER REPORTS/COMMENTS

I. DIRECTOR REPORTS/COMMENTS

- 1. Airports
- 2. Facilities & Operations
- 3. Real Estate
- 4. Marketing
- 5. Economic Development & Governmental
- 6. Finance Director
- 7. Port Attorney
- 8. Executive Director
- J. EXECUTIVE SESSION: Real Estate and Personnel
- K. BREAK: Teleconference and Zoom options will terminate at this time. Commission and staff will take this time to travel to the 2579 Stevens Drive building for a tour.
- L. TOUR: 2579 Stevens Drive Open to public attendance. No action will take place during or after the public tour of the 2579 building.

M. ADJOURNMENT

The next regular Port of Benton Commission meeting will be held on Wednesday, December 14, 2022 at the Port of Benton Commission meeting room located at 3250 Port of Benton Blvd., Richland, WA. Visit <u>portofbenton.com</u> for notices and information.

PORT OF BENTON SPECIAL COMMISSION MEETING BUDGET WORKSHOP MINUTES OCTOBER 10, 2022

A. CALL TO ORDER: The Special Commission Meeting and Budget Workshop meeting was called to order at 8:34 a.m. at the Port of Benton Commission Meeting Room, 3250 Port of Benton Boulevard, Richland, Washington.

PRESENT: Commissioner Christy Rasmussen, Commissioner Roy Keck, Commissioner Lori Stevens, Executive Director, Diahann Howard; Port Attorney, David Billetdeaux; Public Information Officer, Summers Miya; Director of Finance/CPA, Danielle Connor; Director of Facilities & Operations, Ron Branine

The following attendees attended via remote communications:

Director of Real Estate, Teresa Hancock; Director of Marketing, Wally Williams, Accounting Clerk, Liz Renz; Senior Accountant, Veronica Serna

The Special Commission Meeting Budget Workshop was noticed as required by RCW 42.30.070.

B. PLEDGE OF ALLEGIANCE: Commissioner Christy Rasmussen led those present in reciting the Pledge of Allegiance.

C. BUDGET WORKSHOP

1. 2023 Proposed Budget Review

The 2023 proposed budget was presented by Director of Finance and Auditor, Danielle Connor. Connor noted that the 2023 proposed budget would be available in the Port office as well as the Port website.

2. 2023 Comprehensive Plan Draft and Review

Executive Director, Diahann Howard presented a draft overview of the Comprehensive Plan, noting that the full plan would be brought forward at the November meeting. Howard noted that the draft Comprehensive Plan would be available in the Port office as well as the Port website.

D. ADJOURNMENT: With no further business, the meeting was adjourned at 10:30 a.m.

Lori Stevens Commission Secretary

Special Commission Meeting Budget Workshop October 12, 2021

Meeting Minutes Page 1

PORT OF BENTON COMMISSION MEETING MINUTES OCTOBER 11, 2022

A. CALL TO ORDER: The regular monthly meeting was called to order at 8:32 a.m. at the Port of Benton Commission meeting room, 3250 Port of Benton Boulevard, Richland, Washington

PRESENT: Commissioner Christy L. Rasmussen; Commissioner Roy D. Keck; Commissioner Lori Stevens; Executive Director, Diahann Howard, PPM[®]; Port Attorney, David Billetdeaux; Public Information Officer, Summers Miya; Director of Finance, Danielle Connor; Director of Marketing, Wally Williams; Director of Facilities & Operations, Ron Branine; Jeramy Schultz, Benton City Subway

The following attendees attended via remote communications: Contract Specialist, Sheri Collins; Bryan Condon, Century West Engineering; Director of Real Estate, Teresa Hancock; Senior Accountant, Veronica Serna; Accounting Clerk, Liz Renz

The Commission meeting and public hearing were noticed as required by RCW 42.30.070.

B. PLEDGE OF ALLEGIANCE: Commission Secretary, Lori Stevens led those present in reciting the Pledge of Allegiance.

C. CONSENT AGENDA:

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving the agenda for the October 11, 2022, Commission meeting, approval of minutes from the September 14, 2022, Commission meeting, approval of vouchers and certifications, including payroll, for the month of September totaling \$1,212,786.46, and approval of project vouchers and certifications for the month of September totaling \$246,130.13.

D. PUBLIC COMMENT:

There were no comments from the public.

E. PUBLIC HEARING

Commission President Christy Rasmussen opened the public hearing at 8:36 a.m.

1. 2023 Port of Benton Proposed Budget

Director of Finance/CPA, Danielle Connor announced that any updates discussed at the previous day's Budget Workshop were made and the 2023 proposed budget was current on the Port website and available for pickup in the office.

2. 2023 Comprehensive Plan of Harbor Improvements

Executive Director, Diahann Howard highlighted slight updates that were made to the 2023 Comprehensive Plan of Harbor Improvements per the previous day's Workshop and noted that the draft plan was posted on the Port website and available for pickup in the lobby.

Howard added that changes included slight mapping changes and the addition of Washington VERTical.

Commission President Christy Rasmussen closed the public hearing at 8:39 a.m.

F. ITEMS OF BUSINESS

1. Tenant Spotlight, Jeramy Schultz – Benton City Subway

Port tenant, Jeramy Schultz of the Benton City Subway thanked the Commission for the opportunity to present his business and provided a brief history of his companies, which included his kettle corn popcorn business as well.

Schultz explained that he opened the Subway store in 2018, after obtaining franchise rights in 2017, and the store fared well during the pandemic, due to being quick service. Schultz added that his popcorn business could not operate for a year and a half but started working on the opening of the new kettle corn store during the pandemic.

Schultz added that Subway is as busy as ever but has had to raise prices twice in 2022 due to skyrocketing labor and product costs. Schultz stated that the market has been stable but has been difficult to obtain certain products.

Schultz stated that the Benton City Subway has been one of the largest investments in downtown Benton City and commented that the need for a second bridge in Benton City is great.

Schultz encouraged all to follow the popcorn store on social media for updates on flavor of the week.

2. 2022 Contract Amendment for RGW Enterprises/Engineering Increase from \$140,000 to \$210,000

Executive Director, Diahann Howard stated that 2022 has been the biggest year of capital projects in Port of Benton history and engineer, Roger Wright has worked tirelessly on all Port projects throughout the year. Howard reminded the Commission that Wright had requested to work three days a week in 2022 but has had to work five – seven days a week to keep up with project demands. Howard added that 2022 projects have included the numerous rail projects (Van Giesen and Cemetery/Swift), taking over the rail operations, airport electrical project, White Bluffs building project, plus numerous grant applications and the prep work for the 2023 projects, which include RIC projects using .09 funding, and preparing for the SR 240 crossing and rail grants.

Howard added that Wright has provided a tremendous resource to the Port and community for over 20 years and as Wright moves towards retirement, the Port is looking to attend recruitment events in an effort to backfill for this position and provide time for Wright's mentorship of the new hire.

Howard requested an additional \$70k to the RGW Enterprises contract, which would amend the contract from \$140,000 - \$210,000.

Commission Meeting October 11, 2022 Meeting Minutes Page 2

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving a contract amendment for RGW Enterprises/Engineering increase from \$140,000 to \$210,000.

3. Resolution 22-32, Interlocal Cooperative Agreement between City of Richland – Port of Benton for Railroad Maintenance

Port Attorney, David Billetdeaux noted that Resolution 22-32 approves the interlocal agreement with the City of Richland and the Port of Benton regarding shared railroad maintenance. Billetdeaux noted that per the agreement, the City and the Port can combine railroad maintenance work into combined projects when City and Port staff determine the approach to be in Jurisdiction's best interest and enable dispatching the City's qualified railroad maintenance staff to accomplish limited short-duration railroad maintenance and repair work on Port track.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck, and unanimously passed by the Commission approving Resolution 22-32, approving the cooperative agreement between City of Richland – Port of Benton for railroad maintenance.

4. Resolution 22-33, Consent to Assignment, Waters to IFMA, LLC / Jerry Ivy

Director of Real Estate, Teresa Hancock shared a map of the property described in Resolution 22-33, adding that the parties entered a ground lease in 1977 with Sigma Financial Group, of which the lease was assigned to E. Dale Waters Trustee and furthermore to Sanborn III LLC, later to Norma Waters Trustee in 2012.

Hancock added that the ground lease site is 1.57 acres, and commonly referred to as 3160 George Washington Way. The property formerly known as Sigma 3 of the 4 Sigma facilities, is bordered between George Washington Way and Port of Benton Blvd. Markel Sigma properties are adjacent to the west and north. The port owns the remaining Sigma parcel/improvements in the northwest quarter of block, currently occupied by PNNL/Battelle.

Hancock explained that Norma Waters Trustee obtained the property in 2012 upon the passing of her husband. The current lease is 25 years, with two 10-year renewal terms and includes a five-year CPI rent adjustment provision. In 2020, Hancock added that the lease was brought to fair market value and acreage adjusted to accurate, and then current appraisals as a baseline going forward.

Hancock stated that the Port received notification on behalf of Norma Waters in May 2022, requesting consent to assignment with a viable sale of the leasehold improvements. The Port received a copy of a executed Purchase and Sale Agreement between Norma Waters Trustee to IFMA, LLC / Jerry Ivy, requiring formal board approval of such consent prior to assignment of lease. The terms were updated with a change in ownership. Assignment of Lease is effective November 1, 2022; however, term of agreement remains unchanged (July 1, 2012 – June 30, 2037). The lease modification includes two 10-year renewal terms. Hancock explained that the annual ground rent is \$19,484.47 plus LET (\$22,397.01). Hancock added that at closing, October 31, 2022, lease rent \$59,725.36 would be received and consists of; the remaining 2022-23 term, first full year ground rent (minimum per RCW), one-year security (minimum per RCW), Section 10 (Reversion Clause/Ownership of Improvements), Section 11 (Assignment and Subletting Provision).

Hancock added that the sale and use is consistent with prior requests and the purchaser is viable and solvent to request consideration for this assignment request.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving Resolution 22-33, authorizing the consent to assignment from Norma Waters Trustee to IFMA LLC, Jerry Ivey.

5. Resolution 22-34, Westinghouse Electric Co. Renewal Lease Agreement

Executive Director Diahann Howard explained that the team has been working on this agreement for quite some time and there are minimal administrative leasing items to complete before the document is complete. Howard stated that consultant Ashley Garza created correct exhibit maps related to this lease and the issue with the asphalt hump on the property has been resolved and therefore, has been removed from the lease entirely, with some asphalt work remaining to be completed by 2024. Howard presented a map of the area and highlighted a decommissioned area facility in which all Port staff have been advised to not enter for safety purposes.

Howard explained that the original leasehold ground lease was between Capital Development Corporation (CDC) and the Port, and the Port purchased the improvements from the CDC and implemented a new lease with Westinghouse in 2017. Howard noted that the original lease commenced July 1, 2017, with one-year automatic renewal terms, expiring January 31, 2023. Howard added that bankruptcy reorganization has been completed allowing for a new lease to be considered.

Howard noted that the parties occupy 8.23 acres overall and constructed all leasehold improvements on property with revenue received for total of 15,660 sf, consisting of Building A (administration), and Building D (warehouse). Total of all buildings is 50,943 sf occupied by lessee and maintained through end of lease.

Howard explained that the new lease is effective October 21, 2022, with no term changes until the next term month, February 1, 2023. The new lease is a five-year duration, plus two five-year renewal terms. Howard highlighted the base rent of the buildings at \$24,142.50 plus LET / month and the land at \$4,809.64 plus LET/month.

Howard noted that there will be annual CPI adjustments, fair market value adjustments and security deposits of \$108,526.71. The lease term duration exceeds five years, and therefore outside the executive director's delegation authority and is being presented for board approval.

A motion was made by Commissioner Lori Stevens, seconded by Commissioner Roy Keck and unanimously passed by the Commission approving Resolution 22-34, authorizing the lease agreement with Westinghouse Electric Co., contingent upon any necessary administrative changes.

6. Adoption of Alternate Dates for Final Budget

Port Attorney, David Billetdeaux explained that state statutes set a specific timeline for how ports notice and adopt their budget, but then provide an opportunity for ports to revise the statutory dates to align with their own timelines and local requirements.

Billetdeaux explained that the budget was presented today in a Public Hearing and would be available on the port website and in the office with the final adoption of the budget and comp plan taking place on Tuesday, November 8 during a public hearing, which was noticed. This date will still allow for all documents to be properly sent to the County prior to the December deadline.

A motion was made by Commissioner Roy Keck, seconded by Commissioner Lori Stevens, and unanimously passed by the Commission approving the adoption of the alternate dates for final budget.

Commission Meeting October 11, 2022 Meeting Minutes Page 4 7. Discussion of Termination of Resolutions 20-17 (Emergency Declaration) and 20-18 (Emergency Powers Delegation to Executive Director)

Port Attorney, David Billetdeaux stated that the state of Washington was planning to end their emergency declarations at the end of the month and the Port was following in-line with the state, adding that these resolutions provided emergency powers to the Executive Director in the case that meetings could not be held due to the COVID-19 pandemic. Billetdeaux asked for termination of Resolution 20-17 and 20-18.

F. INFORMATION REPORTS

1. Grants Update

Executive Director, Diahann Howard provided further updates on the projects featured on the October grants report.

- Railroad Improvements/FRAP Grant Application has been submitted for \$1M grant and \$250k Port match with a verbal affirmation.
- Washington State Department of Commerce Industrial Site Readiness In review and discussions, possibly timing issue.
- Consolidated Rail Infrastructure & Safety Improvement (CRISI) Over \$1.4B federal funding available, first time offered, 80% federal dollars with 20% Port match. Port to request \$8M (\$2.4M match). Update in spring 2023.

2. Rail Update

Public Information Officer, Summers Miya provided a communications update on the recently completed Cemetery/Swift Blvd. railroad crossing construction project.

Miya shared an image of the crossing prior to replacement, which displayed the deteriorated condition of the crossing.

Miya shared visuals of the pre-project communication involved in the project, including two press releases, eNews and social media outreach. Miya featured screenshots of social media posts from community partners and highlighted the difficulties encountered related to the cemetery choosing to not open the back entrance to community members who sought to gain access of the cemetery throughout the project. Miya explained that engineer, Roger Wright personally escorted numerous individuals into the cemetery throughout the weekend.

Miya highlighted positive comments received, praising the Port for taking action on the rail crossing replacement projects.

Miya shared communication highlights during the project, which included social media posts and story updates daily and throughout the duration of the project, which was completed before schedule and reopened to the public on Sunday late afternoon, rather than Monday at 6 a.m. Miya displayed some of the positive feedback received in lieu of project completion.

Miya featured media pick-up of the project, which included the WPPA News Roundup, KNDU, Fox 11 and Journal of Business.

Miya shared a letter of gratitude from Pat Hollick, of Sunset Gardens, who complimented Roger Wright on his dedication during the rebuild process and thanked the Port for repairing the crossing.

3. 2022 Year to Date Budget Status Report

Director of Finance/CPA, Danielle Connor provided an overview of the 2022 year to date budget status report.

Connor stated that 2022 revenues are currently 35% over budget, although annuals have not yet been amortized out; overage is mostly due to conservative budget of aggregate and it coming in over budget. Connor added that the 2579 Stevens Drive facility has been added and Crow Butte bookings have been adjusted to include 2022 reservations only. Connor noted that the Port is currently sitting at 3% under budget for operating expenditures year-to-date. Connor stated that overall the Port is up approximately \$500k in cash compared to the beginning of the year however large capital and project expenditures are still upcoming. Connor stated that she will bring a preliminary overview of 2022 to the January 2023 meeting.

G. COMMISSIONER REPORTS/COMMENTS

Commissioner Roy Keck thanked the team for their continued work and dedication to the Port of Benton.

Commissioner Lori Stevens complimented the team on the recent rail caucus event, stating that it was a great tour and fascinating to tour through the different facilities that ranged from creating, shipping, and various levels of technology.

Commissioner Stevens added that she felt the Vintners Village Block Party and triple ribboncutting was a great community event and was well-attended.

Commissioner Stevens noted that she attended the recent Benton PUD community forum, which reiterated the vital importance of hydro power to provide clean, affordable energy to the community.

Commissioner Christy Rasmussen announced that she had the opportunity to say a few words at the recent Center Parkway ribbon-cutting event and also attended the rail caucus tour, which she felt was very informative. Commissioner Rasmussen stated that she also attended the Elected Leaders Reception, hosted by the Regional Chamber and participated in the recent exit interview with the State Auditor's Office.

Commissioner Rasmussen added that she also attended the PUD's community forum and the recent RiverFest event and encouraged all to support hydropower, as the power received from the dams is all spoken for...there is no extra!

H. DIRECTOR REPORTS/COMMENTS:

1. AIRPORTS

Executive Director, Diahann Howard announced that Sierra Electric completed work on the intersection one week early and Century West Engineering has been doing a great job coordinating construction. Howard noted that the early completion allowed LifeFlight to return early.

Howard added that there have been a few incidents with the shortened runway where pilots have mistakenly landed on the incorrect runway.

Howard stated that work continues to remain on schedule for completion the first week of November and no complaints have been received regarding the altered air traffic patterns.

2. FACILITIES & OPERATIONS:

Director of Facilities & Operations, Ron Branine announced that the exterior painting has been completed at 3100 George Washington Way.

Branine stated that there was a break-in at the Salk Avenue maintenance shop and many things were stolen, but some items have since been discovered.

Branine noted that the facilities team has begun the fall/winter preparation, adding that there are currently over 50 irrigation systems to prep for the season.

Branine stated that 47 work orders were turned in since September 14, but the average monthly work order number fluctuates around 100 and 741 have been received since September 2021. Branine announced that there are 49 open work orders and the system is currently capturing only 50% of what the department is actually doing.

Branine stated the Crow Butte's 2022 season will officially close at noon on Saturday, October 15. Branine added that permission was finally received from the Army Corps of Engineers to install the smart parking meters, which will help capture day use fees without having to manage the process manually. Branine added that he hopes to be able to install the parking meters this fall.

Branine stated that leaf pick-up at Crow Butte has begun and this is an ongoing project throughout the entire season.

Branine announced that an average of one critical callout per week is received for the railroad, which range from arms not functioning correctly, vehicle accidents and other general miscellaneous items.

Branine stated that he is working with McKinstry on the 2579 building evaluation and has been working to obtain 36 months of utility history for the building, as well as maps, which will assist them with their facility assessment.

Executive Director Diahann Howard added that the team worked with Railworks to replace 50 ties that needed immediate replacement. Howard added that work on the White Bluffs Center continues and is on track, aside from the delayed HVAC system, which may not arrive until spring 2023.

3. REAL ESTATE:

Director of Real Estate, Teresa Hancock announced that the sale of 9th Street Studio in Benton City closed, and Luis and Gaby Ruiz officially closed and former tenants (purchasers) are very pleased with the Port's assistance and cooperation.

Hancock stated that a number of inquiries have been received regarding the available space at 3100 George Washington Way and reminded the Commission that WSU Tri-Cities has moved into suites 106/108 (3,688 sf) at 3100 George Washington Way. Hancock added that she will focus on the available space on the south side of the 3250 building.

Hancock added that she continues to receive interest in both airports.

Hancock provided a screenshare of the 2579 Stevens Drive facility and provided a lease plan overview and review of space occupied by current tenants. Hancock thanked Port engineers Roger Wright and Ashley Garza for their work on this facility and site layout lease plan. Hancock announced that her comments related to ongoing real estate sales negotiations related to Vintners Village be reserved for Executive Session. No action anticipated.

4. MARKETING:

Public Information Officer, Summers Miya provided a visual presentation highlighting recent projects in the Marketing & Communications department.

Miya highlighted three press releases sent since mid-September, all related to the Cemetery/Swift rail crossing project.

Miya featured the ongoing communication that continues related to the Richland Airport Electrical Replacement project, which includes weekly emails, website and social media updates. Miya presented a sample of the direct mailer that went out to residents that would be affected by the closing of Runway 1-19, which was mailed to nearby neighborhoods. Miya included a community letter of thanks commending the Port for taking the time to communicate the runway change to the public.

Miya highlighted the Port and VERTical eNews, which goes out weekly and bi-weekly.

Miya featured the Vintners Village Block Party and triple ribbon-cutting event, including media pieces related to the community event.

Miya showcased the rail caucus event and the shared marketing with Port of Pasco.

Miya displayed images from the recent RiverFest event, where the Port shared a booth with Port of Pasco and Pacific Northwest Waterways Association, adding that the booth was engaging, popular and educational.

Miya highlighted current projects, which included: Entrepreneurial Awards, Bi-Annual Newsletter, river kiosks, Washington VERTical, Walter Clore industry-related events, Triton tours, including a partnership with the Richland Public Library and social media. Miya added that the Port of Benton was honored with an AAPA Award of Distinction in the Special Events category for the USS Triton Operation Sandblast Recognition Ceremony.

Director of Marketing, Wally Williams thanked Miya for handling Comp Plan updates during his recent absence.

5. ECONOMIC DEVELOPMENT & GOVERNMENTAL AFFAIRS:

Executive Director, Diahann Howard announced that Clean Energy Day will take place on January 25, 2023 in Olympia and the Port and Washington VERTical will participate. Howard added that James Schaefer of Guggenheim Securities will be the events featured speaker.

Howard updated that the Port is following the TIF bill closely, as it has recently been proposed to be altered.

6. FINANCE DIRECTOR:

Director of Finance/CPA, Danielle Connor provided an update on the IAP project, announcing that huge progress has been made with 181 of 189 current active leases entered. Connor reminded the Commission that this final number is always changing and will be considered complete at "go live". Connor stated that approximately six 2579 Stevens Drive leases remain to be entered into the system.

Connor recognized Accounting Clerk's Liz Renz's efforts, acknowledging that Liz entered 2345 Stevens Drive leases, which includes 222 units and Liz has logged over 70 hours of overtime on the project since April.

Connor added that Senior Accountant, Veronica Serna has been making steady progress on billing testing, running multiple test months and has been working with Teresa and Liz to ensure accuracy of data entered. Connor recognized Veronica's dedication and commitment to detail and added that Veronica has developed a solid internal Standard Operating Procedure with the team meeting internally to develop a workflow.

Connor announced that the team has a plan for the GASB 87 piece and will begin to layer this piece in with dedicated GASB 87 meetings. Connor added that this effort will be a manual configuration and she is working out on figuring out capacity and resourcing.

Connor stated that integration continues to make progress and was able to recently test drive the process with the developers, with another test drive taking place during October's parallel testing. Connor noted that the process will start out as a manual process, but automation will be turned on once the team is assured all is working correctly.

Connor added that the team is beginning to work through the pre go-live cutover items and reconciliations, which is a six – eight week process and will continue to run parallel testing for October billing and then will reassess readiness and determine if additional parallel testing is needed, with continued contingency if needed.

