

PORT OF BREMERTON
BOARD OF COMMISSIONERS
REGULAR BUSINESS MEETING

A G E N D A

July 8, 2025
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 regular business meetings are open to the public and are conducted using a hybrid format. The public is invited to view and/or participate in the hybrid 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 and executive session of June 24, 2025.
- B. Payment of checks #86883 through #86921 and #E02739 through #E02751 and #902887 through #902889 and #902890 through #902893 and #902894 through #902896 and #86922 through #86941 and #E02752 through #E02766 and #902897 through #902900 and #902901 through #902902 from the General Fund for \$238,486.96.

Information Items

- 1. Wastewater Feasibility – Ned Lever, City of Bremerton
- 2. Airport Feasibility / Layout Plan – Kevin Nuechterlein, Mead & Hunt, Inc.

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. Circuit of the Northwest (CNW) Lease Amendment #5 for a 232-acre land lease in Olympic View Industrial Park (OVIP)

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><i>Date</i></u>	<u><i>Time</i></u>	<u><i>Meeting</i></u>
07/08	10:00 am	*Commission Regular Business Meeting – Hybrid
07/12-13		Bremerton Airshow at Bremerton National Airphoto
07/17	12:00 pm	Kitsap Regional Coordinating Council (KRCC) Executive Committee
07/21-23		Washington Public Ports Association Commissioner Seminar
07/22	10:00 am	*Commission Regular Business Meeting - Hybrid

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

M I N U T E S

June 24, 2025
10:00 AM

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

Commissioners and Staff Present

Commissioners
Gary Anderson
Cary Bozeman
Axel Strakeljahn

Staff Members
Jim Rothlin
Arne Bakker (Remote)
Aaron Schielke
James Weaver
James Goodman

Cole Barnes
Ginger Waye
Stephanie Frame
Seth Woolson, Atty
Anne Montgomery, Atty

Call to Order

President Anderson called the meeting to order at 10:00 a.m. and led the Pledge of Allegiance.

Approval of Agenda

It was moved by BOZEMAN, seconded by STRAKELJAHN to:

Approve the Agenda as presented.

MOTION CARRIES, 3-0

Consent Items

- A. Minutes of the regular business meeting of June 10, 2025.
- B. Payment of checks #902856 through #902857 and #902858 through #902861 and #902862 and #902863 and #902864 through #902867 and #86868 through #86872 and #E02715 through #E02723 and #E02724 and #E02725 and #86873 through #86882 and #E02726 through #E02738 and #902868 through #902871 and #902872 through #902886 from the General Fund for \$196,874.42. VOID Check #86785.

It was moved by BOZEMAN, seconded by STRAKELJAHN to:

Approve the Consent Items as presented.

MOTION CARRIES, 3-0

Information Items

1. Circuit of the Northwest (CNW) Project Update – James Towne, Hilltop Securities, Inc.

CEO Jim Rothlin reviewed CNW's lease conditions that need to be met by July 31, 2025, in order for the Port to approve the option for the final 40+ years on the lease; otherwise, the lease terminates at the end of January 2026. The primary condition is that financing be in place by the end of July 2025.

James Towne, managing director at Hilltop Securities, provided background on himself and the company stating he has been on the CNW project for the last three years. He provided an overview of the project master plan and highlighted the consulting and management team for CNW.

Mr. Towne introduced Michael Harder, Vice-President and General Manager for Mortensen, the project's design/build contractor. Mr. Harder provided background on himself and the company, including their prior and upcoming sports venue projects.

He provided his thoughts on why this project is now different, including that Mortensen is now invested in it and the project has their full support. They have also entered into a Project Labor Agreement (PLA) showing full support from the Unions. He also highlighted why Mortensen is a strong company to execute the project.

Joel Cohen, CNW co-owner, spoke to noise, traffic, and environmental concerns stating that studies have been done related to those impacts. He discussed revisions made to the master plan to address concerns raised in the studies.

