

LEASE AMENDMENT NO. 3

This **LEASE AMENDMENT NO. 3** (the "Third Amendment") made this ____ day of _____ 2023, by and between the **PORT OF PORT TOWNSEND**, a municipal corporation organized and existing under the laws of the State of Washington, hereinafter referred to as "the Port," and **JOCHEMS PROPERTY MANAGEMENT, LLC.**, a Washington Limited Liability Company, hereinafter referred to as "Lessee."

WITNESSETH:

1. On December 11, 1972, the Port, as lessor, and Win and Ruth Dahlquist (the "Dahlquists"), entered into a Lease Agreement concerning certain premises situated at the Port of Port Townsend's Boat Haven facility, in Port Townsend, WA 98368 (the "Premises"), hereinafter referred to as the "Original Lease" (recorded under Jefferson County Auditor's File No. 215974).

2. On October 15, 1973, the Port and the Dahlquists entered into an Addendum to the Original Lease that amended and extended the scope of the leased Premises (recorded under Jefferson County Auditor's File No. 220435).

3. On October 24, 1978, the Original Lease, as amended, was assigned from the Dahlquists, assignors, to Gary Jonientz and Douglas Sandau, assignees (see Vol. 208, page 253, Records of Jefferson County, Washington).

4. On April 1, 1982, the leasehold interest in the Original Lease, as amended, possessed by Douglas Sandau, assignor, was assigned solely to Gary Jonientz, assignee (recorded under Jefferson County Auditor's File No. 297147).

5. On July 15, 1993, the Port and Gary W. Jonientz and Nadine A. Jonientz (hereafter "Jonientz") entered into Lease Amendment No. 1 to the Original Lease to add a Hazardous Substances Warranty and Agreement, and to correct inaccuracies in the legal description of the leased Premises (recorded under Jefferson County Auditor's No. 363085).

6. On October 16, 1996, the Port and Jonientz entered into Lease Amendment No. 2 to the Original Lease which modified the scope and extent of the leased Premises, adjusted the rent to reflect the modified extent of the leased Premises, and extended the term of the lease. This amendment was not recorded.

7. On August 22, 2001, Jonientz, Mark D. Jochems, and Christine A. Jochems (hereafter "Jochems"), and the Port entered into a purported lease amendment and assignment denominated, "Lease Amendment – Industrial Lease No. 20-D" to the Original Lease. This amendment and assignment was unanimously approved by the Port but not recorded. The

document purported to amend the rent charged for the Premises, increasing it by 100% from the prior rate, the formula for adjusting the rent for inflation, the deposit amount on file with the Port, and to assign the lease from Jonientz, assignor, to Jochems, assignee, with the Port's approval and consent.

8. On December 21, 2001, the Original Lease, as amended, was again assigned by Jonientz to Jochems Property Management, LLC. (an entity owned by the Jochems).

9. The parties agree that the Original Lease, as previously amended, should now be amended to memorialize the unrecorded "Lease Amendment – Industrial Lease No. 20-D" agreed to by the parties on August 22, 2001.

10. The parties further agree that the Original Lease, as previously amended, should now be amended with respect to the limitation on use set forth in Original Lease Paragraph 6 to allow for marine-related office and educational uses as well as boat building and repair activities.

11. The parties agree that the Lessee must obtain the Port's prior written consent prior to assigning or subleasing the Premises under Original Lease Paragraph 10, and that the Port has not waived that requirement. The parties further agree that Paragraph 10 of the Original Lease does not impose a rate cap on any subleases and that Lessee may set the rent for any future subleases at his discretion.

12. Finally, the parties agree that, in consideration for easing the limitation on use described above, and with the express understanding that the Port does not intend to further extend the lease term, that the Original Lease should be amended to clarify the disposition of improvements upon the Premises upon the expiration of the lease. Nothing in this paragraph shall preclude a future subtenant of Lessee's from negotiating an extension of the lease term directly with the Port.