Connor stated that she prefers to do more work upfront and less fallout post go-live and is planning on a minimum six-month stabilization period.

Connor complimented the team on level of quality and dedication, determination and discipline in order to get the project through to completion while still handling and completing the daily tasks that are required.

Connor provided a financial status report, noting that there is \$2.5M available operating and the project fund holds \$2.9M available.

Connor stated that there were \$483k in cash receipts received from tenants in September and \$1.2M in cash disbursements. Connor added that there is currently \$543k currently outstanding in Accounts Payable, with \$61k past due. Connor added that there was currently \$630k outstanding Accounts Receivable.

Connor stated that the finance team has moved fully into Q4 operations and is focusing on getting the Yardi Voyager project across the finish line, in which she will then be able to focus on stabilization in Q1-Q2 of 2023. Connor added that she is also working on completing the 2023 budget before moving right into 2022 year-end.

Connor advised the Commission that that SAO Lean consulting has moved from November to March 2023.

7. PORT ATTORNEY:

Port Attorney, David Billetdeaux announced that the short-term rail RFP has been completed and posted and has received quite a bit of response in the way of questions, which has proved to be very helpful and will assist with the development of the long-term rail RFP. Billetdeaux added that responses are due by 11 a.m. on Friday, October 14 and all proposals received will then go through the proper channels of scoring.

Billetdeaux updated the Commission on the PNNL portal project, which has been in disuse for many years and currently resides near the 2579 Stevens Drive facility. Billetdeaux stated that PNNL has notified that they are moving forward with removal of the property but are giving the Port quite a bit of property, including cameras, security items and equipment.

Billetdeaux added that he was reserving a few items for Executive Session.

8. EXECUTIVE DIRECTOR:

Executive Director, Diahann Howard thanked Commissioner Stevens and Commissioner Rasmussen for attending the rail caucus reception and tour and looks forward to following up on railrelated grant opportunities for 2023. Howard stated that the City of Richland has expressed an interest of a future rail tour with Port Commissioners, which will tour City and Port rail and industrial assets.

Howard stated that she attended the recent RiverFest event and thought it a successful

outcome.

Howard added that she was provided the opportunity to present to the City of Richland regarding the rail.

Howard added that she plans to attend a workshop related to TIF with Director of Finance, Danielle Connor, as it pertains to the north Horn Rapids 1,341 area.

Howard stated that she attended the National Cleanup Conference in DC recently and presented on community reuse, where she set the stage for north Richland to become the home of the largest clean energy park in the nation.

Howard added she visited a prospect while in DC with TRIDEC's David Reeploeg.

Howard stated that there have been a number of industrial prospects for the 1,341 area, including a strong prospect through the City of Richland and a potential fuel-related to advanced reactor facility.

Howard stated that she is the moderator at the upcoming Association of Washington Business Energy Solutions Summit on November 9 and the Port of Benton and Washington VERTical are the luncheon sponsor.

Howard noted that she has been working on VERTical communications and vision documents and added that MCEI and MyTri are working on a convergence, which is being led by Karl Dye of TRIDEC.

Howard added that she has begun one-on-one meetings with the team, which include a Stop-Start-Continue portion. Howard stated that she will share all feedback received with the Commission once compiled.

Howard stated that an Airport Manager has been hired and this position will start in November. Howard added that she would be reserving updates on the RIC and airports for Executive Session.

I. EXECUTIVE SESSION: The regular Commission Meeting was recessed at 10:47 a.m. and an Executive Session was convened at 10:55 a.m. to discuss ongoing and potential litigation, real estate and personnel matters. It was announced that Executive Session would take 45 minutes and if any action was required, the Regular Commission Meeting will reconvene and bring forward the item at that time.

J. ADJOURNMENT: The Commission meeting was adjourned at 11:40 a.m. with an announcement that the next regularly scheduled Commission meeting would be held on Tuesday, November 8, 2022 at 8:30 a.m. and would be held at the Port of Benton Commission meeting room, 3250 Port of Benton Blvd., Richland, Washington.

Lori Stevens Commission Secretary

Port of Benton, Benton County, Washington Voucher Certification and Approval for the Month of October 2022

General Expenses

Accounts Payable Warrants #:	80529	-	80700	\$	1,033,730.65
Electronic Payments:				\$	-
Total General Expenses				\$	1,033,730.65
Payroll					
Direct Deposit:					
АСН				\$	98,773.27
Electronic Payments:					
IRS Payroll Tax Deposit				\$	36,843.03
Other Payroll Related Payments				\$	148,505.16
Total Payroll				\$	284,121.46
Total General Expenses and Payroll				\$	1,317,852.11

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the Port of Benton and that I am authorized to authenticate and certify to said claim.

Attest:

ame en

Director of Finance/Port Auditor

We, the undersigned Commissioners of the Port of Benton, Benton County, Washington, do hereby certify the following vouchers/warrants have been certified and approved for payment, this the _____ day of _____ 2022.

President

Vice President

Secretary

Date	Payee	Document No	Amount
	Bank: BCT MAIN - KeyBank National Association	Account No: 6631-6601101	
10/06/2022	10025-Rasmussen, Christy	080529	867.57
10/06/2022	10022–Connor, Danielle	080530	430.00
10/06/2022	10020Miya, Summers	080531	873.66
10/06/2022	VEN00002A-L COMPRESSED GASES, INC	080532	159.84
10/06/2022	VEN00044BENTON PUD	080533	2,055.62
10/06/2022	VEN00069BRUTZMAN'S INC	080534	6.42 153.57
10/06/2022 10/06/2022	VEN00075-CASCADE NATURAL GAS CORP VEN00089CITY OF RICHLAND	080535 080536	925.58
10/06/2022	VEN00003CITTOP RICHLAND VEN00119DAY WIRELESS SYSTEMS	080537	369.40
10/06/2022	VEN00136DIGITAL IMAGE TRI-CITIES, INC.	080538	2,494.67
10/06/2022	VEN00151-ELECTRICAL UNLIMITED, INC	080539	1,260.83
10/06/2022	VEN00161-EXPRESS SERVICES, INC.	080540	881.25
10/06/2022	VEN00166FERGUSON ENTERPRISES, INC.	080541	179.51
10/06/2022	VEN00009GEO WAY ACE HARDWARE	080542	149.42
10/06/2022	VEN00540GLACIER SUPPLY GROUP, LLC	080543	7,781.60
10/06/2022	VEN00419GRAINGER	080544	51.48
10/06/2022	VEN00196-HARBOR FREIGHT TOOLS, INC.	080545	42.35
10/06/2022		080546 080547	18,928.00 85.24
10/06/2022 10/06/2022	VEN00214IRRIGATION SPECIALISTS, INC VEN00228KELLER ROHRBACK LLP	080548	2,999.15
10/06/2022	VEN00585LENNOX INDUSTRIES INC.	080549	296.12
10/06/2022	VEN00236LES SCHWAB TIRE CENTER STEVENS DR.	080550	276.07
10/06/2022	VEN00253MINUTEMAN PRESS OF KENNEWICK	080551	979.34
10/06/2022	VEN00258MOON SECURITY SERVICES, INC	080552	2,309.96
10/06/2022	VEN00471OSBORN CONSTRUCTION & DESIGN, LLC	080553	1,904.42
10/06/2022	VEN00306PROMINENCE PUBLIC RELATIONS	080554	2,700.00
10/06/2022	VEN00307PROSSER RENTALS, LLC	080555	1,142.44
10/06/2022	VEN00331RICHLAND ROTARY CLUB	080556	500.00
10/06/2022	VEN00359-STEEBER'S LOCK SERVICE, LLC	080557	191.31
10/06/2022	VEN00363STONEWAY ELECTRIC SUPPLY INC	080558	37.45 364.20
10/06/2022	VEN00369SUNWEST SPORTSWEAR VEN00390TIRE FACTORY	080559 080560	72.79
10/06/2022	VEN00532-VIC'S AUTO PARTS & SUPPLY	080561	115.98
10/06/2022	VEN00449-ZIPLY FIBER	080562	545.52
10/12/2022	VEN00582DAVINA ARNOLD	080563	1,350.00
10/12/2022	VEN00278GERALD G. OLSON	080564	2,500.00
10/12/2022	VEN00467JOLENE YACONETTI	080565	1,350.00
10/12/2022	VEN00279KATHRYN S. OLSON	080566	2,901.43
10/12/2022	VEN00600STEEL ETC HOLDING CO	080567	6,280.90
10/12/2022	VEN00581TERRY ARNOLD VEN00583ADVANCE SIGNAL & CONTRACTING LLC	080568 080569	1,750.00 9,235.43
10/17/2022 10/17/2022	VEN00363ADVANCE SIGNAL & CONTRACTING LEC	080570	390.86
10/17/2022	VEN00053-BENTON RURAL ELEC ASSOCIATION	080571	1,823.49
10/17/2022	VEN00597BUSINESS RADIO INC	080572	275.00
10/17/2022	VEN00075-CASCADE NATURAL GAS CORP	080573	494.53
10/17/2022	VEN00290CI-PW, LLC (Paradise Bottled Water)	080574	9.77
10/17/2022	VEN00071CITY OF PROSSER	080575	6,254.88
10/17/2022	VEN00089CITY OF RICHLAND	080576	26,848.24
10/17/2022	VEN00234CITY OF RICHLAND LANDFILL	080577	10.00
10/17/2022	VEN00093-CLAYTON-WARD CO.,	080578	55.00
10/17/2022	VEN00077COLUMBIA BASIN IT	080579 080580	1,592.41 3,122.28
10/17/2022 10/17/2022	VEN00105CONNELL OIL, INC VEN00107COOK'S ACE HARDWARE	080581	46.72
10/17/2022	VEN00131DESERTGREEN LAWN & TREE CARE	080582	38,537.81
10/17/2022	VEN00595-DISCOUNTCELL, INC	080583	70,44
10/17/2022	VEN00143DSD BUSINESS SYSTEMS	080584	435.00
10/17/2022	VEN00147ECOMODUS, LLC	080585	11,745.09
10/17/2022	VEN00161EXPRESS SERVICES, INC.	080586	1,036.35
10/17/2022	VEN00009GEO WAY ACE HARDWARE	080587	100.60
10/17/2022	VEN00419GRAINGER	080588	675.85
10/17/2022	VEN00202HERC RENTALS INC.	080589	183.79
10/17/2022	VEN00229-KELLEY'S TELE-COMMUNICATION, INC. VEN00610L&G SALON, LUIS RUIZ	080590	180.69
10/17/2022 10/17/2022	VEN00610L&G SALON, LUIS RUIZ VEN00236LES SCHWAB TIRE CENTER STEVENS DR.	080591 080592	1,128.40 180.43
10/17/2022	VEN00230LES SCHWAB TIRE CENTER STEVENS DR. VEN00542MCCORMACK CONSULTING, LLC	080593	3,812.50
10/17/2022	VEN00253-MINUTEMAN PRESS OF KENNEWICK	080594	169.68
10/17/2022	VEN00258MOON SECURITY SERVICES, INC	080595	1,151.93
10/17/2022	VEN00605-ONE.7, INC	080596	255.55
10/17/2022	VEN00471OSBORN CONSTRUCTION & DESIGN, LLC	080597	2,755.55
10/17/2022	VEN00306PROMINENCE PUBLIC RELATIONS	080598	5,670.00

Date	Payee	Document No	Amount
10/17/2022	VEN00326RGW ENTERPRISES P.C. INC	080599	23,970.00
10/17/2022	VEN00464ROCKABILLY ROASTING CO.	080600	95.00
10/17/2022	VEN00604-SANDOLLAR LLC	080601	3,500.00
10/17/2022	VEN00334SANITARY DISPOSAL, INC.	080602	1,454.40
10/17/2022	VEN00337SCALES NW LLC	080603	777.64
10/17/2022	VEN00608SIERRA ELECTRIC, INC	080604	379,444.44
10/17/2022 10/17/2022	VEN00381TRI-CITIES REGIONAL BUSINESS VEN00298TRI-CITY COMPUTER CONSULTING LLC	080605 080606	1,250.00 1,737.60
10/17/2022	VEN00399TRIDEC,INC.	080607	2,083.33
10/17/2022	VEN00402UNDERGROUND CREATIVE, LLC	080608	200.00
10/17/2022	VEN00404UNITED WAY OF BENTON/FRANKLIN COUNTY	080609	121.67
10/17/2022	VEN00414VERIZON	080610	1,585.80
10/17/2022	VEN00449ZIPLY FIBER	080611	783.01
10/19/2022	VEN00278GERALD G. OLSON	080612	2,500.00
10/19/2022	VEN00467JOLENE YACONETTI	080613	1,350.00
10/19/2022 10/24/2022	VEN00279KATHRYN S. OLSON VEN00583ADVANCE SIGNAL & CONTRACTING LLC	080614 080615	2,572.88 4,262.00
10/24/2022	VEN00529BASIN DISPOSAL, INC.	080616	214.37
10/24/2022	VEN00044BENTON PUD	080617	1,280.75
10/24/2022	VEN00321CI INFORMATION MANAGEMENT	080618	46.43
10/24/2022	VEN00290CI-PW, LLC (Paradise Bottled Water)	080619	41.26
10/24/2022	VEN00052CITY OF BENTON CITY	080620	162.92
10/24/2022	VEN00077COLUMBIA BASIN IT	080621	187.50
10/24/2022	VEN00121DEAN'S AUTOMOTIVE REPAIR	080622	1,219.85
10/24/2022	VEN00161EXPRESS SERVICES, INC.	080623	1,177.50 27,000.00
10/24/2022	VEN00602FRED C. STRICLAND & ASSOCIATES LLC VEN00009GEO WAY ACE HARDWARE	080624 080625	78.35
10/24/2022 10/24/2022	VEN0009GEO WAT ACE HARDWARE VEN00525HUB INTERNATIONAL NORTHWEST LLC	080626	11,500.00
10/24/2022	VEN00588-IC CONSULTING CORPORATION	080627	8,190.00
10/24/2022	VEN00609-IRON HORSE VAC, LLC	080628	2,574.67
10/24/2022	VEN00231KENNEWICK INDUSTRIAL & ELECTRICAL SUP PLY	-080629	332.29
10/24/2022	VEN00380MCCLATCHY COMPANY	080630	174.21
10/24/2022	VEN00261-MP CONSTRUCTION, INC.	080631	9,371.03
10/24/2022	VEN00549ORCHARD & VINEYARD SUPPLY, LLC	080632	402.62
10/24/2022	VEN00517PACIFIC STEEL & RECYLCING	080633	428.71
10/24/2022	VEN00527PAINTMASTER SERVICES	080634	51,817.50
10/24/2022	VEN00297PERSONAL TOUCH CLEANING, INC. VEN00306PROMINENCE PUBLIC RELATIONS	080635 080636	11,664.22 4,740.00
10/24/2022 10/24/2022	VEN00359STEEBER'S LOCK SERVICE, LLC	080637	727.20
10/24/2022	VEN00346THE SHERWIN-WILLIAMS CO.	080638	1,225,42
10/24/2022	VEN00390TIRE FACTORY	080639	314.40
10/24/2022	VEN00397TRI-CITIES BATTERY & TIRE PROS	080640	349.91
10/24/2022	VEN00401TWIN CITY METALS, INC	080641	283.60
10/24/2022	VEN00410USDA APHIS	080642	1,156.34
10/24/2022	VEN00412VALLEY PUBLISHING COMPANY	080643	787.40
10/24/2022		080644	780.00
10/24/2022 10/24/2022	VEN00449ZIPLY FIBER 10025Rasmussen, Christy	080645 080646	421.57 103.76
10/24/2022	10007–Keck, Roy	080647	355.62
10/25/2022	10026-Stevens, Lori	080648	149.31
10/25/2022	VEN00006ABADAN, INC	080649	659.26
10/25/2022	VEN00611ADVANCE CONCEPTS & DESIGN	080650	323.47
10/25/2022	VEN00583ADVANCE SIGNAL & CONTRACTING LLC	080651	4,359.95
10/25/2022	VEN00025AMERICAN ROCK PRODUCTS, INC	080652 080653	5,098.69 33,603.87
10/25/2022	VEN00038BANNER BANK - Credit Card	080654	159.60
10/25/2022 10/25/2022	VEN00044BENTON PUD VEN00059BENTON-FRANKLIN HEALTH DEPT	080655	50.00
10/25/2022	VEN00007BLUEROOM	080656	1,236.00
10/25/2022	VEN00069BRUTZMAN'S INC	080657	519.76
10/25/2022	VEN00469CENTURY WEST ENGINEERING CORP	080658	63,631.26
10/25/2022	VEN00083CENTURYLINK	080659	107.94
10/25/2022	VEN00290CI-PW, LLC (Paradise Bottled Water)	080660	20.63
10/25/2022	VEN00089CITY OF RICHLAND	080661	2,171.84
10/25/2022	VEN00105CONNELL OIL, INC	080662	1,675.45
10/25/2022	VEN00151ELECTRICAL UNLIMITED, INC VEN00161EXPRESS SERVICES, INC.	080663 080664	1,281.60 535.80
10/25/2022 10/25/2022	VEN00161EXPRESS SERVICES, INC. VEN00162FARMERS EXCHANGE	080665	561.76
10/25/2022	VEN00009GEO WAY ACE HARDWARE	080666	65.14
10/25/2022	VEN00200HDR ENGINEERING, INC	080667	14,508.35
10/25/2022	VEN00201HEALTH CARE AUTHORITY	080668	34,051.77

Date	Payee	Document No	Amount
10/25/2022	VEN00586INDUSTRIAL CONSTRUCTORS, INC.	080669	52,804.50
10/25/2022	VEN00211-INTERMOUNTAIN MATERIALS TESTING	080670	3,522.50
10/25/2022	VEN00222-JOHN DEERE FINANCIAL (RDO EQUIPMENT)	080671	15.42
10/25/2022	VEN00253MINUTEMAN PRESS OF KENNEWICK	080672	502.80
10/25/2022	VEN00258MOON SECURITY SERVICES, INC	080673	3,828,41
10/25/2022	VEN00594NORTH WEST RESTORATION	080674	65.00
10/25/2022	VEN00284PACIFIC FIRE INSPECTION SERVICES, INC.	080675	5,765.00
10/25/2022	VEN00307PROSSER RENTALS, LLC	080676	37.49
10/25/2022	VEN00315PURCHASE POWER	080677	500.00
10/25/2022	VEN00330-ROSS JAMES PHOTOGRAPHY	080678	805.26
10/25/2022	VEN00385THE HOME DEPOT CRC/GECF	080679	3,555.99
10/25/2022	VEN00401TWIN CITY METALS, INC	080680	32.61
10/25/2022	VEN00395VISIT TRI-CITIES WASHINGTON	080681	200.00
10/25/2022	VEN00570VITAL RECORDS CONTROL	080682	219.47
10/25/2022	VEN00358WASHINGTON STATE AUDITOR'S OFFICE	080683	4,439.68
10/28/2022	VEN00612-BEAVER BARK LTD	080684	217.32
10/28/2022	VEN00075CASCADE NATURAL GAS CORP	080685	358,56
10/28/2022	VEN00083CENTURYLINK	080686	104.50
10/28/2022	VEN00290CI-PW, LLC (Paradise Bottled Water)	080687	18.46
10/28/2022	VEN00077COLUMBIA BASIN IT	080688	614.84
10/28/2022	VEN00119-DAY WIRELESS SYSTEMS	080689	369.40
10/28/2022	VEN00136DIGITAL IMAGE TRI-CITIES, INC.	080690	389.64
10/28/2022	VEN00009GEO WAY ACE HARDWARE	080691	95.80
10/28/2022	VEN00200HDR ENGINEERING, INC	080692	30,921.07
10/28/2022	VEN00228-KELLER ROHRBACK LLP	080693	118.50
10/28/2022	VEN00258MOON SECURITY SERVICES, INC	080694	1.818.14
10/28/2022	VEN00501MOUNTS LOCK AND KEY, INC.	080695	532.63
10/28/2022	VEN00296PERMIT SURVEYING, INC	080696	3,316.25
10/28/2022	VEN00305POCKETINET COMMUNICATIONS, INC.	080697	240.00
10/28/2022	VEN00390TIRE FACTORY	080698	71.70
10/28/2022	VEN00394TREASURE VALLEY COFFEE	080699	62.22
10/28/2022	10017-Roemeling, Corv	080700	107.51
10/07/2022	VEN00215INTERNAL REVENUE SERVICE	10072022	2,547.67
10/14/2022	VEN00215INTERNAL REVENUE SERVICE	10142022	16,202.96
10/28/2022	VEN00215INTERNAL REVENUE SERVICE	10282022	18,092,40
10/27/2022	VEN00239WASHINTGON STATE DEPT OF REVENUE	B&O09-2022	1,615.09
10/27/2022	VEN00122DEPT OF RETIREMENT SYSTEMS	DCP101422	3,666.06
10/25/2022	VEN00268NATIONWIDE RETIREMENT SOLUTION	NW10142022	2,086.86
10/21/2022	VEN00239WASHINTGON STATE DEPT OF REVENUE	Q3-2022LET	129,213,10
10/21/2022	VEN00444WASHINGTON STATE DEPT OF LABOR & IN- DUSTRIES	Q3-2022LNI	7,562.79
10/31/2022	VEN00443WASHINGTON STATE EMPLOYMENT SECU- RITY DEPT	Q3-2022SUI	2,151.16
10/21/2022	VEN00171-EMPLOYMENT SECURITY DEPT Total for BCT MAIN	Q3-PFML	2,210.10 1,219,078.84

Port of Benton, Benton County, Washington Voucher Certification and Approval for the Month of October 2022

Project Fund

Accounts Payable Warrants #	900034	-	900040		\$ 355,609.12
Electronic Payments					\$ -
Total Project Fund Expenses			9	\$ 355,609.12	
Total Project Fund Expenses				,	\$ 355,609.12

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the Port of Benton and that I am authorized to authenticate and certify to said claim.

Attest: Januell	Com	Director of Finance/Port Auditor
We, the undersigned Commissioners of the Port	of Benton, Benton	County,
Washington, do hereby certify the following vouc	chers/warrants ha	ve been
certified and approved for payment, this the	day of	, 2022.
		President

Vice President

Secretary

Date	Payee	Document No	Amount
	Bank: BCT PROJECT - KeyBank National Associa- tion	Account No: 6634-6601401	
10/06/2022	VEN00578BOOTH AND SONS CONSTRUCTION INC	900034	342,935.61
10/06/2022	VEN00136DIGITAL IMAGE TRI-CITIES, INC.	900035	35.33
10/17/2022	VEN00519ARCHITECTS WEST, INC.	900036	6,180,77
10/17/2022	VEN00089CITY OF RICHLAND	900037	28.66
10/17/2022	VEN00326RGW ENTERPRISES P.C. INC	900038	1,560.00
10/25/2022	VEN00211INTERMOUNTAIN MATERIALS TESTING	900039	4,408.75
10/25/2022	VEN00342SHANNON & WILSON, INC.	900040	460.00
	Total for BCT PROJECT		355,609.12

RESOLUTION 22-36 A RESOLUTION OF THE PORT OF BENTON, WASHINGTON TO CANCEL A WARRANT

WHEREAS, US Bank Fund Warrants No. 45449 – 47300 were not issued the warrants have been deemed unusable due to termination of account, and

WHEREAS, said warrants is hereby considered to be canceled, and the Port Commission wishes to remove this warrant from the active accounting records.

