

**PORT OF MANCHESTER
RESOLUTION NO. 04-25**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF MANCHESTER APPROVING
RENEWAL AND AMENDMENT TO GROUND LEASE
WITH FRIENDS OF THE MANCHESTER LIBRARY**

WHEREAS, Friends of the Manchester Library (FOML) desires to exercise their option to renew and amend the ground lease for the premises located at 8067 E Main St, Port Orchard, WA 98366 (Kitsap County Tax Parcel: 222402-2-031-2009), commonly known as the “Library”; and

WHEREAS, the initial terms of the lease were from August 13, 1979, through August 12, 2029; and

WHEREAS, Section Twenty of the 1979 Lease granted FOML a fifty (50) year renewal option, which vested upon execution of the original lease and remains in full force; and

WHEREAS, RCW 53.080 is silent regarding retroactive application to pre-existing lease options, and the parties affirm their intent to preserve and honor the renewal option as originally granted and vested; and

WHEREAS, the parties intend that this Agreement ensures compliance with RCW 53.080.080, RCW 53.08.085, and other applicable statutes, while preserving FOML’s contractual rights under the 1979 Lease; and

WHEREAS, FOML desires to exercise its option to renew for the full fifty (50) year period granted in Section Twenty, effective August 13, 2029, through August 12, 2079, and the parties mutually desire to record this election and modernization of the Lease now, without amending or diminishing the commencement or duration of the renewal term.

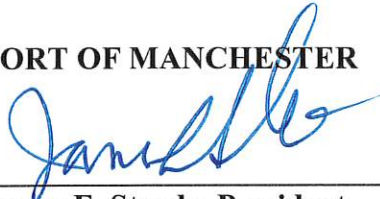
NOW THEREFORE BE IT RESOLVED for and in consideration of the mutual benefits contained herein, the Port of Manchester and Friends of the Manchester Library agree to the renewal terms and amendments attached as EXHIBIT A, which are hereby adopted and which shall be effective September 9, 2025.

THIS RESOLUTION was duly considered and approved by the Board of Commissioners of the Port of Manchester in a regularly scheduled open public meeting on September 8, 2025.

1. **Ratification.** Any act consistent with the authority granted pursuant to this Resolution occurring prior to the effective date of this Resolution is hereby ratified and affirmed; and
2. **Severability.** The provisions of this Resolution are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this resolution or the invalidity of the application thereof to any person or circumstances, shall not affect the validity of the remainder of the resolution, or the validity of its application to other persons or circumstances; and
3. **Effective Date.** This resolution shall become effective immediately upon adoption and signature as provided by law.

ADOPTED by the Port of Manchester Board of Commissioners on
September 8, 2025.

PORT OF MANCHESTER



James E. Strobe, President



Robert Ballard, Secretary



Paul Drotz, Commissioner

EXERCISE OF OPTION TO RENEW AND FIRST AMENDMENT TO GROUND LEASE

This Agreement is hereby made and entered into to be effective October 1, 2025 (“**Agreement**”), by and between the **MANCHESTER PORT PUBLIC DISTRICT**, a port district planned and existing under the laws of the State of Washington, hereinafter referred to as “**Lessor**”, and **FRIENDS OF THE MANCHESTER LIBRARY**, a Washington nonprofit corporation (hereinafter referred to as “**Lessee**”).

RECITALS

WHEREAS, Lessor and Lessee are parties to that certain “**Ground Lease**” dated August 13, 1979 (“**Lease**”), regarding the premises commonly known as 8067 E Main St, Port Orchard, Washington 98366 (Kitsap County Tax Parcel No. 222402-2-031-2009) (“**Library**”); and

WHEREAS, the initial term of the Lease is August 13, 1979, through August 12, 2029; and

WHEREAS, Section Twenty of the 1979 Lease granted Lessee a fifty (50) year renewal option, which vested upon execution of the original Lease and remains in full force; and

WHEREAS, RCW 53.08.080 is silent regarding retroactive application to pre-existing lease options, and the parties affirm their intent to preserve and honor the renewal option as originally granted and vested; and

WHEREAS, the parties intend that this Agreement ensures compliance with RCW 53.08.080, RCW 53.08.085, and other applicable statutes, while preserving Lessee's vested contractual rights under the 1979 Lease; and

WHEREAS, Lessee desires to exercise its option to renew for the full fifty (50) year period granted in Section Twenty, effective August 13, 2029, through August 12, 2079, and the parties mutually desire to record this election and modernization of the Lease now, without amending or diminishing the commencement or duration of the renewal term;

NOW, THEREFORE for and in consideration of the mutual benefits contained herein, the Lessor and Lessee hereby agree as follows:

