

**PORT OF BREMERTON**  
**BOARD OF COMMISSIONERS**  
**REGULAR BUSINESS MEETING**

**A G E N D A**

July 26, 2022  
6:00 PM

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

**Call to Order**

**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 July 12, 2022; special meeting and executive session of July 19, 2022.
- B. Payment of checks #901579 and #901580 and #901581 through #901584 and #E01076 through #E01080 and #83890 through #83904 from the General Fund for \$94,837.55; #83889 from the Construction Fund for \$8941.51. Void Check #83734 & 83811.

**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.*

**Action Items**

- 1. Resolution 2022-03 Extending Remote Commission Meetings
- 2. Circuit of the Northwest Lease Option Review

**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>
07/26	6:00 pm	*Commission Regular Meeting via ZOOM
07/28	10:00 am	Puget Sound Regional Council (PSRC) Executive Board
07/28	11:45 am	PSRC Executive Committee
08/09	10:00 am	*Commission Regular Meeting via ZOOM

*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**

July 12, 2022  
10:00 AM

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

**Commissioners and Staff Present**

Commissioners  
Axel Strakeljahn  
Gary Anderson  
Cary Bozeman

Staff Members  
Jim Rothlin  
Fred Salisbury  
Jeremiah Wiley  
Arne Bakker  
Ginger Waye  
Taylor Korizon  
Anne Montgomery, Atty

**Call to Order**

President Strakeljahn called the meeting to order at 10:00 a.m., July 12, 2022.

**Approval of Agenda**

**It was moved by BOZEMAN, seconded by ANDERSON to:**

Approve the Agenda as presented.

**MOTION CARRIES, 3-0**

**Consent Items**

- A. Minutes of the regular business meeting of June 28, 2022.
- B. Payment of checks #901568 through #901571 and #901572 through #901575 and #901576 through #901577 and #E01049 through #E01050 and #E01051 and #E01052 through #E01065 and #83783 and #83789 through #83860 and #901578 and #E01067 through #E01075 and #83863 through #83888 from the General Fund for \$227,531.62; #83784 through #83788 and #E01066 and #83861 through #83862 from the Construction Fund for \$167,164.80.

**It was moved by ANDERSON, seconded by BOZEMAN to:**

Approve the Consent Items as presented.

**MOTION CARRIES, 3-0**

## Information Items

### 1. 2022 Bremerton Bridge Blast Report – Sunny Saunders, Sunny Jack Events, LLC

Ms. Saunders reported on the huge success of the 2022 Bridge Blast. Even with its success, however, the event remains on shaky ground financially because it depends on sponsorship which varies from year to year. She will be inviting the Port to partner in a larger way in the future. There was discussion on the economic impact the event brings to the community and other sources of event funding.

The Board thanked Ms. Saunders for her hard work and indicated their support of the community fireworks event noting that leaving fireworks in the hands of professionals is a great idea and leads to a safer celebration.

There was dialog on the difficulty of growing the event and how the Bridge Blast benefits other community events held at the same time.

### 2. Seabeck Community Center (SCC) Pickleball Facility Presentation – Dr. Paul Reimer

Mr. Reimer's PowerPoint presentation on the SCC Pickleball Facility proposal addressed:

- Context
  - Timeline of Seabeck School and Community Center
  - Background on the Center and what they do including current programming and their mission
  - SCC and Port goals alignment
- Pickleball
  - What pickleball is and why it is popular
  - Economic growth potential
  - High local demand
- Work Plan
  - The needed support and vision for the future including three courts with central mall and green space/park area
  - The three phases: clean up and repair; court construction; and finish courts and park area
  - Budget of each phase
  - Timeline; hoping to finish by fall 2022
- Conclusion
  - Pickleball is the beginning of a bigger picture
  - Reasons to support the SCC pickleball club
  - Spark that will begin revitalization of the Seabeck downtown core

Requested financial support. Commissioner Strakeljahn discussed the importance of community centers on holding communities together and the responsibility of a municipality to support those centers. He noted there is money in the budget specifically for Seabeck. There was dialog between the Board on the importance of creating healthy neighborhoods; the value of keeping a community together; and the potential for other sponsors of the project.

**It was moved by STRAKELJAHN, seconded by BOZEMAN to:**

Provide \$50,000 toward the Seabeck Community Center pickleball facility project

**MOTION CARRIES, 3-0**

There was follow-on discussion regarding recognition of the Port for its financial support and the sustainability of the project which will be the responsibility of the owners of the property, Central Kitsap School District (CKSD). The pickleball facility will be turned over to CKSD upon completion with an operating agreement established between SCC and CKSD.

