



*Working Together to Enhance the Economic Vitality of North Central
Washington*

Chelan Douglas Regional Port Authority

**Confluence Technology Center
285 Technology Center Way, Wenatchee WA
Methow & Teanaway River Rooms
or
Zoom Virtual Conference Room Option**

**Meeting Agenda
March 28th, 2023
9:00 am**

I. CALL TO ORDER

**Note: When the Chelan Douglas Regional Port Authority meeting is called to order, the Port of Chelan County and Port of Douglas County meetings are simultaneously called to order.*

II. INTRODUCTIONS

III. CONFLICT OF INTEREST

IV. PUBLIC COMMENT

V. CONSENT AGENDA

- **CDRPA:** Approval of the March 14th, 2023 Meeting Minutes, CDRPA Resolution No. 2023-03 Voiding Check No. 11253 and February 2023 Commission Calendar.

VI. CDRPA ACTION ITEMS

- (1) Lineage Building H Proposals
 - TEAM
 - JAB

VII. PORT OF CHELAN ACTION ITEMS

- (2) Authorizing the Executive Director to enter into a Purchase and Sale Agreement with Tom and Sharon Utigard/Malaga Springs, LLC for property in Malaga

VIII. CDRPA CONCURRENT ACTION ITEMS

- (3) Authorizing the CEO to enter into a Purchase and Sale Agreement with Tom and Sharon Utigard/ Malaga Springs, LLC for property in Malaga

IX. PUBLIC COMMENT

X. INFORMATIONAL ITEMS (Board may act on any items listed)

- (4) 2022 Budget versus Actual Review
- (5) RiverCom – CTC Lease Update
- (6) Trent Moyers – Congressional Testimony
- (7) Partners in Economic Development – Breakfast and Lunch Recap

XI. SUGGESTED BREAK: 10 MINUTES (APPROXIMATELY 10:30AM)

XII. MISCELLANEOUS STAFF REPORTS

- CEO
- Director of Finance & Administration
- Director of Airports
- Director of Economic & Business Development
- Public Works & Capital Projects Manager
- Property & Maintenance Manager
- CTC Manager

XIII. PUBLIC COMMENT

XIV. REVIEW CALENDAR OF EVENTS

XV. ITEMS FROM BOARD OF DIRECTORS

XVI. EXECUTIVE SESSION: An Executive Session may be called during the meeting. The purpose must be announced and is limited by RCW 42.30.110. Examples include: (1) to discuss with legal counsel litigation, potential litigation and/or legal risks (RCW 42.30.110(1)(i)); (2) to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110(1)(b)); and (3) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing public property shall be taken in a meeting open to the public)(RCW 42.30.110(1)(c)); and (4) to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee(RCW 42.30.110(1)(g))

XVI. ADJOURN

PLEASE NOTE: The agenda is tentative only. The Board of Directors may add, delete, or postpone items and may take action on any item not on the agenda (This does not apply during a Special Meeting). The Directors may also move agenda items during the meeting. If you wish to address the Regional Port Authority on a non-agenda or an agenda item, please raise your hand to be recognized by the President. When you have been recognized, give your name and address before your comments. The Board of Directors are committed to maintaining a meeting atmosphere of mutual respect and speakers are encouraged to honor this principal.

The Port Authority office is ADA compliant. Please contact the Administrative Office at 509-884-4700 at least three (3) days in advance if you need any language, hearing or physical accommodation.



**Board of Directors
Chelan Douglas Regional Port Authority
Meeting Minutes
March 14th, 2023
9:00 am**

Present:

Directors:

*Donn Etherington, Director
Jim Huffman, Director
JC Baldwin, Director*

*W. Alan Loeb sack, Director
Mark Spurgeon, Director
Richard DeRock, Director*

Staff:

*Jim Kuntz, Chief Executive Officer
Monica Lough, Director of Finance & Admin.
Ron Cridlebaugh, Director of Econ. Dev.
Trent Moyers, Director of Airports
Stacie de Mestre, Capital Projects Mngr.
Ron Russ, Property & Maintenance Mngr. (Zoom)
Tricia Degnan, CTC Manager (Zoom)*

*Craig Larsen, Business Dev. Manager
Ryan Fancher, Project Manager (Zoom)
Colby Goodrich, FBO Manager (Zoom)
Sarah Deenik, Comm. Specialist
Brooke Lammert, Executive Assistant
Laura Camarillo-Reyes, Admin Asst. (Zoom)
Julie Avis, Acct. Specialist (Zoom)
Lorena Amador, Acct. Specialist (Zoom)*

Legal Counsel:

*Quentin Batjer, Davis Arneil Law Firm, LLP
Pete Fraley, Ogden Murphy Wallace P.L.L.C.*

Guests:

*Matt Cade, Greater Leavenworth Museum
Paul Gray, Chumstick Grange
Caryl Andre, City of Wenatchee
Sydney McElroy, City of Wenatchee
Emily Thornton, Wenatchee World (Zoom)
Jason Taylor, KPQ (Zoom)*

The Chelan Douglas Regional Port Authority Board Meeting was called to order at 9:00 a.m.

Introductions were made.

PUBLIC COMMENTS – Kuntz noted that Commissioner DeRock will step out of the meeting to testify remotely on behalf of the Chelan Douglas Regional Port Authority in support of E2SSB 5001 at 10:30 a.m. The bill would authorize an additional Public Facilities District to be formed to support a Sports Complex.

Conflicts of Interest: None

CHELAN DOUGLAS REGIONAL PORT AUTHORITY CONSENT AGENDA

The Chelan Douglas Regional Port Authority Consent Agenda consisting of February 28th, 2023 Meeting Minutes, CDRPA Resolution #2023-02 Voiding Check 10877, and Check Register Pages #2023-07 through #2023-10, including Electronic Transfers was presented.

Motion No.
Moved by:
Seconded by:

03-01-23 CDRPA

JC Baldwin
Alan Loepsack

To approve the Chelan Douglas Regional Port Authority Consent Agenda consisting of Minutes from the February 28th, 2023 Meeting, CDRPA Resolution #2023-02 Voiding Check 10877; and Check Register Pages #2023-07 through #2023-10, including Electronic Transfers.

Motion Passed 6-0

PORT OF CHELAN COUNTY CONSENT AGENDA:

The Port of Chelan County Consent Agenda consisting of Check Register Page #2023-02 was presented.

Motion No.
Moved by:
Seconded by:

03-02-23 POCC

Richard DeRock
JC Baldwin

To approve the Port of Chelan County Consent Agenda consisting of Check Register Page #2023-02.

Motion Passed 3-0

PRESENTATIONS:

Deenik introduced Caryl Andre with the Wenatchee Valley Sports Foundation to present on the 2023 Special Olympics. Kuntz noted that both the Port of Chelan County and the Port of Douglas County have been longtime financial supporters. Andre gave a review of the history of the program and the economic impact to the valley.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY ACTION ITEMS:

Authorization to Proceed – CTC Videoconference Center Camera System Replacement

Degnan reviewed with the Board the replacement of the Videoconference Center Camera System was included in the 2023 budget. Staff is seeking authorization to move forward with the project. Staff will handle the removal of current equipment and each meeting space will have two new cameras installed. Discussion ensued and the following action was taken:

Motion No.
Moved by:
Seconded by:

03-03-23 CDRPA

W. Alan Loepsack
JC Baldwin

To authorize the CEO to proceed with the replacement of the CTC Videoconference Center Camera System with Avidex in an amount not to exceed \$74,000.00.

Motion passed 6-0

Authorization to Proceed – RH2 Engineers Task Authorization 28 – Malaga Area Multiple Phase I ESAs

de Mestre reported that with the Board approving a host of Purchase and Sale Agreements on February 28, 2023, the Regional Port needed to conduct environmental site assessments on each property before closing. Discussion ensued and the following action was taken:

Motion No.
Moved by:
Seconded by:

03-04-23 CDRPA

Richard DeRock
Jim Huffman

To authorize the CEO to enter into a contract with RH2 Engineers to proceed with Task Authorization 28 to complete Phase I Environmental Site Assessments for properties in Malaga in an amount not to exceed \$67,843.00.

Motion passed 6-0

2023 Partners in Economic Development – Funding Request – Greater Leavenworth Museum

Kuntz shared with the Board that the remaining budget for 2023 funding requests is \$12,300 – not including this request. Matt Cade, Greater Leavenworth Museum, and Paul Gray, Chumstick Grange, gave a brief overview of what the funding request covers for the expansion of the museum. Discussion ensued and the following action was taken:

Motion No.

Moved by:

Seconded by:

03-05-23 CDRPA

JC Baldwin

W. Alan Loeb sack

To approve the 2023 Partners in Economic Development Grant request from the Greater Leavenworth Museum in an amount not to exceed \$6,500.00.

Motion passed 6-0

Commissioner DeRock left at 10:20am to remotely testify for E2SSB 5001 Hearing.

INFORMATIONAL ITEMS:

Capital Project Review – de Mestre shared with the Board that staff holds meetings every other Tuesday to review Regional Port capital projects. The 2023 Capital Projects and Contracting Plan was reviewed with the Board.

FAA CIP Letter – Moyers reviewed with the Board the FAA’s Capital Improvement Plan (CIP) letter. The CIP plan did not include 2023 Capital Projects at Pangborn Airport. Staff is requesting the FAA to provide an updated letter.

Economic Development Transition Planning – Kuntz congratulated Ron Cridlebaugh on his new position with Chelan County. Kuntz shared with the Board that staff is meeting weekly to ensure duties and responsibilities are covered during this transition period.

At 10:45 a.m. Commissioner Spurgeon called for a 10-minute break followed by a scheduled tour of the Confluence Technology Center’s Restoration Project.

EXECUTIVE SESSION:

Executive Session was announced at 11:30 a.m. for a period of forty-five minutes with no action anticipated at the conclusion of the session. The purpose consisted of RCW 42.30.110 (1)(c) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing shall be taken in a meeting open to the public). Executive Session was extended for an additional twenty minutes at 12:15 p.m. and an additional five minutes at 12:35 p.m. Executive Session concluded at 12:40 p.m.

PUBLIC COMMENTS: An opportunity for public comment was provided. No public comments were received.

MISCELLANEOUS STAFF REPORTS:

Kuntz provided information and updates including:

- Commissioner Spurgeon, Commission Etherington and Kuntz will be traveling to Olympia after the Board meeting for various meetings on capital budget requests and pending bills on the Regional Sports Complex and Unified Tax Levy.

Lough provided information and updates including:

- Lough shared an email with the Board from Banner Bank that ensured all the Port’s investments are secure.

- Shared that the 2022 Budget versus Actual review will be presented at the next Board meeting.

de Mestre provided information and updates including:

- Updated the Board on the "No Further Action" letter needed for the center parcels in Cashmere. She noted that an Environmental Covenant may be needed to complete the process and potentially a ground disturbance agreement.
- de Mestre reviewed the Regional Sports Complex website with the Board.
- Shared with the Board that the first Trades District stakeholders meeting was held in which designs and operation plans were reviewed. A survey was shared with stakeholders to be distributed to their mutual organizations and markets.

Russ provided information and updates including:

- Updated the Board that two acres of the vacant lot across from the CTC are being temporarily leased to Absher Construction for a laydown yard and employee parking.

PUBLIC COMMENTS: An opportunity for public comment was provided. No public comments were received.

REVIEW CALENDAR OF EVENTS: Several dates and events were reviewed.

ITEMS FROM BOARD OF DIRECTORS: Board of Directors provided various updates.

Meeting adjourned at 1:06 p.m.

Signed and dated this 28th day of March 2023.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY

Mark Spurgeon, Director

Richard DeRock, Director

Donn Etherington, Director

JC Baldwin, Director

Jim Huffman, Director

W. Alan Loeb sack, Director

**CHELAN DOUGLAS REGIONAL PORT AUTHORITY
RESOLUTION NO. 2023-03
RESOLUTION TO VOID CHECK NO. 11253**

Whereas Check No. 11253 in the amount of \$23.85, payable to Les Schwab Tire Center, on Register Page No. 2023-12 was created and signed on March 15th, 2023.

Whereas check issued was a duplicate payment on an invoice and subsequently returned to the Port Authority uncashed by Les Schwab Tire Center. The returned check is to be voided.

Now, therefore be it resolved by the Board of Directors of the Chelan Douglas Regional Port Authority, a municipal corporation of the State of Washington, that Check No. 11253 be declared VOID.

Dated this 28th day of March 2023.

Chelan Douglas Regional Port Authority

Donn Etherington, Director

W. Alan Loeb sack, Director

Richard DeRock, Director

Mark Spurgeon, Director

JC Baldwin, Director

Jim Huffman, Director

Memo

To: Board of Directors

From:  Jim Kuntz

Date: March 23, 2023

Re: Lineage Building H Proposals – TEAM and JAB Investors

Attached please find the following three documents:

- Columbia Street Property Offering (Building H RFP) issued May 6, 2020
- Adaptive Reuse Proposal from The Development TEAM
- Letter of Intent from JAB Investors

The Columbia Street Property Offering defines the goals and vision of the CDRPA for the adaptive reuse of Building H with specific emphasis on exterior architectural improvements and providing public parking. The offering also states the desired purchase price.

While both developers are qualified to undertake a redevelopment of this scale, Staff feels JAB Investors provides the best opportunity to achieve our goals and vision.

Columbia Street Property Offering

May 6, 2020

H Buildings

25 S. Columbia Street

Wenatchee, WA 98801



CHELAN DOUGLAS
Regional Port
AUTHORITY

The Chelan Douglas Regional Port Authority (CDRPA) is requesting proposals from interested parties relating to buildings and land located at 25 S. Columbia Street in Wenatchee, Washington.

The goal of the process is to select a proposal from a qualified developer/business that best meets the “*goals and vision*” of the CDRPA for the adaptive reuse of the properties as set forth in this presentation.

The property consists of two tax parcels totaling approximately 1.5 acres.

There are three existing buildings totaling 36,830 sf on the parcels which were formerly used as apple cold storage and most recently as freezer space.

Please request “Supplemental Details and Submittal Requirements” for a description of the buildings, utilities serving the property, and access locations.



Location Overview

Wenatchee, Washington



Population - 2018

Household Income - 2018

1 Mile - 14,538

1 Mile - \$50,769

3 Mile - 61,351

3 Mile - \$68,347

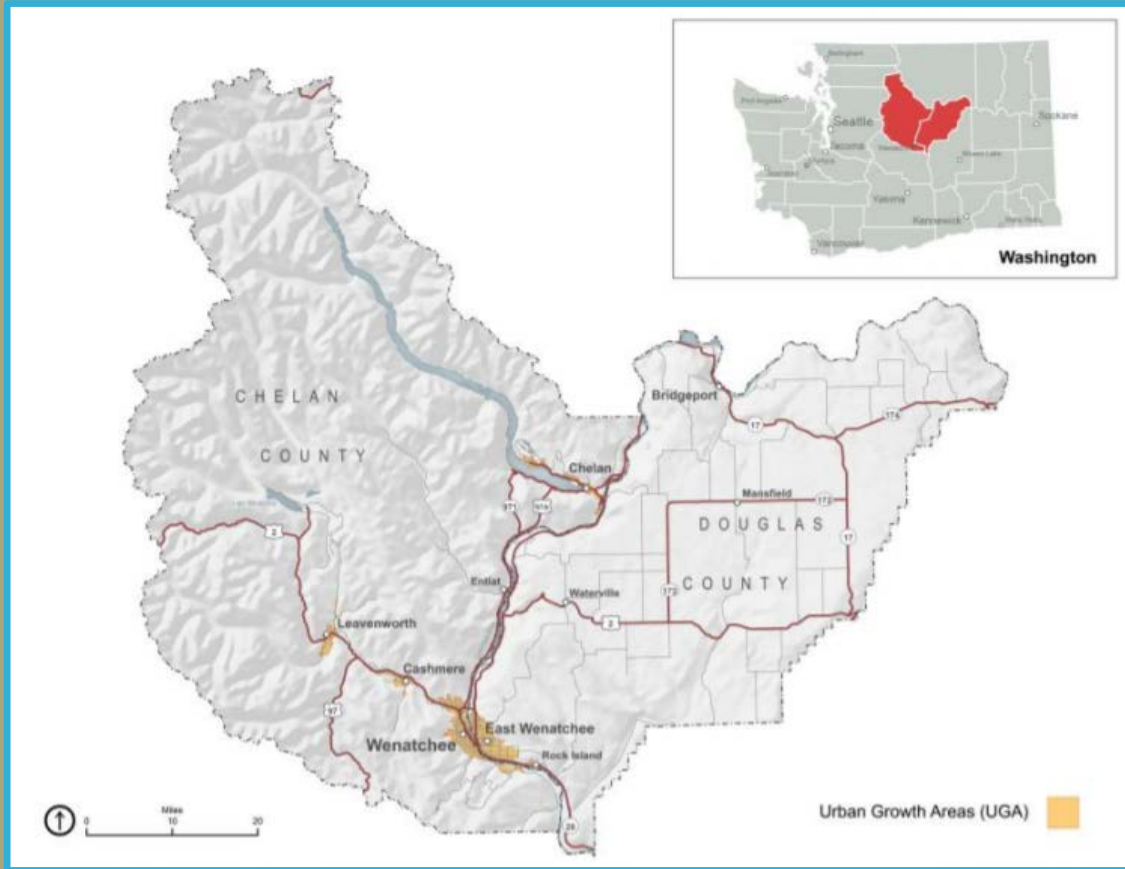
5 Mile - 70,396

5 Mile - \$70,027

Situated in central Washington on the eastern slopes of the Cascade Mountains between the Columbia and Wenatchee rivers. Wenatchee serves as the major cultural, economic, and healthcare hub of the region.



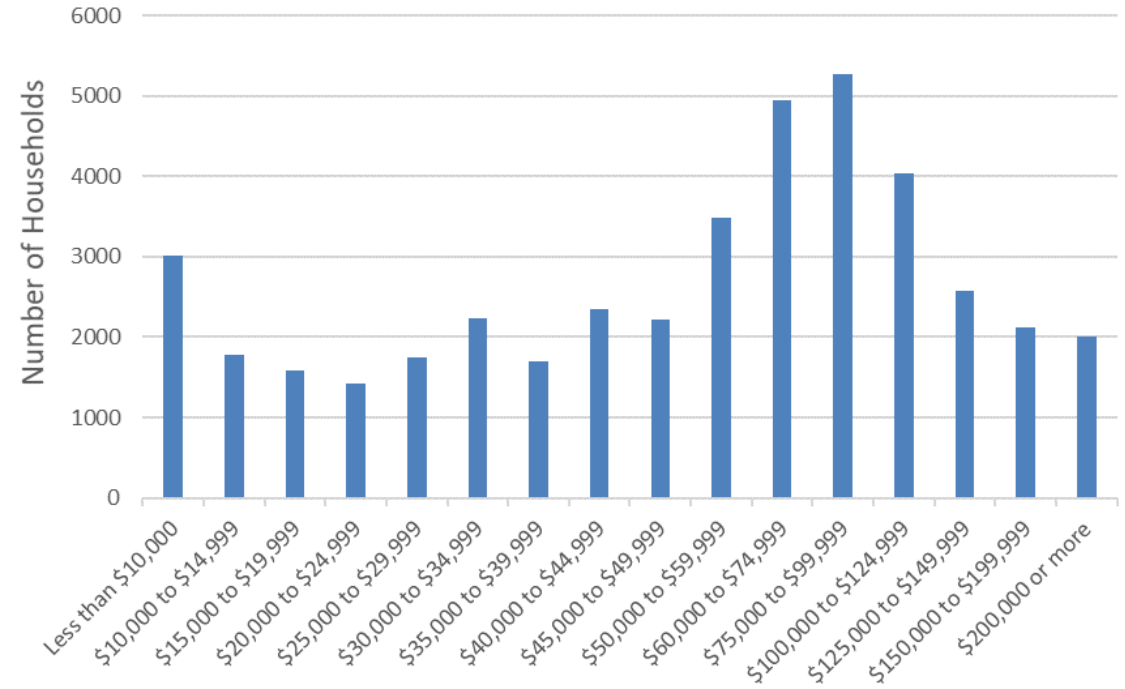
Location Overview Wenatchee Metropolitan Area



The Wenatchee Washington Metro Area encompasses both Chelan and Douglas Counties with a population of 118,478 and 3 million tourist visitors a year.

