

From: [Karen Goschen](#)
To: [Holly Hairell](#)
Cc: [John Nutter](#)
Subject: FW: [External] Port of Port Angeles
Date: Saturday, December 15, 2018 8:26:08 PM
Attachments: [image001.png](#)
[181208 Ground Lease Overview.pdf](#)

This should be posted on the website.

Karen

Karen F. Goschen, Executive Director, Port of Port Angeles
Direct 360-417-3424

Information may be subject to disclosure requirements. Washington's Public Records Act, Ch. 42.56 RCW.

From: Kate Pearson [mailto:kpearson@shmarinas.com]
Sent: Monday, December 10, 2018 9:37 AM
To: Karen Goschen
Cc: Steven Burke; Mike Nimmo; John Nutter
Subject: RE: [External] Port of Port Angeles

Good morning Karen,

Attached is an overview of ground leases including applicable terms, I hope this document is a helpful tool for your discussions. Please let me know if you need further information.

Kindest regards,
Kate



Kate Pearson

VP Business Development | West
Safe Harbor Marinas
O: | C: (619) 666-1640

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From: Karen Goschen [mailto:kareng@portofpa.com]
Sent: Thursday, November 29, 2018 4:57 PM
To: Kate Pearson <kpearson@shmarinas.com>
Cc: Steven Burke <stevenb@portofpa.com>; Mike Nimmo <miken@portofpa.com>; John Nutter <johnn@portofpa.com>
Subject: RE: [External] Port of Port Angeles

Likewise. It was a very informative meeting for us and we gained a much better understanding.

Karen

Karen F. Goschen, Executive Director of Port of Port Angeles
Direct 360-417-3424

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From: Kate Pearson <kpearson@shmarinas.com>
Sent: Thursday, November 29, 2018 3:40 PM

To: Karen Goschen <kareng@portofpa.com>
Cc: Steven Burke <stevenb@portofpa.com>; Mike Nimmo <miken@portofpa.com>; John Nutter <johnn@portofpa.com>
Subject: RE: [External] Port of Port Angeles

Karen & John,

Thanks so much for your time today, it was great to get to know you both a little more. I will be in touch with the follow up documents we discussed.

Kindest regards,
Kate



Kate Pearson
VP Business Development | West
Safe Harbor Marinas
O: | C: (619) 666-1640

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From: Karen Goschen [<mailto:kareng@portofpa.com>]
Sent: Monday, November 26, 2018 9:28 PM
To: Kate Pearson <kpearson@shmarinas.com>
Cc: Steven Burke <stevenb@portofpa.com>; Mike Nimmo <miken@portofpa.com>; John Nutter <johnn@portofpa.com>
Subject: RE: [External] Port of Port Angeles

Hi Kate,

Could we arrange for a telephone call this week? I would like to include John Nutter on that call. He is our new Director of Properties, Marinas and Airports.

Have you had a chance to review our website? There is quite a bit of operating data on it. The financial data and studies are under correspondence.

<https://www.portofpa.com/385/John-Wayne-Marina-Public-Information>

Karen
Karen F. Goschen, Executive Director of Port of Port Angeles
Direct 360-417-3424

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From: Kate Pearson <kpearson@shmarinas.com>
Sent: Monday, November 26, 2018 9:32 AM
To: Steven Burke <stevenb@portofpa.com>; Karen Goschen <kareng@portofpa.com>; Mike Nimmo <miken@portofpa.com>
Subject: RE: [External] Port of Port Angeles

Thanks Steve!

I hope you all had a wonderful Thanksgiving.

Best,
Kate



Kate Pearson
VP Business Development | West
Safe Harbor Marinas
O: | C: (619) 666-1640

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From: Steven Burke [<mailto:stevenb@portofpa.com>]
Sent: Wednesday, November 21, 2018 8:02 PM
To: Kate Pearson <kpearson@shmarinas.com>; Karen Goschen <kareng@portofpa.com>; Mike Nimmo <miken@portofpa.com>
Subject: Re: [External] Port of Port Angeles

I have forwarded you email to Karen our ED to set up a time to meet
Happy turkey day!


Steve
Sent from my iPhone

On Nov 19, 2018, at 7:02 AM, Kate Pearson <kpearson@shmarinas.com> wrote:

Morning!

I had planned to come up early December for a couple of meetings but don't have dates on the calendar yet.
Are there any dates/times which would work better for you and the team? Let me know and I'll make the necessary arrangements.

Thanks,
Kate

Kate Pearson
 VP Business Development | West
Safe Harbor Marinas
O: | C: (619) 666-1640

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From: Steven Burke [<mailto:stevenb@portofpa.com>]
Sent: Friday, November 16, 2018 8:53 PM
To: Kate Pearson <kpearson@shmarinas.com>
Subject: [External] Port of Port Angeles

Kate
Are you coming up to Seattle anytime soon. Wanted to have you meet with our ED and Marina Director.
Also I have another idea to run by you.

Thanks

Steven D. Burke, Commissioner
Port of Port Angeles
Office: 360-417-3370
Cell: 360-460-3526

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Ground Leases: Overview

Ground leases, often called land leases, are simply a lease of the land only. Usually land is leased for a relatively long period of time (50-99 years) to a tenant that constructs a building on the property. A ground lease separates ownership of the land from ownership of the building and improvements constructed on the land.

A commercial ground lease is usually defined as a lease of land for a relatively long term (e.g., 50 to 99 years), where all expenses of the property are the obligation of the tenant (e.g., taxes, repair and maintenance expenses, insurance costs, and financing costs), and which allows for tenant financing for the construction of the project to be constructed on the land either by leasehold financing, and/or so called "fee subordination" financing. Ground leases, therefore, are not only leases in the traditional sense of the word but are also financing instruments.

Why Ground Leases Make Sense

For the landowner, a ground lease provides a stable income stream typically from a creditworthy tenant, while still allowing the landlord to retain ownership of land. Usually ground leases have built in escalation clauses and eviction rights, which give the land owner adequate rent increases over the term of the lease as well further downside protection in the event of a default. Another benefit to land owners is that ground leases normally have a reversionary clause, which transfers ownership of the improvements to the landlord at the end of the lease.

There are three basic advantages for a landowner to enter into a ground lease instead of selling the property outright:

- A ground lease avoids recognition of gain the landlord would otherwise realize if the property was sold to the tenant. There is no income tax consequence to the landlord upon execution of a ground lease, provided there are income tax consequences upon receipt of rent.
- The landlord retains fee ownership to the property. This is an important consideration to many family trusts and institutional owners who desire to maintain long term-ownership in order to put the property to economically productive use.
- Through various provisions in the ground lease documents, a landlord may retain some element of control over the development and permitted uses of the land that is leased under the ground lease. Many ground leases require a tenant to develop, construct and operate a specific type of commercial project and not change the nature of the project without the landlord's prior approval.

Ground Lease Terms

Ground leases vary and there is no such thing as a "standard form" ground lease, generally terms include provisions such as:

- Rent
 - Base Rent
 - Base Rent Adjustment
 - Rent Commencement Date
 - Additional Rent
- Use of the Premises
- Utilities ,Taxes, Insurance
- Construction, Restoration, and Maintenance
- Manner of Performance of Lessee's Work
- Interference
- Liens
- Alterations Required by Law
- Condemnation
- Assignment, Subletting, Mortgage and Sale
- Default
- Vesting of Improvements
- Removal of Personal Property
- Other Obligations
- Lessor's Performance of Lessee's Obligations
- Holding Over
- Successors and Assigns
- Force Majeure
- Limits of Liability and Indemnification
- Premises
- Design Criteria
- Improvements To Be Constructed