

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 12, 2023		
AGENDA ITEM	<input checked="" type="checkbox"/> Consent Agenda		
AGENDA TITLE	IV. E. Jochems Property Management, LLC Lease Amendment No. 3		
STAFF LEAD	Eric Toews, Deputy Director		
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion		
ATTACHMENTS	<ul style="list-style-type: none"> • The Lease, as previously amended and assigned, incorporating the following: <ul style="list-style-type: none"> ○ December 11, 1972 Lease Agreement between the Port of Port Townsend and Win and Ruth Dahlquist (the "Original Lease") recorded under AFN 215974; ○ October 15, 1973 Addendum to the Original Lease recorded under AFN 220435; ○ October 24, 1978 Lease Assignment from Dahlquist to Jonientz and Sandau (Vol. 208, page 253, Records of Jefferson County, WA); ○ April 1, 1982 Lease Assignment from Sandau to Jonientz recorded under AFN 297147; ○ July 15, 1993 Amendment No. 1 to the Original Lease recorded under AFN 363085; ○ October 16, 1996 Lease Amendment No. 2, unrecorded; and ○ August 22, 2001 Lease Amendment and Assignment from Jonientz to Mark and Christine Jochems, unrecorded; and • Lease Amendment No. 3 (consisting of six pages). 		

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/12/2023

TO: Port Commission

FROM: Eric Toews, Deputy Director and Sue Nelson, Lease & Contracts Administrator

SUBJECT: Jochems Property Management, LLC Lease Amendment No. 3

BACKGROUND & DISCUSSION: In December of 1972, the Port entered into a ground lease agreement with Win and Ruth Dahlquist for premises at Boat Haven, immediately west of the current Port Administration Building and parking lot, and north of the restrooms. The original lease has been amended and assigned numerous times since inception. In December of 2001, the lease was assigned to Jochems Property Management, LLC. As amended, the lease term is set to expire on October 31, 2026.

In March of last year, the Port received correspondence from Mr. Jochems' attorney raising concerns regarding the Port's interpretation and administration of the lease, including the use of the subject premises, and the requirement to obtain Port consent to lease assignments and subleases. The parties have negotiated Lease Amendment No. 3 (attached), which seeks to resolve these ambiguities via a lease amendment addressing the following:

- Limitations on the use of the premises, allowing marine-related office and educational uses as well as boat building and repair activities;
- The requirement to obtain prior written consent prior to any lease assignment or sublease;
- Agreement that the lease does not impose a rate cap on subleases; and
- Agreement that the lease term will not be further extended, and, at the end of the present term in 2026, that the leasehold premises and the improvements thereon will revert to the Port.

The parties are agreed that the amendment as presented conclusively resolves ambiguities concerning the administration of the lease through its expiration in 2026.

RECOMMENDATION: Authorize the Executive Director to execute the attached Jochems Property Management Lease Amendment No. 3.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the attached Lease Amendment No. 3.

ATTACHMENTS:

- The Lease, as previously amended and assigned, incorporating the following:
 - December 11, 1972 Lease Agreement between the Port of Port Townsend and Win and Ruth Dahlquist (the "Original Lease") recorded under AFN 215974;
 - October 15, 1973 Addendum to the Original Lease recorded under AFN 220435;
 - April 1, 1982 Lease Assignment from Sandau to Jonientz recorded under AFN 297147, referring to and incorporating the previous October 24, 1978 Lease Assignment from Dahlquist to Jonientz and Sandau;
 - July 15, 1993 Amendment No. 1 to the Original Lease recorded under AFN 363085;
 - October 16, 1996 Lease Amendment No. 2, unrecorded; and

- August 22, 2001 Lease Amendment and Assignment from Jonientz to Mark and Christine Jochems, unrecorded; and
- Lease Amendment No. 3 (consisting of six pages).

