

**WEST RICHLAND CITY COUNCIL MEETING
TUESDAY, SEPTEMBER 1, 2015
7:00 p.m.
PRELIMINARY AGENDA**

- 1. MEETING CALLED TO ORDER**
- 2. ROLL CALL**
- 3. PLEDGE OF ALLEGIANCE**
- 4. APPROVAL OF AGENDA**
- 5. PRESENTATIONS** - Troy Bergland, West Richland Chamber – Hogs & Dogs Update
- 6. CONSENT AGENDA**
 - a. Approve Payment of Bills
 - b. Approve Minutes of Workshop and Regular Council Meeting of August 18, 2015
 - c. First Amendment to Ground Lease with SSC North America LLC
 - d. RES – Amending the Master Fee Schedule – Park Fees
 - e. RES – Adopting Policy for Athletic Fields Usage Fees Administration
 - f. Confirm Mayor's Appointments to the West Richland Parks & Recreation Board
- 7. ORDINANCES, RESOLUTIONS, MOTIONS AND PUBLIC HEARINGS**
 - a. ORD – Amending WRMC Chapter 16.14 Article II, Park Impact Fees, and Repealing Ordinance 27-09
- 8. UNFINISHED BUSINESS**
- 9. NEW BUSINESS**
- 10. CITIZENS PUBLIC COMMENT**
- 11. STAFF AND COUNCIL ANNOUNCEMENTS, REPORTS AND COMMENTS**
 - a. Staff Reports
 - b. Council Reports
- 12. EXECUTIVE SESSION**
- 13. ADJOURNMENT**



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We, the undersigned City Council of West Richland, Benton County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that the following are approved for payment this 1st day of September 2015:

Accounts payable checks	56245-56357	\$217,607.67
Accounts payable voided checks	56246-56248	(\$77,785.57)
Electronic wire payments	01.07.2015-02.07.2015, 04.07.2015, 06.07.2015 through 16.07.2015	\$199,411.68
Internal Transactions		\$414.06
		\$339,647.84

 COUNCILMEMBER

1	General	\$202,235.00
101	Streets	\$14,031.23
104	General Parks	\$511.64
105	Criminal Justice	\$540.78
121	Library Services	\$770.76
309	Yakima River Gateway Improvements	\$130.04
355	Transportation Improvement Program	\$3928.90
374	Yakima River Trail Project	\$458.86
401	Water/Sewer	\$87,681.26
402	Irrigation	\$3,016.44
404	Stormwater	\$5,716.75
405	Solid Waste	\$5,834.08
441	Water System Development	\$703.86
442	Sewer System Development	\$2,806.97
461	Public Works Operations Facility Construction	\$849.04
621	Treasurer's Trust	\$10,432.23
	TOTAL	\$339,647.84

**CITY OF WEST RICHLAND
CITY COUNCIL MEETING
TUESDAY, AUGUST 18, 2015**

1. **Call to Order** – Mayor Gerry called the meeting to order at 7:00 p.m.
2. **Roll Call** – Mayor Brent Gerry was present. Council Members Tony Benegas, Richard Bloom, Gail Brown, Ron Hayden, Byron Martin and Robert Perkes were also present. Staff members present were Associate Planner Alison Greene, Community Development Director Aaron Lambert, Police Chief Brian McElroy, Planning and Economic Development Manager Nicole Stickney, Finance Director Jessica Platt, Public Works Director Roscoe Slade, City Attorney Bronson Brown, and City Clerk Julie Richardson.

Upon motion by Councilmember Hayden, seconded by Councilmember Bloom, Council unanimously excused Mayor Pro Tem Buel from the meeting.

3. **Pledge of Allegiance** – Councilmember Bloom led the Council, staff, and audience in the recitation of the Pledge of Allegiance.
4. **Approval of Agenda** – Mayor Gerry announced that agenda item 7c, “RES-Amending Park Fees,” will be moved to New Business for discussion only. He also announced there will be a five minute executive session on litigation per RCW 42.30.110(i) with no action to follow.

Upon motion by Councilmember Benegas, seconded by Councilmember Brown, Council unanimously approved the agenda as revised.

5. **Presentations** – a. Adam Fyall, Sustainable Development Coordinator with the Benton County Commissioners Office, and also an alternate representative on the Yakima Basin Fish and Wildlife Recovery Board, introduced Executive Director Alex Conley. Mr. Conley gave a presentation on their organization.
 - b. Mayor Gerry presented the Distinguished Budget Presentation Award to Finance Director Platt and Senior Accountant Darcie Decoria.
 - c. Planning and Economic Development Manager Stickney gave a presentation on the new city website that she redesigned.
6. **Consent Agenda** – *Upon motion by Councilmember Benegas, seconded by Councilmember Perkes, Council unanimously approved the consent agenda as presented.*

a. Approve Payment of Bills

Accounts payable checks	56162-56185 & 56202-56244 & 56253-56321	\$661,871.90
Accounts payable voided checks	56164	(\$24,300.00)
Payroll checks	16357	\$382.95
Direct Deposits		\$233,263.90
Electronic wire payments	03.07.2015 & 05.07.2015	\$614.98
		\$871,833.73

b. Approve Minutes of Regular and Special Council Meetings of July 21, 2015 and Special Meeting of August 5, 2015

c. RES – Amending the 2015-2016 Salary Schedule

RESOLUTION 28-15 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON AMENDING THE SALARY SCHEDULE FOR THE 2015-2016 BIENNIUM

d. RES – Updating the Master Fee Schedule

RESOLUTION 29-15 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON UPDATING THE MASTER FEE SCHEDULE FOR THE COMMUNITY DEVELOPMENT DEPARTMENT

e. RES – Amending the West Richland Personnel Policies

RESOLUTION 30-15 - RESOLUTION 29-15 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON UPDATING THE MASTER FEE SCHEDULE FOR THE COMMUNITY DEVELOPMENT DEPARTMENT

f. Accept Paradise Way/Belmont Blvd. Widening Project as Complete

g. Award 2015 Street Sweeping Project

h. Authorize Purchase of Packaged Membrane Bioreactor Treatment System for Industrial Process Water Treatment Facility

i. Confirm Mayor’s Appointment to the Economic Development Board

7. Ordinances, Resolutions, Motions, and Public Hearings – a. Public Hearing – RES - Regarding Request for Annexation of Approximately 94 Acres and Referral to Benton County for Notice of Intention to be Filed – Planning and Economic Development Manager Stickney provided the background on a request for annexation of approximately 94 acres into the city. She noted that City Council is to hold a public hearing on the annexation request for the two parcels (Port of Kennewick former raceway property and Benton REA substation property) and also a Commercial Light Industrial (CLI) zoning designation.

Mayor Gerry opened the public hearing at 7:42 p.m.

Larry Peterson, Director of Planning and Development for the Port of Kennewick, said the Port wholly supports the annexation.

Mayor Gerry closed the public hearing at 7:44 p.m.

b. RES - Regarding Request for Annexation of Approximately 94 Acres and

Referral to Benton County for Notice of Intention to be Filed – Planning and Economic Development Manager Stickney presented a recommendation to approve resolution 31-15 as delineated in item 7a.

RESOLUTION 31-15 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, REGARDING A REQUEST FOR ANNEXATION OF APPROXIMATELY 94 ACRES AND REFERRAL TO BENTON COUNTY FOR NOTICE OF INTENTION TO BE FILED

Councilmember Bloom moved to adopt resolution 31-15 to annex two parcels within the City's urban growth area into the City and to establish a CLI zoning classification, seconded by Councilmember Martin. The motion carried unanimously.

Yes: Council Members Benegas, Bloom, Brown, Hayden, Martin, Perkes

No: None

Absent: Mayor Pro Tem Buel

c. This item was moved to item 9a under New Business.

8. Unfinished Business – There was no unfinished business.

9. New Business – a. **Amending Park Use Fees – Discussion - Associate Planner Greene** presented a proposal to amend park use fees. She noted that the last time park use fees were adjusted was in 2007. Based on growing demand of the City's parks, it is time to re-evaluate the fee structure. Some issues that have been identified are the amount of staff time spent in coordinating park reservations, clean-up after events, substantial increase of time spent monitoring park usage; and the City's current rates for use being lower than neighboring cities (sports field rates are currently free, or "per contract"). The user fees will nominally offset general costs. In addition, charging fees will foster more responsible reservations and use, as well as increase park use efficiency. There is also a proposal to establish a policy where fees may be reduced or discounted in exchange for the donation of tangible assets (i.e. goal post, scoreboard) or for maintenance services rendered by user group volunteers, including maintenance and field preparation, which benefit multiple user groups and/or casual park visitors.

Dan Richey urged using balance when increasing park fees and park impact mitigation fees. He feels the increase to park impact fees discussed during the workshop is too large. He suggested using the Consumer Price Index (CPI) instead of trying to increase it all at once.

Judd Higgins, President of Greater Richland Little League (GRL), said he went back through GRL financial records and found they have invested approximately \$190,000 into the Bombing Range Sports Complex. He feels GRL is a partner with the city and not just another user group. GRL invests a lot of time in keeping the fields maintained.

Community Development Director Lambert said the initial draft was changed to include compensating groups for hours spent on maintenance of the fields.

Councilmember Martin said he met with GRL. He then met with Mayor Gerry and staff.

Following these meetings the forms to complete for receiving credit for work done was simplified.

Noemi Garza is concerned that charging funds will turn away leagues. She mentioned that the football league has already left.

Community Development Director Lambert advised that the football league also did not sign-up in Richland. They have moved to the Richland School District's junior league programs.

John Forbes contacted several cities and found this is the only entity that would charge a fee but Little League would maintain the fields. He is also concerned that the policy states that tangible items left at the facility become property of the city because GRLL has chalking equipment and other equipment at the facility.

Mayor Gerry said his goal is to keep everything budget neutral for GRLL.

10. Citizens Public Comment

Mayor Gerry provided an update on the Mid-Columbia Libraries agreement. He said they are both still "at the table" and staff has prepared a draft agreement for Mid-Columbia Libraries' review. He is adamant that there will be a library in West Richland.

Janson Slougher, said based on Ruth Metz's reports, it looks like Mid-Columbia Libraries is a better option for the City.

Patsy Squires from a report from Mid-Columbia Libraries that said the only reason the city is looking at other options is because costs cannot be sustained. She further read from the report that with the library tax West Richland receives, it can be sustained for several years.

11. Announcements, Reports & Comments - a. Staff Reports

Councilmember Hayden asked City Attorney Brown what Pasco plans to do about the marijuana store that opened in their city.

City Attorney Brown said he is planning to meet with the Pasco city attorney and will ask what action they plan to take.

Chief McElroy reported on National Night Out. He also provided a summary of the animal control survey that was recently conducted. He provided a copy of the report to Council Members. He commented that only 36% of dogs in the city are licensed.

Councilmember Hayden suggested having a large fine for those who do not license their dogs, but also provide a credit for those who have their dogs microchipped.

Community Development Director Lambert reported on the temporary seasonal code enforcement officer who was hired to assist the building inspector with code enforcement

focusing on Van Giesen. He also announced that Planning and Economic Manager Nicole Stickney has resigned as of August 27th.

Finance Director Platt, referring to a previous comment made regarding the library costs being sustainable, pointed out that the agreement does not include operations, capital and maintenance costs of the library, which the city provides. Those are an additional costs to the City.

Public Works Director Slade clarified that the park fees previously discussed that are going into the general fund will be used for employee costs of maintaining reservations. None of those funds go towards maintenance of the fields. He announced the Wastewater Treatment Plant received notification from Department of Ecology that they are in full compliance with the NPDES permit. He also provided updates on several Public Works projects.

b. Council Reports

Councilmember Martin reported on a Port of Kennewick and City Economic Development Committee meeting.

Councilmember Bloom announced the budget was approved to convert the county road shop to a moderate risk waste facility. He also reported on the Ben Franklin Transit's Tulip Lane Park and Ride facility.

Councilmember Perkes clarified that the youth football leagues left primarily due to a push to create Junior Falcon and Junior Bomber teams. He also reported on the utility committee meeting, during which recycling was discussed. It is clear that people want recycling, but not mandatory recycling. Voluntary recycling would be costly. A third options was discussed which would be to propose that Ed's Disposal improve the two current recycling stations and construct two additional stations.

- 12. Executive Session** – Council adjourned to a five minute executive session on litigation per RCW 42.30.100(i), with no action to follow at 9:06 p.m.

The meeting reconvened at 9:11 p.m.

- 13. Adjournment** – The meeting was adjourned at 9:11 p.m.

Brent Gerry, Mayor

Julie Richardson, City Clerk

**CITY OF WEST RICHLAND
CITY COUNCIL WORKSHOP
Tuesday, August 18, 2015
6:00 P.M.**

- 1. Call to Order** – Mayor Gerry called the meeting to order at 6:00 p.m.
- 2. Roll Call** – Mayor Brent Gerry was present. Council Members Tony Benegas, Richard Bloom, Gail Brown, Byron Martin, Ron Hayden, Robert Perkes. Staff members present were Community Development Director Aaron Lambert, Police Chief Brian McElroy, Finance Director Jessica Platt, Public Works Director Roscoe Slade, Planning and Economic Development Manager Nicole Stickney and City Clerk Julie Richardson.

Upon motion by Councilmember Bloom, seconded by Councilmember Brown, Council unanimously excused Mayor Pro Tem Buel from the meeting.

- 3. Park Impact Fees** – Planning and Economic Development Manager Stickney presented a staff report that provided data and information to assist in determining a fair, reasonable and legally defensible Park Impact Fee rate for the City. In the report, past recommendations were discussed, a maximum allowable fee was calculated based on LOS and forecasted population growth numbers, and a proposed fee that is below the maximum allowable rate was established based on project and project permit issuance.

Ms. Stickney noted that, during their June, 2015 meeting, the Parks and Recreation Board unanimously approved a motion to forward a recommendation to the City Council to amend the Park Impact Fee to \$1235 per Single Family Residential Unit, and create a policy to automatically increase the fee on an annual basis, based on the CPI. The board also moved to recommend the proposed changes to the municipal code as proposed by staff

- 5. Adjournment** – The meeting was adjourned at 6:50 p.m.

Brent Gerry, Mayor

Julie Richardson, City Clerk

WEST RICHLAND AGENDA ACTION ITEMS

AGENDA ITEM:	<i>bc</i>	TYPE OF ACTION NEEDED			
MEETING DATE:	September 1, 2015	Execute Contract	X	Consent	X
SUBJECT:	Approve First Amendment to Ground Lease with SSC North America, LLC	Pass Resolution		Public Hearing	
		Pass Ordinance		1st Discussion	
Prepared by:	Jessica Platt, Finance Director	Pass Motion		2nd Discussion	
Reviewed by:	Brent Gerry, Mayor	Other		Other	

SFA 3 – Financial & Operational Effectiveness, Stability, and Accountability

Goal 2 – Adopt and maintain a long-term financial plan and supporting policies to ensure financial effectiveness, stability, and accountability

BACKGROUND INFORMATION:

The City of West Richland and SSC North America, LLC entered into a lease agreement dated May 17, 2013. On May 19, 2015, Council approved Exhibit F – Financial Guaranty Fund of the lease agreement in accordance with Section 7.8. The attached first amendment to the ground lease amends the following exhibits in accordance with the ground lease:

- Exhibit B Description of Plans and Specifications for Automotive Manufacturing Plant and Showroom
- Exhibit C Site Plan
- Exhibit D Memorandum of Lease
- Exhibit E Form of Option Purchase and Sale Agreement
- Exhibit G Lease Payment Schedule for Option to Purchase

The ground lease is included with this staff report for reference.

SUMMARY: The first amendment to the ground lease amends exhibits B, C, D, E, and G in accordance with the ground lease agreement between the City of West Richland and SSC North America, LLC.

RECOMMENDATION: Approve first amendment to the ground lease with SSC North America, LLC.

ALTERNATIVES: As amended by Council.

FISCAL IMPACT (Indicate amount, fund and impact on budget): The amendment to the exhibits has no fiscal impact on the budget.

MOTION: I move to approve the First Amendment to Ground Lease with SSC North America, LLC.

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (the “**First Amendment**”) is entered into as of September 1, 2015 between The City of West Richland, a Washington Municipality (“**Lessor**”), and SSC North America LLC, a Washington limited liability company (“**Lessee**”).

RECITALS

A. Lessor is the owner of the real property located in the City of West Richland, Benton County, in the State of Washington, and legally described in the attached Exhibit A (the “**Property**”), free and clear of all liens and encumbrances except those shown on the attached Exhibit A.

B. Lessor purchased the Property by obtaining a Loan from the Community Economic Revitalization Board (“**CERB**”) pursuant to that certain Capital Agreement, effective as of February 16, 2012, by the City through CERB for the development of an industrial manufacturing facility.

C. Lessor and Lessee entered into that certain Right of First Refusal to Purchase Adjacent Parcel, dated as of September 17, 2012, granting Lessee a Right of First Refusal for that certain real property owned by Lessor and adjacent to the Property.

D. Lessor and Lessee entered into that certain Ground Lease, dated May 17, 2013 (the “**Lease**”) for an initial term of 20 (twenty) years on the Property.

E. Lessor, Lessee and Bank of the West (“**Bank**”) entered into that certain Financial Guaranty Fund Escrow Agreement, dated as of May 19, 2015 (the “**Escrow Agreement**”) addressing requirements under Section 7.8 of the Lease.

F. Lessor and Lessee desire to amend the Lease upon the terms and conditions set forth below.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Description of Plans and Specifications.** Exhibit B attached to the Lease is deleted in its entirety and replaced with Exhibit B attached to this First Amendment.

2. **Site Plan.** Exhibit C attached to the Lease is deleted in its entirety and replaced with Exhibit C attached to this First Amendment.

3. **Memorandum of Lease.** Exhibit D attached to the Lease is deleted in its entirety and replaced with Exhibit D attached to this First Amendment. The parties hereto shall execute

the attached Memorandum of Lease and cause the same to be recorded in the real property records of Benton County, Washington within thirty (30) days of the date of this First Amendment.

4. **Form of Option to Purchase and Sale Agreement.** Exhibit E attached to the Lease is deleted in its entirety and replaced with Exhibit E attached to this First Amendment.

5. **Financial Guaranty Fund.** By execution hereof, the parties acknowledge and agree that the Escrow Agreement, attached to this First Amendment as Exhibit F, satisfies the obligations of Section 7.8 and Exhibit F of the Lease.

6. **Payment Schedule for Option to Purchase** All references in the Lease to Exhibit G shall hereinafter refer to "Exhibit G – Lease Payment Schedule for Option to Purchase."

7. **Controlling Language.** The Recitals set forth in the preamble to this First Amendment are incorporated by this reference and made a part hereof. Insofar as the specific terms and provisions of this First Amendment purport to amend or modify or are in conflict with the specific terms, provisions and exhibits of the Lease, the terms and provisions of this First Amendment shall govern and control; in all other respects, the terms, provisions and exhibits of the Lease shall remain unmodified and in full force and effect. All terms capitalized but not defined herein have the same meaning ascribed to such terms in the Lease.

8. **Incorporation; Affirmation of Lease.** Lessor and Lessee hereby agree that (a) this First Amendment is incorporated into and made a part of the Lease, (b) any and all references to the Lease hereinafter shall include this First Amendment and (c) the Lease and all terms, conditions and provisions of the Lease are in full force and effect as of the date hereof, except as expressly modified and amended hereinabove.

9. **Counterparts.** This First Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original and both of which together shall constitute but one and the same agreement.

[Signatures appear on following page]

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first set forth above.

LESSOR:

City of West Richland,
a Washington Municipality

LESSEE:

SSC North America LLC
a Washington limited liability company

By: BRENT GERRY
Title: Mayor

By: JEROD SHELBY
Title: Sole Member

EXHIBIT A

LEGAL DESCRIPTION

Lot 2, Short Plat #3348, according to the plat thereof recorded in Volume 1 of Surveys, Page 3348, records of Benton County, Washington, being situated in the County of Benton, State of Washington.

EXHIBIT B

DESCRIPTION OF PLANS AND SPECIFICATIONS FOR AUTOMOTIVE MANUFACTURING PLANT AND SHOWROOM

The Manufacturing Plant will be approximately 40,000 square feet and will include space for automobile manufacturing, inventory control, offices, conference room, research and development and a showroom per Blue Architecture & Design's plans and specifications for SSC North America's new building dated 1/12/2012. The value of the Manufacturing Plant will be approximately \$6 Million, including \$1 Million in production equipment.

EXHIBIT C

SITE PLAN

EXHIBIT D

MEMORANDUM OF LEASE

This Memorandum of Lease is made as of this 1st day of September, 2015, by and between the CITY OF WEST RICHLAND, a Washington municipality (“**Lessor**”), and SSC NORTH AMERICA LLC, a Washington limited liability company (“**Lessee**”), who agree as follows:

1. Lease Term and Premises. Lessor has leased to Lessee, and Lessee has leased from Lessor, pursuant to a Ground Lease dated effective the 17th day of May, 2013 (the “**Lease**”), the real property located in the City of West Richland, Benton County, Washington, described in Exhibit A attached hereto (the “**Premises**”), for a Term of twenty (20) years commencing December 1st, 2013. The provisions of the Lease are incorporated herein.

2. Rights of First Refusal; Purchase Options. The Lease grants Lessee a right of first refusal to acquire title to the Premises and options to acquire title to the Premises, subject to certain terms and conditions. The Lease grants Lessor a right of first refusal to acquire Lessee’s interest in the Lease and all improvements located on the Premises, subject to certain terms and conditions.

3. Provisions Binding on Lessor and Lessee. All of Lessor’s covenants under the Lease, both affirmative and negative, are intended to and shall bind Lessor and its successors, and shall inure to the benefit of Lessee and its successors. All of Lessee’s covenants under the Lease, both affirmative and negative, are intended to and shall bind Lessee and its successors and shall inure to the benefit of Lessor and its successors.

4. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation to give notice of the Lease. It shall not constitute an amendment or modification of the Lease.

EXECUTED as of the date first above written.

LESSOR:

City of West Richland,
a Washington Municipality

LESSEE:

SSC North America LLC,
a Washington limited liability company

By: BRENT GERRY
Title: Mayor

By: JEROD SHELBY
Title: Sole Member

[ACKNOWLEDGEMENTS COMMENCE ON THE FOLLOWING PAGE]

STATE OF WASHINGTON)
) §
COUNTY OF _____)

On this day of _____, 2015, before me, a Notary Public in and for the State of Washington, personally appeared **Jerod Shelby**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the Sole Member of **SSC North America LLC**, to be the free and voluntary act and deed of said limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____
Print Name _____

STATE OF WASHINGTON)
) §
COUNTY OF BENTON)

On this _____ day of _____, 2015, before me, a Notary Public in and for the State of Washington, personally appeared **Brent Gerry**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Mayor of **West Richland** to be the free and voluntary act and deed of said municipality for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____
Print Name _____

EXHIBIT A
TO
MEMORANDUM OF LEASE
LEGAL DESCRIPTION

Lot 2, Short Plat #3348, according to the plat thereof recorded in Volume 1 of Surveys, Page 3348, records of Benton County, Washington, being situated in the County of Benton, State of Washington.

EXHIBIT E

FORM OF OPTION PURCHASE AND SALE AGREEMENT

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (the “**Agreement**”) is entered into this ___ day of _____, 20__ by and between The City of West Richland, a Washington Municipality (“**Seller**”), and SSC North America LLC, a Washington limited liability company (“**Purchaser**”) and/or assigns.

WITNESSETH:

WHEREAS, Seller is the owner of the real property located in the City of West Richland, Benton County, in the State of Washington, and legally described in the attached Exhibit A (the “**Real Property**”);

WHEREAS, Seller and Purchaser are parties to that certain Ground Lease, dated May 17, 2013, as amended by that certain First Amendment to Ground Lease, dated September __, 2015 (collectively, the “**Lease**”) for an initial term of 20 (twenty) years on the Property, which includes, pursuant to Section 19 thereof, an Option to Purchase Seller’s entire interest in the Property under the terms and conditions contained therein (the “**Option to Purchase**”);

WHEREAS, Purchaser has exercised its Option to Purchase, and Purchaser desires to purchase and Seller desires to sell the Property upon the terms and conditions hereafter set forth herein; and

WHEREAS, the parties hereto desire to set forth their mutual understandings and agreements with respect to the purchase and sale of the Property.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

1. Option to Purchase. Pursuant to Section 19 of the Lease, Purchaser shall have three (3) separate opportunities to exercise the Option to Purchase by delivering written notice to Seller (the “**Exercise Notice**”) of Purchaser’s election to exercise the Option to Purchase and simultaneously delivering to Seller this Agreement, executed by Purchaser, during one of the Rental Years as identified therein. If Purchaser duly and timely exercises the Option, the closing of the purchase and sale of the Property (the “**Closing**”) shall occur pursuant to the closing date identified in Sections 19.2.1, 19.2.2 or 19.2.3 of the Lease, corresponding to the Rental Year in which the Exercise Notice was delivered. Upon Purchaser’s delivery of the Exercise Notice, this Agreement shall automatically be deemed in full force and effect and Seller shall immediately sign and deliver this Agreement to the Escrow Agent, as defined below. Time is of the essence of the Option to Purchase. In the event that Purchaser fails to give the Exercise Notice for the Option within the time period set forth in the Lease; then the Option to Purchase granted in the Lease and Purchaser’s privilege to buy the Property during the applicable period only shall terminate and be of no further force or effect.

2. Agreement to Sell. Seller agrees to sell and Purchaser agrees to buy from Seller, subject to the terms and conditions set forth in this Agreement, the following, all of which shall be collectively referred to as the “**Property**”:

(a) The Real Property, including all of Seller’s right, title and interest in the land and improvements related thereto;

(b) All of Seller’s right, title and interest in any leases associated with the Real Property, together with the security deposits, if any, collected and held by Seller thereunder; and,

(c) All of Seller’s right, title and interest in the personal property located on the Real Property to the extent owned by Seller.

