



PORT of OLYMPIA
Serving All of Thurston County
Commission Meeting
Monday, March 10, 2025
5:30 PM

Percival Plaza - Olympics Room
626 Columbia Street NW
Olympia, WA 98501

The meeting agenda is available on the Port's website as of March 6, 2025.
<https://www.portolympia.com/commission>

The public may join the meeting from their computer, tablet or smartphone at:

<https://us02web.zoom.us/j/87174114590?pwd=QqJCvbSpg8bE7Y485MXBTSXSACzAeO.1>

or Telephone: 1 253 215 8782

Meeting ID: 871 7411 4590

Passcode: 594862

Written public comments may be submitted to commissioncoordinator@portolympia.com by 12:00 p.m. on the date of the meeting. All written comments will be compiled and sent to the Commissioners prior to the meeting.

Verbal public comment is accepted in person at the meeting.

If you are attending the meeting via Zoom, you may raise your hand during the meeting to give public comment.
For those listening by phone, press *9 if you wish to raise your hand and provide comment.

AGENDA

- A. Call to Order
- B. Pledge of Allegiance
- C. Approval of Agenda
- D. Executive Director Report
- E. Public Comment
- F. This public comment period is the opportunity for public input on the agenda items on this evening's agenda, in addition to an opportunity for public comment on any other port business. Individual public comments are limited to 3 minutes per person.

NOTE: Guidelines for public comment can be found in the Commission Rules in Resolution 2025-03 Article VI.

- *Comments should be directed to Commission:* Comments should be directed to the Commission as a whole and should not include comments about individual Port staff or members of the public.
- *Courtesy:* All speakers (members of the public, Port staff, and Commissioners) shall be courteous in language and demeanor and shall confine remarks to those facts that are germane and relevant to the question or issue under discussion.

Port of Olympia Mission

Creating economic opportunities and building community for all of Thurston County through responsible resource use.

G. Consent Calendar

1. Minutes: February 25, 2025 Port of Olympia Commission and Port Leadership Retreat
2. Minutes: February 24, 2025 Commission Meeting

H. Pending Issues or Business

1. Briefing: Port of Olympia Citizens Advisory Committee (POCAC) Workplan: Joel Hansen, Chair, POCAC

I. Action Calendar

1. Option to Lease Agreement 7th Amendment – Panattoni/New Market Industrial Campus: Warren Hendrickson, Director of Operations

J. Action/Other Calendar

1. None

K. Advisory Calendar

1. Airport Capital Project Contract Award: Runway 17-35 Pavement Rehabilitation and Electrical Improvements: Chris Paolini, Airport Senior Manager

L. Commissioner Reports/Discussion

M. Other Business

N. Meeting Announcements

O. Adjourn



**Port Commission and Port Leadership Retreat
Meeting Minutes**

Tuesday, February 25, 2025

9:00 a.m. to 3:00 p.m.

South Puget Sound Community College
Lacey Campus – Room 194
4220 Sixth Avenue SE, Lacey, WA 98503

Present

Commissioners: Jasmine Vasavada, President; Maggie Sanders, Vice President; Sarah Tonge, Secretary; Amy Harding and Bob Iyall.

Staff: Alex Smith, Executive Director, Warren Hendrickson, Director of Operations; Mike Reid, Director of Community and Economic Development; Shawn Gilbertson, Director of Environmental Planning and Programs; Tad Kopf, Director of Finance; Trisha Miller, Controller; Chris Paolini, Airport Senior Manager; James Sommer, Capital Assets Program Manager; Jon Wolf, Environmental Manager; Afsin Yilmaz, Marine Terminal Senior Manager; Damien Egan, Harbor Senior Manager; Taber Lee, Marketing and Communications Senior Manager; Tracy Aga, Human Resources Manager and Public Records Officer; and Missy Goodell, Executive and Commission Coordinator.

Guest: Jason Robertson, Jason Robertson & Company (JRO & Co.).

As an exercise associated with the retreat we paused at the midway point and again at the conclusion of the retreat to capture areas of discussion in which there was consensus amongst the Commissioners. This was titled "Areas of Agreement." The following is a listing of the items that were captured. The items are not listed in any priority order; they were instead captured in the sequence in which they were discussed.

Areas of Agreement

- Vision 2050 is to be used as our primary policy guidance document.
- Over the coming year we will work towards developing a 5-year action plan for 2026 – 2030, as it is contemplated in the implementation strategy of Vision 2050.
- Clear direction to continue to "tell the story" of how Vision 2050 was developed (the process) and how the document works as a policy guide and priority setting document (the product).
- The Commission needs timely and accurate financial data for decision making.
- Community benefit, economic development benefit, and an environmental stewardship lens are to be applied to our decision making.
- The trust level between Commissioners and staff is currently very good.

Areas of Agreement (continued)

- The Port will continue to fulfill its role as an economic driver in this community and there is a desire to find ways to make a direct economic impact in geographic areas of the County other than Olympia and Tumwater.
- Connectivity, access, and tourism is a significant driver for the future of Port properties.
- The Commission supports utilizing, preserving, and maintaining Port industrial lands in Olympia and Tumwater for industrial purposes.
- We will continue to have and support a working waterfront.
- Sometimes we need to make trade-offs, concessions, and/or add community value to get projects over the finish line.
- We will use Vision 2050 as a guiding policy document for the Peninsula Integrated Master Plan.
- There is a desire to evaluate how port owned real estate supports, or could support, the finances and functions of the Airport, Marina, and Marine Terminal properties.
- We will be utilizing the General Allocation formula that was used in 2024 again in 2025 for internal reporting while the allocation method is refined for the 2026 budget.
- We will dig deeper into what expenses qualify as "Government Services."
- These "areas of agreement" will serve as the minutes of the retreat.

PORT OF OLYMPIA COMMISSION

Jasmine Vasavada, President

Maggie Sanders, Vice President

Sarah Montano, Secretary



Commission Meeting Minutes Monday, February 24, 2025

Call to Order

Commission President Jasmine Vasavada called a regular meeting of the Port of Olympia Board of Commissioners to order and open to the public at 5:31 p.m., Monday, February 24, 2025, at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington 98501.

Present

Commissioners: Jasmine Vasavada, President; Maggie Sanders, Vice President; Sarah Montano, Secretary; Amy Harding and Bob Iyall.

Staff: Alex Smith, Executive Director, Chris Wright-Pierce, General Counsel; Warren Hendrickson, Director of Operations; Mike Reid, Director of Community and Economic Development; James Sommer, Capital Assets Program Manager; Emily Girton, Marketing and Outreach Coordinator; and Missy Goodell, Executive and Commission Coordinator.

Approval of Agenda

Commissioner Harding moved to approve the agenda. Commissioner Montano seconded the motion. Motion passed unanimously.

Executive Director Report

Alex Smith, Executive Director, reported on recent port activities including an Olympia Regional Airport Q&A with Port staff on February 26 at 5:30 p.m. in the Olympics Room; a Town Hall with Commissioner Iyall on February 27 at 5:30 p.m. at Nisqually Middle School. Budd Inlet sampling has begun in West Bay and the public has been invited to view West Bay sediment sampling on Tuesday, March 4.

In addition, she reminded everyone of the ways they can communicate with the Commission. She stated there is a great deal of information available on the Port's website and encouraged everyone to check it out.

Public Comment

Two individuals provided public comments regarding the Airport Master Plan and the upcoming Open House related to the Airport Master Plan.

Consent Calendar

Commissioner Harding moved to approve the consent agenda as presented; Commissioner Montano seconded the motion. Motion passed unanimously.

Pending Issues or Business

None.

Action Calendar

Information Technology Services Vendor Contract Approval. James Sommer, Capital Assets Program Manager, provided information related to the amendment of the 2025 capital budget for an additional \$2,157,850 for purchase of the Dancing Goats building and other assets from Dancing Goats. The financial impact and pros and cons for this purchase were shared.

Motion: Commission Harding moved to authorize the Executive Director to execute contract number 2024-1040 with Firefly Technologies for a not-to-exceed amount of \$990,000.00. Commissioner Montano seconded the motion. Motion passed unanimously.

Action/Other Calendar

None.

Advisory Calendar

Option to Lease Agreement 7th Amendment – Panattoni/New Market Industrial Campus. Warren Hendrickson, Director of Operations, provided information on information technology services required by the port. The present contract with current IT provider, Firefly, expires on March 31, 2025. Contract approval will be brought to the Commission at the February 24, 2025, Commission meeting.

Commissioner Reports/Discussion

Commissioner Harding shared a quote, "Nothing in nature lives for itself. Rivers don't drink their own water, trees don't eat their own fruit, the sun doesn't shine for itself, flowers don't spread fragrance for themselves; living for others is the rule of nature."

Commissioner Iyall thanked Executive Director Smith for mentioning his upcoming Town Hall on Thursday, February 27 from 5:30 to 7:00 p.m. at Nisqually Middle School in Lacey. This is open to the public to discuss all things Port-related.

Commissioner Vasavada is excited to attend the Port Retreat held Tuesday, February 25 from 9:00 a.m. to 3:00 p.m. at South Puget Sound Community College's Lacey Campus.

Commissioner Sanders shared that she was invited to present at the Tenino Chamber of Commerce meeting where she updated the Tenino Chamber with recent Port activities. She announced that she is excited to attend Public Observation Day to view sediment sampling on West Bay.

Commissioner Montano recently attended the Thurston County Chamber Forum where the topic of discussion was Gen Z in the workforce and diversity.

Other Business

None.

Meeting Announcements

A list of upcoming events was displayed on the screen for viewers to see upcoming Commission and POCAC meetings. Executive Director Smith stated the next Commission meeting will be held on Monday, March 10, 2025, at 5:30 p.m.

Adjournment

There being no further business to come before the Port of Olympia Board of Commissioners, the Monday, February 24, 2025, regular meeting was adjourned at 6:41 p.m. by Commissioner Vasavada.

PORT OF OLYMPIA COMMISSION

Jasmine Vasavada, President

Maggie Sanders, Vice President

Sarah Montano, Secretary

DRAFT

COVER MEMO

Briefing Date/Time: March 10, 2025

Staff Contact/Title: Joel Hansen, Port of Olympia Citizen Advisory Committee Chair, joelhpcac@portolympia.com

Subject: 2025 POCAC Work Plan

Purpose: Information Only Decision Needed

Overview:

The Port of Olympia Citizen Advisory Committee has developed their proposed work plan for 2025 and will be presenting to Commission for feedback and insight.

The Proposed 2025 Work Plan is as follows:

1. Incorporate the three subcommittee work plans by reference.
2. Work with staff to recruit additional members to the POCAC with an emphasis on increasing the diversity of the POCAC membership.
3. Conduct public engagement efforts on timely topics (e.g. Peninsula Master Plan, Vision 2050, etc.), as directed by the Commission.