Wenatchee Metropolitan Statistical Area Household Income 2017

Source: ACS 2017



Wenatchee Spending Capacity

2016 Total Direct Travel & Tourism Spending – 575 Million

2017 GDP - 4.6 Billion

2018 Annual Taxable Retail Sales – 3.17 Billion

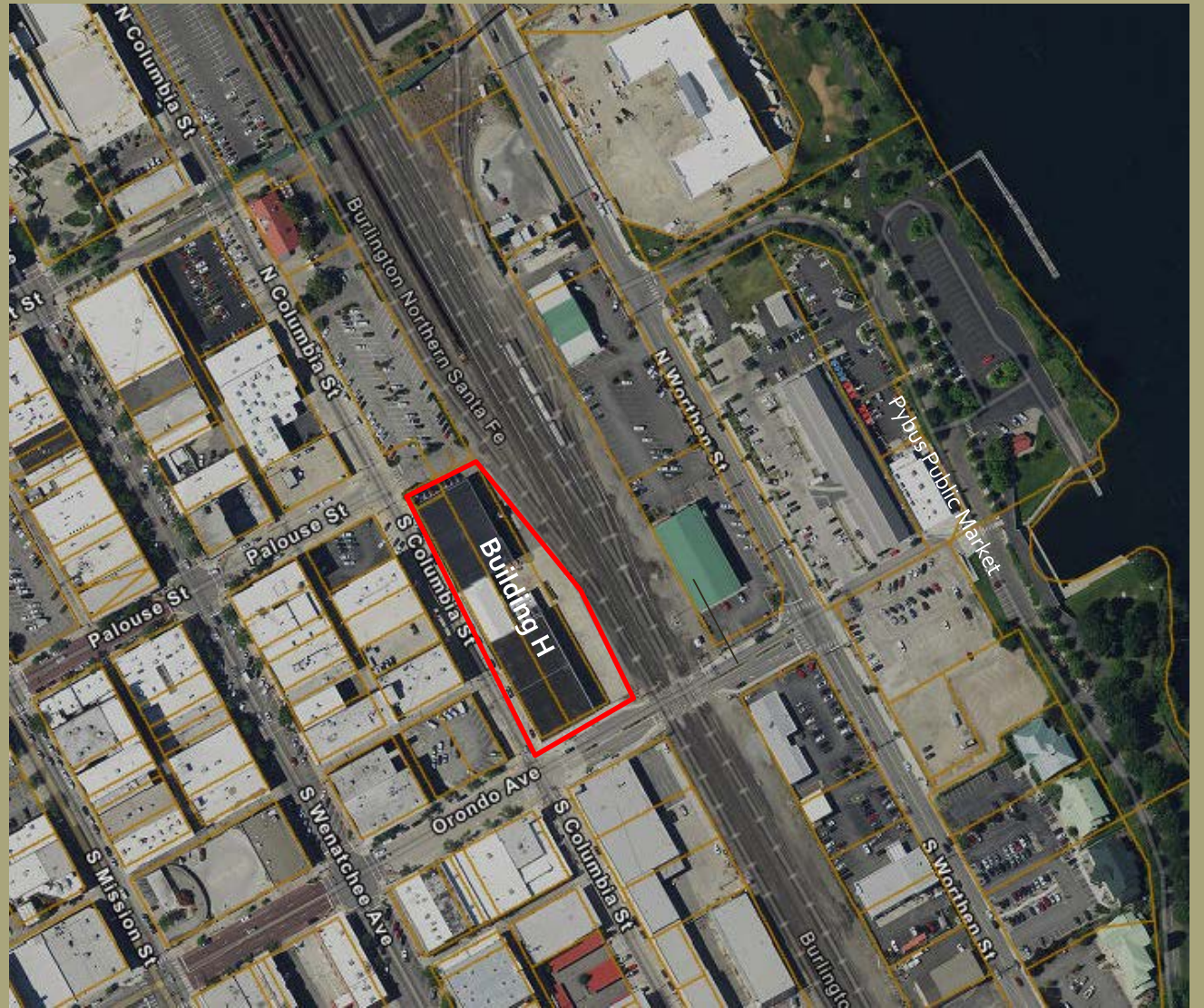
Property Location

Within the Central Business District and
Columbia Street Overlay Zones

Adjacent to:

- Pybus Public Market
- 100 stall City Parking Lot
- Stanley Civic Center
- Numerica Performing Arts Center
- Transit Center and Train Station
- Downtown Shops and Restaurants
- Apple Capital Loop Trail

Located within a Federal Opportunity
Zone



Exterior Architectural Goals and Parking Requirements

Adaptive Reuse and Exterior Architectural Goals

The CDRPA has established adaptive reuse and exterior architectural goals for the property consistent with the City of Wenatchee current land use plan and the Columbia Street Overlay.

The Columbia Street Overlay designation envisions the preservation of the industrial flavor of the District, while allowing new uses including loft live/work space, maker spaces, studios for dance or gymnastics, artisan retail, tasting rooms, breweries and offices.

For this District, the development character is focused on maintaining the apple packing and warehousing history of the District.

Consistent with the City's Comprehensive Plan and Zoning Code, the CDRPA has established the following four goals for redevelopment of the properties.



Conceptual rendering of one possible option for mixed use redevelopment for the surplus building using CDRPA exterior architectural goals

Exterior Architectural Requirements – Adaptive Reuse Goals

Community Activation:

Designs are encouraged to incorporate elements of the former apple packing district that engage the community on a diverse and flexible scale. The goal is to connect activity and pedestrian traffic from The Loop Trail and Pybus Public Market to the downtown core on Wenatchee Avenue.

Adaptive Reuse:

Wherever feasible, the existing buildings and character should be retained to reflect the historical nature of the apple packing district that existed along Columbia Street.

Allow existing exterior cladding such as brick and concrete block to maintain a visual connection to the neighborhood, while accenting with more contemporary and/or modern-industrial materials.

Encourage architectural features to soften existing blank walls and help contextually “shorten” the length of these large buildings for pedestrian appeal.

Human Scale:

Flat or shed style awnings and/or canopies are encouraged over sidewalks along Columbia Street and Orondo Avenue to scale down the height of these buildings, as well as provide pedestrians with shelter from weather while protecting doors, windows, and building facades.

Incorporate the use of building modulation and/or articulation to reduce and soften the scale of the existing structures and incorporate architectural design features to increase visual interest.

Distinctive, covered and lighted entrances are encouraged.

Incorporate lighting underneath canopies/awnings and throughout the property that keeps with the City of Wenatchee Dark Sky code.

Historic Wall Signs:

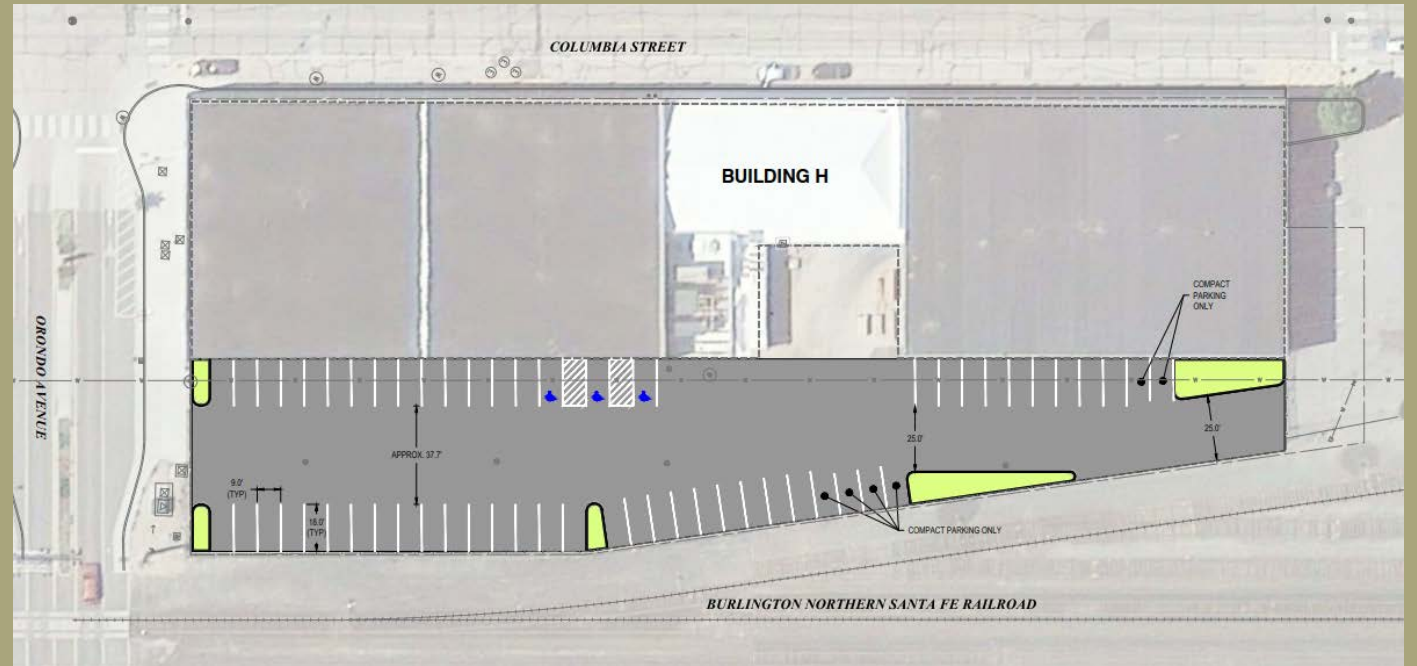
Historic painted wall signs are encouraged – bold, block lettering in style. Existing signage should be preserved.

Public Parking Requirement

The property is subject to a public parking requirement where all parking stalls are to be made available for public use (estimated capacity is 50 parking stalls). The CDRPA may agree to reasonable use restrictions requested by the ultimate owner (e.g. time limitations for parking during normal business hours, prohibition on overnight parking, and the like).

The configuration and location of the parking stalls and the circulation and connectivity of the parking lot on the parcels shall be determined by the ultimate owner.

The parking stalls would be owned and maintained by the property owner for the benefit of the public. At such time as the City begins charging for parking on its property, then the owner may also impose similar parking fees.



Possible Parking Layout (57 stalls)

Packing Plaza Option

Another goal for the CDRPA is to encourage a new indoor/outdoor plaza in this development package that occupies the H2 building space (i.e. the center building).

This concept contemplates demolition of the west and east walls of Building H2, retaining the bow arch trusses, and creating a pedestrian plaza for use by the building tenants and public.

The Plaza shall include elements that:

- Maintain the historical character of the existing bow truss roof structure but install a translucent or screened cover to provide weather and sun screening for the plaza
- Provide an opening in the façade to Columbia St. encouraging pedestrian flow throughout the District and from waterfront to downtown
- Create a visual attraction and community gathering place
- Allow for much needed natural light into the parking lot and Columbia St.



Conceptual rendering of proposed Public Plaza - looking south

Sale Options

The CDRPA is willing to consider either selling all three buildings as a package or selling the north (H1) and south (H3) buildings separately. In order to sell either the north or south buildings, the CDRPA would propose to demolish parts of Building H2 (center building) and reorient the parcels through a boundary line adjustment process to create a separate lot for each building. A minimum 25-foot wide shared pedestrian access easement would be created along the common property line of the two parcels for access to the public parking stalls (i.e. approximately the current location of Building H2). It is anticipated that this pedestrian access easement would be improved as the Plaza described previously.

The CDRPA is willing to entertain individual proposals for any or all of the following options:

Option A – All buildings and the two parcels as one package. Minimum Sales Price \$ 2,100,000

Option B – North Building only, Minimum Sale Price \$1,050,000

Option C – South Building Only, Minimum Sale Price \$ 1,300,000

Additional details and terms of sale are outlined in the “Supplemental Details and Submittal Requirements”. Interested parties shall request this document from the CDRPA.

Plaza Option

The CDRPA has an interest in exploring with the selected proposer a plaza center concept for Building H2. A preliminary concept for how a plaza could be incorporated into an adaptive reuse project is included in this RFP. The CDRPA is willing to consider participating in a public/private partnership to facilitate the inclusion of a plaza for the property.

Schedule Disclaimer

The schedule is subject to change based on orders and direction from Governor Inslee. A hearing to consider whether to declare the property surplus to the needs of the CDRPA was originally scheduled for March 24, 2020 and will be continued to June 9, 2020, in response to direction provided by the Governor. All changes in the schedule will be posted on the Chelan Douglas Regional Port Authority website. This RFP is being provided at this time in response to recent publicity and expressions of interest received.

Property Inspection

The CDRPA will make the property available and open for self-guided inspection on the following dates: May 19th, 21st, 26th, and 28th subject to social distancing rules being followed. Proper attire (sturdy closed toed shoes, long sleeve shirts, and pants) and safety equipment (hard hat, safety glasses, mask, and flashlight) will be required for the site inspections. To book an appointment, please contact Stacie de Mestre.

Proposal Submittal Package

Please see “Supplemental Details and Submittal Requirements” for additional details regarding the surplus property, proposal requirements, and proposal review/selection process. This document can be obtained by contacting Stacie de Mestre.

All proposals for the surplus properties must be received by the CDRPA no later than 2:00 PM on June 12, 2020.

All questions and inquiries should be directed to: Stacie de Mestre - (509) 630-2545- Stacie@CDRPA.org

Public Disclosure Notice

In order to protect the integrity of the process, Proposers should be aware that proposals and any other documents they submit to the CDRPA will become a public record under the Washington Public Records Act (RCW 42.56). It is the intent of the CDRPA to post all proposals on its website and make them available for public review.



Adaptive Reuse Proposal For The Purchase & Redevelopment Of The H Buildings

The Development TEAM of Bart Tilly & Jon McCreary

Table Of Contents

1. Purchase Option
2. Purchase Price
3. Vision Details
4. Development Plan
5. Job Creation
6. Adaptive Reuse
7. Development Timeline
8. Timeline To Close
9. Biographies - Past History - References

Purchase Option & Plaza

- The TEAM is only interested in Option A for the purchase of the H buildings which equates to the purchase of all buildings and the two parcels as one package.
- At this time the TEAM will not be pursuing a Plaza as part of their design.

Purchase Price

H Buildings Price Proposal Details:

- Per the Columbia Street RFP, the square feet of the H Buildings equates to 36,830
file:///C:/Users/ebart/Downloads/Columbia%20Street%20Property%20Offering%20Supplemental%20Details%20and%20Submittal%20Requirements.pdf
- Using \$44 per square feet as the baseline for your \$4.5M purchase of the Lineage South Campus
- **Total for the H buildings = \$1,620,520 (36,830 sq ft times \$44 a sq ft)**

** Our original proposal was \$1,305,000 or \$33.99/sq ft*

Project Vision

Community Asset: The original SoCo Crossing project was amazing, however, the financials didn't fit the Wenatchee Market. Our proposal attempts to mirror many aspects of the original vision of this project while balancing them with a tangible ROI.

Visually Appealing: *Warehouses can be cool!* We are big fans of the Santa Barbara Funk Zone, the Miami Wynwood District, the Bend Mill District, etc. Our goal is to breath new life into these bland looking structures so that they can be something we are all proud of.

Critical Corridor Bridging the Waterfront/Pybus & Downtown District: We desire to create a *destination* that will bring more people into our downtown/waterfront areas.

Indoor Family Recreation: A common theme in our valley is that there are not enough indoor recreation opportunities for our youth. Our goal is to create a facility that can be leveraged for a wide variety of recreation/fitness themed businesses.

Project Vision (cont)

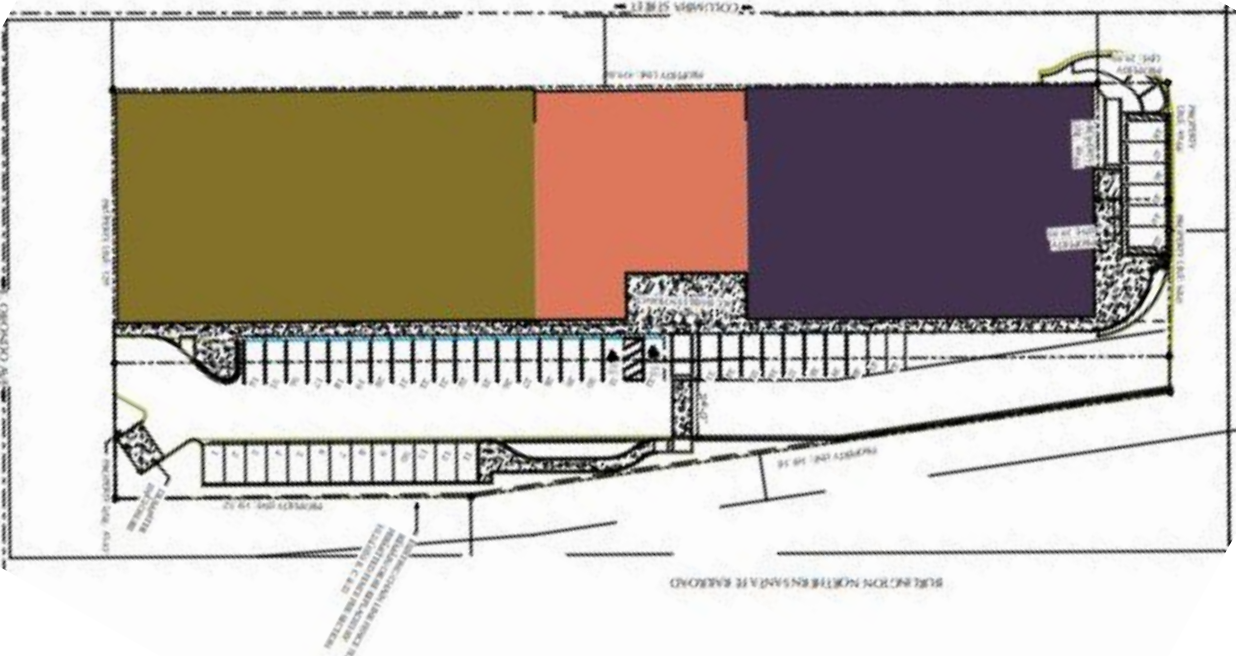
Exterior Design: We appreciate the original SoCo Crossing design. Our desire is to leverage many aspects of the original design while simplifying the overall project approach.

Timeframe: Our plan is to make these exterior changes within the first 6 months of ownership because this corner is one of the most strategically important locations in our entire region.



Project Vision (cont)

Parking Plan Details: We will be pursuing a parking plan which will provide as many parking spaces as possible. This plan shows 48 parking spaces for new businesses to utilize.

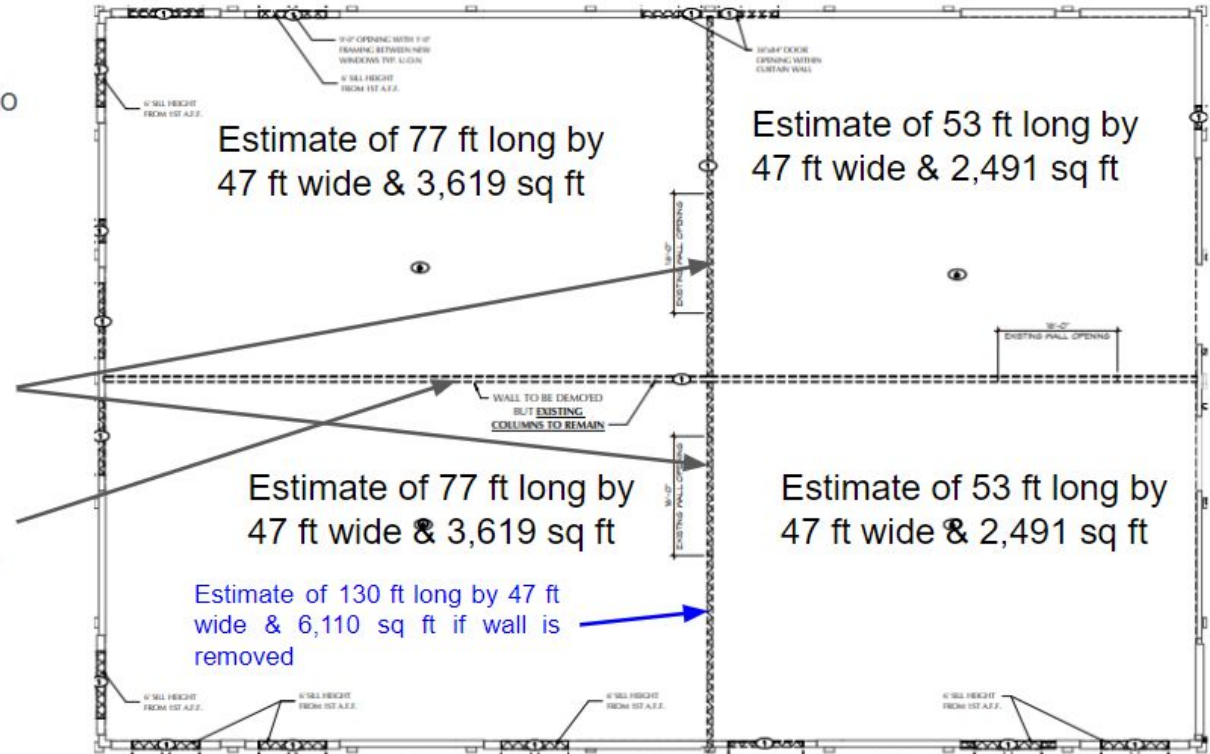


Project Vision (cont)

For the North building we could keep the existing walls in place to support 4 businesses/activity fields or we can remove the east/west wall to create two larger spaces.

These walls can be removed to create longer playing fields if required.