3. Purchase Price. The purchase price for the Property shall be ONE MILLION ONE HUNDRED FIFTY FIVE THOUSAND FIVE HUNDRED EIGHT AND NO/100 DOLLARS (\$1,155,508) (the “**Purchase Price**”). The entire Purchase Price payable by Purchaser for the Property pursuant to the Option to Purchase shall be paid by Purchaser in cash at Closing. Any and all lease payments made by Purchaser during the term of the Lease, excluding a 2% management fee, will be applied and credited to the purchase price pursuant to Sections 19.2.1, 19.2.2 and 19.2.3 of the Lease. The annual payment schedule is contained in Exhibit G to the Lease.

4. Purchaser’s Due Diligence.

(a) Entry onto Property. During the term of this Agreement and subject to Seller’s rights in this Agreement, and subject to the rights of tenants in possession of the Property, and subject to Purchaser providing reasonable notice to the tenants in possession, and at times agreeable to tenants in possession, Purchaser shall have the right to enter upon the Property for the purposes of conducting due diligence and making feasibility inspections, including engineering inspections of the improvements and mechanical systems and making environmental tests for the presence of asbestos or other hazardous wastes, substances or materials of any kind. Purchaser agrees to indemnify and defend Seller from any liability (including for attorneys’ fees) and/or damages arising from Purchaser’s entry upon and inspections and testing of the Property pursuant to this Section 4. This agreement to indemnify and defend Seller shall survive termination of this Agreement and/or Closing.

(b) Inspection of Ancillary Documents. Within five (5) days of the mutual execution of this Agreement, Seller shall deliver to Purchaser true and complete copies of any and all leases, contracts, and other agreements or documents in Seller’s possession that are in any way related to the Property (the “**Ancillary Documents**”). During the term of this Agreement, Purchaser shall be permitted to review such Ancillary Documents and to make reasonable inquiry with the parties to such Ancillary Documents for purposes of Purchaser’s due diligence.

(c) Seller's Cooperation. During the term of this Agreement, Seller shall reasonably and timely cooperate with Purchaser's due diligence efforts, including any applications for permits or approvals made by Purchaser after its exercise of its Option to Purchase. Seller, at no cost to Seller, shall execute such letters, applications, or other documents as may be reasonably required in connection with any applications for permits or approvals made by Purchaser after its exercise of its Option to Purchase.

5. Confidential Information. Purchaser agrees that it will at all times prior to the Exercise Date and thereafter hold in strict confidence (in conformity with the standards of confidentiality customarily observed by Purchaser with respect to its own confidential information) all documents and information regarding the Property or Seller given to Purchaser or made available to Purchaser for its review in connection with this transaction ("**Confidential Information**"), and will not disclose or convey any Confidential Information to any other person. Purchaser may disclose Confidential Information to its attorneys, accountants, other agents and representatives, any lender providing the financing necessary for this transaction, and the City of West Richland, to the extent necessary for them to analyze, evaluate and perform this transaction, provided that each attorney, accountant, agent, representative, lender, and the City of West Richland has been informed in advance by Purchaser that they are bound by the terms set forth in this paragraph. Purchaser shall not be required to maintain the confidentiality of Confidential Information if it (i) was or becomes generally available to the public other than through disclosure by Purchaser in violation of this Agreement; (ii) was available to Purchaser on a non-confidential basis prior to Seller's disclosure to Purchaser; or (iii) becomes available to Purchaser from a source not known to Purchaser to have a duty of confidentiality with regard to the information. Purchaser agrees that the Confidential Information is Seller's exclusive proprietary property, and Purchaser agrees that Confidential Information shall not be used by it or by any entity directly or indirectly affiliated with Purchaser to solicit Seller's tenants or for any other commercial or competitive purposes whatsoever. In the event that this Agreement is terminated, Purchaser agrees to return all copies of any of Seller's Confidential Information obtained by or made by Purchaser within ten (10) business days after termination. The obligations in this paragraph shall survive termination of this Agreement and exercise of the Option to Purchase.

6. Title. Within five (5) days from the date hereof, Purchaser shall procure a preliminary commitment for title insurance issued by [] (the "**Title Company**"). Within ten (10) business days from the date of receipt of the title report, Purchaser shall notify Seller, in writing, of any title exceptions set forth in such report of title or in any amendments thereto which are not Permitted Exceptions (as defined in this Agreement). Seller shall then have a four (4) day period after such notice to state whether or not it will remove the non-Permitted Exceptions to the satisfaction of Purchaser and Purchaser's title company. In the event Seller does not agree, within said four (4) days, to remove the non-Permitted Exceptions and deliver title, Purchaser shall have the right either to accept such title as Seller is willing to convey, without abatement of the Purchase Price, or to terminate this Agreement in which case the parties shall have no further obligation under the terms of this Agreement.

(a) Seller covenants and agrees that the title to the Property which is to be conveyed at the time of Closing shall be good and marketable, and insurable the Title Company subject to the following exceptions which shall be deemed “**Permitted Exceptions**”:

(i) Laws, regulations or ordinances of federal, state, county or local entities or agencies having jurisdiction over the Property;

(ii) Such state of facts as would be shown on Purchaser’s survey;

(iii) Any and all encumbrances of any kind resulting from Purchaser’s activities on, about or regarding the Property;

(iv) Any exception accepted by Purchaser pursuant to its title review under this Section 6.

(b) Any existing monetary encumbrance or mortgage on the Property shall not be a Permitted Exception. Seller shall be required to sell the Property to Purchaser free of any such monetary encumbrance or mortgage, and Seller shall be permitted to use a portion of the closing proceeds to satisfy any such amounts.

7. Closing and Delivery of Documents. Time is of the essence in this transaction. Upon the delivery to Seller of the Exercise Notice, the parties shall open an escrow (“**Escrow**”) at the office of [_____], a mutually acceptable escrow agent (“**Escrow Agent**”), at which time an executed copy the Lease and this Agreement shall be delivered to the Escrow Agent. The transaction contemplated hereunder shall be closed by, and all Escrow functions shall be performed by the Escrow Agent. The Closing will take place at the Escrow Agent’s offices, or such other location as is designated by the parties hereto. The parties shall execute all instructions not inconsistent with the provisions of the Lease which may be required by the Escrow Agent, and shall be bound by the Escrow’s Agents general instructions; provided, however, that as between the parties, if any conflict between the provisions of the Lease and the provisions of the Escrow’s Agents general instructions exists or arises, then the provisions of the Lease shall control.

(a) At Closing, Seller shall deliver the following documents:

(i) a Bargain and Sale Deed for conveyance of the Property, subject to any exception accepted by Purchaser pursuant to its title review under Section 6 of this Agreement and any claims of adverse possession, encroachments or prescriptive easements, together with its accompanying Real Estate Excise Tax Affidavit; and

(ii) an assignment and assumption of any leases of any portion of the Property, including security deposits and other deposits and fees under such leases to the extent held by Seller;

- (iii) a quit claim bill of sale for all of the Property;
- (iv) all of the Plans and other documents and materials regarding the Property in Seller's possession; and
- (v) at no cost to Seller, any and all documents reasonably required by Purchaser, Escrow Agent and/or Purchaser's mortgage lender as may be reasonably requested to complete the within transaction.
- (vi) estoppel certificates in a form reasonably satisfactory to Purchaser and Purchaser's lender that are duly executed by Seller and any tenants in possession, or in lieu thereof, appropriate warranties of Seller.

(b) At Closing, Purchaser shall deliver the following:

- (i) The balance of the Purchase Price;
- (ii) A receipt for all items delivered to Buyer pursuant to Section 7(a)(ii);
- (iii) Such other documents that shall be reasonably required to consummate the transaction herein contemplated, including but not limited to an executed Real Estate Excise Tax Affidavit.

(c) Seller shall pay all Washington state real estate excise tax, and the premium for the owner's standard coverage title policy. The parties shall each pay one-half of the Escrow fee.

(d) Real estate taxes and utility or other assessments constituting liens on the Property and payable in the year of Closing shall be prorated as of the date of Closing, with the date of Closing attributable to Purchaser. Any rental income from the Property for the month during which Closing occurs shall be prorated as of the date of Closing with the date of Closing attributable to Purchaser.

(e) Seller shall deliver possession of the Property to Purchaser at Closing subject to the rights of any tenants on the Property.

(f) The parties represent and warrant to each other that no real estate commission shall be owing, and each party agrees to hold the other harmless from any and all claims of any third parties regarding payment of a real estate commission.

(g) Purchaser shall pay all financing costs and cost of any additional title insurance coverage or endorsements it desires.

8. Assignment. Purchaser may not assign or transfer this Agreement without Seller's prior written consent, which may be withheld at Seller's sole discretion. Such an assignment by Purchaser shall not relieve Purchaser of liability to Seller under this Agreement, if any, for Purchaser's acts or inaction which occurred prior to the

assignment. Notwithstanding the foregoing, Purchaser may assign this Agreement, at any time, to a development entity that is owned or controlled by Purchaser, provided, however, such assignment shall not relieve Purchaser of its obligations under this Agreement either before or after said assignment.

9. Representations and Warranties.

(a) Representations and Warranties of Seller. Seller represents and warrants that as of the date hereof Seller is the sole owner of the Property, and Seller and its representative executing this Agreement have the full power to enter into, execute, deliver and perform this Agreement and all agreements and documents contemplated hereby, including the execution of a Deed to the Property. The execution and delivery of this Agreement and all agreements and documents contemplated hereby, and the performance by Seller of its obligations hereunder, have been duly authorized by Seller, and no further action or approval of Seller is required to cause this Agreement to be binding, valid, and enforceable against Seller. Seller makes no representations or warranties regarding the condition or utility of the Property. Seller's representations and warranties are specifically limited to those set forth in this Section 9, and Purchaser agrees and acknowledges that Purchaser is purchasing the Property AS IS/WHERE IS, with no express or implied warranties of any kind.

(b) Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to and covenants with Seller as follows: (a) Purchaser is a duly organized and validly existing corporation and in good standing under the laws of the State of Washington; and (b) This Agreement and all documents executed by Purchaser which are to be delivered to Seller at Closing are, and at the time of Closing will be legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their respective terms, and will not violate any provision of any agreement or judicial order to which Purchaser or the Property is subject.

10. Maintenance of Property. Between the date hereof and the Closing, Seller shall keep the Property and all parts thereof in the same state of repair and condition as they are currently in (including making ordinary repairs and replacements), reasonable wear and tear excepted.

11. Risk of Loss. If, prior to Closing, improvements on the Property shall be destroyed or materially damaged by fire or other casualty, the parties obligations under the terms of this Agreement shall be unaffected, and the parties shall proceed to close the transaction as set forth herein; provided, however, Seller shall assign any and all insurance proceeds to Purchaser.

12. Condemnation. If, prior to Closing, a material portion of the Property shall be taken under power of eminent domain, Purchaser at its sole discretion may elect to terminate this Agreement. In the event Purchaser elects to terminate this Agreement pursuant to this Section 12, the parties shall have no further rights or obligations under this Agreement, provided, however that all of Purchaser's indemnification obligations under this Agreement and the Lease shall survive termination of this Agreement, and

18. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Washington.

19. Venue. Venue in any action to enforce this Agreement shall be in Benton County Superior Court, Washington.

20. Attorney's Fees. In the event either party brings any action, suit or proceeding, including any appeal therefrom, to enforce this Agreement or any provision hereof, or to interpret this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, the prevailing party's reasonable attorney's fees and expenses of litigation.

21. Headings. The article headings contained in this Agreement are for reference purposes only for the convenience of the parties. They shall not be deemed to constitute a part of this Agreement nor shall they alter or supersede the contents of the Sections themselves.

22. Time of the Essence. Time is of the essence in the performance of the parties' respective obligations hereunder.

23. Waiver. No waiver of any right, remedy or condition shall be effective unless in writing signed by the waiving party. No waiver by any party with respect to any breach hereunder shall be deemed a waiver with respect to any other or subsequent breach.

24. Survival. Whenever the context of this Agreement allows, expressly provides, or reasonably implies a continuing obligation, such continuing obligation shall survive Closing and delivery of the Deed and shall not merge therein.

25. Counterparts. This Agreement will be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have set their hands and seals the day and year first above written.

SELLER:

City of West Richland,
a Washington Municipality
company

PURCHASER:

SSC North America LLC
a Washington limited liability

By: BRENT GERRY
Title: Mayor

By: JEROD SHELBY
Title: Sole Member

EXHIBIT F

FINANCIAL GUARANTY FUND ESCROW AGREEMENT

FINANCIAL GUARANTY FUND ESCROW AGREEMENT

THIS FINANCIAL GUARANTY FUND ESCROW AGREEMENT (this “**Agreement**”) is dated effective as of the 19th day of May, 2015, and is entered into by and among The City of West Richland, a Washington Municipality (the “**City**”), SSC North America LLC, a Washington limited liability company (“**SSC North America LLC**”) and Bank of the West (“**Bank**”).

1. Definitions. The following definitions apply to the Agreement:
 - 1.1 Right of First Refusal. That certain Right of First Refusal to Purchase Adjacent Parcel, dated as of September 17, 2012, by and between the City and SSC North America LLC.
 - 1.2 CERB Loan. The loan from the Community Economic Revitalization Board (“**CERB**”), pursuant to that certain Capital Agreement, effective as of February 16, 2012, by the City through CERB for the development of an industrial manufacturing facility.
 - 1.3 All capitalized terms not defined herein shall be as defined in that certain Ground Lease by and between SSC North America LLC and the City (the “**Lease**”).
2. Financial Guaranty Fund. The City entered into the Lease with SSC North America LLC on May 17, 2013, with a Commencement Date of December 1, 2013. Pursuant to Section 7.8 of the Lease, SSC North America LLC was to, within forty-five (45) business days following execution of the Lease, create the “**Financial Guaranty Fund**” and deposit **\$500,000** (the “**Financial Guaranty Funds**”) therein as partial security for SSC North America LLC’s obligations to commence and complete initial construction of the Automotive Manufacturing Plant and Showroom as required by the Lease. SSC North America LLC received written notice from the City on January 6, 2015 documenting the City’s concerns about non-performance and noting that the requirement in the Lease to fund the Financial Guaranty Fund requirement was outstanding. As of the date of this Agreement, SSC North America LLC still has not met this requirement.
3. Deposit of Funds. Pursuant to SSC North America LLC’s obligations under the Lease to create the Financial Guaranty Fund, construct on the Property an Automotive Manufacturing Plant and Showroom as described therein and deposit the Financial Guaranty Funds, by execution hereof SSC North America LLC agrees to deposit the complete **\$500,000** of Financial Guaranty Funds into the Financial Guaranty Fund pursuant to the schedule below. The Financial Guaranty Funds are to be held by Bank for the benefit of the City and to be deposited, held and disbursed as provided in this Agreement.

3.1 Schedule of Deposits.

- 3.1.1 Prior to May 22, 2015, SSC North America LLC shall remit to Bank no less than **\$130,000** for deposit into the Financial Guaranty Fund (“**Scheduled Deposit #1**”).
- 3.1.2 Prior to July 10, 2015, SSC North America shall remit to Bank the remaining amount of **\$370,000** for deposit into the Financial Guaranty Fund necessary to achieve a total balance in the Financial Guaranty Fund of \$500,000 (“**Scheduled Deposit #2**”; Scheduled Deposit #1 and Scheduled Deposit #2 shall be collectively referred to herein as the “**Scheduled Deposits**”).
- 3.1.3 Upon request, SSC North America LLC may be given a grace period of **no more than 5 business days** to extend the deposit dates of Scheduled Deposit #1 and Scheduled Deposit #2, only if SSC North America LLC can provide evidence satisfactory to the City that the funds are in transit and the only delay is due to handling time by the bank.

3.2 If Scheduled Deposit Missed.

- 3.2.1 If Scheduled Deposit #1 is not deposited by May 22, 2015 in accordance with Section 3.1.1 above (plus the defined grace period if applicable per Section 3.1.3 above), the Lease and the Right of First Refusal shall automatically terminate and the City shall be entitled to all of its rights and remedies for such a default as outlined in the Lease.
- 3.2.2 If Scheduled Deposit #1 has been deposited by May 22, 2015, but Scheduled Deposit #2 has not been deposited by July 10, 2015 (plus the defined grace period if applicable per Section 3.1.3 above), (i) the Lease and the Right of First Refusal shall automatically terminate, (ii) the City shall be entitled to all of its rights and remedies for such a default as outlined in the Lease and (iii) the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.

4. Disposition of Deposit.

- 4.1 Construction Commencement. By its execution hereof, SSC North America LLC acknowledges and agrees that it shall commence construction of the Automotive Manufacturing Plant and Showroom prior to January 1, 2016. For purposes of this Section 4.1, commencement of construction shall mean (i) the purchase and receipt of all required building permits necessary for the project and (ii) physical construction of the project (expressly excluding any foundation work). If SSC North America LLC has not commenced construction prior to the Commencement Date, the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the

entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.

- 4.2 Construction Deadline. By its execution hereof, SSC North America LLC acknowledges and agrees that it shall complete construction of the Automotive Manufacturing Plant and Showroom prior to December 31, 2016 (the “**Completion Date**”). If SSC North America LLC has not completed construction prior to the Completion Date, the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.
- 4.3 Release of Financial Guaranty Funds. If (i) the Scheduled Deposits are both made in accordance with Section 3.1 herein, (ii) the Construction is completed to the satisfaction of the City by the Completion Date and (iii) there are no other then existing uncured defaults under the terms of the Lease or this Agreement, then after a certificate of occupancy for the Property has been issued, the Financial Guaranty Funds, including interest earned, but less any Cost Overruns incurred by the City, will be released to SSC North America LLC within thirty (30) days after receipt of written request of such release.
- 4.4 Cost Overruns. As used herein, Cost Overruns shall be defined as the CERB Loan project expenses, including, but not limited to, expenses incurred by the City for the design, permitting, property acquisition and construction of the project, including any legal and administrative expenses associated therewith, over and above \$829,766, which is the total amount of the CERB Loan. The City shall provide SSC North America LLC with written notice of any Cost Overruns.
- 4.5 Lease Default. If at any time prior to the release of the Financial Guaranty Funds there is a default under the Lease which remains uncured past all application notice and cure periods, the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.
5. Disbursement Letter. Bank is authorized and directed to disburse all or portions of the Financial Guaranty Funds to the City upon Bank’s receipt of a letter (the “**Disbursement Letter**”) signed by the City instructing Bank to do so, which letter shall specify the amount of the Financial Guaranty Funds to be released to the City and/or to SSC North America LLC,. Under no circumstances, however, shall SSC North America LLC direct Bank to disburse any funds out of the Financial Guaranty Fund, and Bank, by its signature to this Agreement, shall not honor any such request.
6. Investment of Financial Guaranty Funds. Bank is authorized to invest all or portions of the Financial Guaranty Funds from time to time in federally insured bank deposits, provided that such funds remain available for withdrawal upon not more than ten (10) days’ notice without payment of a discount or penalty. All interest or other income earned in the Financial

Guaranty Fund shall be added to the Financial Guaranty Funds and disbursed in accordance with these instructions.

7. Costs. All costs and charges in connection with maintaining the account shall be paid by SSC North America LLC.
8. Notices. Any notice or election required or permitted to be given by any party hereto upon any other party shall be deemed given in accordance with the provisions of this Agreement when addressed to Bank, the City or SSC North America LLC, as the case may be, at the respective address set forth below. Notices shall be transmitted, or delivered as follows: (1) personal delivery, (2) express or courier service, (3) facsimile or (4) mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid. Notices shall be deemed to be delivered the earlier of (a) the date received, (b) one (1) business day after deposit with an express or courier service, (c) three (3) business days after deposit in the United States Postal Service mail, registered or certified mail, postage prepaid, or (d) if given by facsimile, when sent with confirmation of receipt (any notice or communication so delivered by facsimile being deemed to have been received (i) on the business day so sent, if so sent prior to 5:00 p.m. Pacific Time of the business day so sent, and (ii) on the business day following the day so sent, if so sent on a day other than a business day or on or after 5:00 p.m. Pacific Time of the business day so sent (unless actually received by the addressee on the day so sent)). Either party may change the address at which notices are to be sent by providing notice to the other party as provided in this Section 8.

SSC North America LLC :
Jerod Shelby
405 S. 54th Avenue
West Richland, WA 99353

City:
City of West Richland
c/o City Clerk
3801 W. Van Giesen
West Richland, WA 99353

Bank:
Bank of the West
1045 George Washington Way
Richland, WA 99352
Attention: Lyndee Turnbull, AVP/Customer Service Manager

9. Attorney's Fees and Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which that party may be entitled. This provision shall be construed as applicable to the entire contract and shall apply to all proceedings, hearings, and adjudications by a trial court or appellate court.

10. Venue and Personal Jurisdiction. In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the parties hereto agree that any such action shall be initiated in the Superior Court of the State of Washington, situated in Benton County. The parties hereto agree that all questions shall be resolved by application of Washington law and that the parties to such action shall have the right of appeal from such decision of the Superior Court in accordance with the laws of the State of Washington. The Parties hereby consent to the personal jurisdiction of the Superior Court of the State of Washington, situated in Benton County.
11. Occurrence of Disputes. If at any time during the life of this Agreement any reasonable uncertainty exists, or any dispute arises between the parties hereto or their respective successors or assigns, as to the disbursement of any of the funds deposited herewith or as to the ownership or right of possession thereof, or as to any matter pertaining to this Agreement, Bank may hold and retain in its possession, without liability, any and all of the funds referred to in these instructions until such uncertainty has been settled. In the event such uncertainty or dispute is not settled within thirty (30) days, Bank may, at its option, interplead or commence any similar action and deposit the funds with the clerk of the Superior Court for Benton County, Washington, and thereupon Bank shall be relieved from all liability with respect thereof; and the undersigned parties agree to pay all costs in such suit and a reasonable sum as attorneys' fees; provided however, that such interpleader action shall be stayed pending any arbitration in accordance with the Agreement, and any amounts not in dispute would be disbursed in accordance with this Agreement, and Bank shall disburse disputed funds in accordance with instructions from the arbitrator or any court.
12. Modification of Agreement. Any modification or amendment of this Agreement shall be valid and effective only if in writing and signed by the City and SSC North America LLC. The Financial Guaranty Funds shall be held and applied by Bank as specified in this Agreement unless Bank receives a modification or amendment of this Agreement as outlined in this Section 12.
13. Disclaimer of Interest; Limitation of Duties. Bank hereby disclaims and agrees not to assert any lien or security interest in the Financial Guaranty Funds. Bank acknowledges that its sole duty under these Instructions is to make disbursements pursuant to Section 5 above, and that it is not the duty or responsibility of Bank to determine the amount or appropriateness of any disbursement.
14. Waiver. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenants or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right of custom, estoppel, or otherwise. The subsequent acceptance of Financial Guaranty Funds pursuant to this Agreement shall not constitute a waiver of any preceding default by SSC North America LLC other than default on the payment of that particular payment, regardless of the City's knowledge of the preceding breach at the time of accepting the Financial Guaranty Funds. Acceptance of the Financial Guaranty Funds or other payment after termination shall not constitute a reinstatement, extension or renewal of the Lease, or revocation of any notice or other act by the City.

15. Compliance with Lease Agreement; Lease in full force and effect. Notwithstanding anything to the contrary in this Agreement, (i) SSC North America LLC shall comply with all terms, covenants and conditions in the Lease, including the monthly installment payment of Base Rent (ii) and all terms, covenants and conditions in the Lease remain in full force and effect without modification or change. This Agreement may be executed in identical counterparts and by the exchange of faxed or e-mailed signatures.

[SIGNATURES COMMENCE ON THE FOLLOWING PAGE]

EXECUTED as of this 19th day of May, 2015.

CITY:

City of West Richland,
a Washington Municipality



By: BRENT GERRY

Title: Mayor

SHELBY:

SSC North America LLC
a Washington limited liability company

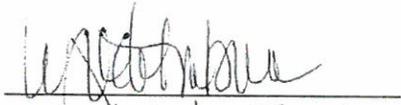


By: JEROD SHELBY

Title: Sole Member

BANK:

Bank of the West



By: Lyndee Turnbull

Its: AVP, Customer Service Manager

EXHIBIT G

LEASE PAYMENT SCHEDULE FOR OPTION TO PURCHASE

EXHIBIT G
Lease Payment Schedule for Option to Purchase

	Amount					
Property Buy-Out Basis:						
CERB Loan for Land and Utilities	829,766.00					
Revalue land based on non-discounted purchase price	229,000.00					
Local Investors:						
Benton County	55,000.00					
Others	37,000.00					
Total Property Buy-Out Value	1,150,766.00					
		Lease Term:	Annual Base Rent	2% Management Fee	Annual Base Rent Applied to Buy-Out Price	Buy-Out Option Price (End of Year)
Year 1 (December 1, 2013 - November 30, 2014)			25,000.00		25,000.00	1,125,766.00
Year 2 (December 1, 2014 - November 30, 2015)			30,000.00		30,000.00	1,095,766.00
Year 3 (December 1, 2015 - November 30, 2016)			40,000.00		40,000.00	1,055,766.00
Year 4 (December 1, 2016 - November 30, 2017)			50,000.00		50,000.00	1,005,766.00
Year 5 (December 1, 2017 - November 30, 2018)			50,000.00		50,000.00	955,766.00
Year 6 (December 1, 2018 - November 30, 2019)			55,000.00		55,000.00	900,766.00
Year 7 (December 1, 2019 - November 30, 2020)			60,454.00	1,185.00	59,269.00	841,497.00
Year 8 (December 1, 2020 - November 30, 2021)			60,454.00	1,185.00	59,269.00	782,228.00
Year 9 (December 1, 2021 - November 30, 2022)			60,454.00	1,185.00	59,269.00	722,959.00
Year 10 (December 1, 2022 - November 30, 2023)			60,454.00	1,185.00	59,269.00	663,690.00
Total Paid by Year 10			491,816.00	4,740.00	487,076.00	
Year 11 (December 1, 2023 - November 30, 2024)			60,454.00	1,185.00	59,269.00	604,421.00
Year 12 (December 1, 2024 - November 30, 2025)			60,454.00	1,185.00	59,269.00	545,152.00
Year 13 (December 1, 2025 - November 30, 2026)			60,454.00	1,185.00	59,269.00	485,883.00
Year 14 (December 1, 2026 - November 30, 2027)			60,454.00	1,185.00	59,269.00	426,614.00
Year 15 (December 1, 2027 - November 30, 2028)			60,454.00	1,185.00	59,269.00	367,345.00
Total Paid by Year 15			794,086.00	10,665.00	783,421.00	
Year 16 (December 1, 2028 - November 30, 2029)			60,454.00	1,185.00	59,269.00	308,076.00
Year 17 (December 1, 2029 - November 30, 2030)			60,454.00	1,185.00	59,269.00	248,807.00
Year 18 (December 1, 2030 - November 30, 2031)			60,454.00	1,185.00	59,269.00	189,538.00
Year 19 (December 1, 2031 - November 30, 2032)			60,454.00	1,185.00	59,269.00	130,269.00
Year 20 (December 1, 2032 - November 30, 2033)			60,454.00	1,185.00	59,269.00	71,000.00
Total Paid by Year 20			1,096,356.00	16,590.00	1,079,766.00	

GROUND LEASE

THIS GROUND LEASE (this "Lease") is dated effective as of the 17th day of May, 2013, and is entered into by and between The City of West Richland, a Washington Municipality ("Lessor"), and SSC North America LLC, a Washington limited liability company ("Lessee").