Mr. Towne continued to speak on the progress that has been made since last year, such as contracting with ASM Global/Legends, the largest entertainment venue manager and promotional group in the world, to be in charge of the entertainment venues. He confirmed that the initial financing will be for the entire project except for the hotels which will be financed separately with those parties bringing their own financing, and the condominiums and suites which will be self-financed.

Mr. Cohen discussed the many de-risking factors including that this project includes gross maximum pricing. He also spoke about the varied reasons this project has taken longer than expected.

Mr. Towne provided summaries of the economic impact, key progress, and design and construction schedule.

The team responded to questions and comments throughout the presentation.

The request from CNW is for at least a one-year extension on the July 31, 2025, deadline. This matter will be addressed by the Board prior to the end of July.

Citizen Comments

The following individuals spoke in full support of the CNW project:

- Deirdre Williams, Kitsap County resident and Union electrician
- Kevin Thomas, Business Representative, Sheet Metal Workers Local 66
- Neal Holm, Business Representative, IBEW Local 46, Electricians

Action Items - None

Staff Reports

Jim Rothlin, Chief Executive Officer, reported on the following:

- The Bremerton Airport Eagle Scout project of constructing a gazebo and two picnic tables for public use.
- Multiple upcoming events at the airport and marinas which are keeping staff busy making sure everything looks good.

Commission Reports / New Business

Commissioner Bozeman

- Will be attending the Quincy Jones Square Celebration “Tribute to Quincy” this Saturday.
- Glad to see the reintroduction of the 2nd run for the Bremerton ferry.

Commissioner Strakeljahn

- Will be attending the Puget Sound Regional Council (PSRC) Executive Board meeting this Thursday.
- Entering the time of year for public meetings quiet season.

Commissioner Anderson

- Will be walking in the upcoming Fathoms O’ Fun parade.

Executive Session

President Anderson recessed the meeting at 11:30 a.m. and reconvened into executive session at 11:35 a.m. for approximately 20 minutes for the purpose of considering the price and terms at which real estate can be sold or leased [RCW 42.30.110(1)(c)].

At 11:58 a.m. the regular meeting was reconvened.

Adjournment

There being no further business before the Board, the meeting was adjourned at 11:58 a.m.

Submitted,

Approved,

Jim Rothlin
Chief Executive Officer
July 3, 2025

Axel Strakeljahn
Commission Secretary
July 8, 2025

Draft

PORT OF BREMERTON
BOARD OF COMMISSIONERS
EXECUTIVE SESSION

M I N U T E S

June 24, 2025
11:35 AM

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

Call to Order

President Anderson called the executive session to order at 11:35 a.m., June 24, 2025.

Commissioners and Staff Present

Commissioners

Gary Anderson
Cary Bozeman
Axel Strakeljahn

Staff Members

Jim Rothlin
Arne Bakker (Remote)
Aaron Schielke

Seth Woolson, Atty
Anne Montgomery, Atty

Item #1: Considered the price and terms at which real estate may be leased or sold when public discussions could disadvantage the Port's negotiations [RCW 42.30.110(1)(c)].

With no further business coming before the Board, the meeting was adjourned into regular session at 11:58 a.m.

Submitted,

Approved,

Jim Rothlin
Chief Executive Officer
July 3, 2025

Axel Strakeljahn
Commission Secretary
July 8, 2025

PORT OF BREMERTON

AGENDA SUMMARY

Agenda Item No: Action Item #1

Subject: Circuit of the Northwest, LLC Lease Review

Exhibits: None

Prepared By: Jim Rothlin, Chief Executive Officer

Meeting Date: July 8, 2025

Summary:

The Port has been working with the Circuits of the Northwest (CNW) to move events occurring on the Port's inactive runway to a more suitable location as the Port prepares for future development along Airport Industrial Way. These events include vehicle training for public service entities such as Police, Fire, Ambulance, Public Transportation vehicles, etc. Additionally, anticipated at the new location is a road course, STEM training facility, outdoor music venue and performing arts center. CNW has developed a plan that will incorporate public and private use, which is projected to have significant economic and employment impact. The current agreement between the Port and CNW requires specific milestones to occur by July 31, 2025, which would allow CNW to move forward on a long-term lease option. In order to meet these required milestones which would incorporate all public and private amenities, CNW has asked to extend the option date for one year in order to establish complete funding of the project, which currently has a deadline of July 31, 2024.