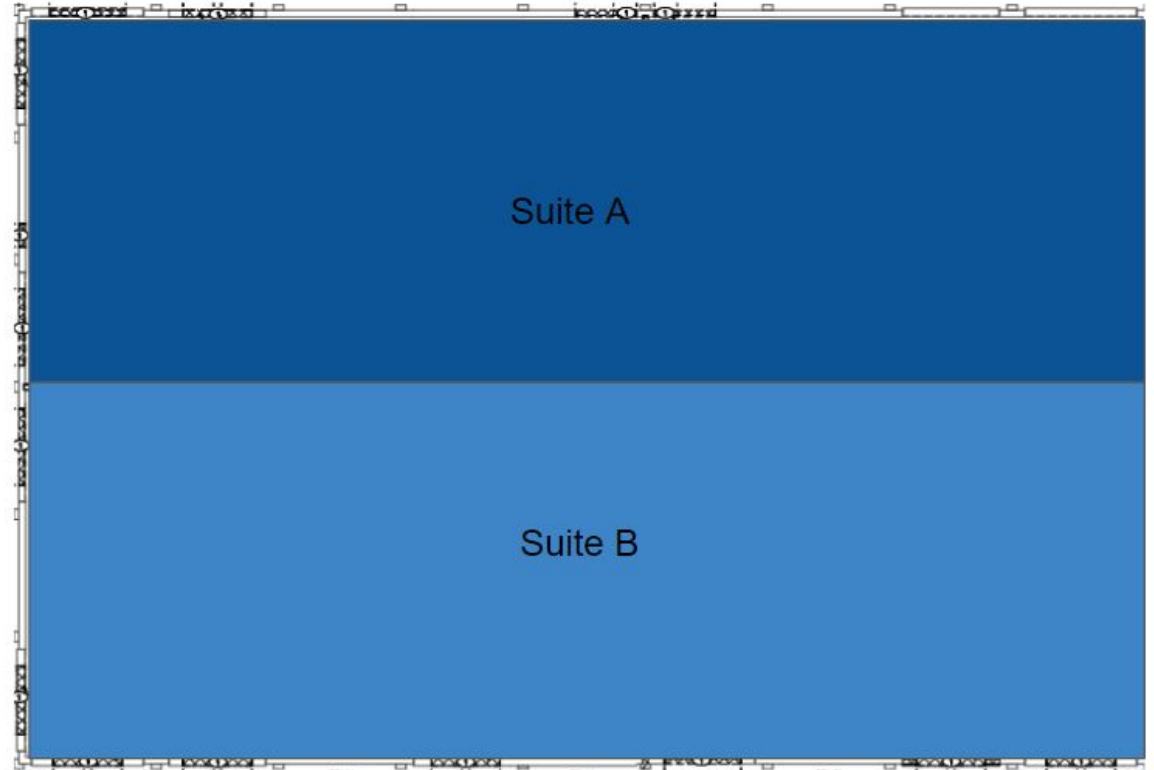
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Project Vision (cont)

For the North building we could keep the existing walls in place to support 4 businesses/activity fields or remove the east west wall to create two larger spaces.

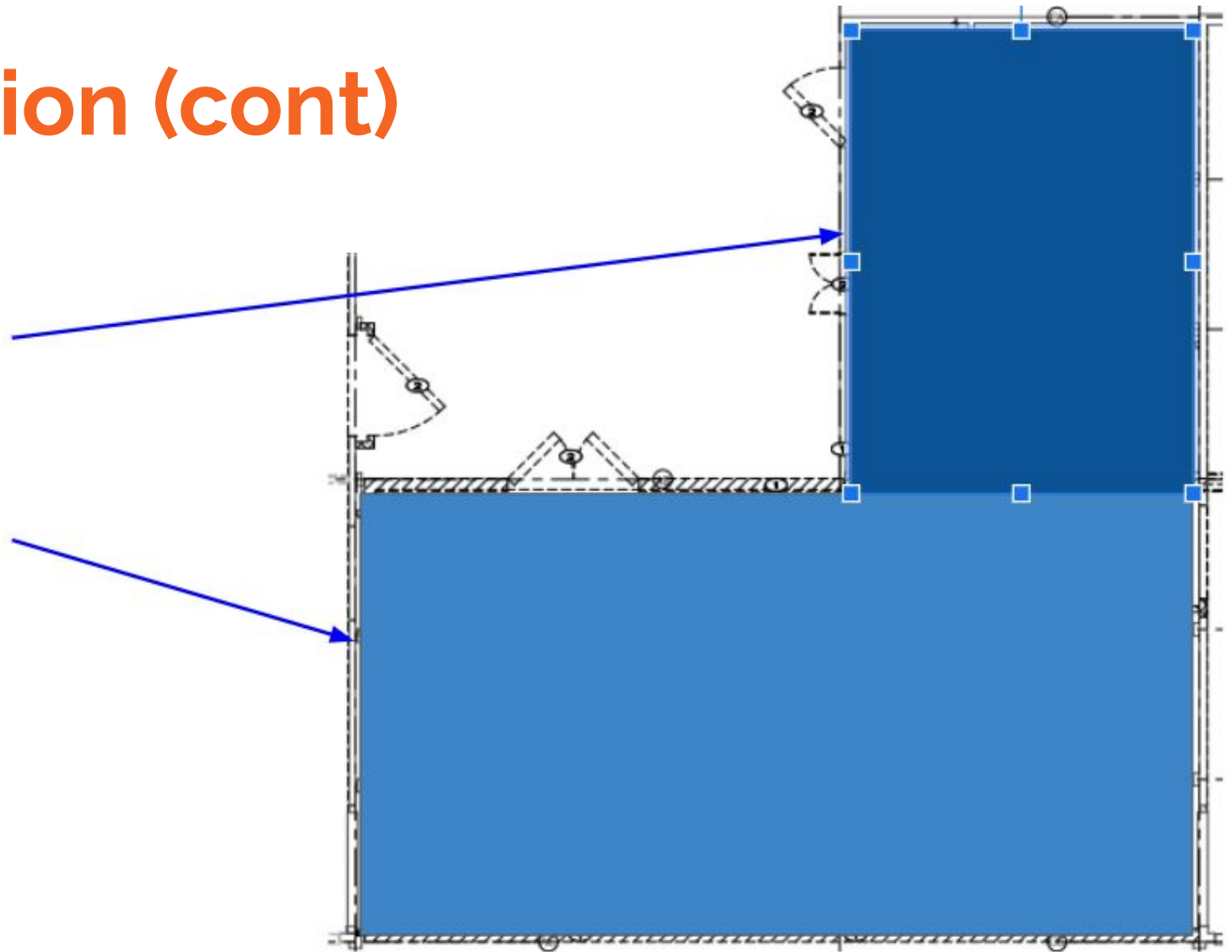
If we remove the east west walls the spaces might look like this



Project Vision (cont)

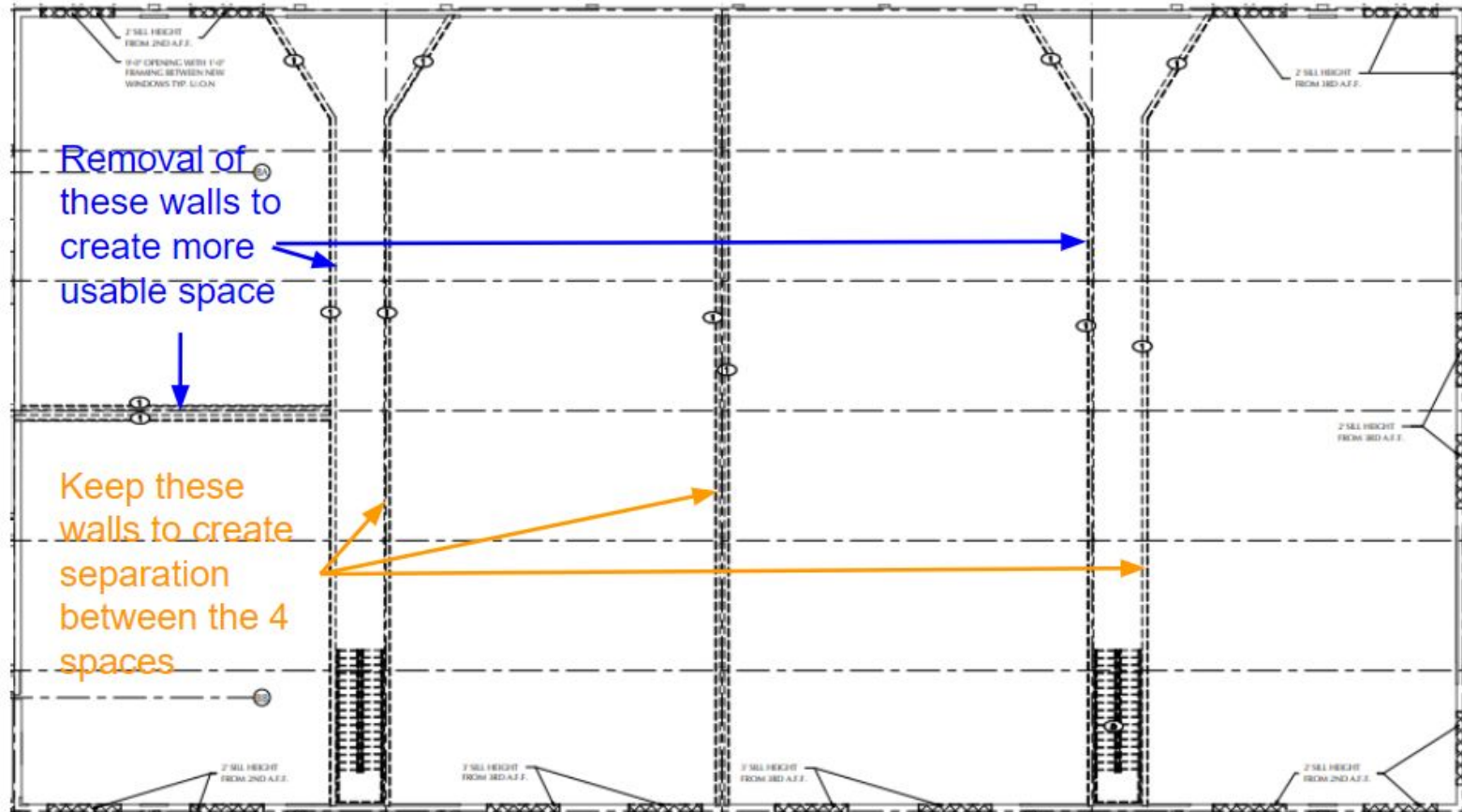
We plan to utilize the the east/middle building for central utilities, storage and possibly for offices and bathrooms.

For the west/middle building we envision this being utilized by a business needing under 3k sq ft of space.



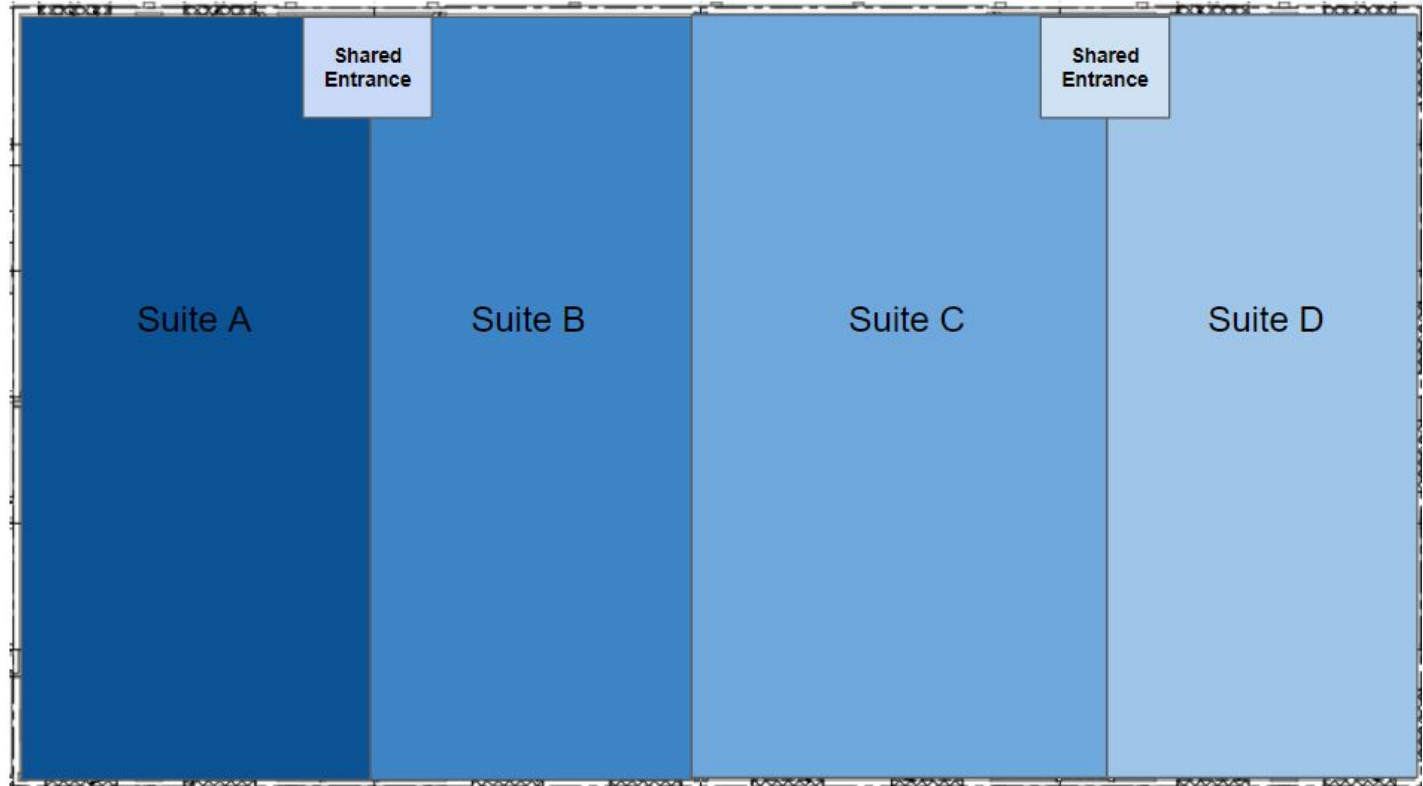
Project Vision (cont)

For the south building we envision the creation of four 4k+ sq ft business locations.



Project Vision (cont)

For the south building we envision the creation of four 4k+ sq ft business locations.



Development Plan Details

Description of the development plan including proposed uses and square footage of commercial spaces.

- H Buildings:
 - Plan A: The TEAM believes that the best use of the H Buildings is for community recreation. We are in active dialogue with prospective tenants for uses such as gymnastics, indoor play areas, sports field, pickleball and cheerleading/tumbling.
 - Plan B: The option that the TEAM has more experience with is light industrial & warehousing. As part of its due diligence, the Team may change its focus towards general business that can benefit from from the tall warehouse ceiling height within the H buildings.

Job Creation

Job Creation – provide estimate of approximate number of new/existing jobs to be created and approximate average hourly wages.

H Buildings: With the TEAM's Plan A focused on community recreation we anticipate an average of .25 new jobs for every 1k sq ft of space that is developed or a total of 9 new jobs. This ratio is low because community recreation takes up a lot of sq ft and doesn't produce a lot of jobs. With past project focused on light industrial & warehousing the TEAM has seen an average of 1 new job created for every 1k sq ft of space that is developed. Based on the 36k+ sq ft associated with this project the TEAM anticipates the creation of 36 new jobs if Plan B is pursued.

Most of the jobs created by both of these options will be entry level (\$16 - \$19 an hour)

Adaptive Reuse

The TEAM has experience in redeveloping cinder block warehouses for light industrial and warehouse uses. The TEAM's high level plan is to focus on improvements in the following high level categories:

- Interior Improvements
 - Removal of all cold storage equipment
 - Test and certify sprinkler system
 - Electrical, water, sewer, Fiber
 - Window and door penetrations
 - Paint
 - HVAC
 - Bathroom construction
 - Office space buildout
- Exterior Improvements
 - Entrances & windows
 - Facade
 - Awnings
 - Paint
 - Sewer, water & storm water
 - Sidewalk, parking lot & landscape improvements

Development Timeline

1) Completion of due diligence within 90 days. Major components include but are not limited to:

- City of Wenatchee Pre-App
- Environmental review
- Inspect sprinkler system
- Stormwater clarification from The City of Wenatchee
- Roof inspection
- Wall/Roof inspection for middle building
- Sewer, water, Fiber and electrical exploration
- BLA completion
- Contractor selection process
- Seismic stability of the CMU

2) Close on the purchase on or before the 120th day

Development Timeline (cont)

3) Groundbreaking: Our goal is to begin work on the first day of ownership.

- First 30 Days:
 - Removing of cold storage equipment
 - Electrical upgrades (panels, meters, lighting, etc)
 - HVAC buildout starts
 - Concrete cutting for windows & doors
 - Fire suppression upgrades
- Days 31 - 60:
 - Window and door installation
 - Awning installation
 - Water/sewer
- Days 61 - 90:
 - Sidewalk installation, landscaping and parking lot improvements
 - Bathroom & office construction
 - Exterior facade installation
 - Interior paint

- Days 91 - 120:
 - Exterior paint

4) Completion/occupancy: Our goal is to obtain conditional occupancy within 6 months of closing and to finalize all construction within 14 months.

Timeline To Close

How soon can you close the transaction?

- We can close on the transaction as soon as we have completed our due diligence (requesting 90 days of due diligence and 30 days to close).

Financing: Will you require that closing be contingent on financing?

- No, the TEAM will be financing the sale and improvements ourselves.

TEAM Biographies

Bart & Coreen Tilly are Wenatchee natives that are fourth generation residents of North Central WA. Bart had a 32 year career in tech before pivoting full time into Real Estate Development in 2022. The Tilly's are passionate about repurposing former cold storage facilities into modern community assets. They have six such facilities in Wenatchee and are excited for the opportunity to do more in this area.

Jon McCreary had a 15 year career in corporate finance including being the CFO of a publicly traded bank and a Treasurer for a multibillion dollar life insurance company. Subsequently, Mr. McCreary began investing in real estate as well as the oilfield service industry. Mr. McCreary's entities (JMAC Energy Services LLC) employ over 400 people across USA, Canada and Argentina. JMAC and its twenty person administrative team are headquartered in Wenatchee and would serve as an anchor tenant for office build out within Building B.

Biographies (cont.)

The TEAM currently owns and manages over 400,000 sq ft of industrial buildings, 112,000 sq ft of residential buildings, over 65,000 sq ft of commercial buildings, and has developed over 205 acres of commercial and industrial properties across multiple states.

Reference Projects:

1. 4 Fifth Street, Wenatchee WA: 18k sq ft facility formerly used for cold storage. Redeveloped into 7 work suites. Updated/added electrical, Fiber, water, sewer, garage/man doors, windows, penetrations, wall construction, paint, parking lot and removed old CA equipment. Conditional occupancy in 5 months. 12 month project from purchase to final City Certificate of Occupancy. Jobs Creation: 11 jobs in the first 12 months. \$1.6M total investment.
2. Cowan Building, 2013: Bismarck, ND: 18,000 sq ft 5 story office/retail building circa 1890, abandon for 10+ years. Complete gutting and remodel; now a local landmark building. \$2.4M total investment.
3. Owan Industrial Park, 2010: Williston ND: 205 acre industrial park development, including spec construction and leasing of 51,000 sq ft of warehouse condos to 13 tenants. \$4M total investment.

References—Provided upon request

Other Topics

1. The TEAM is not able to comply with the CDRPA's request to maintain the parking as public as this requirement would not support the TEAM's business vision.
2. The TEAM will also not be able to comply with exterior architectural requirements described in the CDRPA Surplus Property Offering. Instead, the TEAM needs to retain control of architectural decisions.
3. The TEAM will need The Port to complete Boundary Line Adjustments for the H buildings

Public Parking Requirement

The property is subject to a public parking requirement where all parking stalls are to be made available for public use (estimated capacity is 50 parking stalls). The CDRPA may agree to reasonable use restrictions requested by the ultimate owner (e.g. time limitations for parking during normal business hours, prohibition on overnight parking, and the like).

The configuration and location of the parking stalls and the circulation and connectivity of the parking lot on the parcels shall be determined by the ultimate owner.

The parking stalls would be owned and maintained by the property owner for the benefit of the public. At such time as the City begins charging for parking on its property, then the owner may also impose similar parking fees.



Appendix

4 Fifth St, Wenatchee WA



Appendix

Cowan Building, 2013: Bismarck, ND



Appendix

Owan Industrial Park, 2010: Williston ND



LETTER OF INTENT

THIS LETTER OF INTENT ("LOI") is made and entered this date by and between the Chelan Douglas Regional Port Authority, a Washington municipal corporation (the "CDRPA") and JAB Investors, LLC, a Washington limited liability company ("JAB") sometimes collectively referred to herein as the "Parties" or individually as a "Party."

RECITALS

- A. The Port of Chelan County ("POCC") owns real property located in Chelan County, Washington and legally described on Exhibit "A", which is attached hereto and incorporated herein by this reference (the "Property"). The Property is managed by the CDRPA.
- B. The CDRPA has been marketing the Property and desires to sell the Property, provided certain key elements are addressed to the satisfaction of the CDRPA Board.
- C. JAB has expressed a desire to potentially purchase the Property and has requested that the CDRPA discontinue marketing the Property for 120 days to complete a feasibility analysis.
- D. The CDRPA is willing to extend JAB a 120 day feasibility period, provided that the key elements that are important to the CDRPA and the POCC are addressed to the satisfaction of the CDRPA and the POCC during the 120 day feasibility period.

Understanding

1. **Non-Binding LOI.** Nothing herein obligates either Party to negotiate or sign a Purchase and Sale Agreement setting forth the material terms of the transaction between the Parties. Further, nothing herein obligates the POCC to sell, or JAB to purchase the Property. Either Party may terminate this LOI upon twenty (20) days written notice to the other Party, in which event this LOI shall terminate and be of no further force or effect between the Parties, and without recourse or liability to either Party arising from said termination. The intent of the Parties is to resolve a number of contingencies during 120 (120) day feasibility period (the "Feasibility Period"), so that very few contingencies remain for inclusion in the Purchase and Sale Agreement that may be negotiated and entered by the Parties. Both Parties will be committing time and incurring expense with the goal of entering a binding Purchase and Sale Agreement. The Parties waive all claims, of any kind or nature, against one another if this LOI expires (i.e. the Parties are unable to enter a binding Purchase and Sale Agreement for any reason), or is terminated as set forth above.

1.1 As a condition of this LOI, JAB shall pay the CDRPA the sum of \$10,000, which shall be refundable within the first 15 days of the feasibility period then non-refundable thereafter, but

shall apply to the purchase price if the Parties successfully enter a Purchase and Sale Agreement and the transaction closes consistent with the Purchase and Sale Agreement. In consideration of this LOI, the CDRPA agrees not to sign or negotiate a purchase and sale agreement involving all or any portion of the Property during the Feasibility Period, unless this LOI is terminated sooner. As a public entity, the CDRPA may receive inquires, expressions of interest, and offers concerning the Property, but agrees not to undertake any negotiations as set forth in the proceeding sentence.