RECITALS

A. Lessor represents and warrants that Lessor is the owner of the real property legally described in the attached **Exhibit A** (the "Property"), free and clear of all liens and encumbrances except those shown on the attached **Exhibit A**. Lessor purchased the Property by obtaining a Loan from the Community Economic Revitalization Board ("CERB") for the purpose of funding this project.

B. Lessee represents and warrants that it intends to construct an automotive manufacturing plant and showroom upon the Property at Lessee's expense, in accordance with the preliminary plans attached hereto as **Exhibit B** and the Site Plan attached hereto as **Exhibit C** (the "Automotive Manufacturing Plant and Showroom"). Lessor is entering into this Lease for the purpose of facilitating the construction and operation of the Automotive Manufacturing Plant and Showroom in order to engage in the construction, manufacturing, sale and showing of elite custom automobiles referred to as 'Supercars.'

C. Concurrent with the execution and delivery of this Lease, Lessee is obtaining equity and debt financing for the construction and operation of the Automotive Manufacturing Plant and Showroom. If this is not finalized and construction started within six (6) months of executing this Lease, then this Lease shall be null and void and unenforceable by either party and without liability by either party.

D. It is the intention of the parties that Lessee be and is entirely responsible for all costs of construction of the Automotive Manufacturing Plant and Showroom and all related improvements, and Lessee shall be solely responsible for the care and control of the Property and the payment of the costs and expenses directly related to the Property, all as more particularly set forth below.

AGREEMENT

1. Lease. Lessor hereby leases the Property to Lessee and Lessee hereby leases the Property from Lessor upon the terms, covenants and conditions contained herein. The Property includes a site for construction of the Automotive Manufacturing Plant and Showroom, together with easements for ingress and egress and easements for utilities as shown on **Exhibit A**, and the associated area indentified for landscaping and parking.

A.S. BC

2. Term. The term of this Lease (the "Term") shall be for twenty (20) years beginning on December 1, 2013 (the "Commencement Date"), and terminating November 30 2033, unless earlier terminated or otherwise extended as provided in this Lease. "Lease Year" shall be defined as each period of twelve (12) consecutive months throughout the Term, beginning on the Commencement Date and each anniversary thereof.

A.S.
BC

3. Rent.

3.1 Base Rent. As a minimum guaranteed rental for the Leased Premises, Lessee covenants and agrees to pay as annual base rent ("Base Rent"), the following amounts. The annual base rent shall be paid in equal monthly installments. The first installment is due and owing on December 1, 2013, and each subsequent monthly installment of the Base Rent shall be due on the first day of each calendar month without set-off or reduction, at the address specified for payment by Lessor.

A.S.
BC

<u>Period</u>	<u>Annual Base Rent</u>
Rental Year 1	\$25,000
Rental Year 2	\$30,000
Rental Year 3	\$40,000
Rental Year 4	\$50,000
Rental Year 5	\$50,000
Rental Year 6	\$55,000
Rental Year 7	\$60,454
Rental Year 8	\$60,454
Rental Year 9	\$60,454
Rental Year 10	\$60,454
Rental Year 11	\$60,454
Rental Year 12	\$60,454
Rental Year 13	\$60,454
Rental Year 14	\$60,454
Rental Year 15	\$60,454
Rental Year 16	\$60,454
Rental Year 17	\$60,454
Rental Year 18	\$60,454
Rental Year 19	\$60,454
Rental Year 20	\$60,454

3.2 Late Charges. Lessee acknowledges that the late payment by Lessee of any installment of Base Rent shall cause Lessor to incur certain costs and expenses not contemplated under this Lease, the exact amount of such costs and expenses being extremely difficult or impractical to fix. Such costs and expenses will include, without limitation, administrative and collection costs and processing and accounting expenses. Accordingly, if any installment of the Base Rent is not received by Lessor by the tenth (10th) day following

the date that any such installment is due, Lessee shall pay Lessor, with the overdue installment, a late charge equal to five percent (5%) of such installment. Lessor and Lessee agree that such late charges represent a reasonable estimate of the costs and expenses that will be incurred by Lessor as a result of the late payment, and is fair compensation to Lessor for its losses suffered by such late payment. Acceptance of late charges shall not constitute a waiver of Lessee's default with respect to any nonpayment of Base Rent, nor prevent Lessor from exercising all of the rights and remedies available to Lessor under this Lease.

4. Taxes, Assessments, Insurance and Maintenance. The parties shall cooperate to create two separate tax parcels for the Property and Lessee's proposed improvements, respectively. Lessee shall pay all real and personal property taxes upon the Property, and all personal property taxes upon property of Lessee located upon the Property, promptly as the same become due, including without limitation leasehold excise tax. Real property taxes of the initial partial calendar year of the Lease Term and real property taxes and assessments for the last partial calendar year of the Lease Term shall be prorated between Lessor and Lessee as of the Commencement Date and termination date of this Lease. Lessee shall pay all assessments hereafter levied against the Property, or a portion thereof, during the Term of this Lease, including assessments coming due to any special purpose governmental or local improvement district. It is the intention of the parties that this is a triple net lease and Lessee shall pay, in addition to taxes and assessments, all direct costs of operation, repair, replacement and maintenance of the Property and improvements built thereon (including the Automotive Manufacturing Plant and Showroom), including by way of illustration but not limited to water and sewer charges, storm water assessment (either directly or via reimbursement to Lessor, if storm water-related charges for the Property and any improvements thereon are required to be paid by Lessor), insurance premiums, utilities, janitorial services, labor, costs incurred in the management of the Automotive Manufacturing Plant and Showroom, all costs to repair, maintain, and replace when necessary all improvements located on the Property, air conditioning and heating, elevator maintenance, supplies, materials, equipment, tools, waste disposal, groundskeeping, landscaping charges, irrigation water charges, and parking lot maintenance.

4.1 Contest of Taxes and Assessments. Lessee may contest any real property tax or special assessments so long as: (a) Lessee commences such contest prior to such tax or assessment becoming delinquent and continuously pursues the contest in good faith and with due diligence; (b) such contest stays the foreclosure of any lien securing the payment of any such tax or assessment; and (c) Lessee pays any tax or assessment within ten (10) days following the date of resolution of such contest.

5. Limitations on Use. Except with the prior written consent of Lessor in each instance, which consent may be withheld in its sole discretion, the Property shall be used solely for the purposes of (a) constructing and operating the Automotive Manufacturing Plant and Showroom and (b) thereafter, the manufacturing, construction, showing and sale of elite automobiles and related items in accordance with this Section 5.

5.1 Occupancy Limitations. Any building that may be constructed on the Property may be occupied only (a) by Lessee (which term includes, for purposes of this Section 5, any of its affiliates or their respective successors or assigns), and (b) for the permitted uses described in the preceding paragraph and any use that is incidental to the preceding, as reasonably determined by Lessor.

6. Maintenance of Property. Throughout the Term of this Lease, Lessee, at its sole cost and expense, shall maintain the Property and all improvements existing thereon from time to time, including without limitation all parking facilities and landscaping, in good order, condition and repair at all times, subject only to reasonable wear and tear, and in accordance with all applicable laws, rules, ordinances, and regulations of governmental agencies, including without limitation, the Americans With Disabilities Act (ADA).

7. Conditions of Construction. Before any construction, reconstruction or alteration with a projected cost of Fifty Thousand Dollars (\$50,000.00) or more is commenced on the Property, and before any building materials have been delivered, or labor has been supplied, to the Property in connection with such construction, reconstruction or alteration by Lessee or under Lessee's authority, Lessee shall comply with the conditions set forth in subparagraphs 7.1 through 7.17 or procure Lessor's written waiver of the conditions specified in the waiver, and thereafter Lessee shall comply with all other conditions set forth below:

7.1 Lessee shall deliver to Lessor, for its approval, full and complete sets of preliminary construction plans and specifications prepared by an architect or engineer licensed to practice in the State of Washington. All improvements shall be constructed within the exterior property lines of the Property; provided, however, that required work beyond the Property on utilities, access, and conditional use requirements shall not violate this provision. Lessee shall permit Lessor to use all such plans and specifications without payment for purposes relevant to and consistent with this Lease.

7.2 Lessor shall not unreasonably disapprove preliminary plans and specifications. Approval or disapproval shall be communicated to Lessee, and disapproval shall be accompanied by specifications of the grounds for disapproval; provided, however, that Lessor's failure to disapprove within fifteen (15) business days after delivery to Lessor of all materials required hereunder shall be considered to be approval, except that with respect to proposed tenant improvement work, the approval period shall be ten (10) days.

7.3 Lessee shall deliver to Lessor the written approval of the plans and specifications by Lessee's lender.

7.4 Lessee shall prepare final working plans and specifications conforming to preliminary plans and specifications previously approved by Lessor, submit them to the appropriate governmental agencies for approval, and deliver to Lessor one complete set as

approved by the governmental agencies (including an Auto-CAD copy). Lessee shall be responsible for obtaining, at its cost, all permits, consents, and approvals required by all applicable governmental agencies having jurisdiction over the project, and Lessee shall deliver a full and complete set of all such permits, approvals and consents to Lessor promptly after receipt thereof.

7.5 Lessee shall notify Lessor of its intention to commence construction at least thirty (30) days before commencement of any such work or delivery of any materials to the Property.

7.6 Lessor shall have the right to approve both the general contractor and (for any construction, reconstruction or alteration with a projected cost of Five Hundred Thousand Dollars (\$500,000.00) or more, other than the initial construction of the Automotive Manufacturing Plant and Showroom) the construction contract with such general contractor, and Lessor may condition its approval thereof in any reasonable manner. For any construction, reconstruction or alteration on the Property, regardless of projected cost, (a) the construction contract shall give Lessor the right, but not the obligation, to assume Lessee's obligations and rights under that contract if Lessee should default and require the contractor to perform its obligations under the contract for the benefit of Lessor should Lessor assume the contract (b) a true, complete and accurate copy of the construction contract shall be delivered to Lessor prior to commencement of any such construction, reconstruction or alteration, and (c) a true, complete and accurate copy of any amendment or modification of the construction contract shall be delivered to Lessor as soon as reasonably practicable after any such amendment or modification.

7.7 Lessee shall deliver to Lessor copies of all documents evidencing the commitment of financing for any new construction and the closing of such loan. "Financing" includes construction, interim and permanent loans. In the event that Lessee is in default of its obligations with respect to the financing, Lessor shall have the right, but not the obligation, to assume Lessee's financing for any improvements on the Property, subject to such reasonable conditions as the lender may require. Lessor's exercise of this right shall not constitute a waiver of any other right Lessor may have against Lessee, any surety or guarantor, or anyone else.

7.8 Within forty-five (45) business days following mutual execution hereof, Lessee shall fund an escrow account, establish a deposit control account, or provide such other financial guarantee or credit enhancement for Lessee acceptable to Lessor (the "Financial Guaranty Fund", Exhibit F) in the principal amount of \$500,000.00 as partial security for Lessee's obligations to commence and complete initial construction of the Automotive Manufacturing Plant and Showroom as required by this Lease. Disbursement of amounts contained in the Financial Guaranty Fund shall be subject to such terms and conditions acceptable to Lessor.

7.9 Lessee shall also deliver to Lessor (1) all certificates of insurance required of Lessee pursuant to Section 11, (2) certificates of insurance from Lessee or its general contractor evidencing coverage for "builder's risk", (3) evidence that the general contractor is carrying workers' compensation insurance for its employees of customary and reasonable scope, (4) evidence that Lessee has paid all premiums for the coverages described in this Subsection 7.9 and Section 11. Lessee and/or its general contractor, as applicable, shall pay the premiums required to maintain all insurance above at all times during which the work is in progress.

7.10 Lessor makes no covenants, representations or warranties respecting the condition of the soil or subsoil or any other condition of the Property and Lessee hereby acknowledges that it is and will be relying upon its own investigations of same.

7.11 Lessee has the right, upon Lessor's written consent (which consent shall not unreasonably be withheld), to grant to public entities or public service corporations, for the purposes of serving only the Property, such reasonable and necessary rights of way or easements on or over the Property for poles or conduits for telephone, electricity, water, sewers, and for other utilities and services.

7.12 Once work has begun, Lessee shall, with reasonable diligence, complete all construction of improvements and additions. Construction of the structural envelope of the Automotive Manufacturing Plant and Showroom (i.e., not including production equipment not necessary for legal occupancy) shall be completed and ready for occupancy by the earlier to occur of (i) eighteen (18) months after commencement of construction, or (ii) twenty-four months after mutual execution of this Lease. All work shall be performed in a workman like manner using qualified labor and good new materials, substantially complying with the plans and specifications required by this Lease and approved by Lessor, and in compliance with all applicable governmental permits, laws, ordinances, and regulations.

7.13 Lessee shall pay the cost and expense of all works of improvement, as that phrase is defined in any mechanics' or construction lien laws which apply to the improvements on the Property. Lessee shall not permit any mechanics', materialmens', contractors', or subcontractors' lien arising from any work of improvement to be recorded or enforced against the Property, however it may arise. Lessee may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Lessor's property interests are not jeopardized. Lessee shall defend and indemnify Lessor against all liability and loss of any type arising out of work performed on the Property by or on behalf of Lessee.

7.14 If a final judgment is rendered against Lessee by a court of competent jurisdiction for the foreclosure of a lien claim, and if Lessee fails to stay the execution of the judgment or to pay the judgment, Lessor has the right, but not the duty, to pay or otherwise

stay the execution of any such judgment or lien or both, in addition to Lessor's other rights and remedies for such default. Lessee shall reimburse Lessor for all sums paid according to this Subsection, together with Lessor's attorneys' fees and costs, plus interest on those sums at a rate of interest equal to the Applicable Rate from the date incurred until paid. As used herein, "Applicable Rate" means the greater of ten percent (10%) per annum or the publicly announced prime rate of Bank of America, N.A. (or its successor) plus three percent (3%).

7.15 Lessee shall file a notice of completion with Lessor and provide Lessor with copies of all required occupancy permits or certificates as documentation of completion of construction.

7.16 On completion of any work, Lessee shall give Lessor notice of all changes in plans or specifications made during the course of the work and shall at that time supply Lessor with full and complete "as built" drawings accurately reflecting such work, including all such changes applicable to the structure and non-process related equipment. Changes that do not substantially alter the plans and specifications as previously approved by Lessor do not constitute a breach of contract.

7.17 If at any time prior to the completion of the improvements Lessee stops work thereon for a period of more than twenty (20) consecutive days (which period shall commence when Lessee ceases to perform work of a reasonable nature in accordance with the construction contract and continues to run until work of substantial nature is resumed and thereafter diligently continued pursuant to the construction contract), Lessor may but shall not be required to deem Lessee to have abandoned the project. Work stoppages due to labor disputes, civil disobedience, or insurrection, riots, acts of God, acts of Lessor, its agents and assigns and similar occurrences beyond Lessee's reasonable control shall not constitute an abandonment of the project. If, however, work is abandoned for twenty (20) consecutive days as provided above and if Lessor makes written demand that Lessee recommence construction and Lessee fails to do so within twenty (20) calendar days from the date of demand, then Lessor may enter into possession of the construction site and may take whatever actions it deems necessary or appropriate, including without limitation (i) completing the improvements substantially in accordance with the plans and specifications, (ii) completing improvements using plans and specifications altered by Lessor in its sole discretion, and/or (iii) taking no action to continue work on the improvements. All sums expended by Lessor in doing any of the foregoing (together with interest thereon at the Applicable Rate from the date advanced until repaid) shall be paid to Lessor by Lessee upon demand. For this purpose and this purpose only, Lessee hereby appoints Lessor its true and lawful attorney-in-fact with full power of substitution to complete such construction in the name of Lessee (which appointment is coupled with an interest and is irrevocable) and hereby empowers such attorney so long as it acts in good faith as follows:

7.17.1 To use any funds of Lessee or funds set aside by a lender on behalf of Lessee to fund construction to complete the improvements.

7.17.2 To make such changes and corrections in the plans and specifications as Lessor deems necessary or desirable to complete the construction in substantially the manner contemplated by the plans and specifications.

7.17.3 To employ such subcontractors, contractors, agents, architects, engineers, and inspectors as may be required to complete construction.

7.17.4 To pay, settle or compromise all bills and claims which may be due or become liens or security interests against the improvements or any part thereof.

7.17.5 To execute applications or certificates in the name of Lessee which may be required by the construction contract, the architect's contract, or other instruments relating to such construction project.

7.17.6 To prosecute and defend all claims or actions in connection with such construction project and to employ such attorneys as Lessor deems necessary in order to do so.

7.17.7 To do each and every other thing reasonably necessary in Lessor's sole discretion to protect its interests.

8. Ownership of Improvements. All improvements constructed on the Property by Lessee as permitted by this Lease shall be owned by Lessee until termination of this Lease. All improvements on the Property at the termination of this Lease, including but not limited to the Automotive Manufacturing Plant and Showroom and parking areas to be constructed upon the Property, shall, without compensation to Lessee, then become Lessor's property free and clear of all claims to or against them by Lessee and free and clear of defects, liens and encumbrances suffered or incurred by Lessee, except for financing expressly permitted under Section 7.7 above.

9. Leasehold Mortgages. Tenant shall be entitled to grant a first-position leasehold mortgage or deed of trust (a "Leasehold Mortgage") on its leasehold interests under this Lease, provided Tenant first provides Landlord with written notice thereof and of the identity of the holder thereof (the "Leasehold Mortgage"). Landlord agrees to enter into a commercially reasonable agreement with the Leasehold Mortgagee in form reasonably acceptable to Landlord and such Leasehold Mortgagee, addressing such issues as the Landlord's agreement to give a copy to Leasehold Mortgagee of any notice of default given by Landlord to Tenant under the Lease, accepting the Leasehold Mortgagee's cure of any such Tenant default hereunder, and the granting to such Leasehold Mortgagee of certain rights to assume and assign the Lease to protect its security.

10. Assignment and Subletting. Lessee shall neither assign nor transfer its interest in this Lease, in whole or in part, to any person or entity without Lessor's prior written consent, (which consent shall not be unreasonably withheld), nor shall the Property, nor any part thereof, be sublet by Lessee to any person or entity without Lessor's prior written consent (which consent shall not be unreasonably withheld), except that Lessee may assign (or grant a deed of trust or mortgage on) its interest hereunder as collateral securing a construction loan to fund the initial construction of the Automotive Manufacturing Plant and Showroom and related improvements or as otherwise permitted under Section 9. For purposes of this Lease, an assignment or transfer hereunder, shall be deemed to include without limitation, the sale, transfer or assignment of a majority of the voting interests in Lessee, whether by merger, consolidation, reorganization, by operation of law, or otherwise.

11. Insurance; Indemnity.

11.1 Fire and Extended Coverage Insurance. Throughout the Term of this Lease, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured all improvements located on or appurtenant to the Property against loss or damage by fire or casualty, and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including loss of building rent coverage. The amount of the insurance shall be not less than the full insurable replacement value of the improvements on the Property. Lessor shall cooperate fully with Lessee to obtain the largest possible recovery, and all policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be paid to Lessee. Any insurance proceeds received by Lessee with respect to the improvements on the Property by reason of damage or destruction of such improvements shall be used for the repair or reconstruction of the improvements or the payment of indebtedness to which Lessor's interest in the Property has been subordinated. Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair, and reconstruction of improvements shall be Lessee's sole property.

11.2 Builder's Risk Coverage. Before commencement of any demolition or construction on the Property, Lessee shall procure at its sole cost and expense, and maintain in force until completion and acceptance of the work, "all risk" builder's risk insurance in form and with a company reasonably acceptable to Lessor, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractors', subcontractors' and construction managers' tools and equipment, and property owned by contractors' or subcontractors' employees.

11.3 Public Liability Insurance. Throughout the Term of this Lease, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept in full force, for the mutual benefit of Lessor and Lessee, comprehensive broad form general public liability insurance (including a contractual liability endorsement) against claims and liability for personal injury, death or property damage arising from the use, occupancy, misuse, or

condition of the Property and improvements, providing protection of at least \$2,000,000 combined single limit. The amount of such public liability insurance shall be increased effective on the fifth (5th) anniversary of the date of this Lease and at five (5) year increments thereafter. The amount of such increase shall be determined by Lessor based on change in conditions. Lessee shall name the Lessor as an additional insured on all public liability insurance policies. Lessee shall also carry Business Auto coverage for Any Auto with coverage limits of at least \$1,000,000.00.

11.4 Proof of Compliance; General. Lessor may require Lessee to deliver to Lessor, in the manner required for notices, copies or certificates of all insurance policies and to give Lessor at least thirty (30) days' prior written notice before any such policy terminates. Lessee shall not substantially modify any of the insurance policies required by this Lease without giving at least thirty (30) days' prior written notice to Lessor.

The policies required under this Section 11 shall name Lessor as additional insured and/or loss payee, as appropriate, and Lessee shall provide to Lessor certificates of insurance and copies of policies obtained by Lessee hereunder promptly upon the request of Lessor. All policies of insurance required under this Section 11 shall: (a) be written as primary policies not contributing with and not in excess of coverage that Lessor may carry; (b) contain an endorsement providing that such insurance may not be materially changed or amended with respect to Lessor except after twenty (20) days' prior written notice from the insurer to Lessor, and may not be cancelled with respect to Lessor except after thirty (30) days' prior written notice from the insurer to Lessor (ten (10) days for nonpayment of premium); (c) expressly provide, if available, that Lessor shall not be required to give notice of accidents or claims and that Lessor shall have no liability for premiums; and (d) be written by insurance companies having a Best's rating of "A" or equivalent, which insurance companies shall otherwise be reasonably acceptable to Lessor.

11.5 Waiver of Subrogation Right. Each of the parties hereto hereby releases the other, and the agents, employees and successors of such other party, from liability for property damages for which the party sustaining such loss is indemnified under a policy or policies of property insurance actually carried by the party or which was required by this Lease to have been carried. Each party shall obtain any special endorsement if required by their respective property insurers to evidence compliance with this waiver. This provision shall be effective to the extent, and only to the extent, that it will not invalidate any property insurance coverage.

11.6 Indemnification. Lessee agrees to indemnify, defend and hold Lessor harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees and disbursements) to the extent arising or alleged to arise from: (a) injury to person or to property occurring within or about the Property, the Automotive Manufacturing Plant and

Showroom or any other improvements on the Property; (b) Lessee's, its employees', agents', invitees' or subtenant's acts or omissions relating to the use or occupancy of the Property, the Automotive Manufacturing Plant and Showroom, or any improvement on the Property; (c) a breach or default by Lessee in the performance of any of its obligations under this Lease; or (d) Lessee's violation of any applicable law or statute relating to the Property, the Automotive Manufacturing Plant and Showroom or any other improvement on the Property or their use or occupation; provided, however, that Lessor shall not be released from and shall indemnify, defend, protect and hold Lessee harmless from all damages, liabilities, judgments, actions, claims, attorneys' fees, consultants' fees, payments, costs and expenses to the extent arising from the negligent, reckless or intentionally tortious acts or omissions of Lessor, its employees or agents or through breach of Lessor's obligations under this Lease.

Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, agents, contractors, invitees, subtenants or any other person in or about the Property, the Automotive Manufacturing Plant and Showroom or any other improvements on the Property. Except for negligent, reckless or intentionally tortious acts or omissions of Lessor or its employees or agents, Lessor shall not be liable for injury to the person of Lessee, Lessee's employees, agents, contractors, invitees or subtenants, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, whether said damage or injury results from conditions arising from the Property or from other sources or places. Lessor shall not be liable for any damages arising from any act or omission of any other tenant of the Property or Automotive Manufacturing Plant and Showroom or any other third party.

12. Eminent Domain. In the event that the Property or any portion thereof is taken by eminent domain or for any public or quasi-public use under any statute (or an agreed sale to a public or quasi-public corporation or utility after threat of condemnation constituting a public taking as used herein), the rights of the parties with respect to the Term of this Lease, the Base Rent, and award shall be as the parties then agree to be just and equitable under all the circumstances, regardless of any technical rule of law, having in mind the rights of any mortgagee, the financial requirements of operating any remaining portion of the Property and improvements, the cost of restoration, and the balance of the Term remaining, among other relevant considerations. If Lessor and Lessee do not agree as to a just and equitable division of the award, abatement of rent or other adjustments to the Lease within sixty (60) days after the date of the award, the disputed matter(s) shall be decided pursuant to Section 25. The proceeds of the award, whether in the negotiation, mediation or arbitration, shall be divided between the parties based upon the proportionate value of their respective interests in the Property and improvements located therein. It is the general intent of this Subsection that, upon an award being made, the parties shall share in the award to the extent that their respective interests are depreciated, damaged, or destroyed by the exercise of the right of eminent domain. If the condemnation is total, the condemnation award shall be allocated so that the then value of the Property, as if it were unimproved property, is allocated to the

Lessor, and the then value of the Automotive Manufacturing Plant and Showroom is allocated between the Lessor and Lessee after giving due consideration to the number of years remaining in the Term of this Lease and the condition of the Automotive Manufacturing Plant and Showroom at the time of condemnation. In the event that the portion of the Property taken by eminent domain (or some other proceeding) is less than a whole taking and thereby reduces the total area of the Property by more than ten percent (10%), then, with respect to the taken portion, (a) pursuant to the first sentence of this Section, the full award for the portion of the Property taken shall belong to the Lessor, and (b) pursuant to the first and second sentences of this Section, the Base Rent shall be reduced as the parties then agree to be just and equitable under all the circumstances.

