

PORT OF BREMERTON
BOARD OF COMMISSIONERS
REGULAR BUSINESS MEETING

A G E N D A

May 22, 2018
5:30 PM
(please note early start time)

Bill Mahan Conference Room
Port Administration Offices
Bremerton Nat'l Airport Terminal Bldg
8850 SW State Hwy 3, Bremerton

Call to Order

Pledge of Allegiance

Executive Session

Approval of Agenda

Consent Items

All matters listed under Consent Items have been distributed to each member of the Commission for reading and study, are considered to be routine, and will be enacted by one motion of the Commission with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Items and placed under Action Items by request.

- A. Minutes of the regular business meeting and executive session of May 8, 2018.
- B. Payment of checks #103205 through #103232 and #77725 through #77728 and #77734 through #77803 from the General Fund for \$186,054.34; #77729 through #77733 from the Construction Fund for \$15,602.88 and the payment of payroll taxes for \$16,095.73.

Information Items

- 1. Fathoms O'Fun Royalty Court – Helene Jensen, Pageant Royalty Program Director

Citizen Comments: *Open to the public for comment. Speakers are asked to keep their comments to less than 3 minutes. A Commissioner may request to waive the 3 minute time limit. Please feel free to submit further comments in writing to the Clerk of the Board.*

Action Items

1. Documentation leading to closing on the Real Property Purchase Agreement for 210/280/298 Washington Avenue
 - 1.1. Assignment of interest in the Real Property Purchase Agreement
 - 1.2. Approval of marina parking leasing arrangements with Kitsap Credit Union and City of Bremerton
 - 1.3. Approval of Parking Purchasing Agreement with SW Marina Square for leasing arrangements as well as purchase of 75 parking stalls
 - 1.4. Authorization of designated Port employee to execute the final closing documents
2. Turnfig Properties, LLC Land Lease Amendment No. 6

New Business

Staff Reports

Commission Reports

Adjournment

Regular business and other meetings that may be attended by members of the Board

<u>Date</u>	<u>Time</u>	<u>Meeting</u>
05/22/18	12:30 pm	Kitsap Aerospace & Defense Alliance (KADA) Steering Committee
05/22	6 pm	*Commission Regular Meeting – Bill Mahan Conference Rm
05/23	11:30 am	*Kitsap 2050 Planning for our Future w/ speaker David Allen
05/24	9 am	Puget Sound Regional Council (PSRC) Operations Committee
05/24	10 am	PSRC Executive Board
05/28		Memorial Day Holiday – Port Admin Offices Closed
05/31	11:30 am	PSRC General Assembly
05/31	3:30 pm	Kitsap Regional Coordinating Council (KRCC) TransPOL
06/05	10:15 am	KRCC Executive Board
06/06	9 am	Farnborough Air Show Boot Camp
06/12	10 am	*Commission Regular Meeting – Bill Mahan Conference Rm

Meetings are subject to change or cancellation

**Denotes events in which two (2) or more Commissioners may attend*

PORT OF BREMERTON
BOARD OF COMMISSIONERS
REGULAR BUSINESS MEETING

MINUTES

May 8, 2018
10:00 AM

Bill Mahan Conference Room
Port Administration Offices
Bremerton Nat'l Airport Terminal Bldg
8850 SW State Hwy 3, Bremerton

Call to Order

Commissioner Strakeljahn called the meeting to order at 10:00 a.m., May 8, 2018, and led the Pledge of Allegiance.

Commissioners and Staff Present

Commissioners

Cary Bozeman
Axel Strakeljahn

Staff Members

Jim Rothlin
Fred Salisbury
Sherman Hu
Arne Bakker

Tim Mensonides
Ginger Waye
Jim Ryan, Atty

Approval of Agenda

It was moved by BOZEMAN, seconded by STRAKELJAHN to:

Approve the Agenda with the addition of excusing Commissioner Stokes as a Consent Item.

MOTION CARRIES, 2-0

Consent Items

- A. Minutes of the regular business meeting and executive session of April 24, 2018.
- B. Payment of checks #103173 through #103204 and #77663 through #77668 and #77674 through #77724 from the General Fund for \$306,829.78; #77669 through #77673 from the Construction Fund for \$10,533.42 and the payment of payroll taxes for \$17,751.32.
- C. Excuse Commissioner Stokes due to his vacation travel out of town

It was moved by BOZEMAN, seconded by STRAKELJAHN to:

Approve the Consent Items as presented.