**Citizen Comments** - None

**Action Items** - None

**Staff Reports**

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

- 5<sup>th</sup> anniversary at the Port for Director of Business Development, Arne Bakker
- Hiring of Erica Filler as the new Marketing & Communications Coordinator
- 4<sup>th</sup> of July festivities on the Bremerton and Port Orchard waterfronts
- Congressman Derek Kilmer's scheduled visit on August 4 to walk the Port Orchard Marina breakwater

**Commission Reports / New Business**

*Commissioner Bozeman*

- Discussed his concerns related to the 232 acres in Olympic View Industrial Park being leased to Circuit of the Northwest that is up for negotiation soon.

*Commissioner Anderson*

- Confirmed with the Port Attorney that Circuit of the Northwest needs to notify the Port by the end of the month if they want to exercise their option on the lease; would like to make sure we know all the requirements.

*Commissioner Strakeljahn*

- Expressed disappointment that Kitsap is not participating in the national world space and aviation show in 2022.

**Executive Session**

President Strakeljahn recessed the meeting at 11:13 a.m. and reconvened into executive session for approximately 15 minutes regarding: real estate issues [RCW 42.30.110(1)(c)]. At

11:29 a.m., executive session was extended 15 minutes; at 11:45 a.m., executive session was extended another 20 minutes.

At 12:04 p.m. the regular meeting was reconvened.

### **Adjournment**

There being no further business before the Board, the meeting was adjourned at 12:04 p.m.

Submitted,

Approved,

Jim Rothlin  
Chief Executive Officer  
July 21, 2022

Cary Bozeman  
Commission Secretary  
July 26, 2022

Draft

**PORT OF BREMERTON**  
**BOARD OF COMMISSIONERS**  
**EXECUTIVE SESSION**

**MINUTES**

July 12, 2022  
10:00 AM

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

**Call to Order**

President Strakeljahn called the executive session to order at 11:13 a.m., July 12, 2022.

**Commissioners and Staff Present**

Commissioners  
Axel Strakeljahn  
Gary Anderson  
Cary Bozeman

Staff Members  
Jim Rothlin  
Fred Salisbury  
Arne Bakker  
Anne Montgomery, 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 12:04 p.m.

Submitted,

Approved,

Jim Rothlin  
Chief Executive Officer  
July 21, 2022

Cary Bozeman  
Commission Secretary  
July 26, 2022

**PORT OF BREMERTON**  
**BOARD OF COMMISSIONERS**  
**SPECIAL MEETING**

**MINUTES**

July 19, 2022  
10:00 AM

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

**Commissioners and Staff Present**

Commissioners  
Axel Strakeljahn  
Gary Anderson

Staff Members  
Jim Rothlin      Ginger Waye  
Fred Salisbury      Taylor Korizon  
Jeremiah Wiley      Seth Woolson, Atty  
Arne Bakker

**Call to Order**

President Strakeljahn called the meeting to order at 10:00 a.m.

**Executive Session**

President Strakeljahn recessed the meeting at 10:00 a.m. and reconvened into executive session for approximately thirty minutes regarding: potential litigation [RCW 42.30.110(1)(i)].

At 10:30 a.m. the regular meeting was reconvened.

**Adjournment**

There being no further business before the Board, the meeting was adjourned at 10:30 a.m.

Submitted,

Approved,

Jim Rothlin  
Chief Executive Officer  
July 21, 2022

Cary Bozeman  
Commission Secretary  
July 26, 2022

**PORT OF BREMERTON**  
**BOARD OF COMMISSIONERS**  
**EXECUTIVE SESSION**

**MINUTES**

July 19, 2022  
10:00 AM

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

**Call to Order**

President Strakeljahn called the executive session to order at 10:00 a.m., July 22, 2022.

**Commissioners and Staff Present**

Commissioners  
Axel Strakeljahn  
Gary Anderson

Staff Members  
Jim Rothlin  
Fred Salisbury  
Jeremiah Wiley

Arne Bakker  
Seth Woolsen, Atty

**Item #1:** Legal issues related to potential litigation were discussed [RCW 42.30.110(1)(i)].

With no further business to come before the Board, the meeting was adjourned into regular session at 10:30 a.m.

Submitted,

Approved,

Jim Rothlin  
Chief Executive Officer  
July 21, 2022

Cary Bozeman  
Commission Secretary  
July 26, 2022

## **PORT OF BREMERTON** **AGENDA SUMMARY**

Agenda Item No: Action Item #1  
Subject: Resolution 2022-03 extending Remote Commission Meetings through September 30, 2022  
Exhibits: Resolution 2022-03  
Prepared By: Jim Rothlin, Chief Executive Officer  
Meeting Date: July 26, 2022

### **Summary:**

Due to the ongoing coronavirus emergency, including consideration of recent state and local increases in coronavirus cases and deaths, it appears that in-person meetings still cannot be held with reasonable safety and under ESHB 1329 can still be postponed for now. It is recommended the Commission continue to meet remotely through September 30, 2022, unless Emergency Proclamation 20-05 is revoked by the Governor prior to such date.

