

PORT OF BREMERTON
BOARD OF COMMISSIONERS
REGULAR BUSINESS MEETING

A G E N D A

November 8, 2022
10:00 AM

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

The Port of Bremerton Board of Commissioners is conducting hybrid meetings meaning our meetings will be conducted in person and virtually. The public is invited to view and/or participate in the meeting by attending in person or through one of the following options:

- To stream online only (via BKAT feed, with no interaction possible):
<https://bremerton.vod.castus.tv/vod/?live=ch1&nav=live>
- To join the online Zoom meeting: <https://us02web.zoom.us/j/3359030010>
- For audio only; dial 1.253.215.8782; Meeting ID: 335 903 0010

Call to Order

Pledge of Allegiance

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 of October 25, 2022.
- B. Payment of checks #901632 through #901635 and #901636 through #901639 and #84232 through #84250 and #E01194 through #E01205 and #901641 through #901646 from the General Fund for \$65,670.51; #E01193 from the Construction Fund for \$165,020.85. Void Check #84222.

Payment of checks #901655 and #E01227 through #E01228 and #84294 and #84295 through #84336 and #E01229 through #E01232 and #901659 through #901662 and #901663 through #901666 and #E01233 and #901667 and #E01234 and #84337 through #84365 and #E01235 through #E01248 and #901668 from the General Fund for \$2,200,806.44.
- C. Excuse Commissioner Strakeljahn's absence due to personal travel.

Information Items

1. Port Orchard Marina Breakwater Funding Update – Desimone Consulting Group

Citizen Comments: *Open to the public for comment. Speakers are asked to keep their comments to less than 3 minutes. Please feel free to submit further comments in writing to the Clerk of the Board (gingerw@portofbremerton.org).*

Action Items

1. Final Budget for Calendar Year 2023
 - 1.1 Budget Presentation
 - 1.2 Public Hearing
 - 1.3 Action Items
 - a. Resolution 2022-06 providing for a regular property tax levy and all allowable levies for calendar year 2023.
 - b. Resolution 2022-07 providing a limit factor for the regular levy for the 2023 calendar year to determine future years' levies and to enable the Port to bank excess levy capacity.
 - c. Resolution 2022-08 adopting the final budget for calendar year 2023.
 - d. Resolution 2022-09 filing the final budget and submitting request for tax levies for calendar year 2023 with the Clerk of the Board of County Commissioners.
2. Easement Agreement for Parking – Marina Square Garage Unit

Staff Reports

Commission Reports / New Business

Executive Session *(if necessary)*

Adjournment

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

<u>Date</u>	<u>Time</u>	<u>Meeting</u>
11/08	10:00 am	*Commission Regular Meeting
11/11	All Day	Port Offices Closed in Observance of Veterans Day
11/22	6:00 pm	*Commission Regular Meeting

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

October 25, 2022
6:00 PM

Remote Access Only
Zoom Meeting ID: 335 903 0010
Zoom Call-In: (253) 215-8782
BKAT Live Stream

Commissioners and Staff Present

Commissioners

Gary Anderson
Cary Bozeman

Staff Members

Jim Rothlin
Fred Salisbury
Jeremiah Wiley
Arne Bakker
James Weaver
Monroe Whitman IV
Ginger Waye
Stephanie Frame
Anne Montgomery, Atty

Call to Order

Vice-President Anderson called the meeting to order at 6:00 p.m.

Approval of Agenda

It was moved by BOZEMAN, seconded by ANDERSON to:

Approve the Agenda as presented.

MOTION CARRIES, 2-0

Consent Items

- A. Minutes of the regular business meeting of October 11, 2022.
- B. Payment of checks #901647 through #901648 and #901649 through #901650 and #84251 through #84274 and #E01206 through #E01220 and #901651 through #901654 from the General Fund for \$251,428.10.
Payment of checks #84275 through #84293 and #E01221 through #E01226 from the General Fund for \$60,623.62.
- C. Excuse Commissioner Strakeljahn's absence due to personal travel.

It was moved by BOZEMAN, seconded by ANDERSON to:

Approve the Consent Items as presented.

MOTION CARRIES, 2-0

Information Items

1. Kitsap Economic Development Alliance (KEDA) Update – Joe Morrison, Executive Director

Mr. Morrison provided a PowerPoint presentation highlighting KEDA's vision and mission; the diversity within the County and KEDA's job to work with all; focus areas and what KEDA does; and their current programs of PTAC (Procurement and Technical Assistance Center) and WAV-C (Washington Autonomous Vehicle Cluster).

He highlighted the partnerships between the Port and KEDA stating the Port is a key "plus" in "Why Kitsap." There will be future discussion on how KEDA can be more helpful to the Port. He also provided economic prognostications before urging everyone to shop locally to support Kitsap businesses and ended by stating that change is coming to Kitsap with a bright, positive, dynamic future.

He responded to questions and comments from the board and staff relative to investments being required to maintain our quality of life during Kitsap growth; the challenges of the aerospace industry in this area which led to Kitsap Aerospace & Defense Alliance (KADA) running its course despite everyone working so hard on it and doing beautiful work; and the need for the Port to get KEDA's assistance on finding partnerships to invest in infrastructure.

Work Study Session

1. 2023 Final Preliminary Budget – Jeremiah Wiley, Chief Financial Officer

CFO Wiley provided a PowerPoint presentation which reviewed:

- The Port's mission and vision; budget goals; job generation; and indirect economic impact.
- Operating revenues and expenses 2019 through 2023
- 2023 operating revenues, operating expenses; and non-operating revenues and expenses
- Budget narrative describing the revenue and expense increases.
- Property tax comparisons of 2022 and 2023. Although not taking the 1% allowed tax increase in 2023, Commissioner Bozeman introduced the idea of opening discussion on potentially taking the 1% in future years for capital projects.
- Reviewed capital projects and the minor changes from the first preliminary budget.

Responded to questions and comments from the board including providing assurance that, if necessary, the Port has the bonding capacity to borrow for the Port Orchard Marina breakwater replacement project.

Citizen Comments

Joyce Oswald, Kitsap Small Business Development Center (SBDC)

- Introduced herself as the new business advisor with SBDC and provided her professional background. Discussed SBDC's upcoming Cyber Security Awareness Workshop and requested the flyer on the event be distributed to Port tenants. She responded to questions and comments from the Board.

Action Items

1. Century West Engineering Task Order 18 – Design and Engineering for South Hangar Project Phase 2

Presented by Monroe Whitman IV, Airport Manager

Following PowerPoint presentation and discussion;

It was moved by BOZEMAN, seconded by ANDERSON to:

Approve Task Order #18 with Century West Engineering and authorize the CEO to execute the contract.

MOTION CARRIES, 2-0

2. Bid Authorization for Mount Jupiter Way Site Development Project

Presented by Arne Bakker, Chief Operations Officer

Following PowerPoint presentation and discussion;

It was moved by BOZEMAN, seconded by ANDERSON to:

Authorize Port staff to go out to bid for the site development improvements for the Steelhead Group Holdings site and future developments.