Background:

The POCAC has developed three subcommittees that are actively working on development of their own individual work plans. The subcommittees that have been developed are focused on the following: Economic Development, Destination Waterfront, and Budd Inlet.

Documents Attached:

PowerPoint

Summary and Financial Impact:

Work Plan details are not at a point that budgets or expenses associated with the efforts can be determined.

Affected Parties:

POCAC, Staff, Commission

Options with Pros and Cons:

This is advisory only at this point. The Commission is encouraged to provide guidance and direction to the POCAC on desired efforts and areas of focus.

Environmental Considerations:

No applicable environmental considerations at this time.

Staff Recommendation:

Staff recommend that Commission provide some clarity and insight to the POCAC on the Commissions desired areas of focus, role, functions, and authorities.

Next Steps/Timeframe: Anticipated Commission action to approve Work Plan on March 24, 2025.



PORT of OLYMPIA
Serving All of Thurston County

2025 POCAC Proposed Work Plan

Joel Hansen
POCAC Chair
March 10, 2025



1



Today's Presentation

Advisory Only – No Action Required

- 2025 POCAC Proposed work plan items

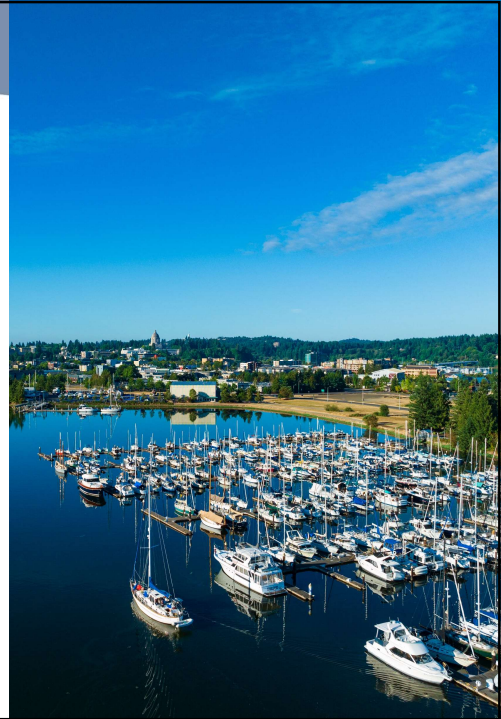


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Work Plan Item #1

- Incorporate the three subcommittee work plans by reference
 - Economic Development Subcommittee
 - Destination Waterfront Subcommittee
 - Budd Inlet Subcommittee

3



3

Work Plan Item #2

- Work with staff to recruit additional members to the POCAC with an emphasis on increasing the diversity of the POCAC membership
 - POCAC Resolution allows for up to 17 members
 - Currently at 11 members



4



Work Plan Item #3

- Conduct public engagement efforts on timely topics (e.g. Peninsula Master Plan, Vision 2050, etc.), as directed by the Commission



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Questions and Comments



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6

COVER MEMO

Briefing Date/Time: March 10, 2025

Staff Contact/Title: Warren Hendrickson, Director of Operations
360.528.8050, warrenh@portolympia.com

Subject: Option to Ground Lease 7th Amendment
Panattoni/New Market Industrial Campus

Purpose: Information Only Decision Needed

Overview:

- Action item – Approval requested.
- Advisory presentation February 24, 2025.

Background:

On July 13, 2020, the Port entered into an Option to Ground Lease Agreement with Panattoni Development Company. There have been six amendments to date:

1. September 14, 2020: Acknowledged a potential Development Agreement with the City of Tumwater and adjusted the Due Diligence Period.
2. July 12, 2021: Extended the Option Term, Habitat Conservation Plan (HCP) Completion Date, Phase Plan Approval Period, and further adjusted the Due Diligence Period.
3. December 13, 2021: Extended the HCP Completion Date, further adjusted the Due Diligence Period, and set conditions for reimbursement of certain expenses incurred by the lessee that benefit the Port.
4. March 1, 2023: Extended the HCP Completion Date to August 31, 2024, further adjusted the due diligence period, and established expectations for the due date of the Good Faith Deposit Note, payable by Panattoni to the Port.
5. August 12, 2024: Extended the option agreement to February 28, 2025.
6. February 10, 2025: Extended the option agreement until such future date as the parties execute a more comprehensive amendment to the Option Agreement.

Significant delays continue to have been incurred by the City of Tumwater and the Port – working jointly – in reaching a Bush Prairie Habitat Conservation Plan mitigation agreement with the U.S. Fish and Wildlife Service (USFWS). While the HCP process continues, certain parcels within the Optioned Property have been identified that are or will likely be exempt from the mitigation requirements of the HCP. This outcome was not considered in the original Option to Lease Agreement, and the agreement must therefore be modified to permit development prior to the HCP Completion Date. Additionally, given that all provisions within the Option Agreement are directly connected to the successful completion of the HCP, the Port has netted zero revenue to date from this Option Agreement.

Given there are at least two parcels not currently subject to the HCP, Panattoni has pursued and been successful in obtaining site development and building permit approvals from the City of Tumwater for the development of a speculative industrial building on a 29.27-acre site in the New Market Industrial Campus (NMIC). This project is referred to as the South Sound Commerce Center (SSCC). Panattoni is ready to proceed with this project, however the current Option to Lease Agreement does not allow development in advance of an approved HCP. The Option Agreement must therefore be amended appropriately. The proposed 7th Amendment being brought before the Commission provides the necessary remedies to allow the Port and Panattoni to execute a ground lease and for Panattoni to commence development of this project without an approved HCP. In the presentation to the Commission, Port staff will provide an overview of the project, demonstrate its alignment with Commission and City of Tumwater stated goals and objectives, and detail the anticipated business, economic, and community development benefits to the Port, the City of Tumwater, and the broader community.

Objectives of this Amendment:

Commission direction to Port staff was to modify the Option Agreement to: 1) allow development within the Optioned Property to commence prior to the Habitat Plan Completion Date if certain parcels are determined to be exempt from HCP compliance requirements, 2) provide a mechanism for generating revenue to the Port in advance of the Habitat Plan Completion Date, and 3) articulate the community and economic development value of this project in future discussions.

The Port and Panattoni therefore wish to amend the Option Agreement to permit the Developer to choose to exercise the Option on those portions of the Optioned Property not subject to the Habitat Plan Completion Date, and to address certain other changed circumstances and conditions that posed obstacles to eligible development and revenue generating opportunities.

The 7th Amendment achieves both Commission objectives by:

- Establishing criteria for non-HCP development, and
- Establishing criteria for triggering revenue generation.

Amendment Provisions:

- Surveys have revealed that approximately 3.0 acres of the Optioned Property are not eligible for development under the agreement. Optioned Property will be reduced from 199 acres to approximately 196 acres.
- Development will be tied to HCP approval rather than to an estimated calendar date. This is the same methodology as has been used previously for the Swire lease and the Port-City interlocal agreement.
- Development will be allowed to occur in advance of HCP approval should a parcel be certified as having no presence of threatened species, specifically the Mazama pocket gopher.
- Cash deposit and option payment revenue generation to the Port will now be possible without an approved HCP.
- Under the current Option to Lease Agreement, Port Phase Parcel approval required the Port enter into a ground lease prior to City site development and permitting approvals, the SEPA process, construction cost estimates, and equity partnerships – all of which are items that must be addressed prior execution of a ground lease. These provisions have been revised by deferring parcel development approval to the City (where the expertise for zoning compliance and development regulations exists) and, once the City's requirements for development have been established – which directly affect the Port's ground lease provisions, ground lease development is required within 30 days of the permits being ready for issuance. Execution of the ground lease must occur before site development construction begins.
- Development under this amendment therefore is possible both with and without an approved HCP, subject to the appropriate and relevant conditions.

- The amendment also improves definitions of certain terms and makes special provisions for two parcels that have already been determined to be exempt from HCP requirements.
- A new Section 14 was added to the amendment since the Advisory presentation:
“Joint Commitment to Address Community Amenity. Developer and Port commit in earnest to advance the effort to identify a suitable location within the New Market Industrial Campus for the siting of a community amenity with specific effort directed toward a tourism facility consistent with the Port’s legal obligations and authority, including RCW 53.08.255, and requirements imposed by the relevant permitting agencies, including the City of Tumwater.”

Documents Attached:

- PowerPoint presentation
- 7th Amendment to Option to Ground Lease Agreement

Summary & Financial Impact:

- As specified within the PowerPoint presentation.

Signatory Parties:

- Port of Olympia
- Panattoni Development Company

Staff Recommendation:

Authorize the Executive Director to approve the 7th Amendment to the Option to Ground Lease Agreement as presented.



PORT of OLYMPIA
Serving All of Thurston County

Option to Ground Lease 7th Amendment ~ Panattoni/NMIC

Warren Hendrickson ~ Director of Operations
March 10, 2025



1



Today's Presentation

Action Item – Approval Requested

- Panattoni Development Company (PDC) option to ground lease agreement amendment.
- New Market Industrial Campus (NMIC).
- Advisory presentation February 24, 2025.



2

Option to Ground Lease Agreement

Problem Statement

- Option Agreement did not contemplate any development before an approved HCP, i.e., that any Optioned Property would be exempt from HCP mitigation requirements.
- Therefore, the existing Option Agreement, without an HCP:
 - Does not allow any development whatsoever.
 - Does not generate any Port revenue in the forms of:
 - A cash pro rata share of the Good Faith Deposit promissory note,
 - A pro rata share of monthly Option Fee Payments, and
 - Drafting and execution of a Ground Lease and its attendant revenue.

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7th Amendment Objectives

Commission Direction to Port Staff

- Amend the Option Agreement to allow development for those parcels within the Optioned Property exempt from HCP requirements.
- Begin generating revenue for the Port as a part of the transaction.
- This 7th Amendment achieves both above objectives by:
 - Establishing criteria for non-HCP development, and
 - Establishing criteria for triggering revenue generation.
- Articulate the community and economic development value of this project in future discussions.

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4

7th Amendment

Specific Provisions to Meet the Objectives

- Reduction to Optioned Property by approximately 3.0 acres for ineligible property (stormwater-related or corrected boundary lines).
- Development is tied to the HCP completion event, not the calendar.
- Development permitted with or without HCP, subject to gopher-free certification.
- Revised Due Diligence definition for both HCP and HCP-exempt parcels.
- Good Faith Cash Deposits and Option Payments provided for on a pro rata basis for HCP-exempt parcels.
- Special provisions for two known developable parcels.