13. Default.

13.1 Events of Default. Each of the following events shall be a default by Lessee and a breach of this Lease.

13.1.1 Abandonment or surrender of the Property or of the leasehold estate, or failure or refusal to pay when due any installment of rent or other sum required by this Lease to be paid by Lessee, or failure to perform as required or conditioned by any other covenant or condition of this Lease.

13.1.2 The subjection of any right or interest of Lessee to attachment, execution, or other levy, or to seizure under legal process, if not released within thirty (30) days.

13.1.3 The appointment of a receiver to take possession of the Property or improvements, or of Lessee's interest in the leasehold estate or of Lessee's operations on the Property for any reason.

13.1.4 An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee a bankrupt; or for extending time for payment, adjustment or satisfaction of Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all orders, adjudications, custodies, or supervisions are dismissed, vacated or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing or other initial event.

13.1.5 Default or delinquency in the payment of loans to Lessee or the performance of any obligations secured by a mortgage, deed of trust, or similar security interest permitted by this Lease to be placed by Lessee against Lessee's interest in the Automotive Manufacturing Plant and Showroom and/or leasehold estate hereunder or against Lessor's interest in the Property.

13.2 Notice. As a precondition to pursuing any remedy for an alleged default by Lessee, Lessor shall give written notice of default to Lessee and to all qualifying mortgagees whose names and addresses were previously disclosed in writing to Lessor in a notice from Lessee. A “qualifying mortgagee” is a mortgagee or beneficiary under a mortgage or deed or trust permitted under either Section 9 or Section 10. Each notice of default shall specify in detail the alleged event of default and the intended remedy.

13.3 Lessee’s Right to Cure. If the alleged default is a default under Section 13.1 due to nonpayment of rent, taxes, or any other sums to be paid by Lessee as provided in this Lease (including, without limitation, insurance premiums), Lessee shall have ten (10) days after the notice is given to cure the default or such shorter period as may be required under any mortgage or deed of trust to which Lessor has consented pursuant to Section 9; provided, however, that such 10-day cure period shall not apply to an amount that Lessor pays on behalf of Lessee pursuant to Section 7.14, 7.17, 9.6, 13.4 or otherwise. For the cure of any other default under Section 13.1 (other than abandonment or surrender of the Property or of the leasehold estate, for which there shall be no cure period), Lessee shall have thirty (30) days after the notice is given to cure the default; provided, however, that if the default is such that it cannot be reasonably cured within such period then Lessee shall not be in default hereunder if it promptly undertakes a cure during such thirty (30) day period and diligently pursues such cure; provided, further, that in no event shall such cure period extend beyond ninety (90) days from the initial notice of default.

13.4 Lessor’s Right to Cure. After the expiration of the applicable time for curing a particular default, or before the expiration of that time in the event of an emergency, Lessor may, at Lessor’s election, make any payment required of Lessee under this Lease or under any other document pertaining to the financing of improvements or fixtures on the Property, or to perform or comply with any covenant or document. The amount so paid, plus the reasonable cost of any such performance or compliance, plus interest on such sum at the Applicable Rate, shall be reimbursed to Lessor by Lessee promptly upon receipt of a demand therefor. No such act shall constitute a waiver of default or of any remedy for default or render Lessor liable for any loss or damage resulting from any such act.

13.5 Time of the Essence. Time is of the essence of this Lease, and for each and every covenant or condition which must be performed hereunder.

14. Remedies. If any default by Lessee continues uncured following notice of default as required by this Lease, for the period applicable to the default under the applicable provision of this Lease, Lessor has the following remedies in addition to all other rights and remedies provided by law or equity to which Lessor may resort cumulatively or in the alternative:

14.1 Without terminating this Lease, Lessor shall be entitled to recover from Lessee any amounts due hereunder, or any damages arising out of the violation or failure to Lessee to perform any covenant, condition or provision of this Lease.

14.2 Lessor may elect to terminate this Lease and any and all interest and claim of Lessee by virtue of this Lease, whether such interest or claim is existing or prospective, and to terminate all interest of Lessee in the Property and any improvements or fixtures thereon. In the event this Lease is terminated, all obligations and indebtedness of Lessee to Lessor arising out of this Lease prior to the date of such termination shall survive such termination. In the event of termination by Lessor, Lessor shall be entitled to recover from Lessee immediately as damages the total of the following amounts:

14.2.1 Any amount by which Lessee's total obligations under this Lease exceed the reasonable rental value of the Property as of the date of default, for the remaining Term of this Lease.

14.2.2 The reasonable costs of re-entry and reletting, including, but not limited to, any expenses of Lessee's property or any other expenses incurred in recovering possession of the Property or reletting the Property, including, but not limited to, attorneys' fees, court costs, broker's commissions and advertising expenses.

14.2.3 The loss of rental accruing until the date when a new building tenant has been or with the exercise of reasonable diligence could have been obtained.

14.3 Lessor may re-enter the Property and take possession thereof and remove any persons or property peacefully or by legal action and Lessee shall indemnify and hold Lessor harmless from and against any claim or demand arising out of such re-entry and removal of persons and property. Such re-entry by Lessor shall not terminate the Lease or release Lessee from any obligations under the Lease. In the event Lessor re-enters the Property for the purpose of reletting, Lessor may relet all or some portion of the Property, alone or in conjunction with other properties, for a term longer or shorter than the Term of this Lease, upon any reasonable terms and conditions, including the granting of a period of rent-free occupancy or other rental concessions, and Lessor shall not be required to relet to any building tenant which Lessor may reasonable consider objectionable. In the event Lessor relets the Property as agent for Lessee, Lessor shall be entitled to recover from Lessee immediately as damages the total of the following amounts:

14.3.1 An amount equal to the total rental coming due for the Term of this Lease, based upon the periodic rent provided for herein and without discount or reduction for the purpose of adjusting such amount to present value of anticipated future payments, less any payments theretofore applied against such total rent.

14.3.2 The reasonable costs of re-entry and reletting, including, but not limited to, any expense of cleaning, repairing, altering, remodeling, refurbishing, removing Lessee's property, or any other expenses incurred in recovering possession of the Property or reletting the Property, including, but not limited to, attorneys' fees, court costs, broker's commissions and advertising expenses.

All payments received by Lessor from reletting shall be applied upon any indebtedness and damages owing to Lessor from Lessee and the balance, if any, shall be remitted to Lessee.

15. Unavoidable Default or Delay. Any prevention, delay, nonperformance, or stoppage attributable to any of the following causes shall excuse nonperformance or stoppage, except the payment obligations imposed by this Lease (including but not limited to Base Rent, taxes, and insurance premiums) and except Lessee's obligation to pay and perform its obligations under any loan documents for loans secured by the Automotive Manufacturing Plant and Showroom, Lessee's leasehold interest or any interest of Lessor in the Property. These causes are strikes, lockouts, labor disputes, power failures, insurrections, civil disturbances, inability to obtain labor or material or reasonable substitutes, governmental restrictions or controls, or other causes beyond the reasonable control of the party obligated to perform.

16. Waiver. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenants or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right of custom, estoppel, or otherwise. The subsequent acceptance of Base Rent pursuant to this Lease shall not constitute a waiver of any preceding default by Lessee other than default on the payment of that particular rental payment, regardless of Lessor's knowledge of the preceding breach at the time of accepting Base Rent. Acceptance of Base Rent or other payment after termination shall not constitute a reinstatement, extension or renewal of this Lease, or revocation of any notice or other act by Lessor.

17. Attorneys' Fees. If either party brings any action or proceeding to enforce protect or establish any right or remedy under this Lease, the prevailing party in such action shall be entitled to recover from the other party its reasonable attorneys' fees, costs and disbursements, including those on appeal. Arbitration is an action or proceeding for the purpose of this provision. Venue shall be governed by the laws of the State of Washington.

18. Lessor's Right of First Refusal. Should Lessee receive a *bona fide* and binding written third party offer to acquire all of Lessee's interest under this Lease and the property or improvements thereon, subject only to the provisions of this Section, which offer Lessee intends to accept but for the provisions of this Section, Lessee hereby grants to Lessor the first right ("Right of First Refusal") to purchase such interest, property and improvements on the terms of such offer. In such event, and before accepting any such offer or effecting any such

sale, Lessee shall promptly deliver to Lessor written notice detailing the specific terms of the proposed sale, including the identity of the proposed purchaser, the proposed price (which shall be payable solely in cash, by promissory note, or by combination of cash and promissory note), the proposed payment terms and conditions, and the ability of the proposed purchaser to consummate the purchase on such terms and thereafter to pay rent hereunder (the "Offer Notice"), accompanied by true and complete copies of (a) such offer, (b) any financing commitments to the proposed purchaser in connection with the proposed purchase, and (c) an instrument for the assignment and assumption of this Lease satisfactory to Lessor and duly executed and delivered by the proposed purchaser, subject only to the terms and conditions of this Lease. It is understood and agreed that (i) Lessor shall have thirty (30) days after receipt of the Offer Notice in which to notify Lessee if Lessor is then interested in exercising its Right of First Refusal hereunder, and such notice shall constitute acceptance of the offer set forth in the Offer Notice, subject only to Lessor obtaining financing acceptable to Lessor; and (ii) if Lessor shall have notified Lessee of Lessor's interest to purchase pursuant to the preceding sentence, and shall have obtained financing acceptable to Lessor, the closing of such purchase shall occur at a location selected by Lessor within one hundred fifty (150) days after receipt of the Offer Notice, subject to compliance by Lessee with Lessor's reasonable requirements in connection with such closing. In the event that Lessor does not submit its expression of interest to purchase pursuant to clause (i) above or the closing does occur pursuant to clause (ii) above, then Lessee shall have the right to sell such interest to such *bona fide* offeror on the terms set forth in the Offer Notice for a period of one hundred eighty (180) days from the date of the Offer Notice. Any change in the original purchase price or other substantial terms shall be resubmitted in writing to Lessor for its determination as set forth herein. The right created herein shall continue for so long as Lessee leases the Property, whether by the terms of this Lease or any renewals hereof.

19. Lessee's Options to Purchase. Lessee shall have the right and option to purchase Lessor's entire interest in the Property under the terms and conditions set forth below.

19.1 Grant of Option. Lessor hereby grants to Lessee the right and option to purchase the Property strictly in accordance with the terms and conditions set forth in this Agreement (the "Option").

19.2 Exercise of Option. Lessee shall have three (3) separate opportunities to exercise the Option:

 19.2.1 Rental Year 10. Lessee may exercise the Option only between December 1, 2022 and November 30, 2022²³ by delivering to Lessor written notice (the "Exercise Notice") of Lessee's election to exercise the Option during such period. If Lessee duly and timely exercises the Option, the closing of the purchase and sale of the Property (the "Closing") shall occur effective at 11:59 p.m. on December 31 2023. Upon Lessee's delivery of the Exercise Notice, the Purchase Agreement in the form attached to this



Lease as Exhibit E (the "PSA") shall automatically be deemed in full force and effect, and the purchase price ("Purchase Price") for the Property shall be equal to \$1,155,508. Annual base rent payments over the ten year term, excluding a 2% management fee, will be deducted from the total property purchase price with an anticipated net remaining due of \$663,690.

P.S. BC 19.2.2 Rental Year 15. If Lessee has not previously exercised its Option, Lessee shall have another opportunity to exercise the Option between December 1, 2027 and November 30, 2027²⁸ by delivering an Exercise Notice to Lessor during such period. If Lessee duly and timely exercises the Option, the Closing shall occur effective at 11:59 p.m. on December 31, 2028. Upon Lessee's delivery of the Exercise Notice, the PSA shall automatically be deemed in full force and effect, and the Purchase Price for the Property shall be equal to \$1,155,508. Annual base rent payments over the fifteen year term, excluding a 2% management fee, will be deducted from the total property purchase price with an anticipated net remaining due of \$367,345.

P.S. BC 19.2.3 Rental Year 20. If Lessee has not previously exercised its Option, Lessee shall have a final opportunity to exercise the Option between December 1, 2032 and November 30, 2032³³ by delivering an Exercise Notice to Lessor during such period. If Lessee duly and timely exercises the Option, the Closing shall occur effective at 11:59 p.m. on December 31, 2033. Upon Lessee's delivery of the Exercise Notice, the PSA shall automatically be deemed in full force and effect, and the Purchase Price for the Property shall be equal to \$1,155,508. Annual base rent payments over the twenty year term, excluding a 2% management fee, will be deducted from the total property purchase price with an anticipated net remaining due of \$71,000. *P.S. BC*

19.3 Terms of Payment. The entire Purchase Price payable by Lessee for the Property pursuant to this Option shall be paid by Lessee in cash at Closing. Any and all lease payments made by Lessee during the term of the Lease will be applied and credited to the purchase price. The annual payment schedule is contained in Exhibit G.

19.4 Time of the Essence. Time is of the essence of this Option. In the event that Lessee fails to give the Exercise Notice for the Option within the time period set forth above; then the Option granted herein and Lessee's privilege to buy the Property during the applicable period only shall terminate and be of no further force or effect.

19.5 Escrow. Upon the delivery to Lessor of the Exercise Notice, the parties shall open an escrow at the office of a mutually acceptable escrow agent ("Escrow"), at which time an executed copy this Lease and the PSA shall be delivered to Escrow. The parties shall execute all instructions not inconsistent with the provisions of this Lease which may be required by Escrow, and shall be bound by Escrow's general instructions; provided, however, that as between the parties, if any conflict between the provisions of this Lease and the provisions of Escrow's general instructions exists or arises, then the provisions of this Lease shall control.

19.6 Not Assignable. Lessee may not assign or transfer the Options without Lessor's prior written consent, which may be withheld at Lessor's sole discretion.

20. Access by Lessor. Lessor, or Lessor's representatives and agents, shall have access to the Property at reasonable times for the purpose of examining or exhibiting the same; provided that Lessor shall give Lessee or its tenant reasonable notice and shall exercise all reasonable efforts not to unreasonably disturb the use and occupancy of the Property by Lessee.

21. Holding Over. In the event Lessee shall hold over after the expiration or termination of this Lease, such holding over, if consented to by Lessor in writing, shall be deemed to create a tenancy at will which may be terminated at any time by Lessor or Lessee. With respect to any hold over tenancy not consented to in writing by Lessor, the Base Rent shall automatically be increased to an amount equal to one hundred fifty percent (150%) of the prior Base Rent.

22. Security for Lessee's Obligations. In order to secure the prompt, full and complete performance of all of Lessee's obligations under this Lease, including, but not limited to, Lessee's obligation to protect and indemnify Lessor, as required elsewhere in this Lease, and subject to the liens, if any, of the holders of first and second mortgages against the Property, Lessee hereby grants to Lessor a security interest and assignment of rents as follows:

22.1 Lessee grants to Lessor a security interest in and to all permanent improvements of the property of Lessee now or hereafter located on the Property to secure Lessee's obligations to Lessor under this Lease. Permanent improvements exclude any of Lessee's equipment and inventory. In the event of default under this Lease, and following the period of cure provided in Section 13.3, Lessor shall be entitled to take possession of the collateral with or without judicial process, notice or demand. Lessor shall be entitled to all rights and remedies provided by law with respect to the collateral. If Lessor elects to terminate this Lease under Section 14.2, then, subject to the priority of security interests in the collateral of persons other than Lessee, title to the collateral shall vest in Lessor free and clear of any claim of Lessee, which remedy is in addition to other remedies provided herein. Lessee agrees to execute and deliver to Lessor on demand a UCC Financing Statement covering Lessor's security interest in the collateral described herein, and this Lease shall constitute a security agreement and financing statement for purposes of evidencing such security interest. For this purpose and this purpose only, Lessee hereby appoints Lessor its true and lawful attorney-in-fact with full power of substitution to execute any such security agreement or financing statement for such collateral, which appointment is coupled with an interest and is irrevocable.

22.2 Lessee assigns to Lessor all of Lessee's right, title and interest in and to all rents and profits from the Property and improvements thereon (including all space leases, licenses and occupancy agreements) as collateral to secure all of Lessee's obligations under this Lease. In the event Lessee defaults in any of its obligations hereunder, Lessor shall have the right at any time after the period for cure provided in Section 13.3, without notice or demand, to collect all rents and profits directly and apply all sums so collected to satisfy Lessee's obligations hereunder, including payment to Lessor of any sums due from Lessee. Such remedy shall be in addition to all other remedies under this Lease.

23. General Conditions.

23.1 Notices. Any notice required or permitted to be given under the terms of this Lease, or by law, shall be in writing and may be given by personal delivery or U.S. certified mail, return receipt requested, postage prepaid, directed to the parties at the following addresses, or such other address as any party may designate in writing prior to the time of the giving of such notice, or in any other manner authorized by law:

Lessor: City of West Richland
3801 W. Van Giesen St.
West Richland, Washington 99353
Attn: City Clerk

Lessee: SSC North America LLC
405 S. 54th Ave.
Richland, Washington 99353
Attn: Jerod Shelby

Any notice given shall be effective when actually received, or if given by certified mail, then forty-eight (48) hours after the deposit of such notice in the U.S. Mail.

23.2 Non-Merger. If both Lessor's and Lessee's estates in the Property or the improvements or both become vested in the same owner, this Lease shall nevertheless not be destroyed or terminated by application of the doctrine of merger except by the express election of the owner and the consent of the mortgagee or mortgagees under all mortgages then encumbering the Property.

23.3 Estoppel Certificate. Lessor and Lessee each agree that they shall, by notice at any time or from time to time, within fifteen (15) days after notice of request from the other party, execute, acknowledge, and deliver to the requesting party a statement certifying that this Lease is unmodified and in full force and effect or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement. The statement shall also state the dates to which the Base Rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any

auditor, creditor, commercial banker and investment banker or either party, and by any prospective purchaser or encumbrance of the Property or improvements or both or of all of any part of Lessee's or Lessor's interest under this Lease. Lessee's or Lessor's failure to execute and deliver any such certificate within the period provided herein, shall constitute an acknowledgment by Lessee or Lessor to all persons entitled to rely on the statement that this Lease is unmodified and in full force and effect and that the Base Rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice or request and shall constitute a waiver, with respect to all persons entitled to rely on the statement, of any default that may exist before the date of the notice.

23.4 Captions. The captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment or describe the scope, content or intent of this Lease or of any part or parts of this Lease.

23.5 Exhibits and Addenda. All exhibits and addenda to which reference is made in this Lease are incorporated in the Lease by the respective references to them. References to "this Lease" include matters incorporated by reference.

23.6 Successors. Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators, assigns, and personal representatives of the respective parties.

23.7 Surrender. At the expiration or earlier termination of the Term of this Lease, Lessee shall surrender to Lessor the possession of the Property. Surrender or removal of improvements, fixtures and trade fixtures shall be as directed in the provisions of this Lease on ownership of improvements at termination. Lessee shall leave the surrendered Property and other property in good and clean condition, with no uncompleted items of deferred maintenance, repairs, or replacements. In the event that the improvements upon the Property are destroyed or demolished during the Term of this Lease and not required to be rebuilt hereunder, Lessee shall at its sole cost and expense place the Property in clean condition with site level at the grade of the adjacent property. All property that Lessee is required to surrender shall become Lessor's property at termination of the Lease. All property that Lessee is not required to surrender but that Lessee does abandon shall, at Lessor's election, become Lessor's property at termination. If Lessee fails to surrender the Property at the expiration or sooner termination of this Lease, Lessee shall defend, indemnify and hold Lessor harmless from all liability and expenses resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding Lessee founded on or resulting from Lessee's failure to surrender.

23.8 No Unreasonable Withholding or Delay of Consent. Whenever this Lease requires the consent of either party to any action by the other, the party whose consent

is requested shall not unreasonably withhold or delay its consent, except where expressly provided to the contrary herein.

23.9 Warranty of Authority. The persons executing and delivering this Lease on behalf of Lessor and Lessee each represent and warrant that each of them is duly authorized to do so and that the execution of this Lease is the lawful and voluntary act of the person on whose behalf they purport to act.

23.10 Partial Invalidity. If any provision of this Lease is held to be invalid or unenforceable, all other provisions shall nevertheless continue in full force and effect.

23.11 Relationship of Parties. Nothing contained in this Lease shall be construed to create, nor shall either party represent the existence of, a partnership, a joint venture, an association, a corporation, a trust or entity, nor to constitute either party the agent of the other.

23.12 No Hazardous Substances. Lessee covenants that hazardous/dangerous wastes and substances managed or stored in, upon or under the Property are limited to those chemicals, substances, wastes and materials necessary and customary for the Lessee's and Lessee's Lessees practices and/or businesses incorporated into any improvement located thereon during the Term of this Lease. As used herein, the term "hazardous waste or substance" includes but is not limited to pesticides, dangerous chemical compounds, solvents, bio-hazard materials, radioactive materials, cryogens and any other similar substance designated by law (state or federal) or by practice as a hazardous/dangerous waste, substance or material. Without limiting the generality of the foregoing, Lessor acknowledges that Lessee intends to construct and operate at the Property a paint spray booth, and Lessor consents to same, provided that Lessee complies with all applicable laws, codes, and ordinances relating to the construction and operation thereof. Lessee hereby indemnifies and holds Lessor harmless from and against any and all loss, damage, liability, cost or expense (including reasonable attorneys' fees, costs and disbursements, and remediation costs, if any) suffered or incurred by Lessor or the Property arising out of or related to hazardous wastes or substances placed in, on or under the Property during the Term of this Lease. This indemnification shall survive termination of the Lease. Lessor has provided Lessee with copies of environmental assessments covering the Property in Lessor's possession; however, Lessor makes no representation or warranty with respect to the accuracy or completeness of any such assessment and Lessee acknowledges that it has relied upon its own investigation of the Property with respect to the presence of hazardous wastes or substances on the Property and is accepting the Property in its current "As Is" condition without recourse of any kind against Lessor.

24. Current Condition; Demolition.

24.1 Current Condition. Lessee is leasing the Property from Lessor in its current "As Is" condition, except for the Lessor's Work described below, and Lessee assumes the responsibility, at its cost and expense, for any and all additional demolition, clearing or site remediation that may be required prior to or in connection with development of the Automotive Manufacturing Plant and Showroom. The parties acknowledge that, as part of its CERB financing, Lessor intends to construct, simultaneously with Lessee's construction of its proposed improvements and not as a condition to delivery, certain infrastructure work for the Property, which work may include sidewalks, parking facilities, and/or landscaping, as determined by Lessor (collectively, the "Lessor's Work").

24.2 Demolition By Lessee During the Lease.

24.2.1 Although it is Lessee's duty under the terms hereof to keep and maintain Automotive Manufacturing Plant and Showroom in good repair, this shall not be construed as empowering Lessee to demolish the Automotive Manufacturing Plant and Showroom or any substantial part thereof or to cause any item of major repair and construction to be made, except with Lessor's prior approval, in its sole discretion, and if such approval is given, unless and until Lessee:

24.2.1.1 Causes plans for the Automotive Manufacturing Plant and Showroom or the new construction to be prepared in full accordance with all applicable laws, building codes, and zoning ordinances, and delivers the plans to Lessor for its approval (which Lessor shall not unreasonably withhold) at least thirty (30) days before the proposed work is actually commenced;

24.2.1.2 Furnishes Lessor with a performance and payment bond with corporate surety, guaranteeing the doing and completion of the work; or, in lieu of furnishing such bond, creates an escrow fund with a bank or trust company selected by the Lessee and reasonably approved by Lessor, into which it shall deposit the full cost of the repair and replacement. The cost shall be evidenced by the bona fide bid of a responsible general contractor or the aggregate of the bona fide estimates of reliable subcontractors and materialmen. Lessee shall submit all the evidence to Lessor not later than thirty (30) days before the work starts. If applicable, the escrow fund shall be utilized to pay for the work as it progresses upon the requisition of the contractor and the certificate of an architect supervising the work, but disbursements from the escrow fund shall be made by written order of Lessor and Lessee. If Lessor elects to exercise joint control over the escrow fund, it shall promptly approve or cause to be approved progress payments so long as the balance remaining in the fund is sufficient to cause the work to be carried through to completion and paid for, and full and final waivers and releases are procured from all persons who furnish work, labor, services, or materials to the job.

24.2.2 The value of the reconstruction, repair, and replacement must not be less than the value of the Automotive Manufacturing Plant and Showroom, or portion thereof, then being demolished, replaced, and repaired, as agreed by Lessor and Lessee, or failing agreement, as reasonably determined by an independent qualified insurance appraiser pursuant to Section 32.4.

24.2.3 For the purposes of this Subsection, no work shall be deemed a "demolition" or a major repair so as to bring it within the terms of this Subsection of this Lease unless it constitutes either the actual destruction of all or a substantial part of the Automotive Manufacturing Plant and Showroom or a remodeling which, in substance, requires the tearing down of a substantial part of the Automotive Manufacturing Plant and Showroom. The changing of openings or the removal and/or relocating of partition walls, or other work inside the Automotive Manufacturing Plant and Showroom designed to accommodate itself to better occupancy, shall not be deemed major repair and construction within the meaning of this Subsection.

25. Dispute Resolution for Construction Disputes. Any controversy or claim between Lessor and Lessee arising out of or relating to only the initial design and construction of Lessee's proposed improvements to the Property shall be subject to binding arbitration before a single arbitrator, unless the parties agree to the appointment of a three person panel, in accordance with RCW Chapter 7.04A and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Such arbitration shall occur in West Richland, Washington, unless the parties mutually agree to have such proceeding in some other location. The arbitrator shall determine the arbitrability of any issue presented by the parties and may, in such proceeding, award attorneys' fees and costs to the prevailing party, but shall have no right to award punitive damages to either party.

26. Modifications for Prospective Legal Events. If any federal, state or local law or regulation, now existing or enacted or promulgated after the effective date of this Lease is interpreted by judicial decision, a regulatory agency or legal counsel to any party in such a manner as to indicate that a provision of this Lease may be in violation of such law or regulation, the parties shall amend this Lease as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements among the parties.