MOTION CARRIES, 2-0

Staff Reports

Jim Rothlin, Chief Executive Officer

- Provided updates on the following projects:
 - Multipurpose Facility construction which is moving forward but will not have an opening date until the occupancy permit is approved.
 - Port Orchard Marina north breakwater emergency repairs. Director of Marine Facilities James Weaver discussed the required temporary closure of the north breakwater due to the required repairs because of the safety issue for pedestrians and mooring boats.

- Provided highlights of the Washington Public Ports Association Small Ports Conference that he attended along with Marketing & Communications Coordinator Erica Filler.
- Reminded everyone that this is the last virtual-only commission meeting. The Port will be transitioning to hybrid meetings (in-person and virtual) starting in November.

Commission Reports / New Business

Commissioner Anderson

- Reported on the City of Port Orchard's Economic Development and Tourism Committee meeting.
- Attended the South Kitsap Rotary meeting during which CEO Rothlin gave an uplifting, positive report on the Port.
- Attended KEDA's Fall Forum which, unfortunately, coincided with Kitsap Regional Coordinating Council's TransPOL meeting. Staff represented the Port at TransPOL so there was representation at both events.
- Attended the Peninsula Regional Transportation Planning Organization (PRTPO) executive board meeting. He described the organization stating that it is an extremely well-run organization with a very good work product, and he recognized Bek Ashby as a great administrator.
- Along with CEO Rothlin, attended a Gorst Coalition event that was attended by Congressman Derek Kilmer along with many other elected officials and stakeholders.

Executive Session - None

Adjournment

There being no further business before the Board, the meeting was adjourned at 7:24 p.m.

Submitted,

Approved,

Jim Rothlin
Chief Executive Officer
November 3, 2022

Cary Bozeman
Commission Secretary
November 8, 2022

AGENDA SUMMARY

Agenda Item No: Action Item #1
Subject: 2023 Final Budget Adoption
Exhibits: 2023 Final Budget
Resolutions 2022-06; 2022-07; 2022-08; 2022-09
Prepared By: Jeremiah Wiley, Chief Financial Officer
Meeting Date: November 8, 2022

Summary:

The 2nd 2023 preliminary budget was presented on October 25, 2022.

The Public Hearing is being held during the November 8, 2022 meeting. The Port of Bremerton's 2023 Final Budget as presented today is \$9,856,980. The final budget documents and all related resolutions are presented herein for adoption as follows:

- 2023 Final Budget
- Resolution 2022-06: General tax levy for 2023 with no tax increase
- Resolution 2022-07: Providing a limit factor for the regular levy for the 2023 calendar year to determine future years' levies and to enable the Port of Bremerton to bank excess levy capacity. This resolution works together with Resolution 2022-06 and is important to the Port in preserving its ability to bank the levy capacity. It is not known what the future holds or what projects may come before future Port Commissions. The Port has banked its previous levy capacity and should preserve the same ability to bank the excess capacity in 2023.
- Resolution 2022-08: Providing for acceptance, approval and adoption of the Final Budget for Calendar Year 2023.
- Resolution 2022-09: Filing the Final Budget and submitting a request for tax levies for the 2023 calendar year with the Clerk of the Board of County Commissioners and the Kitsap County Tax Assessor's Office. This resolution also includes the official Levy Certification signed by the Chief Financial Officer of the Port.

Fiscal Impact:

N/A

Recommendation:

Adopt the 2023 Final Budget and approve all related resolutions as presented.

Motions for Consideration:

- a. Move to approve Resolution 2022-06 with no tax increase in the general tax levy.**
- b. Move to approve Resolution 2022-07 providing a limit factor for the regular levy for the 2023 calendar year to determine future years' levies and to enable the Port to bank excess levy capacity.**
- c. Move to approve Resolution 2022-08 approving and adopting the Final 2023 Budget.**
- d. Move to approve Resolution 2022-09 filing the final 2023 budget documents and submitting request for tax levies in the amounts indicated with the County Clerk of the Board of County Commissioners and the Kitsap County Assessor's Office.**

**PORT OF BREMERTON
KITSAP COUNTY, WASHINGTON
RESOLUTION NO. 2022-06
DATED: November 8, 2022**

A RESOLUTION of the Board of Commissioners, Port of Bremerton, providing for a 0% increase in the total regular property tax levy excluding any amount resulting from the addition of new construction and improvements to property, any increase in state-owned property and all allowable levies, for calendar year 2023.

WHEREAS, the Board of Commissioners, Port of Bremerton, has properly given notice of the public hearing held on November 8, 2022 to consider the Port of Bremerton's current expense budget for the calendar year 2023, pursuant to RCW 53.35.010, 53.35.020, 53.35.030 and 53.35.045; and

WHEREAS, the Board of Commissioners, Port of Bremerton, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the Port of Bremerton does not require the 1% increase in property tax revenue from the previous year, excluding the increase resulting from the addition of new construction and improvements to property, newly constructed wind turbines, annexation, any increases in the values of state-assessed property, state-assessed utilities, refunds, and all allowable levies, in order to discharge the expected expenses and obligations of the Port of Bremerton and in its best interest; and

WHEREAS, the population of this district is more than 10,000; and

WHEREAS the Board of Commissioners, Port of Bremerton, has determined that it is in the best interest of the Port of Bremerton and not necessary to meet the expenses and obligations in 2023 while still maintaining all future levy capabilities, for the property tax revenue not to be increased by 1% in 2023.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners, Port of Bremerton, that a zero percent 0.0% increase \$-0- in the total property tax levy from the previous year \$4,006,232 is hereby authorized. The 0.0% increase is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

ADOPTED by the Board of Commissioners of the Port of Bremerton at the regular public meeting thereof held this 8th day of November 2022 and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission.

Commission President

Commission Vice President

ATTEST:

Commission Secretary

(SEAL)

**PORT OF BREMERTON
KITSAP COUNTY, WASHINGTON
RESOLUTION NO. 2022-07
DATED: November 8, 2022**

A RESOLUTION of the Board of Commissioners, Port of Bremerton, providing a limit factor for the regular levy for the 2023 calendar year to determine future years' levies and to enable the Port of Bremerton to bank excess levy capacity.

WHEREAS, the Board of Commissioners, Port of Bremerton, has met and considered its budget for the calendar year 2023; and

WHEREAS, the Board of Commissioners, Port of Bremerton, in the course of considering the budget for 2023, has reviewed all sources of revenue and examined all anticipated expenses and obligations; and

WHEREAS, the Board of Commissioners of the Port of Bremerton Taxing District, has determined that due to future committed obligations in the Teamsters Local Union 589 Agreement with respect to future wage increases and medical and other benefit levels, and in consideration of future capital and infrastructure improvements, finds that there is a substantial need to set the levy limit at 101% in the event this levy capacity is needed in the future years.

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners, Port of Bremerton that the limit factor for the regular levy for the calendar year 2023 be set at 101% in the event this levy capacity is needed in future years.

ADOPTED by the Board of Commissioners of the Port of Bremerton at the regular public meeting thereof held this 8th day of November 2022 and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission.

