

RESOLUTION NO. 351-01

**A Resolution of the Commission of the Port of Port Townsend
Establishing Guidelines and Procedures for Leasing the Port's
Work Yard, Ship Yard, Point Hudson,
And Jefferson County International Airport Properties**

WHEREAS: The Port of Port Townsend did adopt by motion on July 22, 1992, the documents titled "Lease Rates – PTBH Industrial Park and Other Property" and "Airport Lease Rates", neither of which had been up-dated since their adoption; and

WHEREAS: The Commission, realizing that those rates no longer reflected market value, did, on October 13, 1999, rescind those rate schedules and decided that, in all future lease negotiations, rents would be negotiated on a case by case basis; and

WHEREAS: In order to assess the current market value and current market rental value of the Port's properties, the Commissioners decided to commission an appraisal of the properties; and

WHEREAS: The Commission did contract on December 13, 2000 with the firm of Shorett Kidder Mathews and Segner for property appraisal services in the form of a Rental Survey, of the Work Yard and Ship Yard areas, and the associated Port owned buildings, as well as the Point Hudson buildings, and an additional contract on March 14, 2001 for like services for certain J.C.I.A. properties and buildings; and

WHEREAS: Both Rental Surveys are now complete, and have been presented and discussed in public workshops on May 9, 2001 and June 13, 2001 and in regular Commission meetings on May 23, 2001 and June 13, 2001 respectively; and

WHEREAS: The Commission believes it is in the best interest of the Port of Port Townsend and its present and future tenants to memorialize a general policy regarding the leasing of Port of Port Townsend Property.

NOW, THEREFORE BE IT HEREBY RESOLVED: that the following general guidelines and procedures, known as the "Port of Port Townsend Property Lease Policy" (The Policy) will be in effect for future leases negotiated for the Port of Port Townsend Work Yard, Ship Yard, associated Port buildings, the Point Hudson property and buildings, and the J.C.I.A. properties.

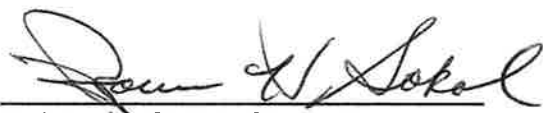
1. The Policy shall apply to leases written, amended or renegotiated after this date, until updated or amended.
2. The values and rental rates documented in the Port Rental Surveys dated February 2, 2001 and May 25, 2001 respectively, will be regarded by the Commissioners and the Port Staff only as general guidelines in negotiating and/or amending future leases, and shall not be considered as binding upon the Port in any future negotiations. In setting rental rates in the future, the Port will consider the information contained in the Rental Surveys, but will also take into account other indicators of reasonable fair market rental value, including parcel size, location, inflation occurring since the date of the Rental Surveys, changes in the rental market since the date of the Surveys, waiting

lists, competing offers for the same properties and any other evidence of fair market rental value.

3. In deciding upon rents to be charged for ground leases, the Port shall generally strive to generate an annual return of approximately nine and one-half percent (9.5%) of the fair market value of a fee simple interest in the land being leased, unless demand for the land indicates a higher return may be obtained.
4. For purposes of determining the fair market value of land pursuant to paragraph 3. above, the Port will consider the information contained in the Surveys or other appraisals, but will also take into account other indicators of reasonable fair market value, including parcel size, location, inflation occurring since the date of the Surveys, changes in the sales market since the date of the Surveys, and any other evidence of fair market value of the land if it were being sold.
5. The Rental Surveys will be updated in three (3) to five (5) years, or as deemed necessary by the Port Commission.
6. The guidelines set forth in this Resolution shall be observed when renegotiating the rent to be charged under any existing leases which require periodic renegotiation of rents or require that rents be charged at the "Port rate".

ADOPTED this 27th day of June 2001, by the Commission of the **Port of Port Townsend** and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:



Robert H. Sokol, Secretary



Herbert F. Beck, President



Conrad W. Pirner, Vice President

APPROVED AS TO FORM:



Malcolm S. Harris, Port Attorney