MOTION CARRIES, 2-0

Information Items

1. Financial Update – Sherman Hu, Chief Financial Officer

CFO Hu provided financial highlights from the first quarter of 2018 stating the revenue and expense targets are at 25% with revenue generally meeting target at the 22% mark. Port Orchard Marina moorage revenue was at 18% which is in line with expectations due to the typically slower winter season for moorage. Expenses were generally below at the 20% mark. He presented the three month year-to-date actuals for operating revenue and expenses.

CEO Rothlin reminded the Board that the quarterly updates are summary versions; if there are extraordinary circumstances, explanations will be provided.

Citizen Comments

Philip Menees, Yacht Captain

- Commended the Board on their decision to remove permanent moorage from the Bremerton outside breakwater and encouraged the Port to consider marketing to large yachts and to provide an interconnection between the airport and yachts at the marinas discussing the benefits.

Roger Gay, South Kitsap resident

- Spoke to the benefits of providing connectivity between the airport, marinas, fast ferry, Washington State ferries, etc.

Action Items

1. Century West Task Order #01, Runway and Taxiway Lighting Rehabilitation Engineering Services, Federal Aviation Administration AIP Project No. 3-53-0007-032-2018
Presented by Tim Mensonides, Airport Manager

Following discussion;

It was moved by STRAKELJAHN, seconded by BOZEMAN to:

Approve Century West Engineering, Task Order 1, in the amount of \$210,288.38 and authorize the CEO to execute the agreement.

MOTION CARRIES, 2-0

New Business - None

Staff Reports

Jim Rothlin, Chief Executive Officer

- Reported on TraverFest held at Bremerton Marina last weekend.
- Students from Sedgwick Junior High will be at Bremerton Marina on Friday to explore marine life with their remote controlled underwater vehicles.
- Site visits have been made to similar size marinas to observe their operations in anticipation of hiring a new marina director.
- Discussed agenda for the upcoming Washington Public Ports Association Spring Meeting.
- Staff will be meeting in preparation for a June/July commission workshop on preparing a 3-5 year business plan.

Commission Reports

Commissioner Bozeman

- Requested an update in the near future on the plans for construction of a new building in the industrial park.
- Discussed the upcoming luncheon he is coordinating to continue the conversation on planning for growth in the Kitsap region. David Allen, Principal of McKinstry will share his view of past regional growth and the road map it provides for the future.

Commissioner Strakeljahn

- Provided highlights of the Puget Sound Regional Council Economic Development Board meeting he attended.

Executive Session

Commissioner Strakeljahn recessed the meeting at 10:45 a.m. and reconvened into executive session at 10:50 a.m. for approximately 15 minutes regarding: real estate [RCW 42.30.110(1)(c)]. At 11:05 a.m., executive session was extended 5 minutes; at 11:10, extended another 5; and at 11:15, it was extended 10 minutes.

At 11:25 a.m. the regular meeting was reconvened.

Adjournment

There being no further business before the Board, the meeting was adjourned at 11:25 a.m.

Submitted,

Approved,

Jim Rothlin
Chief Executive Officer
May 17, 2018

Axel Strakeljahn
Commission Secretary
May 22, 2018

Draft

PORT OF BREMERTON
BOARD OF COMMISSIONERS
EXECUTIVE SESSION

MINUTES

May 8, 2018
10:50 AM

CEO Office
Port Administration Offices
Bremerton Nat'l Airport Terminal Bldg
8850 SW State Hwy 3, Bremerton

Call to Order

President Stokes called the executive session to order at 10:50 a.m., May 8, 2018.

Commissioners and Staff Present

Commissioners
Cary Bozeman
Axel Strakeljahn

Staff Members
Jim Rothlin
Fred Salisbury
Jim Ryan, Atty

Item #1: Real estate issues were discussed [RCW 42.30.110(1)(c)].

With no further business to come before the Board, the meeting was adjourned into regular session at 11:30 a.m.

Submitted,

Approved,

Jim Rothlin
Chief Executive Officer
May 17, 2018

Axel Strakeljahn
Commission Secretary
May 22, 2018

PORT OF BREMERTON

AGENDA SUMMARY

Agenda Item No: Action Item 1

Subject: Documentation leading to closing on the Real Property Purchase Agreement for 210/280/298 Washington Avenue

Prepared By: Jim Rothlin, CEO

Meeting Date: May 22, 2018

Summary:

At the November 8, 2016 public meeting, the Port Commission directed staff to negotiate terms for the sale of the 2.13 acres of land adjacent the Bremerton Marina along the Bremerton City waterfront and to bring to the Port Commission for their consideration a Purchase and Sale Agreement for said property. Port Commission priorities for the sale of this property included:

- 1) retaining adequate parking for the Bremerton Marina tenants and visitors;
- 2) income of the sale would pay off the bond debt; and
- 3) the sale would provide economic development opportunities and jobs to the local community.