NOW THEREFORE, the Port Commission hereby resolves to cancel Warrants No. 45449 - 47300.

DATED AND SIGNED at Richland, Washington on this 8th day of November 2022.

Christy Rasmussen, President

Roy D. Keck, Vice President

RESOLUTION 22-37 A RESOLUTION TO ADOPT THE 2023 PORT BUDGET

WHEREAS, the Port of Benton has properly given notice of the public hearing held on November 8th, 2022 to consider the Port of Benton's Budget for the 2023 calendar year, pursuant to RCW 84.55.120; and

NOW, THEREFORE BE IT RESOLVED, by the Commission of the Port of Benton after a public hearing, and after duly considering all relevant evidence and testimony presented, has adopted the following budget for the Port of Benton for the year 2023:

Estimated Beginning Cash	\$ 3,500,000
Less: Reserve	1,500,000
Estimated Unreserved Beginning Cash	2,000,000
Operating Revenues	
Lease Revenue	5,288,867
Crow Butte Revenues	215,573
Total Anticipated Operating Revenues	5,504,440
Operating Expenditures	
Operations & Maintenance Expenses	3,284,034
Railroad Expenses	712,600
Crow Butte Operating Expenses	388,019
Airports Operating Expenses	555,505
General & Administrative	2,680,462
Promotional Hosting	1,000
Total Anticipated Expenditures & Outflows	7,621,620
Net Operating Revenues & Expenses	(2,117,180)
Non-Operating Inflows	
Property Tax Revenue	2,881,561
Grant Revenue	5,110,000
Sale of Fixed Assets	-
Other Tax Revenue	155,000
Insurance Recoveries	150,000
Collections on Notes Receivable	127,775
Interest Income	129,550
Debt Issuance	750,000
Total Anticipated Non-Operating Inflows	9,303,886
Non-Operating Outflows	
Debt Service Payments	543,300
Interest Expense	235,852
Capital Projects - Grant Funded including Port Match	6,795,000
Capital Projects - Port Funded	1,246,000
Other Projects - Port Contribution on Partner Projects	150,000
Maintenance Equipment	138,000
Increase Reserve	
Total Anticipated Non-Operating Outflows	9,108,152
Net Non-Operating Inflows & Outflows	195,734
Estimated Ending Cash on Hand	
General Operating Fund	78,554
Reserve & Restricted Funds	1,500,000
Total Estimated Unrestricted & Reserve Funds	\$ 1,578,554

ADOPTED by the Commission of the Port of Benton at its regular meeting held this _____day of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

RESOLUTION 22-38 RESOLUTION OF THE COMMISSION OF THE PORT OF BENTON CERTIFYING THE PORT'S 2022 LEVY FOR 2023 COLLECTION

WHEREAS, the Commission of the Port of Benton met and considered its budget for the calendar year 2023; and,

WHEREAS, the districts actual levy amount from the previous year was \$2,713,353; and,

WHEREAS, the population of this district is more than 10,000; and now, therefore,

NOW, THEREFORE IT BE RESOLVED by the Commission of the Port of Benton that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2023 tax year.

The dollar amount of the increase over the actual levy amount from the previous year shall be \$20,181 which is a percentage increase of 101% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, and any increase in the values of state assessed property, any annexations that have occurred and refunds made.

This resolution shall become effective immediately upon its adoption.

ADOPTED by the Commission of the Port of Benton at its regular meeting held this _____ day of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

RESOLUTION 22-39 A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF BENTON, WASHINGTON ADOPTING THE PORT'S 2023 COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS, KNOWN AS THE 2023 COMPREHENSIVE PLAN, AS PROVIDED BY RCW 53.20.020

WHEREAS, a 2023 Annual Operating and Capital Budget, a part of the Port's Comprehensive Scheme of Harbor Improvements, was adopted by the Port of Benton Commission at a regular meeting Resolution 21-37, and

WHEREAS, public notices were published a newspaper of general circulation proclaiming the availability of the 2023 Annual Operating and Capital Budget and Comprehensive Plan to the public and announcing a public hearing on the budget and comprehensive plan, all in accordance with RCW 53.20.020, RCW 53.35.030 and RCW 53.35.045; and

WHEREAS the Port Commission has heard from all persons desiring to be heard on the matter of 2023 Annual Operating and Capital Budget and Comprehensive Plan all in accordance with RCW 53.20.020, RCW 53.35.030 and RCW 53.35.045.

NOW, THEREFORE IT BE RESOLVED that the Board of Commissioners of the Port of Benton approves the Port's 2023 Comprehensive Scheme of Harbor Improvements known as the 2023 Comprehensive Plan.

ADOPTED by the Port of Benton Board of Commissioners on this <u>day</u> of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

RESOLUTION 22-40

A RESOLUTION OF THE PORT OF BENTON ACCEPTING WORK COMPLETED BY PAINTMASTER, INC. FOR THE 3100 GEORGE WASHINGTON WAY EXTERIOR PAINTING PROJECT

WHEREAS, work known as the 3100 George Washington Way Exterior Painting Project upon notification by Paintmaster, Inc., that said project has been completed in accordance with the approved plans and specifications, has been duly inspected by the Port of Benton, and the project has been duly inspected by the Director of Facility & Operations, Ron Branine and

WHEREAS, the Contractor has certified that the work has been completed in accordance with the plans and specifications at a total cost of \$52,500.00 plus WSST.

NOW THEREFORE BE IT RESOLVED that the Port of Benton Commission does hereby accept the work Luke's Carpet, LLC, has completed in accordance with the contract of said project; and

BE IT HEREBY FURTHER RESOLVED that upon presentation and approval of the final invoice for the project, the Executive Director is directed to proceed with the necessary procedures, including required advertisements and government notifications, to finalize the project.

DATED AND SIGNED at Richland, Washington on this 8th day of November 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

RESOLUTION 22-41 A RESOLUTION OF THE PORT OF BENTON TO GRANT A PERPETUAL EASEMENT FOR A NATURAL GAS PIPELINE WITHIN THE RAILROAD RIGHT-OF-WAY

WHEREAS, the Cascade Natural Gas ("CNG") has requested the ability to extend natural gas service into additional neighborhoods to provide increased heating services to the community; and

WHEREAS, according to the US Energy Information Administration, natural gas is a relatively clear burning fossil fuel that results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO_2) than burning coal or petroleum products to produce an equal amount of energy; and

WHEREAS, to accommodate this work, the Port needs to create a perpetual 15 foot easement along the east end of the Port of Benton Southern Connection Railroad near Columbia Park Trail for conduit, as well as a temporary 15 foot wide easement for construction. The conduit will all be located underground. The Port's engineer has verified that this location does not appear to negatively impact any existing or future development of the railroad. Attached is a map of the location for this 15 ft wide easement; and

WHEREAS, this Agreement shall be perpetual in nature.

NOW THEREFORE BE IT RESOLVED that the Port of Benton Commission does hereby approve this Agreement and all terms within said Agreement, and

BE IT HEREBY FURTHER RESOLVED that upon approval of said Agreement, the Executive Director is authorized to sign such Agreement.

ADOPTED by the Port of Benton Board of Commissioners, on this 8th day of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

WHEN RECORDED RETURN TO:
Cascade Natural Gas Corporation
C/O Thomas Henderson
8113 Grandridge Blvd.
Kennewick WA 99336
ATTENTION: Engineering / Right of Way

CASCADE NATURAL GAS CORPORATION PIPELINE EASEMENT

THIS EASEMENT, made this ______ day of ______, 2022, by and between CASCADE NATURAL GAS CORPORATION, a Washington corporation, whose principal address is 8113 W Grandridge Blvd., Kennewick, Washington (hereinafter referred to as the "COMPANY"), its successors and assigns, and the undersigned ______ Port of Benton ______, hereinafter referred to as "OWNER", whose address is ______ 3250 Port of Benton Blvd., Richland, WA 99354.

WITNESSETH, that for valuable consideration received, OWNER does hereby grant unto COMPANY, its successors and assigns, a permanent easement <u>15</u> feet in width, over the following described land (hereinafter referred to as Property) of the Grantor, for the purpose of installing and constructing thereon, and thereafter to operate, inspect, protect, improve, maintain, repair, increase the capacity of, remove, replace, and abandon in place, a gas pipeline or lines, including without limitation necessary pipes, regulation devices, equipment, fixtures, and facilities related to the operation or maintenance of said gas lines, said tract of land being situated in the County of Benton, State of Washington, and more particularly described as follows:

Tax Parcel Number: No Tax Parcel Number

A Portion of the Port of Benton Railroad parcel as described under Auditor File No. 1999-026695, Records of Benton County, Washington lying in the Northeast quarter of the Northeast quarter of Section 25, Township 9 North, Range 28 East, Willamette Meridian, City of Richland, Benton County, Washington.

Description of the Easement Area

See Attached Exhibit A and Exhibit A-1

During construction periods, COMPANY and its agents may temporarily use <u>15</u> additional feet of OWNER's property along the west of and adjacent to said permanent easement in connection with the construction of said facilities. Should additional pipelines be laid under this grant, at any time, an additional consideration equal to the consideration paid for this grant, calculated on a lineal rod basis, shall be paid for each additional line.

OWNER, its successors and assigns, hereby grants to COMPANY, its successors and assigns, the right at all reasonable times of ingress and egress to the above described premises and across adjacent lands of the OWNER, it successors and assigns, at convenient points for the enjoyment of the aforesaid uses, rights, and privileges as long as such usage of adjacent lands does not impact the operations or integrity of the OWNER's railroad facilities.

OWNER, its successors and assigns, agrees not to build, create or construct or permit to be built, created, or constructed, any obstruction, building, engineering works, or other structures upon, over, or under the above described tract of land or that would interfere with said pipeline or lines or COMPANY'S rights hereunder. COMPANY shall have the right, but not the obligation, to cut and clear trees and shrubbery from the above described tract of land.

COMPANY hereby agrees that it will pay reasonable damages, to be agreed upon by the parties, that may result to the fences, buildings and improvements on said premises caused by constructing, reconstructing, inspecting, protecting, maintaining, repairing, increasing the capacity of, operating or removing said pipeline or lines.

This easement shall be binding upon the heirs, executors, administrators, personal representatives, successors, and assigns of the parties hereto.

IN WITNESS WHEREOF, OWNER has executed this easement as of the day and year first above written.

Diahann Howard, Executive Director

STATE OF WASHINGTON_____) COUNTY OF _____)

On this _______,2022, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared before me,

<u>Diahann Howard</u> to me known to be the <u>Executive Director</u> of <u>Port of Benton</u>, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Notary Signature	
Notary Public,Co	unty,
State of	
Residing at	
My Commission Expires:	
Project No. <u>WO 279575</u> City <u>Richland</u> County Benton	

EXHIBIT A 15-FOOT-WIDE CASCADE NATURAL GAS CORPORATION GAS PIPELINE EASEMENT & A 15-FOOT-WIDE TEMPORARY CONSTRUCTION EASEMENT

A natural gas pipeline easement over a portion of the Port of Benton railroad parcel as described under Auditor File No. 1999-026695, Records of Benton County, Washington lying in the Northeast quarter of the Northeast quarter of Section 25, Township 9 North, Range 28 East, Willamette Meridian, City of Richland, Benton County, Washington, described as follows:

A 15.00-foot-wide natural gas pipeline easement for the installation, operation, maintenance, renewal and replacement of pipelines, structures, and equipment, over, under and across the following described parcel of land;

BEGINNING at a Brass cap marking the Southeast corner of the Northeast quarter of the Northeast quarter of said Section 25, from which a Brass cap marking the Southeast corner of the Northeast quarter of said Section 25 bears South 00°12'27" West, 1334.21 feet;

Thence leaving the East line of said Section 25 along the south line of the Northeast quarter of the Northeast quarter of said Section 25, South 89°32'32" West, 712.40 feet to the easterly boundary of said Port of Benton railroad parcel, said point being 100.00 feet easterly of the centerline thereof, when measured at right angles, said also being the **TRUE POINT OF BEGINNING** of the easement to be described;

Thence leaving the south line of the Northeast quarter of the Northeast quarter of said Section 25 along the easterly boundary of said Port of Benton railroad parcel, northwesterly, along the arc of a 2764.79-foot radius, non-tangent curve to the right (the radius of which bears North 61°22'48" East) through a central angle of 00°12'17" for an arc length of 9.88 feet, the long chord of which bears North 28°31'03" West, 9.88 feet;

Thence continuing along the easterly boundary of said Port of Benton railroad parcel, North 28°24'55" West, 374.27 feet to the southerly right-of-way line of Columbia Park Trail, said point being 50.00 feet southerly of the centerline thereof, when measured at right angles;

Thence leaving the easterly boundary of said Port of Benton railroad parcel and following along the southerly right-of-way line of said Columbia Park Trail, North 72°53'50" West, 21.41 feet, said point being 85.00 feet easterly of the centerline of said Port of Benton parcel, when measured at right angles;

Thence leaving the southerly right-of-way line of said Columbia Park Trail, South 28°24'55" East, parallel with and 85.00 feet easterly of the centerline of said Port of Benton railroad parcel for a distance of 391.46 feet to the south line of the Northeast quarter of the Northeast quarter of said Section 25;

Thence along the south line of the Northeast quarter of the Northeast quarter of said Section 25, North 89°32'32" East, 17.00 feet the **TRUE POINT OF BEGINNING** and the end of this easement description.

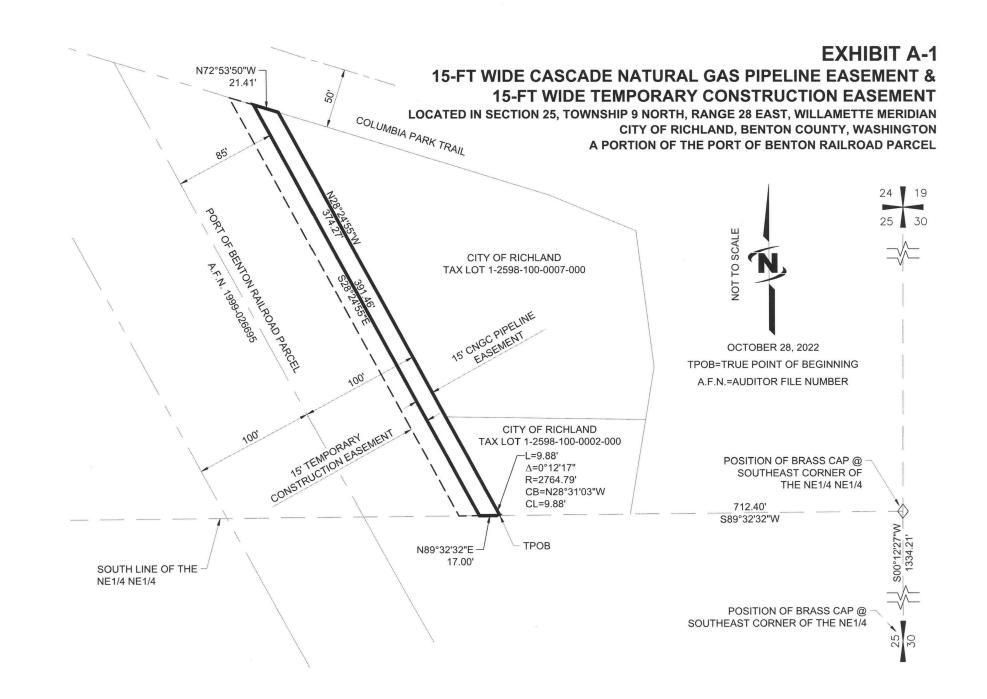
Containing: 5817.06 square feet (0.13 acres), more or less.

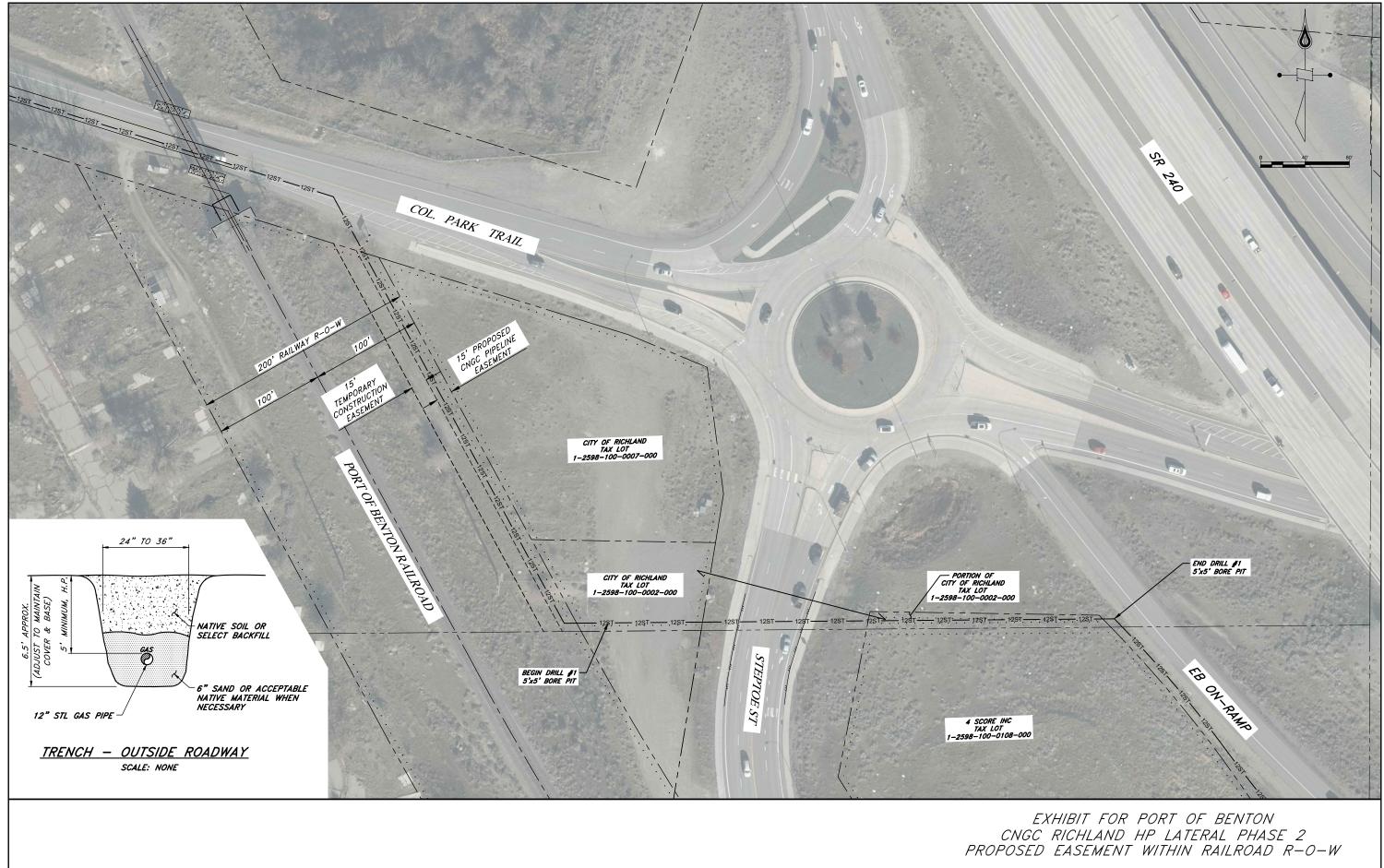
TOGETHER WITH a 15.00-foot-wide temporary construction easement over a portion of said Port of Benton railroad parcel lying immediately west of and parallel to the above-described gas pipeline easement.

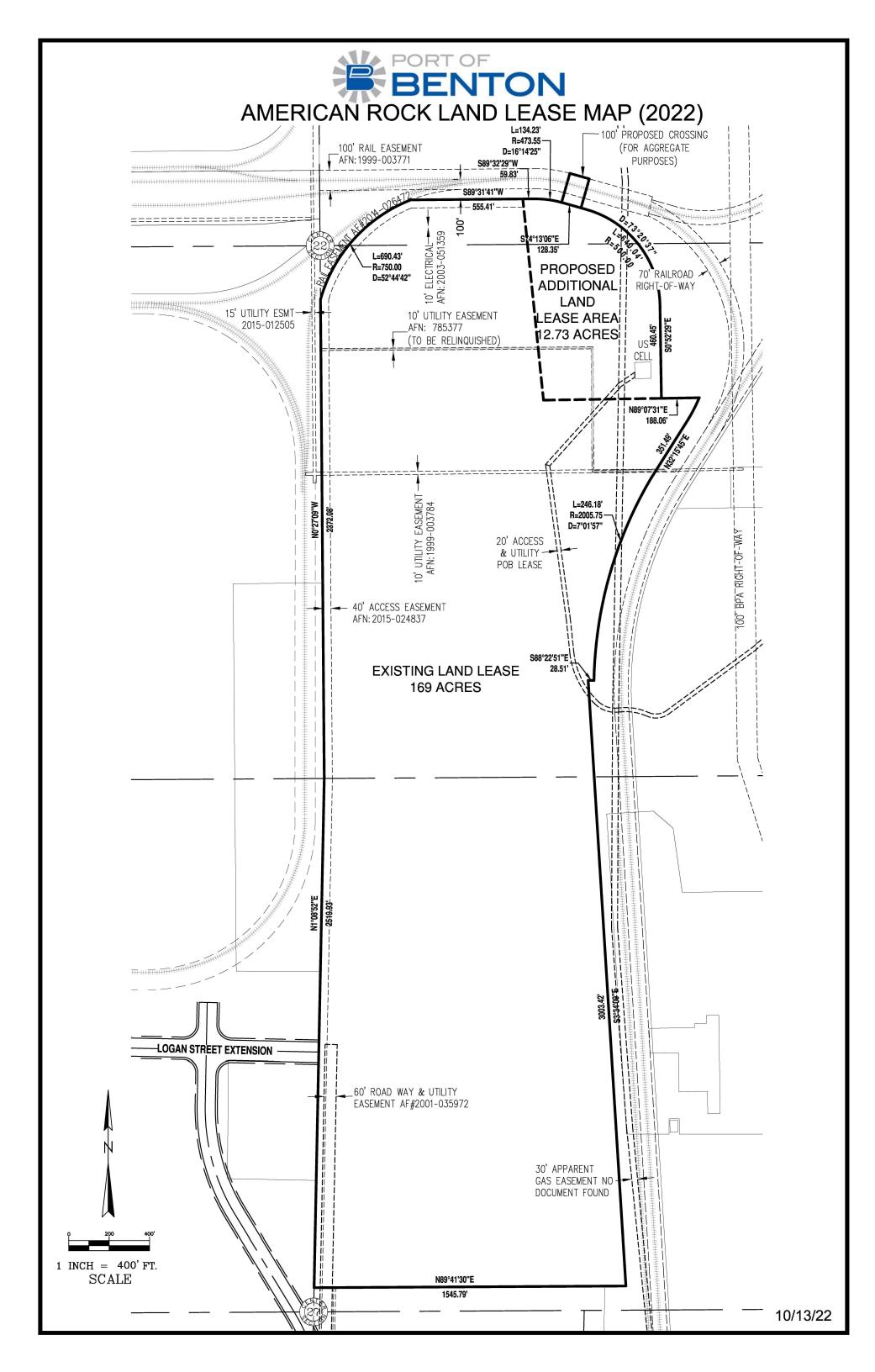
(The north line of said temporary construction easement is the southerly right-of-way line of said Columbia Park Trail and the south line of said easement is the south line the Northeast quarter of the Northeast quarter of said Section 25).