215974

DAHLQUIST LEASE

RECORDED IN VOLUME 37
 OF OFFICIAL RECORDS
 PAGE 13
 Part of that Instrument
 '72 DEC 11 AM 10:29

OFFICE OF THE CLERK
 OF THE SUPERIOR COURT
 OF THE STATE OF WASHINGTON
 BY *[Signature]*
 CLERK

THIS INDENTURE OF LEASE, made and entered into this 11th day of December, 1972, by and between the PORT OF PORT TOWNSEND, a municipal corporation in Jefferson County, State of Washington, lessor, and WIN DAHLQUIST and RUTH DAHLQUIST, husband and wife, lessees, WITNESSETH:

1. Description. The lessor, for and in consideration of the rentals hereinafter provided and the covenants and agreements hereinafter contained, hereby demises, lets and leases unto the lessees the following described premises:

A tract of land 70 feet by 50 feet in size, as staked, located along the northerly 70 feet of the easterly boundary of the boat yard at the Port of Port Townsend Boat Haven and being located on a portion of Lot 6, Block 166 of L. B. Hastings' Second Addition to the City of Port Townsend, in Jefferson County, Washington.

2. Length of Term and Rent. TO HAVE AND TO HOLD the said premises for a term of thirty (30) years, beginning January 1, 1973, for a rental of Thirteen and no/100 Dollars (\$13.00) per month, payable in advance during each month of the term.

3. Escalation Clause. It is agreed that rentals shall be adjusted upward or downward each five (5) years in accord with the comparative change in the national cost of living index from the date of commencement of the term hereof.

4. Limitation on Liability of Lessor. The lessees accept the demised premises in their present condition, and agrees to construct and provide all improvements required by it upon the same, and at its expense, excepting that lessor shall bring a water supply line to the boundary of the described premises.

5. Taxes. In the event that the Washington State Legislature shall impose taxation in behalf of any political unit of the

-1-

37-681

Dec. 11, 1972

State upon Port leased property, lessee shall assume and pay all of such taxes.

6. Limitation on Use. The lessee agrees that it shall not use the premises for any purpose other than as a boat building and repair facility, and such uses as are connected with and pertinent thereto, not excluding retail sales of parts and supplies normally consistent with boat building and repair activities.

7. Option for Additional Lease. The lessee shall have the option, for one year from January 1, 1973, of leasing such additional lands, not exceeding fifty (50) feet, on the easterly side of the above described property, for the purpose only of expanding its business, and on the condition that the lessor shall be satisfied that the expansion is proper and will take place forthwith from the exercise of the option. In the event that such option is exercised, the rental upon the property shall be increased proportionally to the amount of land thus acquired under lease by the lessee.

8. Access from Yard. The lessor agrees that the lessee shall have access from the boat yard lying West of the demised premises, in such manner that boats may be freely moved from said yard to the building to be constructed by lessee, and from said building to the yard.

9. First Right of Refusal. It is agreed that after January 1, 1974, lessee shall be given the first right of refusal as to the leasing of lands not to exceed 50 x 70 feet adjacent to the above described premises, provided, however, that the right of refusal shall be based upon the rent to be realized by lessor, and upon the condition that lessee shall forthwith put the property to be acquired to full beneficial use in connection with lessee's business.

10. Assignability and Covenant Binding Assigns. The lessee

shall not assign or sublease the premises or any portion thereof except with the express written consent of lessors. The condition and terms of this lease shall be binding upon the respective parties and their successors and assigns.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 11th day of ^{December} ~~November~~, 1972.



PORT OF PORT TOWNSEND PORT COMMISSION

BY *R. G. Harms*
President of the Commission

ATTEST:

H. J. Osinck
Secretary of the Commission

Wm. S. Sullivan
Lessee

Rich. S. Sargent
Lessee

STATE OF WASHINGTON)
COUNTY OF JEFFERSON) SS

On this 11th day of ^{December} ~~November~~, 1972, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared R. G. Harms and H. J. Osinck, to me known to be the President and Secretary, respectively, of the Port of Port Townsend Port Commission, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of the Port Commission.

I witness my hand and official seal hereto affixed the day first above written.