Commission President

Commission Vice President

ATTEST:

Commission Secretary

**PORT OF BREMERTON
KITSAP COUNTY, WASHINGTON
RESOLUTION NO. 2022-08
DATED: November 8, 2022**

A RESOLUTION of the Board of Commissioners, Port of Bremerton, providing for acceptance, approval and adoption of the Final Budget for the Calendar Year 2023.

WHEREAS, a preliminary 2023 budget was prepared and analyzed on October 25, 2022, and

WHEREAS, public notices were published on October 26, and November 2, 2022, in the newspaper of general circulation in the Port District proclaiming the availability of the preliminary budget to taxpayers at the Port office and announcing the public hearing for November 8, 2022, all in accordance with RCW 53.35.030 and 53.35.045, and

WHEREAS, a public hearing was held on the 8th day of November, 2022 at 10:00 a.m. after the above-stated due and proper notices were published in the daily newspaper of general circulation in the Port District and the Commission heard from all persons desiring to be heard on the matter of the final budget all in accordance with RCW 53.35.030 and 53.35.045, and

WHEREAS, the proposed 2023 budget incorporates the Port's Capital Plan and related capital improvements as an update to the 2012 Comprehensive Scheme.

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners, Port of Bremerton, that:

The Final Budget for calendar year 2023, fixed at fund levels as listed below and appended hereto as part of this Resolution is accepted, approved and adopted.

Airport	\$1,174,561
Industrial Park	965,237
Port Orchard Marina	1,830,742
Bremerton Marina	1,300,774
Other Marinas	115,290
General & Administrative	2,571,894
Capital Project Airport	380,750
Capital Project Industrial Parks	925,750
Capital Project Port Orchard Marina	55,000
Capital Project Bremerton Marina	180,000
Capital Project General & Administrative	<u>281,982</u>
TOTAL BUDGET	\$9,856,980

ADOPTED by the Board of Commissioners of the Port of Bremerton at the regular public meeting thereof held this 8th day of November, 2022 and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission.

ATTEST:

Commission President

Commission Secretary

Commission Vice-President

**PORT OF BREMERTON
KITSAP COUNTY, WASHINGTON
RESOLUTION NO. 2022-09
DATED: November 08, 2022**

A RESOLUTION of the Board of Commissioners, Port of Bremerton, filing the final budget and submitting a request for tax levies for calendar year 2023 with the Clerk of the Board of County Commissioners.

WHEREAS, the Board of Commissioners, Port of Bremerton, Kitsap County, by Resolution 2022-08 dated November 08, 2022 approved and adopted the Final Budget for Calendar Year 2023 in the amount of \$9,856,980 in accordance with RCW 53.35.010, 53.35.020, 53.35.030 and 53.35.045.

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners, Port of Bremerton, in accordance with RCW 53.35.040, that:

1. A copy of the Final Budget of the Port of Bremerton for Calendar Year 2023, as approved by Resolution 2022-08 be filed with the Clerk of the Board of County Commissioners.
2. As required under Referendum 47, Section 209, Resolution 2021-04 is hereby submitted to the Board of County Commissioners to provide for levies against taxable property located within Kitsap County to raise funds in the amount indicated in the Final Budget as follows, plus new construction and improvements to property, newly constructed wind turbines, annexation, any increases in the values of state-assessed property, state-assessed utilities, refunds, and all allowable levies:

A.	General Purpose Levy	\$4,006,232
	Plus: New Construction	104,023
	Refunds	25,641
		\$4,135,896
B.	Special Tax (General Obligation Indebtedness) Levy	0

ADOPTED by the Board of Commissioners of the Port of Bremerton at the regular public meeting thereof held this 8th day of November, 2022 and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission.

ATTEST:

Commission President

Commission Secretary

Commission Vice-President

LEVY CERTIFICATION

In accordance with RCW 84.52.020, I, Jeremiah Wiley, Chief Financial Officer, for the Port of Bremerton, do hereby certify to the Kitsap County legislative authority that the Commissioners of said district requests that the following levy amounts be collected in 2023 as provided in the district's budget, which was adopted on November 8, 2022, following a public hearing held on November 8, 2022.

Regular Levy:	\$4,006,232
Plus: New Construction	104,023
Refunds	25,641
 Total Regular Levy	 \$4,135,896
 Excess Levy:	 \$ 0

Signature: _____ Date: November 8, 2022

AGENDA SUMMARY

Agenda Item No: Action Item #2
Subject: Parking Easement – Marina Square
Exhibits: Easement Agreement for Parking, Marina Square, a Condominium
Prepared By: Jim Rothlin, CEO
Meeting Date: November 8, 2022

Summary:

In May 2018, the Port entered into a parking agreement with Sound West Group (SWG) to secure future parking stalls at Marina Square, a property originally sold to SWG from the Port. The development includes a 382-car parking garage, of which up to 75 stalls are reserved in perpetuity by the Port for the primary purpose of parking dedicated to Bremerton Marina tenants.

As part of the parking agreement, terms were to be negotiated for fees related to the parking garage in the form of an easement agreement which is attached. The key highlights of the agreement are that the Port will contribute its proportional share of costs for

- Property Tax
- Property Insurance
- Parking management fees

The Port's share is calculated at 19.63%, which is based on 75 of the total 382 stalls in the structure. It is anticipated that the Port will have access to the parking garage before the end of November, contingent on the permits approved by the City of Bremerton.

Fiscal Impact:

The Port will contribute annually for its proportion of the Property Tax, Insurance, and parking management fees. In year 1 the fees are not to exceed \$45,000. The current estimates for year 1 are

- Property tax - \$21,594
- Insurance - \$3,595
- Maintenance Fees - \$19,811.

After year 1, the Port will continue to subsidize the 19.63% for Taxes and Insurance, and management fees will be the lesser of 19.63% of the actual management costs or no more than a CPI increase from the previous year.

Strategic Purpose:

This action conforms with the Port's strategic plan in Goal 2: To operate all facilities efficiently and cost effectively with a high degree of customer service.

Recommendation:

Port staff recommends the approval of the Easement agreement for Parking at the Marina Square with Sound West Oz Fund I Multifamily LLC, Sound West Oz Fund I Parking LLC and Sound West Oz Fund I Hospitality, LLC.

Motions for Consideration:

Move to approve the Easement agreement for Parking at the Marina Square with Sound West Oz Fund I Multifamily LLC, Sound West Oz Fund I Parking, LLC and Sound West Oz Fund I Hospitality, LLC, and authorize the Commission Vice President to execute the document.

