

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	July 9, 2025
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII. D. Armstrong Consolidates, LLC d/b/a ACI Boats – Point Hudson Building Lease Termination
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. Transmittal Memo 2. Point Hudson Building Lease Termination Agreement, consisting of 3 pages.

RECOMMENDED MOTION: Authorize the Executive Director to execute the Point Hudson Building Lease Termination Agreement with Armstrong Consolidated, LLC, d/b/a ACI Boats.

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 7/7/2025
TO: Port Commission
FROM: Eric Toews, Deputy Director, and Heron Scott, Lease and Contracts Administrator
SUBJECT: Armstrong Consolidated, LLC, d/b/a ACI Boats – Point Hudson Building Lease Termination

ISSUE: Should the Commission authorize the Executive Director to execute an agreement to early terminate a recently authorized and executed Point Hudson Building Lease with ACI Boats for 1,600 sf of office space in the Point Hudson Hospital Building?

BACKGROUND & DISCUSSION: ACI Boats holds a Building Lease for approximately 1,600 sf of space in the Hospital Building at Point Hudson for administrative office use. The Building Lease came into effect on July 1, 2025. The term of the Lease is five (5) years, terminating in the summer of 2030.

On July 7, 2025, Cory Armstrong of ACI Boats requested early termination of the recently executed Building Lease, citing previously unforeseen circumstances affecting ACI's business, and a desire to focus on its Boat Haven operations.

The requested action would vacate the premises the former US Customs and Border Protection space in the Hospital Building and make it available for a new tenant with the space available on a first come, first served basis.

FISCAL IMPACT: The Port will forgo \$2,419.20 in monthly rental revenue until another tenant enters into a lease to occupy the premises.

RECOMMENDATION: Motion to authorize the Executive Director to execute the Point Hudson Building Lease Termination Agreement with Armstrong Consolidated, LLC, d/b/a ACI Boats.

ATTACHMENT: Point Hudson Building Lease Termination Agreement, consisting of 3 pages.

**PORT OF PORT TOWNSEND
POINT HUDSON BUILDING LEASE TERMINATION AGREEMENT**

THIS POINT HUDSON BUILDING LEASE TERMINATION AGREEMENT (Agreement) made this ____ day of July 2025, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," ARMSTRONG CONSOLIDATED, LLC, d/b/a ACI Boats, a Washington Limited Liability Company, hereinafter referred to as "Lessee." The Port and Lessee will sometimes be referred to within this Agreement as the "Parties".

WITNESSETH:

That the Parties mutually agree as follows:

1. The Port and Lessee acknowledge and agree that they are parties to that certain unrecorded Point Hudson Building Lease dated _____, 2025 (the "Lease"). The Parties hereto acknowledge and agree that, notwithstanding any provisions set forth in the Lease, that the aforesaid Lease is currently in full force and effect, has continued in full force and effect without interruption since the date Lessee initially took possession of the Premises described in the Lease, and that Lessee currently possesses the Premises described in the Lease pursuant to the terms thereof.
2. On July 7, 2025, Lessee provided a verbal notice indicating its desire to cancel the Lease as soon as practicable.
3. The Parties have agreed to an early termination of the Lease which shall be effective at 11:59 p.m. (Pacific Time), July 10, 2025 ("Termination Date"), subject to the terms and condition set forth in this Lease Termination Agreement.
4. The Parties desire to enter into this Lease Termination Agreement for the purposes of agreeing to the Termination Date set forth above, establishing their relative rights, duties and obligations under the Lease up through and including the Lease Termination Date, establishing their relative rights, duties and obligations following the termination of the Lease.

Unless otherwise defined herein, Capitalized terms shall have the meaning ascribed to such terms in the Lease.

NOW, THEREFORE, the Parties hereby acknowledge and agree as follows:

1. **RETURN OF POSSESSION OF PREMISES:** Lessee will surrender and return possession of the Premises to the Port on or prior to midnight, July 10, 2025, in the same condition as

they existed at Lease inception, ordinary wear and tear excepted, and free and clear of all of Lessee's personal property, trash and other removable items and free and clear of any other leasehold occupants. Lessee shall not remove any Lessee Owned Alterations, remove or replace any Utility Installations, or remove any other improvements to the Premises.

2. **LEASE TERMINATION:** In addition, notwithstanding any provision to the contrary in the Lease, effective as of 11:59 p.m. (Pacific Time) on July 10, 2025 (the "Termination Date"), the Lease shall be terminated and of no further force or effect and the Port and Lessee's rights and obligations with respect to the Premises arising or accruing thereafter shall be as set forth in this Lease Termination Agreement.
3. **CONSIDERATION:** As partial consideration for Lessee being relieved of further obligations under the Lease, Lessee agrees to forfeit one month's rent plus leasehold excise tax in the amount of **\$2,729.83**.
4. **DISPOSTION OF SECURITY DEPOSIT:** The Parties agree that Lessee's security deposit in the amount of \$8,189.48 will refunded in compliance with the provisions of Paragraph 6 of the Lease, less the consideration described in paragraph 3, above (i.e., \$8,189.48 - \$2,729.83 = **\$5,459.65**).
5. **BINDING EFFECT:** This Lease Termination Agreement shall be binding upon and inure to the benefit of the respective heirs, successors, assigns, estates and personal representatives of Lessee.
6. **ENTIRE AGREEMENT:** This Lease Termination Agreement is entered into by each of the Parties without reliance upon any statement, representation, promise, inducement, or agreement not expressly contained within this agreement. This Lease Termination Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements.
7. **MODIFICATIONS:** This Agreement shall not be amended or modified except in a writing signed by each of the Parties affected by such amendment or modification.
8. **APPLICABLE LAW, VENUE & LEGAL FEES:** This Agreement shall be governed by the laws of the State of Washington. Any dispute relating to this Agreement must be litigated in Jefferson County, Washington, with the substantially prevailing party entitled to recover its legal fees and costs.
9. **NEGOTIATED TRANSACTION:** The drafting and negotiation of this Lease Termination Agreement has been participated in by each of the Parties. For all purposes, this Agreement shall be deemed to have been drafted jointly by the Parties.

10. COUNTERPARTS/ELECTRONIC PDF FILE TRANSMISSION:

- a. This Lease Termination Agreement may be executed in counterparts, each of which shall be deemed to be an original. Such counterparts, when taken together, shall constitute but one Agreement.
- b. This Lease Termination Agreement may be executed and transmitted by electronic transmission of a PDF file and, if so executed and transmitted this will be for all purposes as effective as if the parties had delivered an executed original.

IN WITNESS WHEREOF, the Parties have executed this Lease Termination Agreement as of the date first above written.

LESSEE: ARMSTRONG CONSOLIDATED, LLC
d/b/a ACI Boats:

By: _____
Abraham Armstrong, Governing Party

ATTEST:

LESSOR: PORT OF PORT TOWNSEND

APPROVED AS TO FORM

Eron Berg, Executive Director

Eric Toews, Port Attorney