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7th Amendment

New Provision Added Since Advisory Presentation

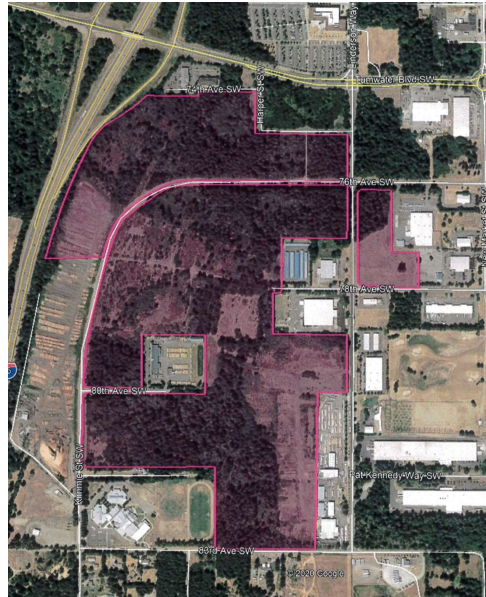
- 7th Amendment Section 14.
- "Developer and Port commit in earnest to advance the effort to identify a suitable location within the New Market Industrial Campus for the siting of a community amenity with specific effort directed toward a tourism facility consistent with the Port's legal obligations and authority, including RCW 53.08.255, and requirements imposed by the relevant permitting agencies, including the City of Tumwater."

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6

Location



7



7

Location

Gopher-Free Parcels

“South Sound Commerce Center”

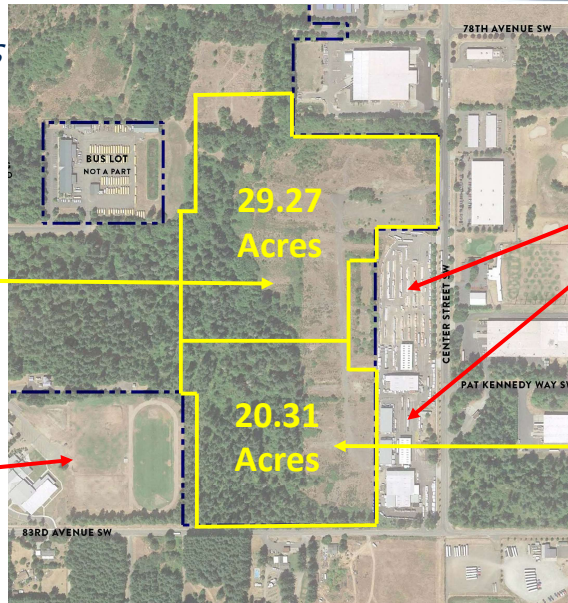
Bush Middle School

29.27 Acres

20.31 Acres

International Wood Products (IWP)

“Center Street Commerce Center”



8



8

Alignment with Port's Strategic Vision and Goals Vision 2050

Countywide Economic Development and Real Estate Framework				Community Priority Level		
Goal: Leverage the Port's unique statutory authority to catalyze economic opportunities in partnership with local jurisdictions and economic development organizations.				1	2	3
#	Action Key Words	Complete Action	Task Force Notes	1	2	3
19	Create and support small and emerging businesses	Lead or partner in efforts to create and support small and emerging businesses.	e.g. light manufacturing, commercial kitchen	✓		
21	Grow freight logistics, avionics, real estate, tourism, agriculture, food processing and storage, and manufacturing	Increase the Port's capacity to market core assets and attributes to attract business and job creation opportunities such as intermodal freight logistics, avionics, real estate development, recreation and tourism, agriculture, food processing and storage, and manufacturing.			✓	
23	Support and invest in regional economic development activities	Become an active partner in the Thurston Economic Alliance and identify specific ways to support innovation, start-up businesses, catalyst projects and gap infrastructure investments.	May require trade-offs, where high return on investment projects replace under-performing ones		✓	

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Alignment with Port's Strategic Vision and Goals Vision 2050 (cont'd)

Airport Functions				Community Priority Level		
Goal: Maximize the economic and community value of the Olympia Regional Airport in accordance with FAA Master Plan regulations.				1	2	3
#	Action Key Words	Complete Action	Task Force Notes	1	2	3
31	Coordinate with partners on Tumwater development opportunities	Evaluate local government partners' economic development and land use needs and how they might be advanced using Port-owned properties.	Preserve property for long-term, high-priority development goals		✓	
34	Support non-air-dependent manufacturing at airport properties	Support non-air-dependent manufacturing and services that can take advantage of the airport's/NMIC's geographic amenities and services.			✓	

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South Sound Commerce Center (SSCC)

Implementation starts immediately upon approval..

- City permits are ready to be issued now.
- PDC is revising construction cost estimates for bid purposes.
- PDC is gathering equity partners.
- Drafting of ground lease with Port commences upon approval.
- PDC requests project bids.
- Site and building permits may be issued to PDC by City after ground lease execution (a separate Commission action).
- Fee payments to City of Tumwater as early as May 2025.

11



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Business Development

South Sound Commerce Center Financial Benefit to the Port

- Good Faith Cash Deposit \$14,933.67.
 - Upon Commission approval of 7th Amendment (due date April 30, 2025).
- Option Payment \$4,335.00 monthly.
 - Should PDC not pull City permits by July 1, 2025.
- Ground Lease Payments \$51,000.05 monthly (\$612,000.58 annually).
 - Commence upon Certificate of Occupancy, or
 - Fourteen (14) months after Lease Term Commencement Date (date permits are pulled),
 - Whichever occurs first.

12



12

7th Amendment

Additional Considerations and Next Steps

- Commission approval of the Option to Ground Lease 7th Amendment is not Commission approval of a ground lease.
- All future amendments and ground leases under this option agreement will be subject to separate Commission actions at the appropriate time.

13



13

Questions and Comments

Suggested Motion

"...authorize the Executive Director to execute the Option to Ground Lease 7th Amendment, as presented."

14



14

**SEVENTH AMENDMENT
TO
OPTION TO GROUND LEASE AGREEMENT**

This SEVENTH AMENDMENT TO OPTION TO GROUND LEASE AGREEMENT (“Amendment”) dated as of March _____, 2025, the date of Port Commission approval, (the “**Effective Date**”) is made by and between the **PORT OF OLYMPIA**, a Washington municipal corporation (the “**Port**”) and **SSECC PDC, LLC**, a Delaware limited liability company (“**Developer**”). The Port and Developer entered into an Option to Ground Lease Agreement dated July 13, 2020, concerning approximately one hundred and ninety-nine (199) acres of land located in the New Market Industrial Campus in the City of Tumwater, Thurston County, Washington (the “**Option Agreement**”), which property is more particularly described in the Option Agreement (the “**Optioned Property**”). Any capitalized terms used but not defined herein shall have the meaning ascribed to them in the Option Agreement.

WHEREAS, the Option Agreement was amended by First Amendment dated September 14, 2020, to provide for terms and conditions to apply and negotiate a Development Agreement, and to adjust the Due Diligence Period to accommodate potential delays in obtaining a fully executed Development Agreement; and

WHEREAS, the Option Agreement was amended by Second Amendment dated July 12, 2021, to extend the Option Term, Habitat Plan Completion Date, and the Phase Plan form approval period, and to adjust the Due Diligence Period to further accommodate potential delays in completing the Habitat Plan; and

WHEREAS, the Option Agreement was amended by Third Amendment dated December 13, 2021, to extend the Habitat Plan Completion Date, to adjust the Due Diligence Period, as previously amended by the First and Second Amendments to the Option Agreement, to further accommodate potential delays in completing the Habitat Plan, and to set forth conditions by which the expenses for development studies that benefit the Port may be reimbursed; and

WHEREAS, the Option Agreement was amended by Fourth Amendment dated March 1, 2023, to extend the Habitat Plan Completion Date, to adjust the Due Diligence Period, as previously amended by the First, Second, and Third Amendments to the Option Agreement, to further accommodate potential delays in completing the Habitat Plan, and to clarify the timing for payment of the Good Faith Deposit Note; and

WHEREAS, the Option Agreement was amended by Fifth Amendment dated August 31, 2024, to extend the Habitat Plan Completion Date and to adjust the Due Diligence Period, as previously amended by the First, Second, Third, and Fourth Amendments to the Option Agreement, to further accommodate potential delays in completing the Habitat Plan; and

WHEREAS, the Option Agreement was amended by Sixth Amendment dated February 10, 2025, to extend the Habitat Plan Completion Date and to adjust the Due Diligence Period, as previously amended by the First, Second, Third, Fourth, and Fifth Amendments to the Option Agreement, to further accommodate potential delays in completing the Habitat Plan; and

WHEREAS, the Port and Developer now acknowledge that the original Option Agreement did not contemplate the possibility of parcel development within the Optioned Property in advance of the Habitat Plan Completion Date, that the provisions of the existing Option Agreement are in conflict with such development opportunities as may be allowed prior to the Habitat Plan Completion Date, and that certain conflicting provisions within the Option Agreement have come to light during the Developer's Due Diligence Period, as defined in Section 8.1 of the Option Agreement, as later amended; and

WHEREAS, the Developer may choose to exercise the Option on portions of the Optioned Property prior to the Habitat Plan Completion Date; and

WHEREAS, the Port and the Developer wish to amend the Option Agreement to address certain changed circumstances and conditions, to extend the Habitat Plan Completion Date, and to revise and expand the definition of the Due Diligence Period and certain other provisions to account for varying circumstances, as previously amended by the First, Second, Third, Fourth, and Fifth Amendments to the Option Agreement,

NOW THEREFORE, the Parties agree as follows:

1. **RECITALS.** The Option Agreement's Recitals shall be modified as identified below:

Recital A. The referenced acreage of One Hundred Ninety-Nine (199) acres of land, as reflected within **Exhibit A** attached to the Option Agreement (the "**Optioned Property**"), shall be reduced to approximately One Hundred Ninety-Six (196) acres of land to account for three separate tracts of land that must be removed from the Optioned Property: (1) a Bush Middle School property line discrepancy that removes .98 acres, (2) an unrecorded International Wood Products (IWP) stormwater facility already under lease from the Port to IWP that removes 1.31 acres, and (3) an unrecorded stormwater retention facility west of Harper Street SW and south of 74th Avenue SW that removes approximately .71 acres, for a grand total of approximately 3.0 acres removed. The modifications to the Optioned Property as identified by this paragraph shall have precedence over **Exhibit A** to the Option Agreement, until such time as **Exhibit A** incorporates all three property tract removals. **Exhibit A** shall be updated as the portion of the Optioned Property immediately adjacent to the tract removed by this paragraph is prepared for development within a Phase Parcel, a Record of Survey is performed, and a separate tax parcel is created as part of that development. Whenever **Exhibit A** is updated from time to time, as agreed upon by the parties, it will be incorporated into this Option Agreement, as amended, as though fully set forth herein.