TOGETHER WITH AND SUBJECT TO covenants, easement, and restrictions apparent or of record.









RESOLUTION 22-35

REVISED

4:14 pm, Nov 03, 2022

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF BENTON APPROVING THE INTERLOCAL AGREEMENT WITH THE CITY OF RICHLAND FOR RAILROAD MAINTENANCE

WHEREAS, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

WHEREAS, pursuant to RCW 39.34.080, each Jurisdiction is authorized to contract with any one or more public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform; provided that such contract shall be authorized by the governing body of each Jurisdiction to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties; and

WHEREAS, the Port Commission finds that the Interlocal Agreement will formalize a commitment to (1) enable the City and Port to combine railroad maintenance work into combined projects when Port or City staff determine this approach to be in each Jurisdiction's best interest; and, (2) enable dispatching of the City's qualified railroad maintenance staff to accomplish limited short-duration railroad maintenance and repair work on the Port's track facilities; and

WHEREAS, the Port Commission finds that approval of the Interlocal Agreement will save costs and be to the mutual advantage of the Port of Benton and City of Richland;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT OF BENTON AS FOLLOWS: that the Port Commission hereby approves the Interlocal Agreement with the City of Richland for Railroad Maintenance as attached, and further authorizes the Port's Executive Director and General Counsel to take all action necessary to implement the agreement within his/her delegation of authority.

DATED AND SIGNED at Richland, Washington by the Port Commission of the Port of Benton at a regular commission meeting held this 11th day of October, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

Lori Stevens, Secretary

RESOLUTION 22-42 A RESOLUTION OF THE PORT OF BENTON, RELATING TO LAND RATES RICHLAND AIRPORT PARK

WHEREAS, the Port of Benton acquired property within the Richland Airport Park to promote economic development for industrial and aviation purposes; and

WHEREAS, the primary goal of the Port is to maximize Airport revenue, minimize Airport financial obligations in leased areas, fulfill customer service goals and attract private investment instead of airport debt, while operating in a fiscally responsible manner; and

WHEREAS, the Port Commission will consider methodologies and practices for setting lease rates from time to time to ensure an equitable and profitable rate of return on leased property. Rental rates are required to be reviewed every five years per Federal Aviation Administration, and RCW 14.08.120, based upon fair market value to protect federal grant assurances, support strategic plans and attract new businesses as appropriate; and

WHEREAS, the rates established for the Richland Airport for 2022 are consistent with comparable airport appraisals and market studies, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the MAI, Uniform Standards of Professional Practice (USPAP) promulgated by the Appraisal Foundation; and

IT IS HEREBY RESOLVED, that all Ground Leases entered into by the Port, at the Richland Airport Park, be set at the rates established by the Port effective November 9, 2022: Aeronautical Improved Land (\$0.26 - \$0.32psf/yr*); Aeronautical Unimproved Land (\$0.22 - \$0.28psf/yr*); and Non-Aeronautical Land (\$0.32 - \$0.40psf/yr*); and

IT IS FURTHER RESOLVED, the Port Commission may modify the rental rate on a caseby-case basis, depending upon private investment, based that such lease enhances the public acceptance of the airport and serves the airport's business interest; and adopted procedures for approval of such lease and/or reduced rate are established.

ADOPTED by the Port of Benton Board of Commissioners, on this 8th day of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

EXHIBIT 1 TO RESOLUTION 22-42 RELATING TO LAND RATES RICHLAND AIRPORT PARK [MAP]

The Port of Benton is unique among Washington Public Ports, as it owns and operates two airports: Richland Airport Park (RLD) and Prosser Airport (S40).

Land Types and Rental Rates Classification:

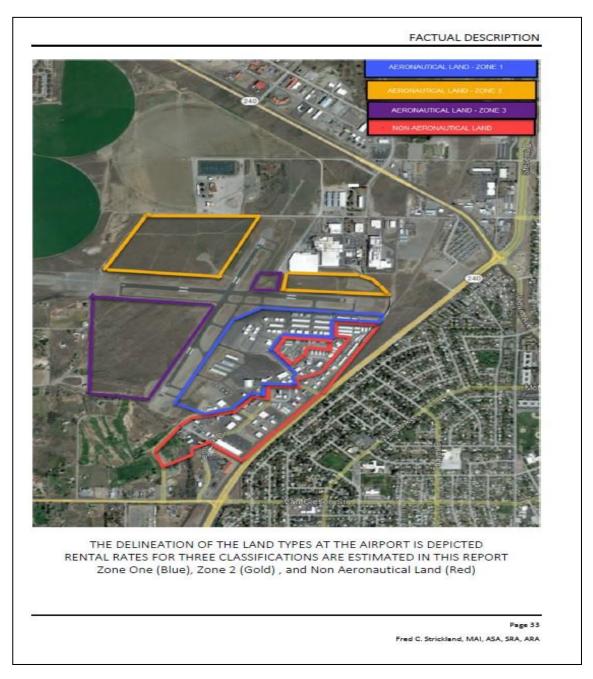


EXHIBIT 1 TO RESOLUTION 22-42 RELATING TO LAND RATES RICHLAND AIRPORT PARK [RATE SUMMARY]

Land Rates for Richland Airport (RLD), as defined below:

- 1. Aeronautical Improved Land (Zone 1)
- 2. Aeronautical Unimproved Land (Zone 2)
- 3. Non-Aeronautical Land (Business Park)

Aeronautical Ir	mproved Land – Zone 1		Site Value/Sf	<u>CapRate</u>	\$psf/yr*
1	up to 99,000sf		\$3.20	10.00%	\$0.32
2	100,000 – 300,000		\$2.56	10.00%	\$0.26
<u>Aeronautical U</u>	InImproved Land – Zone	2	Site Value/Sf	<u>CapRate</u>	\$psf/yr*
1	up to 99,000sf		\$2.80	10.00%	\$0.28
2	100,000 – 300,000		\$2.24	10.00%	\$0.22
Non-Aeronautical Land		<u>Site Va</u>	llue/Sf	<u>CapRate</u>	\$psf/yr*
1	up to 99,000sf		\$4.00	10.00%	\$0.40
2	100,000 – 300,000		\$3.20	10.00%	\$0.32

(*) Rate excludes applicable leasehold excise tax (12.84% of base rent). Ground leases are annual based in term and land rent owed.

Security Deposit or Surety Bond

RCW 53.08.085 requires the Port to obtain rental insurance, bond or other security to secure the payment of the rent for leases of a term of more than one year. RCW 53.08.085 requires the rent security to be in the amount of one-sixth of the rent for the entire term of the lease, but not less than one year's rent and nor more than three year's rent. The Port will require a security deposit equal to one's years rent to be paid by the tenant for one year. In the event the rent is adjusted during the term of the lease, the security deposit shall be adjusted to reflect the change in the amount of the rent. Rent shall include applicable leasehold tax. (*Resolution 94-7, April 13, 1994*)

FCS

FredC.Strickland&Associates LLC



Ground Rent Study Richland Airport Richland, WA FCS File Number 2022-016 A FCS FredC.Strickland&Associates LLC

September 6th, 2022

Diahann Howard, Executive Director Port of Benton 3250 Port of Benton Boulevard Richland, Washington 99354

> Re: Rent Study Richland Airport FCS File Number: 2022-016A

Dear Ms. Howard:

This Market Rent Analysis has been prepared with the intent to be in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Practice (USPAP) as promulgated by The Appraisal Foundation.

AIRPORT SITES DESCRIPTION

Airport Use Categories

The individual airport sites are considered in groups that reflect similar utility.

Improved Aeronautical Land – Zone One

Sites with direct access to runways or taxiways. Aviation/T-Hangar uses include those properties on which hangars or commercial aviation activities are typically located with direct taxiway or runway access.

Unimproved Aeronautical Land – Zone Two

More removed site areas, currently unimproved

Non-Aeronautical Sites

Sites in the airport vicinity, but outside of the fence, utilized for typical nonresidential uses, such as offices, warehouses, etc.

It is my opinion that the indicated annual rent and the indicated monthly rent for each of the sites as of September 1st, 2022 is as follows:

2022 Airport Related Parcels		
	Site Area (sf)	Lease
Aeronautical Improved Land - Zone One		(\$/sq.ft./year
1	Uo to 99,999	\$0.32
2	100,000-300,000	\$0.26
Aeronautical Unimproved Land - Zone Two		(\$/sq.ft./year
1	Uo to 99,999	\$0.28
2	100,000-300,000	\$0.22
Non-Aeronautical Land		(\$/sq.ft./year
1	Uo to 99,999	\$0.40
2	100,000-300,000	\$0.32

The report that follows summarizes the assignment, describes the area and the subject property, and explains the techniques and reasoning leading to the final opinion of market rent.

Respectfully submitted,

Fred C. Strickland, MAI, ASA, SRA, ARA

State of Washington Certification 1100429

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PHOTOGRAPHS OF TYPICAL SUBJECT LAND LEASE AREAS



TERMINAL BUILDING - ("ANN'S BEST" RESTAURANT LOCATION)



LIFE FLIGHT - MEDIVAC BUILDING-AERONAUTICAL – 1901 – 1909 AIRPORT WAY



SOS BUILDING OFFICE SUITES - 1845 TERMINAL DRIVE - NON AVIATION



COOK BUILDING 1835 TERMINAL DRIVE - NON AVIATION



TRADE CENTER BUILDING - NON-AVIATION



2520 AILERON ROAD - NON-AVIATION



1851 BRONCO DRIVE – AERONAUTICAL



RICHLAND MINI STORAGE



FUEL STATION - NON AERONAUTICAL - 1980 TERMINAL DRIVE



2021-2025 BUTLER LOOP





C AND H AVIATION 2090 TO 2096 BUTLER LOOP





2020 BUTLER LOOP





2002 TO 2004 BUTLER LOOP





2060 AND 2082 BUTLER LOOP



2048 2049 AND 2050 BUTLER LOOP



2241 AIRPORT WAY



2261 AIRPORT WAY



AERONAUTICAL LAND ZONE TWO

This Report is prepared with the intent to comply with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice.

- APPRAISER Fred C. Strickland, MAI, ASA, SRA, ARA Fred C. Strickland & Associates LLC PO Box 2478 Gig Harbor, WA 98335
- CLIENT Diahann Howard, Executive Director Port of Benton 3250 Port of Benton Boulevard Richland, Washington 99354

INTENDED USE AND USER OF THE APPRAISAL

The Port of Benton is unique among Washington Public Ports, as it owns and operates two airports: one in Richland and the second in Prosser. This Appraisal Report is intended to be used by the Port of Benton, the client, as an aide in the application of current lease rates to Richland Airport leased properties.

Intended Use is defined as: "The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment."¹

Intended User is defined as: "The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment."²

A **Client** is defined as: "The party or parties who engage an appraiser (by employment or contract) in a specific assignment."³

Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, Appraisal Standards Board, The Appraisal Foundation, Washington D.C.

² *Ibid.*, p. U-3.

³ *Ibid.*, p. U-2.

The components of the Subject Properties include: Aeronautical Improved Land (Commercial and Non-Commercial), Aeronautical Unimproved Land (Commercial and Non-Commercial), and Non-Aeronautical Land. This report focuses on the market rent for the underlying land only.

SALES HISTORY

The current owner of record is the Port of Benton. The Port acquired the airport property many years ago. There is no recent sale history.

The estimate of current market rent for the subject lease areas is as follows:

2022 Airport Related Parcels		
	Site Area (sf)	Lease
Aeronautical Improved Land - Zone One		(\$/sq.ft./year
1	Uo to 99,999	\$0.32
2	100,000-300,000	\$0.26
Aeronautical Unimproved Land - Zone Two		(\$/sq.ft./year
1	Uo to 99,999	\$0.28
2	100,000-300,000	\$0.22
Non-Aeronautical Land		(\$/sq.ft./year
1	Uo to 99,999	\$0.40
2	100,000-300,000	\$0.32
2	100,000 000,000	ψ0.02

PROPERTY RIGHTS APPRAISED

Fee simple estate, subject to existing easements and reservations in the title report. The fee simple estate is defined as: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁴

EFFECTIVE RENTAL ESTIMATE DATES

Date of Report:	September 6 th , 2022
Inspection / Rental estimate date	September 1, 2022

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide an opinion of the market rent applicable to the subject properties as of the inspection date.

MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

MARKET VALUE

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following:

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

⁴ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Chicago, 2010, p. 90.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:⁵

1. the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);

2. the terms of sale (e.g., cash, cash equivalent, or other terms);

and 3. the conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale). 6

SCOPE OF THE APPRAISAL

The scope of this assignment included interviews with various individuals familiar with the subject property and the market for properties with similar utility. Comparable information relating to similar type properties was confirmed directly.

Airports are typically owned by port authorities or municipalities and, as a matter of practice, individual sites are leased rather than sold. Because of this, market sales data on airport land typically is not available. This is the case in this instance.

Airport land is frequently valued by the use of comparable land sales outside the airport and adjusted if necessary for the impact on value created by airport-related use restrictions. However, quantifying the appropriate adjustment can be difficult and prone to error.

Because of this, a study of practices at other somewhat similar airport locations is also considered. Information from other airports in the region is also used as the basis for rental estimates. This report is a recapitulation of the appraiser's data, analyses, and conclusions.

⁵ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Chicago, 2015, p. 140.

⁶. The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Chicago, 2015, p. 141

PERSONAL PROPERTY

The analysis herein does not include any components that are considered to be personal property.

UNAVAILABILITY OF INFORMATION

Adequate information provided.

LOCATION DESCRIPTION

A neighborhood is "a group of complementary land uses, a congruous grouping of inhabitants, buildings or business enterprises"⁷⁷ Neighborhoods are affected by social, economic, governmental, and environmental forces which influence property values in the vicinity of the subject property which, in turn, directly affect the value of a subject property itself. The boundaries of a neighborhood are typically identified by determining the area within which the forces affect all surrounding properties in the same way they affect the property being appraised.

In the southeastern portion of Washington State at the confluence of the Columbia, Snake, and Yakima Rivers is an area commonly known as the "TriCities". The Tri-Cities are comprised of the cities of Richland, Kennewick, both in Benton County, and Pasco in Franklin County across the Columbia River. The two counties, of Benton and Franklin, also make up the Kennewick-Pasco Richland Metropolitan Statistical Area, hereinafter called the Richland MSA. The subject is located in the city of Richland, in Benton County. This MSA is made up of two counties, Franklin and Benton. The Richland MSA is 2,942 square miles in size and ranks 165th in population out of the nation's 384 metropolitan statistical areas.

POPULATION

The Richland MSA has an estimated current population of 306,661, which represents an average annual 1.8% increase over the 2010 census of 253,340. The Richland MSA added a total of 53,321 residents over the 2010-2021 period, and its annual growth rate exceeded the State of Washington rate of 1.3%. Looking forward, the Richland MSA's population is projected to increase at a 1.4% annual rate from 2021-2026, equivalent to the addition of an average of 4,407 residents per year. The Richland MSA's growth rate is expected to exceed that of Washington, which is projected to be 1.2%.

EMPLOYMENT

Total employment in the Richland MSA is currently estimated at 132,400 jobs. Between year-end 2010 and year-end 2020, employment rose by 11,821 jobs, equivalent to a 10.0% increase over the entire period. There were gains in employment each year for the past six years, ending in 2020 when the COVID19 pandemic hit the U.S. Although the Richland MSA's employment rose over the last decade, it underperformed Washington, which experienced an increase in employment of 14.5% or 452,413 jobs over this period.

⁷ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Chicago, p. 156.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Richland MSA unemployment rate has been generally higher than that of Washington, with an average unemployment rate of 7.7% in comparison to a 6.1% rate for Washington. A higher unemployment rate is a negative indicator. The unemployment figures reached 7% (up 1.3% from the previous year) in 2020 due to shutdowns as a result of the COVID-19 pandemic, shown in the chart below. This shows that the MSA was relatively insulated to the effects of the pandemic compared to other MSA's who experienced far greater increases in unemployment. It remains to be seen what unemployment rates the next couple of years will bring within the Richland MSA.

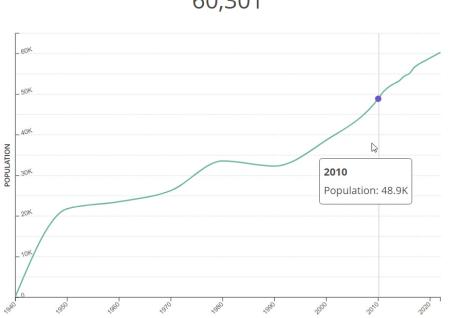
INCOME, EDUCATION AND AGE

The Richland MSA has a lower level of household income than Washington. Median household income for the Richland MSA is \$70,361, which is 13.4% less than the corresponding figure for Washington.



The subject airport is located approximately three miles northwest of the City of Richland central business district which is in Benton County, WA. Neighboring airports include Prosser to the west, and Pasco to the east.

The population of the City of Richland is currently at 60,301, up from 55,043 in 2018.



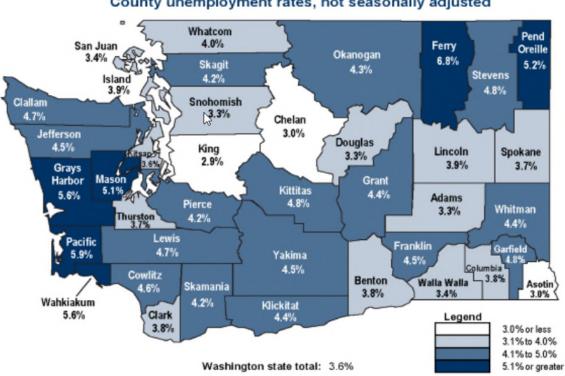
Richland, Washington Population 2022

60,301

The population of Benton County is currently 213,702, an increase of 1.47% from the previous year.

Year 🔻	Population	Growth	Annual Growth Rate
2022	213,702	3,104	1.47%
2021	210,598	3,104	1.50%
2020	207,494	3,104	1.52%
2019	204,390	3,104	1.54%
2018	201,286	3,086	1.56%
2017	198,200	4,706	2.43%

Benton County unemployment is currently at 3.8% slightly higher than the Washington state rate of 3.6% which is typical for the county.



July 2022 County unemployment rates, not seasonally adjusted

CONCLUSION

The Richland MSA economy will be affected by a growing population base and lower income and education levels. Employment in Richland is highly seasonal, as many of the largest area employers are tied to the region's crops. Benton County experienced growth in the number of jobs over the past decade, however COVID-19 may have tempered this growth for the near-term with a 1.3% increase over last year's unemployment.

Kennewick-Richland Economic Summary Kennewick-Richland Industrial

The Kennewick-Richland Market encompasses the cities of Kennewick, Richland and Pasco, also known as the Tri-Cities. Major employers in the region include Pacific Northwest National Laboratory, Kadlec Regional Medical Center, Lamb Weston, and Bechtel National.

Employment growth exceeded the national average during the recovery in 2020, but annual job growth now sits in line with the national benchmark.

The metro's population is around 300,000, and average annual growth has been nearly triple the national benchmark over the past 10 years. Median household income is slightly lower than that for the state but elevated compared to the national figure. Household size tends to be larger than other metros in the state or nation, and most residents are married.

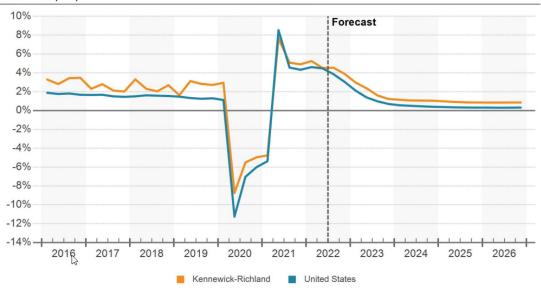
The Tri-Cities area has a long history of farming and agriculture, with wheat, apples, and grapes as the main crops. The region is part of the Columbia Valley, known as a major wine-growing region and home to some of the best-known wineries on the West Coast. As a result, the area has a considerable number of jobs in the leisure and hospitality sector.

	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
Industry	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	9	0.9	13.23%	3.72%	2.08%	0.69%	1.51%	0.17%
Trade, Transportation and Utilities	21	0.9	1.78%	3.55%	2.08%	1.23%	0.47%	0.13%
Retail Trade	14	1.1	0.91%	2.52%	1.95%	0.63%	0.30%	0.11%
Financial Activities	4	0.6	8.40%	2.12%	1.64%	1.41%	0.71%	0.24%
Government	19	1.1	3.91%	1.09%	0.61%	0.16%	1.64%	0.54%
Natural Resources, Mining and Construction	11	1.6	2.55%	4.33%	5.92%	2.51%	1.90%	0.36%
Education and Health Services	19	1.0	1.98%	2.70%	3.57%	1.59%	1.53%	0.70%
Professional and Business Services	22	1.3	4.59%	4.99%	0.40%	2.14%	-0.03%	0.44%
Information	1	0.3	4.30%	4.83%	-1.92%	1.06%	0.82%	0.48%
Leisure and Hospitality	12	1.0	9.03%	11.84%	2.77%	1.43%	1.84%	1.54%
Other Services	4	0.8	4.13%	5.11%	1.21%	0.56%	1.53%	0.68%
Total Employment	122	1.0	4.53%	4.11%	1.98%	1.27%	1.12%	0.53%

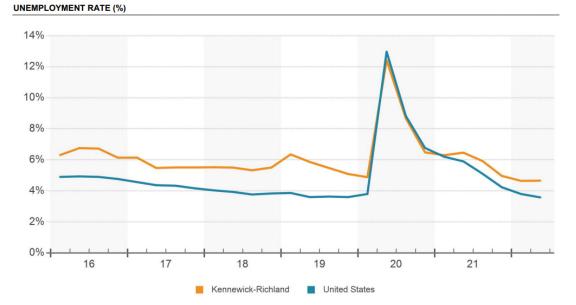
KENNEWICK-RICHLAND EMPLOYMENT BY INDUSTRY IN THOUSANDS

Source: Oxford Economics LQ = Location Quotient

Outside of agriculture and leisure and hospitality, the economy has high exposure to the government and education and health services sectors, which helped to cushion job losses during the coronavirus shutdowns.