R. G. Harms
NOTARY PUBLIC in and for the State of Washington, residing at Port Townsend

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VOL 37 p. 683

Dec. 11, 1972

220435

ADDENDUM FOR LEASE OF ADDITIONAL LAND

DAHLQUIST LEASE

THIS AGREEMENT, made and entered into this 15TH day of October, 1972, by and between the PORT OF PORT TOWNSEND, lessor, and WIN DAHLQUIST and RUTH DAHLQUIST, his wife, lessee, WITNESSETH:

WHEREAS, the parties hereto have entered into a certain lease dated December 11, 1972, and filed with the Auditor of Jefferson County, Washington, under Receiving Number 215974, which lease grants to lessee, in paragraph 7 thereof, an option to lease additional land, and

WHEREAS, lessee has elected to exercise said option, NOW, THEREFORE

Lessor, for and in consideration of an additional rental of twenty-two dollars (\$22.00) per month, payable monthly in advance during each month of the term, and subject to the escalation clause provided in said lease of December 11, 1972, lets and leases unto lessee lands located in Jefferson County, Washington, described as:

A tract of land as staked, 65' x 146' located in Lots 3-4-5-6-7-8 Block 166 of Hastings 2nd addition to Port Townsend, being more specifically described as follows:

Starting at the N.E. corner of Block 166, a distance of 166.5 ft. to the intersection of the projected easterly fence line of the Port Boat yard, the true point of beginning. Thence along the easterly fence line a distance of 146 ft; thence easterly 65 ft; thence northerly 146 ft; thence westerly along the northerly line of Block 166 65 ft to the point of beginning.

The water lines located on the Northerly and Westerly sides of the property and the sewer line located northerly of the rest rooms must be kept open and available for repairs and servicing. No buildings will be allowed in way of these lines.

The Port agrees to keep a roadway on the southerly side of present building open to Win's Boat Repair suitable for use by customers, delivery vehicles, etc. to reach Win's Boat Repair parking lot. This roadway access will be in addition to access through the boat repair yard.

This addendum shall, as to its term of years and every other term and condition, incorporate, and by this reference does hereby incorporate all of the terms, covenants, restrictions, rights and liabilities of said lease of December 11, 1972, the same as though a part thereof.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 15th
day of October, 1973.

PORT OF PORT TOWNSEND

By *Robert C. Porter*
President of Commission

ATTEST:

Harold J. Oeinck
Secretary of Commission

John R. Ralston
Lessee

Robert C. Porter
Lessee

STATE OF WASHINGTON)
) SS
COUNTY OF JEFFERSON)

On this 15th day of October, 1973, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared R. E. Porter and H. J. Oeinck, to me known to be the President and Secretary, respectively, of the Port of Port Townsend Port Commission, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said Port Commission.

Witness my hand and official seal hereto affixed the day and year first above written.



FILED IN VOLUME 46
OF THE RECORDS
PAGE 7-8
Part of Port Townsend
'73 OCT 24 AM 11:27

Robert C. Porter
NOTARY PUBLIC in and for the
State of Washington, residing
at Port Townsend

N. Shetfield

297147

ASSIGNMENT OF LEASE
 VOL 208 PAGE 250-254
 OF OFFICIAL RECORDS
 RECEIVED
 SEP 17 12:11:22

FOR AND IN CONSIDERATION of the payment of One Dollar and other valuable consideration, the receipt of which is hereby acknowledged, Douglas B. Sandau, hereby sells, assigns, transfers and sets over to Gary W. Jonientz d/b/a Fleet Marine that certain lease dated December 11, 1972 and that certain addendum for lease for additional land dated October 15, 1973 by and between the Port of Port Townsend, a municipal corporation in Jefferson County, Washington as "Lessor" and Win Dahlquist and Ruth Dahlquist, husband and wife, as "Lessees". Said leases cover that certain premises located in the Port of Port Townsend Boat Haven, the legal description of which are as follows:

TRACT A:

A tract of land 70 feet by 50 feet in size, as staked, located along the northerly 70 feet of the easterly boundary of the boat yard at the Port of Port Townsend Boat Haven and being located on a portion of Lot 6, Block 166 of L.B. Hastings' Second Addition to the City of Port Townsend, in Jefferson County, Washington.

TRACT B:

A tract of land as staked, 65' x 146' located in Lots 3-4-5-6-7-8 Block 166 of Hastings 2nd addition to Port Townsend, being more specifically described as follows:

Starting at the N.E. corner of Block 166, a distance of 166.5 ft. to the intersection of the projected easterly fence line of the Port Boat yard, a true point of beginning. Thence along the easterly fence line a distance of 146 ft; thence easterly 65 ft; thence northerly 146 ft; thence westerly along the northerly line of Block 166 65 ft to the point of beginning.