27. No Brokers. Lessor and Lessee each represents and warrants to the other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees from Lessor or Lessee in respect of the negotiation, execution or delivery of this Lease. Lessor and Lessee shall each indemnify and hold harmless the other against any loss, cost, liability or expense incurred by the other as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Lessor or Lessee, as applicable. Lessor shall

not be required to pay any broker's or finder's fees or commissions in connection with this Lease.

28. Recordation. This Lease shall not be recorded, but following the Commencement Date, the parties hereto shall execute a Memorandum of Lease in the form attached hereto as Exhibit D and cause the same to be recorded in the real property records of Benton County, Washington.

29. Signage. All signage desired by Lessee at the Property shall be subject to and must comply with all applicable laws, codes, and ordinances.

30. Recorded Exceptions. Lessee hereby acknowledges and confirms that it has reviewed and approved the exceptions recorded against and affecting the Property as identified on Exhibit A, and Lessee agrees to be bound thereby and perform all of Lessor's duties and obligations thereunder during the Term to the extent applicable to Lessee's use of the Property.

31. Damage, Destruction of Automotive Manufacturing Plant and Showroom or Improvements.

31.1 Lessee's Obligation to Repair. In the event of damage to or destruction of the Automotive Manufacturing Plant and Showroom or any improvements on or to the Property to be covered by the insurance described in Section 11.1:

31.1.1 Damage Less Than Twenty-five Percent of Replacement Cost.
If: (i) the cost of repairing or reconstructing the Automotive Manufacturing Plant and Showroom or improvements to the condition and form immediately prior to such damage or destruction does not exceed twenty-five percent (25%) of the then-new replacement cost of the improvements and adequate funds are available from the insurance acquired pursuant to Section 11.1 to effect such repair or restoration, all as is determined by an insurance appraiser provided for in Section 32.4, (ii) such funds are available for repair or reconstruction pursuant to the terms of any leasehold mortgage or deed of trust, and (iii) such repairs or reconstruction of any such damage or destruction can be made under then existing laws, ordinances, statutes, or regulations of any governmental authorities applicable thereto (or can be so made with minor and nonmaterial changes to the former condition and form of property damaged or destroyed), then Lessee shall effect, and the funds derived from insurance acquired pursuant to Section 11.1 shall be made available (subject to the rights of any Leasehold Mortgagee) to effect, such repair and reconstruction of the structure or improvement so damaged or destroyed to substantially its condition prior to said damage or destruction with such alterations thereto as Lessee shall reasonably determine prudent or valuable under the circumstances, including any changes required to comply with applicable law, with the then-prevailing construction practices or financial or rental market conditions applicable to the Property. If the funds are not adequate, Lessee shall deposit with the Insurance Trustee prior to the commencement of any construction work a sufficient sum (or secured assurances

satisfactory to the Insurance Trustee that a sufficient sum will be available when needed) up to an amount not to exceed One Hundred Seventy-five Thousand Dollars (\$175,000), adjusted every fifth (5th) anniversary of the Commencement Date as provided in Section 31.4 ("Maximum Lessee Required Contribution"), so that, taken together with the insurance funds available for construction purposes, the Insurance Trustee will then hold (or be assured of holding when needed) in cash a sum equal to or exceeding the estimated cost of all labor, materials, and other construction costs, direct and indirect (including but not limited to overhead charges, contractors' fees, architects' fees, payroll and social security charges, and taxes) so as to fully complete the repairing, restoring, and rebuilding of said structure or improvement. All such work shall be carried out in accordance with plans and specifications prepared by a licensed architect or architects approved by Lessor (acting reasonably) if such an architect is reasonably required given the scope and nature of the work. The Insurance Trustee may rely upon and accept the certified determinations of such architect with respect to estimated costs, awarding of contracts, sufficiency of bonds, progress of construction, interpretation of plans and specifications, compliance with same, and completion of construction. No material extras or material changes in the plans and specifications shall be made by Lessee without first: (a) giving written notice of such changes to Lessor; (b) depositing with the Insurance Trustee additional funds (or secured assurances satisfactory to Insurance Trustee that such funds will be available when needed) sufficient to pay for such extras or charges as certified to Insurance Trustee by said architect; and (c) as to any such changes that, together with all other changes theretofore made, involve over Two Hundred Fifty Thousand Dollars (\$250,000) (adjusted every fifth (5th) anniversary of the Commencement Date as provided in Section 31.4), or as to any change that materially affects the exterior of the Automotive Manufacturing Plant and Showroom or the quality of the Property, obtaining the written consent of Lessor (which consent shall not be unreasonably withheld). In the event of such repair, restoration, or rebuilding, the funds derived from the insurance with respect to the damage shall be made available to Lessee by the Insurance Trustee as the work progresses and is certified as acceptable by said architect on a monthly basis, such funds to be made available by the Insurance Trustee to pay for work and materials to the extent completed and delivered (calculated on the basis of the percentage of the total work and materials to be completed and delivered). The Insurance Trustee shall require Lessee to supply in form satisfactory to the Insurance Trustee evidence of application of funds and payment for all labor and material entering into such construction.

31.1.2 Damage Greater Than Twenty-five Percent of Replacement Cost. If (a) the cost of repairing or reconstructing said damage or destruction to its former condition and form is in excess of the twenty-five percent (25%) provided in Section 31.1.1, or (b) such cost is less than twenty-five percent (25%) but funds in excess of the Maximum Lessee Required Contribution would be required to be deposited by Lessee to effect the repairs or reconstruction described in Section 31.1.1, or if a Leasehold Mortgage does not permit the proceeds to be used to effect such repairs or reconstruction pursuant to an applicable Leasehold Mortgage, or (c) such reconstruction or rebuilding cannot be made under then existing laws, ordinances, statutes, or regulations of any governmental authority

applicable thereto (and cannot be so made with minor and nonmaterial changes to the former condition and form of the property damaged or destroyed or with such other change as may be proposed by Lessee that do not detract from the value of the improvements and that are approved by Lessor, acting reasonably), and, in any such event, the parties hereto are unable during a period of ninety (90) days after the determination of the insurance appraiser with respect to such damage or destruction to agree in writing on a construction program; then the Term shall end as of the date of such damage or destruction and any unutilized insurance proceeds shall be distributed in accordance with Section 32.2 hereof. Notwithstanding the foregoing, if such reconstruction or rebuilding can be made under such existing laws, ordinances, statutes, and regulations (or can be so made with minor and nonmaterial changes to the former condition and form of the property damaged or destroyed), but either (x) the cost of so repairing or reconstructing such damage or destruction is in excess of the twenty-five percent (25%) provided for in Section 31.1.1, or (y) such cost is less than twenty-five percent (25%) but funds in excess of the Maximum Required Lessee Contribution would be required to be deposited by Lessee to effect the repairs or reconstruction described in Section 31.1.1, then Lessee shall have the absolute right to treat such damage as if the damage or destruction met the description set forth in the first sentence of that section if Lessee: (1) gives notice to that effect to Lessor within ninety (90) days after the determination of the insurance appraiser with respect to said damage or destruction; (2) promptly deposits with the Insurance Trustee the funds or secured assurances as to their availability required under the provisions of Section 31.1.1 (without regard to the limitation of the Maximum Lessee Required Contribution); and (3) promptly demonstrates to the reasonable satisfaction of the Insurance Trustee that it can deposit with the Insurance Trustee the funds required or that will be required under the provisions of Section 31.1.1 (without regard to the limitation of the Maximum Lessee Required Contribution), whereupon the provisions of Section 31.1.1 shall be fully applicable to such damage or destruction. In the event Lessee terminates this Lease as a result of damage or destruction, Lessee shall nevertheless be obligated to restore the Property to grade level and remove all debris therefrom, if and to the extent requested by Lessor by written notice provided no later than thirty (30) days after Lease termination.

31.2 Prompt Repair. If Lessee is obligated or elects to repair, replace, reconstruct, or rebuild any structures, improvements, or other property as herein above provided, the same shall be effected at Lessee's cost and expense (which may be paid from insurance proceeds available as above provided) and all repairs shall be of a quality and workmanship to return the Automotive Manufacturing Plant and Showroom to a comparable building according to the standards then prevailing in the West Richland/ Richland/ Kennewick/ Pasco area for buildings of similar age and type, and Lessee shall diligently commence and continuously carry out such repair, replacement, reconstruction, or rebuilding to full completion as soon as possible, except to the extent of delays due to strikes, lockouts, shortages of labor or materials after due diligence in obtaining the same, governmental restrictions, fire, casualty, riot, act of God, act of the public enemy, or other causes beyond the reasonable control of Lessee after the exercise of due diligence, including diligence in contracting and the exercise of rights under contracts with contractors and suppliers. Lack of

funds and lack of financing shall not be deemed to be reasons beyond the control of Lessee. Prior to commencement of construction of such repair or replacement, any proceeds of such insurance shall be held in escrow by the Insurance Trustee and such escrowed funds shall constitute security to Lessor for the performance of Lessee's obligations under this Lease until actual commencement of such construction.

31.3 Damage During Last Two Years of Term. If there occurs during the last two (2) Lease Years of the Term damage or destruction to any structure or improvement on or in the Property and the costs of repairing, restoring, replacing, or rebuilding the same exceed ten percent (10%) of the then replacement cost of the improvements, as determined by an insurance appraiser provided for in Section 32.4, then Lessee may elect to terminate this Lease and, in such event, Lessee shall give notice to Lessor of its election within sixty (60) days after the determination by the insurance appraiser of the amount of damage, this Lease shall thereupon terminate as of the date of such notice, and any insurance proceeds shall be distributed in accordance with Section 32.2.

31.4 Periodic Adjustments. Whenever periodic adjustments are provided for in this Lease, such adjustments shall be made based on the percentage increase, if any, in the last Revised Consumer Price Index for All Urban Consumers (CPI-U): U.S. Cities Average, all items index (Reference Base 1982-84 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor (the "Index") published prior to the Commencement Date (or prior adjustment date, as applicable) and the last Index published prior to the adjustment date.

32. Insurance Trustee.

32.1 Insurance Proceeds and Other Funds Held in Trust. All insurance proceeds or condemnation proceeds relating to the Property and/or the Automotive Manufacturing Plant and Showroom where the total amount of proceeds is less than or equal to Five Hundred Thousand Dollars (\$500,000), shall be paid to Lessee and shall be applied in the manner provided in clauses (a) through (c) in the succeeding sentence. All insurance proceeds or condemnation proceeds relating to the Property and/or the Automotive Manufacturing Plant and Showroom where the total amount of proceeds exceeds Five Hundred Thousand Dollars (\$500,000) shall be paid to the Insurance Trustee and shall be held in trust and shall be applied as follows: (a) first, to any first lien mortgagee as required under the terms of its mortgage, provided that such mortgage was of record and secured a loan made or committed to Lessee prior to the occurrence of such loss; (b) second, for the purpose of defraying the cost of fully repairing, restoring, replacing, or rebuilding any structure or improvement on or in the Property as provided in Section 32.2 hereof; and (c) third, if the damaged or destroyed structure or improvement is not fully repaired, restored, replaced, or rebuilt as hereinafter provided, said funds shall be disposed of as provided in Section 32.2. Any of such funds in the hands of the Insurance Trustee at the end of the Term hereof shall be disposed of as set forth in Section 32.2.

32.2 Application of Proceeds of Physical Damage Insurance. In the case of any loss covered by insurance policies described in Section 11.1, the application of insurance proceeds from damage or loss to property shall be determined in accordance with Section 32.1 hereof and, in the event of any such repair, replacement, restoration, or rebuilding, the Insurance Trustee shall apply the proceeds of the insurance collected to the cost of such work upon receipt of certificates of satisfactory progress and completion by the licensed architect or engineer in charge of the work in form satisfactory to the Insurance Trustee. Any amounts payable to Lessee for work or services performed or materials provided as part of any such repair, replacement, restoration, or rebuilding shall not exceed competitive rates for such services or materials and Lessee shall, upon request of Lessor, make available to Lessor and its representatives in West Richland, Washington, all books and records of Lessee relating to such work, services, and materials. Upon completion of such full repair, replacement, restoration, or rebuilding in accordance with the provisions of this Lease, and the full payment therefor, any insurance proceeds received by the Insurance Trustee with respect to the damage or destruction involved, and not used, shall be paid to Lessee. Insurance proceeds received and held by the Insurance Trustee and not used for repair, replacement or reconstruction, or used for work that does not result in full repair, replacement or reconstruction, shall be paid to Lessor and Lessee and shall be divided between them according to their respective interests in the Property (taking into consideration the remaining Lease Term, the remaining useful life of the improvements on the Property, and Lessor's reversionary right in such improvements at the end of the Lease Term); provided, however, that any leasehold mortgagee shall be entitled to all such proceeds otherwise distributable to Lessee as provided in and to the extent set forth in the mortgage.

32.3 Powers, Duties of Insurance Trustee. As used herein, the term "Insurance Trustee" shall mean initially an entity or any subsequent replacement therefor designated in writing by Lessor, which shall be a bank or trust company with offices located in West Richland, Richland, Kennewick or Pasco, Washington.

32.3.1 Insurance Trustee. The Insurance Trustee shall retain in trust all policies of insurance or certificates thereof delivered to it as herein provided, shall not permit the withdrawal, termination or discontinuance of any such policy without Lessor's consent, and upon request, shall exhibit such policies or certificates to Lessor or Lessee or any authorized representative of Lessor or Lessee. Insurance Trustee shall receive in trust the proceeds of insurance and make disbursements thereof specifically limited to the proceeds of casualty insurance described in Section 11.1 and shall make disbursements thereof as provided in Section 32.2. Insurance Trustee shall recognize that one of the primary objectives of the parties is to insure that disbursements of funds held by the Insurance Trustee will be paid in a manner which will mitigate against the imposition of liens or encumbrances upon the Property or any improvements thereon. Receipt and disbursement of other types of insurance proceeds shall be made in accordance with this Lease, or as otherwise approved by Lessor and Lessee, and may be undertaken by the Insurance Trustee upon written agreement with Lessor and Lessee.

32.3.2 Trustee's Liability. Neither Lessor nor Lessee shall hold the Insurance Trustee liable for any mistake or error in judgment in the discharge of its duties and it shall be liable only for willful neglect or breach of duty. The Insurance Trustee shall not be liable or responsible for the collection of any moneys or the failure or refusal of any insurance company or third person or corporation from whom money may be due to pay the same, but it shall be the duty of such Insurance Trustee, in case of failure or refusal of any insurance company or third person or corporation to pay any policies or money due, to use all proper and legal means in conjunction and cooperation with Lessor and Lessee to recover the same, but at the expense of Lessee.

32.3.3 Trustee's Fees. All fees and charges of the Insurance Trustee shall be paid out of insurance proceeds to the extent available, and thereafter shall be paid half by Lessor and half by Lessee. The Insurance Trustee's fee shall be based on its then-current annual minimum fee plus out-of-pocket expenses. Administrative time is to be charged at the then-prevailing hourly rate for such service.

32.3.4 Trustee's Merger. If the Insurance Trustee should merge into any other entity, change its name or transfer its trust business to any other entity, such successor shall succeed to all the powers, duties and authority given to Insurance Trustee hereunder.

32.3.5 Trustee's Successors. The Insurance Trustee may resign upon giving thirty (30) days' notice in writing to Lessor and Lessee of its desire to resign. Upon receipt of such written notice, or if the Insurance Trustee named herein refuses to serve, Lessor shall promptly designate a successor or alternate trustee. Such successor or alternate trustee shall be entitled to receive from the former Insurance Trustee all securities, moneys and policies held by it and shall be vested with all the rights and powers herein conferred upon the Insurance Trustee herein originally appointed.

32.3.6 Investment of Proceeds. The Insurance Trustee shall invest any insurance proceeds received and funds derived from the operation of this Section 32, as directed in writing jointly by Lessor and Lessee; provided, however, if Lessor and Lessee cannot agree to the investments to be made, the Insurance Trustee may invest such funds in one or more of the following types of bonds and securities:

32.3.6.1 Bills, certificates, notes or bonds of the United States;

32.3.6.2 Other obligations of the United States or its agencies;

32.3.6.3 Obligations of any corporation wholly owned by the government of the United States;

32.3.6.4 Indebtedness of the Federal National Mortgage Association or its successor; and

32.3.6.4 Time deposits in commercial banks.

In making investments in one or more of said types of bonds and securities, the Insurance Trustee shall be mindful of the probable necessity of payments from time to time of portions of the insurance proceeds and shall select investments with appropriate maturities. Income from the investments shall be treated as part of the insurance proceeds held by the Insurance Trustee.

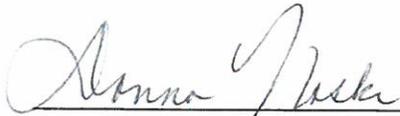
32.4 Insurance Appraiser. The determinations required under this Section 32 and Section 31 shall be made by an independent qualified insurance appraiser selected by the parties, whose decision shall not be subject to arbitration. If the parties cannot agree on the insurance appraiser within thirty (30) days after the date of such damage or destruction, then the same shall be appointed by the Presiding Judge of the Superior Court of Benton County, Washington, upon the application of either party.

33. Conflicts. To the extent that there is a conflict between the terms and provisions of any future written agreements between the parties and those of this Lease, the terms and provisions of this Lease shall govern unless the parties expressly provide otherwise in said future written agreements.

EXECUTED effective as of the date first above written.

LESSOR:

City of West Richland,
a Washington Municipality



By: DONNA NOSKI
Title: Mayor

LESSEE:

SSC North America LLC,
a Washington limited liability company



By: JEROD SHELBY
Title: Sole Member

Note: The initialed modifications have been approved and initialed by the current Mayor of West Richland,

Brent Gerny.

Modifications made May 19, 2014



EXHIBITS:

Exhibit A - Legal Description

Exhibit B - Description of Plans and Specifications for Automotive Manufacturing Plant and
Showroom

Exhibit C - Site Plan

Exhibit D - Memorandum of Lease

Exhibit E - Form of Option Purchase and Sale Agreement

Exhibit F - Financial Guarantee Fund

Exhibit G - ~~Ground Lessor Consent and Agreement~~

Lessee's Option to Purchase Property

P.S.
BCC

STATE OF WASHINGTON)
COUNTY OF Benton) §

On this 17th day of May, 2013, before me, a Notary Public in and for the State of Washington, personally appeared **Jerod Shelby**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the Sole Member of **SSC North America LLC**, to be the free and voluntary act and deed of said limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Ilka M Gilliam
NOTARY PUBLIC in and for the State of
Washington, residing at Kennewick
My appointment expires 2-19-17
Print Name Ilka M Gilliam

STATE OF WASHINGTON)
COUNTY OF BENTON) §

On this 17th day of May, 2013, before me, a Notary Public in and for the State of Washington, personally appeared **Donna Noski**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it as the Mayor of **West Richland** to be the free and voluntary act and deed of said municipality for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Ilka M Gilliam
NOTARY PUBLIC in and for the State of
Washington, residing at Kennewick
My appointment expires 2-19-17
Print Name Ilka M Gilliam

EXHIBIT A
LEGAL DESCRIPTION

Lot 2, Short Plat #3348, according to the plat thereof recorded in Volume 1 of Surveys, Page 3348, records of Benton County, Washington, being situated in the County of Benton, State of Washington.

EXHIBIT B
DESCRIPTION OF PLANS AND SPECIFICATIONS
FOR AUTOMOTIVE MANUFACTURING PLANT AND SHOWROOM

General Description

Site Development

Site Utilities

Foundation System

Floor Slabs

Superstructure

Exterior Walls

Interior Partitions

Interior Finishes

Specialties

Conveying Systems

Plumbing

Heating and Air Conditioning

Fire Protection System

Electrical

Fire Alarm System

Communications

Security System

EXHIBIT C
SITE PLAN

(SEE ATTACHED THREE (3) SHEETS.)

EXHIBIT D

MEMORANDUM OF LEASE

[*SAMPLE ONLY—DO NOT EXECUTE**]

This Memorandum of Lease is made as of this ____ day of _____, 2013, by and between the CITY OF WEST RICHLAND, a Washington municipality (“Lessor”), and SSC NORTH AMERICA LLC, a Washington limited liability company (“Lessee”), who agree as follows:

1. Lease Term and Premises. Lessor has leased to Lessee, and Lessee has leased from Lessor, pursuant to a Ground Lease dated effective the ____ day of _____, 2013 (the “Lease”), the real property located in the City of West Richland, Benton County, Washington, described in Exhibit A attached hereto (the “Premises”), for a Term of twenty (20) years commencing _____, 2013. The provisions of the Lease are incorporated herein.

2. Rights of First Refusal; Purchase Options. The Lease grants Lessee a right of first refusal to acquire title to the Premises and options to acquire title to the Premises, subject to certain terms and conditions. The Lease grants Lessor a right of first refusal to acquire Lessee’s interest in the Lease and all improvements located on the Premises, subject to certain terms and conditions.

3. Provisions Binding on Lessor and Lessee. All of Lessor’s covenants under the Lease, both affirmative and negative, are intended to and shall bind Lessor and its successors, and shall inure to the benefit of Lessee and its successors. All of Lessee’s covenants under the Lease, both affirmative and negative, are intended to and shall bind Lessee and its successors and shall inure to the benefit of Lessor and its successors.

4. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation to give notice of the Lease. It shall not constitute an amendment or modification of the Lease.

EXECUTED as of the date first above written.

LESSOR:

City of West Richland,
a Washington Municipality

LESSEE:

SSC North America LLC,
a Washington limited liability company

By: DONNA NOSKI
Title: Mayor

By: JEROD SHELBY
Title: Sole Member

STATE OF WASHINGTON)
) §
COUNTY OF _____)

On this _____ day of _____, 2013, before me, a Notary Public in and for the State of Washington, personally appeared **Jerod Shelby**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the Sole Member of **SSC North America LLC**, to be the free and voluntary act and deed of said limited liability company for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____
Print Name _____

STATE OF WASHINGTON)
) §
COUNTY OF BENTON)

On this _____ day of _____, 2013, before me, a Notary Public in and for the State of Washington, personally appeared **Donna Noski**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it as the Mayor of **West Richland** to be the free and voluntary act and deed of said municipality for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____
Print Name _____

**EXHIBIT A
TO
MEMORANDUM OF LEASE**

LEGAL DESCRIPTION

Lot 2, Short Plat #3348, according to the plat thereof recorded in Volume 1 of Surveys, Page 3348, records of Benton County, Washington, being situated in the County of Benton, State of Washington.

EXHIBIT E
FORM OF OPTION PURCHASE AND SALE AGREEMENT

(ATTACHED HERETO)

EXHIBIT F
FINANCIAL GUARANTEE FUND

(ATTACHED HERETO)

FINANCIAL GUARANTY FUND ESCROW AGREEMENT

THIS FINANCIAL GUARANTY FUND ESCROW AGREEMENT (this “**Agreement**”) is dated effective as of the 19th day of May, 2015, and is entered into by and among The City of West Richland, a Washington Municipality (the “**City**”), SSC North America LLC, a Washington limited liability company (“**SSC North America LLC**”) and Bank of the West (“**Bank**”).

1. Definitions. The following definitions apply to the Agreement:
 - 1.1 Right of First Refusal. That certain Right of First Refusal to Purchase Adjacent Parcel, dated as of September 17, 2012, by and between the City and SSC North America LLC.
 - 1.2 CERB Loan. The loan from the Community Economic Revitalization Board (“**CERB**”), pursuant to that certain Capital Agreement, effective as of February 16, 2012, by the City through CERB for the development of an industrial manufacturing facility.
 - 1.3 All capitalized terms not defined herein shall be as defined in that certain Ground Lease by and between SSC North America LLC and the City (the “**Lease**”).
2. Financial Guaranty Fund. The City entered into the Lease with SSC North America LLC on May 17, 2013, with a Commencement Date of December 1, 2013. Pursuant to Section 7.8 of the Lease, SSC North America LLC was to, within forty-five (45) business days following execution of the Lease, create the “**Financial Guaranty Fund**” and deposit **\$500,000** (the “**Financial Guaranty Funds**”) therein as partial security for SSC North America LLC’s obligations to commence and complete initial construction of the Automotive Manufacturing Plant and Showroom as required by the Lease. SSC North America LLC received written notice from the City on January 6, 2015 documenting the City’s concerns about non-performance and noting that the requirement in the Lease to fund the Financial Guaranty Fund requirement was outstanding. As of the date of this Agreement, SSC North America LLC still has not met this requirement.
3. Deposit of Funds. Pursuant to SSC North America LLC’s obligations under the Lease to create the Financial Guaranty Fund, construct on the Property an Automotive Manufacturing Plant and Showroom as described therein and deposit the Financial Guaranty Funds, by execution hereof SSC North America LLC agrees to deposit the complete **\$500,000** of Financial Guaranty Funds into the Financial Guaranty Fund pursuant to the schedule below. The Financial Guaranty Funds are to be held by Bank for the benefit of the City and to be deposited, held and disbursed as provided in this Agreement.

3.1 Schedule of Deposits.

- 3.1.1 Prior to May 22, 2015, SSC North America LLC shall remit to Bank no less than **\$130,000** for deposit into the Financial Guaranty Fund (“**Scheduled Deposit #1**”).
- 3.1.2 Prior to July 10, 2015, SSC North America shall remit to Bank the remaining amount of **\$370,000** for deposit into the Financial Guaranty Fund necessary to achieve a total balance in the Financial Guaranty Fund of \$500,000 (“**Scheduled Deposit #2**”; Scheduled Deposit #1 and Scheduled Deposit #2 shall be collectively referred to herein as the “**Scheduled Deposits**”).
- 3.1.3 Upon request, SSC North America LLC may be given a grace period of **no more than 5 business days** to extend the deposit dates of Scheduled Deposit #1 and Scheduled Deposit #2, only if SSC North America LLC can provide evidence satisfactory to the City that the funds are in transit and the only delay is due to handling time by the bank.