2. Title. As part of the LOI, the Parties desire to address and discuss the condition of title to the Property consistent with the following provisions:

2.1 The following shall not be considered encumbrances or defects of title (hereafter “Permitted Exceptions”):

2.1.1 Rights reserved in federal patents or state deeds, and zoning, building or use restrictions general to the area;

2.1.2 Existing easements, covenants, conditions and restrictions of record or apparent on the property that burden or benefit the Property;

2.1.3 General real estate taxes, special assessment, or other levies assessed against the Property not due and payable; and

2.1.4 Matters that would be discovered by a survey.

2.2 The CDRPA shall make available to JAB a preliminary commitment for title insurance (“Title Commitment”) issued by CW Title and Escrow. JAB shall give written notice to the CDRPA within twenty (20) days of JAB’s actual receipt of the Title Commitment of any defects or encumbrances, other than Permitted Exceptions specified in Section 2.1, in the title to which JAB objects (the “Objection”). The CDRPA shall exercise reasonable, good faith to attempt to remove matters to which a reasonable objection is made. If the CDRPA is unable to cure the defects objected to by JAB within twenty (20) days after receipt of the Objection, then this LOI shall terminate and be of no further force or effect between the Parties.

2.3 The intent of the Parties set forth in this Section 2 is to establish the condition of title to the Property that is acceptable to the CDRPA and JAB prior to entering a binding Purchase and Sale Agreement.

3. Feasibility Period. Unless sooner terminated by either Party as set forth in this LOI, the Parties will undertake the steps set forth in Sections 3.1 through 3.7, below, during the Feasibility Period:

3.1 Feasibility Analysis. Subject to Section 6, below, JAB will inspect, investigate, and conduct a feasibility analysis of the Property addressing environmental, zoning, utilities, redevelopment, access, and the like. JAB’s inspection and investigation may include, at JAB’s option, an inspection of the Property for hazardous materials. At any time, JAB may terminate this LOI if, in JAB’s sole and absolute discretion, the Property is not suitable for JAB’s intended use, does not meet

JAB's intended objectives, or JAB is not satisfied with the feasibility review. All inspections shall be (a) ordered by JAB, (b) performed by an inspector of JAB's choice, (c) completed at JAB's expense, and (d) subject to Section 6, below.

3.2 Plans. JAB shall prepare architectural renderings associated with the development to be pursued by JAB at the Property for the review, comment and approval of the CDRPA prior to the expiration of the Feasibility Period. The primary goals of the CDRPA, which must be addressed in the architectural renderings, are as follows: (a) the exterior finish and appearance of the buildings on the Property; (b) the type of uses, allocation of space, and jobs created within the buildings on the property; and (c) pedestrian connectivity along Columbia Street and Orondo Avenue. With this in mind, the CDRPA reserves the right to request additional renderings to provide more detail as to the final exterior appearance of the buildings and the pedestrian connectivity associated with the development. The plans, if approved by the CDRPA during the Feasibility Period, will be attached as an exhibit to the Purchase and Sale Agreement and be binding on JAB if the Parties successfully negotiate and sign the Purchase and Sale Agreement (please also see the covenants mentioned below in Section 3.6).

3.2.1 JAB has advised that no planning, development, or similar approval or permit is necessary to pursue the development envisioned by JAB other than a building permit. At the request of JAB, the CDRPA agrees to attend a pre-application meeting with the City of Wenatchee for the building permit during the Feasibility Period.

3.3 Public Parking. The form of the public parking easement, as described and required in the marketing materials for the Property, will be prepared by the CDRPA and reviewed and agreed upon by the Parties during the Feasibility Period. At a minimum, the public parking easement shall provide for public parking, with reasonable restrictions, for all stalls created east of the current buildings, provided that no fewer than 50 stalls shall be created by JAB. The agreed upon form of public parking easement shall be an exhibit to the Purchase and Sale Agreement and recorded at closing, all as more fully set forth in the Purchase and Sale Agreement, if the Parties successfully negotiate and sign the Purchase and Sale Agreement.

3.4 Option to Purchase. The form of the Option to Purchase in favor of the POCC will be prepared by the CDRPA and negotiated by the Parties during the Feasibility Period. At a minimum the Option to Purchase shall include the following events that will trigger the right of the POCC, but not the obligation, to exercise the Option to Purchase: (a) the failure to commence construction of the development within two (2) years of closing, and (b) the sale or transfer of all or any portion of the Property within five (5) years of closing, including a sale of the controlling interest in JAB. The agreed upon form of the Option to Repurchase shall be an exhibit to the Purchase and Sale Agreement and recorded at closing, all as more fully set forth in the Purchase and Sale Agreement, if the Parties successfully negotiate and sign the Purchase and Sale Agreement..

3.5 Covenants that will Survive Closing. The form of the covenants that will bind JAB after closing, will be prepared by the CDRPA and negotiated by the Parties during the Feasibility Period. At a minimum the covenants shall include the following events that will require the advance approval of the CDRPA and the POCC: (a) any change to the agreed upon sidewalk placement and

configuration; (b) any deviation from the approved plans to the exterior of the buildings; (c) any future change to the exterior appearance of the buildings (i.e. a change occurring after the initial construction of the Project); and (d) any change in use of more than twenty-five percent (25%) of the useable space within the buildings. In addition, the Parties shall establish a standard for the repair, replacement, maintenance, and upkeep of the Property to be included in the covenants during the Feasibility Period. The agreed upon form of the covenants shall be an exhibit to the Purchase and Sale Agreement and recorded at closing, all as more fully set forth in the Purchase and Sale Agreement.

3.6 Representative Documents. JAB has previously been provided documents addressing the matters set forth in Sections 3.3, 3.4 and 3.5, above, which were developed during a prior purchase and sale agreement involving the Property (which purchase and sale agreement has been terminated). These documents are representative of the documents the CDRPA and the POCC will find acceptable in order to address the matters in Sections 3.3, 3.4, and 3.5, above, and were provided to assist JAB as part of the feasibility analysis to be conducted by JAB during the Feasibility Period.

4. Negotiation of Purchase and Sale Agreement; Termination. The Parties agree to document, by written or email exchange, when any matter set forth in Sections 3.1 through 3.5 has been resolved. In the event the matters set forth in Sections 3.1 through 3.5, inclusive, are resolved to the mutual satisfaction of the Parties during the Feasibility Period, then the Parties shall exercise good faith efforts to negotiate the terms of a binding Purchase and Sale Agreement consistent with Section 5, below, during a thirty (30) day period following the timely resolution of the last matter set forth in Sections 3.1 through 3.5 (the "PSA Deadline"). If all of the matters set forth in Sections 3.1 through 3.5, above, have not be resolved to the mutual satisfaction of the Parties during the Feasibility Period, or if the Parties are unsuccessful in signing a Purchase and Sale Agreement on or before the PSA Deadline, then this LOI shall automatically terminate and be of no further force or effect between the Parties and without liability or recourse by one Party against the other, unless the applicable deadline has been extended by written agreement signed by the Parties.

5. Purchase and Sale Agreement Terms. If the Parties proceed with the negotiation of a binding Purchase and Sale Agreement as set forth above in Section 4, the Parties agree that the following terms will govern the negotiations of the Purchaser and Sale Agreement:

5.1 The purchase price of Two Million One Hundred Thousand and NO/100 Dollars (\$2,100,000.00 US), payable in cash at closing.

5.2 Simultaneously with signing the Purchase and Sale Agreement, JAB shall pay the sum of \$100,000 directly to the CDRPA as non-refundable earnest money, which shall be credited against the purchase price at closing. The earnest money is non-refundable even if the conditions to closing fail and the transaction does not close. The Parties agree that the earnest money represents a good faith estimate of the damages incurred by the CDRPA associated with the delay and expense incurred if the transaction does not close. The retention of the earnest money shall be the POCC's

and CDRPA's sole and exclusive remedy if the transaction fails to close, except as set forth in Section 5.8, below.

5.3 Conveyance of title to the Property shall be by Quitclaim Deed executed by the POCC, at closing of the transaction.

5.4 JAB ACKNOWLEDGES IT IS FAMILIAR WITH THE PROPERTY, HAS INVESTIGATED SAME, AND HAS BEEN PROVIDED WITH ADDITIONAL OPPORTUNITIES TO INVESTIGATE THE PROPERTY PRIOR TO CLOSING. JAB ACKNOWLEDGES AND AGREES THAT IT IS RELYING SOLELY ON ITS INSPECTION AND INVESTIGATION OF THE PROPERTY, AND ACCEPTS THE PROPERTY "**AS-IS, WHERE IS**" IN ITS PRESENT CONDITION WITH NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, ORAL OR WRITTEN, MADE BY THE CDRPA, THE POCC OR ANY BOARD MEMBER, ELECTED OFFICIAL, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE CDRPA OR THE POCC WITH RESPECT TO THE CONDITION OF THE PROPERTY. JAB SHALL HAVE DETERMINED TO ITS SATISFACTION THAT THE PROPERTY CAN BE USED FOR THE PURPOSES IT INTENDS. JAB ACKNOWLEDGES AND AGREES THAT NEITHER THE CDRPA, THE POCC OR THIER BOARD MEMBERS, ELECTED OFFICIALS, AGENTS AND EMPLOYEES HAVE MADE, AND DO NOT MAKE, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE HABITABILITY, CONDITION OR SUITABILITY FOR RESIDENTIAL, COMMERCIAL OR INDUSTRIAL PURPOSES, MERCHANTABILITY, POTENTIAL USE OF THE PROPERTY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, OR THE PRESENCE OR ABSENCE OF ANY HAZARDOUS SUBSTANCES, WASTES OR MATERIALS AS DEFINED BY STATE, FEDERAL OR LOCAL LAW, ALL OF WHICH WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. JAB ASSUMES FULL RESPONSIBILITY FOR THE CONDITION OF THE PROPERTY, KNOWN OR UNKNOWN, AND FOREVER RELEASES THE CDRPA AND THE POCC OF ANY CLAIMS, CAUSES OF ACTION, OR LIABILITY IN THIS REGARD. THIS PROVISION SHALL SURVIVE CLOSING OF THE TRANSACTION.

5.5 As result of the items addressed and resolved during the Feasibility Period, there will be no conditions or contingencies to closing the transaction (other than Section 5.7, below). The closing date shall be no later than 45 days following the full execution of the Purchase and Sale Agreement.

5.6 JAB may pursue a 1031 Exchange, wherein the Property is identified as the replacement property for purposes of the 1031 Exchange. In this event, the POCC will cooperate and sign documents reasonably required, so long as (a) all costs incurred by the POCC or CDRPA in reviewing the documents associated with the 1031 Exchange are reimbursed by JAB at closing; and (b) the 1031 Exchange does not alter the terms, conditions and commitments set forth in the Purchaser and Sale Agreement.

5.7 The condition of title to the Property was addressed as part of the LOI process. So long as the condition of title does not change during the period between the execution of the Purchase and Sale Agreement and closing (except for the matters identified herein that will be recorded at closing), JAB shall be deemed to have accepted the condition of title to the Property as established during the LOI process.

5.8 A clause substantially similar to Section 7 below shall also be incorporated into the Purchase and Sale Agreement.

6. Access to Property. Prior to gaining access to the Property for any purpose during the Feasibility Period, JAB shall name the POCC and the CDRPA as additional insureds on a commercial general liability insurance policy in an amount not less than \$1 million per occurrence and provide a certificate of insurance in this regard. The form of the certificate of insurance and the coverage provided by the insurance policy shall be approved by the CDRPA prior to entry onto the Property by JAB. JAB shall be provided an access key to the buildings on the Property, provided that JAB shall notify Stacie de Mestre (Public Works and Capital Projects Manager for the CDRPA), by phone call or email, at least 24 hours prior to each entry into the buildings on the Property. Any kind of invasive testing, including borings or samples taken of any kind, must be approved by the CDRPA prior to the test occurring (in writing or email to JAB). JAB shall be solely responsible for the restoration of any damage to the Property arising from any act, test, or investigation conducted by or on behalf of JAB.

7. Indemnity. JAB hereby indemnifies and holds the POCC and the CDRPA harmless against all claims, demands, causes of action, suits or judgments (including attorney's fees, costs and expenses) for death or injury to any person or for loss of damage to property, related to or associated with JAB, including its engineers, surveyors, architects, contractors, agents, members and employees' access, investigation, use, and/or activities on the Property. JAB understands and agrees that its duty to indemnify and hold the POCC and CDRPA harmless includes, but is not limited to, damages or injuries caused by the negligent or other conduct of JAB, its engineers, surveyors, architects, contractors, agents, members or employees.

8. Assignment. The assignment of this LOI by JAB is prohibited, which assignment shall include a change in the membership interests in JAB by more than 25 percent.


9. Counterpart/Facsimile/E-mail. This LOI may be executed separately or independently in any number of counterparts and may be delivered by manually signed counterpart, facsimile, e-mail or other electronic means. Each and all of these counterparts shall be deemed to have been executed simultaneously and for all purposes to be one document, binding as such on the parties. The facsimile, e-mail or electronic transmission of any signed original document, and retransmission thereof, shall be the same as delivery of an original. At the request of either party, or the closing agent, the parties will confirm facsimile, e-mail or electronically transmitted signatures by signing an original document.

10. Authority. The Parties warrant that each holds the power, authority and/or authorization as required by applicable law to enter and sign this LOI. Within five (5) business days of signing this LOI, JAB shall provide a resolution signed by all members of JAB authorizing _____, as the manager or authorized member of JAB, to sign this LOI and to obligate and bind JAB on any matter set forth in this LOI.

11. **General Provisions.** Time is of the essence. There are no verbal agreements which modify this LOI. This LOI constitutes the full understanding between the CDRPA and JAB. Any and all subsequent modifications of this LOI shall be in writing and signed by the Parties. The “effective date of this LOI” shall be the date of the last signature set forth below.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY

By: _____
James M. Kuntz, Chief Executive Officer

By: 
Adam Brizendine, Member/Manager

Dated: _____

Dated: 3/22/2023

EXHIBIT "A"
Legal Description

Tax Parcel No. 222003925060:

THE SOUTHERLY 60 FEET OF LOT 1, AND ALL OF LOTS 2, 3, 4 AND 5, ALL IN BLOCK 3, WAREHOUSE ADDITION TO WENATCHEE, CHELAN COUNTY, WASHINGTON, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 38.

Tax Parcel No. 222003440200:

THAT PORTION OF THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY'S (FORMERLY GREAT NORTHERN RAILWAY COMPANY) ORIGINAL 400.00 FOOT WIDE STATION GROUND PROPERTY AT WENATCHEE, BEING 250.00 FEET WIDE ON THE EASTERLY SIDE AND 150 FEET WIDE ON THE WESTERLY SIDE OF SAID RAILWAY COMPANY'S MAIN TRACK CENTERLINE, AS NOW LOCATED AND CONSTRUCTED UPON, LYING NORTHERLY OF THE NORTHEASTERLY EXTENSION OF THE RIGHT OF WAY FOR THE 90.00 FOOT WIDE ORONDO AVENUE, OVER AND ACROSS THE SOUTHEAST QUARTER OF SECTION 3 AND THE NORTHEAST QUARTER OF SECTION 10, ALL IN TOWNSHIP 22 NORTH, RANGE 20, EAST OF THE WILLAMETTE MERIDIAN, CHELAN COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT THE MOST EASTERLY CORNER OF LOT 5, BLOCK 5, WAREHOUSE ADDITION TO WENATCHEE, WASHINGTON, ACCORDING TO THE RECORDED PLAT THEREOF;

THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY EXTENSION OF THE SOUTHEASTERLY LINE OF SAID LOT 5, A DISTANCE OF 80.00 FEET;

THENCE NORTHWESTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK 5, A DISTANCE OF 190.00 FEET;

THENCE NORTHEASTERLY AT RIGHT ANGLES TO THE LAST DESCRIBED COURSE 45.00 FEET, MORE OR LESS, TO A POINT BEING 25.00 FEET SOUTHWESTERLY, AS MEASURED AT RIGHT ANGLES FROM SAID MAIN TRACK CENTERLINE; THENCE NORTHWESTERLY PARALLEL WITH SAID MAIN TRACK CENTERLINE TO THE INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 20.00 FEET SOUTHWESTERLY, AS MEASURED AT RIGHT ANGLES FROM SAID RAILWAY COMPANY'S MOST SOUTHWESTERLY LADDER TRACK CENTERLINE;

THENCE NORTHWESTERLY PARALLEL WITH SAID LADDER TRACK CENTERLINE TO THE INTERSECTION WITH THE NORTHEASTERLY EXTENSION OF THE SOUTHEASTERLY LINE OF PALOUSE STREET, ACCORDING TO THE RECORDED PLAT OF WENATCHEE, WASHINGTON;

THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY EXTENSION OF THE SOUTHEASTERLY LINE OF PALOUSE STREET 85.00 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF LOT 1, BLOCK 3 OF WAREHOUSE ADDITION TO WENATCHEE;

THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINES OF BLOCKS 3, 4 AND 5 OF SAID WAREHOUSE ADDITION, A DISTANCE OF 1,510.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE RIGHT OF WAY FOR 90.0 FOOT WIDE ORONDO AVENUE.

Tax Parcel No. 222003925065

LOT 1, BLOCK 3, WAREHOUSE ADDITION TO WENATCHEE, ACCORDING TO THE RECORDED PLAT THEREOF, EXCEPT THE SOUTHERLY 60 FEET THEREOF.

Memo

To: Board of Directors

From:  Jim Kuntz

Date: March 23rd, 2023

Re: Purchase and Sale Agreement – Malaga Springs, LLC

Attached is a proposed Purchase and Sale Agreement with Malaga Springs, LLC for property in Malaga for your consideration. The total sale price is \$2,250,000 for 101.2 acres or \$22,233 per acre.

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (hereinafter "**Agreement**"), made as of this _____ day of _____, 2023 ("**Effective Date**"), is by and between the PORT OF CHELAN COUNTY, a Washington municipal corporation ("**Purchaser**"), and MALAGA SPRINGS, LLC, a Washington limited liability company ("**Seller**"). Individually the Purchaser and Seller may be referred to herein as a "Party" or collectively as the "Parties."

1. Agreement/Property. (a) Seller agrees to sell and Purchaser agrees to purchase Seller's interest in the real property located in the County of Chelan, State of Washington, consisting of approximately 101.2 acres, and more particularly described as follows (the "**Property**"):

Parcel A

Southwest quarter of the Northwest quarter; West half of the Northwest quarter of the Southwest quarter; Southwest quarter of the Southwest quarter; all in Section 35, Township 22 North, Range 21, E.W.M.

Parcel B

Beginning at the Southwest corner of the Northwest quarter of the Northwest quarter of Section 35, Township 22 North, Range 21, E.W.M., and running North on the West boundary line of the said Northwest quarter of the Northwest quarter, a distance of 80 feet; thence turning an angle of 90 deg. To the right and running East parallel with the South boundary line of said Northwest quarter of the Northwest quarter a distance of 260 feet; thence turning an angle of 90 deg. To the right and running South parallel with the West boundary line of said Northwest quarter of the Northwest quarter a distance of 80 feet; thence turning an angle of 90 deg. To the right and running West on the South boundary line of said Northwest quarter of the Northwest quarter to the place of beginning, excepting therefrom a strip of land 30 feet in width along the West boundary line for road purposes.

Parcel C

A parcel of land beginning at the Northeast corner of the Southwest quarter of the Northwest quarter of Section 35, Township 22 North, Range 21 E.W.M., thence East along the quarter section line 32 feet, thence South parallel to the quarter section line 735 feet, thence West to the Easterly boundary of the quarter section line 32 feet, thence North along the quarter section line 735 to the point of beginning.

For the avoidance of doubt and for purposes of this Agreement, the Property includes any and all water rights, certificates, claims, permits, shares or rights to water of any kind or nature that may be associated with or appurtenant to the Property (collectively, the “**Water Rights**”).

Assessor’s Parcel No. 222135230000 (portion).

The Property is commonly known as 4470 Saturday Ave, Malaga, Washington 98828.¹

(b) Excluded Property. The detached man-made improvements on the Property constituting items of personal property, including the 1980 Mobile Home (collectively, “**Personal Property**”), are excluded from this transaction and the sale of the Property; provided that Seller must remove the Personal Property consistent with the terms of Section 11 below. In the event any Personal Property remains on the Property upon the expiration of the period set forth in Section 11(b) below, then the title and ownership of said Personal Property shall vest in the Purchaser for no additional cost, and Seller agrees to sign any and all documents reasonably requested by Purchaser to vest title in the Personal Property in the Seller at closing (including transfer of the vehicle title to the 1980 Mobile Home).

2. Earnest Money. Purchaser shall deposit with CW Title and Escrow (Wenatchee, Washington office) (as applicable, “**Escrow Agent**” or the “**Title Agent**”) earnest money in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00) (such deposit, together with any and all interest accrued thereon, being the “**Earnest Money**”) within two (2) business days of the Effective Date. The Earnest Money shall be in the form of a check made payable to Escrow Agent and, if the transaction contemplated hereby (“**Transaction**”) shall close, shall be credited to the “**Purchase Price**” (as hereinafter defined) at “**Closing**” (as hereinafter defined). **The Earnest Money is non-refundable, except as set forth in Section 0 (Title), Section 9 (Feasibility Contingency) and Section 14 (Default) below.**² The Earnest Money shall be held by Escrow Agent pursuant to and in accordance with an Earnest Money Escrow Agreement, in the form of Earnest Money Escrow Agreement attached hereto as **Exhibit A** (the “**Earnest Money Agreement**”), which provides, in part, that except as otherwise expressly provided to the contrary in the Earnest Money Escrow Agreement, the Earnest Money shall be held by Escrow Agent subject to the joint written direction of Seller and Purchaser.