Recital D is deleted in its entirety and is replaced with the following:

D. The Project will be developed on the Optioned Property based on individual Conceptual Site Plans (as defined below) prepared by the Developer, consistent with Federal, State, and local laws, regulations, and requirements, and submitted to the City for approval in

compliance with the City’s applicable development regulations. The parties anticipate that the Project will be developed in multiple phases as dictated by the variables of leasing demand, market forces, and tenant requirements at the time a Conceptual Site Plan is prepared.

2. **2. Option Term.** In Paragraph 2.1, the term “Phase Plan” is deleted and replaced with “Conceptual Site Plan.”
3. **3. Phase Plan; Phasing.** Section 3 is deleted in its entirety and is replaced with the following:

3. Bush Prairie Habitat Conservation Plan; Mitigation Cap.

3.1 The Port and the City are jointly developing the Bush Prairie Habitat Conservation Plan (“**Habitat Plan**”) to address, among other City needs, development mitigation requirements for certain species covered by the federal Endangered Species Act on certain Port property within the City of Tumwater Urban Growth Area. The coverage area for the Habitat Plan includes some, but not all, of the Optioned Property. Of the four separate species addressed within the Habitat Plan, the Optioned Property is currently affected only by the Mazama pocket gopher, and only those Habitat Plan development mitigation requirements applicable to that specific species will therefore apply. Any portion of the Optioned Property that is certified by the City to be free of the Mazama pocket gopher is not required to comply with the Habitat Plan.

3.2 The Port is and will continue to be responsible for development of the Habitat Plan and will endeavor to obtain all required governmental approvals through the final appeal periods (i.e., all applicable appeal periods have expired, no appeals have been filed, or the appeals filed have achieved final resolution) with respect to the Habitat Plan. All reasonable and good faith efforts shall be expended by the Port to achieve approval of the Habitat Plan; however, should approval of the Habitat Plan not be achieved by December 31, 2029, both parties agree to meet and confer how best to address the objective(s) of the Option Agreement. To the extent requested by the Port, the Developer will exert efforts, provide information, documentation, advice, and counsel, and execute such documents as are reasonably requested by the Port for the submittal and prosecution of the Habitat Plan.

3.3 The U.S. Fish and Wildlife Service (“USFWS”) is the governing authority for formally approving the Habitat Plan, as specifically determined by USFWS’s issuance of an Incidental Take Permit (“ITP”) to the City and Port. Following the ITP issuance, the City will be required to revise all applicable municipal codes regarding development related to the ITP. Based on those requirements, the “**Habitat Plan Completion Date**” shall be the later of the date upon which (i) the City formally approves and/or adopts the applicable municipal codes and any applicable mitigation fees schedule, or (ii) the State Environmental Protection Act (“SEPA”) determination appeal period ends, or (iii) there is final resolution of all related appeals.

3.4 The Port shall advise the Developer of both the issuance of the USFWS ITP and the Habitat Plan Completion Date within a reasonable period following each issuance.

3.5 Upon final approval, the Habitat Plan is expected to include a requirement for mitigation credits in order to develop that portion of the Optioned Property affected by the presence of the Mazama pocket gopher. Mitigation credits may take the form of mitigation land approved for such purpose with an appropriate conservation easement, a payment of fee to the appropriate agency in lieu of mitigation, or a combination of the two. The Base Rent and Option Payment schedule in Sections 6 and 7 of this Option Agreement reflect the fair market value for the Optioned Property in a fully mitigated condition under the Habitat Plan. In consideration of that valuation, the Port will be responsible for paying any fee-in-lieu-of-mitigation imposed by the appropriate agency for development of the Optioned Property up to a maximum cap of \$100,000.00 per acre.

If the fee-in-lieu-of-mitigation exceeds the maximum cap of \$100,000.00 per acre, for each separate individual portion of “Optioned Property” on which the Developer intends to exercise its Option, the Developer may but will have no obligation to fund the excess over the cap. If the Developer does not agree to fund the excess over the cap, the Port may terminate this Option Agreement for that separate individual portion of the “Optioned Property” upon written notice to the Developer with no further liability on the part of either party. The Port’s notice of termination for any portion of the Optioned Property shall be effective immediately and such portion shall no longer be considered to be part of the Optioned Property.

4. **4. Exercise of Option; Designation of Phase Parcels.** Section 4 is deleted in its entirety and is replaced with the following:

4. Designation of Phase Parcels; Conceptual Site Plans.

4.1 It is anticipated that that portion of the Optioned Property affected by the Habitat Plan will not be developed until after the Habitat Plan Completion Date. Property exempt from compliance with the Habitat Plan may be developed any time within the Option Term at the discretion of the Developer.

4.2 Developer may identify and designate the intent to develop portion(s) of the Optioned Property – regardless whether they are affected by the Habitat Plan or not – as individual phases based on separate Conceptual Site Plans (each a “**Phase Parcel**”), for the purpose of constructing improvements on a specific portion of the Optioned Property consistent with the provisions of this Section 4. Such intent shall be made by giving written notice to the Port in accordance with Section 22 below by identifying the Developer’s intent to develop a given Phase Parcel or Parcels, i.e., to commence the effort to move Optioned Property to Leased Premises (an “**Intent to Exercise**”). Such notice does not mandate either party to take further action. Other processes, once the Intent to Exercise the option is established, govern the development of the Phase Parcel and Port/Developer responsibilities, as defined in this and subsequent sections of the Option Agreement and its amendments.

4.3 Following the delivery of an Intent to Exercise to the Port, each Phase Parcel will be developed based on an individual Conceptual Site Plan for that Phase Parcel, prepared by the Developer. The term “**Conceptual Site Plan**” shall mean an initial written development plan for each Phase Parcel based on the requirements of this Section 4 and must contain all of the elements and comply with all of the requirements of this Section 4 and the City’s applicable development regulations to the maximum extent possible. It is understood that the initial Conceptual Site Plan will likely undergo a series of revisions dependent upon the City’s implementation of its development regulations.

4.4 Each Conceptual Site Plan, shall be provided to the Port at the same time the Developer submits a feasibility/site plan review application to or requests a pre-application conference with the City for the purpose of formally initiating the City’s land use approval process. Such City land use approval process includes any and all review for purposes of compliance with the State Environmental Policy Act “SEPA”), chapter 43.21C RCW. The Conceptual Site Plan is subject to the following constraints:

4.4.1 Each Phase Parcel for which a Conceptual Site Plan is submitted must include at least ten (10) acres of the Optioned Property. The Port agrees to cooperate with the Developer on any submittals that are necessary to create a legal parcel for each Phase Parcel.

4.4.2 Each Conceptual Site Plan must include the following elements detailed in a sufficient manner to enable the Port to be made fully aware of the scope, design, and construction of each Phase Parcel of the Project:

- (a) The preliminary legal description and survey map of the proposed Phase Parcel; and
- (b) The proposed overall site layout, including building type and purpose, building square footage, building height, number of parking spaces, and depictions that show building setbacks in relation to the proposed Phase Parcel.

4.5 The Port, at its discretion, may review and comment in writing on Developer’s submittal as soon as reasonably possible, but in no event later than ten (10) business days following its receipt of the Conceptual Site Plan. If the Port does not timely reply with any comment, the Developer’s submittal shall be deemed acceptable to the Port. The Port may suggest what changes it would like to see incorporated into the Conceptual Site Plan to ensure compatible land use throughout New Market Industrial Campus and to ensure compliance with all future ground lease requirements. Throughout the City’s development approval process, including any and all SEPA elements, any documents, revised plans, or specifications required by the City or other jurisdictions from the Developer throughout the process shall also be provided in a timely manner to the Port.

5. 5. Ground Lease for each Phase. Section 5 is deleted in its entirety and is replaced with the following:

5. Ground Lease for each Phase Parcel; Definitions.

5.1 “**Ground Lease**” shall mean a land lease with the Port of the portion of Optioned Property for which a Site Development Plan and/or Building Plan has been approved by the City, and for which the City has advised the Developer that all required permits are ready to issue, and further including all necessary permits and/or approvals from federal, state, and local agencies with jurisdiction. A Ground Lease (as further defined in Section 9 below) shall be created for each separate Phase Parcel, and initiated in accordance with the timing required in Section 5.2 below. The “**Leased Premises**” shall be that portion of Optioned Property that will become subject to the ground lease.

5.2 Not later than thirty (30) days following notice from City to Developer that all required permits for the applicable Phase Parcel are ready to issue (“**Ready to Issue**”), including all necessary permits and/or approvals from federal, state, and local agencies with jurisdiction, the proposed Ground Lessee (as defined in Section 5.4 below) and Port shall commence the writing of a Ground Lease Draft (“**Ground Lease Draft**”) for leasing such Phase Parcel, in accordance with this section and Section 9 below.

A mutually agreed upon form of ground lease was approved by the Port Commission on July 12, 2021 in accordance with the original Option Agreement, as amended. This form of ground lease was further amended by the Port Commission on December 11, 2023 and is the current form of ground lease as of this Seventh Amendment. See Exhibit A to this amendment. This most recent form of ground lease shall serve as the basis for the Ground Lease Draft process unless and until an alternate form is mutually agreed to by the Developer and the Port, and approved by Port Commission action.

If the Parties are unable to agree upon a Ground Lease Draft within sixty (60) days of the City’s Ready to Issue notice, either party may terminate that Phase Parcel development with written notice to the other party, the Intent to Exercise for that Phase Parcel shall be deemed withdrawn, and both parties will be absolved from any further liabilities hereunder from the date of termination. The failure of the parties to agree upon a Ground Lease Draft for a given Phase Parcel will not be a default under this Agreement, the Option Agreement remains in full force and effect for the Phase Parcel that was contemplated for the related Conceptual Site Plan, and the Developer maintains the right to an Intent to Exercise of the withdrawn Phase Parcel at a later date.

5.3 The term “**Affiliate**” as used in this Agreement shall be defined as any Person, directly or indirectly controlling or controlled by, or under direct or indirect common control with, or managing another Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, or participate in the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees, membership or officers, by contract or otherwise. As used herein, the term “**Person**” shall mean and refer to an individual, partnership, corporation, company, limited liability company, association, trust, unincorporated

organization or any other entity or organization, including a government or agency or political subdivision thereof.