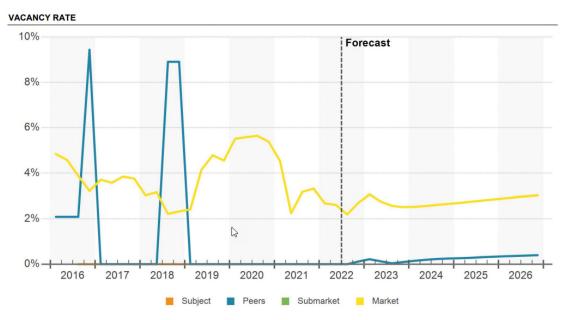
Source: Oxford Economics



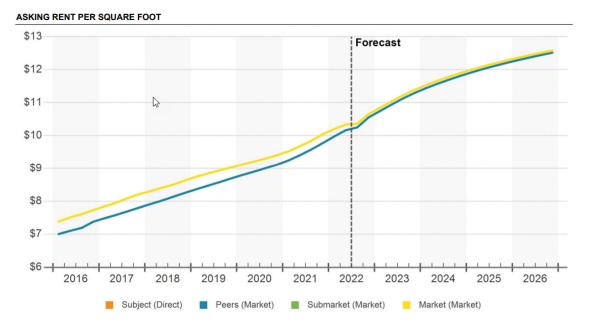
JOB GROWTH (YOY)

Kennewick-Richland Industrial Market Summary

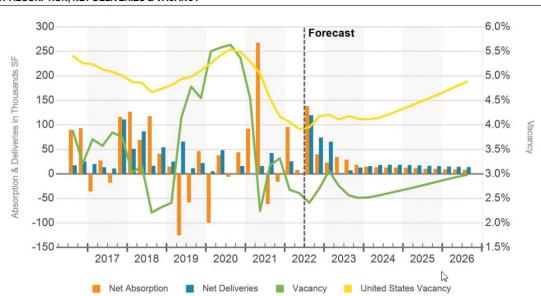
Kennewick-Richland is one of the smaller industrial markets in the nation, with just over 11 million SF of inventory. Vacancy was elevated in 2020 but has since recovered and now sits close to the historic low after strong absorption last year with very little in new supply. Only about 180,000 SF of industrial space has been delivered over the past three years and very little new supply is under way.



As a result of this combination, rent growth has been robust, for logistics properties in particular.



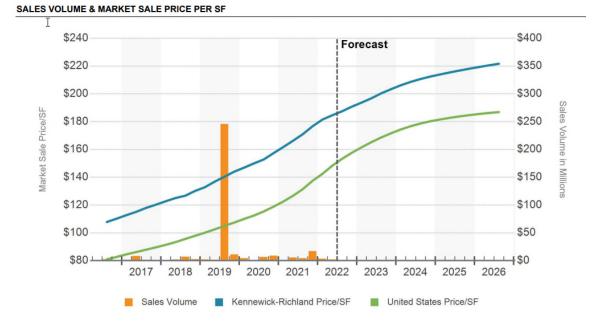
Sales activity has tapered off recently and the 12-month trailing volume sits at \$24.7 million, compared to the five-year average of \$63.3 million.



NET ABSORPTION, NET DELIVERIES & VACANCY

KENNEWICK-RICHLAND INDUSTRIAL INVESTMENT TRENDS

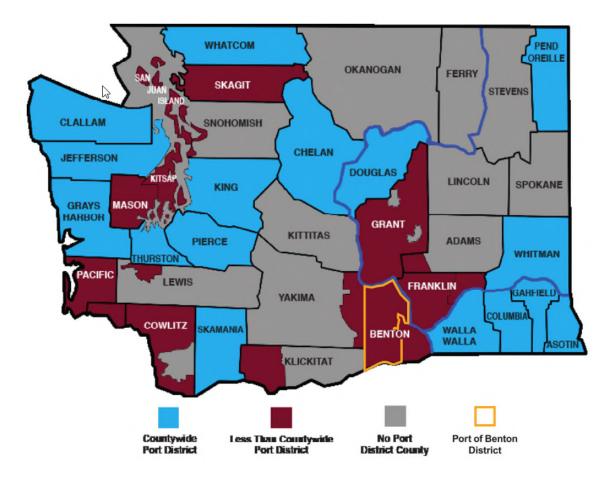
The Kennewick-Richland industrial market contains one of the smaller inventories in the nation. In turn, the market saw limited investment relative to its peers in the past year, with 17 transactions. That was largely in line with the average deal flow in the market over the last five-year period. Annual sales volume has averaged \$63.3 million over the past five years, and the 12-month high in investment volume hit \$262 million over that stretch. In the past 12 months specifically, \$24.7 million worth of industrial assets sold. Logistics facilities drove most of this volume. The market price, which is based on the price movement of every industrial property in the market, regardless of the sector, sits at \$186. This has risen steadily and is higher than the average for the United States. Cap rates are in line with national averages at 5.9%. *



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PORT OF BENTON

The Port of Benton holds over \$89 million of total assets within its district located among 12 site areas. Overall, the Port manages 2,756 acres, 50 buildings, two airports, rail and barge terminal facilities. Port properties support more than 3,290 direct jobs with an approximate payroll of \$200 million.



Richland Airport

The Richland Airport was conveyed to the Port of Benton in 1960 from the U.S. Atomic Energy Commission. Until that time, private air traffic was not allowed at the airport. This site contains 650 acres within the City of Richland. There are two paved and lighted runways. Both are capable of serving commuter aircraft, as well as single and light twinengine general aviation users. Current use: The airport has had many improvements including the addition of a new taxiway, visual navigation aids, an automated weather observation system (AWOS), internal access roads, upgrading of the aircraft tie-down area, and the installation of taxiway reflectors. Key tenants are Life Flight Network air ambulance and Sundance Aviation, the fixed-base operator. Helipads and hanger sites have been constructed, along with entryway improvements.

- Technology & Business Campus

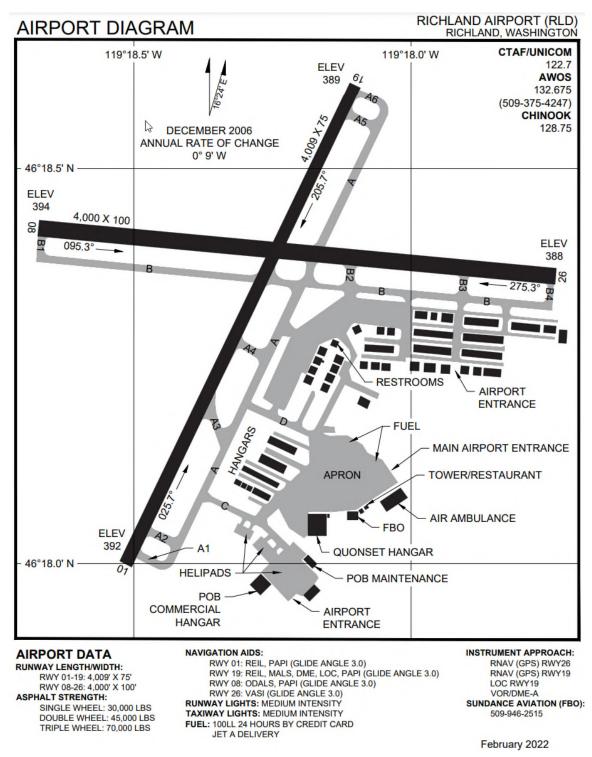
 USS Triton Sail Park

 Richland Innovation Center
- 3 Richland Business Park
- 4 Tri-Cities Enterprise Center
- 5 Richland Airport
- 6 Benton City Development Buildings
- 7 Prosser Wine and Food Park
- 8 Vintner's Village
- 9 Prosser Airport
- 10 Walter Clore Wine & Culinary Center
- 11 Crow Butte Park
- 12 North Horn Rapids



PROPERTY DESCRIPTION

The site and improvement descriptions are based on information provided as well as the physical inspection of the subject property.



SITE DESCRIPTION

The Richland Airport reportedly is designated a General Aviation Airport in the FAA National Plan of Integrated Airports System (NPIAS) and a Regional Airport in the FAA General Aviation. It is comprised of a total site area of 564 acres of land. The airport is improved with two runways:

Runway 01-19: 4,009 feet long and 75 feet wide, asphalt surfaced. Runway 08-26: 4,000 feet long and 100 feet wide, asphalt surfaced.

The Airport does not have an Air Traffic Control Tower. There are non-precision approaches (LOC, RNAV — GPS, and VOR/DME).

Sundance Aviation provides fuel, both jet and aviation gasoline, line services, aircraft parking (ramp and tiedown), hangar leasing/sales, aircraft maintenance, aircraft rental, flight training, and aerial tours and sightseeing.

Utilities

Power is provided to the Airport.

Full water support is provided by the City of Richland. The water main serving the Airport hangar and terminal enters near Butler Loop Road and continues throughout the Airport.

Sanitary sewer is provided by the City of Richland by an 8" forced main that transitions to a 12" line.

Access

The airport is accessed from State Highway 240 by a single access point, controlled by a railroad crossing interface allowing access over the Port of Benton owned City Rail Tracks. The Port owns about 15 miles of rail track consisting of about 11 miles of main line (including the Horn Rapids Wye) and about another four miles of non-main track (Richland Yard track, a siding at Richland Junction, and other auxiliary trackage).

Subject Property Delineation

The subject lease areas are either Aeronautical Improved Land Zone One, (inside the fence) Aeronautical Unimproved Land Zone Two (inside the fence), or Non-Aeronautical Improved Land (outside the fence). All of this land is located at the subject airport and is either leased or available for lease.

Typical lease site areas:

Site areas for existing aeronautical land leases ranges from under 4,000 square feet to slightly over 56,000 square feet.

Site areas for existing non-aeronautical land leases ranges from under 12,000 square feet to slightly under 290,000 square feet. Based on the existing site size differential in evidence, the following site size categories are considered.

	Site Area (sf)
Aeronautical Improved Land - Zone One	
1	Uo to 99,999
2	100,000-300,000
Aeronautical Unimproved Land - Zone Two	
1	Uo to 99,999
2	100,000-300,000
Non-Aeronautical Land	
1	Uo to 99,999
2	100,000-300,000

2022 Airport Related Parcels



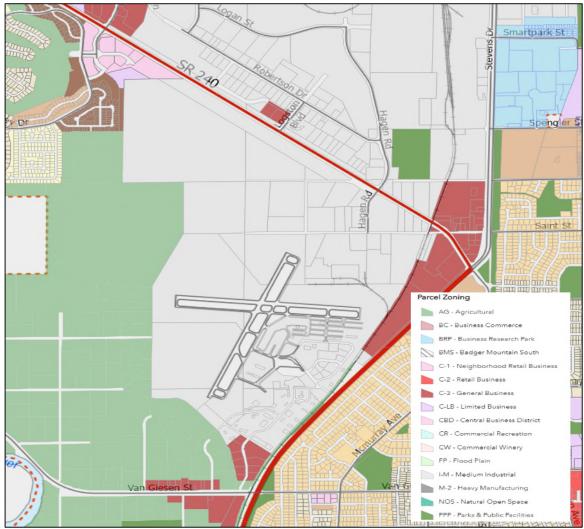
THE DELINEATION OF THE LAND TYPES AT THE AIRPORT IS DEPICTED RENTAL RATES FOR THREE CLASSIFICATIONS ARE ESTIMATED IN THIS REPORT Zone One (Blue), Zone 2 (Gold) , and Non Aeronautical Land (Red)

Zoning

The Comprehensive Plan and Zoning Ordinance for the City of Richland currently identify the Airport as an essential public facility.

Federal Aviation Regulations (FARs) administered by the Federal Aviation Administration discourage incompatible uses adjoining the airport or under airport approaches and prohibit penetration of Part 77 surfaces. Residential uses and uses encouraging large public gatherings are considered incompatible.

Washington statutes require local jurisdictions to protect "essential public facilities", which have been defined to include airports, from encroaching developments. Generally, this is done by the local jurisdiction adopting an "airport overlay" that restricts the uses and heights of developments near airports and under the approaches to airports.



The City of Richland has designated the airport and its environs as Medium Industrial (I-M) providing for limited manufacturing, assembly, warehousing and distribution operations and retail and wholesale sales of products manufactured on the premises or products allied thereto; and administrative and research and development facilities for science-related activities and commercial uses that are supportive and compatible with other uses allowed in the district. Regulations are intended to prevent frictions between uses within the district, and also to protect nearby residential districts. This zoning classification is intended to be applied to some portions of the city that are designated industrial under the city of Richland comprehensive plan.

TAXES/ASSESSMENTS

The Port of Benton owns the parcels that comprise the Richland Airport operational area and adjoining areas. As a public agency, the Port is not subject to property taxes. However, private leasehold improvements, such as hangars and office buildings, are taxed as personal property at the same rate as the property tax. Additionally, all leased property is subject to a leasehold tax in lieu of property taxes. The tax is 12.84% of the annual lease payment

Parcel	Acres	Property ID	
1-0398-200-0001-000	46.00 (Outside Fence / Ground / Building Leases)	18711	1623 Terminal Drive
1-0498-100-0001-000	6.22 (Outside Fence / Industrial Ground)	21216	1831 Terminal Drive
1-0498-100-0002-000	15.00 (Outside Fence - Industrial Ground / Buildings)	21217	1828 Bronco Lane
1-3308-100-0002-000	5.09 (Inside Fence - Airport Only)	61763	n/a
1-3308-100-0003-000	200.00 (Inside Fence - Airport Only)	61764	n/a
1-3308-400-0000-000	28.44 Airport (Inside Fence - Airport Only)	61791	n/a
1-3408-200-0011-000	38.75 (Inside Fence - Airport Only)	62755	n/a
1-3408-200-0012-000	4.67 (Inside Fence - Airport Only)	62756	n/a
1-3408-300-0001-006	150.48 (Inside Fence – Aviation Uses / Outside Fence Industrial	62767	1905 Terminal Drive
	Ground/Buildings)		
Total	494.65		

In 2014, the underlying "fee simple" land value ranges for the Richland Airport were estimated as follows:

Richland Airport (Aviation):	\$0.10 to \$0.18 per square foot.
Richland Airport (Non-Aviation):	\$1.30 to \$1.50 per square foot

Utilizing the then prevalent 10% capitalization rate suggest the following rent amounts for 2014 (\$/sf/year):

Richland Airport (Aviation):	\$0.12 to \$0.21 per square foot.
Richland Airport (Non-Aviation):	\$1.56 to \$1.80 per square foot

HIGHEST AND BEST USE

By identifying and interpreting the market forces that affect a specific property in a local and regional context, the appraiser determines the property's highest and best use. Highest and best use is a fundamental concept in real estate appraisal because it focuses market analysis on the subject property and allows the appraiser to consider the property's optimum use in light of market conditions on a specific date.

Highest and best use reflects a basic assumption about real estate market behavior that the price a buyer will pay for a property is based on his or her conclusions about the most profitable use of the site or property. Therefore, sites and improved properties tend to be put to their highest and best uses. However, the determination of a property's highest and best use set forth in an appraisal may or may not conform to the existing use. The determination of highest and best use must be based on careful consideration of prevailing market conditions, trends affecting market participation and change, and the existing use of the subject property.

Highest and best use is defined as: "The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." This definition introduces the four key criteria that a property use must satisfy to qualify as the highest and best use. These include requirements that a particular use must be:

- legal under zoning, building and other codes or other restrictions;
- physically possible as determined by analysis of access, shape, topography, soils and other considerations;
- financially feasible in that it produces a positive return on invested capital; and,
- maximally productive, whereby the use produces the highest residual land value corresponding to the market return for such use.

Because the process utilized to develop an indication of the ground rent for the subject property requires the consideration of the sites as though vacant and available to their highest and best use, an analysis as improved is not relevant in this instance. The "Highest and Best Use" of land or a site assumes that a parcel of land is vacant or that it can be made vacant through the demolition of any improvements. The question to be answered in the analysis of this type of Highest and Best Use is, "If the land is vacant, what use would be made of it? That is, what type of building or other improvements (if any) should be constructed on the land?" The first item to be addressed is the scope of legally permissible uses.

HIGHEST AND BEST USE AS VACANT

Legally Permitted Use

The first test of Highest and Best Use is to determine what is *legally permissible*, or what can legally be constructed on the subject property. City, county, State, and Federal regulations and statutes restrict the types of uses for the subject sites of this appraisal. Federal and State regulations and laws discourage or prohibit uses that are incompatible with the operation of the airport. Prohibited uses include residential uses and uses that attract gatherings of people under the approaches to the airport. Additionally, any use that penetrates the protected airspace around the airport is prohibited. County and city zoning and development regulations further define the unallowable uses and activities next to the airport and provide the regulatory tools necessary for enforcement.

By virtue of the regulations applicable to the Federal grants the Port has received for the development and maintenance of the airport, the sites within the fence or airport operations area are limited to aviation and aviation support uses. The other sites must be used for aviation compatible uses.

All of the airside sites (inside the fence) are of sufficient size to support a variety of aviation or aviation support uses such as hangars, tie-downs, and/or fixed-base operators. The height limitations imposed by regulations do not significantly impact the use of any of the sites for aviation or aviation support uses.

The non-airside sites also are of sufficient size to a variety of aviation compatible uses. Thus, the legally permitted uses include aviation or aviation support uses for all of the airside sites and for commercial or light industrial uses compatible with the airport for all of the non-airside sites.

Physically Possible Use

The next test of highest and best use is the physical possibility of constructing a legally permissible improvement on the site. Site areas are all large enough to accommodate uses consistent with the site sizes. The sites have adequate topography throughout, and all major utilities are available to the sites. Thus, the subject sites can physically support the uses that are legally permitted.

Financially Feasible Use

The third test is for financial feasibility. A project's financial feasibility is measured by whether the project can produce a positive return on the investment. One of the better indications of financial feasibility is consideration of the surrounding uses near the subject property. The subject's neighborhood has emerged as an airport related area. Thus, based on the subject's location and the nature of surrounding development, the most financially feasible use of the subject sites is for some type of an aviation or aviation support use for all of the airside sites and for commercial or light industrial uses compatible with the airport for all of the non-airside sites.

Maximally Productive Use

The fourth test of highest and best use is maximum productivity. This test is to determine which use will generate the greatest rate of return or value for the property. The primary use which has passed the three previous tests is for an aviation or aviation support use for all of the airside sites and for commercial or light industrial uses compatible with the airport for all of the non-airside sites. This type of use is also considered the maximally productive use of the site. Thus, the maximally productive, and highest and best use of the subject sites as though vacant, is an aviation or aviation support use for all of the airside-sites and for commercial or light industrial uses compatible with the airport for all of the non-airside sites.

METHODOLOGY UTILIZED TO DEVELOP AN ESTIMATE OF MARKET RENT

This intent of this study is to provide an estimate of market rent for specified land types at and near the Airport. Airport land parcel types are identified, and an estimate of market rent is provided, based primarily on current market conditions.

This analysis includes a study of the most pertinent somewhat similar regional airports. The land classifications, methods of valuation, trends, and actual rental rates for several somewhat similar airports are presented. This study provides the primary basis for determining an appropriate capitalization rate, an important component of the analysis.

An analysis of land sales in the general market area is also provided, with the primary focus of unimproved sites with somewhat similar allowed uses.

This dual focus results in providing a full spectrum of land values, rates of return, and ultimately appropriate supported land rent rates relevant to the different land uses identified at the airport.

PROPERTY VALUATION

The Income Approach, Cost Approach and Sales Comparison Approach are the three basic techniques or approaches to value when appraising real property.

The Income Approach to value is a technique whereby the net income of an income producing property is capitalized at a rate which provides a return of interest on the money invested and a recapture of the capital investment in the improvement over a reasonable term of the investment. Another way of stating this is that the income stream is converted into value. An Income Analysis is typically not relevant in the valuation of land.

The Cost Approach requires the appraiser to estimate the reproduction or replacement cost new of the improvements, subtract the depreciation due to all causes, and then add the value of the land.

The Sales Comparison Approach involves direct comparisons of the property being appraised to similar properties that have sold in the same or in a similar market in order to derive a market value indication for the subject property.

In this instance, the Income Approach and the Cost Approach are not relevant as the appraisal is considering the value of the sites as though vacant.

The Sales Comparison Approach is relevant and is utilized as it relates to vacant land. Land sales are utilized to develop an indication of the various subject site values. An appropriate direct capitalization rate is then applied to provide the estimated market rent attributable to the various subject property sites.

Prior to developing a site value estimate for each of the airport sites from which to estimate market rent, a survey has been prepared of some somewhat similar airports to compare practices, rates and values from other similar properties. The results of this survey are presented next, followed by the land valuation, and the establishments of an estimate of market ground rent for each of the airport site categories.

AIRPORT GROUND LEASE SURVEY

A survey has been competed to ascertain how other airports treat the leasing of sites. The focus of the survey is sites values, rates of return, and lease rates. A summary of pertinent details to the surveyed airports is presented below.