3.2 If Scheduled Deposit Missed.

- 3.2.1 If Scheduled Deposit #1 is not deposited by May 22, 2015 in accordance with Section 3.1.1 above (plus the defined grace period if applicable per Section 3.1.3 above), the Lease and the Right of First Refusal shall automatically terminate and the City shall be entitled to all of its rights and remedies for such a default as outlined in the Lease.
- 3.2.2 If Scheduled Deposit #1 has been deposited by May 22, 2015, but Scheduled Deposit #2 has not been deposited by July 10, 2015 (plus the defined grace period if applicable per Section 3.1.3 above), (i) the Lease and the Right of First Refusal shall automatically terminate, (ii) the City shall be entitled to all of its rights and remedies for such a default as outlined in the Lease and (iii) the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.

4. Disposition of Deposit.

- 4.1 Construction Commencement. By its execution hereof, SSC North America LLC acknowledges and agrees that it shall commence construction of the Automotive Manufacturing Plant and Showroom prior to January 1, 2016. For purposes of this Section 4.1, commencement of construction shall mean (i) the purchase and receipt of all required building permits necessary for the project and (ii) physical construction of the project (expressly excluding any foundation work). If SSC North America LLC has not commenced construction prior to the Commencement Date, the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the

entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.

- 4.2 Construction Deadline. By its execution hereof, SSC North America LLC acknowledges and agrees that it shall complete construction of the Automotive Manufacturing Plant and Showroom prior to December 31, 2016 (the “**Completion Date**”). If SSC North America LLC has not completed construction prior to the Completion Date, the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.
- 4.3 Release of Financial Guaranty Funds. If (i) the Scheduled Deposits are both made in accordance with Section 3.1 herein, (ii) the Construction is completed to the satisfaction of the City by the Completion Date and (iii) there are no other then existing uncured defaults under the terms of the Lease or this Agreement, then after a certificate of occupancy for the Property has been issued, the Financial Guaranty Funds, including interest earned, but less any Cost Overruns incurred by the City, will be released to SSC North America LLC within thirty (30) days after receipt of written request of such release.
- 4.4 Cost Overruns. As used herein, Cost Overruns shall be defined as the CERB Loan project expenses, including, but not limited to, expenses incurred by the City for the design, permitting, property acquisition and construction of the project, including any legal and administrative expenses associated therewith, over and above \$829,766, which is the total amount of the CERB Loan. The City shall provide SSC North America LLC with written notice of any Cost Overruns.
- 4.5 Lease Default. If at any time prior to the release of the Financial Guaranty Funds there is a default under the Lease which remains uncured past all application notice and cure periods, the City shall be entitled to send a Disbursement Letter (as defined in Section 5 herein) to Bank for the entire amount (including interest earned) then in the Financial Guaranty Fund and to retain such Financial Guaranty Funds.
5. Disbursement Letter. Bank is authorized and directed to disburse all or portions of the Financial Guaranty Funds to the City upon Bank’s receipt of a letter (the “**Disbursement Letter**”) signed by the City instructing Bank to do so, which letter shall specify the amount of the Financial Guaranty Funds to be released to the City and/or to SSC North America LLC,. Under no circumstances, however, shall SSC North America LLC direct Bank to disburse any funds out of the Financial Guaranty Fund, and Bank, by its signature to this Agreement, shall not honor any such request.
6. Investment of Financial Guaranty Funds. Bank is authorized to invest all or portions of the Financial Guaranty Funds from time to time in federally insured bank deposits, provided that such funds remain available for withdrawal upon not more than ten (10) days’ notice without payment of a discount or penalty. All interest or other income earned in the Financial

Guaranty Fund shall be added to the Financial Guaranty Funds and disbursed in accordance with these instructions.

7. Costs. All costs and charges in connection with maintaining the account shall be paid by SSC North America LLC.
8. Notices. Any notice or election required or permitted to be given by any party hereto upon any other party shall be deemed given in accordance with the provisions of this Agreement when addressed to Bank, the City or SSC North America LLC, as the case may be, at the respective address set forth below. Notices shall be transmitted, or delivered as follows: (1) personal delivery, (2) express or courier service, (3) facsimile or (4) mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid. Notices shall be deemed to be delivered the earlier of (a) the date received, (b) one (1) business day after deposit with an express or courier service, (c) three (3) business days after deposit in the United States Postal Service mail, registered or certified mail, postage prepaid, or (d) if given by facsimile, when sent with confirmation of receipt (any notice or communication so delivered by facsimile being deemed to have been received (i) on the business day so sent, if so sent prior to 5:00 p.m. Pacific Time of the business day so sent, and (ii) on the business day following the day so sent, if so sent on a day other than a business day or on or after 5:00 p.m. Pacific Time of the business day so sent (unless actually received by the addressee on the day so sent)). Either party may change the address at which notices are to be sent by providing notice to the other party as provided in this Section 8.

SSC North America LLC :

Jerod Shelby
405 S. 54th Avenue
West Richland, WA 99353

City:

City of West Richland
c/o City Clerk
3801 W. Van Giesen
West Richland, WA 99353

Bank:

Bank of the West
1045 George Washington Way
Richland, WA 99352
Attention: Lyndee Turnbull, AVP/Customer Service Manager

9. Attorney's Fees and Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which that party may be entitled. This provision shall be construed as applicable to the entire contract and shall apply to all proceedings, hearings, and adjudications by a trial court or appellate court.

10. Venue and Personal Jurisdiction. In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the parties hereto agree that any such action shall be initiated in the Superior Court of the State of Washington, situated in Benton County. The parties hereto agree that all questions shall be resolved by application of Washington law and that the parties to such action shall have the right of appeal from such decision of the Superior Court in accordance with the laws of the State of Washington. The Parties hereby consent to the personal jurisdiction of the Superior Court of the State of Washington, situated in Benton County.
11. Occurrence of Disputes. If at any time during the life of this Agreement any reasonable uncertainty exists, or any dispute arises between the parties hereto or their respective successors or assigns, as to the disbursement of any of the funds deposited herewith or as to the ownership or right of possession thereof, or as to any matter pertaining to this Agreement, Bank may hold and retain in its possession, without liability, any and all of the funds referred to in these instructions until such uncertainty has been settled. In the event such uncertainty or dispute is not settled within thirty (30) days, Bank may, at its option, interplead or commence any similar action and deposit the funds with the clerk of the Superior Court for Benton County, Washington, and thereupon Bank shall be relieved from all liability with respect thereof; and the undersigned parties agree to pay all costs in such suit and a reasonable sum as attorneys' fees; provided however, that such interpleader action shall be stayed pending any arbitration in accordance with the Agreement, and any amounts not in dispute would be disbursed in accordance with this Agreement, and Bank shall disburse disputed funds in accordance with instructions from the arbitrator or any court.
12. Modification of Agreement. Any modification or amendment of this Agreement shall be valid and effective only if in writing and signed by the City and SSC North America LLC. The Financial Guaranty Funds shall be held and applied by Bank as specified in this Agreement unless Bank receives a modification or amendment of this Agreement as outlined in this Section 12.
13. Disclaimer of Interest; Limitation of Duties. Bank hereby disclaims and agrees not to assert any lien or security interest in the Financial Guaranty Funds. Bank acknowledges that its sole duty under these Instructions is to make disbursements pursuant to Section 5 above, and that it is not the duty or responsibility of Bank to determine the amount or appropriateness of any disbursement.
14. Waiver. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenants or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right of custom, estoppel, or otherwise. The subsequent acceptance of Financial Guaranty Funds pursuant to this Agreement shall not constitute a waiver of any preceding default by SSC North America LLC other than default on the payment of that particular payment, regardless of the City's knowledge of the preceding breach at the time of accepting the Financial Guaranty Funds. Acceptance of the Financial Guaranty Funds or other payment after termination shall not constitute a reinstatement, extension or renewal of the Lease, or revocation of any notice or other act by the City.

15. Compliance with Lease Agreement; Lease in full force and effect. Notwithstanding anything to the contrary in this Agreement, (i) SSC North America LLC shall comply with all terms, covenants and conditions in the Lease, including the monthly installment payment of Base Rent (ii) and all terms, covenants and conditions in the Lease remain in full force and effect without modification or change. This Agreement may be executed in identical counterparts and by the exchange of faxed or e-mailed signatures.

[SIGNATURES COMMENCE ON THE FOLLOWING PAGE]

EXECUTED as of this 19th day of May, 2015.

CITY:

City of West Richland,
a Washington Municipality

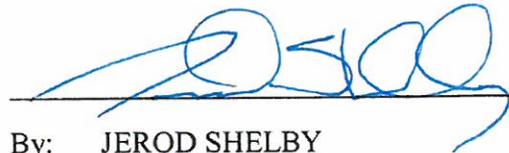


By: BRENT GERRY

Title: Mayor

SHELBY:

SSC North America LLC
a Washington limited liability company

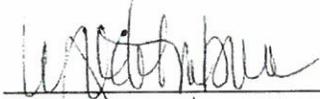


By: JEROD SHELBY

Title: Sole Member

BANK:

Bank of the West



By: Lyndee Turnbull

Its: AVP, customer service manager

EXHIBIT G
Lessee's Option to Purchase Property
~~**GROUND LESSOR CONSENT AND AGREEMENT**~~

P.S.
RF

(ATTACHED HERETO)

**EXHIBIT G
LESSEE'S OPTION TO PURCHASE PROPERTY**

Property Buy-Out Basis:	Amount
CERB Loan for Land and Utilities	829,766.00
Revalue land based on non-discounted purchase price	229,000.00
Local Investors:	
Benton County	55,000.00
Others	37,000.00
Total Property Buy-Out Value	1,150,766.00

Lease Term:	Annual Base Rent	2% Management Fee	Annual Base Rent Applied to Buy-Out Price	Buy-Out Option Price (End of Year)
Year 1 (December 1, 2013 - November 30, 2014)	25,000.00		25,000.00	1,125,766.00
Year 2 (December 1, 2014 - November 30, 2015)	30,000.00		30,000.00	1,095,766.00
Year 3 (December 1, 2015 - November 30, 2016)	40,000.00		40,000.00	1,055,766.00
Year 4 (December 1, 2016 - November 30, 2017)	50,000.00		50,000.00	1,005,766.00
Year 5 (December 1, 2017 - November 30, 2018)	50,000.00		50,000.00	955,766.00
Year 6 (December 1, 2018 - November 30, 2019)	55,000.00		55,000.00	900,766.00
Year 7 (December 1, 2019 - November 30, 2020)	60,454.00	1,185.00	59,269.00	841,497.00
Year 8 (December 1, 2020 - November 30, 2021)	60,454.00	1,185.00	59,269.00	782,228.00
Year 9 (December 1, 2021 - November 30, 2022)	60,454.00	1,185.00	59,269.00	722,959.00
Year 10 (December 1, 2022 - November 30, 2023)	60,454.00	1,185.00	59,269.00	663,690.00
Total Paid by Year 10	491,816.00	4,740.00	487,076.00	
Year 11 (December 1, 2023 - November 30, 2024)	60,454.00	1,185.00	59,269.00	604,421.00
Year 12 (December 1, 2024 - November 30, 2025)	60,454.00	1,185.00	59,269.00	545,152.00
Year 13 (December 1, 2025 - November 30, 2026)	60,454.00	1,185.00	59,269.00	485,883.00
Year 14 (December 1, 2026 - November 30, 2027)	60,454.00	1,185.00	59,269.00	426,614.00
Year 15 (December 1, 2027 - November 30, 2028)	60,454.00	1,185.00	59,269.00	367,345.00
Total Paid by Year 15	794,086.00	10,665.00	783,421.00	
Year 16 (December 1, 2028 - November 30, 2029)	60,454.00	1,185.00	59,269.00	308,076.00
Year 17 (December 1, 2029 - November 30, 2030)	60,454.00	1,185.00	59,269.00	248,807.00
Year 18 (December 1, 2030 - November 30, 2031)	60,454.00	1,185.00	59,269.00	189,538.00
Year 19 (December 1, 2031 - November 30, 2032)	60,454.00	1,185.00	59,269.00	130,269.00
Year 20 (December 1, 2032 - November 30, 2033)	60,454.00	1,185.00	59,269.00	71,000.00
Total Paid by Year 20	1,096,356.00	16,590.00	1,079,766.00	

WEST RICHLAND AGENDA ACTION ITEMS

AGENDA ITEM:	6D & 6E	TYPE OF ACTION NEEDED			
MEETING DATE:	September 1, 2015	<i>Execute Contract</i>		<i>Consent Agenda</i>	X
SUBJECT:	RES Amending Park Fees (File AD 2015-13)	<i>Pass Resolution</i>	X	<i>Public Hearing</i>	
		<i>Pass Ordinance</i>		<i>1st Discussion</i>	
Prepared by:	Alison Greene	<i>Pass Motion</i>		<i>2nd Discussion</i>	
Reviewed by:	Mayor Gerry & Aaron Lambert	<i>Other</i>		<i>Other</i>	

ATTACHMENTS AND EXHIBITS:

- Resolution:** A Resolution of the City of West Richland, Washington, Adopting a Revised Fee Schedule
Resolution: A Resolution of the City of West Richland, Washington, Adopting Athletic Fields Usage Fees Administration Policy
Exhibit A: Staff Report for City Council August 18, 2015 meeting

SUPPORTING POLICIES AND STATE LAW:

- *SFA 4, Goal 3 – Identify sustainable funding sources to continue park operations and to provide new parks and recreational opportunities*
- *SFA 3, Goal 1 – Conduct city operations using best management practices*
- *City of West Richland Parks and Recreation Master Plan (2012) including the mission statement: “Parks and recreation in West Richland will reflect the diverse interests and needs of residents. The City will creatively foster local and regional partnerships, encourage community engagement, and remain financially responsible.”*

BACKGROUND INFORMATION:

The parks in the City of West Richland are in high demand for public and private use. Fees were last adjusted in 2007. Based on the increased demand and resources needed to adequately schedule and manage the parks, an updated fee schedule is proposed, as well as an associated policy for Athletic Field Usage Fees Administration.

The updated fee schedule includes increases in all categories, including both one-time reservations (such as using the Flat Top Pavilion for a graduation party) as well as seasonal athletic field reservations.

The associated policy outlines how the City will handle the athletic field reservation fees, including how a group could offset their fees with capital improvements and/or maintenance of facilities.

These topics are discussed more thoroughly in the staff report for council dated August 18, 2015 (Exhibit A). This topic was presented at the August 18, 2015 meeting as discussion only, and public comment was received.

SUMMARY: In order to maintain quality facilities at West Richland parks, address issues related to usage, and improve services, the fee schedule should be updated. The proposed rates and related administration policies will help cover costs associated with scheduling user groups and administering a park usage program within the city.

RECOMMENDATION: Based on the analysis and discussion in this report and the staff report provided for the August 18, 2015 meeting, staff recommends passage of the draft resolutions.

**CITY OF WEST RICHLAND
RESOLUTION NO. ___-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON,
UPDATING THE MASTER FEE SCHEDULE FOR THE COMMUNITY DEVELOPMENT DEPARTMENT
SCHEDULE D SECTION 8**

WHEREAS, it is the general policy to update fees that are reflective of the cost of services provided by the City; and

WHEREAS, the City Council finds that the following fee schedule sets forth fees that are reasonable and necessary;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The Master Fee Schedule – Schedule D Section 8 is updated to include the following fees attached to this resolution.

PASSED by the City Council for the City of West Richland, Washington, this 1st day of September, 2015.

Brent Gerry, Mayor

ATTEST:

Julie Richardson, City Clerk

APPROVED AS TO FORM:

Bronson Brown, City Attorney

Fee Amount

Park use (no structure)
Residents: \$0.00
Non-residents: 1/2 day \$10.00
Non-residents: 1 day \$15.00
Sports Association: Waived in lieu of
maintenance
Large Event (100-500): 1/2 day \$20.00
Large Event (100-500): 1 day \$30.00
Larger Event (500+): 1/2 day \$60.00
Larger Event (500+): 1 day \$90.00

OR

Park Shelter (ext. access only)
Residents: \$0.00
Non-residents: 1/2 day \$25.00
Non-residents: 1 day \$40.00
Sports Assoc: Waived in lieu of
maintenance
Large Event (100-500): 1/2 day \$50.00
Large Event (100-500): 1 day \$80.00
Larger Event (500+): 1/2 day \$80.00
Larger Event (500+): 1 day \$128.00

OR

Buildings w/ Interior Access
Residents: \$0.00
Non-residents: 1/2 day \$40.00
Non-residents: 1 day \$66.00
Sports Assoc: Waived in lieu of
maintenance
Large Event (100-500): 1/2 day \$70.00
Large Event (100-500): 1 day \$118.00
Larger Event (500+): 1/2 day \$120.00
Larger Event (500+): 1 day \$192.00

Park Use Fees/Deposits – Circle all that apply		Resident		Non-Resident		Large Event		Large Event	
Deposits (Refundable)	Flat Top Kitchen – Key Deposit	\$75.00		\$75.00		\$75.00		\$75.00	
	Large Event - Damage Deposit	N/A		N/A		\$130		\$130	
Period of use: (Less than 5 hours = ½ day; 5+ Hours = 1 Day)		½ day	1 day	½ day	1 day	½ day	1 day	½ day	1 day
	Upper / Lower Lawn only	\$20	\$25	\$40	\$45	\$75	\$85	\$140	\$145
	Flat Top Pavilion (incls upper field)	\$35	\$50	\$55.00	\$70	\$105	\$135	\$160	\$208
	Flat Top Kitchen (incls Pavilion & Lawn)	\$50	\$76	\$70	\$96	\$125	\$173	\$200	\$272
	Bombing Range Sports Complex Event	N/A		N/A		\$200	\$300	\$300	\$500
Staff Fees – for cleaning, repairs etc.		\$65.00 per hour		\$65.00 per hour		\$65.00 per hour		\$65.00 per hour	
Sports Field Use Fees		Youth – Resident		Youth – Non-Resident		Adult – Resident		Adult – Non-Resident	
User Fees	Bombing Range Sports Complex and Flat Top Fields (per field, per hour)	\$5.00		\$6.00		\$6.00		\$7.00	

**CITY OF WEST RICHLAND
RESOLUTION NO. ___-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON,
ADOPTING ATHLETIC FIELDS USAGE FEES ADMINISTRATION POLICY**

WHEREAS, the City of West Richland has a parks and trails system with many amenities including facilities and athletic fields; and

WHEREAS, the City provides the opportunity for individuals, groups, sports teams and leagues to reserve use of certain facilities and fields; and

WHEREAS, the City wants to ensure equitable and reasonable use of the facilities and fields;

NOW THEREFORE,

BE IT HEREBY FURTHER RESOLVED THAT THE CITY COUNCIL OF THE CITY OF WEST RICHLAND adopts a policy for Athletic Fields Usage Fees Administration as attached to this resolution.

PASSED BY THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, this 1st Day of September, 2015.

Brent Gerry, Mayor

ATTEST:

Julie Richardson, City Clerk

APPROVED AS TO FORM:

Bronson Brown, City Attorney

improvements may be considered for multiple year credits. Proposals should include detailed schedules, improvement plans, drawings and other information requested by the Community Development Department. The credit granted annually cannot exceed the reservation fees. If approved maintenance, volunteer work, or capital improvements are not completed as approved, the fee waiver will be revoked.

3.5 Credit proposals of less than \$5,000 may be approved by the Community Development Director; proposals between \$5,000 - \$10,000 may be approved by the Mayor, and credits over \$10,000 may be approved by City Council. Decisions which are made by the Director or Mayor may be appealed to the City Council.

3.6 Volunteer hours are generally valued at the Washington State current minimum wage. A sport association or team may submit a proposal for professional services at the price paid by the association or donated by the professional, or propose a higher rate for skilled volunteers with a justification for the rate.

3.7 The Community Development Director has authority to ensure quality control. He/she may inspect projects to ensure that acceptable improvements are made and contributions are completed according to city standards. There may be other conditions or qualifications placed by the City Staff upon approval of an applicant's proposal, upon acceptance by the City.

3.8 Any equipment such as soccer goals left on City park property shall be considered a donation to the City of West Richland.

EXHIBIT (A)

<u>WEST RICHLAND AGENDA ACTION ITEMS</u>					
<i>AGENDA ITEM:</i>		<i>TYPE OF ACTION NEEDED</i>			
<i>MEETING DATE:</i>	August 18, 2015	<i>Execute Contract</i>		<i>Consent Agenda</i>	
<i>SUBJECT:</i>	RES Amending Park Fees (File AD 2015-13)	<i>Pass Resolution</i>	X	<i>Public Hearing</i>	X
		<i>Pass Ordinance</i>		<i>1st Discussion</i>	X
<i>Prepared by:</i>	Nicole Stickney & Alison Greene	<i>Pass Motion</i>	X	<i>2nd Discussion</i>	
<i>Reviewed by:</i>	Mayor Gerry & Aaron Lambert	<i>Other</i>		<i>Other</i>	

ATTACHMENTS AND EXHIBITS:

Attachment 1: Existing Fee Structure (2007)

Resolution: A Resolution of the City of West Richland, Washington, Adopting a Revised Fee Schedule

Exhibit A: Proposed new Fee Schedule

Exhibit B: City of West Richland Policy for Athletic Fields Usage Fees Administration

Exhibit C: Request for Park Contributions in Lieu of Fees Form

SUPPORTING POLICIES AND STATE LAW:

- *SFA 4, Goal 3 – Identify sustainable funding sources to continue park operations and to provide new parks and recreational opportunities*
- *SFA 3, Goal 1 – Conduct city operations using best management practices*
- *City of West Richland Parks and Recreation Master Plan (2012) including the mission statement: “Parks and recreation in West Richland will reflect the diverse interests and needs of residents. The City will creatively foster local and regional partnerships, encourage community engagement, and remain financially responsible.”*

BACKGROUND INFORMATION:

The parks in the City of West Richland are in high demand for public and private use:

1. **Sports and Recreation:** While the City does not current have a formal Parks and Recreation program offering classes or team sports opportunities, there are many organizations that utilize parks in the City to provide recreational benefits and programs. The City is fortunate to have a number of quality organizations and user groups that provide recreational services and programs within the community. Youth and adults alike have a variety of options available to them to play football, softball, baseball and soccer in organized leagues and groups which span many seasons throughout the year, with peak usage throughout spring, summer, and fall.
2. **Community Events:** The parks are also used for several annual events, which are sponsored or co-sponsored by the City. These events include Hogs and Dogs, the summer concert series, an Easter egg hunt, the Harvest Festival, National Night Out, Time of Remembrance, and Carols and Cocoa.
3. **Private events and parties:** In addition, there are many gatherings such as company picnics, birthdays, graduation parties which accommodate small and large groups. Residents of the city

Furthermore, staff contends:

- User fees will nominally offset general costs and better maintain facilities in the long term. In addition, charging fees will foster more responsible reservations and use, as well as increase park use efficiency.
- A parks point of contact has been established within the Community Development Department, making responsiveness to user groups much quicker and more efficient.
- There should be a balance between the resources expended by the city and the fees paid by users. The fee schedule proposed would cover the costs associated with managing and scheduling park use, and would only recover a small percentage of the operations and maintenance costs, but strives to find a balance between the actual costs and a reasonable user fee. Currently, users experience a deep subsidy, which could be considered an excessive burden on tax-payers.
- Park over-use is an issue. There is a certain “capacity” that the parks can accommodate. When that is exceeded, the result is grassy areas and fields in poor condition, crowded parking lots (which can lead to parking on neighborhoods streets), trash cans overflow, etc.

CONTRACTED PARK USE OF SPORTS FIELDS:

Historically, the City has agreed to extended use agreements via contracts with many of the leagues to include Tri-Cities Youth Soccer Association (TCYSA), Greater Richland Little League (GRLL), Richland Youth Football (RYF), and Columbia Basin Soccer Association (CBSA).

The sports contracts were typically three years in term, and granted priority use to the teams. The contracts did not require payment, but made general reference to in-kind donations and physical improvements made to the fields. All the sports contracts have expired.

Sports teams and associations currently pay no fees for athletic fields.

The proposed park fees attached eliminate these contracts, and are based on usage only. At this time, staff proposes to forgo sports contracts but implement a fee-for-use system instead. However, we want to promote a policy where fees may be reduced or discounted in exchange for the donation of tangible assets (i.e. goal post, scoreboard) or for maintenance services rendered by user group volunteers including maintenance and field prep, which benefit multiple user groups and/or casual park visitors. This discount or reduction must be requested ahead of time in writing to the City’s Community Development director. The credit or discount will typically only be given for a period of one year. Capital improvement credits may be considered for multiple year credits. This provision allows for teams that make contributions to park facilities to be given monetary credit for the services and contributions that they make.

PROPOSED POLICY:

Proposed fee schedule: The current fee schedule is shown in **Attachment 1**; The proposed new fees are shown in **Exhibit A** with additional policies related to athletic fields administration described in **Exhibit B**.

Charges have been updated in all categories. For groups utilizing facilities for events, fees have been consolidated for clarification purposes. Previously, there were separate reservation fees, utility fees, and use fees. These are now all incorporated into the facility rental fee. There was also a slight increase in all categories. Fees for events at Bombing Range Sports Complex have also been added, and field use fees for sports groups were increased and clarified. The proposed fees will help assist in managing park use. The new fee structure for the Sports Complex is lower than the fees charged at other similar sites in the Tri-Cities area.

administration policies will help cover costs associated with scheduling user groups and administering a park usage program within the city.

RECOMMENDATION: Staff recommends that council hold a public hearing to receive public comment regarding the proposed fee amendments. Based on the analysis and discussion in this report, staff recommends passage of the draft resolution.

ALTERNATIVES:

1. Adjust fees and pass resolution.
2. Do not pass resolution.

FISCAL IMPACT (Indicate amount, fund and impact on budget):

In May 2014 alone, assuming all participants were youth residing within the city of West Richland, approximately \$5,690 would have been collected based on the proposed fee schedule.

Example group: Richland Youth Football League, West Richland Team
Field use for Spring 2014: (140 hours) x (\$5.00/hour/field) = \$700

These fees collected would go into the general fund. It does not appear to be an undue burden on these groups, as all facilities in the area charge user fees.

Note: All fees will be later included in a resolution to amend the master fee schedule.

MOTION: I move to pass Resolution ___-15, Adopting a Revised Park Fee Schedule.