The water lines located on the Northerly and Westerly sides of the property and the sewer line located northerly of the rest rooms must be kept open and available for repairs and servicing. No buildings will be allowed in way of these lines.

Said leases have previously been assigned from the lessees, Dahlquist, to Gary W. Jonientz and Douglas B. Sandau, by a document dated October 24, 1978.

The assignee herein, Gary W. Jonientz, hereby agrees to and does assume all of the obligations under said leases from and after the effective date of this assignment, being the 1st day of April, 1982.

That assignment of lease dated October 31, 1982, whereby the leasehold interest of Win Dahlquist and Ruth Dahlquist, husband and wife, that was assigned to Gary W. Jonientz and Douglas B. Sandau, and is currently being assigned by Mr. Douglas B. Sandau to Gary W. Jonientz, individually, is hereby approved by the Port of Port Townsend, effective on the receipt of a surety bond from the assignee, which meets the statutory requirements.

PORT OF PORT TOWNSEND

BY: Robert E. Porter

BY: Stacey E. Thompson

BY: Herbert F. Beck

STATE OF WASHINGTON)
) ss.
County of Jefferson)

ON THIS DAY, personally appeared before me, Robert E. Porter, Stacey E. Thompson and Herbert F. Beck, known to me to be the individuals described herein and who executed the within and foregoing instrument and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes herein mentioned. They further affirmed that they had the full power and authority to sign for and bind the Port of Port Townsend, a municipal corporation, in Jefferson County, State of Washington.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 15th day of November 1982.

Rita M. Beam
NOTARY PUBLIC in and for the State of Washington, residing at Jefferson County.

Copy of Assignment of Lease
Dated 10-31-82.

R. Beam
9-17-85

That Contract and Assignment of Lease dated October 24, 1978, whereby the leasehold interest of Win and Ruth Dahlquist is transferred and assigned to Gary Jonientz and Douglas Sandau is hereby approved by the Port of Port Townsend, effective on receipt of a surety bond from the assignees which meets the statutory requirements.



PORT OF PORT TOWNSEND

By David G. Douglas
David Douglas

By Robert Porter
Robert Porter

By Herbert Beck
Herbert Beck

STATE OF WASHINGTON)
COUNTY OF JEFFERSON) ss.

On this day personally appeared before me DAVID DOUGLAS, ROBERT PORTER and HERBERT BECK, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 6th day of

November, 1978.



G. B. Alub
Notary Public in and for the State of Washington, residing at Port Townsend.

RENTAL AGREEMENT

This rental agreement, made this 6th day of August 1974 by and between the Port of Port Townsend, a municipal corporation (lessor), and Win Dahlquist (lessee), for the following unimproved property:

An area commencing at the easterly end of the presently leased premises of Win Dahlquist, and extending to the westerly end of the Port shop. The northerly boundary of the rented premises shall be the southerly boundary of Jefferson Street, and the southerly boundary shall be the extension of the southerly side of the large portion of Win's Boat Repair building.

The dimensions are approximately 40' x 75'.

There shall be no improvements made to the property for the duration of this agreement, and its use shall be restricted to parking of boats, vehicles, and related uses.

The term of the lease shall be from August 1, 1974 until termination by either party by a thirty day written notice.

The Lessee agrees to pay as rental for the leased premises the sum of \$5.00 per month, payable in advance.

Dated this 6th day of August, in Port Townsend, Washington.

WIN'S BOAT REPAIR

PORT OF PORT TOWNSEND


Win Dahlquist


George H. Randolph

vt 208 254

terminated 7/10/78

LEASE AMENDMENT NO. 1

if n 65
 This lease amendment made and entered into this *15th* day of *July*, 19*93*, by and between the Port of Port Townsend, a municipal corporation organized and existing under the State of Washington, Lessor and Gary W. Jonientz and Nadine A. Jonientz husband and wife, ~~dba - PLANT NURSERY LESSEE~~, witnesseth for the consideration of the mutual benefits to be derived, do hereby amend the lease dated December 11, 1972 and recorded December 11, 1972 with the Jefferson County Auditor, Vol. 37, pages 681 through 683.

WHEREAS: Article #3 of the lease requires a rate adjustment, and

WHEREAS: The Port Commission requires the addition of the HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT, and

WHEREAS: The Port desires to revise the legal description to correct inaccuracies.