Tri Cities Airport 0 to 0.5 f 1.0 f Airp Unin Ser Pave In 22 Curr Port of Walla Walla Ser Walla Walla Regional One Thre Five	014 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated wed by water and sewer all Parcel Development 0- 0.99 acres Acre we Acres	\$3.00 \$2.50 \$2.00 \$1.40 \$1.60 \$1.70 \$2.66	10.00% 10.00% 10.00% 10.00% 10.00% 10.00%	\$0.25 \$0.20 \$0.14 \$0.16
Tri Cities Airport 0 to 0.5 i 1.0 i Airp Unin Sem Pave In 20 Curr Port of Walla Walla Serv Walla Walla Regional One Thre Five	0.5 acres to 1.0 acres to 2.0 acres to 2.	\$2.50 \$2.00 \$1.40 \$1.60 \$1.70 \$2.66	10.00% 10.00% 10.00% 10.00%	\$0.25 \$0.20 \$0.14 \$0.16
0.5 f 1.0 f Airp Unin Sem Pave In 2t Curr Port of Walla Walla Ser Walla Walla Regional Sma One Thre Five	to 2.0 acres ort Industrial Park nproved Land no longer available ii Improved Land ad 014 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated ved by water and sewer all Parcel Development 0- 0.99 acres Acre the Acres	\$2.00 \$1.40 \$1.60 \$1.70 \$2.66	10.00% 10.00% 10.00%	\$0.20 \$0.14 \$0.16
Airp Unin Ser Pave In 20 Curr Port of Walla Walla Walla Walla Regional One Thre Five	word Industrial Park inproved Land inproved Land ed D14 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated wed by water and sewer III Parcel Development 0- 0.99 acres Acre te Acres	\$1.40 \$1.60 \$1.70 \$2.66	10.00% 10.00% 10.00%	\$0.14 \$0.16
Unin Sem Pave In 2/ Curr Port of Walla Walla Ser Walla Walla Regional Sma One Thre Five	nproved Land no longer available ii Improved Land ad 014 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated wed by water and sewer all Parcel Development 0- 0.99 acres Acre ae Acre	\$1.60 \$1.70 \$2.66	10.00% 10.00%	\$0.16
Sem Pave In 2t Curr Walla Walla Serr Walla Walla Regional One Thre Five	 i Improved Land ad D14 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated ved by water and sewer all Parcel Development 0- 0.99 acres Acre be Acres 	\$1.60 \$1.70 \$2.66	10.00% 10.00%	\$0.16
Pave In 20 Curr Port of Walla Walla Serv Walla Walla Regional Sma One Thre Thre Five	ad 014 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated ved by water and sewer II Parcel Development 0- 0.99 acres Acre te Acres	\$1.70	10.00%	
In 2(Curr Port of Walla Walla Serv Walla Walla Regional Sma One Thre Five	014 aviation use ground leases were at \$0.18/sfper year. rent rates are in the process of being updated wed by water and sewer all Parcel Development 0- 0.99 acres Acre we Acres	\$2.66		\$0.17
Curr Port of Walla Walla Ser Walla Walla Regional Sma One Thre Five	rent rates are in the process of being updated ved by water and sewer Il Parcel Development 0- 0.99 acres Acre te Acres		40.00%	
Walla Walla Regional Sma One Thre Five	Ill Parcel Development 0- 0.99 acres Acre ee Acres		40.00%	
One Three Five	Acre e Acres			
Thre Five	e Acres			
Five		\$1.99	10.00%	
		\$1.33	10.00%	
Impi	Acres	\$0.66	10.00%	\$0.06
	roved Land with no utility service in use			
Sma	all Parcel Development 0 - 0.99 acres	\$2.13	10.00%	\$0.21
esta	rates for land are still correct in 2022. These rates were last blished in May 2015 for 2016-2020 rates. Port has not changed rates for 2021 & 2022 due to pandemic p			
	Fall rate guidelines will be estimated for 2023-2027.	nessures.		
The	Port uses a 10% cap rate on land value.			
Port of Yakima Aero	onautical land		n/a	\$0.190
	Aeronautical land		n/a	\$0.210
Upda	ated this year by airport surveys prepared by staff			
Arlington Avia	tion land	\$3.38	8.00%	\$0.270
Indu	istrial Land	\$4.25	8.00%	\$0.340
Ultra	ilight area (older less desirable hangars)	\$2.88	8.00%	\$0.230
	angar Development	\$3.00	8.00%	\$0.240
Mills	site (undesirable older mill site, creasote residue)	\$2.63	8.00%	\$0.210
Com	nmercial land (fronting on SR 531, hotel, gas station)	\$10.13	8.00%	\$0.810
year	ortedly In 2012 rent range was from \$0.23 to \$0.27 sf per r, and in 2007 range was from \$0.20 tp \$0.22 sf. per year rent, except for commercial at \$0.73 sq per year.			
	t recent site for aeronautical use	¢0.70	40.00%	¢0.070
	rent commercial site leases	\$2.70 \$4.30 - \$12.00	10.00% 10.00%	\$0.270 \$0.43-\$1.20
but	commercial sites are not in the immediate airport vicinity are close to I-5 visibility, and are desirable commercial			
loca	tions			

Port of Pasco - 3601 N 20th Ave, Pasco, WA 99301

The Tri-Cities Airport (PSC) is the largest airport in the Southeastern Washington and Northeastern Oregon region and the fourth largest air carrier airport in the state of Washington with non-stop flights to eleven destination cities. In just the past five years, the number of enplanements at the airport has increased by nearly 100,000. The airport is served by Delta, Alaska Air, United, Allegiant and Avelo with non-stop flights to Seattle, San Francisco, Burbank, Minneapolis/St. Paul, Denver, Salt Lake City, Los Angeles, San Diego, Las Vegas and Phoenix-Mesa.



Port of Walla Walla – Walla Walla Regional Airport 45 Terminal Loop, Walla Walla

Walla Walla Regional Airport is a public airport in Walla Walla County, Washington, in the western United States. It is three miles northeast of central Walla Walla, and is owned by the Port of Walla Walla.

Walla Walla Regional Airport covers an area of 2,319 acres which includes one concrete/grooved runway: 2/20 measuring 6,527 by 150 feet. There is a VOR on the field that operates on 116.4 MHz. Walla Walla Regional Airport has 19 scheduled commercial roundtrip flights to Seattle each week. Walla Walla University and Skyrunners Corporation operate flight schools on the field, from primary training through multi-engine, commercial, and other training.



Port of Yakima – McAllister Field Airport

McAllister Field (IATA: YKM, ICAO: KYKM, FAA LID: YKM) (known for the Yakima Air Terminal) is a public airport three miles south of Yakima, in Yakima County. This field is owned by the City of Yakima. It is used for general aviation and commercial air service. Yakima is served by one scheduled passenger air carrier (Alaska Airlines with service to Seattle/Tacoma International Airport) and two nonscheduled carriers (Sun Country Airlines and Xtra Airways). Sun Country Airlines operates charter flights to Laughlin, NV and Xtra Airways operates charter flights to Wendover, NV.



Chehalis-Centralia Airport - CLS

The Chehalis-Centralia Airport is located along I-5, and currently has around one hundred based aircraft. There are 10 conventional hangars and 48 tee hangers, and a runway viewing area is in evidence on the southeast side of the field. The airport manages 444 acres of property. In conjunction with the City of Chehalis, the Chehalis-Centralia Airport is developing commercial properties in the retail district known as the Twin City Town Center. The development of a retail hub north of Walmart on NW Louisiana Avenue is proceeding on 16 acres of airport leased land spanning three parcels between Dutch Bros. and I-5 Toyota. The lease is for an initial 10-year term with up to 50 years of options for the developer to extend the agreement. This airport has a very large commercial segment compared to the airport use area. Rich Development Enterprises constructed a 70,000 square-foot shopping center, the first of three phases needed to complete the project, in 2020. It was built on parcel 7A, with tracts 8 and 9 set to follow. The property needed fill at the expense of the developers, as it is below grade. The lease is reportedly based on a base rent of 40 cents per useable square foot of land across the three land parcels.

Aeronautical land is leased at over a 45% discount compared to the lower rents for commercial land, in part because of the high demand for commercial land with good access, synergy, and I-5 frontage.



Arlington Municipal

The airport is located northwest of Arlington and about one mile east of Interstate-5. In addition to conventional light aircraft, this airport is the base for many of the area's home-built aircraft, ultra-light aircraft and gliders. There is no scheduled passenger service and there is no terminal at the airport. In addition to the surfaced runways, there is a grass landing strip.

The base land value is the market value of the subject sites based on sales of comparable sites in the subject's general market area, the estimated fee simple value of the subject sites if not limited to aviation use. This result in base land value estimates which can be summarized as follows:

Aviation related sites	\$5.00/sf
Non-aviation industrial sites	\$5.00/sf
Commercial sites	\$11.50/sf

An adjustment for the aviation use limitations is estimated at a 20% discount from the non-aviation base land value estimated.

Land values are established by appraisal and ground rent is calculated using a rate of return of 8.00%. Aviation use rates are substantially lower than the commercial rate, in part because the commercial sites are on a highly trafficked State Route and have attracted high intensity development such as hotels and a gas station. Land values have been established by appraisal and ground rent is calculated using a rate of 8.00%.



CONCLUSION

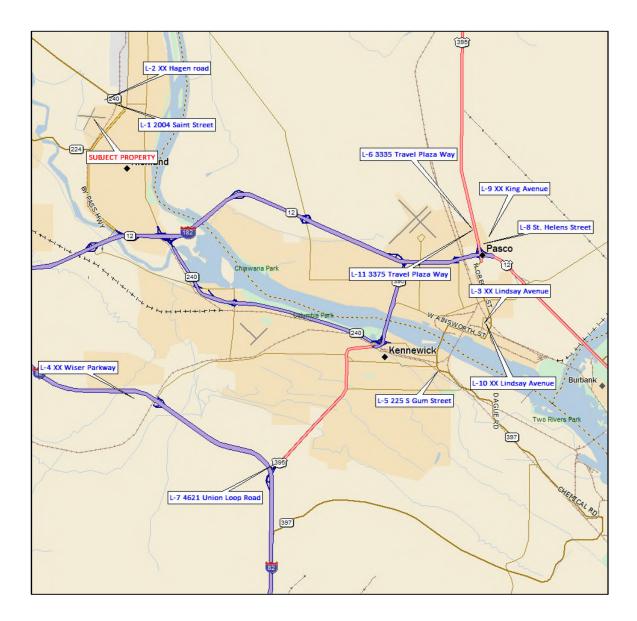
The results of the survey show that there is considerable variation in the ground rent methodology and results at airports throughout the region. Most airports do use appraisals or other market-based methods to determine rents; a few do not. It is noted that a discount is applied to aviation related sites compared to non-aviation comparable sites in some cases. In Centralia the discount is over 45%. In Arlington the discount is 20%. In Friday Harbor the discount is 15%.

A direct capitalization rate of from 8% to 10% appears to be well supported by the survey, with airports such as the subject property gravitating towards 10%.

LAND VALUATION - SALES COMPARISON APPROACH

Land sales are utilized in the analysis of the subject property sites. I have researched industrial land sales in the Tri Cities area with the following results:

	Location	Date of sale	Price	Size (sf)	\$/sq. ft.	
L-1	2004 Saint Street Richland	February 11, 2021	\$250,000	91 <i>,</i> 476	\$2.73	
L-2	XX Hagen Road Richland	December 20, 2020	\$375,000	120,661	\$3.11	
L-3	XX Lindsay Avenue Pasco	March 10, 2021	\$119,000	31,799	\$3.74	
L-4	XX Wiser Parkway Kennewick	January 29, 2020	\$800,000	182,516	\$4.38	
L-5	225 S Gum Street Kennewick	December 21, 2021	\$485,000	108,900	\$4.45	
L-6	3335 Travel Plaza Way Pasco	January 1, 2020	\$340,000	73,750	\$4.61	
L-7	4621 Union Road Kennewick	October 1, 2021	\$700,000	150,718	\$4.64	
L-8	1212 St. Helens Street Pasco	Pending	\$713,515	118,987	\$6.00	
L-9	XX King Avenue Pasco	April 25, 2022	\$1,200,000	196,020	\$6.12	
L-10	XX Lindsay Avenue Pasco	March 25, 2022	\$42,000	6,750	\$6.22	
L-11	3375 Travel Plaza Way Pasco	March 15, 2022	\$365,904	52,272	\$7.00	
	Mean				\$4.82	
	Median				\$4.61	



Property Identification	
Address	2004 Saint Street, Richland
Location	Northeast of the subject airport
Assessor's Parcel Number	134081000002200 Benton
Instrument	SWD
Grantor	DKSmith Properties LLC
Grantee	Tedo Properties LLC
Confirmed	Rob Ellsworth 509.430.2378
Sale Date	February 11, 2021
Auditor's File Number	2021-008866
Sale Price	\$250,000
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	91,476 sq.ft.
Sale Price/Sq.Ft.	\$2.73/sq.ft.

<u>Remarks</u>

Level industrial site near the subject location. Still underdeveloped as of inspection date. All public utilities available. Property is accessed from Saint Street, but also fronts on Vantage Highway.





Property Identification	
Address	XX Hagen Road, Richland
Location	Northeast of the subject airport
Assessor's Parcel Number	134082000001002 Benton
Instrument	SWD
Grantor	Gartin, William J
Grantee	Oregon Street Group LLC
Confirmed	Rob Ellsworth 509.430.2378
Sale Date	December 20, 2020
Auditor's File Number	2020-053729
Sale Price	\$375,000
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	120,661 sq.ft.
Sale Price/Sq.Ft.	\$3.11/sq.ft.

<u>Remarks</u>

Undeveloped industrial site near the subject location. Still undeveloped as of inspection date. All public utilities available. Property is accessed from Snyder Street and Hagen Road.





AddressXX Lindsay Avenue, PascoLocationNear Tri Cities Airport, east of the subject airportAssessor's Parcel Number112352017, 112352026 and 112352151 FranklinInstrumentSWDGrantorBergevin Properties LLCGranteeVargas (Etux), Jose LConfirmedCharles Laird 509.521.5168Sale DateMarch 10, 2021Auditor's File NumberSWD-1933861Sale PriceSight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand SizeS1,799 sq.ft.Sale Price/Sq.Ft.\$3,74/sq.ft.	Property Identification	
Assessor's Parcel Number112352017, 112352026 and 112352151 FranklinInstrumentSWDGrantorBergevin Properties LLCGranteeVargas (Etux), Jose LConfirmedCharles Laird 509.521.5168Sale DateMarch 10, 2021Auditor's File NumberSWD-1933861Sale PriceS119,000ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size31,799 sq.ft.	Address	XX Lindsay Avenue, Pasco
InstrumentSWDGrantorBergevin Properties LLCGranteeVargas (Etux), Jose LConfirmedCharles Laird 509.521.5168Sale DateMarch 10, 2021Auditor's File NumberSWD-1933861Sale Price\$119,000ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size\$1,799 sq.ft.	Location	Near Tri Cities Airport, east of the subject airport
GrantorBergevin Properties LLCGranteeVargas (Etux), Jose LConfirmedCharles Laird 509.521.5168Sale DateMarch 10, 2021Auditor's File NumberSWD-1933861Sale Price\$119,000ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size\$1,799 sq.ft.	Assessor's Parcel Number	112352017, 112352026 and 112352151 Fr anklin
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Sale DateMarch 10, 2021Auditor's File NumberSWD-1933861Sale Price\$119,000ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size31,799 sq.ft.	Grantee	Vargas (Etux), Jose L
Auditor's File NumberSWD-1933861Sale Price\$119,000ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size31,799 sq.ft.	Confirmed	Charles Laird 509.521.5168
Sale Price\$119,000ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size31,799 sq.ft.	Sale Date	March 10, 2021
ZoningLight IndustrialTopographyLevel, at gradeUtilitiesAll availableLand Size31,799 sq.ft.	Auditor's File Number	SWD-1933861
TopographyLevel, at gradeUtilitiesAll availableLand Size31,799 sq.ft.	Sale Price	\$119,000
UtilitiesAll availableLand Size31,799 sq.ft.	Zoning	Light Industrial
Land Size 31,799 sq.ft.	Topography	Level, at grade
	Utilities	All available
Sale Price/Sq.Ft.\$3.74/sq.ft.	Land Size	31,799 sq.ft.
	Sale Price/Sq.Ft.	\$3.74/sq.ft.

<u>Remarks</u>

Level industrial site near the Tri Cities Airport. Still undeveloped as of inspection date. All public utilities available. Property is accessed from Lindsay Avenue.





Property Identification	
Address	XX Wiser Avenue, Kennewick
Location	South of the subject airport
Assessor's Parcel Number	111882013292003 - Benton
Instrument	SWD
Grantor	Pipe Dreams LLC
Grantee	TDJK Residential; Property LLC
Sale Date	January 19, 2020
Auditor's File Number	148716
Sale Price	\$800,000
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	182,516 sq.ft.
Sale Price/Sq.Ft.	\$4.38/sq.ft.

<u>Remarks</u>

Level industrial site accessed from Wiser Parkway. Still undeveloped as of inspection date. All public utilities available. The purchaser plans to construct an office warehouse, with other similar industrial facilities. The property sold previously for \$536,250, on December 26th, 2013, \$2.94/sf.





This site is in a neighborhood with diverse land uses, including a fuel station, warehouses, and an R/V park.

Property Identification	
Address	225 South Gum Street, Kennewick
Location	Southeast of the subject airport
Assessor's Parcel Number	116801010177009 - Benton
Instrument	SWD
Grantor	IV M LLC
Grantee	Martinez and Sons Enterprise LLC
Sale Date	December 21, 2021
Auditor's File Number	2202-001879
Sale Price	\$485,000
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	108,900 sq.ft.
Sale Price/Sq.Ft.	\$4.45/sq.ft.

<u>Remarks</u>

Level industrial site fronting on South Gum Street. Still undeveloped as of inspection date. All public utilities available.





This site has frontage on an arterial, but circuitous access.

Property Identification Address 3335 Travel Plaza Way, Pasco Near Tri Cities Airport, east of the subject airport Location 113270243- **Fr**anklin Assessor's Parcel Number Instrument SWD Grantor Morgan, William R & Janice E Grantee Randock Jr (Etal), Steve Sale Date January 10, 2020 Auditor's File Number SWD-1907277 Sale Price \$340,000 Zoning Light Industrial Topography Level, at grade Utilities All available Land Size 73,750 sq.ft. \$4.61/sq.ft. Sale Price/Sq.Ft.

LAND SALE L-6

<u>Remarks</u>

Level industrial site near the Tri Cities Airport. Improved as a mobile home sales lot as of inspection date. All public utilities available. Property is accessed from Travel Plaza Way.





Property Identification	
Address	4621 Union Loop Road, Kennewick
Location	Southeast of subject, in the Kennewick area
Assessor's Parcel Number	121892012822002- Benton
Instrument	SWD
Grantor	Hughes, D Keith
Grantee	Pride Of Pasco Development LLC
Sale Date	October 1, 2021
Auditor's File Number	SWD-1907277
Sale Price	\$700,000
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	150,718 sq.ft.
Sale Price/Sq.Ft.	\$4.64/sq.ft.

<u>Remarks</u>

Level industrial site in the Kennewick area. All public utilities available. Property is accessed from Union Loop Road.





This site is to be developed with a 328 unit mini-storage facility. The proposed complex consists of ten buildings, with a total building area of 47,800 sq. ft. Site is Zoned light Industrial.

Property Identification Address 1112 St Helens Street, Pasco Near Tri Cities Airport, east of the subject airport Location 113410079- **Fr**anklin Assessor's Parcel Number Instrument SWD Grantor Brantingham Enterprises, LLC Grantee not closed Sale Date n/a Auditor's File Number SWD-1907277 Sale Price \$713,515 Zoning Light Industrial Topography Level, at grade Utilities All available Land Size 118,987 sq.ft. Sale Price/Sq.Ft. \$6.00/sq.ft.

LAND SALE L-8

<u>Remarks</u>

Level industrial site near the Tri Cities Airport. Unimproved as of inspection date. All public utilities available. Property is accessed from Saint Helens Street.





Property Identification	
Address	XX King Avenue, Pasco
Location	Near Tri Cities Airport, east of the subject airport
Assessor's Parcel Number	113281299, 113281306, 113281280 and 113281271- Fr anklin
Instrument	SWD
Grantor	Cantu, Ricardo & Rosa Maria
Grantee	Diaz, Jesus Higareda
Sale Date	April 25, 2022
Auditor's File Number	SWD-1960072
Sale Price	\$1,200,000
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	196,020 sq.ft.
Sale Price/Sq.Ft.	\$6.12/sq.ft.

<u>Remarks</u>

Level industrial site near the Tri Cities Airport. Unimproved as of inspection date. All public utilities available. Property is accessed from King Street and East Saint Helens Street.





Property Identification Address XX Lindsay Avenue, Pasco Near Tri Cities Airport, east of the subject airport Location Assessor's Parcel Number 112352151 Franklin Instrument SWD Grantor Vargas (Etux), Jose L Grantee Madrigal (et Ux) Jaime Castillo Sale Date March 25, 2022 Auditor's File Number SWD-1958323 Sale Price \$42,000 Zoning Light Industrial Topography Level, at grade Utilities All available Land Size 6,750 sq.ft. Sale Price/Sq.Ft. \$6.22/sq.ft.

LAND SALE L-10

<u>Remarks</u>

Level industrial site near the Tri Cities Airport. Developed as of inspection date as a secure truck storage lot. All public utilities available. Property is accessed from Lindsay Avenue.



ANALYSIS OF DATA AND OPINION OF APPRAISER



Property Identification	
Address	3375 Travel Plaza Way, Pasco
Location	Near Tri Cities Airport, east of the subject airport
Assessor's Parcel Number	113270232- Fr anklin
Instrument	SWD
Grantor	Verbruggen Property LLC
Grantee	Nulph Properties LLC
Sale Date	March 15, 2022
Auditor's File Number	SWD-1907277
Sale Price	\$365,904
Zoning	Light Industrial
Topography	Level, at grade
Utilities	All available
Land Size	52,272 sq.ft.
Sale Price/Sq.Ft.	\$7.00/sq.ft.

LAND SALE L-11

<u>Remarks</u>

Level industrial site near the Tri Cities Airport. Unimproved as of inspection date. All public utilities available. Property is accessed from Travel Plaza Way.



ANALYSIS OF DATA AND OPINION OF APPRAISER



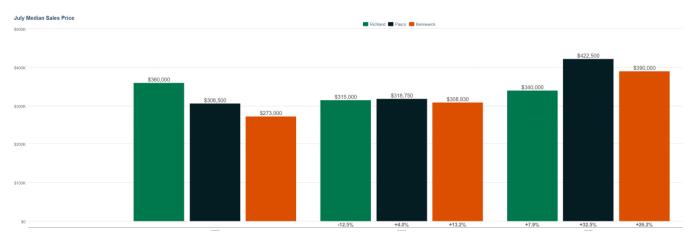
ANALYSIS

The sales range from \$2.73/sq. ft. to \$7.00/sq. ft. generally with an inferred inverse relationship between the site size and the unit value, all other factors being equal. The mean unit value is \$4.82/sf and the median in \$4.61/sf.

Quantitative Adjustments

The property rights conveyed, and financing do not require any quantitative adjustments for the comparables. All comparables are arms-length sales at market terms and do not require quantitative adjustments for condition of sale.

After considering the typical transactional adjustments, an adjustment is considered to account for increasing/decreasing trends in the market (Date of Sale or Market Conditions). The date of sale of the comparables ranges from January of 2020 to a pending sales. The comparable sales were analyzed for changes in market conditions by evaluating the price trend for similar property.



Patterns in the Richland, Pasco and Kennewick show increase in real property over the last year, with Richland at 7.9%, Pasco at 32.5% and Kennewick at 26.2%.