3. Purchase Price. The total purchase price for the Property is **Two Million Two Hundred Fifty Thousand and No/100 Dollars (\$2,250,000.00)** (“**Purchase Price**”) and shall be payable in immediately available funds at Closing, per wiring instructions to be provided to Purchaser by Escrow Agent.

¹ **NTD:** Confirm legal description, including that it is for the entire approximately 101.2 acres.

² **NTD:** Section references to be verified.

4. **Deed.** At Closing, the Seller shall sign, execute, and deliver to the Escrow Agent at Closing a Special Warranty Deed (or its local equivalent) conveying the Property to Purchaser, subject to those matters set forth in Section 5 below, and warranting title to the Property against the acts of Seller and of those claiming an interest in the Property by or through Seller ("**Seller's Deed**"). The Seller's Deed shall expressly include language that the conveyance of the Property includes, as well, all of Seller's right, title and interest in and to the Water Rights.

5. **Title.**

(a) The following shall not be considered encumbrances or defects of title (hereafter "**Permitted Exceptions**"):

(i) Rights reserved in federal patents or state deeds, and building or use restrictions general to the area;

(ii) Existing easements, conditions, restrictions, covenants, encumbrances and matters of record, including those shown on the "Title Commitment" (as hereinafter defined) (collectively, "**Recorded Title Matters**"), except only for those to which Purchaser objects in accordance with the provisions of this Agreement and which Seller, in its sole and absolute discretion, elects to cure, it being understood and agreed that Seller shall have no obligation to cure any Recorded Title Matter unless the same is a lien of a liquidated amount that was caused by Seller;

(iii) General and special real estate taxes and assessments assessed against the Property not due and payable as of the "Closing Date" (as hereinafter defined);

(iv) Matters created or suffered by or through Purchaser or anyone acting on Purchaser's behalf;

(v) Such state of facts as are or would be shown on a current, accurate ALTA/NSPS Land Title Survey of the Property; and

(vi) Such additional exceptions subject to which Purchaser agrees in writing to take title to the Property.

(b) Seller shall make available to Purchaser within the 30 days of the Effective Date a preliminary commitment for an owner's policy of title insurance ("**Title Commitment**") issued by the Title Agent, as agent for First American Title Insurance Company, Fidelity National Title Insurance Company, Chicago Title Insurance Company, Stewart Title & Guaranty Company, or such other nationally recognized title insurance company that is acceptable to Purchaser (any such title insurance company being the "**Title Company**"). The delivery of the Title Commitment to Purchaser shall include copies of the documents identified in the Title Commitment as special exceptions, to the extent the same are

available to the Title Agent. Purchaser shall give written notice to Seller within thirty (30) calendar days of Purchaser's actual receipt of the Title Commitment (including copies of said documents evidencing the special exceptions to the extent such documents are available to the Title Company) of any defects or encumbrances, other than Permitted Exceptions specified in Section 0, in Seller's title to which Purchaser objects (individually, an "**Objection**" and collectively, "**Objections**"). Seller shall have no obligation to cure any Objection unless the same concerns a lien of a liquidated amount that was caused by Seller. If Seller is unable to cure, or elects not to cure, any Objection which Seller is not obligated to cure, within twenty (20) calendar days after Seller's receipt of the Objection, unless the time is extended in writing, then Purchaser may elect, as its exclusive legal and equitable remedy, by notice to Seller, either to (a) waive such Objection, or (b) terminate this Agreement, and, in the case of the preceding clause (b), Purchaser shall be entitled to receive a refund of the Earnest Money.

(c) At Closing, Seller shall provide an "owner's affidavit" or similar document on a form provided by the Title Company, if requested by Purchaser or the Title Company to provide the owner's title insurance policy that is to be issued to Purchaser pursuant to the Title Commitment, consistent with this Section 5 (the "**Title Policy**"). Seller shall cause the Title Agent to deliver to Purchaser at or within a reasonable period following Closing the Title Policy. The Title Policy shall contain no exceptions to coverage other than the customary form printed exceptions, exclusions and terms and conditions (collectively, the "**Standard Exceptions**") and the Permitted Exceptions. Seller shall pay the cost of the Title Policy at Closing. The cost of any endorsements to the Title Policy that Purchaser may elect to request shall be paid by Purchaser but the issuance of any such endorsements shall not be a condition of Purchaser's obligations under this Agreement or of the Closing.

(d) If the Transaction does not close, and this Agreement is terminated, the Purchaser shall be responsible for the cancellation or other fee associated with the Title Commitment.

6. Representations of Seller. (a) As of the Effective Date and as of the Closing Date, Seller represents and warrants to (or, as applicable, covenants and agrees with) Purchaser as follows:

(i) To Seller's "actual knowledge" (as hereinafter defined), there are no underground storage tanks beneath the Property.

(ii) Seller shall maintain the Property in substantially its present or better condition, reasonable wear and tear and loss by fire or other casualty excepted, until Closing.

(iii) There are no liens or encumbrances in favor of any third party against any of the Personal Property.

(iv) To Seller's actual knowledge, there are no wells located on the Property.

- (v) Seller is the sole fee simple titleholder of the Property. Other than that certain lease, license agreement or similar agreement in favor of [REDACTED] regarding the operation and harvesting of the cherry orchard that is on the Northern Parcel (the “Agricultural Lease”) and Record Title Matters, there are no leases or other agreements with Seller granting to any third party the right to occupy or use any of the Property. Seller covenants and agrees to cause the Agricultural Lease to be terminated as of the later of the Closing Date or, if crops remain to be harvested as of the Closing Date, as of the last day of the harvest period immediately following the Closing Date. If crops remain to be harvested as of the Closing Date, then, notwithstanding any provision of this Agreement to the contrary, the Agricultural Lease shall survive the Closing (subject to the preceding provisions of this subparagraph (v)) and shall be deemed to be a Permitted Exception. Seller shall provide Purchaser a copy of the Agricultural Lease within 30 days of the Effective Date.
- (vi) To Seller’s actual knowledge, Seller has not received written notice of any pending or threatened actions, suits, arbitrations, claims, investigations or legal, administrative or other proceedings (a) with respect to or in any manner affecting or involving the title to or condition of the Property, including, but not limited to, any condemnation action, proceeding to impose an assessment district, zoning change proceeding or development moratorium, or (b) to which Seller is or may be a party by reason of Seller’s ownership, use, or operation of the Property.
- (vii) [The deleted provision is now covered in Section 6(a)(v) above]. To Seller’s actual knowledge, Seller is not in default under any Record Title Matter to which Seller is a party, or by which Seller is bound.
- (viii) To Seller’s actual knowledge, Seller has not received any written notice from any governmental authority with respect to any violation or alleged violation of any law relating to the use, condition or operation of the Property, which violation remains uncured.

(b) Purchaser acknowledges and agrees that upon Closing, Seller shall sell and convey to Purchaser and Purchaser shall accept the Property “AS IS, WHERE IS, WITH ALL FAULTS,” except to the extent expressly provided otherwise in this Agreement or in any document executed by Seller and delivered to Purchaser at Closing. Except as expressly set forth in this Agreement, Purchaser has not relied, and will not rely, on, and Seller has not made and is not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the Property or relating thereto made or furnished by Seller to whomever made or given, directly or indirectly, orally or in writing. Purchaser represents that it is a knowledgeable, experienced and sophisticated purchaser of real estate and that, except as expressly set forth in this Agreement, it is relying solely on its own expertise and that of Purchaser’s consultants in purchasing the Property and shall make an independent verification of the accuracy of any documents and information provided by Seller. Purchaser

will conduct such inspections and investigations of the Property as Purchaser deems necessary, including, but not limited to, the physical and environmental conditions thereof, and shall rely upon same. By failing to terminate this Agreement prior to the expiration of the "Feasibility Period" (as hereinafter defined), Purchaser acknowledges that Seller has afforded Purchaser a full opportunity to conduct such investigations of the Property as Purchaser deemed necessary to satisfy itself as to the condition of the Property and the existence or non-existence or curative action to be taken with respect to any hazardous or toxic materials or substances on or discharged from the Property, and will rely solely upon same and not upon any information provided by or on behalf of Seller or its agents or employees with respect thereto, other than such representations, warranties and covenants of Seller as are expressly set forth in this Agreement. Upon Closing, but subject to those Seller representations, warranties and covenants that survive the Closing, Purchaser shall assume the risk that adverse matters, including, but not limited to, adverse physical or adverse environmental, health or safety conditions, may not have been revealed by Purchaser's inspections and investigations.

Purchaser's Initials _____

(c) Purchaser acknowledges that it will have the opportunity to inspect the Property during the Feasibility Period, and during such period, observe its physical characteristics and existing conditions and the opportunity to conduct such investigation and study on and of the Property and adjacent areas as Purchaser deems necessary, and Purchaser hereby FOREVER RELEASES AND DISCHARGES Seller from all responsibility, obligations, claims, demands and liability whatsoever regarding the condition, valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, including, but not limited to, with respect to the presence in the soil, air, structures and surface and subsurface waters, of hazardous or toxic materials or substances or other materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Property under current or future federal, state and local laws, regulations or guidelines, and any structural and geologic conditions, subsurface soil and water conditions and solid and hazardous waste and hazardous and toxic materials and substances on, under, adjacent to or otherwise affecting the Property, and further including, but not limited to, liabilities under the Comprehensive Environmental Response, Compensation and Liability Act Of 1980 (42 U.S.C. Sections 9601 et seq.), as amended ("CERCLA"). Purchaser further hereby WAIVES (and by Closing the Transaction will be deemed to have WAIVED) any and all objections and complaints (including, but not limited to, federal, state and local statutory and common law based actions, and any private right of action under any federal, state or local laws, regulations or guidelines to which the Property is or may be subject, including, but not limited to, CERCLA) concerning the physical characteristics and any existing conditions of the Property. Purchaser further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Property and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of hazardous or toxic materials or substances, or other contaminants, may not have been revealed by its investigation.

(d) Purchaser agrees to indemnify and hold Seller harmless of and from any and all liabilities, claims, demands, and expenses of any kind or nature which are based on conditions that did not exist prior to Closing and which are in any way related to the ownership, maintenance, or operation of the Property by Purchaser or its successors and assigns, including, without limitation, in connection with hazardous or toxic materials or substances.

(e) Purchaser acknowledges and agrees that the disclaimers and other agreements set forth herein are an integral part of this Agreement and that Seller would not have agreed to sell the Property to Purchaser for the Purchase Price without the disclaimers and other agreements set forth above.

(f) For purposes of this Agreement, the term “**to Seller’s knowledge**”, or words of similar import mean the current and conscious knowledge (as opposed to the constructive, implied or imputed knowledge), without any duty of inquiry or investigation, of any one of Thomas Utigard or Sharon Utigard (collectively, the “**Knowledge Persons**”) (one or more of whom, Seller hereby represents and warrants (i) has knowledge of each matter that is the subject of the representations and warranties that are qualified by the words “to Seller’s knowledge”, or words of similar import, and (ii) is the representative of Seller who (x) is responsible for oversight of the Property, and (y) would be kept informed of all material issues relating to the Property), it being understood and agreed by Seller and Purchaser that there is no express or implied obligation on the part of Seller or any of the Knowledge Persons to undertake any investigation whatsoever into the matter that is the subject of the representation or warranty that is qualified by the words “to Seller’s knowledge”, or words of similar import. For purposes of this Agreement, when this Agreement states that “**Seller has not received any written notice**”, or words of similar import, it means that none of the Knowledge Persons have any actual knowledge of the receipt by Seller of any such written notice. There shall be no personal liability on the part of any of the Knowledge Persons arising out of any representation or warranties made herein.

(g) The provisions of subparagraphs (b) through (f) of this Section 11 shall survive the Closing indefinitely. The provisions of subparagraphs (a)(i) and (iii) through (viii) of this Section 11 shall survive the Closing until the first anniversary of the Closing Date.

7. Disclosure Statement. Seller shall provide Purchaser for its review a complete and signed disclosure statement as required by Chapter 64.06 RCW within ten (10) calendar days of the Effective Date.³

8. Modification/Waivers. To be effective and binding upon the Parties, all modifications or waivers of any condition, term or provision of this Agreement shall be in writing and signed by the Party against whom the modification or waiver is sought to be enforced.

³ **NTD:** Section 7 remains subject to further review.

9. Feasibility Contingency. (a) Purchaser (its agents, contractors, consultants, agents and business prospects [including consultants and agents of business prospects], hereafter “**Representatives**”) shall have **one-hundred and twenty (120)** days from the Effective Date to review the feasibility of purchasing the Property and to conduct whatever inspections and investigations the Purchaser or the Representatives deem appropriate (such 120-day period being the “**Feasibility Period**”) and shall have reasonable access to the Property for such purposes; provided, (i) Purchaser must give Seller not less than forty-eight (48) hours’ prior telephone or written notice of any such inspection or test, and with respect to any intrusive inspection or test (i.e., core sampling) must obtain Seller’s prior written consent (which consent may be given, withheld or conditioned in Seller’s sole discretion), (ii) prior to performing any inspection or test, Purchaser must deliver a certificate of insurance to Seller evidencing that Purchaser and its contractors, agents and representatives have in place commercial general liability insurance in the amount of \$2,000,000 (for Purchaser) and in the amount of \$1,000,000 (for Purchaser’s contractors, agents and representatives) and workers compensation insurance for its activities on the Property in terms and amounts reasonably satisfactory to Seller covering any accident arising in connection with the presence of Purchaser, its contractors, agents and representatives on the Property, which insurance shall name Seller as an additional insured thereunder, and (iii) all such tests shall be conducted by Purchaser in compliance with Purchaser’s responsibilities set forth below in Section 9(b). Purchaser shall bear the cost of all such inspections or tests and shall be responsible for and act as the generator with respect to any wastes generated by those tests. The Purchaser may conduct a “phase 1, environmental assessment”, or its equivalent, of the Property and Seller agrees to cooperate and provide the necessary information reasonably requested by Purchaser and its consultants to complete said environmental assessment.

(b) In conducting any inspections, investigations or tests of the Property, Purchaser and Representatives shall: (i) not disturb the tenant under the Agricultural Lease or interfere with such tenant’s use of the Property pursuant to the Agricultural Lease; (ii) not interfere with the operation or maintenance of the Property; (iii) not damage any part of the Property or any of the Personal Property; (iv) not injure or otherwise cause bodily harm to Seller, the tenant under the Agricultural Lease, or their respective agents, guests, invitees, contractors or employees; (v) comply with all applicable laws; (vi) promptly pay when due the costs of all tests, investigations, and examinations done with regard to the Property; (vii) not permit any liens to attach to the Property by reason of the exercise of its rights hereunder; (viii) repair any damage to the Property resulting directly or indirectly from any such inspection or tests; and (ix) not reveal or disclose prior to Closing any information obtained during the Inspection Period concerning the Property except (A) to those within Purchaser’s organization who need to know such information in order to assist Purchaser in its evaluation of whether to proceed with a purchase of the Property, (B) to Purchaser’s attorneys and professional advisors in connection with this Transaction, or (C) as may be otherwise required by law.

(c) At any time on or before the last day of the Feasibility Period (such last day being the “**Satisfaction Date**”), Purchaser shall be entitled to terminate this Agreement for any or no reason at all by delivering a notice to Seller in accordance with the terms of this Agreement (the

“**Termination Notice**”) stating that Purchaser has elected to terminate this Agreement, in which event, this Agreement shall thereupon terminate, and the Earnest Money shall be refunded to Purchaser. Upon such termination of this Agreement, except as otherwise expressly provided herein, the Parties shall have no further liability or obligations hereunder. If Purchaser shall fail to deliver to Seller a Termination Notice pursuant to this subparagraph (c) on or before the Satisfaction Date, then Purchaser shall be deemed to have forever waived its right under this subparagraph (c) to terminate this Agreement. In the event this Agreement is not terminated by Purchaser on or prior to the Satisfaction Date, then, notwithstanding any provision of this Agreement to the contrary, Purchaser shall be permitted continued access to the Property and the Property up to the Closing Date.

10. Rezone of Property. The Purchaser desires to rezone the Property. As a material part of the consideration for the Transaction, Seller agrees to cooperate, at no cost to Seller (other than only nominal out-of-pocket costs), and support Purchaser’s efforts to rezone the Property; provided, in all events, no rezoning of the Property may or shall occur unless it is effective only from and after the occurrence of the Closing. Subject to the preceding provisions of this Section 10, Seller agrees to sign all documents reasonably requested by Purchaser to apply for and process a Chelan County comprehensive plan amendment to rezone the Property to a new zoning designation or designations selected by Purchaser.

11. Time for Closing - Responsibilities of Parties – Costs - Contingency. (a) The Closing of this transaction shall occur in escrow, utilizing the Escrow Agent as the escrow agent, on the date that is the 30th day following the Satisfaction Date (the “**Closing Date**”); provided, however, the Closing Date may be extended by either Party, upon notice to the other Party, given no later than 14 days prior to the Closing Date to up to August 15, 2023 in order to accommodate Seller’s completion of the 2023 orchard harvest on the Property. The Purchaser and Seller shall deposit with Escrow Agent on the Closing Date all instruments, documents and monies which, per the provisions of this Agreement, each is required to provide in order to consummate the Closing of the Transaction. The Closing shall be consummated via mail-in delivery of all closing documents and deliveries and neither Seller nor Purchaser shall be required to be present in person for the Closing. Each Party may deliver to the Escrow Agent escrow instructions to govern the Escrow Agent’s holding and disbursement of the Party’s Closing deliveries. For the avoidance of doubt, the Closing shall occur in escrow as a so-called “New York Style” closing pursuant to which there will be a simultaneous delivery at Closing (and prior to the recording of the Seller’s Deed or of any other document) of Purchaser’s and Seller’s Closing documents and deliveries as set forth in this Agreement, including the Purchase Price proceeds, to Escrow Agent, and then by disbursement on the Closing Date from Escrow Agent of all such Closing documents and deliveries, including the Purchase Price proceeds and the Title Policy, to Seller or Purchaser, as applicable. The Purchaser and Seller agree to each pay one-half of the Escrow Agent’s Closing fee. The Parties shall pay their own attorney’s fees. Seller will pay for the cost of the Title Policy (not including any endorsements), and the real estate excise tax related to the Transaction. Purchaser shall pay for the real property taxes

arising from removal of the Property from a special use property tax classification.⁴ Purchaser shall pay for the preparation of the Seller's Deed and Excise Tax Affidavit to be prepared by Purchaser's attorney, both of which shall be subject to Seller's review and approval. Seller shall be responsible for all costs to remove the Personal Property from the Property in the event Seller has not removed the Personal Property as of the last day of the "Continued Possession Period" (as defined below). Real property taxes and irrigation assessments (based on the irrigation season) for the current year as of the Closing Date shall be prorated by the Parties as of the Closing Date. For the purpose of the prorations, Purchaser will be deemed to be in title to the Property beginning at 12:01 a.m. on the Closing Date.

(b) Effective upon Closing, Purchaser grants the Seller continued possession of the Property for the purpose of removing the Personal Property. This period of continued possession shall end, and the Seller shall vacate the Property, on or before the date that is sixty (60) days after Closing (the "**Continued Possession Period**"). The Continued Possession Period is subject to the following terms and conditions:

(i) Except to the extent caused of Purchaser's negligence, Seller shall indemnify and hold Purchaser free and harmless from all claims, causes of action, suits, liability, loss, damage, or expense arising solely from Seller's continued possession of the Property following the Closing Date (including fees, costs and expenses [including reasonable attorneys' fees] incurred in connection with any such claim, liability, cause of action or suit, or in enforcing the foregoing indemnity).

(ii) Seller acknowledges that Purchaser is accommodating Seller's request to remove the Personal Property after Closing, notwithstanding Purchaser's intention to commence work at the Property prior to the end of the Continued Possession Period, which work may involve significant demolition, grading, and utility work on and near the Property; provided, Purchaser's right to do such work is subject to the provisions of Section 6(a)(v) above concerning the Agricultural Lease. If Seller does not vacate and tender full possession to the Property to the Purchaser at the end of the Continued Possession Period, Purchaser will sustain damages. It is and will be impracticable and extremely difficult to fix the actual damage which Purchaser will sustain in the event of and by reason of such delays. Seller shall pay to Purchaser liquidated damages in the sum of \$500 for each calendar day that Seller has not vacated and tendered full possession of the Property to the Purchaser at the end of the Continued Possession Period as provided herein.⁵

(iii) Nothing in this Section 11(b) prevents Purchaser from taking possession of the Property at Closing and commencing work on the Property, so long as such work does not violate the provisions of Section 6(b)(v) above or materially interfere with Seller's efforts to remove the Personal Property.

⁴ **NTD:** Highlighted language is subject to further review.

⁵ **NTD:** Yellow highlighted language remains subject to further review.

(iv) In the event of any conflict between the provisions of this Section 11(b) and the provisions of this Agreement concerning the Agricultural Lease, the latter shall govern and prevail.

12. Intentionally Omitted.

13. Possession. Seller shall deliver possession to Purchaser on Closing subject to the Permitted Exceptions and to the provisions of this Agreement that are expressly stated to survive the Closing.

14. Default. Time is of the essence of this Agreement. If the Seller defaults under this Agreement (that is, Seller fails to proceed with the Closing in accordance with the requirements of this Agreement), then as Purchaser's sole and exclusive legal and equitable remedy for any such default (a) Purchaser may terminate this Agreement by notice to Seller given within one business day following the Closing Date, in which event, the Earnest Money, without deduction or off-set, shall be refunded to Purchaser, or (b) Purchaser may sue Seller for specific performance of this Agreement, provided any such suit is filed within 60 days following the Closing Date. If Purchaser defaults under this Agreement (that is, Purchaser fails to proceed with the Closing in accordance with the requirements of this Agreement), then, as Seller's sole and exclusive legal and equitable remedy for any such default, the Earnest Money shall be paid to Seller as liquidated damages, the Parties agreeing that Seller's actual damages for any such default by Purchaser would be difficult if not impossible to ascertain and, further, that the Earnest Money represents a reasonable approximation of what Seller's actual damages would be under such circumstances.