NOW THEREFORE effective the *15th* day of *July*, 19*93*

The monthly rental rate as per Article #3 shall be adjusted to \$153.59 effective 1-1-93 based upon the current CPI effective until December 31, 1997.

NO REAL ESTATE
 SALES TAX REQUIRED
 COUNTY TREASURE

The following article will be added and read as follows:

Article 11. HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT: Lessee has examined the Hazardous Substance Warranty and Agreement pages 1 through 4 annexed thereto and which by this reference is incorporated herein as fully set forth herein acknowledges full understanding of its obligations under the Hazardous Substances Warranty and Agreement. Such Hazardous Substances Warranty and Agreement is incorporated herein and made a part hereof.

The legal description in Article #1 shall be revised as described in Attachment "A".

All other terms and conditions of the lease dated December 11, 1972, remain in effect.

APPROVED this *14th* day of *July*, 19*93*, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signature of the General Manager.

LESSEE:

[Signature]
 Gary W. Jonientz

[Signature]
 Nadine A. Jonientz

PORT OF PORT TOWNSEND

[Signature]
 Lloyd W. Cahoon
 General Manager

APPROVED AS TO FORM:

[Signature]
 Craddock A. Verser
 Port Attorney



RECORDED IN 440
 VOL 425 PAGE 440
 REQUEST OF
 PORT OF P.T.
 1993 AUG 13 AM 11:41
 MARY E. GABOURY
 JEFFERSON COUNTY AUDITOR
 BY *[Signature]* DEPUTY

HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: 12-11-72
 BETWEEN THE PORT OF PORT TOWNSEND AND GARY W. JONIENTZ & MADINE A. JONIENTZ

IT IS HEREBY AGREED THAT THE LEASE AGREEMENT IDENTIFIED ABOVE SHALL BE SUPPLEMENTED AND MODIFIED AS FOLLOWS:

1. **HAZARDOUS SUBSTANCES ON PREMISES.** Without the express written permission of Lessor, Lessee shall not store, use or have present on or adjacent to the premises any hazardous or toxic substances, including those substances defined as "hazardous" or "extremely hazardous" under federal or Washington State environmental statutes or regulation (including but not limited to 42 USC 9601 et seq, 40 CFR Part 302, RCW Chapter 70.105D.020 and WAC 173-340-200, and any successor statutes and regulation), except as follows: _____

2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as Lessor may in its sole discretion approve in writing upon request by Lessee.
- 2.A **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in paragraph 1 only on areas which have impermeable surfaces and or other means for preventing accidental contract by such substances with the soils upon the leasehold or its surrounding area.
3. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee shall not release, dispose of, or permit a release of, any of the substances described or identified in paragraph 1 onto the premises or into the environment surrounding the premises.
4. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements for the containment, storage, use and disposal of any and all hazardous or toxic substances at the premises, including but not limited to obtaining and maintaining all necessary federal, state and local permits or licenses, and obtaining any required federal or state hazardous waste generator or transporter identification numbers. Lessee shall provide to Lessor a copy of each such existing permit, license, and identification number before occupancy, and shall provide a copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.
5. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.

6. LESSEE'S WARRANTY OF NO CONTAMINATION. Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.

7. INDEMNIFICATION AND HOLD HARMLESS. lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgements, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third party claim asserted against Lessor in connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.

8. NOTIFICATION TO LESSOR OF CHANGES IN OPERATION. Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.

9. COPIES OF ENVIRONMENTAL CORRESPONDENCE. Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.

10. NOTIFICATION OF SPILLS OR RELEASES. Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations,

including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases, and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.

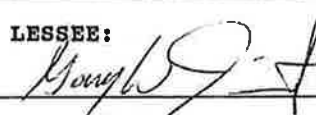
11. LESSOR'S REMEDY FOR BREACH OR VIOLATION. In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
12. ANNUAL DECLARATION OF COMPLIANCE Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.
13. INSPECTION OF PREMISES Lessee agrees to permit and cooperate with nay on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.
14. DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE. _____ whose work telephone number is _____ and whose home telephone number is _____ shall be the Lessee's designated representative who shall be primarily responsible (1) for Lessee's compliance with the provision of this Rider, (2) for handling contact with Lessor pertaining to environmental compliance, and (3) for signing on behalf of Lessee the annual declaration of compliance pursuant to Paragraph 12 above. Lessee shall promptly notify Lessor of any changes in the identity or telephone numbers of the designated representative.
15. ADDITIONAL PROVISIONS.