1. The above recitals set forth above are true, correct and incorporated as through fully set forth.

RENEWAL

2. **Exercise of Renewal Option.** Lessee hereby exercises the Renewal Option granted in Section 20 of the Lease. The Renewal Term is confirmed as fifty (50) years, commencing on August 13, 2029, and expiring on August 12, 2079, as set forth in the lease.
3. **Effect of Renewal.** This exercise and confirmation are intended to preserve and honor the Renewal Option as granted in 1979. Nothing herein shall be construed as amending, altering, or accelerating the commencement or expiration of the Initial Term or Renewal Term.
4. **Rent.** Base rent shall be \$1.00 per year in recognition of Lessee's provision of public library services and public meeting space. If such operations cease for more than 180 days (other than force majeure), rent shall convert to fair-market ground rent as determined by a mutually selected MAI appraiser.

5. **Entire Agreement.** This Agreement sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements.

FIRST AMENDMENT

1. **Amendment to Section 11—Subletting and Assignment**

Replace in its entirety with:

Section 11—Assignment and Subletting.

Lessee may not sublet the premises in whole or in part without Lessor's prior consent, which shall not be unreasonably withheld. Lessee may, however, assign this Lease or any renewal thereof to a nonprofit entity, public library district, or governmental entity that continues to operate a public library for the benefit of the Manchester community without the need for Lessor's consent. Any other assignment requires Lessor's prior written consent, which shall not be unreasonably withheld.

2. **Amendment to Section 13—Taxes and Assessments**

Replace in its entirety with:

Section 13—Taxes and Assessments.

(a) Lessee shall be responsible for all utilities and charges arising directly from its operations.

(b) Lessee shall not be liable for any real property taxes or assessments levied on improvements (the library building and related facilities), which shall be deemed the sole property of Lessee.

(c) Lessor shall remain responsible for any ad valorem taxes on the underlying land.

(d) Special assessments shall be prorated between Lessor and Lessee in proportion to the value of the land (Lessor's obligation) and Lessee's improvements.

3. **Amendment to Section 23—Insurance**

Replace in its entirety with:

Section 23—Insurance.

(a) Lessee shall maintain commercial general liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate, with Lessor named as an additional insured.

(b) Lessee shall maintain property and casualty insurance in commercially reasonable amounts on its own improvements. The parties acknowledge and agree that the library building, and related improvements are the sole property of Lessee, and insurance proceeds relating to such improvements shall belong to Lessee.

(c) Lessee may carry such insurance through a blanket or portfolio policy so long as the required coverages are not diminished.

4. **Amendment to Section 28—Purchase Option and Right of First Refusal**

Section 28—Purchase Option and Right of First Refusal.

- (a) **Affirmative Purchase Option.** Lessee shall have the right, at any time during the term of this Lease or any renewal thereof, upon ninety (90) days' written notice to Lessor, to elect to purchase the Premises (the land only, excluding improvements which are acknowledged to be the sole property of Lessee) at fair market value determined by an MAI-certified appraiser mutually selected by the parties. The cost of appraisal shall be shared equally.
 - (b) **Right of First Refusal.** Lessor shall not solicit, entertain, or accept offers to sell the Premises without first offering to sell the Premises to Lessee. Any bona fide third-party offer received and entertained by Lessor shall be promptly delivered to Lessee, and Lessee shall have ninety (90) days to elect to purchase the Premises on the same terms.
 - (c) **Transfer of Lease in Event of Sale.** Any conveyance, transfer, or sale of the Premises by Lessor shall be expressly subject to this Lease, and the purchaser shall take title burdened with all rights of Lessee hereunder. The Lease and all renewal rights shall automatically transfer and remain in full force unless and until Lessee affirmatively elects to exercise its purchase option.
 - (d) **Expiration/Termination.** If this Lease expires or is terminated without renewal, Lessor shall first offer the Premises to Lessee at fair market value (land only), determined by MAI-certified appraisal as provided above.
 - (e) **Non-Impairment.** Lessor covenants not to sell, transfer, or convey the Premises in a manner that impairs Lessee's rights under this Section 28. This covenant runs with the land and binds successors.
6. Except as amended herein, the terms, and conditions of the Lease shall remain unchanged and in full force and effect.
7. **Non-Impairment Covenant.** The Port, acting through its duly authorized representatives and pursuant to all required legal authority, hereby irrevocably and unconditionally covenants and agrees, for itself and all future Port commissions and successors in interest, not to impair, challenge, contest, or take any action whatsoever to diminish the validity or enforceability of the Renewal Term as granted in Section 20. The Port expressly acknowledges and represents that it has obtained all necessary approvals, authorizations, and conducted all required procedures to make this covenant binding. This covenant constitutes a material term of this Agreement, runs with the land, shall be recorded in the appropriate land records, and shall be binding upon all future Port commissioners, administrators, and successors in perpetuity. The Port acknowledges that the other party is materially relying on this covenant in entering into this Agreement.