15. Independent Counsel. Seller acknowledges, understands and agrees that Purchaser is represented by Ogden Murphy Wallace, P.L.L.C.

16. Brokerage Fees. Seller and Purchaser each represent and warrant to the other, each with respect to its own acts, that no real estate brokerage commission is payable to any person or entity in connection with the Transaction, and each agrees to and does hereby indemnify and hold the other harmless against the payment of any commission or similar payment to any other person or entity claiming by, through or under Seller or Purchaser, as applicable. This indemnification shall extend to any and all claims, liabilities, costs and expenses (including reasonable attorneys' fees and litigation costs) arising as a result of such claims and shall survive the Closing.

17. Risk of Loss. If prior to Closing, the improvements on the Property shall be destroyed or materially damaged by fire or other casualty, neither this Agreement nor the Parties' obligations hereunder shall be affected thereby, and the Transaction shall proceed subject to and in accordance with the provisions of this Agreement. All insurance proceeds, if any, shall be payable to Seller; provided, if Seller shall fail to remove the Personal Property in accordance with the terms of this Agreement, the insurance proceeds in respect of damage to or loss of the Personal Property shall belong to Purchaser if and only if the Closing shall occur.

18. Notices. Except as otherwise expressly provided in the Agreement, all notices required or permitted hereunder shall be in writing and shall be (a) mailed, (b) delivered via nationally recognized overnight courier service, or (c) sent by electronic mail (email). If mailed, such notices shall be sent proper postage prepaid, certified or registered mail, return receipt requested, and the date marked on the return receipt by the United States Postal Service shall be deemed to be the date on which the Party received the notice. Notices sent by nationally recognized overnight courier service shall be deemed received one business day after delivery to the courier service, as evidenced by the courier service's written receipt. Notices which are emailed shall be deemed delivered on the date the email transmission is complete provided (x) the sender has computer generated confirmation of the transmission, (y) the email was sent on a business day, and (z) the notice is also sent that same day via one of the delivery methods provided for in the preceding clauses (a) and (b). Notices shall be addressed as follows (or at such other address for a Party of which the other Party has been notified in a notice given by the Party changing its address sent in accordance with the provisions of this Section 17):

TO PURCHASER:

Port of Chelan County
One Campbell Parkway, Suite A
East Wenatchee, WA 98802
Attn: James M. Kuntz, Executive Director
Email: _____

TO SELLER:

Malaga Springs, LLC
40 Jennings St
Wenatchee, WA 98801
Attn: Shawn Utigard
Email: shawnutigard@aol.com

With a required copy provided concurrently to:

Newgard Development
1611 W. Division Street, #202
Chicago, IL 60622
Attention: Paul Utigard
Email: putigard@newgarddevelopment.com

Any notice may be given by a Party or a Party's attorney. "**Business day**" means any day other than a Saturday, Sunday or legal holiday observed by the State of Washington or on which federally chartered banks located in Seattle, Washington are closed for business.

19. Governing Law and Venue. This Agreement shall be governed by and interpreted in accordance with Washington law. Any litigation arising out of or in connection with this

Agreement shall be conducted in a state or federal court having situs in or jurisdiction over Chelan County, Washington.

20. Successors. This Agreement shall be binding upon and shall inure to the benefit of the respective successors, heirs and assigns of each of the Parties; provided, however, neither Party may assign this Agreement or its obligations hereunder without the prior written consent of the other Party, which consent may be withheld in the sole and absolute discretion of the non-assigning Party, subject, however, to the provisions of Section 25 below.

21. Encumbrance During Interim. Seller may not financially encumber the Property prior to Closing, unless the encumbrance is discharged or satisfied at Closing.

22. Survival. Except as otherwise expressly provided for in this Agreement, the terms and conditions of this Agreement shall not survive Closing and shall merge with the recordation of the Seller's Deed.

23. Attorney's Fees. If any suit or proceeding is instituted by Seller or Purchaser arising from or related to this Agreement, including, but not limited to, filing of suit (or, if applicable, requesting an arbitration, mediation or alternative dispute resolution process (individually, a "**proceeding**" and, collectively "**proceedings**")), and appeals and collateral actions relative to such suit or proceedings, the prevailing Party in any such suit or proceeding shall be entitled to recover from the non-prevailing Party the reasonable attorney's fees and costs incurred by the prevailing Party in the suit or proceeding, including at all appellate levels related to the suit or proceeding.

24. Counterpart/Facsimile/E-mail. This Agreement may be executed separately or independently in any number of counterparts and may be delivered by manually signed counterpart, facsimile, e-mail or other electronic means. Each and all of these counterparts shall be deemed to have been executed simultaneously and for all purposes to be one document, binding as such on the Parties. The facsimile, e-mail or electronic transmission of any signed counterpart of this Agreement shall be the same for all purposes as delivery of a wet ink original of a signed counterpart of this Agreement. At the request of a Party, the other Party ("**Other Party**") will confirm facsimile, e-mail or electronically transmitted signatures by signing and providing to the requesting Party a wet-ink original of the Other Party's signed counterpart of this Agreement but the Other Party's failure to provide such confirmation shall not affect the validity, effectiveness, enforceability or timing of this Agreement.

25. Corporate Authority; Binding Signatures. Each of the individuals executing this Agreement on behalf of Purchaser or Seller warrant, each with respect to his or her own acts, that he/she is an authorized signatory of the Party for which he/she is signing this Agreement and that he/she has full power and authority to execute and deliver this Agreement on behalf of the Party for which he/she is signing this Agreement.

26. 1031 or 1033 Exchange. If Seller intends for all or a portion of the Transaction to be a part of an IRC Section 1031 or 1033 like-kind exchange, then Purchaser agrees to cooperate in

the completion of the like-kind exchange so long as the Purchaser incurs no additional liability in doing so, and so long as any expenses (*including reasonable attorney fees and costs*) incurred by Purchaser that are related only to the exchange are reimbursed by the Seller at or prior to Closing.⁶

27. General Provisions. Time is of the essence. There are no verbal agreements which modify this Agreement. This Agreement constitutes the full understanding between Seller and Purchaser with respect to the Transaction. Any and all modifications of this Agreement must be in writing and signed by both Parties in order to be binding on the Parties. Purchaser's rights under this Agreement may not be assigned.

PURCHASER:

SELLER:

PORT OF CHELAN COUNTY

MALAGA SPRINGS, LLC, a Washington limited liability company

By: _____
James M. Kuntz, Executive Director

By: _____
Name: Thomas Utigard
Title: _____

By: _____
Name: Sharon Utigard
Title: _____

⁶ **NTD:** Section 25 is subject to further review.

EXHIBIT "A"
Form of Earnest Money Escrow Agreement

Memo

To: Board of Directors
From:  Jim Kuntz
Date: March 23rd, 2023
Re: 2022 Budget versus Actual

Attached for your review is the 2022 Annual Budget versus Actual report. Additionally, attached you will find a Revenue versus Operating Expense report per business park.

Will review in more detail at Tuesday's meeting.

**Chelan Douglas Regional Port Authority
2022 Annual Budget vs Actual**

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
OPERATING REVENUES			
BUSINESS PARKS			
<u>CASHMERE MILL DISTRICT</u>			
Building A - Blue Spirits	\$ 163,588	\$ 163,588	\$ -
Building B - Hurst International & Blue Spirits	135,358	135,358	-
Utility & Operating Reimbursements	59,495	59,454	(41)
Louws Property Sale	89,135	89,135	-
Misc. Income	2,278	2,278	-
TOTAL CASHMERE MILL DISTRICT	\$ 449,854	\$ 449,813	\$ (41)
<u>CONFLUENCE TECHNOLOGY CENTER</u>			
Office Space Leases	\$ 468,000	\$ 471,916	\$ 3,916
CTC South Office Space Leases	14,108	13,095	(1,013)
Video Conference/Meeting Room Rentals	150,000	167,993	17,993
Utility & Operating Reimbursements	32,450	31,936	(514)
Misc. Income	500	5	(495)
TOTAL CONFLUENCE TECHNOLOGY CENTER	\$ 665,058	\$ 684,945	\$ 19,887
<u>COLUMBIA STREET PROPERTIES</u>			
Buildings A/B - Badger Mtn Brewing	\$ 45,360	\$ 45,360	\$ -
Buildings G/I - Streamline	131,736	133,732	1,996
Building E - Streamline	11,366	11,366	-
Building F - Streamline	19,167	19,586	419
Misc. Rents	1,250	1,250	-
Utility & Operating Reimbursements	24,205	24,008	(197)
TOTAL COLUMBIA STREET PROPERTIES	\$ 233,084	\$ 235,302	\$ 2,218
<u>MALAGA INDUSTRIAL SITE</u>			
Lojo Property Sale	\$ 6,559,740	\$ 6,559,740	\$ -
Curtis/Torres Property Sale	2,674,324	2,674,324	-
Farm/Land Rents	101,150	100,562	(588)
TOTAL MALAGA INDUSTRIAL SITE	\$ 9,335,214	\$ 9,334,626	\$ (588)

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>OLDS STATION BUSINESS PARK</u>			
IB 2 - Synergy Food Solutions	\$ 49,290	\$ 49,290	\$ -
IB 3 - Confluence Health	71,696	71,696	-
IB 4 - Pregis Corporation	210,630	210,630	-
IB 5 - Chelan County PUD	310,797	310,797	-
IB 6 - ABC Early Learning	14,094	14,152	58
IB 7 & 8 - Pacific Aerospace & Electronics	732,919	732,919	-
IB 9 - Sinclair Systems & Frito Lay	288,450	288,450	-
Utility & Operating Reimbursements	169,825	167,034	(2,791)
Misc. Income	500	-	(500)
TOTAL OLDS STATION BUSINESS PARK	\$ 1,848,201	\$ 1,844,968	\$ (3,233)
<u>PANGBORN AIRPORT</u>			
Landing Fees	\$ 53,950	\$ 54,620	\$ 670
Parking Income	282,500	323,958	41,458
Aircraft Parking	10,250	10,238	(12)
Rental Income - Aviation Land	100,868	100,868	-
Rental Income - NonAviation Land	66,199	66,199	-
Rental Income - Terminal/Aviation Building	63,062	63,062	-
Rental Income - NonAviation Buildings	96,097	96,097	-
Rental Income - Hangars	165,379	165,444	65
Car Rental Concession Fees	87,750	100,545	12,795
Fuel Flowage Fees	20,940	21,489	549
FBO Income (After hours)	27,750	27,278	(472)
FBO Fuel Income	2,110,000	2,123,478	13,478
FBO Misc. Income	12,225	13,509	1,284
Misc. Fees and Permits	28,000	40,235	12,235
TOTAL PANGBORN AIRPORT	\$ 3,124,970	\$ 3,207,020	\$ 82,050
<u>PANGBORN BUSINESS PARK</u>			
<u>Land Leases</u>			
Lot 4 - Coca-Cola	\$ 85,778	\$ 85,778	\$ -
Lot 17 - Salcido	32,490	32,490	-
<u>Building Leases</u>			
3306 - Multi-Tenant	115,790	115,790	-
3310 - Accor Building	355,167	355,167	-
CWICC	199,343	199,343	-
Utility & Operating Reimbursements	10,150	9,818	(332)
Misc. Income	500	2,123	1,623
TOTAL PANGBORN BUSINESS PARK	\$ 799,218	\$ 800,509	\$ 1,291

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>REGIONAL PORT OFFICE/AVIATION CENTER</u>			
Rental Income - Offices	\$ 25,453	\$ 25,453	\$ -
Rental Income - Aviation/Hangar Uses	182,887	181,451	(1,436)
Misc. Income	500	-	(500)
TOTAL RPA OFFICE/AVIATION CENTER	\$ 208,840	\$ 206,904	\$ (1,936)
<u>LAKE CHELAN AIRPORT</u>			
Rental Income - Kelly Property	\$ 4,095	\$ 4,095	\$ -
TOTAL LAKE CHELAN AIRPORT	\$ 4,095	\$ 4,095	\$ -
<u>MANSFIELD AIRPORT</u>			
Lease Income	\$ -	\$ -	\$ -
TOTAL MANSFIELD AIRPORT	\$ -	\$ -	\$ -
<u>WATERVILLE AIRPORT</u>			
Lease Income	\$ 3,428	\$ 3,428	\$ -
TOTAL WATERVILLE AIRPORT	\$ 3,428	\$ 3,428	\$ -
<u>ORONDO RIVER PARK</u>			
Chelan County PUD	\$ 30,750	\$ 26,716	\$ (4,034)
Misc. Income	200	200	-
TOTAL ORONDO RIVER PARK	\$ 30,950	\$ 26,916	\$ (4,034)
<u>PYBUS INCUBATOR</u>			
Office Space Lease	\$ 25,893	\$ 25,893	\$ -
Misc. Income	-	-	-
TOTAL PYBUS INCUBATOR	\$ 25,893	\$ 25,893	\$ -
TOTAL BUSINESS PARK REVENUE	\$ 16,728,805	\$ 16,824,419	\$ 95,614
<u>TAX RECEIPTS</u>			
Current Levy	\$ 4,375,292		
1.0% of Prior Year Tax	-		
New Construction	84,242		
Tax Refunded (receipts)	11,043		
TOTAL TAX RECEIPTS	\$ 4,470,577	\$ 4,470,675	\$ 98

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>NON-OPERATING REVENUES</u>			
<u>Cashmere Mill District</u>			
Chelan County CPIF Grant - Cashmere Wood Debris	\$ 200,000	\$ 200,000	\$ -
<u>Columbia Street Properties</u>			
Chelan County PUD Lighting Rebate - G & I	41,950	41,950	-
<u>Malaga Industrial Sites</u>			
Client Contr - Malaga Waterline Ext (\$8,501,350)	235,000	342,579	107,579
Client Contribution - Wastewater System	90,000	-	(90,000)
Malaga Property Due Diligence - Client Reimbursement	175,085	175,085	-
Malaga Utility Study - Client Reimbursement	100,000	100,000	-
Malaga Curtis/Torres Property Clearing - Client Reimb.	165,000	165,000	-
<u>Pangborn Airport</u>			
FAA AIP Grant Proceeds - Env Assessment	53,763	53,763	-
WA DOT Grant Proceeds - Env Assessment	2,046	2,046	-
FAA AIP Grant Proceeds - Terminal Capacity	24,289	24,289	-
FAA Grant Proceeds (Apron Rehab)	8,515,215	8,515,215	-
FAA Grant Proceeds (Taxiway A Relocation)	1,298,787	1,243,192	(55,595)
WSDOT - Taxiway A Relocation	8,694	5,119	(3,575)
FAA AIP CARES Act Grant (\$18,120,860)	762,390	762,390	-
PFC Capital Funds (Receipts + Reserves)	549,872	557,228	7,356
TSA Operating Grant	12,250	13,340	1,090
<u>Pangborn Business Park</u>			
Douglas County Payment - PWTF	80,000	80,000	-
Trades District State Capital Grant	115,000	-	(115,000)
<u>Waterville Airport</u>			
WSDOT Aviation - Lighting Design	30,890	30,889	(1)
WSDOT Aviation - Lighting Construction	14,648	6,739	(7,909)
<u>Economic Development</u>			
ADO Contracts - Dept. of Commerce	150,000	150,000	-
Chelan County .09 Grant - Partnership Projects	20,000	20,000	-
<u>Other</u>			
EPA Brownsfield Grant (\$600,000)	200,000	296,776	96,776
PUD 5th Street - Marketing/Legal Reimbursement	2,550	2,543	(7)
Other Tax Income (LHT & Timber Dist.)	9,365	11,500	2,135
Interest Income	91,750	90,842	(908)
Other Income	5,000	3,385	(1,615)
Sale of Fixed Assets	-	-	-
TOTAL NON-OPERATING REVENUES	\$ 12,953,544	\$ 12,893,870	\$ (59,674)
TOTAL REVENUES	\$ 34,152,926	\$ 34,188,964	\$ 36,038

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
BUSINESS PARK EXPENSES			
<u>CASHMERE MILL DISTRICT</u>			
Debt Service - Buildings A & B (2035)	\$ 219,134	\$ 219,134	\$ -
CERB Loan (2031)	75,781	75,781	-
Property Insurance	20,624	20,624	-
Building Maintenance	7,500	14,333	6,833
Property Maintenance	20,000	19,577	(423)
Utilities	32,500	34,978	2,478
Misc. Expenses	7,900	9,480	1,580
TOTAL CASHMERE MILL DISTRICT	\$ 383,439	\$ 393,907	\$ 10,468
<u>CONFLUENCE TECHNOLOGY CENTER</u>			
Salaries	\$ 98,615	\$ 95,697	\$ (2,918)
Employee Benefits	27,335	27,346	11
Payroll Taxes	8,750	8,366	(384)
Contract Labor	12,000	12,579	579
Building Operational Expenses	436,000	384,228	(51,772)
CTC South Building Operational Expenses	17,500	14,080	(3,420)
Video Conference Center/Meeting Room Expenses	131,000	149,057	18,057
Debt Service (2023)	48,529	48,529	-
Misc. Expenses	500	-	(500)
TOTAL CONFLUENCE TECHNOLOGY CENTER	\$ 780,229	\$ 739,882	\$ (40,347)
<u>MALAGA INDUSTRIAL SITE</u>			
Lojo Property Maintenance	\$ 50	\$ 37	\$ (13)
Property Insurance	5,000	4,838	(162)
Utilities	1,500	1,237	(263)
Misc. Expenses	500	218	(282)
TOTAL MALAGA INDUSTRIAL SITE	\$ 7,050	\$ 6,330	\$ (720)
<u>OLDS STATION BUSINESS PARK</u>			
Building Maintenance & Repairs	\$ 15,000	\$ 16,054	\$ 1,054
Property & Grounds	40,000	45,588	5,588
Small Equipment	2,500	2,555	55
Utilities	54,000	63,994	9,994
Fire Protection in lieu of taxes	9,590	9,590	-
Property Insurance	64,637	64,637	-
Misc. Expenses	7,500	8,271	771
TOTAL OLDS STATION BUSINESS PARK	\$ 193,227	\$ 210,689	\$ 17,462

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>COLUMBIA STREET PROPERTIES</u>			
Building Operational Expenses	\$ 59,750	\$ 56,283	\$ (3,467)
Fire Protection in lieu of taxes	9,150	9,147	(3)
Property Insurance	56,825	56,825	-
Misc. Expenses	1,500	379	(1,121)
TOTAL COLUMBIA STREET PROPERTIES	\$ 127,225	\$ 122,634	\$ (4,591)
<u>PESHASTIN PROPERTY</u>			
Property Maintenance (thru 02/2022)	\$ 200	\$ 193	\$ (7)
TOTAL PESHASTIN PROPERTY	\$ 200	\$ 193	\$ (7)
<u>PANGBORN AIRPORT</u>			
Salaries	\$ 807,500	\$ 801,124	\$ (6,376)
Salaries - Overtime	63,565	60,562	(3,003)
Employee Benefits	262,500	263,278	778
Payroll Taxes	95,905	95,201	(704)
Engineering/Professional Fees	90,000	88,893	(1,107)
Non-Aviation Maintenance	10,000	7,380	(2,620)
Aviation Maintenance	18,000	16,825	(1,175)
Terminal Maintenance	50,000	34,514	(15,486)
Airfield Maintenance	50,000	35,611	(14,389)
Vehicle & Equipment Maintenance	35,000	45,285	10,285
Small Tools & Equipment	5,000	4,476	(524)
Utilities	149,350	147,201	(2,149)
Security Expenses	17,500	16,862	(638)
Property/Liability Insurance	123,650	119,324	(4,326)
FBO Expenses	70,000	76,346	6,346
Fuel (Resale)	1,688,000	1,616,207	(71,793)
Fuel (M&O)	65,000	65,986	986
Regulatory Compliance	42,500	43,195	695
Winter Operations	32,500	69,695	37,195
Memberships & Subscriptions	5,500	2,769	(2,731)
Marketing	7,500	5,059	(2,441)
Conferences, Training & Meetings	30,000	27,265	(2,735)
Information Technology	51,915	50,195	(1,720)
Parking Lot Expenses	36,000	34,090	(1,910)
Credit Card Fees	47,500	48,024	524
COVID-19 Compliance	5,000	-	(5,000)
Misc. Expenses	10,000	9,876	(124)
TOTAL PANGBORN AIRPORT	\$ 3,869,385	\$ 3,785,243	\$ (84,142)