Strategic Purpose:

This action item supports the Port's Goals and Strategies #1 – Be a significant leader in promoting the local economy and job growth, #4a. – to continually assess niche markets for growth opportunities and #5b – to develop and maintain public access opportunities.

Motion for Consideration:

Move to approve the Fifth Lease Amendment with Circuit of the Northwest, LLC for 232 acres in Olympic View Industrial Park (OVIP)

FIFTH AMENDMENT TO LEASE

This **FIFTH AMENDMENT TO LEASE** (the "Fifth Amendment") is made and entered into this ____ day of July, 2025, by and between the **PORT OF BREMERTON**, a Washington municipal corporation (hereinafter referred to as "Port"), and **CIRCUITS OF THE NORTHWEST, LLC**, a Washington limited liability company (hereinafter referred to as "Lessee"). Lessor and Lessee shall be collectively referred to herein as the "Parties," and individually as a "Party."

WHEREAS, Lessor and Lessee entered into that Lease Agreement dated October 24, 2016, as amended by the Modification of Lease dated March 29, 2019, Lease Amendment #1 dated August 24, 2021, the Second Amendment to Lease dated July 26, 2022, the Third Amendment to Lease dated September 26, 2023, and the Fourth Amendment to Lease dated July 16, 2024 (collectively, the "Lease"), wherein Lessor leased property to Lessee defined as the "Premises" in the Lease;

WHEREAS, Lessee is continuing its efforts to secure funding for the proposed development of the Premises; and

WHEREAS, Lessor is willing to amend the Lease on the terms and conditions set forth in this Fifth Amendment to allow Lessee additional time to secure funding for the proposed development of the Premises.

NOW, THEREFORE, the Lease is hereby amended as follows:

1. Paragraph 2A of the Lease is deleted in its entirety and replaced as follows:

2A. Initial Term

The Port leases the Premises to Lessee, and Lessee leases the Premises from the Port, for a term commencing on the first (1st) day of October, 2016, and terminating on September 30, 2066, unless sooner terminated as provided in the Lease. Notwithstanding the foregoing initial term, this Lease shall automatically terminate on January 31, 2027, unless Lessee has met all conditions set forth in Lease Paragraph 7I, as previously amended, on or before July 31, 2026.

2. Paragraph 3A of the Lease is deleted in its entirety and replaced as follows:

3A. Base Rent

(1) Initial Term Through October 1, 2024: Lessee shall pay the Port as "Base Rent" the amount of Five Thousand Five Hundred Dollars (\$5,500.00) per year, in advance, commencing on the first (1st) day of October 2016; Seven Thousand Dollars (\$7,000.00) per year, in advance, commencing on the first (1st) day of October 2022; and Fourteen Thousand Dollars (\$14,000.00) per year, in advance, commencing on the first (1st) day of October 2023, subject to adjustment as hereinafter provided.

(2) Initial Term After October 1, 2025: On the first 1st day of October 2025, Lessee shall pay the Port as "Base Rent" the amount of Fourteen Thousand Five Hundred Dollars (\$14,500.00) per year (as adjusted by Paragraph 4A), in

advance, or five percent (5%) per annum of the Defined Gross Revenue of the entire motorsports park Facility, whichever is greater. Beginning on the first (1st) day of October 2026, Lessee shall pay the Port as "Base Rent" an amount equal to Forty Thousand Dollars (\$40,000.00) per year (as adjusted by Paragraph 4B), in advance, or five percent (5%) per annum of the Defined Gross Revenue of the entire motorsports park Facility, whichever is greater. Lessee shall pay such Base Rent payments under this Paragraph 3A(2) in equal monthly installments, in advance, on the first (1st) day of each succeeding month until adjusted as hereinafter provided. During such annual periods, Tenant shall provide the Port with its revenue reports quarterly and the Base Rent shall be adjusted, quarterly, to reflect the actual Base Rent due hereunder. "Defined Gross Revenue" means all income and revenue from the following sources: event tickets, concession revenue, catering revenue, and/or facility rental and user fees, all net of any applicable taxes except income taxes. Revenues from race sponsorships, name rights fees, and annual membership fees shall not constitute Defined Gross Revenues. The Port has the right to examine Lessee's books and records to audit the gross revenue percentage calculation.