AFTER RECORDING RETURN TO:

Lisa Maxwell
Sound West Group
423 Pacific Avenue, Suite 402
Bremerton, WA 98337

**EASEMENT AGREEMENT FOR PARKING
MARINA SQUARE, A CONDOMINIUM**

Grantor(s): SOUND WEST OZ FUND I MULTIFAMILY, LLC, a Delaware limited liability company, SOUNDWEST OZ FUND I PARKING, LLC, a Delaware limited liability company, AND SOUND WEST OZ FUND I HOSPITALITY, LLC, a Delaware limited liability company

Grantee(s): PORT OF BREMERTON

Legal Description (abbreviated): GARAGE UNIT, MARINA SQUARE, Declaration Recording No. 202105190001

Full Legal Descriptions: Exhibit A (Page 16)

Tax Parcel/Account Number(s): 3718-003-001-0208 (Major Number; Not Segregated Yet)

Related Documents: 202105190001 (Declaration); 202105190002 (Map)

This Easement Agreement for Parking (this “Agreement”) is dated October 21, 2022 (the “Effective Date”), and is made by and between SOUND WEST OZ FUND I MULTIFAMILY, LLC, a Delaware limited liability company, SOUNDWEST OZ FUND I PARKING, LLC, a Delaware limited liability company, AND SOUND WEST OZ FUND I HOSPITALITY, LLC, a Delaware limited liability company, as Grantor, and THE PORT OF BREMERTON, as Grantee. The capitalized terms used and not defined in this Agreement are defined in that certain Declaration and Covenants, Conditions, and Restrictions for Marina Square, a Condominium, Recorded in Kitsap County under Recording Number 202105190001 (the “Declaration”).

Grantor owns the Garage Unit of Marina Square, a Condominium (the “Condominium”) which is described on attached Exhibit A. Grantor and Grantee wish to state herein the terms for Grantee’s exclusive use of 75 parking spaces and non-exclusive use of the drive aisles and southwest elevator that provide access to and from those parking spaces (collectively, the “Parking Area”). The Parking Area is shown on page 5 (Level 2) of the Map for the Condominium recorded in Kitsap County under recording number 202105190002 (the “Map”). The southwest elevator and certain other equipment, systems and facilities that serve the Parking Area are operated by the owners’ association for Condominium (the “Association”). The Association levies the costs of operating such equipment, systems and facilities to Grantor as a Specially Allocated Expense (as defined in the Declaration). This Agreement requires that Grantee reimburse Grantor for that portion of those expenses which are allocable to the Parking Area, as set forth herein.

NOW, THEREFORE, Grantor and Grantee hereby agree as follows:

1. Parking Easement. Grantor hereby grants and conveys to Grantee, for use by Grantee’s employees, Commissioners, agents, and invitees (referred to herein as Grantee’s users), a perpetual easement over and across the Parking Area for normal and customary parking purposes, subject to the terms, conditions, and restrictions stated herein. This easement is exclusive as to the 75 parking spaces and non-exclusive as to the remainder of the Parking Area. The scope of this parking easement includes pedestrian, vehicular, and emergency vehicle access to, from, and over the parking spaces, entrances, exits, and drive aisles within the Parking Area and the southwest elevator that provides access between Levels 1 and 2 of the Garage Unit. The Parking Area and southwest elevator are shown on the Map. Parking is restricted to Grantee’s users, tenants, guests, visitors and invitees.

2. Use of the Garage by Grantor. Grantor reserves the right to use the non-exclusive portions of the Parking Area for all purposes that are consistent with the rights granted to Grantee hereunder, including use by Grantor’s tenants, guests, visitors and invitees. Grantor’s reserved rights include the right to temporarily close portions of the Parking Area to make repairs, perform services, or to alter, modify, restripe, or renovate the Parking Area, or to the extent necessary in connection with any damage by casualty, strike, condemnation, acts of God, requirements of law, or any other reason beyond Grantor’s reasonable control. Grantor shall make all reasonable efforts to minimize the disruption to Grantee’s users. Grantor shall give Grantee not less than 30 days’ prior written notice of any closure which will materially interfere with Grantee’s use of the Parking Area except for a closure for emergency repairs. Except in those instances where the entire Garage Unit is closed for the purposes set forth herein, Grantor shall provide substitute parking to Grantee

during a closure of the Parking Area described in this Section. If the entire Garage Unit is closed hereunder, Grantee shall not be obligated to pay any Operating Expenses during such period of closure.

3. Restrictions and Managed Parking Options. Grantor shall have the sole discretion to manage parking within the Parking Area using all reasonable procedures, restrictions, and systems, which may change and evolve over time (collectively, the “Restrictions”). The Restrictions may include systems and equipment to control access to the Parking Area which may change from time to time as technology advances. For example, these systems may currently involve RFID Chips, access cards, stickers or other identification or entrance systems. Grantor may require that users identify their vehicles by the display of tickets, permits, RFID chips or other means. Grantor may change the Restrictions from time to time in its reasonable discretion by delivering not less than thirty (30) days’ written notice of the change to Grantee and by posting notice of the new Restriction conspicuously within the Parking Area. Notwithstanding the foregoing, no Restrictions may violate the Declaration or deny the Grantee the material use and benefit of the parking rights granted in this Agreement. Grantor shall not restrict the duration Grantee’s users’ may leave vehicles in the Parking Area (i.e., Grantee’s users may leave vehicles in the Parking Area for any number of continuous hours or days as authorized by Grantee in its sole and exclusive discretion, including continuous periods of thirty (30) days or more).

4. Changes to the Parking Area. Grantor reserves the right to change the dimensions, height, and clearance of parking spaces, entrances, exits, and drive aisles from time to time, including in connection with the alteration or modification of any building elements, equipment, systems, and other improvements for the Parking Area. Notwithstanding the foregoing, the Grantor may not relocate the Parking Area without Grantee’s prior written agreement; any permanent relocation of the Parking Area shall require a recorded amendment of this Agreement. Grantor shall request a relocation of the Parking Area by giving Grantee written notice identifying the new Parking Area at least thirty (30) days before the effective date of the relocation. If Grantor and Grantee agree to a permanent relocation of the Parking Area, then Grantor and Grantee shall execute and record an amendment to this Agreement identifying the new Parking Area.

5. Operating Standards. Grantor shall operate the Parking Area in compliance with the Declaration, applicable law, and other comparable market rate residential communities with covered parking garages in Washington (the “Operating Standards”). Any new or replacement access systems must provide twenty-four (24) hours continuous and uninterrupted access that is not materially less convenient than those access systems previously utilized in the Parking Area.

6. Operators. Grantor may lease the Parking Area to a parking operator or engage a parking operator to provide operational or management functions in the Parking Area. Any parking operator shall be bound by this Agreement and the Declaration including the obligation to operate the Parking Area consistent with the Operating Standards.

7. Restrictions on Use. All parking spaces shall be used for the parking of currently licensed and operable passenger motor vehicles and motorcycles (collectively “vehicles”) and all motorcycle spaces shall be used for the parking of currently licensed and operable motorcycles. No user may (i) park or store recreational vehicles, trailers, boats, dismantled, wrecked, or inoperable vehicles, or other personal items in the parking spaces, or (ii) wash, clean, repair, or

otherwise work on vehicles in the Parking Area; provided, however, this Section shall not prohibit Grantor from operating car wash, car detailing, or similar services in designated areas of the Parking Area consistent with the Operating Standards. No user shall keep, store, dispose of, or use, or permit any other person to keep, store, dispose of, or use, any flammable, hazardous, or unsafe matter or materials, as reasonably determined by Grantor, in the Parking Area.