5.4 Developer shall be entitled to create a separate legal entity to be identified as the lessee for each Ground Lease (which shall not constitute an assignment hereof) so long as such legal entity is an Affiliate of the Developer. Developer, if it is the entity entering into a Ground Lease, or Developer's Affiliate, shall be the "**Ground Lessee**" for purposes of this Agreement. Developer shall execute (or cause the Ground Lessee to execute) a separate Ground Lease for each Phase Parcel with a Conceptual Site Plan. In addition, if a Phase Parcel is to be developed with more than one building, the Developer (or its designated Affiliate) and the Port may, at the Developer's discretion, enter into a separate Ground Lease for each "sub-parcel" (which shall mean, at a minimum, a separate legal parcel) of the Phase Parcel on which a separate building is constructed, so long as each sub-parcel complies with all of the requirements of Section 4 of this Agreement relating to an individual Phase Parcel, including compliance with all applicable laws and the Conceptual Site Plan.

5.5 Execution of the Ground Lease by the Port Commission is addressed in Section 9.

6. 6. Option Fee, Increased Option Fee. Section 6 is deleted in its entirety and is replaced with the following:

6. Option Fee; Option Payment Date; Increased Option Fee.

6.1 During the Option Term, as consideration for the Option and other rights granted herein (including the right of first refusal granted in Section 21), Developer shall pay the Port monthly payments equal to eight and a half percent (8.5%) of the then-current Base Rent (as defined in Section 7 below) for any portion of the Optioned Property that has not yet become part of the Leased Premises ("**Option Payment**"). The Option Payment shall be calculated by taking the total square feet of the Optioned Property minus the total square feet of the Leased Premises and multiplying the difference by 8.5% of the then-current Base Rent, then dividing the product by twelve.

6.2 Example. (Note: The future formal update of Exhibit A to the Option to Lease Agreement, per Recitals, Section A. of this Amendment, will determine the controlling acreage and square feet of the Optioned Property. For the purpose of this example, 196 acres is assumed.) The initial monthly Option Payment due on the Option Payment Date (as defined in this section below) is Twenty-Nine Thousand, Twenty-Eight and 38/100 Dollars (\$29,028.38), which represents 8,537,760 square feet (equivalent to 196 acres) multiplied by \$0.48 per square foot per year triple net (the "**Initial Base Rent**," as defined in Section 7.3 below) multiplied by 8.5%, with the product divided by twelve.

6.3 Option Payments and Habitat Plan Applicability. Developer's Option Payment for the entirety of the Optioned Property will be due on the last day of the month following the Habitat Plan Completion Date (as defined in Section 3.3 above) (the "**Option Payment Date**"). The Port

shall issue a written memorandum or notice to the Developer to establish the initial Option Payment Date. Exception: Prior to the Habitat Plan Completion Date, the Developer shall make Option Payment(s) in accordance with the remainder of Section 6.3 below.

6.3.1 Phase Parcel Habitat Plan Exemption Certification Requirements. A Phase Parcel is exempt from compliance with the Habitat Plan if and when the City provides written notice of Formal Site Plan Approval to the Developer in accordance with the Tumwater Municipal Code development regulations, identifying that the City’s exemption requirements have been met, which must include successful completion of the SEPA determination process through issuance of a Determination of Non-Significance (DNS) or Mitigated Determination of Non-Significance (MDNS), plus expiration of the appeal filing period, and final resolution of any related appeals. The specific date when the City issues Formal Site Plan Review Approval is the “**City Habitat Plan Exemption Certification Date.**”

6.3.2 Pro Rata Share Determination. For any portion of the Optioned Property certified as exempt from the Habitat Plan, that portion’s pro rata share of the Option Payment due will be calculated by dividing the acreage of the portion in question by the acreage of the total Optioned Property. The pro rata Option Payment due will be the resulting acreage percentage value, multiplied by the full Option Payment due for the entire Optioned Property (currently \$29,028.38). The Option Payment due for the remaining Optioned Property will be reduced by any pro rata payment amount.

6.3.3 Option Payments for Exempt Parcels. For any portion of the Optioned Property certified as exempt from the Habitat Plan, the initial pro rata Option Payment will be due on the last day of the month following the City Habitat Plan Exemption Certification Date as defined in Section 6.3.1 (the “**Phase Parcel Option Payment Date**”). The Port shall issue a written memorandum or notice to the Developer to establish the initial Phase Parcel Option Payment Date.

6.4 The Option Payments shall be due on the last day of each month, effective the first month of the Option Payment Date, or Phase Parcel Option Payment Date, and continuing every month of the Option Term until the Expiration Date; provided, however, no Option Payment will be due for any Leased Premises, and all Option Payments will terminate upon the Parties entering into an executed Ground Lease or Ground Leases totaling a cumulative amount of at least forty (40) acres of the Optioned Property. The termination date in such a case is the date of the last Ground Lease Execution(s) that achieves a minimum of at least forty (40) acres of Leased Premises. The Developer may, but is not obligated to, exercise the Option as to all of the Optioned Property.

6.5 Option Payments will equal the amount identified in Section 6.2 for a period of three (3) years subsequent to the Habitat Plan Completion Date (as defined in Section 3.3). The Option Payment will increase on the first day of the first month after the beginning of the fourth year subsequent to the Habitat Plan Completion Date to \$0.528 per square foot per year for each square foot of Option Property that is still subject to this Option Agreement, and will be calculated in accordance with the formula in Sections 6.1–6.2.

7. **7. Base Rent.** Section 7 is deleted in its entirety and is replaced with the following:

7. Base Rent.

7.1 Unless otherwise specified herein, all references to “**Base Rent**” herein shall mean the Base Rent and other charges payable to the Port by the tenant under the terms of the Ground Lease.

7.2 The Base Rent commencement date shall be the date identified in each executed Phase Parcel Ground Lease. From the date of this Seventh Amendment forward, the Ground Lessee’s obligation to pay Base Rent shall commence at the earlier of (a) the date a tenant is issued a temporary Certificate of Occupancy by the City of Tumwater, or (b) Fourteen (14) months from the commencement date of the Lease term, as specified in the Ground Lease.

7.3 Based on fair market valuation of like properties without habitat mitigation requirements, the initial Base Rent for the first Phase Parcel Ground Lease will be Forty-Eight Cents (\$0.48) per square foot per year (triple net) of **Usable Property** (as defined in the Ground Lease).

7.4 The initial Base Rent for any subsequent Ground Lease that is executed within three (3) years of the Habitat Plan Completion Date (as defined in Section 3.3) shall also be Forty-Eight Cents (\$0.48) per square foot per year (triple net) of **Usable Property** (as defined in the Ground Lease). The Base Rent for any Ground Lease that is executed on or after the beginning of the fourth year subsequent to the Habitat Plan Completion Date will be \$0.528 per square foot per year (triple net) of **Usable Property** (as defined in the Ground Lease).

7.5 Each Ground Lease will provide that the Base Rent will increase by ten percent (10%) every five (5) years of the term of the Ground Lease, and will be readjusted starting in year 26 of each Ground Lease term, and every five (5) years thereafter, based on fair market rent, as defined in the Ground Lease. All rent payable during the Ground Lease term will be set forth in the Ground Lease.

8. **8. Good Faith Deposit.** Section 8 is deleted in its entirety and is replaced with the following:

8. Due Diligence Period; Reports; Good Faith Deposit.

8.1 The Developer will have the right to conduct a review of the Option Property (“**Due Diligence**”). During the Due Diligence Period, as defined below, the Developer will be obligated to complete, at its own cost, all Due Diligence studies that the Developer deems necessary to properly determine the feasibility for developing the Option Property. At a minimum the Developer must complete: a boundary survey, Phase 1 Environmental Study, Minimum Winter Water Table Monitoring (from October to March) study, Geotech report, and any necessary

research of applicable City zoning, land use requirements, and code requirements that may be applicable to the development of the Option Property (the “**Due Diligence Reports**”). Development of the Option Property is expressly contingent upon the Developer securing the Due Diligence Reports and that the results indicate that Project feasibility is positive.

8.2 Following the Habitat Plan Completion Date (as defined in Section 3.3 herein), the Developer shall determine, in its sole discretion, whether the development of that portion of the Premises subject to the Habitat Plan remains feasible in light of Habitat Plan requirements and the availability of mitigation credits, the City’s development regulations for the Project, and the FAA-approved Olympia Regional Airport Layout Plan. The Developer shall complete an analysis of the Due Diligence Reports, Habitat Plan requirements, and all other conditions and contingencies in a timely manner to meet the reporting requirement of Section 8.3 below.

8.3 The time period portion of the Option Term required to complete Due Diligence in accordance with Sections 8.1 and 8.2 above is the “**Due Diligence Period**”. For that portion of the Optioned Property subject to the Habitat Plan, the Due Diligence Period ends sixty (60) calendar days after the Habitat Plan Completion Date (as defined in Section 3.3), including all of the approvals as specifically defined in Section 3.3 (i), (ii), and (iii) having been obtained (the “**Due Diligence Period End Date**”).

For those Phase Parcels of the Optioned Property that are certified exempt from Habitat Plan compliance, the Due Diligence Period ends upon the City Habitat Plan Exemption Certification Date (as defined in Section 6.3.1) (the “**Habitat Plan Exempt Due Diligence Period End Date**”).

8.4 During the Due Diligence Period, Developer may terminate this Option Agreement for all Optioned Property, except for any Leased Premises at its sole and absolute discretion, if it determines that the Project cannot be developed for economic reasons by giving the Port written notice of its election to terminate on or before the Due Diligence Period End Date or the Habitat Plan Exempt Due Diligence Period End Date (“**Termination Letter**”). The Termination Letter must state the economic reason(s) upon which the Developer has determined that the Project cannot be developed.

8.5 Developer has delivered to the Port, with the execution of the Option Agreement on July 13, 2020, a Promissory Note in the principal sum of One Hundred Thousand Dollars (\$100,000.00) as a good faith deposit (“**Good Faith Deposit**”) upon execution of the Option Agreement. The Promissory Note is attached to the Option Agreement as Exhibit B and incorporated therein by reference.

8.6 At any point during the Option Term while the Option Agreement remains in full force and effect, Developer will replace the Good Faith Deposit, or portions thereof, with a cash deposit (“**Cash Deposit**”) that corresponds with those portions of the Optioned Property in accordance with the remainder of Section 8.6 below. The Port shall issue a written notice to the Developer to identify the due date and amount for any Cash Deposit.

8.6.1 Pro Rata Share Determination. Should any portion of the Optioned Property be certified as exempt from the Habitat Plan, the Cash Deposit amount will be calculated by

dividing the acreage of the portion in question by the acreage of the total Optioned Property and multiplying the acreage percentage value by \$100,000. The Good Faith Deposit balance will be reduced by the same amount. At any point after transmission of the Cash Deposit, Developer may elect to replace the existing Promissory Note with a new Promissory Note to reflect the reduced Good Faith Deposit amount.