A second method for evaluating price trends is the sale/resale analysis of the same property. Relatively few of the transactions utilized represent properties that were held for relatively short periods of time, however Sale L-6 sold for \$220,848 in September 2016 and resold in January 2020 for \$340,000, a monthly compounded annual rate of about 7.21% per year. Sale L-11 sold in 11/08/2017 for \$157,000 and resold in 3/15/2022 for \$365,904, a monthly compounded annual rate of about 20.9% per year.

In a similar fashion, L-1 sold in April 2008 for \$79,000 and resold in February 2021 for \$250,000. L-9 was purchased with two other lots for \$3.74/sq. ft. on March 2021, and was resold one year later for \$6.43/sf., over a 50% increase in one year. Clearly an upward quantitative adjustment for market conditions is warranted. An adjustment of 12% per year monthly compounding is utilized, with the following results:

		L-1	L-2	L-3	L-4	L-5	L-6	L-7	L-8	L-9	L-10	L-11
Date of Sale	Sep-22	Feb-21	Dec-20	Mar-21	Jan-20	Dec-21	Jan-20	Oct-21	Sep-22	Apr-22	Mar-22	Mar-22
Adjustment per month	1.00%	18.64	20.38	17.75	31.10	8.35	32.02	11.01	0.00	4.24	5.26	5.59
Adjusted Price	\$/sf	\$3.29	\$3.81	\$4.47	\$5.97	\$4.84	\$6.34	\$5.18	\$6.00	\$6.39	\$6.56	\$7.40
	Mean	\$5.48										
	Median	\$5.97										

After an adjustment for market conditions the range is from \$3.29/sf to \$7.40/sf., with a mean of \$5.48/sf, and a median of \$5.97/sf.

None of the sales considered had the constriction of having one main entry point to the neighborhood location through a controlled railroad crossing. This controlled crossing plus the physical and visual lack of synergy with State Highway 240 frontage created by the railroad has the effect of creating a more purely industrial nature to the Non-Aeronautical Land leased and available for lease under the Port control. This negative attribute of the subject sites suggests that the unit value should be lower than the central tendency of all of the comparables sales, less than \$5.48/sq. ft. L-2 is in the subject area at \$3.81/sq. ft. Recognizing that the unit value should be lower than the central tendency of all of the comparable land sales, and with more weight on L-3, the base unit value reconciled for the Zone 1 non-aviation land at the Port of Benton Airport is \$4.00/sq. ft.

Once a base land value is determined, some form of adjustment is frequently applied because of the atypical airport restrictions imparting the subject aeronautical related sites.

The aeronautical use restriction issue is an important factor affecting the aeronautical land leases. This is recognizing the restriction that on-airport land be used only for aviation-related activities. This is an additional loss of the bundle of rights reflective of the limitations on use stipulated by the underlying zoning. In the case of the subject Port of Benton Airport aviation related sites, this restriction is established by the policies set by the Port of Benton.

As discussed earlier in the airport survey section, a discount is frequently applied to aviation related sites compared to non-aviation comparable sites in some cases. In Centralia the discount is over 45%. In Arlington the discount is 20%. In Friday Harbor the discount is 15%.

An adjustment for the aeronautical use limitations is estimated at a 20% discount from the nonaviation base land value estimated. This is applicable to the aviation lands only.

Lastly, a base unit value is required for the Zone 2 aeronautical use unimproved land. This land is less desirable as to the availability of utilities, and locational attributes. An adjustment for these additional limitations is estimated at a 30% discount from the nonaviation base land value estimated. This is applicable to the Zone 2 aeronautical use unimproved land.

This results in base land unit value estimates which can be summarized as follows:

Category	Non adjusted	Adjustment	Site unit value
Aeronautical Zone 1 sites	\$4.00/sf	20%	\$3.20/sf
Aeronautical Zone 2 sites	\$4.00/sf	30%	\$2.80/sf
Non-aeronautical sites	\$4.00/sf		\$4.00/sf

The last variable to considered is site size. Typically, an inverse relationship exists between the size of a site and the unit price paid for the site. This variable is considered at the Port of Pasco airport, with ½ acre site at \$3.00/sf, 1 acre sites at \$2.50/sf and 2 acre site at \$2.00/sq. ft. This is a differential of \$0.50/sq. ft. or around 8% for size differential. Walla Walla has a similar tiered system, with a differential of about \$0.67/sq. ft. Other airports recognize this size differential when relevant. In consideration of site size differential at the subject Richland airport, an adjustment from the base rate of 20% is applied.

The result of applying these conclusions to the subject property is as follows:

2022 Airport Related Parcels				
	Site Area (sf)	Site value/sf	Capitilization rate	Lease
Aeronautical Improved Land - Zone One				(\$/sq.ft./year
1	Uo to 99,999	\$3.20	10.00%	\$0.32
2	100,000-300,000	\$2.56	10.00%	\$0.26
Aeronautical Unimproved Land - Zone Two				(\$/sq.ft./year
1	Uo to 99,999	\$2.80	10.00%	\$0.28
2	100,000-300,000	\$2.24	10.00%	\$0.22
Non-Aeronautical Land				(\$/sq.ft./year
1	Uo to 99,999	\$4.00	10.00%	\$0.40
2	100,000-300,000	\$3.20	10.00%	\$0.32

Date of rental value determination:

September 1st, 2022

The Sales Comparison Approach as it relates to land was utilized to develop an estimate of the Market Value of each site. Rent relevant to the each of the subject sites was then developed utilizing a market support direct capitalization rate. The concluded annual rent for each category as of September 1st, 2022, is as follows:

2022 Airport Related Parcels		
	Site Area (sf)	Lease
Aeronautical Improved Land - Zone One		(\$/sq.ft./year
1	Uo to 99,999	\$0.32
2	100,000-300,000	\$0.26
Aeronautical Unimproved Land - Zone Two		(\$/sq.ft./year
1	Uo to 99,999	\$0.28
2	100,000-300,000	\$0.22
Non-Aeronautical Land		(\$/sq.ft./year
1	Uo to 99,999	\$0.40
2	100,000-300,000	\$0.32

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

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and represent my personal, impartial and unbiased professional analyses, opinions and conclusions.
- 3. I have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
- 4. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
- 5. Engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6. Compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7. I have made a personal inspection of the property that is the subject of this report.
- 8. No one provided real property appraisal assistance to the person signing this report in the preparation of and research contained within this report.
- 9. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- 10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
- 12. The appraiser is competent and qualified to perform the appraisal assignment.

- 13. I have not appraised this property within the past three years.
- 14. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, Fred C. Strickland has completed the requirements of the continuing education program of the Appraisal Institute.

Fred C. Strickland, MAI, ASA, SRA, ARA State of Washington Certification 1100429

FREDERICK C. STRICKLAND, MAI, ASA, SRA, ARA

PROFESSIONAL EDUCATION:

American Institute of Real Estate Appraisers

All courses successfully completed as a prerequisite to the designation MAI; plus various other courses, including specific Appraisal Institute material relevant to computer use for appraisal purposes, Discounted Cashflow, statistical analysis, etc.

American Association of Appraisers

Courses primarily oriented towards business valuation, and asset segregation, valuation of intangibles

Society of Real Estate Appraisers

All courses successfully completed as a prerequisite to the designation SREA.

State of Washington Appraisal Courses

Various courses on appraisal of land, residential and commercial real property, and machinery and equipment valuation, taken primarily at Central Washington University.

International Association of Assessing Officers

All courses required for the CAE and RES designations plus instructor's courses for real property appraising and statistical analysis in real property appraisal.

Various Appraisal Institute Seminars, including:

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Valuation of Conservation Easements

PROFESSIONAL DESIGNATIONS AWARDED:

- MAI American Institute of Real Estate Appraisers
- ASA American Association of Appraisers
- SRPA Society of Real Estate Appraisers
- SRA Society of Real Estate Appraisers
- CAE International Association of Assessing Officers
- RES International Association of Assessing Officers
- Broker Licensed Washington State Real Estate Broker

CERTIFICATIONS:

General Classification - Washington State Certified Real Estate Appraiser Certification 1100429

EXPERIENCE:

Fred C Strickland & Associates LLC (2016)

Managing partner with the appraisal firm of Strickland, Heischman & Hoss, Inc. (1989-2015)

Commercial real estate appraiser with Charles E. Anderson & Associates (1984-1989)

Owner/Manager of San Juan Appraisal Services (1979-1984)

Appraiser for San Juan County Assessor's Office (1977-1979)

Instructor of real estate courses for State of Washington, Land Appraisal Course at The Evergreen State College; IAAO Course 1, Residential Appraising at Central Washington University; and IAAO Course 302, Appraisal of Income Property (utilizing statistical analysis) at Central Washington University.

COURT EXPERIENCE:

Qualified as expert witness on real estate values in United States District Court, Western District of Washington, Seattle, King County, in Pierce County Superior Court, Thurston County Superior Court, San Juan County Superior Court, and Clallam County Superior Court, all in Washington State, and Yellowstone County Superior Court, Montana.

Testified before arbitration boards, mediations, numerous County Boards of Equalization, and the State Board of Tax Appeals.

PARTIAL LIST OF CLIENTS:

Office of Thrift Supervision
Resolution Trust Corporation
Federal Deposit Insurance Corporation
U.S. Department of Commerce
WA Department of Natural Resources
WA Department of Fish and Wildlife
University of Washington
Attorney General of Washington
Metro (Seattle)
King County Open Space
Kitsap County
Pierce County Real Property Management
City of Bellevue
City of Tacoma
Port of Tacoma
Intervest Mortgage Investment Company
Other institutions, attorneys and individuals

United State Department of Justice KeyBank Bank of America Wells Fargo Bank **US Bancorp** Hongkong Bank Columbia Bank West One Bank First Union National Bank, FL Washington Mutual Savings Bank **Everett Mutual Savings Bank** Washington Mortgage Multicare Medical Center Nature Conservancy City of Olympia First Community Bank

Unless noted otherwise in the body of the report, this appraisal is subject to the following assumptions and limiting conditions.

- 1. No responsibility is assumed for legal or title considerations. Title to the subject property is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is assumed to be under responsible ownership and competent management and is assumed available for its highest and best use.
- 2. There are no existing judgments or pending or threatened litigation that impact the value of the property.
- 3. There are no hidden or undisclosed conditions of the land or of the improvements that impact the value of the property.
- 4. Information, public and private, relevant to sale price indications is assumed to be correct.
- 5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
- 6. Information, estimates and opinions contained in the report, obtained from others, including third-party sources, are assumed to be reliable and have not been independently verified and no warranty is given for accuracy.
- 7. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
- 8. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
- 9. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
- 10. When environmental impact studies are not provided in conjunction with the appraisal, we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

- 11. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
- 12. I have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 13. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
- 14. I accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
- 15. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
- 16. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
- 17. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

- 18. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
- 19. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
- 20. The current purchasing power of the dollar is the basis for the value stated herein. We have assumed that no extreme fluctuations in economic cycles will occur.
- The analyses contained in the report necessarily incorporate numerous estimates 21. and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material. The Americans with Disabilities Act (ADA) became effective in the 1990s. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
- 22. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

- 23. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
- 24. The appraisal report and the value conclusion within the appraisal is predicated upon the assumption that the satisfactory completion of construction, repairs or alterations will be performed in a workmanlike manner.
- 25. It is expressly acknowledged that in any action which may be brought against Fred C. Strickland & Associates LLC or their respective officers, owners, managers, directors, agents, subcontractors or employees the "Fred C. Strickland & Associates LLC ", parties arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the "Fred C. Strickland & Associates LLC " parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the Fred C. Strickland & Associates LLC , parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
- 26. Fred C. Strickland & Associates LLC, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

- 27. The conclusions contained in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Fred C. Strickland & Associates LLC and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
- 28. Any prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
- 29. The value estimate herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

1) Extraordinary Assumption: "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions."⁸

Extraordinary assumptions assume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in analysis.

There are no extraordinary assumptions relevant to this appraisal.

2) **Hypothetical Conditions:** "that which is contrary to what exists but is supposed for the purpose of analysis."⁹

A hypothetical condition assumes conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in analysis.

There are no hypothetical conditions relevant to this appraisal.

⁸ Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, Appraisal Standards Board, The Appraisal Foundation, Washington D.C., p. U-3.

⁹ Ibid., p. U-3.

____FCS FredC.Strickland&Associates LLC VALUATION & CONSULTING

RESOLUTION 22-43

A RESOLUTION OF THE PORT OF BENTON CONSENTING TO ASSIGNMENT AND ASSUMPTION OF GROUND LEASE (Herbert & Jennifer Brayton – Hangar 2060 LLC)

WHEREAS, on August 21, 2022, the Port was contacted by Herbert Brayton ("Lessee") seeking the Port's consent to assignment of lessee's leasehold estate interest in the Port's ground lease located at 2060 Butler Loop, dated October 25, 2005 (hereinafter "Lease") to Hangar 2060 LLC; and

WHEREAS, the PORT OF BENTON ("LESSOR") entered into a written Ground Lease Agreement dated October 25, 2005 between HERB and JENNIFER BRAYTON ("TENANT"), for a 50-year term, including three (3), 10-year option renewal periods, effective November 1, 2005, recorded under Auditor File Number 2006-024898 dated July 17, 2006; as described in Exhibit A.

WHEREAS, HERBERT and JENNIFER BRAYTON now wish to assign their interest in the ground lease to HANGAR 2060 LLC, a limited liability company of the State of Washington, upon approval by the Port of Benton Board of Commissioners as the lease exceeds 5-year duration included under the executive directors delegation of authority; and

WHEREAS, HANGAR 2060 LLC shall become a 'membership' association for the 7-unit leasehold interest located upon federally obligated aviation property, with the principal tenant(s) Herbert and Jennifer Brayton primary obligator and the management of the limited liability company vested in its Members, and

WHEREAS, the Lease expressly provides for assignment of the Lessee's interest in the leasehold estate upon written approval of the Port, which written approval shall not be unreasonably withheld.

NOW THEREFORE BE IT RESOLVED that the Port of Benton Commission does hereby approve the Consent to Assignment and Assumption of Ground Lease from Herbert and Jennifer Brayton to Hangar 2060 LLC; and

BE IT HEREBY FURTHER RESOLVED that upon formal commission approval and further agreed to Consent to Assignment to the Ground Lease between the Port of Benton and Herbert and Jennifer Brayton, Hangar 2060 LLC, and the Executive Director is authorized to execute all documents and agreements on behalf of the Port to complete the transaction specified above.

ADOPTED by the Port of Benton Board of Commissioners, on this 8th day of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

Lori Stevens, Secretary

CONSENT TO ASSIGNMENT OF LEASE

WHEREAS, on August 21, 2022, the Port was contacted by Herbert Brayton ("Lessee") seeking the Port's consent to assignment of lessee's leasehold estate interest in the Port's ground lease located at 2060 Butler Loop, dated October 25, 2005 (hereinafter "Lease") to Hangar 2060 LLC; and

WHEREAS, the PORT OF BENTON ("LESSOR") entered into a written Ground Lease Agreement dated October 25, 2005 between HERB and JENNIFER BRAYTON ("TENANT"), for a 50year term, including three (3), 10-year option renewal periods, effective November 1, 2005, recorded under Auditor File Number 2006-024898 dated July 17, 2006; as described in Exhibit A.

WHEREAS, HERBERT and JENNIFER BRAYTON now wish to assign their interest in the ground lease to HANGAR 2060 LLC, a limited liability company of the State of Washington, upon approval by the Port of Benton Board of Commissioners as the lease exceeds 5-year duration included under the executive directors delegation of authority; and

WHEREAS, HANGAR 2060 LLC shall become a 'membership' association for the 7-unit leasehold interest located upon federally obligated aviation property, with the principal tenant(s) Herbert and Jennifer Brayton primary obligator and the management of the limited liability company vested in its Members, and

WHEREAS, the Lease expressly provides for assignment of the Lessee's interest in the leasehold estate upon written approval of the Port, which written approval shall not be unreasonably withheld.

NOW THEREFORE BE IT RESOLVED that the Port of Benton Commission does hereby approve the Consent to Assignment and Assumption of Ground Lease from Herbert and Jennifer Brayton to Hangar 2060 LLC; and

DATED this 8th day of November, 2022

By Authority of the Board of Commissioners Of the PORT OF BENTON

By:___

Diahann Howard, PPM [®] Executive Director

EXHIBIT A LEGAL DESCRIPTION To Consent to Assignment of Ground Lease Herbert & Jennifer Brayton – Hangar 2060 LLC

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 10 NORTH, RANGE 28, EAST, W.M., BENTON COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT MONUMENT PB 10W AS SHOWN ON THE PLAT OF RICHLAND; THENCE NORTH 39°59'18" EAST 975.88 FEET TO MONUMENT PB 11W WAS SHOWN ON SAID PLAT AND MONUMENTED WITH A WORLEY REBAR, SAID POINT BEING AT THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS NORTH 50°00'30" WEST 5694.65 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE 896.69 FEET TO THE MONUMENT PB 12W AS SHOWN ON SAID PLAT; THENCE NORTH 20°30'55" WEST 1227.42 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 4°33'53" EAST 50.00 FEET; THENCE NORTH 85°26'07" WEST 320.00 FEET; THENCE SOUTH 4°33'53" WEST 50.00 FEET; THENCE SOUTH 85°26'07" EAST 320.00 FEET TO THE SAID TRUE POINT OF BEGINNING.

ALSO TOGETHER WITH AND SUBJECT TO easements, reservations, covenants, conditions and restrictions apparent or of record.

DESCRIPTION

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 10 NORTH, RANGE 28 EAST, W.M., CITY OF RICHLAND, BENTON COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT MONUMENT PB 10W AS SHOWN ON THE PLAT OF RICHLAND, THENCE NORTH 39' 59' 18" EAST 975.88 FEET TO MONUMENT PB 11W AS SHOWN ON SAID PLAT AND MONUMENTED WITH A WORLEY REBAR, SAID POINT BEING AT THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS NORTH 50' 00' 30" WEST 5694.65 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE 896.69 FEET TO MONUMENT PB 12W AS SHOWN ON SAID PLAT; THENCE NORTH 20' 30' 55" WEST 1227.42 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 4' 33' 53" EAST 50.00 FEET; THENCE NORTH 85' 26' 07" WEST 320.00 FEET; THENCE SOUTH 4' 33' 53" WEST 50.00 FEET; THENCE SOUTH 85' 26' 07" EAST 320.00 FEET TO THE SAID TRUE POINT OF BEGINNING;

CONTAINING 16,000 SQUARE FEET (0.37 ACRES);

TOGETHER WITH AND SUBJECT TO EASEMENTS, RIGHTS-OF-WAY, COVENANTS, RESERVATIONS AND RESTRICTIONS OF RECORD AND IN VIEW.

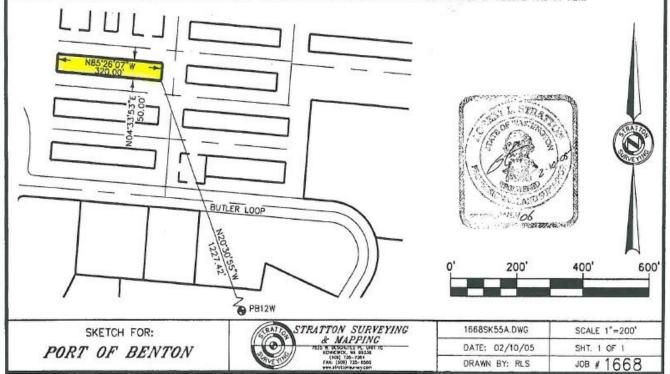


EXHIBIT B SITE PLAN To Consent to Assignment of Ground Lease Herbert & Jennifer Brayton – Hangar 2060 LLC CERTIFICATE OF FORMATION / OPERATING AGREEMENT To Consent to Assignment of Ground Lease Herbert & Jennifer Brayton – Hangar 2060 LLC



I, KIM WYMAN, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF FORMATION

to

HANGAR 2060 L.L.C.

A WA LIMITED LIABILITY COMPANY, effective on the date indicated below.

Effective Date: 09/08/2021 UBI Number: 604 796 758



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sun Ulyna

Kim Wyman, Secretary of State Date Issued: 09/08/2021

CERTIFICATE OF FORMATION

OF

HANGAR 2060 L.L.C.

The undersigned, for the purpose of forming a limited liability company under the Washington Limited Liability Company Act, hereby certifies and adopts the following Certificate of Formation

ARTICLE I

The name of this limited liability company shall be Hangar 2060 L.L.C.

ARTICLE II

Registered Agent

The registered agent of this limited liability company and the street address of the registered office of this limited liability company are as follows:

Registered Agent

Herbert Brayton

9411 Vincenzo Drive Pasco, WA 99301

.

Address

ARTICLE III

Place of Business

The address of the principal place of business of this limited liability company is 9411 Vincenzo Drive, Pasco, WA 99301.

ARTICLE IV

Duration

The duration of the limited liability company is perpetual.

CERTIFICATE OF FORMATION OF LIMITED LIABILITY - 1

CONSENT TO SERVE AS REGISTERED AGENT HANGAR 2060 L.L.C. HANGAR 2060 L.L.C.

I, Herbert Brayton hereby consent to serve as Registered Agent, in the State of Washington, for the following limited liability company: HANGAR 2060 L.L.C.

I understand that as agent for the limited liability company, it will be my responsibility to receive service of process in the name of the limited liability company; to forward all mail to the limited liability company; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the limited liability company for which I am agent.

Dated: August _____, 2021.

Noy Yoz Herbert Brayton

Registered office address:

9411 Vincenzo Drive Pasco, WA 99301

ARTICLE V

Management

The management of the limited liability company is vested in its members.

ARTICLE VI

Formation

The name and address of the person executing this Certificate of Formation is:

<u>Name</u> Herbert Brayton Address 9411 Vincenzo Drive Pasco, WA 99301

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this day of August, 2021.

Herbert Bray for HERBERT BRAYTON

CERTIFICATE OF FORMATION OF LIMITED LIABILITY - 2

RESOLUTION 22-44

A RESOLUTION OF THE PORT OF BENTON CONSENTING TO ASSIGNMENT AND ASSUMPTION OF GROUND LEASE (Herbert & Jennifer Brayton – Hangar 2120 LLC)

WHEREAS, on August 21, 2022, the Port was contacted by Herbert Brayton ("Lessee") seeking the Port's consent to assignment of lessee's leasehold estate interest in the Port's ground lease dated April 26, 2013 (hereinafter "Lease") to Hangar 2120 LLC; and

WHEREAS, the PORT OF BENTON ("LESSOR") entered into a written Ground Lease Agreement dated April 26, 2013 between HOWARD NEILL ("TENANT/1031-E Facilitator"), on behalf of HERBERT and JENNIFER BRAYTON, for a 50-year term, including initial 30-year and option renewal periods, effective May 1, 2013, as described in Exhibit A.