**CITY OF WEST RICHLAND
RESOLUTION NO. ____-15**

**A RESOLUTION OF THE CITY OF WEST RICHLAND, WASHINGTON, ADOPTING A REVISED FEE
SCHEDULE FOR PARK USE**

WHEREAS, the City of West Richland has a parks and trails system with many amenities including facilities and athletic fields; and

WHEREAS, the City provides the opportunity for individuals, groups, sports teams and leagues to reserve use of certain facilities and fields; and

WHEREAS, the City wants to ensure equitable and reasonable use of the facilities and fields;
NOW THEREFORE,

BE IT HEREBY RESOLVED THAT THE CITY COUNCIL OF THE CITY OF WEST RICHLAND adopts a new fee schedule (Exhibit A) for park usage; and,

**BE IT HEREBY FURTHER RESOLVED THAT THE CITY COUNCIL OF THE CITY OF WEST
RICHLAND** adopts a policy for Athletic Fields Usage Fees Administration (Exhibit B);

PASSED BY THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, this ____ Day
of _____ 2015.

Brent Gerry, Mayor

ATTEST:

Julie Richardson, City Clerk

APPROVED AS TO FORM:

Bronson Brown, City Attorney

EXHIBIT B:

**CITY OF WEST RICHLAND POLICY
FOR
ATHLETIC FIELDS USAGE FEES ADMINISTRATION**

PURPOSE

1. Establish fees for use of the athletic fields.

The City of West Richland has athletic fields that are available for reservation to a wide range of users. In order to be consistent in granting use of these fields, and specifying deposit and fee schedules while establishing administrative rules, the following policy applies.

1. FEES:

1.1 Prior to receiving final approval for a reservation, full payment must be made for approved field use for all users, unless other payment arrangements are approved by the Community Development Director. Fees are to be paid to the City of West Richland.

1.2 A \$50.00 administrative fee will be applied to approved Block Time User applications for any extensive block time application revision requests. Extensive revisions are those that take more than 15 minutes to adjust.

1.3 If it is necessary for the City to repair damages or clean the premises (i.e. field, dugouts, bleachers, or concessions stand during the users rental), the customer will incur the maintenance/repair costs at \$65.00 an hour with a one-hour minimum.

1.4 For large events/tournaments the City may be able to provide staffing and/or equipment. Any additional equipment, materials or staffing requested by applicant, and provided by the City, shall be at the expense of the applicant.

2. FEE SCHEDULE:

Sports Field Use Fees		Youth – Resident	Youth – Non-Resident	Adult – Resident	Adult – Non-Resident
User Fees	Bombing Range Sports Complex and Flat Top Fields (per field, per hour)	\$5.00	\$6.00	\$6.00	\$7.00

**These rates are per field, per hour (not per person).*

**These fees are current as of 2015. See Master Fee Schedule for current fees.*

3. OPPORTUNITY TO REDUCE OR DISCOUNT FEES



Request for Park Contributions in Lieu of Fees

City of West Richland

3801 W Van Giesen, West Richland, WA 99353

Phone: (509) 967-5902 Fax: 967-2419

- Please provide as much detail as possible, including any cost estimates, receipts, etc. All reduced or discounted fees shall follow the "Policy for Athletic Field Usage Fees Administration," attached.
- If additional room is needed, please attach additional sheets.
- The current WA minimum wage rate shall be used for unskilled volunteer labor.

APPLICANT/TEAM INFORMATION	
Applicant:	Today's Date:
Address:	
Applicant Phone:	Applicant Email:
Association:	Association Phone:
Coach:	Team Name:
Coach Phone:	Coach Email:

FEE WAIVER REQUEST (M=Maintenance, C=Capital)					
Item	Value	Estimated Completion Date	M	C	Total
			<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	
TOTAL					

Signature of Responsible Party _____

_____ Date

OFFICE USE ONLY

Date Received:	Notes:
Received By:	
Total amount:	Conditions of Approval:
Request Granted or Denied:	
Authorized Signature:	

WEST RICHLAND AGENDA ACTION ITEMS

AGENDA ITEM:	6f	TYPE OF ACTION NEEDED			
MEETING DATE:	September 1, 2015	<i>Execute</i>		<i>Consent Agenda</i>	X
SUBJECT:	Confirm Mayor's Appointment to West Richland Parks & Recreation Board	<i>Pass Resolution</i>		<i>Public Hearing</i>	
		<i>Pass Ordinance</i>		<i>1st Discussion</i>	
Prepared by:	J. Richardson for Brent Gerry	<i>Pass Motion</i>	X	<i>2nd Discussion</i>	
Reviewed by:	Brent Gerry	<i>Other</i>		<i>Other</i>	

BACKGROUND INFORMATION:

There are currently three vacancies on the West Richland Parks and Recreation Board. West Richland resident Ashley Williams submitted an application and was interviewed by Community Development Director Aaron Lambert and Staff Liaison Alison Greene. They both recommend her appointment to the Board. Mayor Gerry agrees with their recommendation.

SUMMARY:

Mayor Gerry appoints Ashley Williams to position #1 on the West Richland Parks and Recreation Board and requests City Council's confirmation of the appointment.

ALTERNATIVES:

Deny the appointment.

FISCAL IMPACT (Indicate amount, fund, and impact on budget):

None

MOTION:

I move to confirm the Mayor's appointment of Ashley Williams to the West Richland Parks and Recreation Board

Ashley Williams

West Richland, WA 99353

Received By

AUG 19 2015

City of West Richland

August 19, 2015

Boards and Commissions Application

City of West Richland

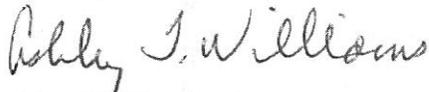
3801 W Van Giesen

West Richland, WA 99353

Dear Sir or Madam:

Attached you will find an application and resume for a volunteer position on the West Richland Park Board. I love the outdoors and this community and would love to make this area even more attractive than it already is. Thank you for your time and consideration.

Sincerely,



Ashley Williams

Received By

AUG 19 2015

BOARDS AND COMMISSIONS APPLICATION

CITY OF WEST RICHLAND

3801 W. Van Giesen, West Richland, WA 99353

Phone: (509) 967-5902 Fax: (509) 967-2419



City of West Richland

Application for Council and all Boards and Commissions must reside in the City of West Richland. Applications for City Council and Commissions must be registered voters and must have lived in the City of West Richland for at least one (1) year. Civil Service applicants must be a resident for three (3) years.

Please complete all information requested and submit application with a cover letter and resume. Attach additional pages if necessary.

Position applying for:

Park Board

Name of Applicant Ashley Williams	Home Phone	Business Phone	Email
	City West Richland	State WA	Zip 99353

Occupational Status and Background

Varsity Girls Basketball coach at KHS. Substitute teacher. Love the outdoors.

Organizational Affiliations

Related Experience

Have kids that play at parks. Love the outdoors.

Reason for Seeking Appointment

want to help support West Richland in my interest area.

As an applicant for the above position for the City of West Richland, I hereby waive my right to privacy with respect to the information contained in my application and any supporting documents attached thereto. The City, its officials, or employees are authorized to make my application and supporting documents available for public inspection, including inspection by members of the press and media.

Signature

Ashley J. Williams

Date

8-19-16

ASHLEY WILLIAMS

West Richland, WA 99353

OBJECTIVE

To help West Richland develop some great outdoor parks and recreation areas and visitor destinations

HIGHLIGHTS OF QUALIFICATIONS

- * Self motivated and seasoned in making tough decisions
- * Very well organized and will stick with tasks until complete
- * Personable and enthusiastic when communicating with people of all ages
- Experience coaching and teaching women's sports at various educational levels
- Experience organizing multi-faceted special events from start to finish
- * Ten years experience in managing budgets, grants and expense accounts

RELEVANT EXPERIENCE

Organization

- Orchestrated the Pizza Hut Spurs Drug-Free Youth Basketball League. 20,000 kids in fourteen South Texas communities participated in 2000.
- Managed a \$60,000 contract to create a new youth basketball league called Operation Night Hoops in fourteen Air Education and Training Command bases in Arizona, Arkansas, Florida, Mississippi, Oklahoma and Texas.
- Instrumental in obtaining Air Force contract to seed Operation Night Hoops at all current Air Force bases worldwide.
- Developed and directed the Kids Sports Network (KSN) Summer Golf Camps designed to introduce basic fundamental golf skills and etiquette to children ages 7-14 for over 620 children in San Antonio. Obtained approximately \$18,000 in scholarships.
- Seeded 55 Start Smart programs in Texas. Start Smart is a parent/child participation program that encourages parents to spend quality time with their children by teaching sports fundamentals in a non-competitive environment.
- Managed a \$58,000 Children's Trust Fund of Texas grant to provide child abuse prevention training to 350 youth sports organizations across the state of Texas.
- Taught engineering mechanics and basic math through calculus at the US Air Force Academy Preparatory School, selected as Instructor of the Year (#1 instructor in academics, athletics, character and military development).

People Oriented, Sports Focused

- Interacted daily for the past 7 months with 12 student athletes as assistant women's basketball coach at Columbia Basin College (CBC)
- Certified over 500 youth coaches yearly in basketball, baseball and football. For 4 years, presented information on the psychology of coaching youth sports, legal liability issues, safety, dealing with parents and sports fundamentals.
- Managed 6 employees by clearly defining my expectations; evaluating their performance; providing constructive feedback; and monitoring salaries, vacation time, sick leave and comp time. Responsible for hiring and firing.
- Played an integral role in mandating criminal background checks on all Drug-Free League coaches. A positive step to ensure the safety of the children involved in the program.
- Vast experience recruiting and managing volunteers in projects ranging from Spurs FANFiesta to Charity Golf Tournaments.
- Tackled and solved numerous problems and concerns voiced by Spurs ticket holders, made sure they were satisfied customers and helped them want to return to the Spurs games.
- Served as the #1 military assistant for US Air Force Academy's Women's Basketball team; duties included coaching, recruiting, and academic mentoring.
- Served as lead coach of Women's US Air Force Academy Preparatory School Basketball team.
- Taught Basketball fundamentals, tennis fundamentals and weight training fundamentals at the US Air Force Academy.
- Made a basketball fundamentals videotape with Gregg Popovich, Head Coach of the San Antonio Spurs.
- Developed a US Air Force Academy Women's Basketball community support program.

Money Matters

- Monitored day-to-day financial operations of KSN. Budget doubled from \$150,000 to \$300,000 in less than three years.
- Experienced in developing budgets and cash flows for single projects and the overall budget for KSN.
- Partial responsibility for soliciting funding for KSN by seeking grants, organizing fundraising activities, managing programs for outside organizations and meeting with potential clients interested in sponsorship opportunities.
- As a systems engineer, proposed and received congressional funding for a \$1.7 billion space system.
- Worked with the KSN President and Board of Directors to develop a financially stable plan to provide health, life and accidental death insurance to employees. Concurrently, established a 403 (b) (7) savings plan for our employees.
- Managed travel expenses and filed proper team documentation for CBC basketball trips.

WORK HISTORY

July 2014 – present	Columbia Basin College Assistant Women's Basketball Coach, Washington
May 2008 - 2013	President, Amene Goods, Woodworking, Washington
Sep 98 - May 2000	Executive Director: Kids Sports Network, Texas
Jan 98 - Sep 98	Assistant Executive Director: Kids Sports Network, Texas
Dec 96 - Jan 98	Coaches Clinics/Special Events and South Texas NYSCA Coordinator: Kids Sports Network, Texas
Sep 96 - May 97	Intern for Business Operations/Sales/Promotions: San Antonio Spurs, Texas
Jun 95 - July 96	Intercollegiate Program Manager: USAF Academy, Colorado
Jun93 - Jun 95	Math Instructor/Head Basketball Coach: USAFA Preparatory School, Colorado
Jun 90 - Jun 93	Systems Engineer: Peterson AFB, Colorado
Jun 89 - June 90	Women's Basketball Graduate Assistant: USAF Academy, Colorado

EDUCATION, etc

MBA, Chapman University, Orange, CA, 1992
BS, Engineering Mechanics, USAF Academy, CO, 1989
US Air Force Veteran, received several awards for work performance excellence

WEST RICHLAND AGENDA ACTION ITEMS				
AGENDA ITEM:	7a	TYPE OF ACTION NEEDED		
MEETING DATE:	September 1, 2015	Execute Contract	Consent Agenda	
SUBJECT:	Park Impact Fees (File AD 2015-19)	Pass Resolution	Public Hearing	X
		Pass Ordinance	X	1st Discussion
Prepared by:	Nicole Stickney	Pass Motion	2nd Discussion	
Reviewed by:	Aaron Lambert and Brent Gerry	Other		

SUPPORTING POLICIES AND STATE LAW:

- *Comprehensive Plan – Parks and Recreation Element, Goal 1, Policy 1: Plan new parks, and develop parks and recreation programs based on current and anticipated community needs*
- *SFA 4, Goal 1, Obj 1 – Identify policy and resources to support Park Plan recommendations*
- *SFA 4, Goal 3 – Identify sustainable funding sources to continue park operations and to provide new parks and recreational opportunities*
- *In Washington, impact fees are authorized for those jurisdictions planning under the Growth Management Act (RCW 82.02.050 - .110), as part of “voluntary agreements” under RCW 82.02.020, and as mitigation for impacts under the State Environmental Policy Act (SEPA - Ch. 43.21C RCW)*
- *In 2011, the Legislature adopted ESHB 1478 (Chapter 353, Laws of 2011), which extends the time period for expenditure of all types of GMA impact fees to 10 years. Impact fees may be held for longer than 10 years if the governing body of a local government identifies in written findings “extraordinary and compelling reasons” that justify the longer period.*

BACKGROUND INFORMATION:

Definition of and Authority of Impact Fees - Per MRSC¹, “Impact fees are charges assessed by local governments against new development projects that attempt to recover the cost incurred by government in providing the public facilities required to serve the new development. Impact fees are only used to fund facilities that are directly associated with the new development. They may be used to pay the proportionate share of the cost of public facilities that benefit the new development; however, impact fees cannot be used to correct existing deficiencies in public facilities. “

“GMA impact fees are only authorized for: public streets and roads; publicly owned parks, open space, and recreation facilities; school facilities; and fire protection facilities. Setting fee schedules for impact fees is a complex process typically involving rate studies; generally, impact fees do not recover the full cost of a new facility since these fees must be directly and proportionately related to impacts associated with new development.”

Current Status in West Richland - The City currently charges an \$860 Park Impact Fee to each residential home at the time a building permit is issued.

In 2012, the City adopted the “Parks and Recreation Master Plan Update” which included a “Park Impact Fee Analysis.” Subsequently, the plan was adopted into the City’s Comprehensive Plan. However, the Park Impact Fee was not changed at that time.

¹ Municipal Research and Services Center of Washington State

West Richland is a family-oriented city in which 79% of the total households are families. We also have a relatively young population (the 2010 census showed that the median age of the population was 34.3 years of age, versus the US average of 36.8 years of age). Per the 2010 US census, the average household size of West Richland in 2010 was 2.85 persons per household.

SUMMARY OF PARK IMPACT FEES POLICY IN WEST RICHLAND:

The city has passed several ordinances and resolutions over the years relating to impact mitigation and park impact fees:

Ordinance 12-92- Established chapter 16.14 “Impact Mitigation” to the West Richland municipal code. The ordinance included sections on *Purposes, Determination of Direct Impact, Mitigation of Direct Impacts, Voluntary Payment Agreements as Alternatives to Dedication and Improvements, and Assessments in Addition to Impacts.*

Resolution 2-93 - Established a standard of 10 acres of open space (inclusive of major parks, minor parks, playfields and playgrounds) per 1000 people. Set the impact fee at \$750 per living unit, while providing a cost analysis and calculations to justify a fee of up to \$1452 per household.

Ordinance 21-98 - Cited that existing park plans provided for a standard of 10 acres of open space per 1000 people (categories included 5 acres for community parks, 2.5 acres for neighborhood parks, 1.25 acres for play fields, and 1.25 acres for play grounds per 1000 people; excluded the golf course which was municipally-owned at that time, from the calculation).

Ordinance 23-98 - Established an impact fee of \$860 per single family unit and stated “the city shall revise the impact fee as often as necessary to reflect substantial changes in land cost, development costs and average household sizes.”

Ordinance 14-00 – Added section *Time of performance.*

Ordinance 27-09 – Established all sections under *Article II- Park Impact Fees.* Established a park impact fee of \$860 per living unit for all single-family residential development including duplexes, and \$430 per living unit for multi-family residential developments including but not limited to apartments, condominiums, and townhouses.

Resolution 11-12 – Adopting the 2012 Parks and Recreation Plan

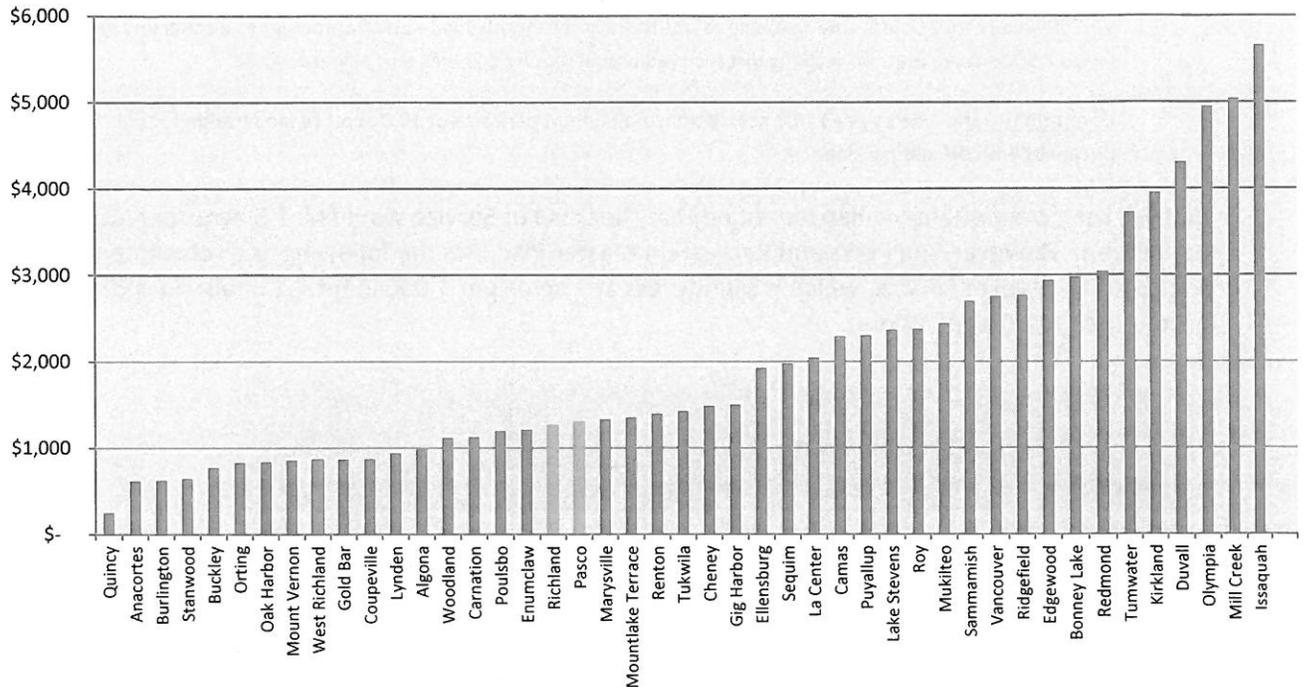
Ordinance 10-11 – Amended definition of “Residential” in section 16.14.080 to read *‘Residential’ means housing, such as single-family dwellings, accessory dwelling units, apartments, condominiums, mobile homes and/or manufactured homes, intended for occupancy by one or more persons and not offering other services* and expanded the park impacts fees to include \$860 per dwelling unit for accessory dwelling units.

Ordinance 8-14 – Adopted the 2013 Updates to the Comprehensive Plan, which included adoption of the Parks and Recreation Master Plan Update via reference.

SURVEY OF CURRENT PARK IMPACT FEES IN WASHINGTON STATE:

The following chart shows a comparison of Park Impact Fees in the State of Washington, based on website and MRSC report research conducted by staff in March 2015:

Current Park Impact Fees: Single Family Residential



When examining park impact fees around the state, it is interesting to see how varied the amount collected per dwelling unit can be. However, when we consider the factors that affect how a fee is set, it is somewhat easier to understand the wide-ranging amounts. The factors that should be considered include:

- Cost of land (usually considered per acre; this figure can vary greatly from one city to the next when comparing costs throughout the state) and cost of obtaining water rights (if applicable)
- The desired level of service in the community (typically expressed as a number of neighborhood park acres and regional or community park acres per resident); which can vary according to demographics and stated needs of citizens
- The rate of growth (fast-growing communities on the periphery of urban areas like the City of West Richland may not have park areas created generations ago)
-

The following table shows Park Impact Fees that are assessed locally:

TRI-CITY AREA MUNICIPALITY	CURRENT PARK IMPACT FEE PER SFR
West Richland	\$860
Pasco	\$1300
Kennewick	None – <i>may be considered</i>
Richland	\$1260

LEVEL OF SERVICE STANDARDS

Per the city's adopted Comprehensive Plan, Level of Service (LOS) is "An indicator of the extent or degree of service provided by, or proposed to be provided by, a facility based on and related to the operational characteristics of the facility. LOS means an established minimum capacity of capital facilities or services provided by capital facilities that must be provided per unit of demand or other appropriate measure of need."

The City's Comprehensive Plan establishes the following level of service standards for parks:

Neighborhood Parks/Pocket Parks: 2.5 acres per 1,000 population; walking distance to either a neighborhood park or pocket park shall not exceed three quarter mile radius for neighborhoods made up of primarily residential lots of 12,500 square feet or less, and one mile radius for neighborhoods made up of primarily residential lots greater than (sic) 12,500 square feet. No walking distance radius will require crossing a principal arterial.

Community Park: 5 acres per 1,000 population; a minimum park size of 10.0 acres of land usable for recreational purposes with off-site parking.

In total, the Comprehensive Plan identified that the Level of Service would be 7.5 acres per 1,000 population. However, the Parks and Recreation Master Plan lists the following as a recommended standard for Level of Service, which is slightly less at 7 acres per 1,000 in total, but also including 1 mile of trails per 1,000 population:

Facility Type	Total City Parks	Current City of West Richland Standards (2011)			Recommended City of West Richland Standards		
Neighborhood Parks (Acres)	12.43	1.06	Acres per	1,000	1.25	Acres per	1,000
Community Parks (Acres)	31.28	2.66	Acres per	1,000	2.75	Acres per	1,000
Regional Parks (Acres)	24.50	2.08	Acres per	1,000	2.00	Acres per	1,000
Open Space (Acres)	6.00	0.51	Acres per	1,000	1.00	Acres per	1,000
Trails (Miles)	0.00	-	Miles per	1,000	1.00	Miles per	1,000
Total Park Acreage	74.21	6.30	Acres per	1,000	7.00	Acres per	1,000
Natural surface trails (mileage)	0.00	-	per	1,000	0.25	per	1,000
Improved surface trails (mileage)	5.42	0.46	per	1,000	0.75	per	1,000
Diamond ball fields	6	0.51	per	1,000	0.65	per	1,000
Soccer fields	9	0.76	per	1,000	0.85	per	1,000
Football fields	1	0.08	per	1,000	0.25	per	1,000
Tennis courts	2	0.17	per	1,000	0.20	per	1,000
Basketball courts	4	0.34	per	1,000	0.35	per	1,000
Playgrounds	11	0.93	per	1,000	1.00	per	1,000
Pavilions	3	0.25	per	1,000	0.50	per	1,000
Picnic areas	14	1.19	per	1,000	1.25	per	1,000
Restrooms	2	0.17	per	1,000	0.20	per	1,000

There is also identified level of service standards for the number of playgrounds, sports fields, etc.

Staff proposes updating the text of the Comprehensive Plan, in the next amendment, to reflect the LOS standards stated in the Parks and Recreation plan, which is slightly lower than the LOS currently written in the comprehensive plan, but which also includes trail development.

CALCULATION OF POTENTIAL PARK IMPACT FEE

Maximum Allowable Impact Fee as previously determined in the Parks and Recreation Master Plan and Analysis:

The city adopted a "Parks and Recreation Master Plan" in January 2012. In that document, Pros Consulting calculated the maximum Park Impact Fee that could be assed per *Equivalent Residential Unit* (ERU) of 2.93 persons per single family residence based on:

1. growth projections
2. a list of "Eligible Capital Improvements" and their related costs (project costs and debt service interest charges)

3. the average population per ERU

The **maximum** impact fee that could be assessed was calculated to be **\$6,555.32**.

While it may be technically feasible to document the ability for the city to assess a park impact fee charge of over \$6k per ERU, there are practical and pragmatic reasons to *not* raise impact fees that substantially.

For example, raising fees too high can create a financial disincentive for developers and builders to continue creating new subdivisions and building new homes within the City. Potential residents and builders will always consider the cost of land, the cost of labor, materials, business expenses, and so forth first when considering where to build in the Tri Cities. But the cost of permitting and connection to water/ sewer systems and impact fees are also important factors.

As a result, staff recommends against setting the rate to be far above the rates set in our neighboring communities, which are also experiencing rapid residential growth.

Furthermore, staff recommends that the analysis be further revised due to the latest modifications in population growth estimates at the county level, and based on new projects that are underway. Finally, the staff recommends that the Park Impact Fees be set based on Level of Service (LOS) standards, as previously established by City Council for parks in the city.

Current Proposal:

Because the park plan was written in 2012, the 2010 actual population numbers (per census) were used, and the analysis was based on a projected population of 13,960 by 2020. However, the city has outpaced the previous population forecasts and therefore staff recommends using current forecast numbers.

The proposed methodology and calculations are shown below:

Step 1: Determine Average Household Size

Average Household Size: **2.85** persons per household

Source: 2010 US Census

Step 2: Determine expected 10 year growth

Because impact fees must be utilized within 10 years of their collection, we calculate fees based on ten years of growth. (*Note: This is different than the 20-year planning horizon used for setting policies and determining zoning and land use categories per the Comprehensive Plan.*)

According to State Office of Financial Management (OFM) forecasts, Benton County's forecasted population from 2015-2025 is expected to change from 204,290 (2015) to 238,813 (2025). Therefore, the total growth over the 10-year time period is expected to be **34,523** in Benton County, and that is the figure used for planning purposes.