LESSOR:



Title: Lloyd W. Cahoon
 Title: General Manager
 Date: 7-9-93

LESSEE:



Title: Owner
 Date: 7-8-93

Hazardous Substances Warranty and Agreement
 Attachments No. 1 and 2
 Page - 3

(Attachment No. 1 to Hazardous Substances Rider)

DISCLOSURE BY LESSEE

The Lessee makes the following disclosure pursuant to Paragraph 6 of the Hazardous Substances Warranty and Agreement (Attach Additional page(s) if necessary):

1. Release(s) of Hazardous Substances by Lessee:
(If none, initial here: GT)
2. Indication(s) of Contamination at Premises:
(If none, initial here: GT)
3. Lessee Violation(s) of Environmental Regulations:
(If none, initial here: GT)
4. Environmental Claims or Litigation Against Lessee:
(If none, initial here: GT)

Lessee: _____

BY: Gary Janientz
(Printed Name)

[Signature]
(Signature)

Title: Owner

/Date: 7-8-93

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

Gary Janientz, as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 12 of the Hazardous Substances Warranty and Agreement dated: 7-8-93, hereby declares and represents as follows on behalf of Lessee:

1. I have read, and am familiar with, Lessee's obligations and representations as set forth in the Hazardous Substances Warranty and Agreement applicable to Lessee.
2. I am not aware of, and do not believe there have been any violations by Lessee of any of the provisions in the Hazardous Substances Warranty and Agreement, or of any requirements imposed on Lessee by federal, state or local environment laws and regulations.
3. I have no reason to believe, and do not believe, that any of the representations in Paragraph 6 of the Hazardous Substances Warranty and Agreement are inaccurate as of the date indicated below.
4. Lessee has not stored, used or had present on or adjacent to the premises any hazardous or toxic substances except those which have been disclosed in writing to lessor.
5. Lessee has not released, disposed of, or permitted the release of any hazardous or toxic substances onto the premises or into the environment surrounding the premises, except as has been disclosed in writing to Lessor.

Lessee: _____

By: [Signature]

Signature

Title: Owner

/Date: 7-8-93

DSK 24Q HMA2-27



APRIL 13, 1993

PORT OF PORT TOWNSEND
LEASE NO. 20C DESCRIPTION

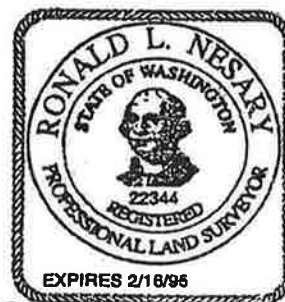
ATTACHMENT "A"

Gary and Nadine Jonientz

THAT PORTION OF BLOCK 166 OF L. B. HASTINGS 2ND ADDITION, PER MAP RECORDED IN VOLUME 1 OF PLATS, PAGE 29, RECORDS OF JEFFERSON COUNTY, WASHINGTON, IN SECTION 11, TOWNSHIP 30 NORTH, RANGE 1 WEST, W.M., JEFFERSON COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT A CONCRETE MONUMENT MARKING THE CENTERLINE INTERSECTION OF WASHINGTON AND KEARNEY STREETS AS SAID STREETS ARE SHOWN ON SAID PLAT OF L. B. HASTINGS 2ND ADDITION;
THENCE SOUTH 59° 27' 47" WEST, A DISTANCE OF 1,172.00 FEET TO A CONCRETE MONUMENT MARKING THE CENTERLINE INTERSECTION OF WASHINGTON AND BENEDICT STREETS, PER SAID PLAT OF L. B. HASTINGS 2ND ADDITION;
THENCE CONTINUING SOUTH 59° 27' 47" WEST, A DISTANCE OF 495.99 FEET;
THENCE NORTH 30° 32' 13" WEST, A DISTANCE OF 121.20 FEET TO THE TRUE POINT OF BEGINNING;
THENCE NORTH 30° 32' 00" WEST, A DISTANCE OF 125.01 FEET;
THENCE NORTH 58° 36' 10" EAST, A DISTANCE OF 124.60 FEET TO THE WESTERLY LINE OF THE EXISTING PORT OF PORT TOWNSEND INDUSTRIAL PARK LEASE NO. 40B;
THENCE SOUTH 30° 31' 27" EAST ALONG SAID WESTERLY LINE, A DISTANCE OF 42.73 FEET TO THE SOUTHWEST CORNER OF SAID LEASE NO. 40B;
THENCE SOUTH 58° 36' 10" WEST, A DISTANCE OF 59.59 FEET;
THENCE SOUTH 30° 32' 00" EAST, A DISTANCE OF 83.27 FEET;
THENCE SOUTH 59° 28' 27" WEST, A DISTANCE OF 65.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 10,703 SQUARE FEET, MORE OR LESS.