8. Security. Grantor shall use commercially reasonable efforts to maintain and support appropriate security systems, equipment, and services consistent with the Operating Standards. This obligation, however, is not intended to cause Grantor, any party engaged to provide security to the Parking Area, any parking operator, or their respective officers, directors, employees and agents (collectively, the "Security Providers") to be insurers or guarantors of security within the Parking Area. As a result, none of the Security Providers shall be held liable for any loss or damage to person or property by reason of failure to provide adequate security or of ineffectiveness of security measures taken except to the extent such Security Provider's actions amount to gross negligence or willful misconduct. No Security Provider makes nor shall be deemed to make any representation or warranty that any security system, improvements, services or measures cannot be compromised or circumvented, or that any such security system, improvements, service or measures shall be undertaken or if undertaken will prevent loss or damage to person or property or provide the detection or protection for which the system is designed or intended. Each user of the Parking Area assumes the risk with respect to their person, property or interests that any safety or security device, service or program for the Parking Area may not be effective or may malfunction or be circumvented.

9. Parking Rules. Grantor may adopt, modify, and enforce reasonable, nondiscriminatory rules governing the use of, and access to and from, the Parking Area from time to time, including those implementing reasonable safety and security programs developed by Grantor or required by law (the "Parking Rules"). The Parking Rules must be consistent with this Agreement including the Operating Standards and may not deny the Grantee the material use and benefit of the Parking Area in accordance with those rights granted by this Agreement. The Parking Rules must consider that Grantee's users be allowed access to the Parking Area on a twenty-four hour a day, seven day a week basis. Grantor shall provide at least thirty (30) days' written notice to Grantee prior to changing the Parking Rules. All users of the Parking Area shall always comply with this Agreement, the Declaration, the Parking Rules, and all applicable ordinances, rules, regulations, codes, laws, statues, and requirements of all federal, state, county, and municipal governmental bodies or their subdivisions. The Grantee shall be entitled to post signage in the Parking Area reserving the Parking Area for use by the Grantee's users only.

10. Towing and Removal. Grantor may, in the exercise of its commercially reasonable discretion, immediately impose fines on any vehicle owners using the Parking Area in violation of this Agreement and cause any vehicle located in the Parking Area in violation of this Agreement to be towed with or without notice, at the sole risk and expense of the owner of the vehicle, including any vehicle which poses a risk to the safety of persons or property, is parked in a posted "no parking area," blocks access to any entrance, exit, or drive aisle, exceeds the dimensions of the applicable parking space, or is parked in an improper space or part of the Parking Area. Except in the case of an emergency, Grantor shall provide twenty-four (24) hours prior written notice to Grantee before towing any vehicle parked in the Parking Area.

11. Maintenance and Repair; Delegation. Grantor shall maintain, repair and replace the Parking Area in compliance with the Declaration and consistent with the Operating Standards, and applicable law. By way of example, Grantor shall: (i) maintain in a good and clean condition the southwest elevator, walkways, stairways, driveways, and parking surfaces inside the Parking Area, including entrances and exits; (ii) maintain in a clean, distinct, and legible condition all graphics, traffic and directional signs, and pavement and striping; (iii) repair, replace, and renew as necessary all lighting, including the prompt replacement of burnt out light bulbs; and (iv) repair, replace, and maintain in good repair and operating condition (or cause the Association to do so) all ventilation equipment, traffic control equipment, lighting systems, electrical systems, sprinkler and life-safety systems, and mechanical systems that serve the Parking Area.

12. Operating Expenses.

12.1 General. Grantee shall pay its share of those certain operating expenses for the Parking Area as provided in this Section 12, specifically a Management and Maintenance Fee and Grantee's proportionate share of real property taxes and insurance premiums for the Garage Unit.

12.2 Definitions:

12.2.1 When used in this Section 12, the term "Grantee's proportionate share" shall equal 19.63%, which is calculated by dividing Grantee's 75 parking spaces by the 382 parking spaces in the Garage Unit. Grantee's proportionate share shall change based on this same calculation if the number of parking spaces in the Garage Unit changes for any reason (e.g., condemnation).

12.2.2 When used in this Section 12, Grantor's actual management and maintenance costs shall be mean, and be limited to, all reasonable costs and expenses incurred by Grantor during a given calendar year, either directly or through an operator, or in the form of Specially Allocated Expenses levied by the Association, for the following expenses: (i) all permits, licenses and certificates necessary to operate, manage, maintain and repair the Parking Area, (ii) the reasonable costs incurred to purchase or rent supplies, tools, equipment and materials to the extent they are used in connection with the use, operation, maintenance, or repair of the Parking Area, (iii) wages, salaries and other compensation and benefits for all on-site persons and any manager, to the extent (but only to the extent) they were engaged in the operation, maintenance, repair, or restoration of, and providing security services for the Parking Area, including employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits, and if they were engaged in any other projects, such compensation costs shall be equitably allocated among the Parking Area and other such projects, (iv) costs of systems and equipment servicing the Parking Area and component services, including janitorial service, security, trash removal, cleaning, maintenance, repair and replacement of lighting, gates, fences, barriers, signs, walkways, driveways, curbs, security and access equipment, devices and systems, and drainage facilities; (v) resurfacing, repair, repaving and re-striping of the Parking Area and the surrounding areas and sidewalks providing access thereto; (vi) removal of ice and snow from the Parking Area and entrances and exits thereto; (vii) any service or maintenance contracts related to the operation, maintenance, or repair of the Parking Area; and

(xi) commercially reasonable fees charged by an operator engaged by the Owner of the Parking Area, who may be an affiliate, each year for overseeing the operation of the Parking Area.

12.3 Property Taxes. Grantee shall pay Grantor for Grantee's proportionate share of all real property taxes due and owing on the Garage Unit.

12.3.1 Property Tax Reductions Relating to Grantee's Government Status. If Grantor obtains a real property tax reduction or credit related to the Garage Unit because the Grantee is a governmental entity, then one hundred percent (100%) of any such reduction or credit shall be credited to the amount otherwise due and owing to Grantor by Grantee for real property taxes hereunder.

12.3.2 Other Property Tax Reductions. If Grantor obtains a real property tax reduction or credit related to 75 parking spaces burdened by this Agreement the Garage Unit for any reason other than the reason set forth in Paragraph 12.2.1, then fifty percent (50%) of such reduction or credit shall be credited to the amount otherwise due and owing to Grantor by Grantee for property taxes hereunder. Grantee shall, at no cost to Grantee, reasonably cooperate with Grantor's efforts to obtain such real property tax reduction or credit.

12.4 Insurance Premiums. Grantee shall be responsible for its proportionate share of insurance premiums due and owing on the Garage Unit.

12.5 Management and Maintenance Fee.

12.5.1 For the period between the Effective Date and December 31, 2022, the Grantee shall pay Grantor a Management and Maintenance Fee equal to the lower of the following amounts: (i) an annual amount of Nineteen Thousand Eight Hundred Eleven Dollars (\$19,811) pro-rated based on the actual number of days between the Effective Date and December 31, 2022 or (ii) Grantee's proportionate share of Grantor's actual management and maintenance costs for the Garage Unit incurred for the period between the Effective Date and December 31, 2022.