8.6.2 For those portions of the Optioned Property, that are certified as exempt from compliance with the Habitat Plan, the Cash Deposit will be due on the last day of the month following the City Habitat Plan Exemption Certification Date.

8.6.3 For that portion of the Optioned Property that must comply with the Habitat Plan, the Cash Deposit equal to the balance of the remaining Good Faith Deposit will be due on the last day of the month following the Due Diligence Period End Date.

8.7 If the Developer delivers a Termination Letter to the Port for all or any portions of the Optioned Property remaining after the subtraction of any Leased Premises, the Port will return the remaining Good Faith Deposit to Developer. Developer shall deliver the Due Diligence Reports to the Port.

8.8. The Good Faith Deposit will be refundable until the later of (a) the Developer's termination of the Option Agreement within the Due Diligence Period (as defined in this Section 8), (b) the Habitat Plan Exempt Due Diligence Period End Date, for those parcels exempt from the Habitat Plan, or (c) the Due Diligence Period End Date, for that portion of the Optioned Property subject to the Habitat Plan. Cash Deposits, once made, are not refundable; provided, however, that if Developer has satisfied all conditions precedent to Ground Lease Execution (as defined below) and the Port refuses to execute a Ground Lease for reasons other than a good faith dispute regarding compliance with the terms of this Option Agreement, the Cash Deposit shall remain refundable.

9. **9. Ground Lease; Closing.** Section 9 is deleted in its entirety and is replaced with the following:

9. Ground Lease Execution.

9.1 Execution of a Ground Lease ("**Ground Lease Execution**") for a specific Phase Parcel shall take place before the Developer takes receipt of the relevant land use approvals and/or required permits to commence construction. At Ground Lease Execution:

9.1.1 Ground Lease. The Port shall execute, and Developer shall cause Ground Lessee to execute, a Ground Lease on a form agreed upon by the parties (reference Section 5 and the Ground Lease Draft) and complete the Ground Lease Execution as specified in this Section 9. At Developer's request, a Ground Lease may be executed for any portion of a Phase Parcel meeting the requirements of Section 4 above if Developer provides a separate legal description and survey and a separate Conceptual Site Plan for each such portion.

9.1.2 Leased Premises. Upon execution of the Ground Lease for each Phase Parcel or portion thereof, the portion of Optioned Property comprising that Phase Parcel (the “**Leased Premises**”) will no longer be considered Optioned Property and will not be subject to the terms of this Option Agreement nor the Option Payments.

9.1.3 Memorandum of Ground Lease. The Port shall execute, and the Developer shall cause Ground Lessee to execute, a Memorandum of Ground Lease (in the form attached as an exhibit to the Ground Lease), in recordable form, for recordation in the Official Records of Thurston County, Washington.

9.1.4 Title Insurance. The Port will obtain directly from the title insurance company and deliver at each Ground Lease Execution a “dated down” title commitment prepared by First American Title Insurance Company, or such other title insurer agreed upon by the parties, for the issuance of a policy of title insurance (subject only to execution of the Ground Lease and recordation of a Memorandum of Ground Lease) insuring Developer’s (or Ground Lessee’s, as applicable) leasehold interest in the Phase Parcel, subject only to the exceptions to title (relating only to the specific Phase Parcel) approved in accordance with the procedures set forth in Section 11 below. The costs for such policy of title insurance shall be paid by the Developer or Ground Lessee, as applicable, at or prior to the issuance of the policy.

9.1.5 Other Documents. The Port shall execute, and the Developer shall cause the Ground Lessee to promptly execute, any and all further customary instructions or documents which may be reasonably required to facilitate a Ground Lease Execution within the time period herein provided. The Port’s obligations under this Section 9 shall include, but not be limited to, the execution and delivery of an estoppel certificate in favor of Ground Lessee’s lender or prospective lender, so long as the terms of such estoppel certificate are commercially reasonable.

9.2 Ground Lease Payment Obligation. Should a Ground Lease Execution not occur, or should the Developer not take receipt of all permits necessary for construction, the Term Commencement Date as defined within the approved form of Ground Lease has therefore not yet been established. In such case, there shall be no obligation on the part of the Developer to commence ground lease payments until both a Ground Lease Execution and a Term Commencement Date have been achieved, so long as an Option Payment continues to be paid during the Option Term.

9.3 In connection with the Ground Lease Execution for each Conceptual Site Plan, Ground Lessee shall deliver Security to the Port within two (2) business days of the Ground Lease Execution Date to secure Ground Lessee’s performance of the Ground Lease. “**Security**” shall mean an amount or obligation sufficient to cover the sum of the Base Rent for one year of the lease term. The obligation to deliver Security can be fulfilled by one of the following means: (i) delivery of an irrevocable stand-by letter of credit issued by a bank in a form reasonably approved by the Port; (ii) establishment of a custodial deposit account; (iii) delivery to the Port of a cash deposit; (iv) delivery of rental insurance in a form and from a company reasonably approved by the Port, or (v) delivery of a bond issued by an approved bonding company. The Security will be held by the Port for the duration of the Ground Lease to secure the performance of any and all of the obligations of the Developer or Ground Lessee (as the case may be) under the Ground Lease.

9.4 In connection with each Ground Lease Execution, the Developer shall provide the Port with the name of the Ground Lessee's general contractor. The general contractor will, at a minimum, be a bonded and insured contractor licensed in the state of Washington.

10. 22. Notices. The existing Notice addressees for the Port, the Attorney for the Port ("With a copy to"), the Developer, and the Attorney for the Developer ("With a copy to"), respectively, are deleted and replaced with the following:

Port: Port of Olympia
606 Columbia Street NW, Suite 300
Olympia, WA 98501
Attn: Real Estate Senior Manager

With a copy to: Dickson Frohlich Phillips Burgess PLLC
111 21st Avenue SW
Olympia, Washington 98501
Attn: Chris Pierce-Wright

Developer: SSECC PDC, LLC
1201 Pacific Avenue, Suite 1700
Tacoma, WA 98402
Attention: Bart Brynestad or Travis Hale

With a copy to: Albert & Coss, LLP
550 Howe Avenue, Suite 100
Sacramento, CA 95825
Attention: Anthony Coss

11. Option Agreement Terminology Change. In each of the following Option Agreement Sections, the phrase "Ground Lease Closing," wherever it shall appear, shall be wholly replaced with "Ground Lease Execution," as defined by this Seventh Amendment:

- 11.1 Section 10.1
- 11.2 Section 18.2
- 11.3 Section 33.2
- 11.4 Section 33.4
- 11.5 Section 33.5

12. Recording. A Memorandum of this Amendment will be recorded in the form attached hereto as **Exhibit B.**

13. Special Circumstances, Certain Phase Parcels. Notwithstanding the foregoing, two Phase Parcels within the Optioned Property merit special additional consideration. Certain parcels may be certified exempt from the Habitat Plan while still under the stipulations and requirements of the original Option Agreement, when such an exemption was not considered or provided for within the Option Agreement. Although the revised Option Agreement stipulations of this Seventh Amendment address such contingencies prospectively, specific exceptions to the revised Sections of this Seventh Amendment will apply for each of two specific Phase Parcels respectively, as follows:

13.1 South Sound Commerce Center (“SSCC”) Phase Parcel. This 29.27-acre Phase Parcel, located west of Center Street NW in the New Market Industrial Campus, is identified as Lot 1 on Page 3 of Thurston County Record of Survey 4929676, as recorded on May 3, 2022. The City has previously provided the Developer with a Formal Site Plan Approval dated March 15, 2023 under the Tumwater Municipal Code development regulations for this parcel and this parcel is therefore certified exempt from the Habitat Plan.

13.1.1 Ground Lease Draft. The Port Commission approved a modification to the form of Ground Lease for this Phase Parcel on December 11, 2023. Notwithstanding revised Section 5.2 above, the jurisdictional approvals and permits for this Phase Parcel are now ready for issuance by the City. The proposed Ground Lessee (as determined by the Developer) and the Port will commence the creation of a Ground Lease Draft within thirty (30) days of the Effective Date of this Seventh Amendment.

13.1.2 Habitat Plan Exempt Due Diligence Period End Date. Notwithstanding revised Section 8.3 above, the Phase Parcel Due Diligence End Date shall be the Effective Date of this Seventh Amendment.

13.1.3 Phase Parcel Good Faith Deposit Due. Notwithstanding yet in accordance with revised Section 8.6 above, the SSCC Phase Parcel comprises 14.93% of the Optioned Property. A Cash Deposit of \$14,933.67 is therefore due to the Port on the last day of the month following the Effective Date of this Seventh Amendment. The remaining Good Faith Deposit balance will then be \$85,066.33.

13.1.4 Option Fee and Payment. Notwithstanding revised Section 6 above, the Port acknowledges that the Developer has undertaken significant expense, at its own costs, to demonstrate that this Phase Parcel is exempt from the Habitat Plan, which has since been certified by the City. Such exemption is expected to result in an earlier Ground Lease, directly benefitting the Port, than would have otherwise been possible. Additionally, the Developer will undertake significant improvements to Center Street SW as a City condition for the development of the SSCC Phase Parcel, with no upfront funding provided by the Port, as memorialized in the SSCC Form of Ground Lease approved by the Port Commission on December 11, 2023. Accordingly, the Port

agrees to waive the Option Payment for this Phase Parcel in full, subject to the Developer taking receipt of all City permits necessary for the construction of this Phase Parcel (the Ground Lease Term commencement date) no later than July 1, 2025. If said permits have not been received by the Developer by that date, a pro rata Option Payment will become due and payable monthly beginning July 1, 2025.

- 13.1.5 Ground Lease Payment Obligation. Should the Option become due and payable on July 1, 2025, the Term Commencement Date will therefore not have been established in accordance with the terms of the Ground Lease. In that event, there shall be no obligation on the part of the Developer to commence ground lease payments until both a Ground Lease Execution and a Term Commencement Date have been achieved, so long as the Option Payment continues to be paid during the Option Term.
- 13.2 Center Street Commerce Center (“CSCC”) Phase Parcel. This 20.31-acre Phase Parcel, located north of 83rd Avenue SW and west of Center Street NW behind, and not including, the International Wood Products leasehold property in the New Market Industrial Campus, is the western portion of the parcel identified as Lot 2 on Page 3 of Thurston County Record of Survey 4929676, as recorded on May 3, 2022.
- 13.2.1 Phase Parcel Habitat Plan Exemption Certification. Formal City certification that this parcel is exempt from the Habitat Plan is dependent upon the City issuing Formal Site Plan Approval under ~~Title 14~~ of the Tumwater Municipal Code development regulations for this Phase Parcel, to include successful completion of the SEPA process, expiration of the appeal filing period, and final resolution of any related appeals. Given that the requirements of Section 4.4 above have not yet been initiated, it is not known at this time when the City will provide notice of Formal Site Plan Approval.
- 13.2.2 Ground Lease. The Ground Lease Draft and Execution shall be in accordance with revised Section 5, and Section 9 above.
- 13.2.3 Habitat Plan Exempt Due Diligence Period End Date. The Habitat Plan Exempt Due Diligence End Date for this Phase Parcel shall be as defined in Section 8.3 above.
- 13.2.4 Phase Parcel Good Faith Deposit Due. Notwithstanding, yet in accordance with revised Section 8.6 above, the CSCC Phase Parcel comprises 10.36% of the Optioned Property. A Cash Deposit cash payment of \$10,362.24 is therefore due to the Port on the last day of the month following the relevant Habitat Plan Exempt Due Diligence End Date. The remaining Good Faith Deposit shall be reduced by the same amount when the Cash Deposit is made.