File: PrtPTLse.Jan
Dir: Svy/Desc

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Ronald L. Nesary 4/13/93

This lease amendment made and entered into this 16th day of October, 1996, by and between the Port of Port Townsend, a municipal corporation organized and existing under the State of Washington, Lessor and Gary W. Jonientz and Nadine A. Jonientz, husband and wife, Lessee, witnesseth for the consideration of the mutual benefits to be derived, do hereby amend the lease dated December 11, 1972 and recorded December 11, 1972 with the Jefferson County Auditor, Vol. 37, pages 681 through 683, as well as Lease Amendment No. 1 dated July 15, 1993..

WHEREAS: The Port of Port Townsend desires to modify the leased premises to facilitate the construction of a connector road between Jefferson and vacated Washington Streets.

WHEREAS: The Port has surveyed the property to produce a new lease description.

WHEREAS: Based upon the revised property description, the rental rate must be adjusted.

WHEREAS: The Lessee desires to extend the term of this lease to compensate for the reduction in the leased premises.

NOW THEREFORE: effective the 1st day of November, 1996:

1. Article No. 1, *DESCRIPTION*, the property shall be deleted and replaced with the property description prepared by Clark Land Office dated *October 10, 1996* shown in *Exhibit A* and identified as Lease 20-D.

2. Article No. 2, *Length of Term and Rent* shall be deleted and replaced by, "To have and to hold the said premises for a term of thirty years, beginning November 1, 1996, for a rental of \$120.00 per month plus all applicable taxes, payable in advance, such rate to be effective until December 31, 1997. Beginning January 1, 1998 the rental rate so determined will be adjusted each five years by an amount equal to the accumulative amount found on the Consumer Price Index (CPI) for Seattle and Everett, which is compiled by the Department of Labor, Bureau of Statistics.

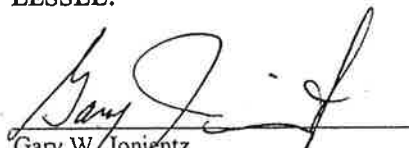
3. Article No. 3, *Escalation Clause* shall be deleted.

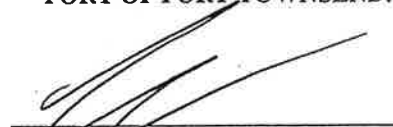
All other terms and conditions of the lease dated December 11, 1972, remain in effect.

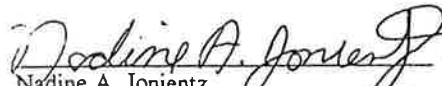
APPROVED this 16th day of October, 1996, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signature of the General Manager.

LESSEE:

PORT OF PORT TOWNSEND:


Gary W. Jonientz


Lloyd W. Cahoon, General Manager


Nadine A. Jonientz

APPROVED AS TO FORM:

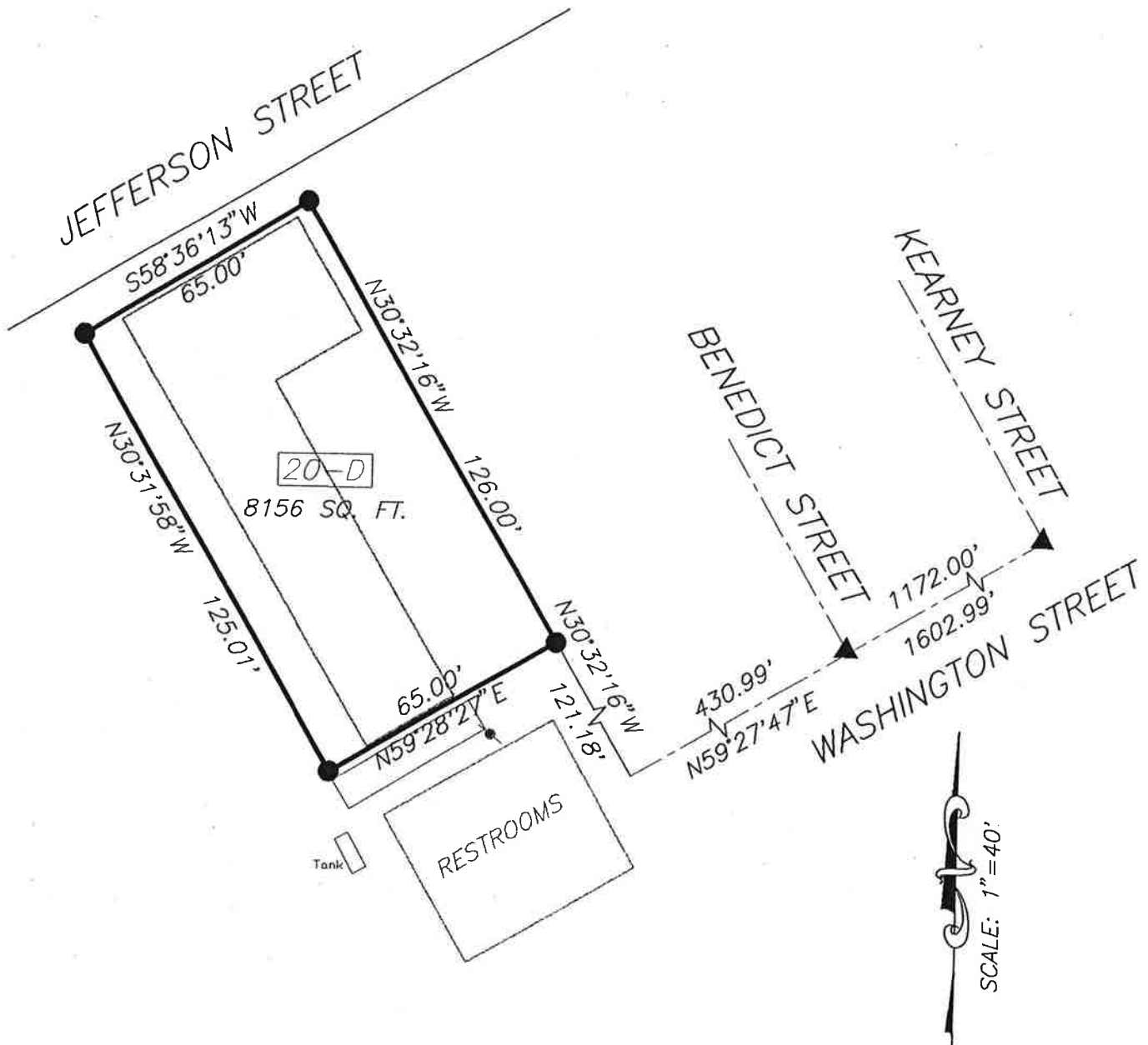

Craddock D. Verser, Attorney

8,140 SQ FT
\$120.00

0146 \$/SQ FT

INDUSTRIAL LEASE # 20-D

IN SECTION 11, TOWNSHIP 30 NORTH, RANGE 1 WEST, W.M.
JEFFERSON COUNTY, WASHINGTON



LEGEND:

- SET RE-BAR WITH PLASTIC CAP MARKED "CLARK 12223"
- FOUND RE-BAR WITH PLASTIC CAP MARKED "NTI NESARY"
- ▲ DENOTES CENTERLINE WELL MONUMENT.

9/30/96	FIRST ISSUED	
DATE	REVISIONS	BY:
PLAT CHECK:	RLN	
DRAWN BY:	SMP, RLN	
SERIAL:	013011\port\pl\leases\20d-093096	

**PORT OF
PORT TOWNSEND**

P.O. Box 1180
Port Townsend, WA
98368-4624

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FAX: (360) 385-3988

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LAND SURVEYING
DEVELOPMENT CONSULTING

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LAND
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