12.5.2 During the first full calendar year of this Agreement running from January 1, 2023 through December 31, 2023, the Grantee shall pay Grantor a Management and Maintenance Fee equal to the lower of the following amounts: (i) Nineteen Thousand Eight Hundred Eleven Dollars (\$19,811) or (ii) Grantee's proportionate share of Grantor's actual management and maintenance costs for the Garage Unit incurred during the first full calendar year of this Agreement.

12.5.3 In each successive calendar year, the Management and Maintenance Fee shall increase in an amount equal to the percentage change in the CPI for all Urban Consumers published by the United States Bureau of Labor Statistics for the Seattle-Tacoma-Bellevue Metropolitan area, up to a maximum increase of five percent (5%) in any given calendar year; however, in no case shall the Management and Maintenance Fee exceed the Grantee's proportionate share of the Grantor's actual management and maintenance costs incurred for the Garage Unit during such year.

12.6 Estimated Operating Expenses. Grantee shall pay Grantor's estimate of: (i) Grantee's Management and Maintenance Fee and (ii) Grantee's proportionate share of the real property taxes and insurance expenses for the Parking Area on or before the first day of each month. Grantor shall notify Grantee of such estimate as soon as reasonably possible for each calendar year. Grantee shall continue to pay the estimate for the prior calendar year until receiving a new estimate from Grantor and Grantee shall pay any shortfall for the period between January 1 and the date Grantee receives a new estimate on or before the first day of the following month. As soon as reasonably possible after the end of each calendar year, Grantor shall deliver to Grantee a reconciliation of the actual amount of the operating expenses for the Parking Area and the estimated amounts paid by Grantee for such calendar year including, if requested by Grantee, copies of all backup documentation. On the first payment date after delivery of such reconciliation, Grantee shall pay any shortfall or receive a credit for any overpayment.

12.7 No Other Costs. Grantee shall not be required to pay any fees, costs, or other expenses for the rights granted herein except for as specifically set forth in this Section 12.

13. Indemnification.

13.1 Grantee's Indemnification. To the extent permitted by law, Grantee agrees to defend, indemnify, and hold harmless Grantor from and against all claims, demands, losses, liabilities, damages actions, proceedings, expenses and costs (including reasonable attorneys' fees and costs of suit) of any nature whatsoever arising out of or resulting from the use of the Parking Area by Grantee's users, or from the breach of this Agreement by Grantee's users.

FOR PURPOSES OF THE FOREGOING INDEMNIFICATION PROVISION ONLY, AND ONLY TO THE EXTENT OF CLAIMS AGAINST GRANTEE BY GRANTOR UNDER SUCH INDEMNIFICATION PROVISION, GRANTEE SPECIFICALLY WAIVES ANY IMMUNITY IT MAY BE GRANTED UNDER THE WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW. THE INDEMNIFICATION OBLIGATION UNDER THIS AGREEMENT SHALL NOT BE LIMITED IN ANY WAY BY ANY LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE TO OR FOR ANY THIRD PARTY UNDER WORKERS' COMPENSATION ACTS, DISABILITY BENEFIT ACTS, OR OTHER EMPLOYEE BENEFIT ACTS.

The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

Grantor's Initials JP Grantee's Initials _____

13.2 Grantor's Indemnification. To the extent permitted by law, Grantor agrees to defend, indemnify and hold harmless each Grantee from and against all claims, demands, losses, liabilities, damages actions, proceedings, expenses and costs (including reasonable attorneys' fees and costs of suit) of any nature whatsoever arising out of or resulting from the use of the Parking Area by Grantor's users or from the breach of this Agreement by Grantor. If there is concurrent negligence, then the indemnifying party shall only be liable for that portion of liability related to the percentage of its respective negligence or misconduct.

FOR PURPOSES OF THE FOREGOING INDEMNIFICATION PROVISION ONLY, AND ONLY TO THE EXTENT OF CLAIMS AGAINST GRANTOR BY GRANTEE UNDER SUCH INDEMNIFICATION PROVISION, GRANTOR SPECIFICALLY WAIVES ANY IMMUNITY IT MAY BE GRANTED UNDER THE WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW. THE INDEMNIFICATION OBLIGATION UNDER THIS AGREEMENT SHALL NOT BE LIMITED IN ANY WAY BY ANY LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE TO OR FOR ANY THIRD PARTY UNDER WORKERS' COMPENSATION ACTS, DISABILITY BENEFIT ACTS, OR OTHER EMPLOYEE BENEFIT ACTS.

The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

Grantor's Initials JP Grantee's Initials _____

14. Damage or Destruction. Restoration of the Parking Area is governed by the Declaration. As between Grantor and Grantee, the Grantor shall be solely and exclusively liable for all costs of restoration assessed to Grantor under the Declaration or which is otherwise incurred by Grantor to repair or restore the Parking Area, whether such loss is insured or uninsured, as further set forth below.

14.1 Insured Loss. If there is damage to the Parking Area arising from fire or other casualty, Section 14 of the Declaration describes the process whereby the Association will notify the Owners of the nature and extent of the damage to those improvements insured by the Association, provide an estimate of any uninsured costs of restoration, and set a date for a meeting to determine whether to rebuild. If, at the meeting set by the Association, the Owners elect to repair or restore the Parking Area (the "Restoration") consistent with the Declaration, then the Association or Grantor shall complete the Restoration with all commercially reasonable diligence and speed, subject to delays caused by Force Majeure. Grantee's proportionate share of operating expenses for the period during which the Parking Area cannot be used will be abated during such period of non-use. Grantor shall notify Grantee of the estimated dates of commencement and completion of construction of the Restoration.

14.2 Uninsured Loss. Subject to Section 13.1 hereof, if the cost of the Restoration exceeds available insurance proceeds insurance proceeds (the "Uninsured Costs"), then Grantor shall, as between Grantor and Grantee, pay all Uninsured Costs required for the Restoration.

15. Condemnation. If all or any portion of the Parking Area is taken under power of eminent domain or sold to a condemning authority in lieu thereof (collectively "Condemnation") the rights and obligations of Grantor and the Grantees shall be determined as follows:

15.1 Condemnation of All or Substantially all the Parking Area. If there is a Condemnation of all or substantially all the Parking Area such that there can be no reasonable use of the Parking Area by Grantee, then this Agreement and Grantee's duty to pay its share of operating expenses set forth in Paragraph 12 shall automatically terminate on the date the condemning authority has the right to possession of the property being condemned.