### **Fiscal Impact:**

None

### **Strategic Purpose:**

This action conforms with the Port's strategic plan in Goal 5 – Continue to maintain the Port's strong connection with the community.

### **Recommendation:**

Approve Resolution 2022-03 extending remote commission meetings through September.

### **Motion for Consideration:**

**Move to approve Resolution 2022-03 extending remote Commission meetings through September 30, 2022, unless the Governor revokes Emergency Proclamation 20-05 prior to such date.**

**PORT OF BREMERTON  
KITSAP COUNTY, WASHINGTON  
RESOLUTION NO. 2022-03  
DATED: July 26, 2022**

A **RESOLUTION** of the Board of Commissioners, Port of Bremerton ("Port") extending remote Commission meetings through September 30, 2022.

**WHEREAS**, On February 29, 2020, Washington State Governor Jay Inslee issued Emergency Proclamation 20-05, as follows: "On January 21, 2020, the Washington State Department of Health confirmed the first case of the novel coronavirus (COVID-19) in the United States in Snohomish County, Washington...I, Jay Inslee, Governor of the state of Washington, as a result of the above noted situation, and under Chapters 38.08, 38.52 and 43.06 RCW, do hereby proclaim that a State of Emergency exists in all counties in the state of Washington... "; and

**WHEREAS**, Engrossed Substitute House Bill 1329 was signed by the Governor on March 24, 2022, and allows meetings of a governing body to be held remotely when a local, state, or federal emergency has been declared and the governing body determines that it cannot hold a meeting of the governing body with members or public attendance in person with reasonable safety because of the emergency; and

**WHEREAS**, on May 24, 2022, the Port Commission adopted Resolution 2022-02 approving remote Commission meetings through July 29, 2022; and

**WHEREAS**, Kitsap County, and Washington State, continue to see new coronavirus cases and deaths including four hundred and one (401) new cases in Kitsap County over the past week and sixteen (16) deaths in the month of June 2022; and

**WHEREAS**, the Commission hereby determines that in person meetings cannot be held with reasonable safety due to the ongoing COVID-19 emergency.

**NOW, THEREFORE, BE IT RESOLVED**, by the Port Commission of the Port of Bremerton, Washington, as follows:

Section 1. the Port Commission will continue to meet remotely through September 30, 2022, unless the Governor revokes Emergency Proclamation 20-05 prior to such date.

Section 2. This Resolution shall take effect and be in force immediately upon its passage.

**ADOPTED** by the Board of Commissioners of the Port of Bremerton at the regular public meeting thereof held this 26<sup>th</sup> day of July, 2022, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission.

\_\_\_\_\_  
Axel Strakeljahn, President

ATTEST:

\_\_\_\_\_  
Gary Anderson, Vice-President

\_\_\_\_\_  
Cary Bozeman, Secretary

## **PORT OF BREMERTON** **AGENDA SUMMARY**

Agenda Item No: Action Item #2  
Subject: CNW lease review  
Exhibits: Second Amendment to Lease  
Prepared By: Jim Rothlin, Chief Executive Officer  
Meeting Date: July 26, 2022

### Summary:

The Port has been working with the Circuits of the Northwest (CNW) to move the events happening 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 the public service such as Police, Fire, Ambulance, Public Transportation vehicles, etc. CNW has developed a plan that will incorporate public and private use on a location across from the airport at the Port's Industrial Park. The agreement requires specific milestones to have occurred by July 31<sup>st</sup>, 2022 in order to move forward on a long term lease option. In order to best meet these required milestones which would include both the public and private amenities, it would benefit both parties to extend the option date for one year before the final decision can be made to agree on the extended option. Attached is the 2<sup>nd</sup> amendment to the lease which has been reviewed and approved by legal counsel.

### Fiscal Impact:

The extension would increase the current lease revenue by \$1500 for the first year to \$7,000. The following two years to be the greater of \$7,000 or 5% of gross revenues, and remaining years at the greater of \$40,000 or 5% of gross revenues. At final buildout, the CNW estimated gross revenues would bring over \$800,000 in annual revenue to the Port.

### Strategic Purpose:

This action item supports the Port's Goals and Strategies #4a. – to continually assess niche markets for growth opportunities and #5b – to develop and maintain public access opportunities.