8. In the case of any inconsistency between any provision of the Lease and any provision of this Agreement, the provisions of this Agreement shall control.
9. **Timing.** Should timing of exercising the option to renew or establishment of amendments herein be relevant or in dispute, the parties hereby establish that the exercising of the renewal should be deemed to have occurred first.
10. Lessee and Lessor Landlord represent and warrant that each individual executing this Agreement on their respective behalf is duly authorized to execute and deliver this Agreement, such that it shall be binding upon Lessee and Lessor.
11. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

[SIGNATURES FOLLOWING PAGES]

MANCHESTER PORT PUBLIC DISTRICT

By:

James Strode
JAMES STRODE

Commissioner

Dated: 9/8/2025, 2025

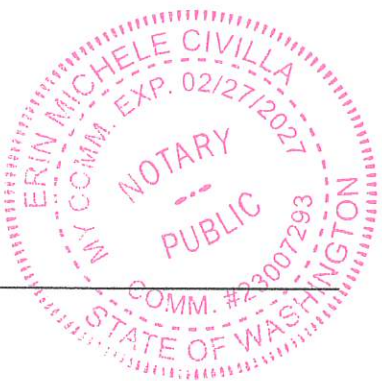
STATE OF WASHINGTON)

) : ss.

COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that James Strode is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Commissioner of MANCHESTER PORT PUBLIC DISTRICT to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this 8th day of Sept, 2025.



Erin Michele Civilla

NOTARY PUBLIC in and for the
State of Washington, residing

at port orchard. WA. 98366
My Commission Expires: Feb. 27. 2027

By: [Signature]
BOB BALLARD

Commissioner

Dated: 9/8/2025, 2025

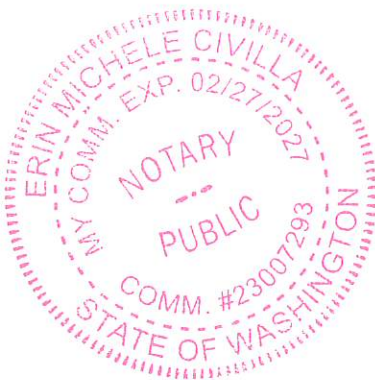
STATE OF WASHINGTON)

): ss.

COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that Bob Ballard is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Commissioner of MANCHESTER PORT PUBLIC DISTRICT to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this 8th day of Sept, 2025.



[Signature]

NOTARY PUBLIC in and for the
State of Washington, residing

at port orchard, WA

My Commission Expires: Feb. 27, 2027

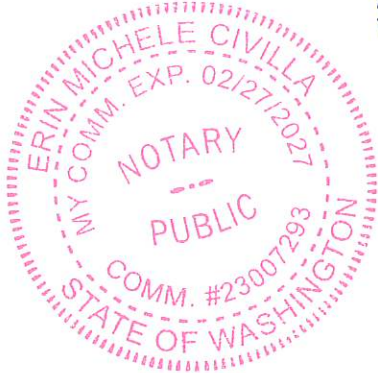
By: Paul Drotz PAUL DROTZ
Commissioner
Dated: , 2025, 9, 8

STATE OF WASHINGTON)
) : ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that Paul Dortz is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Commissioner of MANCHESTER PORT PUBLIC DISTRICT to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this September. 08 day of _____, 2025.

Michele Civilla
NOTARY PUBLIC in and for the State of Washington, residing
at _____ My Commission Expires: _____



port Orchard.
WA. 98366
February. 27. 2027

FRIENDS OF THE MANCHESTER LIBRARY

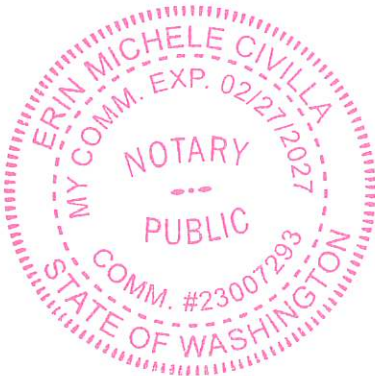
By: Dave Denniston
Dave Denniston, President

Dated: 9-2, 2025

STATE OF WASHINGTON)
) : ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that Dave Denniston is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of FRIENDS OF THE MANCHESTER LIBRARY to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this 2nd day of Sept, 2025.



[Signature]

NOTARY PUBLIC in and for the
State of Washington, residing
at port orchard, wa
My Commission Expires: Feb. 27, 2027