WHEREAS, HOWARD NEILL ("ASSIGNOR) assigned its interest in the ground lease to "HERBERT and JENNIFER BRAYTON" (ASSIGNEE/TENANT) by Assignment of Lease and Acceptance of Lease Agreement dated July 8, 2013; and

WHEREAS, HERBERT and JENNIFER BRAYTON now wish to assign their interest in the ground lease to HANGAR 2120 LLC, a limited liability company of the State of Washington, upon approval by the Port of Benton Board of Commissioners as the lease exceeds 5-year duration included under the executive directors delegation of authority; and

WHEREAS, HANGAR 2120 LLC shall become a 'membership' association for the 11-unit leasehold interest located upon federally obligated aviation property, with the principal tenant(s) Herbert and Jennifer Brayton as principal obligators, holding 25% voting shares and the remaining Members hold 75% voting shares, the Operating Agreement is attached as Attachment 1; and

WHEREAS, the Lease expressly provides for assignment of the Lessee's interest in the leasehold estate upon written approval of the Port, which written approval shall not be unreasonably withheld.

NOW THEREFORE BE IT RESOLVED that the Port of Benton Commission does hereby approve the Consent to Assignment and Assumption of Ground Lease from Herbert and Jennifer Brayton to Hangar 2120 LLC; and

BE IT HEREBY FURTHER RESOLVED that upon formal commission approval and further agreed to Consent to Assignment to the Ground Lease between the Port of Benton and Herbert and Jennifer Brayton, Hangar 2120 LLC, and the Executive Director is authorized to execute all documents and agreements on behalf of the Port to complete the transaction specified above.

ADOPTED by the Port of Benton Board of Commissioners, on this 8th day of November, 2022.

Christy L. Rasmussen, President

Roy D. Keck, Vice President

Lori Stevens, Secretary

CONSENT TO ASSIGNMENT OF LEASE

WHEREAS, the PORT OF BENTON ("LESSOR") entered into a written Ground Lease Agreement dated April 26, 2013 between HOWARD NEILL ("TENANT/1031-E Facilitator"), on behalf of HERBERT and JENNIFER BRAYTON, for a 50-year term, including initial 30-year and option renewal periods, effective May 1, 2013, as described in Exhibit A and B hereto.

WHEREAS, HOWARD NEILL ("ASSIGNOR) assigned its interest in the ground lease to "HERBERT and JENNIFER BRAYTON" (ASSIGNEE/TENANT) by Assignment of Lease and Acceptance of Lease Agreement dated July 8, 2013; and

WHEREAS, HERBERT and JENNIFER BRAYTON now wish to assign their interest in the ground lease to HANGAR 2120 LLC, a limited liability company of the State of Washington, upon approval by the Port of Benton Board of Commissioners as the lease exceeds 5-year duration included under the executive directors delegation of authority; and

WHEREAS, HANGAR 2120 LLC shall become a 'membership' association for the 11-unit leasehold interest located upon federally obligated aviation property, with the principal tenant(s) Herbert and Jennifer Brayton principal obligators, holding 25% voting shares and the remaining Members hold 75% voting shares, the Operating Agreement is attached as Attachment 1; and

WHEREAS, The sale of shares may not affect the duration or terms and obligations as set forth between the Port of Benton and shall not release Herbert and Jennifer Brayton from responsibility or terms of which federal obligations must be met as a condition of said lease, including sublet use for aviation purposes; and

NOW THEREFORE, the PORT OF BENTON, a municipal corporation of the State of Washington, as Lessor, hereby consents to the assignment of the above-described lease for the leasehold interest property described in Attachment A to Hangar 2120 LLC between the Port of Benton and Hangar 2120 LLC, a limited liability company of the State of Washington. This Consent to Assignment shall not release the assignors from any of their obligations set forth under the original lease agreement.

DATED this 8th day of November, 2022

By Authority of the Board of Commissioners Of the PORT OF BENTON

By:

Diahann Howard, PPM [®] Executive Director

EXHIBIT A LEGAL DESCRIPTION To Consent to Assignment of Ground Lease Herbert & Jennifer Brayton – Hangar 2120 LLC

February 28, 2013

EXHIBIT A PROPOSED LEASE AREA

A parcel of land lying in a portion of the Northwest quarter of the Southwest quarter of Section 34, Township 10 North, Range 28 East, W.M., City of Richland, Benton County, Washington, more particularly described as follows:

Beginning at the Southwest corner of the Southwest quarter of said Section 34;

Thence North 00°28'02" East along the West line of the Southwest quarter of said Section 34 for a distance of 1324.15 feet to the Southwest corner of the Northwest quarter of the Southwest quarter of said Section 34, the Northwest corner of the Southwest quarter bears North 00°28'02" East, 1324.15 feet;

Thence leaving the West line of said Southwest quarter, North 89°39'19" East along the South line of the Northwest quarter of the Southwest quarter of said Section 34 for a distance of 1314.41 feet to the Southeast corner of the Northwest quarter of the Southwest quarter of said Section 34;

Thence leaving the South line of said Northwest quarter of the Southwest quarter of said Section 34, North 00°32'52" East along the East line of the Northwest quarter of the Southwest quarter of said Section 34 for a distance of 66.27 feet;

Thence leaving the East line of said Northwest quarter of the Southwest quarter of said Section 34, South 89°39'19" West, parallel to the South line of the Northwest quarter of the Southwest quarter of said Section 34 for a distance of 30.68 feet to the **TRUE POINT OF BEGINNING** of the parcel to be described;

Thence North 04°34'12" East, 51.00 feet;

Thence North 85°28'07" West, 241.92 feet;

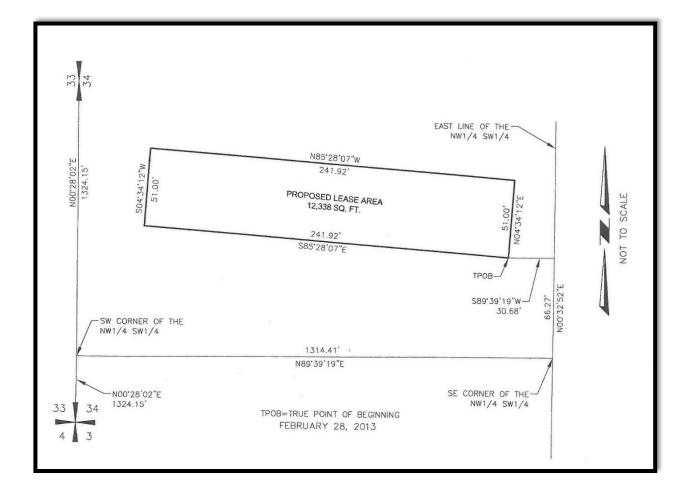
Thence South 04°34'12" West, 51.00 feet;

Thence South 85°28'07" East, 241.92 feet to the **TRUE POINT OF BEGINNING** and the end of this legal description.

Containing: 12,338 square feet, more or less.

ALSO TOGETHER WITH AND SUBJECT TO easements, reservations, covenants, conditions and restrictions apparent or of record.

EXHIBIT B SITE PLAN To Consent to Assignment of Ground Lease Herbert & Jennifer Brayton – Hangar 2120 LLC



ATTACHMENT 1 OPERATING AGREEMENT To Consent to Assignment of Ground Lease Herbert & Jennifer Brayton – Hangar 2120 LLC



I, STEVE R. HOBBS, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF FORMATION

to

HANGAR 2120, LLC

A WA LIMITED LIABILITY COMPANY, effective on the date indicated below.

Effective Date: 06/23/2022 UBI Number: 604 936 027



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

R Hohle

Steve R. Hobbs, Secretary of State Date Issued: 06/23/2022

OPERATING AGREEMENT

FOR

HANGAR 2120, LLC

A Washington Limited Liability Company

THIS LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") is made and entered into effective as of August 31, 2022, by those parties whose signatures appear below (herein individually "Member" and collectively, "Members").

ARTICLE 1 GENERAL PROVISIONS

1.1 Name. The name of the Company is Hangar 2120, LLC (herein "the Company").
 1.2 Purpose. The purpose of the Company shall be to hold ownership of that certain leasehold estate more fully described in that lease by and between Port of Benton and Herbert Brayton and Jennifer Brayton. and to own, manage, sublease and operate an 11-unit airplane hangar located thereon. A true copy of said lease is attached as *Exhibit A*. The Company shall also have such other powers necessary or incidental to the Company's business which may be legally exercised by limited liability companies under RCW 25.15 - Washington Limited Liability Company Act (herein "the Act").

1.3 Principal Place of Business. The principal place of business of the Company shall be 2120 Butler Loop, Richland, Washington 99354.

1.4 Registered Office and Registered Agent. The Company's registered agent and the address of its registered office is:

Herb Brayton 9411 Vincenzo Drive Pasco, WA, 99301

The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of registered agent with the Washington Secretary of State pursuant to the Act.

1.5 Definitions. The terms used herein shall have the same definitions as used in the Act.Limited Liability Company Agreement - 1

1.6 Classification for Federal Income Tax Purposes. It is the intent of the Members that the Company be taxed as a partnership for federal income tax purposes. Thus, notwithstanding any other provision hereof, all provisions shall be interpreted consistent with this intent and, if any provision, or provisions, hereof would cause the Company to be taxed otherwise for federal income tax purposes, then said provision or provisions shall be void. The Members agree that they may change any provision hereof retroactively to effectuate the intent as set forth herein and agree to be bound thereby, without giving rise to any cause of action by any person or entity, in law or equity, even if they acted in reliance on said void provision or provisions.

1.7 Indemnification. The Company shall indemnify any Member or Manager from and against any judgments, settlements, penalties, fines, or expenses incurred in a proceeding or obligate itself to advance or reimburse expenses incurred in a proceeding to which a person is a party because such person is, or was, a Member or a Manager, provided that no such indemnity shall indemnify a Member or a Manager from or on account of acts or omissions of the Member or Manager finally adjudged to be intentional misconduct or a knowing violation of law by the Member or Manager, or conduct of the Member or Manager adjudged to be in violation of RCW 25.15.231.

ARTICLE 2 FORMATION OF COMPANY

2.1 Effective Date. The Company was formed on June 23, 2022, when the Certificate of Formation was executed and filed with the office of the Secretary of State in accordance with and pursuant to the Act.

2.2 Term of Existence. The Company shall have a perpetual existence.

ARTICLE 3 MEMBERS

3.1 Name and Address of Member. The names and addresses of the initial Members areas set forth on *Exhibit B*.

3.2 Liability of Members for Company Obligations. Except as provided by law, Members shall not be personally liable for any debts, obligations or liabilities of the Company beyond their respective capital contributions or additional capital contributions as provided for herein. A Member remains liable for his or her own torts.

3.3 Meetings of Members. Any Member may call for a meeting to be held at the principal place of business upon written notice as provided herein given to all other members not less than ten (10) business days prior to such meeting. Except for votes requiring unanimous consent as provided below, or by the Act, the affirmative vote, approval, or consent of Members holding more than fifty percent (50%) of the votes (as shown on *Exhibit B*) shall be necessary for all actions requiring Member approval. One vote per hangar. At all meetings of the Members, a Member may vote in person or by proxy executed in writing by the Member. Such proxies shall be filed with the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. When any notice is required to be given to a Member, a waiver thereof in writing signed by the Member entitled to such notice, whether before, at, or after the time stated therein shall be equivalent to the giving of such notice.

3.4 Actions Requiring Unanimous Consent. The following actions shall require approval by at Members holding at least 75% of the total votes:

- a. Amending this company operating agreement.
- b. Admitting a new Member.
- c. Dissolving the Company.
- d. Selling, leasing, exchanging, or otherwise disposing of all, or substantially all, of the Company's property, other than in the ordinary course.
- e. Modifying the lease with the Port of Benton above described.

f. Undertaking any other act outside the ordinary course of the Company's activities.

3.5 Action by Written Consent. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, executed by all Members entitled to vote thereon.

3.6 Inspection of Records. Upon reasonable request, and as provided in RCW 25.15. 136, each Member shall have the right to inspect and copy at such Member's expense, during ordinary business hours, the records required to be maintained by the Company as provided therein.

3.7 Independent Activity of Members. Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others,

including but not limited to, the ownership, financing, management, employment by, lending to or otherwise participating in businesses which are similar to the business of the Company, and neither the Company nor any of its Members shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits therefrom.

3.8 Remedies for Breach of Agreement. In the event there is a breach of this Agreement the Company and the Members of the Company shall have all remedies allowed at law or in equity for breach of contract. In addition, should a default not be cured after thirty (30) days written notice from the non-defaulting Members, the remaining Members shall have a right to purchase the defaulting Member's interest as provided at Article 8 below.

ARTICLE 4 PROPRIETARY LEASE

Each Member shall have and execute a proprietary lease with respect to one or more of the Company hangars at 2120 Butler Loop. The lease shall be in the form attached as *Exhibit C*, or such modified form as the Members may agree. Each such lease shall be deemed appurtenant to a Member's interest and cannot be sold, transferred or assigned except in connection with a concurrent authorized transfer of the associated membership interest. Likewise, no membership interest may be sold, assigned or transferred, without an accompanying transfer of the related proprietary lease. Any default under such lease shall constitute a breach of this operating agreement.

ARTICLE 5 MANAGEMENT

The business and affairs of the Company shall be managed by its Managing Member. The Managing Member shall handle the day to day business of the Company, except for those matters which require special approval as set forth in Article 3.4 above. The initial Manager shall be Herbert Brayton. The Manager may from time to time be removed or replaced by vote of 75% of the other Members.

ARTICLE 6 CONTRIBUTIONS AND FINANCE

6.1 Members' Capital Contributions. Each Member's capital contribution shall be as set forth in in the books and records of the Company.

6.2 Additional Contributions. Each Member shall be required to make such additional capital contributions as shall be from time to time agreed upon as reasonably necessary to meet the expenses of the Company.

6.3 No Priority on Return of Capital. Except as expressly provided herein, no Member shall have priority over any other Member, either as to the return of capital contributions or as to net profits, net losses or distributions; <u>provided</u>, that this restriction shall not apply to loans made by a Member to the Company.

6.4 Allocations of Net Profits and Losses. The net profit or net loss for any fiscal year of the Company shall be allocated by percentage interest as set forth on *Exhibit B*.

6.5 Accounting Principles. The Company's books and records shall be kept, and its income tax returns prepared, under such permissible method of accounting, consistently applied, as the Company's accountant determines is in the best interest of the Company and its Members.

6.6 Interest on and Return of Capital Contributions. No Member shall be entitled to interest on any capital contribution or to return of a capital contribution, except as otherwise specifically provided for herein.

6.7 Loans to Company. Nothing in this Agreement shall prevent any Member from making secured or unsecured loans to the Company.

6.8 Accounting Period. The Company's accounting period shall be the calendar year.

6.9 Expenses. Each Member is responsible for that Member's expenses.

ARTICLE 7 DISTRIBUTIONS

All distributions shall be made in accordance with the Washington Limited Liability Company Act. The Company's obligation to make a distribution is subject to offset for any amount due and payable to the limited liability company by the person on whose account the distribution is made.

ARTICLE 8 TRANSFERABILITY

8.1 General Rule. No Member shall voluntarily or involuntarily sell, give, devise, bequeath, pledge, mortgage, grant a security interest in or otherwise transfer, encumber or dispose of Limited Liability Company Agreement - 5

his membership interest in the Company, except with written consent of Members holding more than 75% of the votes as indicated on <u>Exhibit B</u>, or as permitted under the terms of this Agreement in the event of a voluntary sale (Section 8.4 below), which consent shall not be unreasonably withheld; provided, a Member may transfer to a spouse without consent, and further provided, founding Members Herb and Jennifer Brayton may make initial sale of membership units without consent.

8.2 Option to Purchase. In the event of a prohibited transfer the remaining Members shall have right and option to acquire the interest of the Member making an improper transfer. Any such option shall be exercised by written notice no later than thirty (30) days after there is actual knowledge of the event triggering the option or right to purchase. The option may be exercised jointly with other Members or separately on a first come, first serve basis. The purchase price shall be the 100% of the fair market value of the interest subject of the purchase option, or the Member's initial purchase price, whichever is less. The valuation date for the purchase price shall be the last day of the calendar month preceding occurrence of the event giving rise to the purchase option. The purchase price shall be paid in cash within 30 days following a fair market value determination. If the parties cannot agree on fair market value, the determination shall be made in accordance with Article 10.6 below.

8.3 Failure to Exercise Option. In the event those Members having an option to purchase as in this section provided, fail to exercise the option, or having exercised the option, fail to complete the purchase, the otherwise prohibited transfer shall be permitted, <u>provided</u>, the transfer must also include written assumption of the proprietary lease appurtenant to the membership interest being transferred.

8.4 Right of First Refusal. In the event any Member decides to sell such Member's interest or at any time receive an offer to purchase such Member's interest such Member shall give all other Members thirty (30) days' notice in writing of such decision or offer, setting forth the name and address of the proposed purchaser together with any proposed agreement all other terms and conditions of such offer or proposed terms of sale. All other Members, on a first come first serve basis, shall then have the first option to purchase such membership interest on the same terms as any such offer or proposed terms. If all Members fail to exercise this right of first refusal, then such selling Member shall be free complete the proposed transaction. If the terms of a proposed transfer

change after notice is given then a new notice shall be given allowing Members fifteen (15) days to exercise this right of first refusal.

ARTICLE 9 DISSOLUTION

The Company shall be dissolved, and its affairs wound up in accordance with the Act upon the first of the following events to occur:

a. Written consent of 75% of all Members;

b. Ninety (90) days following an event of dissociation of the last remaining Member, unless those having the rights of assignees in the Company under RCW 25.15.131(1) have, by the ninetieth day, voted to admit one or more Members, voting as though they were Members, and in the manner set forth in RCW 25.15.121(1);

c. The entry of a Decree of Judicial Dissolution under RCW 25.15.274; or

d. The administrative dissolution of the Company by the secretary of state under RCW 23.95.610, unless the Company is reinstated by the secretary of state under RCW 23.95.615.

ARTICLE 10 MISCELLANEOUS PROVISIONS

10.1 Notices. Any notice, demand, or communication required or permitted under this Agreement shall be deemed to have been duly given if delivered personally to the party to whom directed or, if mailed by registered or certified mail, postage and charges prepaid, addressed to a Member, to the Member's address specified herein, or if to the Company, to the address specified herein. Except as otherwise provided herein, any such notice shall be deemed to be given when personally delivered or, if mailed, three (3) business days after the date of mailing. A Member or the Company may change its address for the purposes of notices hereunder by giving notice to the others specifying such changed address in the manner specified herein.

10.2 Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Washington.

10.3 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

10.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

Attorney Fees. Should any party employ an attorney or attorneys to enforce any of 10.5 the provisions hereof or any further agreement called for by this Agreement, or to protect its interest in any manner arising under this Agreement or to recover damages for breach of this Agreement, the party prevailed against in any final judgment agrees to pay the other party all reasonable costs, charges, expenses, including attorney fees, expended or incurred in connection therewith.

Dispute Resolution. In the event of any claims or disputes arising out of this 10.6 Agreement, the parties hereby agree to submit the same to binding arbitration at a location to be mutually agreed upon in Benton County, Washington. In the event the parties are unable to agree upon an arbitrator within seven (7) days, the same shall be selected by the presiding judge for Benton County Superior Court at the request of either party. The mandatory arbitration rules, as implemented in Benton County Superior Court, shall be binding as to procedure. The prevailing party in any such dispute shall be entitled to recover reasonable attorney fees.

Executed by the undersigned Members effective as of the date first above written.

HANGAR 2120, LLC

By:

Herbert Brayton, Member

PORT OF BENTON PROJECTS AND GRANTS STATUS

November 2022

	Project	Description	Grants Pursued/Received	Comments
1	Richland Innovation Center Rural County Capital Funds	Infrastructure improvements across already developed lots and the widening of Fermi Avenue	Benton County RCCF \$1,100,000	Working on re-scoping the project to bring it into budget. Likely to install street lights late summer 2023.
2	Richland Airport - Airfield Signage and Lights (PH1)	Replace Airfield Signs, Replace runway lights on RW 8/26 & 1/19 MIRL - CONSTRUCTION	FAA - \$3,200,000 No Match Required	Construction is nearly complete. Lights on both runways should be on by Nov 10th. PAPI's and emergency generator aren't not planned to be delivered for several months.
3	Railroad Improvements - FRIB low interest loan	Provide low interest loan funding of railroad crossings at Van Giesen and Swift/Cemetery	FRIB - \$260,000 1% loan	This project completed. Will be removed from the list next month.
4	Innovation Cluster Accelerator Program Application	Washington Dept of Commerce, next evolution of POB, IPZ. Goal to support creation of clean energy industry lead alliance.	State - \$400,000	Annual Report Submitted, grant ends Oct 2023
5	Infrastructure Investment and Jobs Act - Grant Funds	Direct grants for the improvement of public use airports.	Richland Airport \$1,480,000 Prosser Airport \$ 790,000	Still waiting on formal approval and information on use of funds.
6	Community Aviation Revitalization Board (CARB)	WSDOT funding to allow the Port of Benton to acquire existing hangars that are near the end of their long term leases and are located within the area in the Master Plan shown for removal.	WSDOT \$750,000 CARB Low interest 20 year loan with initial payment is due in 2026. Interest rate is 2% and hangar revenues cover debt service. Project at Richland Airport	Appraisal completed.

PORT OF BENTON PROJECTS AND GRANTS STATUS

November 2022

	Project	Description	Grants Pursued/Received	Comments
7	National Highway Freight Program (WSDOT portion)	SR 240 rail signal and crossing reconstruction. City of Richland and Port of Benton are jointly submitting on this project. City will be installing a bike/ped path on north side of crossing.	WSDOT \$865,000 POB \$135,000	WSDOT approval received. Anticipate replacement in first half of 2023.
8	Washington State Department of Transportation Aviation Division - Airport Grants	Environmental Sustainability Grants. Grant provides for purchasing electric ground support equipment.	WSDOT \$50,000 Local Match - \$2,500	Working on an application to purchase electric aircraft handling equipment.
9	Railroad Improvements - FRAP grant	Provide grant funding of railroad crossings, ties and rail	FRAP - \$1,000,000 POB \$250,000	Application submitted will know if moving forward in November
10	Consolidated Rail Infrastructure & Safety Improvement (CRISI)	"White Bluffs Rail" remaining crossings, ties, panels and rail	\$5-\$8M project 80%Fed/20%POB Match	Over \$1.4 billion available; application due December 1. Application in progress.
11	Washington State Department of Commerce Industrial Site Readiness	Per permitting, gravel, lighing and fencing submitted	\$500,000 state POB match \$1,000,000	Application submitted