Port staff has completed negotiating the sale of the property that meets the goals of the commission. The Purchaser presented their preliminary development plans for the site at the April 10, 2018 Port Commission meeting for the review and approval of the Port Commission which included plans for multistory residential and hotel accommodations as well as parking and limited retail.

Significant elements of the agreement are as follows:

Purchase Price: \$4,500,000.

Parking for Marina tenant boat access –

- **At Closing** – Port has established an agreement which will have access to 75 parking stalls at the current parking lot until beginning of construction. Cost will be approximately \$109.38 per stall per month (\$8203.75 monthly).
- **During Construction** – Port has secured 50 parking stalls designated for marina tenants while visiting their boats at 2 locations. 1) Kitsap Credit Union at 155 Washington Avenue. 20 stalls at \$125 per stall per month (\$2500 monthly). 2) City of Bremerton at 4th and Washington Parking Garage. Cost will be \$150 per stall per month (\$4500 monthly)
- **At Completion** – Port to own 75 parking stalls designated for marina tenants while visiting their boats in the newly constructed parking garage as part of the

Washington Avenue development. The purchase price for the first 50 stalls will be \$25,000 per stall. The additional 25 stalls shall be the lesser of \$30,000 per stall, or the actual bid cost of construction, plus the cost of the land at \$2,667 per stall.

Closing Date: Subject to all items to be delivered at closing; the closing shall take place on or before June 3, 2018 once all conditions and contingencies are met as set forth in Purchase and Sale agreement signed by the Port Commission on 11/22/2016.

The proposed project appears to satisfy the requirement that the sale be in the “best interests of the district and the people thereof and in furtherance of its general plan of harbor improvements...”; meets the desired parking needs of the Bremerton Marina, pays off the bond debt, and provides needed economic growth opportunities for the local area.

The Purchaser is required to commence development of the site within one year of closing. Phase development is allowed as long as approved by the Port Commission when the purchaser presents their development plans.

The Port Attorney has reviewed all documents submitted for this agenda item and approves its form.

Recommendation:

Staff recommends –

- The approval of the assignment of interest of the Purchase and Sale agreement from Sound West Holdings LLC to SW Marina Square LLC,
- The approval of lease agreements with Kitsap Credit Union and the City of Bremerton during construction period.
- The Purchase and Sale agreement with SW Marina Square for leasing arrangements as well as the purchase of the 75 parking stalls
- The authorization of a designated Port employee to execute the final closing documents for the sale of the parcels at 210, 230 and 298 Washington Ave.

Motions for Consideration:

- 1.1 Move to approve Addendum 5 to Real Property Purchase Agreement assigning the interest in the agreement from Sound West Holdings LLC to SW Marina Square LLC
- 1.2 Approve the lease agreements for parking with Kitsap Credit Union and City of Bremerton
- 1.3 Approve the Agreement with SW Marina Square for purchase of parking stalls and pre-construction parking rental
- 1.4 Authorize a *designated Port employee (TBD)* to execute the final closing documents for the sale of real estate parcels at 210, 230, and 298 Washington Avenue

PORT OF BREMERTON
AGENDA SUMMARY

Agenda Item No: Action Item #2
Subject: Lease Amendment with Turnfig Properties LLC
Exhibits: Lease Agreement Amendment #6
Prepared By: Arne Bakker, Director, Business Development
Meeting Date: May 22, 2018

Summary:

Turnfig Properties lease property located at 5400 Constance Drive in the Olympic View Industrial Park. This amendment has a rental rate adjustment for year 2018 through 2023. The yearly increase (\$416.09) was based on a rate derived from five years (2012-2017) of cumulative change to the CPI Seattle-Tacoma-Bellevue index in accordance with the provisions of the lease. The Port Attorney has reviewed the lease amendment.

Fiscal Impact:

None

Recommendation:

The staff recommends approval of the lease amendment.