15.2 Partial Condemnation. If only a portion of the Parking Area shall be taken in connection with a Condemnation and the remainder of the Parking Area not so taken can be made usable, in the reasonable judgment of Grantor, using available condemnation proceeds, then this Agreement shall continue in full force and effect as to the remainder of the Parking Area and all of the terms and conditions of this Agreement shall continue in full force and Grantor shall make all necessary repairs and alterations to the Parking Area required by such taking to the extent practicable. If the partial condemnation results in a reduction in the number of usable parking spaces, then Grantor shall reasonably and equitably reallocate the parking rights granted under this Agreement on a proportionate basis such that all parties are affected equally. The condemnation proceeds shall be paid to Grantor and Grantee's duty to pay its share of operating expenses set forth in Paragraph 12 for the period during which the parking spaces cannot be used will abate pro rata based upon the extent to which the damage and making of repairs interferes with such Grantee's right to use the parking spaces pursuant to the terms of this Agreement.

15.3 Condemnation Award. As between Grantor and Grantee, Grantor is entitled to receive and keep all damages, awards or payments resulting from or paid on account of Grantor's fee simple interest in the Parking Area and Grantee is entitled to receive and keep all damages, awards or payments resulting from any loss or damage to such Grantee's rights under this Agreement. Grantor and Grantee may file separate claims with the condemning authority. If the condemning authority does not enter separate awards for the taking of a Grantee's easement rights on the one hand, and the taking of Grantor's fee simple interest in the Parking Area on the other hand, then Grantor and any Grantee shall have the right to request the court for an allocation of award.

16. Default and Remedies.

16.1 Failure to Pay Operating Expenses. If Grantee fails to pay any amounts due hereunder within 10 days of the due date (a "Payment Default"), including an installment of Grantee's share of operating expenses set forth in Paragraph 12, then Grantee shall incur a late charge equal to 5% of the delinquent amount. Any delinquency shall also bear interest at 12% per annum starting on the 30th day after the due date. If such failure shall continue for 10 days after Grantor delivers written notice of the delinquency to such Grantee, then Grantor may pursue all other rights and remedies available at law or equity. Notwithstanding the foregoing, Grantor shall not be entitled to restrict or suspend Grantee's rights to use the Parking Area.

16.2 Failure to Perform Other Obligations. If any party fails to comply with any provision herein other than a Payment Default (the "Defaulting Party"), then any other party (the "Non-Defaulting Party") may deliver written notice to the Defaulting Party specifying the nature of the default. If (i) the Defaulting Party fails to cure the default within 30 days after receipt of written notice from the Non-Defaulting Party, then the Defaulting Party shall be in default under this Agreement and the Non-Defaulting Party may either (i) proceed to cure the default (and shall have a license over the Defaulting Party's property and improvements to do so) by the payment of money or performance of some other action for the account of the Defaulting Party or (ii) exercise any other remedies to which the Non-Defaulting Party may be entitled in law or in equity. The foregoing right to cure shall not be exercised if within the initial 30-day notice period (1) the Defaulting Party cures the default, or (2) if the default is curable, but cannot reasonably be cured within that period, and the Defaulting Party begins to cure such default within such period and

diligently pursues such action to completion. The 30-day notice period shall not be required if, using reasonable judgment, the Non-Defaulting Party deems that an emergency exists that requires immediate attention. If there is an emergency, the Non-Defaulting Party shall give whatever notice to the Defaulting Party as reasonable under the circumstances. Within 30 days after written demand (including providing copies of invoices reflecting costs) the Defaulting Party shall reimburse the Non-Defaulting Party for any sum reasonably expended by the Non-Defaulting Party to cure the default, together with interest thereon, from the date when payment was due until the date the payment is made at the Default Interest Rate.

16.3 Remedies Cumulative. All remedies are cumulative and shall be deemed additional to all other remedies to which any party may be entitled in law or in equity. If there is any violation or breach or threatened violation or breach of any provision of this Agreement or of any of the covenants, conditions or restrictions herein contained, the non-breaching or non-defaulting party shall, in addition to all other remedies under this Agreement or at law or at equity, shall have the right to specifically enforce the terms, covenants and conditions set forth in this Agreement. Notwithstanding anything herein to the contrary any party seeking damages for a breach of this Agreement shall have the right to recover only actual damages which arise or are incurred by reason of such default or negligent acts or omissions of the other, and each party hereto waives, to the maximum extent permitted by law, any right it may have to claim or recover any special, indirect, incidental, consequential or punitive damages of any kind or nature, even if it has been advised of the possibility of such damages.

16.4 Agreement Shall Continue Notwithstanding Breach. No breach of this Agreement shall (i) entitle any party to cancel, rescind, or otherwise terminate this Agreement including the easements created hereby, (ii) entitle Grantor to suspend, terminate, or otherwise prevent Grantee from using the Parking Area, or (iii) defeat or render invalid the lien of any Mortgage made in good faith and for value as to any part of the Parking Area.

17. Dispute Resolution. This Section applies to any disputes involving Grantor and Grantee relating to this Agreement including any dispute regarding the Operating Standards, Parking Rules, Grantee's proportionate share of operating expenses, Project Costs relating to Restoration, whether Grantee or Grantor is in breach of this Agreement, and whether Grantor has the right to take certain enforcement action against Grantee (each, a "Dispute"). Grantor and Grantee confirm that they are agreeing to this alternate Dispute resolution process and intend to give up their right to have any Dispute decided in court by a judge or jury.

17.1 Policy - Mediation. If Grantor and Grantee have a Dispute and either of them determines that it cannot be resolved without intervention, then that party shall give notice (the "Arbitration Demand") to the other party to the Dispute demanding that the Dispute be submitted to mediation and arbitration pursuant to this Section. Grantor and Grantee shall then participate in a mediation no later than sixty (60) days after the Arbitration Demand. The mediator shall be mutually selected by the Parties hereto. If the parties are unable to reach resolution during such mediation, the parties shall have the Dispute decided by binding arbitration pursuant to Section 17.2.

17.2 Binding Arbitration. If binding arbitration is required to resolve a Dispute, it shall be conducted in Bremerton or within 15 miles of Bremerton before a single arbitrator applying

the American Arbitration Association (AAA) Commercial Arbitration Rules, which arbitrator shall be mutually agreed to by the parties. If the parties cannot agree on the selection of the arbitrator(s) within 10 days of the arbitration demand, the arbitrator shall be selected by the administrator of the AAA office in Seattle from its Large Complex Case Panel or from any group of arbitrators with equivalent professional credentials as determined by the administrator. Each arbitrator shall be an attorney with at least 15 years' experience in real estate disputes. The arbitrator(s) shall determine whether the Dispute is subject to binding arbitration under this Section. All statutes of limitations which would otherwise be applicable shall apply to any arbitration proceeding hereunder. The arbitrator shall take such steps as may be necessary to hold the arbitration hearing within 120 days of the Arbitration Demand, conclude the hearing within five days, and issue its decision not later than 14 calendar days after the hearing. These time limits are intended to expedite the proceeding but they are not jurisdictional. The arbitrator may for good cause permit reasonable extensions or delays. The arbitrator shall issue a written decision stating the award for each claim involved in the Dispute. In making the decision and award, the arbitrator shall apply applicable substantive law. Absent fraud, collusion or willful misconduct by an arbitrator, the award shall be final, and judgment on the award may be entered in any court having jurisdiction thereof. The arbitrator may award injunctive relief or any other remedy available from a judge, order the joinder of parties, or consolidate the arbitration with any other proceeding involving common issues of law or fact or to promote judicial economy. The arbitrator shall not have the power to award punitive or exemplary damages, or attorneys' fees and costs to any party.