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>PANGBORN BUSINESS PARK</u>			
Maintenance	\$ 89,500	\$ 74,029	\$ (15,471)
Utilities	27,500	36,471	8,971
Storm Water	3,668	3,668	-
Property Insurance	40,901	40,901	-
Debt Service (2023)	82,673	82,673	-
Misc. Expenses	500	-	(500)
TOTAL PANGBORN BUSINESS PARK	\$ 244,742	\$ 237,742	\$ (7,000)
<u>REGIONAL PORT OFFICE/AVIATION CENTER</u>			
Building Maintenance & Repairs	\$ 34,500	\$ 31,063	\$ (3,437)
Utilities	52,500	74,780	22,280
Insurance	34,585	34,585	-
Landscape Maintenance	12,000	10,559	(1,441)
Misc. Expenses	5,000	2,057	(2,943)
Total RPA OFFICE/AVIATION CENTER	\$ 138,585	\$ 153,044	\$ 14,459
<u>LAKE CHELAN AIRPORT</u>			
Maintenance & Operations Subsidy (City of Chelan)	\$ 46,192	\$ 46,192	\$ -
Aircraft Counter/Operations Report	4,800	4,800	-
Maintenance (Kelly Property)	8,500	7,390	(1,110)
Insurance	812	812	-
Utilities	500	311	(189)
Misc. Expenses (Kelly Property)	500	-	(500)
TOTAL LAKE CHELAN AIRPORT	\$ 61,304	\$ 59,505	\$ (1,799)
<u>MANSFIELD AIRPORT</u>			
Property Maintenance	\$ 10,500	\$ 9,191	\$ (1,309)
Utilities	600	538	(62)
Aircraft Counter/Operations Report	4,800	4,800	-
Property Insurance	4,500	-	(4,500)
Virtower Installation	4,800	609	(4,191)
Misc. Expenses	1,500	390	(1,110)
TOTAL MANSFIELD AIRPORT	\$ 26,700	\$ 15,528	\$ (11,172)

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>WATERVILLE AIRPORT</u>			
Property Maintenance	\$ 2,500	\$ 7,550	\$ 5,050
Utilities	600	476	(124)
Aircraft Counter/Operations Report	4,800	4,800	-
Property Insurance	4,500	1,036	(3,464)
Misc. Expenses	1,500	829	(671)
TOTAL WATERVILLE AIRPORT	\$ 13,900	\$ 14,691	\$ 791
<u>ORONDO RIVER PARK</u>			
Outside Services			
Consulting	\$ 3,000	\$ -	\$ (3,000)
Labor/Maintenance	40,000	30,315	(9,685)
Other	6,050	8,172	2,122
Supplies	1,000	640	(360)
Repairs	1,000	941	(59)
Utilities	2,750	2,711	(39)
Property Insurance	1,653	1,653	-
Misc. Expenses	1,500	578	(922)
TOTAL ORONDO RIVER PARK	\$ 56,953	\$ 45,010	\$ (11,943)
<u>PYBUS INCUBATOR</u>			
Misc. Expenses	\$ 2,500	\$ 1,446	\$ (1,054)
TOTAL PYBUS INCUBATOR	\$ 2,500	\$ 1,446	\$ (1,054)
<u>CDRPA BUSINESS PARK MAINTENANCE</u>			
Salaries	\$ 138,475	\$ 141,958	\$ 3,483
Employee Benefits	17,250	17,213	(37)
Payroll Taxes	15,850	16,066	216
TOTAL CDRPA BUSINESS PARK MAINT.	\$ 171,575	\$ 175,237	\$ 3,662
TOTAL BUSINESS PARK EXPENSES	\$ 6,077,014	\$ 5,961,081	\$ (115,933)

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>ADMINISTRATIVE & GENERAL EXPENSES</u>			
Salaries	\$ 1,085,000	\$ 1,117,626	\$ 32,626
Commissioners' Compensation, Benefits & Taxes	251,560	227,222	(24,338)
Employee Benefits	335,000	334,034	(966)
Payroll Taxes	95,500	91,752	(3,748)
Professional Services			
Legal	150,000	116,558	(33,442)
Engineering/Architectural	25,000	24,457	(543)
WA State Audit Costs	35,500	17,602	(17,898)
Government Affairs Representative	12,000	27,000	15,000
Other Professional Services	15,000	10,026	(4,974)
Conferences, Training, and Meetings	15,000	12,164	(2,836)
Commission Conferences & Travel	27,500	37,063	9,563
Memberships and Subscriptions	50,000	45,113	(4,887)
Travel (Reimbursement)	15,000	17,535	2,535
Office Expense			
Supplies	25,000	23,039	(1,961)
Telephone	14,250	12,970	(1,280)
Computers/Hardware	12,000	9,367	(2,633)
Software/Backup/Internet	26,950	24,775	(2,175)
Managed Services/Maintenance	36,435	34,527	(1,908)
Insurance (Public Officials, General Liability, etc)	102,714	102,714	-
Auto Expense	9,000	9,342	342
Misc. Expenses	10,000	9,552	(448)
TOTAL ADMINISTRATIVE & GENERAL EXPENSES	\$ 2,348,409	\$ 2,304,438	\$ (43,971)
<u>BUSINESS DEVELOPMENT & MARKETING EXPENSES</u>			
Marketing & Communications	\$ 55,000	\$ 56,704	\$ 1,704
Business Recruitment & Trade Shows	20,000	14,055	(5,945)
Real Estate Marketing	15,000	10,491	(4,509)
Douglas County GIS	11,150	11,146	(4)
Chelan-Douglas Trends	7,000	7,050	50
Chelan Douglas Transportation Council - Trans. Study	10,000	10,000	-
Small Business Development Center (WSU)	80,000	60,000	(20,000)
Promotional Hosting	5,000	2,606	(2,394)
TOTAL BUSINESS DEVELOPMENT & MARKETING EXPENSES	\$ 203,150	\$ 172,052	\$ (31,098)

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>ECONOMIC DEVELOPMENT CONTRACTS (NON-PROFITS)</u>			
Our Valley, Our Future	\$ 28,312	\$ 28,312	\$ -
WV Sports Foundation - Winter Special Olympics	7,000	-	(7,000)
Wenatchee Downtown Association	3,000	3,000	-
Wenatchee Valley YMCA	10,000	10,000	-
Lake Chelan Wine Valley Alliance	3,708	3,708	-
Leavenworth Museum	1,700	-	(1,700)
Community Nonprofit ED Projects	50,000	-	(50,000)
TOTAL ECONOMIC DEVELOPMENT CONTRACTS	\$ 103,720	\$ 45,020	\$ (58,700)
<u>COMMUNITY PARTNERSHIP PROJECTS (MUNICIPALITIES)</u>			
City of Bridgeport	\$ 5,250	\$ -	\$ (5,250)
City of Cashmere #1	4,079	11,398	7,319
City of Cashmere #2	6,711	6,711	-
Eastmont Metropolitan Park District	8,125	8,122	(3)
Manson Park & Recreation District	22,600	25,000	2,400
Opportunity Placeholder	50,000	-	(50,000)
TOTAL COMMUNITY PARTNERSHIP PROJECTS	\$ 96,765	\$ 51,231	\$ (45,534)
<u>OTHER EXPENDITURES</u>			
EPA Brownsfield Grant - Consultant Services	\$ 200,000	\$ 296,776	\$ 96,776
PUD 5th Street Campus - Marketing & Legal	2,550	2,443	(107)
TOTAL OTHER EXPENDITURES	\$ 202,550	\$ 299,219	\$ 96,669
TOTAL EXPENSES	\$ 9,031,608	\$ 8,833,041	\$ (198,567)
LESS OPERATING REVENUES	\$ 34,152,926	\$ 34,188,964	\$ 36,038
NET RESULTS BEFORE CAPITAL PROJECTS	\$ 25,121,318	\$ 25,355,923	\$ 234,605

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
CAPITAL PROJECTS			
<u>CASHMERE MILL DISTRICT</u>			
North Sunset Lot (1.49 Acres) Site Prep	\$ 387,000	\$ 310,199	\$ (76,801)
Capital Projects - Other	10,000	-	(10,000)
TOTAL CASHMERE MILL DISTRICT	\$ 397,000	\$ 310,199	\$ (86,801)
<u>Confluence Technology Center</u>			
Building Entrance Enhancement	\$ 25,000	\$ 7,984	\$ (17,016)
Actapio Restoration	54,100	53,224	(876)
Building Management System Upgrade	39,963	39,963	-
VCC - Sound System	10,000	27,470	17,470
VCC - Ceiling Microphones	7,500	7,511	11
VCC - Quad Back Monitors	6,178	6,178	-
Capital Projects - Other	-	-	-
TOTAL CONFLUENCE TECHNOLOGY CENTER	\$ 142,741	\$ 142,330	\$ (411)
<u>MALAGA PROPERTIES</u>			
Malaga Waterline Extension - Phase I	\$ 235,000	\$ 416,231	\$ 181,231
Malaga Wastewater System	90,000	76,067	(13,933)
Property Acquisition - Curtis	1,614,683	1,608,222	(6,461)
Property Acquisition - Torres Agreement	97,200	97,190	(10)
Property Acquisition - GBI Holding	1,918,000	1,911,594	(6,406)
Property Acquisition - Hayes	686,495	709,565	23,070
Malaga Utility Study	100,000	99,449	(551)
Property Due Diligence	123,789	123,789	-
Capital Projects - Other	10,000	-	(10,000)
TOTAL MALAGA PROPERTIES	\$ 4,875,167	\$ 5,042,107	\$ 166,940
<u>OLDS STATION BUSINESS PARK</u>			
Capital Projects - Other	\$ 10,000	\$ -	\$ (10,000)
TOTAL OLDS STATION BUSINESS PARK	\$ 10,000	\$ -	\$ (10,000)

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>PANGBORN AIRPORT - CAPITAL</u>			
FAA Sponsored Projects			
Environmental Assessment	\$ 70,910	\$ 70,910	\$ -
Apron Rehab & Expansion	11,123,350	9,706,801	(1,416,549)
RPZ Land Acqu/Reloc - Lytle	780,000	771,914	(8,086)
RPZ Land Acqu/Reloc - VanWell	873,900	874,667	767
Taxiway Alpha Reconstruction - Phase I	859,000	797,931	(61,069)
CDRPA Funded Projects			
Land Acquisition - Santa Cruz	1,228,960	1,228,761	(199)
Airport-Wide Wireless Network	22,000	23,041	1,041
Jet-A Reclaim Tank	73,120	73,118	(2)
Maintenance/Operations Equipment	155,000	132,264	(22,736)
Construction of MALSR System	4,067,025	3,589,682	(477,343)
Jet-A Fuel Truck (5,000 gallon)	300,485	299,760	(725)
GA Building - Design Fees	493,084	338,126	(154,958)
Fencing Damage Repair	26,000	25,981	(19)
Taxiway B/Hangar Site Development	242,000	127,095	(114,905)
GWID Irrigation Improvements	55,000	24,225	(30,775)
AGIS Terrain Survey	10,800	8,324	(2,476)
Alternative Landing Strip Analysis	28,580	27,899	(681)
Capital Projects Other	7,500	704	(6,796)
TOTAL PANGBORN AIRPORT - CAPITAL	\$ 20,416,714	\$ 18,121,203	\$ (2,295,511)
<u>PANGBORN BUSINESS PARK - CAPITAL</u>			
Trades District	\$ 115,000	\$ 31,914	\$ (83,086)
3306 Building Gutters/Siding Project	48,574	45,721	(2,853)
TOTAL PANGBORN BUSINESS PARK - CAPITAL	\$ 163,574	\$ 77,635	\$ (85,939)
<u>REGIONAL PORT OFFICE/AVIATION CENTER</u>			
Modular Building Roof	\$ 8,846	\$ 8,846	\$ -
Carpet Replacement	90,175	90,175	-
Surveillance Camera System	30,125	30,764	639
Hangar Door Repairs	45,000	22,266	(22,734)
HVAC Replacement Phase II	472,525	475,719	3,194
Total RPA OFFICE/AVIATION CENTER	\$ 646,671	\$ 627,770	\$ (18,901)
<u>LAKE CHELAN AIRPORT - CAPITAL</u>			
Capital Projects - Other	\$ -	\$ -	\$ -
TOTAL LAKE CHELAN AIRPORT - CAPITAL	\$ -	\$ -	\$ -

	<u>Supplemental #2</u>	<u>Annual Actual</u>	<u>Annual Budget Variance</u>
<u>MANSFIELD AIRPORT - CAPITAL</u>			
Capital Projects Other	\$ -	\$ -	\$ -
TOTAL MANSFIELD AIRPORT - CAPITAL	\$ -	\$ -	\$ -
<u>WATERVILLE AIRPORT - CAPITAL</u>			
Runway Lighting - Design	\$ 34,322	\$ 34,322	\$ -
Runway Lighting - Construction	16,275	8,763	(7,512)
Purchase Parcell's Hangar	190,210	190,208	(2)
Capital Projects Other	5,000	-	(5,000)
TOTAL WATERVILLE AIRPORT - CAPITAL	\$ 245,807	\$ 233,293	\$ (12,514)
<u>ORONDO RIVER PARK - CAPITAL</u>			
Furnishing Replacements (Picnic tables, etc.)	\$ 12,856	\$ 12,856	\$ -
Capital Projects Other	-	-	-
TOTAL ORONDO RIVER PARK - CAPITAL	\$ 12,856	\$ 12,856	\$ -
<u>COLUMBIA STREET PROPERTIES - CAPITAL</u>			
Columbia Street Properties Adaptive Reuse	\$ 89,050	\$ 89,049	\$ (1)
Buildings G & I - Lighting	11,756	11,716	(40)
Capital Projects Other	-	-	-
TOTAL COLUMBIA STR PROPERTIES - CAPITAL	\$ 100,806	\$ 100,765	\$ (41)
<u>OTHER CAPITAL</u>			
Maintenance Pickup	\$ 37,378	\$ 37,378	\$ -
Opportunity Fund - Other	25,000	-	(25,000)
TOTAL OTHER CAPITAL	\$ 62,378	\$ 37,378	\$ (25,000)
TOTAL CAPITAL PROJECTS	\$ 27,073,714	\$ 24,705,536	\$ (2,368,178)
NET RESULTS AFTER CAPITAL PROJECTS	\$ (1,952,396)	\$ 650,387	\$ 2,602,783

Chelan Douglas Regional Port Authority
Financial Performance - 2022
Revenue & Operating Expenses (Not Including Capital)

CASHMERE MILL DISTRICT

Revenues & Inflows	\$ 449,813
Expenses & Outflows	393,907
Net Cashmere Mill District	<u>\$ 55,906</u>

CONFLUENCE TECHNOLOGY CENTER

Revenues & Inflows	\$ 684,945
Expenses & Outflows	739,882
Net Confluence Technology Center	<u>\$ (54,937)</u>

COLUMBIA STREET PROPERTIES

Revenues & Inflows	\$ 235,302
Expenses & Outflows	122,634
Net Columbia Street Properties	<u>\$ 112,668</u>

MALAGA INDUSTRIAL SITES

Revenues & Inflows	\$ 100,562
Expenses & Outflows	6,330
Net Malaga Industrial Sites	<u>\$ 94,232</u>

OLDS STATION BUSINESS PARK

Revenues & Inflows	\$ 1,844,968
Expenses & Outflows	210,689
Net Olds Station Business Park	<u>\$ 1,634,279</u>

PANGBORN AIRPORT

Revenues & Inflows	\$ 3,207,020
Expenses & Outflows	3,785,243
Net Pangborn Airport	<u>\$ (578,223)</u>

PANGBORN BUSINESS PARK

Revenues & Inflows	\$ 800,509
Expenses & Outflows	237,742
Net Pangborn Business Park	<u>\$ 562,767</u>

REGIONAL PORT OFFICE/AVIATION CENTER

Revenues & Inflows	\$ 206,904
Expenses & Outflows	153,044
Net Regional Port Office/Aviation Center	\$ 53,860

PANGBORN AIRPORT CONSOLIDATED

(Airport, Business Park, Regional Port/Aviation Center)

Revenues & Inflows	\$ 4,214,433
Expenses & Outflows	4,176,029
Net Regional Port Office/Aviation Center	\$ 38,404

LAKE CHELAN AIRPORT

Revenues & Inflows	\$ 4,095
Expenses & Outflows	59,505
Net Lake Chelan Airport	\$ (55,410)

MANSFIELD AIRPORT

Revenues & Inflows	\$ -
Expenses & Outflows	15,528
Net Mansfield Airport	\$ (15,528)

WATERVILLE AIRPORT

Revenues & Inflows	\$ 3,428
Expenses & Outflows	14,691
Net Waterville Airport	\$ (11,263)

ORONDO RIVER PARK

Revenues & Inflows	\$ 26,916
Expenses & Outflows	45,010
Net Orondo River Park	\$ (18,094)

PYBUS INCUBATOR

Revenues & Inflows	\$ 25,893
Expenses & Outflows	1,446
Net Pybus Incubator	\$ 24,447

Memo

To: Board of Directors

From:  Jim Kuntz

Date: March 23rd, 2023

Re: RiverCom Term Sheet

Attached is a draft lease term sheet for RiverCom to lease the 2nd floor of the Confluence Technology Center. Will provide additional details at Tuesday's meeting.

**Chelan Douglas Regional Port Authority
Confluence Technology Center
DRAFT – RiverCom Term Sheet**

Location

285 Technology Center Way

Leased Premises

Suite 201 (West)*

Suite 201 - 9,910 sq. ft.

Terrace - 525 sq. ft.

Total: 10,435 sq. ft.

Suite 202 (East)

Suite 202 - 9,955 sq. ft.

Terrace - 525 sq. ft.

Total: 10,480 sq. ft.

Basement

Suite LL2 - 10,441 sq. ft.

*When both Suite 201 and Suite 202 are leased, level 2 becomes exclusive use.

**Leased area includes use of roof for communication equipment.

Lease Term

20 Years

(1) Option of renewal for 10-years

Lease Commencement Dates

Suite 201 – March 1st, 2024

Suite 202 – Upon execution of lease agreement.

Suite LL2 – Upon execution of lease agreement

Lease Rate

- 2nd Floor - \$25.00 per sq. ft. per year
- Lower Level - \$12.00 per sq. ft. per year
- Annual 3% CPI adjustments

Rental Deposit/Security

One Month's Rent

Tenant Improvements

Space is leased as is where is. Tenant is responsible for all tenant improvements subject to CDRPA approval.

Lease Rate Includes

- Tenant Parking – up to 17 designated stalls. Secure parking would be at tenant's expense and require CDRPA approval.
- Common Area Maintenance/Cleaning, Outside Window Cleaning
- Building Insurance
- Water, Sewer, Electrical*, Garbage
- Elevator Maintenance

*RiverCom to provide current electrical bills to determine usage and if submetering may be required.

Tenant Provides

- Janitorial (within leased area)
- Internet
- Phones
- Communication Systems

Backup Power

Tenant is responsible for owning and providing any necessary backup power supplies. CTC will allow access to all existing electrical raceways to help facilitate installation and maintenance.

***CDRPA will facilitate discussions with Chelan PUD on existing equipment that will be left behind/declared surplus**

Signage Requirements

- Outside
- Inside

Building Access Control System/Security

CTC access control system can limit access to 2nd floor space. Additional cameras or access control for security or afterhours access will be tenant responsibility – existing wiring could be utilized.

Roof Area

Lease will include tenants use of the roof for installation for communication devices. Tenant shall use existing roof mounted pad areas and electrical raceways whenever possible. Any new roof penetrations require the advance approval of CTC. Tenant is responsible for engineered drawings verifying existing structures can support new equipment.

Subleasing

Tenant may sublet to other governmental agencies subject to giving CTC advance written notice. Sublease rental rate shall not exceed the current in effect lease rate between the tenant and CTC.

Lease Termination

Will want clear language delineating what tenant improvements are removed at the end of the lease.

Tenant Buildout Phase

During the tenant buildout phase, we request that any significant construction such as hammering and sawing be done at night.

Electrical Use

Requires 500-900 kW

Future large demands?

Additional cooling may be needed in server room at tenant's expense

DRAFT

**Written Testimony of Trent Moyers
Director of Airports
Chelan Douglas Regional Port Authority
Senate Committee on Commerce, Science and Transportation
“Enhancing Consumer Protection and Connectivity in Air Transportation”
March 23, 2023**

Thank you, Chair Cantwell, Ranking Member Cruz, and members of the committee for the opportunity to testify today. My name is Trent Moyers, and for the past 10 years I have served as the Director of the Pangborn Memorial Airport, located in Wenatchee, Washington. My aim today is to discuss air service challenges in my own community and highlight common themes of broader, national concern that are impacting communities throughout the county. While I do not speak for the hundreds of airports and communities who are facing air service challenges across the nation, I believe our experience in Central Washington’s Wenatchee Valley is an example of the impacts felt by small airports nationwide.

Commercial Air Service Challenges in Wenatchee

Our airport is named after the pilot Clyde Pangborn, who along with his co-pilot Hugh Herndon were the first people to fly non-stop across the Pacific Ocean from Misawa, Japan to East Wenatchee, WA in 1931. That historic event in a single-engine airplane took 41 hours to accomplish.

Fourteen years later, Northwest Airlines became the first carrier to provide air service to Wenatchee. Fast forward to 2019, and we had a record year for enplanements, with 64,609 passengers passing through our airport. As the reality of the pandemic took hold, in 2020 that number dropped to 27,008. While passenger numbers rose to 48,338 in 2021, last year, enplanements fell again to 34,700.

Air service has not rebounded at Pangborn primarily because we have seen the four daily flights to Seattle prior to the pandemic now reduced to one. That means the number of daily seats for passengers in our market has been reduced from 304 down to only 76 per day. Clearly, the post-pandemic recovery of air service continues to be challenging in Wenatchee, but we know we're not alone. Today, 76% of U.S. airports have less air service than before the pandemic. Fourteen U.S. airports have lost all commercial air service, and 53 airports, like ours, have lost over half of their flights.

The Wenatchee Valley is known as "the apple capital of the world" and is home to a population of approximately 120,000. In addition to a robust agricultural economy, a relatively new type of farm has cropped up thanks to our affordable, clean, and renewable hydro-electric energy: server farms. This hi-tech industry has invested heavily in our

area. Companies such as Microsoft, Intuit, Dell, and Sabey all have a presence in the region. Tree fruit farms and server farms are both linked to the global economy. As such, these industries have a need to connect with their consumers and suppliers far beyond the Wenatchee Valley.