Motion for Consideration:

Move to approve the Turnfig Properties, LLC Lease Amendment #6

**AMENDMENT NO. 6
TO LEASE
TURNFIG PROPERTIES LLC**

IT IS HEREBY AGREED by and between the **PORT OF BREMERTON**, a municipal corporation organized under the laws of the State of Washington, hereinafter referred to as “Port” and **TURNFIG PROPERTIES LLC**, a Limited Liability Company organized under the laws of the State of Washington, hereinafter referred to as “Lessee”, to amend that certain lease dated June 1, 1978, as amended and modified and assigned from Robert A Lingenbrink and Linda L. Lingenbrink, to read as follows (all other terms remain the same):

5. RENT:

(a) The Lessee agrees to and shall pay the Port rent in annual installments, in advance, for a period of five years commencing on June 1, 2018, and ending May 31, 2023, on or before the 1st day of June each year during the term of the Lease Agreement, the sum of \$3,942.29, plus applicable leasehold tax (currently 12.84% as of effective date).

In the event any rental payment is not made within ten (10) days of its due date, Lessee shall also pay the Port a late payment penalty in the amount of \$50.00 for each such delinquent rental payment, together with interest on the delinquent total at the rate of eighteen percent (18%) per annum (minimum \$20.00 per month) until the delinquency is cured. The acceptance of rent by the Port for any period or portions thereof after default by the Lessee shall not constitute a waiver of the default unless the Port so notifies Lessee in writing. The Lessee agrees that the Port shall have a lien against all assets of the Lessee located on the Premises or used in connection with the Lessee’s occupation of the Premises for all rents, charges, interest and fees payable under this Lease, and the Lessee further agrees that it shall not remove any of said assets from its locations until all such charges and fees payable under this Lease are paid in full.

(b) Periodic Adjustments All rental rates and other charges due hereunder shall be adjusted annually as of the 1st day of June of each year (hereinafter referred to as the “Adjustment Date”) commencing on the first day of June, 2014 and applied each

year thereafter. The adjustment shall be equal to the increase, if any, in the latest April Consumer Price Index (CPI-U), all items, Seattle, Tacoma, Bellevue Area, as published by the U.S. Department of Labor. In no event shall the Base Rent ever decrease from one year to the next.

Every five years during the term of this lease, or any extended term, all rental rates and other charges due hereunder shall be renegotiated by the parties prior to the expiration of the applicable five year period.

(c) Arbitration: If the parties cannot mutually agree upon the rental and charges payable for said Premises at any such renegotiation interval for the ensuing period, then each of the parties shall appoint one (1) arbitrator. If the two (2) arbitrators cannot agree upon the rental rates and charges at issue within thirty (30) days after submission to such arbitration panel, they shall appoint a third arbitrator. The amounts payable fixed by any two (2) such arbitrators shall be the amounts to be paid for said Premises for the ensuing one-year period. The decision of the arbitrators shall be reduced in writing and delivered to each party within thirty (30) days of submission of the issue to the arbitration panel for determination.

(1) In determining the rate issue under consideration, the arbitrators shall endeavor to determine and base their decision upon a "fair market" value of like and similar rates and practices for properties of similar uses, with a market primarily found in Kitsap County, or if sufficient data is not available in that area, then from properties and practices found in Pierce and Snohomish counties, if any.

(2) The fees of the respective arbitrators shall be paid by the party who selected the same, and if a third arbitrator is employed, his fees shall be divided equally between the parties and paid accordingly.

(3) These renegotiations shall be commenced and completed during the last six (6) months of each specified five-year interval as set forth above. In no event shall the rate be less than in the immediately preceding period. The increase in the rent resulting from the first such renegotiation shall be effective on the first day of the succeeding period. The new rate shall be applied retroactively to the beginning of the new period if not determined prior to the end of the previous period. During any extended renegotiation period, the Lessee shall pay

the previously established rent and charges until the new rate is established. Any deficiency shall be paid by the Lessee on the next rental due date.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to Lease this _____ day of _____, _____.

TURNFIG PROPERTIES LLC
A Washington State Limited Liability Corporation

PORT OF BREMERTON
A Municipal Corporation

President and Commissioner

Secretary and Commissioner

Commissioner

Approved As To Form:

Port Attorney

Date: _____

STATE OF WASHINGTON)
)ss
County of KITSAP)

On this _____ day of _____ before me personally appeared _____ to me known to be the _____ of the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and that they are authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Notary Public in and for the State of Washington

Name Printed
residing at _____
My commission expires: _____

STATE OF WASHINGTON)
)ss
County of KITSAP)

On this _____ day of _____ before me personally appeared _____ to me known to be the _____ of the **Port of Bremerton**, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and that they are authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Notary Public in and for the State of Washington

Name Printed
residing at _____
My commission expires: _____