### Recommendation:

Port staff recommends the approval of the 2<sup>nd</sup> amendment to the lease with CNW, to extend the lease option agreement.

### Motion for Consideration:

**Move to approve the 2<sup>nd</sup> Lease Amendment with Circuit of the Northwest extending the lease option agreement.**

## SECOND AMENDMENT TO LEASE

This **SECOND AMENDMENT TO LEASE** (the "Second Amendment") is made and entered into this \_\_\_\_ day of July, 2022, by and between the **PORT OF BREMERTON**, a Washington municipal corporation (hereinafter referred to as "Lessor"), and **CIRCUITS OF THE NORTHWEST, LLC**, a Washington limited liability company (hereinafter referred to as "Lessee").

**WHEREAS**, the Lessor and Lessee entered into that Lease Agreement dated October 24, 2016 as amended by the Lease Amendment #1 dated August 24, 2021 (collectively the "Lease"), wherein the Lessor leased property to Lessee defined as the "Premises" in the Lease; and

**WHEREAS**, Lessor and Lessee desire to amend the Lease on the terms and conditions set forth in this Second Amendment.

**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 1<sup>st</sup> day of October, 2016, and terminating on January 31, 2024 unless sooner terminated as provided in the Lease.

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

**2B. Option**

In addition, so long as Lessee is not in default and meets conditions as per Paragraph 7I herein, the Port grants Lessee an option to renew or extend this Lease upon the same terms and conditions, except as to rent, for forty-two (42) years and eight (8) months upon prior written notice thereof to the Port prior to 180 days of the expiration of this Lease.

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

**3A. Base Rent**

**(1) Initial Term:** Lessee shall pay the Port as "Base Rent" rental in the amount of \$5,500 per year, in advance, commencing on the 1<sup>st</sup> day of October, 2016 and \$7,000 per year, in advance, commencing on the 1<sup>st</sup> day of October, 2022 for the initial term, and adjusted as hereinafter provided.

**(2) Extended Term:** If the option to renew or extend has been properly exercised, then on October 1<sup>st</sup>, 2023, the Lessee shall pay the Port as "Base Rent" in the amount of \$7,000 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 October 1<sup>st</sup>, 2025, Lessee shall pay the Port as "Base Rent" an amount equal to \$40,000 per year, 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 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, 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 the Lessee's books and records to audit the gross revenue percentage calculation.

4. 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 day of October of each year commencing on the first day of October, 2023, 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 year to the next. However, any annual CPI adjustment shall not exceed a rate of 3% for any single year's adjustment.

**4B. Ten Year Periodic Adjustment**

On October 1, 2026 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 even the Base Rent shall not be less than that as established hereinabove for the immediately preceding rental year, and adjuster 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.

5. Paragraph 7I(3) of the Lease is deleted in its entirety and replaced as follows:

**7I. Performance**

**(3) Sufficient Funding to Complete Project:** If following the completion of the initial term, the Lessee has not successfully secured sufficient funding to complete the project as illustrated in **Exhibit A-2**, the lease will be terminated. "Sufficient funding" is defined as security adequate financial resources legally committed to the Project to include all hard and soft building costs associated with all improvements (racing facilities and infrastructure), a 10% construction contingency, all project construction management fees, and one (1) years' worth of operating expenses. "Legally committed" is defined as funding consisting of cash in hand, binding loan agreements, binding grant agreements, or other financial commitments which can be exercised at Lessee's sole and exclusive option and are not subject to being revoked by the grantor of such funds prior to Lessee's

receipt of those funds absent Lessee's default of the terms of any such binding agreement with the grantor. Non-binding funding agreements including, but not limited to, non-binding letters of intent are not "legally committed" funds for purposes of this section.

6. Lease Exhibit A-2 is deleted in its entirety and replaced with Exhibit A-2 attached to this Second Amendment.

7. **CLAIM WAIVER:** In partial consideration for the Lessor consenting to this Second Amendment, the Lessee does hereby forever release, indemnify, and hold harmless the Lessor and its commissioners, employees, and agents from any and all Claims arising from, or connected with, the Lease or the Premises through the date of this Second Amendment. For purposes of this paragraph, 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 Second Amendment.

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

9. **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: Axel Strakeljahn  
Its: President

\_\_\_\_\_  
By: Gary Anderson  
Its: Vice President

\_\_\_\_\_  
By: Cary Bozeman  
Its: Secretary

[notaries on following page]

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF GRANT )

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, Axel Strakeljahn, Gary Anderson, 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 \_\_\_\_\_, 2022.

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

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

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 \_\_\_\_ day of \_\_\_\_\_, 2022.

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

# EXHIBIT A-2