17.3 Provisional Remedies. Any party may apply to the Kitsap County Superior Court for provisional or equitable relief (e.g., a temporary restraining order or injunction) pending resolution of the Dispute as provided in this Section 17.

18. General Terms.

18.1 Priority of Documents. The Declaration, any rules and regulations adopted by the Association in conformance with the Declaration, and any documents recorded prior to the recording of this Agreement shall have priority over this Agreement. This Agreement shall have priority over the Parking Rules. If there is any conflict between the terms of a document with priority and the terms of another document, the terms of the document with priority will control. That said, the parties intend that the terms of this Agreement shall conform to the requirements of those documents with priority, and that the documents which are subordinate to this Agreement shall conform to this Agreement. This Agreement shall be interpreted consistent with that intent.

18.2 Running Covenants. The covenants, conditions, restrictions and rights set forth herein shall run with the burdened property (the Parking Area portion of the Garage Unit) and shall benefit and be binding upon Grantor, Grantee and their respective successors and assigns.

18.3 Subordination of Mortgages - Mortgagee Protection. No foreclosure of any Mortgage on the Garage Unit will invalidate the easements and other running covenants imposed on the Parking Area by this Agreement. Neither the holder of any Mortgage (a "Mortgagee"), nor any person who acquires title to the Garage Unit by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise (a "Purchaser"), shall be responsible for payment of any delinquent amounts including penalties for violations of this Agreement or the Parking Rules, in each instance that relate to the period before such Mortgagee or Purchaser actually enters upon, takes control of

by a receiver or otherwise, or acquires title to, such Unit. Any unpaid amounts shall remain the responsibility of the former Owner of such Unit and may be included in operating expenses as a bad debt expense in accordance with reasonable accounting standards.

18.4 Estoppel Certificates. Within fifteen (15) days of a written request of a party or Mortgagee, Grantor or Grantee shall execute, acknowledge and deliver to the requesting party or its designee a written statement, to the actual knowledge of such party, confirming the status of such matters under this Agreement as are reasonably requested by such party or Mortgagee. Mortgagees, purchasers of the Garage Unit may rely on such statements. If the recipient fails to respond within fifteen (15) days of receipt of a written request under this Section, the recipient shall be deemed to have admitted the accuracy of any information supplied by the requesting party to a prospective Mortgagee, purchaser or assignee including that there are no uncured defaults under this Agreement by such requesting party.

18.5 Notices. All notices and other communications given pursuant to this Agreement shall be in writing and shall be deemed properly served if delivered in person to the party to whom it is addressed or one business day after deposit with a national air courier service, or two business days after deposit in the U.S. mail, postage prepaid, certified or registered mail, return receipt requested. For Grantor, such notices shall be sent to the address shown on the Kitsap County records for mailing of property tax notices and for Grantee to the address shown of record for legal notices to the CEO of the Port of Bremerton.

18.6 Construction. This Agreement shall not be strictly construed but, instead, shall be given a reasonable construction consistent with the intension that each Grantee receive the material use and benefit of permanent, usable easement rights.

18.7 Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, any delay in the performance of any obligation under this Agreement shall be excused, if and so long as the performance of the obligation is prevented, delayed or otherwise hindered by acts of God, fire, earthquake, flood, explosion, actions of the elements, war, riots, mob violence, inability to procure labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor union, condemnation, court orders, operation of laws, orders of governmental or military authorities or any other causes, whether similar or dissimilar to the foregoing, not within the control of such party (other than lack or inability to procure money to fulfill its commitments and obligations under this Agreement).

18.8 Severability. If any one or more of the provisions of this Agreement, or the applicability of any such provision to a specific situation, shall be held invalid or unenforceable, such provision shall be modified to the extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of any such provision shall not be affected thereby.

18.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Washington.

18.10 Amendments. All amendments to this Agreement must be recorded and signed by Grantor and Grantee.

18.11 Entire Agreement. This Agreement and the Exhibits hereto constitute the final and complete agreement and supersede all prior correspondence, memoranda or agreements between the parties relating to the subject matter hereof. This Agreement cannot be changed or modified other than by a written amendment.

18.12 Counterparts. This Agreement may be executed in one or more counterparts, all of which original counterparts shall together constitute a single original document.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

GRANTOR:

SOUND WEST OZ FUND I MULTIFAMILY, LLC, a
Delaware limited liability company

By: Sound West Realty Capital LLC, a Washington
limited liability company, its Manager

By: SWGM, LLC, a Washington limited liability
company, its Manager

By: 

Jack H. Paauw, Manager

SOUND WEST OZ FUND I HOSPITALITY, LLC, a
Delaware limited liability company

By: Sound West Realty Capital LLC, a Washington
limited liability company, its Manager

By: SWGM, LLC, a Washington limited liability
company, its Manager

By: 

Jack H. Paauw, Manager

SOUND WEST OZ FUND I PARKING, LLC, a Delaware
limited liability company

By: Sound West Realty Capital LLC, a Washington
limited liability company, its Manager

By: SWGM, LLC, a Washington limited liability
company, its Manager

By: 

Jack H. Paauw, Manager

GRANTEE:

THE PORT OF BREMERTON

By: _____

Name/Title: _____

STATE OF WASHINGTON)

)

ss:

COUNTY OF KING)

This record was acknowledged before me on October 21, 2022, by JACK H. PAAUW, as the MANAGER of SWGM, LLC, a Washington limited liability company, which is the MANAGER of SOUND WEST REALTY CAPITAL LLC, a Washington limited liability company, which is the MANAGER of SOUND WEST OZ FUND I MULTIFAMILY, LLC, a Delaware limited liability company, and is the MANAGER of SOUND WEST OZ FUND I HOSPITALITY, LLC, a Delaware limited liability company, and is the MANAGER of SOUND WEST OZ FUND I PARKING, LLC, a Delaware limited liability company.

DATED: October 21, 2022

[Signature]

Print Name: Lisa Y. Maxwell

NOTARY PUBLIC in and for the State of

Washington, residing at Kugston

My Appointment expires: 3/24/2026



1875
JAN 10
NEW YORK
LIBRARY

EXHIBIT A

BURDENED PROPERTY – GARAGE UNIT

GARAGE UNIT OF MARINA SQUARE, A CONDOMINIUM, ACCORDING TO THE DECLARATION THEREOF RECORDED UNDER RECORDING NO. 202105190001 AND AMENDMENT(S) THERETO;

SAID UNIT IS LOCATED ON THE MAP RECORDED UNDER RECORDING NO. 202105190002 AND FILED IN VOLUME 30 OF CONDOMINIUMS, AT PAGES 130 THROUGH 143;

SITUATE IN THE CITY OF BREMERTON, COUNTY OF KITSAP, STATE OF WASHINGTON.