NOW, THEREFORE: Effective on ^{April} February ____, 2023, the Original Lease, as previously amended, shall be further amended by this Third Amendment as set forth below and the Original Lease, as amended previously and by this Third Amendment, shall be referred to herein as the "Lease":

A. **RENT:** Lessee agrees to pay as rental for the leased Premises the sum of **Three Hundred Twenty-Six Dollars and Forty-Seven Cents (\$326.47)** per month, plus all applicable taxes. The rent for each month shall be paid to the Port in advance on or before the first (1st) day of each and every month of the Lease term and shall be payable at such place as the Port may hereinafter designate. The rental rate will be adjusted biennially to be an amount equal to the accumulative amount found on the Consumer Price Index ("CPI-U") for Seattle-Tacoma-Bremerton, which is compiled by the Department of Labor, Bureau of Statistics. These CPI-U increases will be applied starting in January 2024.

B. **DEPOSIT:** Lessee shall deposit with the Port security in the amount of **Five Hundred Fifty-Two Dollars and Ninety-Two Cents (\$552.92)** in order to guarantee performance under this Lease. Lessee has previously paid to the Port a security deposit in the amount of \$490.00 on August 22, 2001. Lessee shall pay the difference, bringing the total security deposit to \$552.92. This Lease shall not be effective until the required deposit is made with the Port. The deposit shall be held by the Port as security for Lessee's faithful performance of all of its obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. The deposit shall be returned to Lessee upon termination of this Lease.

C. **USE OF PREMISES:** Lessee shall use the Premises for the purpose of boat repair, construction, and manufacturing, and marine-related office and educational uses associated with boating, sailing, marine research, or similar activities, and shall not use them for any other purpose without the prior written consent of the Port. Lessee shall use the entire Premises for the conduct of said business in a first-class manner continuously during the entire term of this Lease.

D. **DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** Lessee is the sole owner of the improvements constructed upon the demised Premises throughout the term of the Lease. Lessee agrees to maintain the improvements in good condition throughout the term of this Lease and to surrender the same to the Port upon expiration or earlier termination of this Lease in substantially the same condition as they existed on the date of this Third Amendment, normal wear and tear excepted; PROVIDED THAT, Lessee shall have the right to remove all personal property and trade fixtures which may have been placed upon the Premises by Lessee during the period of this Lease if the same are not necessary to the operation of the building(s), and if they are removed prior to the termination of this Lease. Title to any trade fixtures not removed from the Premises within the foregoing period shall, at the Port's option, pass to the Port without additional consideration. Notwithstanding any of the foregoing, in the event the buildings and improvements upon the demised Premises have been rendered, in the Port's sole discretion, untenable due to substantial waste or neglect, the Port shall have the option to require that Lessee remove all improvements from the Premises at Lessee's sole cost and expense within sixty (60) days following expiration or earlier termination of this Lease.

In the event of a conflict between the Original Lease, as previously amended, and this Third Amendment, then the Third Amendment shall control. All other terms and conditions of the Original Lease dated December 11, 1972, as later amended, shall remain unchanged and in effect.

APPROVED this ___ day of _____ 2023, by the Port of Port Townsend, and duly authenticated by the signature of the Executive Director.

LESSEE:

Jochems Property Management, LLC.


Mark D. Jochems, Member/Manager

LESSOR/PORT:

Port of Port Townsend

Eron Berg, Executive Director

APPROVED AS TO FORM:

Port Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, **MARK JOCHEMS**, Authorized Representative of **JOCHEMS PROPERTY MANAGEMENT, LLC.**, and acknowledged the said instrument to be the free and voluntary act and deed of said LLC., for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument on behalf of the LLC.

GIVEN under my hand and official seal this 28th day of March, 2023.



Brittany S. Arnold
Signature

Brittany S. Arnold
Printed Name

NOTARY PUBLIC in and for the State of Washington, residing at Poulsbo, WA

My commission expires: 9/16/26

STATE OF WASHINGTON)
) ss.
COUNTY OF JEFFERSON)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, **ERON BERG**, to me known to be the **EXECUTIVE DIRECTOR** of the **PORT OF PORT TOWNSEND**, and acknowledged the said instrument to be the free and voluntary act and deed of said port district, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument on behalf of the port district.

GIVEN under my hand and official seal this ____ day of _____, 2023

Signature

Printed Name

NOTARY PUBLIC in and for the State of
Washington, residing at Port Townsend

My commission expires: _____