13.2.5 Option Fee and Payment. Notwithstanding but in accordance with revised Section 6 above, the Port acknowledges that the Developer has undertaken additional expense, at its own costs, to demonstrate that this Phase Parcel may be exempt from the Habitat Plan, which may be certified by the City. Such an exemption from the Habitat Plan could result in an earlier Ground Lease, directly benefiting the Port, than would have otherwise been possible had the Habitat Plan been required for this Phase Parcel. Accordingly, the Port agrees to waive the Option Payment for this Phase Parcel until the earlier of the Habitat Plan Completion Date (as defined in Section 3.3) – or – three (3) months after the City’s certification that this Phase Parcel is exempt from the Habitat Plan. The pro rata Option Payment for this Phase Parcel, subject to a final Phase Parcel size determination agreeable to all parties, shall be \$3,007.34 per month, as calculated under Section 6.3.2, due beginning on the last day of the month after the Habitat Plan Completion Date or the three-month period noted in the preceding sentence.

13.3 After accounting for adjustments to the Option Payment to account for the SSCC and CSCC Phase Parcels, the Option Payment Fee, subject to a final Phase Parcel size determination agreeable to all parties, for the remaining Optioned Property will be \$21,687.10 per month.

14. Joint Commitment to Address Community Amenity. Developer and Port commit in earnest to advance the effort to identify a suitable location within the New Market Industrial Campus for the siting of a community amenity with specific effort directed toward a tourism facility consistent with the Port’s legal obligations and authority, including RCW 53.08.255, and requirements imposed by the relevant permitting agencies, including the City of Tumwater.

15. Full Force and Effect. The rest and remainder of the Option Agreement and any amendment thereto shall remain in full force and effect and is affirmed and ratified by the signature of the parties.

PORT OF OLYMPIA, a Washington
municipal corporation

SSECC PDC, LLC, a Delaware limited
liability company

By: Alexandra K. Smith
Title: Executive Director
Date: _____

By: _____
Its: _____
Date: _____

Approved as to Form:

By: _____
Chris Pierce-Wright
Dickson Frohlich Phillips Burgess PLLC
Attorneys for Port of Olympia

Date: _____

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

On this _____ day of _____, 2025, personally appeared before me Alexandra K. Smith, to me known to be the Executive Director at the Port of Olympia, the municipal corporation named in the within and foregoing **Seventh Amendment to Option to Ground Lease Agreement**, and acknowledged to me that she signed the same on its behalf, as she is so authorized to do, as her free and voluntary act and deed for the uses and purposes therein mentioned.

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

(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 of _____, 2025, personally appeared before me _____, to me known to be the _____ at the entity named in the within and foregoing **Seventh Amendment to Option to Ground Lease Agreement**, and acknowledged to me that he signed the same on its behalf, as he is so authorized to do, as his free and voluntary act and deed for the uses and purposes therein mentioned.

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

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

Return Address:

Albert & Coss, LLC 550 Howe Ave.,
Suite 100 Sacramento, CA 95825

Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document **must** be filled in)

- 1. Memorandum of Option Agreement Amendment
- 2. _____
- 3. _____
- 4. _____

Reference Number(s) of Documents assigned or released:

Additional reference #'s on page _____ of document

Grantor(s) Exactly as name(s) appear on document

- 1. Port of Olympia, a Washington municipal corporation
- _____, _____ Additional names on page _____
- _____ of document.

Grantee(s) Exactly as name(s) appear on document

- 1. SSECC PDC, LLC, a Delaware limited liability company
- _____, _____ Additional names on page _____
- _____ of document.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Please see Exhibit A attached hereto

Additional legal is on page _____ of document.

Assessor's Property Tax Parcel/Account Number
assigned

Assessor Tax # not yet

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

"I am signing below and paying an additional \$50 recording fee (as provided in RCW 36.18.010 and referred to as an emergency nonstandard document), because this document does not meet margin and formatting requirements. Furthermore, I hereby understand that the recording process may cover up or otherwise obscure some part of the text of the original document as a result of this request."

Signature of Requesting Party

Note to submitter: Do not sign above nor pay additional \$50 fee if the document meets margin/formatting requirements

EXHIBIT B

MEMORANDUM OF OPTION TO GROUND LEASE

This Memorandum of Seventh Amendment to Option to Ground Lease (“Memorandum”), dated as of March ____, 2025, is entered into by and between SSECC PDC, LLC, a Delaware limited liability company, or its assigns (“Optionee”) and PORT OF OLYMPIA a Washington municipal corporation (“Optionor”).

- 1 Optionor owns fee title in that certain real property located in the City of Tumwater, Thurston County, State of Washington, as is more particularly described in Exhibit A attached hereto and incorporated herein (“Land”).
- 2 On even date herewith, Optionor entered into that certain Seventh Amendment to Option to Ground Lease Agreement with Optionee (the “Option Amendment”) wherein Optionor granted to Optionee the option to ground lease Optionor’s interest in the Land in phases, subject to the Optionor’s ownership interest therein.
- 3 The option term previously commenced on July 13, 2020, and expires on July 12, 2031.
- 4 This Memorandum is solely for recording purposes and shall not be construed to supplement, amend, or otherwise modify the terms and conditions contained in the Option Amendment.
- 5 This Memorandum and the Option shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns, subject, however, to the provisions of the Option Amendment regarding Assignment.
- 6 This Memorandum and the Option are governed by the laws of the State of Washington.

[Signatures are on the next page]

SIGNATURE PAGE
to Memorandum of Seventh Amendment to Option to Ground Lease

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date set forth above.

ALL SIGNATURES MUST BE NOTARIZED

OPTIONOR:

PORT OF OLYMPIA, a Washington
municipal corporation

By: _____
Name: Alexandra Smith
Title: Executive Director
Date: _____

OPTIONEE:

SSECC PDC, LLC, a Delaware limited
liability company

By: _____
Name: _____
Title: _____
Date: _____

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

On this _____ day of _____, 2025, personally appeared before me Alexandra K. Smith, to me known to be the Executive Director at the Port of Olympia, the municipal corporation named in the within and foregoing **Exhibit B Seventh Amendment to Option to Ground Lease Agreement**, and acknowledged to me that she signed the same on its behalf, as she is so authorized to do, as her free and voluntary act and deed for the uses and purposes therein mentioned.

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

(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 of _____, 2025, personally appeared before me _____, to me known to be the _____ at the entity named in the within and foregoing **Exhibit B Seventh Amendment to Option to Ground Lease Agreement**, and acknowledged to me that he signed the same on its behalf, as he is so authorized to do, as his free and voluntary act and deed for the uses and purposes therein mentioned.

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

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

EXHIBIT A

PROPERTY DESCRIPTION

An area generally defined within the following lat/long coordinates consisting of 199.7 acres (to be updated by survey):

-122.9181449870989,46.97445403928667,0 -122.918126184653,46.9744155911654,0 -
122.9181094329955,46.97439019028343,0 -122.9180824150724,46.97436862912397,0 -
122.9180508586405,46.97434937482596,0 -122.9180006879918,46.97433131969058,0 -
122.9179090453607,46.97432390529789,0 -122.9157475060865,46.97425267719502,0 -
122.9157517465519,46.97519755413043,0 -122.9168255326571,46.97519926423038,0 -
122.9168182951563,46.97684639315099,0 -122.9176186977606,46.97687240270389,0 -
122.9179362034469,46.97688245258951,0 -122.9179892271053,46.97687870023519,0 -
122.91804423889,46.97685867533864,0 -122.9180807979116,46.97683497961161,0 -
122.9181173750488,46.97680255977691,0 -122.9181319560193,46.97675521408097,0 -
122.9181449870989,46.97445403928667,0

-122.9221247334687,46.9783366026717,0 -122.9221194553751,46.97944094683925,0 -
122.9243597865391,46.97944643201998,0 -122.9243616738738,46.97932626922529,0 -
122.9263750686766,46.97933532301744,0 -122.9265338660469,46.97924100179549,0 -
122.9267215050813,46.9791313586817,0 -122.9268686441753,46.97905257954449,0 -
122.9270198558356,46.97897434050166,0 -122.9271846237152,46.97889790411191,0 -
122.9273584813717,46.97881573229529,0 -122.9275682826919,46.97872869202044,0 -
122.9276893870783,46.97867551149022,0 -122.9278916140402,46.97859470864942,0 -
122.9280660207262,46.97850997297874,0 -122.9282246521104,46.97840813585189,0 -
122.9283894704565,46.97827651136011,0 -122.9285483382191,46.97812609119382,0 -
122.9286323369337,46.97801926971167,0 -122.9287940285024,46.97778584683775,0 -
122.9289580588839,46.97755590230222,0 -122.9291186198187,46.97731925775452,0 -
122.9292465043891,46.97712417208128,0 -122.9294246818964,46.97684306414455,0 -
122.9296552855228,46.97644484655195,0 -122.9299672921618,46.97584009632366,0 -
122.9301334558995,46.97549275229519,0 -122.9303328302989,46.97501473186455,0 -
122.9280778049218,46.97505700605377,0 -122.9280302229434,46.97517459711189,0 -
122.9279133158301,46.9754332406396,0 -122.9278329559126,46.97560526975834,0 -
122.9275879234481,46.97594831533962,0 -122.9273198006584,46.97619131036824,0 -
122.9270618057497,46.97635173869111,0 -122.9263262596114,46.97671576336691,0 -
122.9255713977924,46.97698183282777,0 -122.9252213122651,46.97704774596738,0 -
122.9247689369235,46.97709063077096,0 -122.9245045059073,46.97709372704241,0 -
122.9189294972472,46.97707379095567,0 -122.9186103855252,46.97707902933757,0 -
122.9185344084369,46.97710149054189,0 -122.9185294529246,46.9783285643853,0 -
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-122.9246408382709,46.97698030013373,0 -122.9250001913767,46.97697909816262,0 -
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122.9257636408906,46.97681446314398,0 -122.9259483654679,46.97673586906872,0 -
122.9261832777796,46.97661362400062,0 -122.9263597724758,46.97652963750895,0 -