Source: Washington State Office of Financial Management (OFM), GMA projections dated 2012

West Richland's assigned share or allocation of Benton County growth is **8.0** percent

Source: Benton County Comprehensive Plan Chapter 4 appendix item 4, as updated in 2013.

West Richland 10-year growth in Residents: Using the state forecasts and applying a rate of 8%, which represents the City's share of the overall forecasted growth, West Richland is expected to grow by **2,761** residents from 2015 to 2025.

West Richland 10-year growth in Households: Using the average household size of 2.85 persons per household, West Richland is expected to grow by **968** households between 2015 and 2025.

Step 3: Apply Level of Services Standards

Using the adopted minimal Level of Service standards contained in the Parks Plan, we can multiply the amount of acreage needed to accommodate the 2,761 new residents:

Park Type	Planned Level of Service (per 1000 residents)	Additional Acreage Needed by 2025
Regional Park	2 acres	5.52
Community Park	2.75 acres	7.59
Neighborhood	1.25 acres	3.45
Open Space	1 acre	2.76
Total	7 acres per 1000	19.32

Likewise, we can multiply the amount of trail mileage needed to accommodate the 2,761 new residents:

Park Type	Planned Level of Service (per 1000 residents)	Additional Mileage Needed by 2025
Trails	1 mile	2.76
Total	1 mile	2.76

Note: this methodology ensures compliance with the law that states that impact fees can only be assessed to accommodate for the needs of the new growth as an incremental / proportionate increase, and cannot be used to correct current deficiencies or noncompliance with established LOS.

Step 4: Calculate the cost of new facilities to provide established LOS to new population growth

The cost of new development varies according to the type of facility. In addition, the price of land can differ depending on the location, and access to irrigation water. The table, below, shows the average estimated cost for acquisition and development for each type of facility:

Facility Type	Acquisition Cost (per acre)	Development Cost (per acre)	Acquisition & Development Cost (per acre)
Regional Park	\$85,000	\$100,000	\$185,000
Community Park	\$70,000	\$50,000	\$120,000
Neighborhood Park	\$65,000	\$45,000	\$110,000
Open Space	\$30,000	\$10,000	\$40,000

Facility Type	Acquisition Cost (per mile)	Development Cost (per mile)	Acquisition and Development Cost (per mile)
Trails	\$30,000	\$15,000	\$45,000

The following tables show the acreage needed and the cost of acquisition / development applied to each category, to determine the total cost resulting from new growth:

Park Type	Additional Acreage Needed by 2025	Acquisition and Development Cost (per acre)	Total cost resulting from new growth
Regional Park	5.52	\$185,000	\$1,021,200
Community Park	7.59	\$120,000	\$910,800
Neighborhood	3.45	\$110,000	\$379,500
Open Space	2.76	\$40,000	\$110,400
Total	19.32		\$2,421,900

Park Type	Additional Mileage Needed by 2025	Acquisition and Development Cost (per mile)	Total cost resulting from new growth
Trails	2.76	\$45,000	\$124,000
Total	2.76		\$124,000

The total cost of all new facilities needed to provide adequate facilities to meet level of service for new growth is **\$2,546,100**.

Step 5: Compute the Maximum Allowable Impact Fee per dwelling unit

To compute the maximum allowable Park Impact Fee per dwelling unit, we take the total cost calculated in step 4 and divide it by the number of new households forecasted as established in step 2.

The maximum allowable Park Impact Fee computes to be:

$$\begin{array}{r} \$2,546,100 \text{ total acquisition and development cost} \\ \div 968 \text{ new households} \\ \hline \mathbf{\$2,730 \text{ per dwelling unit}} \end{array}$$

Step 6: Set the rate of Park Impact Fees per dwelling unit

While the maximum allowable Park Impact Fee is \$2,730, the City of West Richland can determine if it's in the city's best interest to charge 100% or a smaller percentage of the maximum allowable fee.

To determine a practical and realistic alternative computation for the actual proposed fee (which is below the maximum allowable figure), we examined the forecasted amount of building permits and project costs over the next six years.

Project Costs

Staff has examined the list of park-related projects outlined in the city's most recent Six –Year Capital Improvement Plan (CIP). The list is provided in Attachment A. The funding sources included many categories, including the "104 Park Impact Fee Fund" and the funds are referenced in the list.

Adding up all of the projects that are categorized with the "Park Impact Fee Fund," there is a total of \$3,825,000 of projects. However, these projects often use other funding sources as well. Therefore, a general assumption is made that an average of 25% of the funds for all the projects listed will come from the 104 Park Impact Fee Fund account. **Applying a factor of 25%, the estimated amount of park impact fees needed to cover the 6 year CIP list of project is \$956,250.**

Projected Building Permits

The average number of building permits for single family residents issued between the years of 2009 and 2014 in West Richland is 129. Therefore, it is assumed that there will be an average of 129 permits per year, for the timeframe of the CIP (or, 774 SFR permits in a six-year period).

Computation of the Proposed Parks Impact Fee

\$956,250	Total amount needed for projects
÷ 774	permits anticipated
\$1,235	per SFR permit

Using the figures generated above, the proposed parks impact fee is **\$1,235 per unit**. That is over 50 percent below the maximum allowable Park Impact Fee figure of \$2,758, and also similar to the fees currently charge by neighboring jurisdictions.

City staff recommends that the Parks and Recreation Board concur with the analysis provided above, which establishes that \$2,758 is the maximum allowable Park Impact Fee, but the impact fee should only be raised to \$1,235 at this time for Single Family Residences and \$617 for multi-family units.

Consumer Price Index Adjustment

City staff is also recommending that the impact fee be set and then automatically adjust on January 1, 2017 and each successive January 1st to account for any increase in the consumer price index (CPI) as established by the U.S. Department of Commerce for the Seattle Metropolitan Area.

The twelve-month period utilized to establish the fee schedule adjustment will be as established by the U.S. Department of Commerce for the Seattle CPI. Furthermore, adjustment to the Park Impact Fee may be rounded to the nearest five (5) dollar increment. This adjustment does not preclude the City from modifying the Park Impact Fee, when the City Council finds it necessary to do so.

UPDATES TO WRMC:

In addition to updating the fee schedule, staff recommends the following updates to the West Richland Municipal Code:

- Change references from the Public Works department/ director to the Community Development department / director
- In accordance with 2011 state legislation, update the time period with which the city must use park impact fees from six years to ten
- Clarify that as the term relates to park impact fees, “building permit” includes a permit issued for the siting or location of a mobile home.
- Provide a definition for “service area” and state that the City establishes a single service area, which is all the incorporated land within the city.

SUMMARY:

This staff report provided data and information to assist decision makers in determining a fair, reasonable and legally defensible Park Impact Fee rate for the City. First, past recommendations were discussed. Next, a maximum allowable fee was calculated based on LOS and forecasted population growth numbers. Finally, a proposed fee that is below the maximum allowable rate was established based on project and project permit issuance.

At their June 2015 meeting, the Parks and Recreation Board reviewed this analysis and considered whether to recommend changing the Park Impact Fee from \$860 per Single Family Residential Unit, to \$1235 per Single Family Residential Unit, or a higher amount below the maximum allowable threshold. Furthermore, the Board also considered if they wanted to recommend council create a policy that states the Park Impact Fee will automatically increase each year according to the CPI. Finally, the Board considered the proposed updates to the municipal code.

The Parks and Recreation board unanimously passed the following motion:

*"I move that the Parks and Recreation Board forward a recommendation to the City Council to amend the Park Impact Fee to **\$1235** per Single Family Residential Unit, and create a policy to automatically increase the fee on an annual basis, based on the CPI. I further move that the board recommends the proposed changes to the municipal code as proposed by staff."*

On August 18, 2015, the City council held a workshop to discuss the proposed changes to the Park Impact Fees. There was discussion on maintenance costs, demand for parks, and the attempt to raise park impact fees in the past. There was discussion about new taxes, and the desire of new citizens to have parks located near their homes.

RECOMMENDATION:

Staff recommends council adopt the attached ordinance to establish and implement requirements and formulas for use in mitigating development impacts on the City's Parks System.

FISCAL IMPACT:

Adoption of increased park impact fees will result in a larger amount of funds collected for related improvements, over the previous amount that would have been collected. (Example: If there are 129 SFR permits issued in a 12- month period, increasing the impact fee from \$860 per Single Family Residential Unit, to \$1235 per Single Family Residential Unit will result in an additional \$48,375 collected for growth mitigation during the time period.)

NOTE ON TIMING:

To accommodate expectations of developers, builders, and individuals with pending permits, the park impact fees are not proposed to take effect until October 21, 2015. This provides staff an opportunity to provide ample notice and information in the community. Likewise, staff will forward a proposed resolution to amend the Master Fee Schedule to list the park impact fees to council for consideration at the October 20, 2015 regular meeting.

RECOMMENDED MOTION:

I move to adopt Ordinance __-15, Amending WRMC Chapter 16.14 Article II, Park Impact Fees, and repealing ordinance 27-09.

**CITY OF WEST RICHLAND
ORDINANCE NO. ___-15**

**AN ORDINANCE OF THE CITY OF WEST RICHLAND, WASHINGTON,
RELATING TO PARK IMPACT FEES, AMENDING WRMC CHAPTER 16.14
ARTICLE II AND REPEALING ORD 27-09**

WHEREAS, on June 29, 2015, the Park Board reviewed the amendments at a regular meeting; and

WHEREAS, on August 18, 2015, the City Council considered the amendments during a workshop; and

WHEREAS, on September 1, 2015 the City Council considered the amendments during an open public meeting; and

WHEREAS, the City Council establishes that based on anticipated population growth, and documented level of service standards, the maximum allowable park impact fee computes to be \$2630 per dwelling unit; and

WHEREAS, the City Council desires to set the park impact fee below the maximum allowable amount; and

WHEREAS, the City Council of the City of West Richland, finds that appropriate considerations have been incorporated into the proposed amendments as set forth in the staff report;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST RICHLAND, WASHINGTON, does hereby ordain as follows:

SECTION 1: Adoption: WRMC Chapter 16.14 Article II Park Impact Fees is amended as:

Article II. Park Impact Fees

16.14.070 Findings and authority.

The city council finds and determines that new growth and development, new single-family residential and multifamily development, in the city will create additional demand and need for public parks, recreation facilities and open spaces in the city and finds that new growth and development should pay a proportionate share of the cost of new public parks, recreation facilities and open spaces needed to serve the new growth and development. Therefore, pursuant to Chapters 39.92 and 82.02 RCW, the city council adopts this article to assess park impact fees within the corporate limits of the city of West Richland for public parks, recreation facilities and open space.

16.14.080 Definitions.

The following words and terms shall have the following meanings unless the context clearly requires otherwise. Terms otherwise not defined herein shall be defined pursuant to RCW 82.02.090, or given their usual and customary meaning.

“Act” means the Growth Management Act, Chapter 36.70A RCW.

“Applicant” means the owner of real property according to the records of the Benton County assessor’s office, or the applicant’s authorized agent.

“Building permit” means the official document or certification that is issued by the building department and that authorizes the construction, alteration, enlargement, conversion, reconstruction, remodeling, rehabilitation, erection, tenant improvement, demolition, moving or repair of a building or structure. As the term relates to park impact fees, “building permit” includes a permit issued for the siting or location of a mobile home.

“Capital facilities” means the facilities or improvements included in the capital facilities plan.

“Capital facilities plan” means the capital facilities plan element of the city’s comprehensive plan adopted pursuant to Chapter 36.70A RCW, and such plan as amended.

“Certificate of occupancy” means the term as defined in the International Building Code. In the case of a change in use or occupancy of an existing building or structure which may not require a building permit, the term shall specifically include certificate of occupancy and for residential development the final inspection, as those permits are defined or required by this code.

“City” means the city of West Richland, Washington.

“Council” means the city council of the city of West Richland.

“Department” means the ~~public works~~ community development department.

“Director” or “~~public works~~ community development director” means the director of the ~~public works~~ community development department, or the director’s designee.

“Encumbered” means to reserve, set aside or otherwise earmark the impact fees in order to pay for commitments, contractual obligations or other liabilities incurred for public facilities. Impact fees shall be considered encumbered on a first-in, first out basis.

“Interest” means the interest rate earned by local jurisdictions in the State of Washington Local Government Investment Pool, if not otherwise defined.

“Level of service” means an established minimum capacity of public facilities or services that must be provided per unit of demand or other appropriate measure of need.

“Low-income housing” means (A) an owner-occupied housing unit affordable to households whose household income is less than 80 percent of the Benton County median income, adjusted for household size, as determined by the United States Department of Housing and Urban Development (HUD), and no more than 30 percent of the household income is paid for housing expenses, or (B) a renter-occupied housing unit affordable to households whose income is less than 60 percent of the Benton County median income, adjusted for household size, as determined by HUD, and no more than 30 percent of the household income is paid for housing expenses (rent and an appropriate utility allowance). In the event that HUD no longer publishes median income figures for Benton County, the city may use or determine such other method as it may choose to determine the Benton County median income, adjusted for household size. ~~The public-works~~ community development director will make a determination of sales prices or rents which meet the affordability requirements of this section. An applicant for a low-income housing exemption may be a public housing agency, a private nonprofit housing developer or a private developer.

“Owner” means the owner of real property according to the records of the Benton County assessor’s office; provided, that if the real property is being purchased under a recorded real estate contract, the purchaser shall be considered the owner of the real property.

“Park impact fee” means a monetary charge imposed on new development for the purpose of mitigating off-site park system impacts that are a direct result of the proposed development.

“Residential” means housing, such as single-family dwellings, accessory dwelling units, apartments, condominiums, mobile homes and/or manufactured homes, intended for occupancy by one or more persons and not offering other services.

“Services areas” means the area(s) where the city shall calculate and impose impact fees for various land use categories per unit of development.

16.14.090 Timing of park impact fee payment.

The city shall collect park impact fees from an applicant at the time of building permit application with the following exceptions:

A. For land division applications, residential subdivisions and residential short plats, park impact fees shall be paid at the time of final plat application or at the time of building permit application, at the developer's option.

1. Payment at Final Plat Application. Developer shall be given further the option to pay the park impact fee in a lump sum, without interest, or by installments with 12 percent interest over a period not to exceed five years. Installment payments by the developer shall be annual unless amended by city council. The city shall require security for the obligation to pay the park impact fee by installments, in the form of a recorded agreement, deed of trust, letter of credit, or other instrument determined satisfactory by the city. Under this option, the developer locks in the rate of the current park impact fee at the time of final plat application or short plat application.

2. Payment at Building Permit Application. If the developer of a residential subdivision or residential short plat elects to pay the park impact fee at the date of building permit application, the option to pay the park impact fee by installments as authorized by subsection (A)(1) of this section is deemed to have been waived by the developer. The park impact fee current at the time of building permit application shall be the rate that is paid.

B. For multifamily residential developments, park impact fees shall be paid at the time of building permit application or with the certificate of occupancy, at the developer's option.

1. Payment at Building Permit Application. The park impact fee current at the time of building permit application shall be the rate that is paid.

2. Payment with Certificate of Occupancy. The park impact fee current at the time of certificate of occupancy shall be the rate that is paid.

C. For residential developments not requiring a final plat or building permit, the park impact fee shall be paid with the certificate of occupancy.

16.14.100 Assessment of park impact fees.

The City establishes a single service area, which is all the incorporated land within the city.

The city shall collect park impact fees, based on the following schedule, not including adjustments made based on the increases made from the consumer price index annual adjustments, see WRMC 16.14.105. The current impact fee based on the year will be found in the Master Fee Schedule:

A. Single-family residential development including duplexes and accessory dwelling units shall be \$860.00 per dwelling unit until October 20, 2015. On October 21, 2015 and thereafter, the fee will be \$1235 per dwelling

unit. B. Multifamily residential developments including but not limited to apartments, condominiums, and townhouses shall be \$430.00 per dwelling unit until October 20, 2015. On October 21, 2015 and thereafter, the fee will be \$617 per dwelling unit, based on the developer meeting the requirements of WRMC 17.54.190.

16.14.105 Automatic park impact fee adjustment.

Beginning on January 1, 2017, and each successive January 1st thereafter, the park impact fee shall automatically be adjusted to account for any increase in the consumer price index (CPI) as established by the U.S. Department of Commerce for the Seattle Metropolitan Area. The 12-month period utilized to establish the fee schedule adjustment will be as established by the U.S. Department of Commerce for the Seattle CPI. Adjustment to the park impact fee schedule may be rounded to the nearest \$5.00 increment. This section shall not preclude the city from modifying the park impact fee schedule where the city council finds it necessary to do so.

16.14.110 Exemptions.

The following building permit applications shall be exempt from the park impact fees adopted by this article:

- A. Replacement of a structure with a new structure of the same use at the same site or lot when such replacement occurs within 12 consecutive months of the demolition or destruction of the prior structure.
- B. Replacement, alteration, expansion, enlargement, remodeling, rehabilitation or conversion of an existing dwelling unit where no additional dwelling units are created and the use is not changed.
- C. Miscellaneous improvements, including but not limited to fences, walls, swimming pools, mechanical units, and signs.
- D. Construction of Low-Income Housing. Any claim for an exemption must be made before issuance of a building permit. Any claim not so made shall be deemed waived. The claim for exemption must be accompanied by a draft lien and covenant against the property guaranteeing that the low-income housing will continue. Before approval of the exemption, the city shall approve the form of the lien and covenant. Within 10 days of approval, the applicant shall execute and record the approved lien and covenant with the Benton County department of records and elections. The lien and covenant shall run with the land. In the event that the housing unit is no longer used for low-income housing, the current owner shall pay the current park impact fee.
- E. Construction of Senior Retirement Housing Center. Any claim for an exemption must be made before issuance of a building permit. Any claim not so made shall be deemed waived. The claim for exemption must be accompanied by a draft lien and covenant against the property guaranteeing that the senior retirement housing will continue. Before approval of the exemption, the city shall approve the form of the lien and

covenant. Within 10 days of approval, the applicant shall execute and record the approved lien and covenant with the Benton County department of records and elections. The lien and covenant shall run with the land. In the event that the housing unit is no longer used for senior retirement housing, the current owner shall pay the current park impact fee.

16.14.120 Credits.

A. An applicant may request a credit or credits for the value of dedicated land and/or improvements to the city's public parks, recreation facilities or open spaces that are included within the city's general park plan or park and recreation element of the capital facilities plan if the ~~public-works~~ community development director makes the finding that such land dedication, recreation facility and/or improvements to the city's public parks, recreation facilities or open spaces would serve the goals and objectives of the city's general park plan or park and recreation element of the capital facilities plan.

B. Each request for a credit or credits shall include a legal description of land dedicated, a detailed description of improvements, and a legal description or other adequate description of the development to which the credit will be applied.

C. The value of the credit or credits shall be determined by the ~~public-works~~ community development director and be based on the estimated cost of the improvements, or in the case of dedicated land, the land value assessment shall be prepared by a state-certified real estate appraiser who has an MAI or SRA designation from the Appraisal Institute, establishing the fair market value of the dedicated land. The applicant shall pay the cost of the appraisal.

D. After the ~~public-works~~ community development director has determined the amount of the credit, the director shall draft a park impact fee mitigation agreement which includes a statement setting forth the dollar amount of the credit, the basis for the credit, where applicable, the description of the land dedicated or improvements made to which the credit is applied and the date of the determination for review by the park board and formal approval by the city council.

E. Any claim for credit must be made prior to the dedication of land or construction of improvements to the city's park system and prior to final plat or issuance of a certificate of occupancy. Any claim not so made shall be deemed waived.

16.14.130 Park fund.

A. Park impact fees collected pursuant to this article shall be earmarked specifically and deposited in the special interest-bearing account per Chapter 3.54 WRMC, Park Fund, and shall be prudently invested in a

manner consistent with the investment policies of the city. Funds withdrawn from this account shall be used in accordance with the provisions of Chapter 3.54 WRMC, Park Fund. Interest earned on park impact fees shall be retained in the account and expended for the purpose for which the park impact fees were collected.

B. On an annual basis, the finance director shall provide a report to the city council on the park fund showing the source and amount of all moneys collected, earned, or received, and system improvements and/or land acquisitions that were financed in whole or in part by park impact fees.

C. Park impact fees shall be expended or encumbered within ~~six~~ ten years of receipt.

16.14.140 Refunds.

A. If the city fails to expend or encumber the park impact fees within ~~six~~ ten years of collection, the current owner of the property for which park impact fees have been paid shall receive a refund of said fee. In determining whether park impact fees have been expended or encumbered, park impact fees shall be considered expended or encumbered on a first in, first out basis.

B. The city shall notify potential claimants by first class mail deposited with the United States Postal Service at the last known address of such claimants.

C. Property owners seeking a refund of park impact fees must submit a written request for a refund of the fees to the city clerk within one year of the date the right to claim the refund arises or the date that notice is given, whichever is later.

D. Any park impact fees for which no application for a refund has been made within the one-year period shall be retained by the city and deposited into the city's general fund.

E. Refunds of park impact fees under this article shall include any interest earned on the park impact fees by the city.

F. If the city terminates the park impact fee program, all unexpended or unencumbered funds, including interest earned, shall be refunded pursuant to this article. The city shall publish notice of the termination and the availability of refunds in a newspaper of general circulation at least two times and shall notify all potential claimants by first class mail to the last known address of the claimants. All funds available for refund shall be retained for a period of one year after the date of the second publication. At the end of one year, any remaining funds shall be retained by the city and deposited into the city's general fund. This notice requirement shall not apply if there are no unexpended or unencumbered balances within the fund.

16.14.150 Use of funds.

The use of park impact fees shall be per WRMC 3.54.030.

16.14.160 Existing authority unimpaired.

Nothing in this article shall preclude the city from requiring the applicant for a final plat, short plat, building permit, or certificate of occupancy if no building permit is required, to mitigate adverse environmental impacts of a specific development pursuant to the State Environmental Policy Act, Chapter 43.21C RCW, based on the environmental documents accompanying the underlying development approval process, and/or Chapter 58.17 RCW, governing plats and subdivisions; provided, that the exercise of this authority is consistent with the provisions of RCW 82.02.050(1)(c).

SECTION 2: Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

SECTION 3: Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

**PASSED BY THE CITY COUNCIL OF THE CITY OF WEST RICHLAND,
WASHINGTON,** this 1st day of September 2015.

Brent Gerry, Mayor

ATTEST:

Julie Richardson, City Clerk

APPROVED AS TO FORM:

Bronson Brown, City Attorney

Attachment A: CIP

Parks Projects listed in the City's 6 Year Capital Improvement Plan 2014-2019

Project	Estimated Cost	Funding Source
2014 Parks Projects		
Misc. Park Amenities (drinking fountains, picnic tables, benches, etc)	\$20,000	104 Park Impact Fee Fund
City Wide Tree Planting/Curbing Program	\$5,000	104 Park Impact Fee Fund
Misc. Equipment & Vehicles	\$20,000	001 General Fund & 301 REET I Fund
Removal of abandoned Trailer @ Senior Center	\$20,000	001 General Fund
ADA Transition Program - Parks	\$5,000	104 Park Impact Fee Fund & 001 General Fund
Acquisition of Park Land – Section 1	\$85,000	104 Park Impact Fee Fund
Fee Simple acquisition of 2.3 acres, to include relocation, fencing, signage, incidentals	\$500,000	104 Park Impact Fee Fund, RCO Grant, Additional match and local funds
Development of aquatic land, public access to river. River walk, restrooms, non-motorized boat launch, educational kiosk, Riparian zone restoration & enhancement	\$1,760,000	104 Park Impact Fee Fund, RCO Grant, Additional match and local funds
2015 Parks Projects		
Misc. Park Equipment (drinking fountains, picnic tables, benches, etc)	\$20,000	104 Park Impact Fee Fund
City Wide Tree Planting/Curbing Program	\$5,000	104 Park Impact Fee Fund
Misc. Equipment & Vehicles	\$50,000	001 General Fund & 301 REET I Fund
ADA Transition Program - Parks	\$5,000	104 Park Impact Fee Fund & 001 General Fund
2016 Parks Projects		
Misc. Park Amenities (drinking fountains, picnic tables, benches, etc)	\$20,000	104 Park Impact Fee Fund
City Wide Tree Planting/Curbing Program	\$5,000	104 Park Impact Fee Fund
Misc. Equipment & Vehicles	\$30,000	001 General Fund & 301 REET I Fund
ADA Transition Program - Parks	\$5,000	104 Park Impact Fee Fund & 001 General Fund
2017 Parks Projects		
Misc. Park Amenities (drinking fountains, picnic tables, benches, etc)	\$20,000	104 Park Impact Fee Fund
City Wide Tree Planting/Curbing Program	\$5,000	104 Park Impact Fee Fund
Misc. Equipment & Vehicles	\$30,000	001 General Fund & 301 REET I Fund
ADA Transition Program - Parks	\$5,000	104 Park Impact Fee Fund & 001 General Fund
2018 Parks Projects		
Misc. Park Amenities (drinking fountains, picnic tables, benches, etc)	\$20,000	104 Park Impact Fee Fund

City Wide Tree Planting/Curbing Program	\$5,000	104 Park Impact Fee Fund
Misc. Equipment & Vehicles	\$30,000	001 General Fund & 301 REET I Fund
ADA Transition Program - Parks	\$5,000	104 Park Impact Fee Fund & 001 General Fund
Bombing Range Sports Complex – Expansion of Big Toy	\$50,000	104 Park Impact Fee Fund
2019 Parks Projects		
Misc. Park Amenities (drinking fountains, picnic tables, benches, etc)	\$20,000	104 Park Impact Fee Fund
ADA Transition Program - Parks	\$5,000	104 Park Impact Fee Fund & 001 General Fund
City Wide Tree Planting/Curbing Program	\$5,000	104 Park Impact Fee Fund
Misc. Equipment & Vehicles	\$30,000	001 General Fund & 301 REET I Fund
Water Feature / Sports Courts – Bombing Range Road Sports Complex	\$1,000,000	104 Park Impact Fee Fund, RCO Grant & State Direct Allocation
Paul Keith Wetland Park Improvements	\$250,000	104 Park Impact Fee Fund