Last week, during this Committee's hearing regarding aviation workforce issues, Chair Cantwell mentioned that around 80 percent of all economic development occurs within 10 miles of an airport. This statement is verifiably true in Wenatchee where less than one mile from Pangborn Memorial airport, Microsoft has completed construction on the first of three 240,000 square foot data centers that has created 50 full-time jobs. At buildout, the total estimated investment at this location will be \$1.5 billion. Microsoft has applied for building permits to construct three more similarly sized data centers approximately three miles from the airport in nearby Malaga; investing another \$1.5 billion in the process and creating additional jobs.

Another example of hi-tech industry finding its way to our region occurred in 2018 when Diamond Foundry, a company headquartered in San Francisco, established a diamond growing facility in Wenatchee. One year later, Diamond Foundry began producing diamonds using

Wenatchee's hydroelectric power sources. The technology used in their laboratory setting replicates nature's own process to produce "gem-quality" diamonds for retail as well as diamond-based semiconductors. Along with their need for affordable, clean energy to maintain a zero-carbon footprint, Diamond Foundry also cited air transportation accessibility as a key reason that contributed to their selection of the Wenatchee site.

Airports of all sizes bolster their local economies by connecting passengers and cargo with where they need to go, but it's important to note that having commercial air service also directly provides workforce opportunities for their communities, from airline and TSA staff, to aircraft servicing, administration, operations and maintenance, and public safety.

A well-used colloquialism in the aviation industry is "if you've seen one airport, you've seen one airport." It's important to recognize the unique qualities of all airports and the communities they serve. However, there is a common theme wherever the struggle to regain or retain air service continues, regardless of location: air service is a critical component of the local economy.

There are 245 nonhub airports in the U.S. and its territories – airports that have at least 10,000 passengers annually, but less than 0.5% of the national total. The following are just a few examples of communities with a nonhub airport that have been impacted by reductions in air service:

In Illinois – Champaign/Urbana has just 60 percent of the number of seats that it had before the pandemic. More than 75 percent of all passengers in the area drive to Chicago to access flights.

In Kansas – Topeka is currently without air service. It seems unlikely the state capital will regain service without a large enough financial incentive for an air carrier to restore service. For now, most consumers who visit via air fly in and out of its closest neighbor 70 miles away, Kansas City, Missouri.

In Nevada – Elko (an airport I used to manage) is geographically challenged when it comes to air service even though there are major airports in every direction: the closest option is a three-hour drive east to Salt Lake City, UT. The other airports are Reno, NV (more than four hours west), Boise, ID (four hours north), and Las Vegas, NV (seven hours south). Currently, Elko has one flight per day to Salt Lake City.

In the Wenatchee Valley, 850 people drive every day to an airport other than Pangborn because connectivity from Wenatchee is limited. A single flight per day to Seattle means only 76 people can directly access air transportation from Wenatchee without spending at least 3 hours driving. Compounding this issue even further is the fact that there is no direct interstate access to Wenatchee. The closest interstate, I-90, is 40 miles away via a two-lane highway. Wenatchee is one of only eight Metropolitan Areas nationwide with no direct access to an interstate or four-lane highway.

This issue of connectivity is further exacerbated for those driving to Seattle as the drive requires crossing mountain passes. On any given day, highway closures due to avalanche control, wildland fires, or motor vehicle accidents are possible. Thus, there are times when air service is the only option in or out of Wenatchee for people headed to Seattle and beyond.

Current Airline Incentives Don't Meet the Need

Federal support for rural airport service from programs like Essential Air Service (EAS) and the Small Community Air Service Development Program (SCASDP) is vital. But Wenatchee's story shows why today the

current level of investment doesn't come close to addressing the challenge. At Pangborn, we were awarded a SCASDP grant in 2018, for \$700,000, to attract new air service. To successfully compete for that grant, we raised \$401,000 from the local community. Even with this level of support, we have yet to attract a carrier to provide new service.

The Department of Transportation just last week released its notice of funding for this year's SCASD program. \$15 million is available for a maximum of 40 awards, which pencils out to an average award amount of only \$375,000. Based on my experience, I believe with this level of investment it will be difficult for many communities to successfully secure new service from airlines. If we are to do more to restore air service to small and rural communities, we need to look at what changes to these programs need to be made to make them more effective.

The President of the Air Line Pilot Association, Jason Ambrosi, testified before this Committee last week that, **“We believe air service to small and rural communities is a national responsibility and that safe, efficient, and reliable air service to these communities is a critical component of our national air transportation system.”**

I concur with Mr. Ambrosi that Congress should take action to restore or revitalize air service in small and rural communities. Possible actions could include allowing greater flexibility in existing EAS and SCASD programs. If adequate incentives that are attractive to airlines and supportive of the communities they serve are available, the likelihood of successful airline recruitment improves. An airline that flies a route that does not foster resiliency is unlikely to operate beyond the life of the grant funds.

Suggestions offered by Mr. Ambrosi to amend EAS included “changing the subsidy and enplanement cap, allowing air carriers to renegotiate EAS contracts to account for unforeseen operating costs, revising the DOT’s calculation for driving distance, allowing communities that lost EAS service to regain or reestablish eligibility, and revise the DOT’s process for carrier selection.” I believe that similarly providing greater flexibility for SCASDP, expanding on actions taken in the 2018 bill, could similarly provide benefits for non-EAS airports, along with ensuring the level of grant funding is sufficient to incentivize air carriers to add service for the long term. Addressing workforce challenges throughout the aviation industry must also be a priority.

Funding that our community puts towards recruiting air service is funding that can't go towards airport infrastructure. For someone who manages a small airport, the correlation between air service development and retention programs and airport improvement programs is evident. Both are impactful components of FAA reauthorization for airports of our size. Without the support of FAA funding, the ability for small airports to complete capital improvement projects is daunting, if not impossible.

Fortunately, the Airport and Airway Revenue Act of 1970 figuratively and literally paves the way for airports to ensure they continue to remain viable. Commercial service airports of all sizes, ranging from Wenatchee to Atlanta, work diligently to comply with FAA standards while meeting the growing needs of their communities.

The challenge of an airport with limited air service and a limited budget means that sometimes choosing between infrastructure projects and air service incentives is a reality. At Pangborn, we face particular funding challenges because so much of our surrounding area is owned by the Federal government (in our case, as National Forest land). 79% of Chelan County is Federal land, which deprives us of the ability to collect tax revenue on these lands which could be put towards airport

improvements. Congress has previously recognized this challenge and in 2003 increased the federal share for Airport Improvement Program (AIP) projects from 90 to 95 percent for small airports in states with a high share of federal lands. That provision expired in 2011. Restoring the federal share to 95 percent would provide significant help to Wenatchee and communities like ours that are deprived of tax revenues due to high levels of federal land holdings.

Closing Remarks

Ninety-two years ago, our airport's namesake Clyde Pangborn bravely and literally took off into the unknown and accomplished what had never been done before. The issues we face together to safeguard the future of accessible air transportation are challenging in their own right, and I want to thank the Chair and the Members of the Committee for their thoughtful leadership on these critical issues.

Thank you for the opportunity to testify today. I look forward to answering any questions you may have, and to working with the Committee to find ways to ensure air service is readily accessible to communities nationwide.

Spirit of Wenatchee Project

One Pangborn Drive #14
East Wenatchee, WA 98802
(509) 630-0357



March 14, 2023

Chelan Douglas Regional Port Authority
One Campbell Parkway, Suite A
East Wenatchee, WA 98802-9290

Dear Commissioners and Staff:

Thank you for being a partner in the Miss Veedol (SOW) project.

The Spirit of Wenatchee (SOW) Board respectfully requests that you grant us permission to make a curb cut off Airport Way in front of our hanger. This will allow us to create a driveway approach into the hanger for parking a few vehicles for meetings and guests. It will also allow for an ADA access to the hanger for viewing the Miss Veedol on display in the hanger.

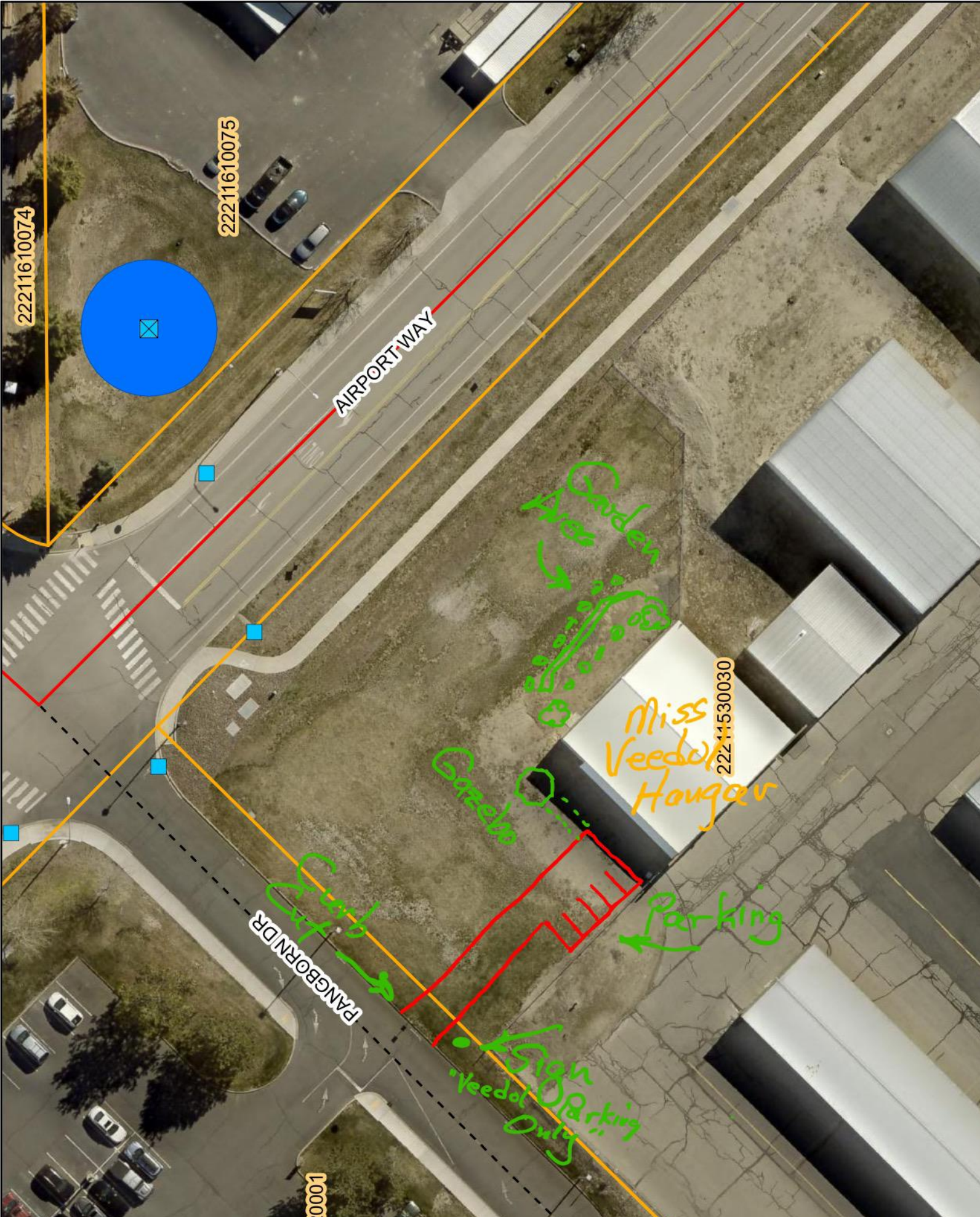
If you approve this driveway approach (with small parking area) it will literally pave the way for our future plans around the hanger. Two of our ideas are to construct a small gazebo at the rear corner of the hanger as well as adding a small garden area. The future garden area we are proposing will be at the rear of the hanger where the new mural depicts the flight from Misawa, Japan to Wenatchee in 1931.

We propose we post the access with a sign stating this parking area is for "Spirit of Wenatchee Parking Only". It will also have the appropriate towing signs placed for non-conforming use of the parking area.

I have attached a small picture (PDF) of what we propose. While not exact, it should give you an idea of our request and future plans.

Sincerely,

Greg Brizendine
President of Spirit of Wenatchee



22211610074

22211610075

22211530030

100001

AIRPORT WAY

PANGBORN DR

Miss Veeder Hangar

Garden Area

Garage

Parking

Sign Parking Only



Jim Kuntz

From: Ron Russ
Sent: Thursday, March 23, 2023 2:44 PM
To: Jim Kuntz
Subject: FW: Driveway Approach Request

FYI

Ron Russ

Property and Maintenance Manager

One Campbell Parkway Suite A, East Wenatchee, WA 98802

☎ 509.884.4700 ext. 301 office | 509.670.8038 mobile | www.cdrpa.org



From: Ron Russ
Sent: Tuesday, March 14, 2023 8:06 PM
To: Trent Moyers <trent@cdrpa.org>
Subject: RE: Driveway Approach Request

My initial thoughts...

1. There is a significant elevation difference between the hangar and the road. I think they're going to need to fill and grade and the "driveway" is going to be fairly steep.
2. Intersection with Pangborn Drive will need to be restriped, may need to be reconfigured to accommodate current or future peak traffic volumes (Eg. left turn lane)
3. We need to review and approve detailed plans; including stormwater management and pavement cross section.
4. Expands lease boundary for exclusive use space. Need to execute a lease amendment for additional space, should also clarify maintenance responsibilities. (Ie. CDRPA isn't going to seal and stripe for free)
5. County will likely require a Stormwater Site Plan and may require additional permitting. <https://www.douglascountywa.net/DocumentCenter/View/660/Preparation-of-Stormwater-Site-Plans-PDF>

Ron Russ

Property and Maintenance Manager

One Campbell Parkway Suite A, East Wenatchee, WA 98802

☎ 509.884.4700 ext. 301 office | 509.670.8038 mobile | www.cdrpa.org



DRAFT

JENNIFER SANDS
jsands@omwlaw.com

March _____, 2023

Economic Development Administration

Re: Chelan Douglas Regional Port Authority (“Recipient”)

EDA Award Number 07-79-07894 Trades District Project (the “Project”)

Dear Administrator:

I am an attorney at law admitted to practice in the state of Washington and a Member of Ogden Murphy Wallace, PLLC. Ogden Murphy Wallace, PLLC is legal counsel for the above-named Recipient.

I have examined the Specific Award Conditions related to the Project. The purpose of this Letter is to provide the opinion of counsel supporting the Recipient’s submission of a Covenant declaring the EDA’s interest in the Project in lieu of a mortgage or direct lien on the real property involved in the Project.

The Recipient is a special purpose district operating under Title 53 RCW, which governs Ports. As a special purpose district, the Recipient is limited in its powers to those expressly granted or those necessarily or fairly implied or incident to the express grant of power. *See Port of Seattle v. Washington Utilities and Transp. Commission*, 92 Wash.2d 789 (1979). If there is a doubt as to whether a power is granted, it must be denied. *Id.*

RCW 53.08 sets out the powers of a Port district. While a Port district has the power to acquire and improve property and contract for indebtedness or borrow for district purposes, it does not have the general authority to mortgage or lien specific assets in connection with any receipt of funds. (See RCW 53.36.030 authorizing general obligation bonds only, in connection with indebtedness or borrowing.)

There are two statutes specifically authorizing a Port to mortgage property: RCW 53.40.125 and RCW 53.57.040. Both statutes clearly delineate the circumstances in which a Port is authorized to mortgage or pledge specific property.

Under RCW 53.40.125, a Port may mortgage a specific property, “as security for the payment of the principal and interest on any *revenue bonds* issued” to finance improvements to the property subject to the mortgage. (emphasis added). RCW 53.57.040, in turn, authorizes a Port to enter into an agreement with a state or federal agency for “the management of *maritime activities*” and to “receive and expend ... federal or private funds for any lawful public purpose related to management of *maritime activities*.” (RCW 53.57.040(1) and (1)(a) emphasis added). In connection with those funds, RCW 53.57.040(2)(b) authorizes the Port to pledge “property and revenues that may be obtained... from the use of any federal or private funds under subsection (1)” (i.e. for maritime activities.)

The above authority reveals that where the legislature intended to authorize a Port to mortgage its property, it has done so in unambiguous and clear language. Neither RCW 53.57.040 nor 53.40.125 affords the Port the ability to mortgage the Project in furtherance of the EDA grant. As set forth in *Washington Utilities and Transp. Commission*, if there is a question about whether a power is granted to a Port district, such power is denied. Accordingly, it is our opinion that the Port cannot mortgage its real property to secure the EDA grant. The Port is able, however, to provide the Covenant which largely reiterates the terms and conditions associated with the grant award.

I do believe a review of the EDA’s own records will support the position set forth in this letter. Specifically, I anticipate that those grant recipients similarly situated to the Recipient (i.e. a special purpose district municipal corporation) executed the Covenant to satisfy the EDA Specific Award Condition due to the lack of statutory authority to execute the mortgage.

Thank you for your attention.

Very truly yours,

OGDEN MURPHY WALLACE, P.L.L.C.

DRAFT

JENNIFER SANDS

JKS

cc: James Kuntz, CEO, Chelan Douglas Regional Port Authority

2023 CDRPA Calendar of Events

MARCH 2023

Date:	Time:	Event:	Location:	Attending:
28-Mar	9:00am-3:00pm	Spring 2023 ADO Best Practices Meeting	Tacoma, WA	Lough
28-Mar	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
29-Mar	6:00pm	Microsoft - Malaga Project Open House	Mission View Elementary	Kuntz, Lough & de Mestre
29-30 Mar	All Day	WEDA Spring Conference & Legislative Reception	Olympia, WA	

APRIL 2023

Date:	Time:	Event:	Location:	Attending:
11-Apr	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
18-Apr	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
19-21 Apr	9am-5pm (Main Day)	Flywheel Investment Conference	Wenatchee Conv. Center	Commissioners Baldwin & Etherington
21-Apr	5:30pm-8:30pm	Cashmere Chamber Banquet	Chelan County Expo Center	Commissioners Baldwin, Etherington & DeRock
25-Apr	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff

MAY 2023

Date:	Time:	Event:	Location:	Attending:
8-10 May	All Day	WAMA Annual Conference	Spokane, WA	Commissioner Baldwin and Moyers
8-11 May	All Day	Data Center World Conference	Austin, TX - Convention Center	Commissioner Spurgeon and Kuntz
9-May	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
11-May	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
16-May	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
17-19 May	All Day	WPPA 2023 Spring Meeting	Davenport Hotel	Commissioners Baldwin, Spurgeon, Etherington & DeRock; Kuntz and de Mestre
21-24 May	All Day	117th Annual Conference - Gov. Fin. Officers Association	Portland, OR	Lough
23-May	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
29-May	All Day	Memorial Day - Office Closed	All Offices	CDRPA Staff

JUNE 2023

Date:	Time:	Event:	Location:	Attending:
3-5 Jun	All Day	AAAE Annual Conference	Denver, CO	Commissioners Baldwin & DeRock; Moyers
7-9 Jun	All Day	WPPA Fin. & Admin Seminar	Alderbrook Resort	Deenik
8-Jun	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
13-Jun	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
20-Jun	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
27-Jun	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff

JULY 2023

Date:	Time:	Event:	Location:	Attending:
4-Jul	All Day	Independence Day - Office Closed	All Offices	CDRPA Staff
8-Jul	All Day	Pangborn Festival of Flight	Pangborn Airport	Commissioners Baldwin & DeRock; CDRPA Staff
11-Jul	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
13-Jul	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
13-14 Jul	All Day	WPPA 2023 Directors' Seminar	Hotel Indigo, Everett	Kuntz
18-Jul	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	
24-26 Jul	All Day	WPPA 2023 Commissioner Seminar	Alderbrook Resort	Commissioners Baldwin & DeRock
25-Jul	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
AUGUST 2023				
Date:	Time:	Event:	Location:	Attending:
8-Aug	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
8-11 Aug	All Day	Brownfields 2023 Conference	Detroit, MI	Commissioner Baldwin
10-Aug	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
13-15 Aug	All Day	Routes Takeoff (Airline Meetings)	Atlantic City, NJ	Moyers
15-Aug	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
22-Aug	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
SEPTEMBER 2023				
Date:	Time:	Event:	Location:	Attending:
4-Sep	All Day	Labor Day - Office Closed	All Offices	CDRPA Staff
10-12 Sep	All Day	National Airports Conference	Spokane, WA	Moyers
12-Sep	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
14-Sep	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
19-Sep	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
19-22 Sep	All Day	2023 WFOA 68th Annual Conf.	Spokane Convention Ctr.	Lough
20-22 Sep	All Day	NWAAAE Annual Conference	Kelowna, BC	Moyers
26-Sep	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
OCTOBER 2023				
Date:	Time:	Event:	Location:	Attending:
10-Oct	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
12-Oct	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
17-Oct	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
24-Oct	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
26-27 Oct	All Day	Small Ports Seminar	Campbell's Resort	Commissioner Baldwin
NOVEMBER 2023				
Date:	Time:	Event:	Location:	Attending:
9-Nov	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
14-Nov	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
21-Nov	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
23-Nov	All Day	Thanksgiving Holiday - Office Closed	All Offices	CDRPA Staff
24-Nov	All Day	Thanksgiving Holiday - Office Closed	All Offices	CDRPA Staff

28-Nov	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
DECEMBER 2023				
Date:	Time:	Event:	Location:	Attending:
6-8 Dec	All Day	WPPA 2023 Annual Meeting	Hilton: Vancouver	Commissioner Baldwin & DeRock
12-Dec	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
14-Dec	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
19-Dec	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
25-Dec	All Day	Christmas - Office Closed	All Offices	CDRPA Staff
26-Dec	All Day	Christmas - Office Closed	All Offices	CDRPA Staff