

**PORT OF OLYMPIA COMMISSION**  
**Resolution 2007-16**

**A Resolution of the Port of Olympia establishing guidelines and procedures  
for the Port of Olympia lease policy for available Port properties in Thurston  
County.**

WHEREAS, the Port of Olympia owns and operates the following properties on the Port Peninsula: Market District, NorthPoint District and State Avenue District (East Bay); and

WHEREAS, this policy and revisions shall be applied to new leases, and to renewals or extensions of existing leases, at the Market District, NorthPoint District and State Avenue District (East Bay); and

WHEREAS, the Port of Olympia Commission believes it is imperative to guarantee an equitable and profitable rate of return on leased property; and

WHEREAS, the Port of Olympia Commission desires a consistent approach to pricing its properties; and

WHEREAS, the Port of Olympia Commission seeks to offer pricing that is comparable to market conditions; and

WHEREAS, it is deemed in the best interest of the Port of Olympia and its tenants to formalize said policy.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the following guidelines and procedures will be in effect for leases at the Port of Olympia.

1. This policy shall be effective immediately upon the adoption date of this resolution and shall apply to leases executed after such date, and to renewal terms or extension terms commencing on or after such date where the lease provides that rent during such terms shall be established by then-current Port Commission policy or other words to that effect. The policy shall continue until replaced or supplemented by the Port Commission.
2. The term rent as used herein refers to annual rent; monthly rent due is calculated as one-twelfth (1/12) of the annual rent.
3. The phrase "initial term" as used herein refers to the first term of the lease, prior to the exercise of any options to renew or extend. The initial term of Port leases is generally thirty (30) years.
4. All leases written under this policy shall be based on a rent schedule by land use district and parcel size as listed in the Port's Market Rate Schedule, attached. Initially, the rent for each parcel is determined by multiplying the fee simple fair market land value "FMV" for such parcel by the Multiplier as set by the Port Commission.
5. The Market Rate Schedule is adjusted in two different ways.
  - (a) It may be adjusted from time to time based on re-appraisal to ensure that the FMV used in the Market Rate Schedule are relevant and up-to-date. Such appraisal adjustments shall occur no less than every three years. In this context, a change to the FMV column in accordance with the information from the new appraisal will result in a change in the FMV Rate column.
  - (b) It will be adjusted at the beginning of each calendar year to reflect changes in the Consumer Price Index (CPI-U), as published by the U.S. Department of Labor, Bureau of Labor Statistics, All Urban Consumers, All Items, Seattle-Tacoma-Bremerton, 1982-84 = 100. In this context, a change to the CPI Adjustment column in accordance

with the information from the CPI-U, will result in a change in the CPI Adj Rate column.

6. The fee simple fair market value shall be based on the highest and best use of the land as determined by an appraisal of the land on the basis of sales of comparable land.
7. All leases written hereunder shall have the rent revised as follows. In no event will the revised rent be lower than the then-current rent.
  - (a) During the initial fifteen (15) years of the lease, the monthly rent shall be revised after three (3) years and every three (3) years thereafter by CPI. The CPI adjustment will reflect the change over the prior 3 years in the Consumer Price Index (CPI-U), published by the U.S. Department of Labor, Bureau of Labor Statistics, All Urban Consumers, All Items, Seattle-Tacoma-Bremerton, 1982-84 = 100.
  - (b) Commencing with the sixteenth (16<sup>th</sup>) lease year and for every three (3) years thereafter continuing through the end of the initial term (generally thirty (30) years), the rent shall be revised to an amount equal to the product of the then-current fee simple fair market value of the land as determined by an independent appraiser or Thurston County Assessor multiplied by the Multiplier as stated in the lease.
  - (c) For leases less than 30 years in term, rent will be adjusted no less frequently than every three (3) years based on the fee simple fair market value of the land.
8. After the initial term, the rent for the remainder of the lease shall be set in accordance with the then-current Port Commission Policy.
9. Any project-related improvements shall be the subject of independent negotiations.

ADOPTED this 23<sup>rd</sup> day of July 2007, by the Port of Olympia Commission. \_

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Paul Telford, President

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Robert Van Schoorl, Vice President

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Bill McGregor, Secretary/Treasurer