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122.9273097279995,46.97603704300953,0 -122.9275109108252,46.97580861476027,0 -
122.9277200026654,46.97549475725417,0 -122.9278115450553,46.9752807986154,0 -
122.9280295953647,46.97477504827145,0 -122.9282031519881,46.97435215430483,0 -
122.9283978814287,46.97382302070538,0 -122.9285144013419,46.97349022416218,0 -
122.9287317910986,46.97272233021923,0 -122.9287968922127,46.9723540258826,0 -
122.9288280923939,46.97199085195226,0 -122.9288593244573,46.97161659846025,0 -
122.9265576253984,46.97159869790615,0 -122.926552361844,46.97300726086187,0 -
122.9241087977099,46.97299918307114,0 -122.9241170789159,46.97143979079486,0 -
122.9286901803042,46.97146019160675,0 -122.9288541962233,46.97143387095037,0 -
122.9288709550797,46.97138157768874,0 -122.9289299058387,46.96949044002292,0 -
122.9237125697804,46.96951010327486,0 -122.9237292693752,46.96734609371355,0 -
122.9198100457169,46.96735181905387,0 -122.9197051808261,46.9714918412101,0 -
122.9185607435818,46.97150393898003,0 -122.918556211422,46.97302353952202,0 -
122.9214525653144,46.97302997808913,0 -122.9214430547942,46.97412569045547,0 -
122.9211201221373,46.97412438239055,0 -122.9211082874535,46.97557686609878,0 -
122.9185390118283,46.97557416092898,0 -122.9185271416951,46.97699744855844,0 -
122.9246408382709,46.97698030013373,0

COVER MEMO

Briefing Date/Time: March 10, 2025

Staff Contact/Title: Chris Paolini, Airport Senior Manager, 360.528.8074,
chrisp@portolympia.com

Subject: Airport Capital Project Contract Award: Runway 17-35
Pavement Rehabilitation and Electrical Improvements

Purpose: Information Only Decision Needed

Overview:

- This is an Advisory agenda item before the Commission.
- No action required.
- A proposed Airport construction contract will be brought before the Commission on March 24, 2025, as an Action item.

Background and Purpose:

In 2005 an approximate 700-foot section of the southern portion of Runway 17-35 was paved under an FAA grant. This project was part of a multi-year runway realignment project. Due to new construction methods undergoing FAA testing at that time, this section of pavement has started to fail. The project being presented this evening includes rehabilitation of this pavement section. Also, as part of this project, we will replace the existing runway edge lighting with new energy efficient LED lighting and a modern lighting control system.

What this project does:

- Rehabilitates the primary runway to protect our Port asset
- Improves safety, operational reliability, and reduces Port liability
- Improves airport energy efficiency by reducing electricity usage

What this project does not do:

- Does not increase the length of the runway
- Does not increase pavement strength to support larger aircraft

Documents Attached:

PowerPoint presentation

Summary and Financial Impact:

A construction bid package was prepared, by our airport engineering consultant, for the proposed construction project and published by the Port on February 13, 2025. The bid period will close on March 13, 2025. As of March 4, 2025, forty-eight firms have downloaded the bid package. An FAA grant will provide funding for 95% of the project cost. We will also pursue a WSDOT Aviation grant later this year when the grant cycle opens, to fund up to 2.5% of the remaining 5% portion. Airport funds will be used to fund the remaining portion of the project.

Estimated Project Cost

Construction Cost (est):	\$3,000,000
Construction Management and engineering Costs (est):	\$ 300,000
TOTAL PROJECT COST (EST):	\$3,300,000

Estimated Project Funding Breakdown

<u>Total project cost (est):</u>	<u>\$3,300,000</u>
FAA grant funds (est):	\$3,135,000
<u>WSDOT grant funds (est):</u>	<u>\$ 82,500</u>
Airport funds (est):	\$ 82,500 (\$165,000 if no WSDOT grant)

Options with Pros and Cons:

1. Approve contract award to lowest responsive bidder
Result: Airport project moves forward as planned and timeline for FAA grant application will be met.
2. Do not approve contract award to lowest responsive bidder
Result: Airport project will not move forward as planned and the FAA grant opportunity may be lost.

Next Steps/Timeframe:

At the March 24, 2025 Commission meeting, Port staff will recommend Port Commission award the construction contract to the lowest responsive bidder and authorize the executive director to enter a contract with the construction firm.



PORT of OLYMPIA
Serving All of Thurston County

Airport Capital Project Contract Award: Runway 17-35 Pavement Rehab and Electrical Improvements

Chris Paolini
Airport Senior Manager
March 10, 2025



1



Today's Presentation

Advisory Only – No Action Required

Airport Capital Project Contract Award:
Runway 17-35 Pavement Rehabilitation
and Electrical Improvements



2

History

Runway 17-35 Pavement Rehabilitation and Electrical Improvements

- Original asphalt was paved in 2005
- Project was funded using FAA grant funds
- Original project was paved as part of a runway realignment
- Project used a new FAA construction method based on local soil type

3



3

Purpose

Runway 17-35 Pavement Rehabilitation and Electrical Improvements

Scope of Work

- Rehabilitate approximately 750 feet of pavement at the south end of Runway 17-35
- Replace existing runway edge lighting and control systems with new energy efficient LED runway lighting and up-to-date lighting control system

4



4

Location

Runway 17-35 Pavement Rehabilitation



5



5

Location

Runway 17-35 Electrical Improvements (edge lighting & control system)



6



6

Project Purpose

Runway 17-35 Pavement Rehabilitation and Electrical Improvements

What this project does:

- Rehabilitates the primary runway to protect our Port asset
- Improves aviation safety, reliability, and reduces Port liability
- Improves airport efficiency by reducing use of electricity

What this project does not do:

- Does not increase the length of the runway
- Does not increase pavement strength for larger aircraft

7



7

Project Purpose

Runway 17-35 Pavement Rehabilitation and Electrical Improvements



8



8

Project Purpose

Runway 17-35 Pavement Rehabilitation and Electrical Improvements



9



9

Project Status

- A bid package was published by the Port on February 13, 2025, and the bid period closes on March 13, 2025
- As of March 4, 2025, more than forty-eight (48) firms have downloaded the bid document

Anticipated Start Date:

- Construction will begin after September 1st, 2025 following the end of the Streaked Horned Lark breeding season

10



10

Project Cost

Runway 17-35 Pavement Rehabilitation and Electrical Improvements

Estimated Project Cost

▪ Construction Cost (est):	\$3,000,000
▪ Construction Management and engineering Costs (est):	\$ 300,000
TOTAL PROJECT COST (EST):	\$3,300,000

11



11

Project Funding

Runway 17-35 Pavement Rehabilitation and Electrical Improvements

- 95% FAA grant funded
 - Traditional FAA grants are 90% of project cost, however, the most recent FAA funding bill approved in 2024 authorized 95% grant funding for projects with grants awarded in 2025
- Up to 2.5% WSDOT Grant:
 - The Port will pursue a WSDOT grant later this year. This project will be eligible for a WSDOT grant covering up to 2.5% of total project cost
- 2.5-5% Airport funds

12



12

Project Cost

Runway 17-35 Pavement Rehabilitation and Electrical Improvements

Estimated Project Funding Breakdown

Total project cost (est):	\$3,300,000
FAA grant funds (est):	\$3,135,000
WSDOT grant funds (est):	\$ 82,500
Airport funds (est):	\$ 82,500

13



13

Commission Approval

Contract Award: Runway 17-35 Pavement Rehabilitation & Electrical Improvements

PORT of OLYMPIA POLICIES & PROCEDURES MANUAL		Page:	1 of 10
Section:	1000 CONTRACTS	Revision Date:	10/2019
Policy:	PUBLIC WORKS CONTRACTING PROCEDURES	Policy No.	1004
Approver:	COMMISSION	Resolution	Yes

POLICY:

+ **Signing Authority and Spending Thresholds for Public Work Contracts:**

\$0 to \$40,000 – No solicitation requirements apply, although it is best practice to use at least a roster procurement process (i.e. "rosters"). Port staff *may* perform Public Work projects with in-house resources.

\$0 to \$300,000 – Both formal, competitively bid or Small Works Roster contracts shall be authorized and executed by the Executive Director (see Policy #1002, "Small Works Roster Procedures").

\$300,000 or more - The Commission shall authorize all contracts prior to execution by the Executive Director.

The Commission shall authorize any change order if the new contract not to exceed amount exceeds \$300,000 or 10% of the Commission last approved amount. The Executive Director is authorized to execute change orders up to this threshold.


14



14

Commission Approval

FAA Grant Approval: Runway 17-35 Pavement Rehabilitation and Electrical Improvements

 PORT of OLYMPIA POLICIES & PROCEDURES MANUAL		Page:	1 of 1
Section:	1000 CONTRACTS	Revision Date:	10/2019
Policy:	GRANT APPLICATION & ACCEPTANCE	Policy No.	1008
Approver:	COMMISSION	Resolution	Yes

POLICY: The Port of Olympia may seek and apply for grant funding that will provide additional financial resources to the Port in carrying out its core mission, or for specific initiatives identified by the Port Commission. Grants applied for must be financially feasible to the Port's operation.

The Executive Director or designee is authorized to pursue and accept, without prior approval to the Commission, all grant opportunities, when the Grantor does not require official Commission action, under the following condition:

1. The program(s) or project(s) are listed in the Port Commission Adopted Annual Operating Budget or Capital Investment Plan.
2. The program(s) or project(s) are not listed in the documents noted in (1) above, *and* the grant requires a Port contribution of new capital funds or annual operating expenses estimated not to exceed \$300,000.

15



15

Next Steps

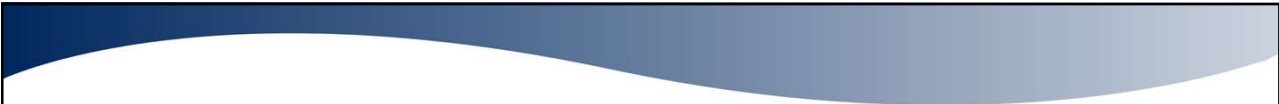
Future Commission action will be requested March 24, 2025

- Future Commission Action Requested
 - Award construction contract to lowest responsive bidder and authorize the executive director to enter contract with construction firm for bid amount

16



16



Questions and Comments

17