3. Section 4 of the Lease is deleted in its entirety and replaced as follows:

4. RENTAL ADJUSTMENTS

The Base Rent shall be adjusted in accordance with the terms of this Section. Any date upon which the Base Rent is to be adjusted is referred to as an "Adjusted Date" in the Lease.

4A. Periodic Adjustment

All rental rates and other charges due hereunder, excluding Defined Gross Revenue, shall be adjusted annually as of the first (1st) day of October of each year commencing on the first (1st) day of October 2027, and applied each year thereafter. The adjustment shall be equal to the increase, if any, in the latest February Consumer Price Index ("CPI-U"), all items, Seattle, Tacoma, Bremerton Area, as published by the U.S. Department of Labor; or if no longer in use, an equivalent index. In no event shall the Base Rent ever decrease from one (1) year to the next. However, any annual CPI-U adjustment shall not exceed a rate of three percent (3%) for any single year's adjustment.

4B. Ten Year Periodic Adjustment

On the first (1st) day of October 2031, and every ten (10) years thereafter during the term of this Lease, or any extended term, the Base Rent rate due hereunder shall be renegotiated by the Parties prior to the expiration of the applicable ten (10)-year period to establish the fair market rental rate of the Premises. Provided, however, in any event, the Base Rent shall not be less than that as established hereinabove for the immediately preceding rental year, and adjusted thereafter as hereinabove provided.

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 the Parties shall submit the issue for determination by arbitration as provided for herein.

4. **CLAIM WAIVER.** In partial consideration for Lessor consenting to this Fifth Amendment, Lessee does hereby forever release, indemnify, and hold harmless Lessor, and its commissioners, employees, and agents, from any and all Claims arising from, relating to, or connected with the Lease or the Premises through the date of this Fifth Amendment. For purposes of this Section, the term "Claims" means any and all claims, demands, lawsuits, judgments, demands, fines or penalties, whether known or unknown, and whether liquidated or unliquidated, on the date of this Fifth Amendment.

5.

6. **LEASE TERMS.** All other terms and conditions of the Lease shall remain the same and in full force and effect.

7. **VALIDATION. IN WITNESS WHEREOF,** Lessor has caused this instrument to be signed by its Commission of the Port of Bremerton, and this instrument has been signed and executed by Lessee, the day and year first above written.

LESSEE:

CIRCUITS OF THE NORTHWEST, LLC



By: Brian Nilsen
Its: Member/Manager

LESSOR:

PORT OF BREMERTON

By: Gary Anderson
Its: President

By: Cary Bozeman
Its: Vice President

By: Axel Strakeljahn
Its: Secretary

Notaries on Subsequent Page

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, **GARY ANDERSON, AXEL STRAKELJAHN, and CARY BOZEMAN**, to me known to be the **PRESIDENT, VICE PRESIDENT, and SECRETARY**, respectively, of the **PORT OF BREMERTON**, 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 on oath stated that they were authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this ____ day of _____, 2025.

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

STATE OF WASHINGTON)
) ss.
COUNTY OF Kitsap)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, **BRIAN NILSEN**, to me known to be the **MEMBER/MANAGER** of **CIRCUITS OF THE NORTHWEST, LLC**, 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 on oath stated that he was authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this 27 day of June, 2025.



Brenda Lyons
Print Name: Brenda Lyons
NOTARY PUBLIC in and for the 5205 1st St
State of Washington, residing at Bremerton WA
My commission expires: 7/11/2028