

MAJOR MODIFICATION 2024 -1

OF THE

INTERLOCAL AGREEMENT FOR FACILITIES WITHIN THE WATERFRONT DISTRICT

This **MAJOR MODIFICATION 2024-1** to the *Interlocal Agreement for Facilities within the Waterfront District* between the **PORT OF BELLINGHAM** (“Port”), a municipal corporation, and the **CITY OF BELLINGHAM** (“City”), a municipal corporation, is entered into and effective as of the last date of signature below.

WHEREAS, on December 3, 2013, the City and the Port executed the *Interlocal Agreement for Facilities within the Waterfront District* (the “Facilities Interlocal”) which set forth the responsibility for and phasing of certain Facilities (as the term is defined in the Facilities Interlocal); and

WHEREAS, Section 29 of the Facilities Interlocal anticipated that over the life of the Facilities Interlocal there would be modifications (as defined in the Facilities Interlocal); and

WHEREAS, pursuant to Section 29, the City staff and the Port staff adopted a Minor Modification 2014-1 on December 30, 2014; and

WHEREAS, pursuant to Section 29, the City Council and the Port Commission adopted Major Modification 2016-1 on February 22, 2016; and

WHEREAS, pursuant to Section 29, the City staff and the Port staff adopted a Minor Modification 2017-1 on August 22, 2017; and

WHEREAS, pursuant to Section 29, the City Council and the Port Commission adopted Major Modification 2019-1 on December 23, 2019; and

WHEREAS, pursuant to Section 29, the City staff and the Port staff adopted a Minor Modification 2024-1 on February 5, 2024; and

WHEREAS, Section 29 of the Facilities Interlocal provides that Major Modifications require written approval by both the City Council and Port Commission; and

WHEREAS, City staff and Port staff have determined that while the changes contemplated pose little change to the financial commitments and timing of the delivery of the Facilities, they do pose significant changes to the location of certain Facilities; and

WHEREAS, City staff and Port staff have determined that the required revisions constitute a Major Modification; and

WHEREAS, “BoardMill” means the BoardMill Group, LLC, or any entity or subsidiary created by BoardMill, or any entity that is created by and comprised of the current members of BoardMill; and

WHEREAS, “Project” or “BoardMill Project” means the development and construction by BoardMill of a boutique hotel, conference center, event space, spa, restaurant and a community food hall within the repurposed historic Boardmill building located on West Laurel Street, an adjacent residential building with mixed-use/commercial space, multi-family apartments with approximately 229 underground parking spaces, and an approximately 200,000 square foot mixed use building that houses a small amount of commercial space on the ground floor and five stories of multi-family residential. The parking structure proposes approximately 368 - 470 parking spaces, with approximately forty percent (40%) allocated for public parking that may be paid public parking, and a large park open to the public on the roof. A conceptual depiction of the BoardMill Project is attached hereto as ***Exhibit A***, which is subject to change as the Project advances through the City’s design review and regulatory processes; and

WHEREAS, for purposes of this Major Modification, the “Project Property” means those properties within the Waterfront District currently owned or managed by the Port and subsequently owned by BoardMill. The Project Property is depicted in ***Exhibit B***, along with the proposed park connection/easement(s); and

WHEREAS, the City is agreeing to modify the location of Park Land Dedications as depicted on Exhibit I of the Facilities Agreement due to the “Public Benefit” of the proposed BoardMill Project. For purposes of this Major Modification, Public Benefit shall be defined as including the (i) redevelopment of the historic Boardmill building into a hotel and conference facility; (ii) construction of privately owned and operated structured parking that allows for at least 110 parking spaces available to the public; (iii) privately owned and operated open space accessible to the public which includes amenities such as bike parking, trails and outdoor seating; (iv) a minimum of ten percent (10%) of Affordable Housing Units (as that term is defined in the Facilities Interlocal) in the Park Building; and (v) a minimum of 220 total residential units.

NOW, THEREFORE, the Port and the City agree that for purposes of the BoardMill Project, the Facilities Interlocal is modified as follows:

1. Park Land Dedications shall occur as part of a Specific Binding Site Plan process as depicted on ***Exhibit B*** of this Major Modification prior to the conveyance of the Project Property to BoardMill. The parties recognize that this Major Modification will result in a change to the location of “Park Land Dedication” as depicted on Exhibit I of the Facilities Interlocal. Those changes are shown on ***Exhibit B*** to this Major Modification and include a reduction of park area “Deleted Park Land Dedication” as well as a change in location of park property shown as “Park Land Dedication.” This Major Modification does not change the Port obligation to dedicate the amount of Park Land per planning area as outlined in Section 8.3 of the Facilities Interlocal. Unless terminated pursuant to Section 2 of this Major Modification, the next Sub-Area Plan Amendment will include an updated Exhibit I to the Facilities Interlocal reflecting these changes. In the event this Major Modification terminates pursuant to the terms hereof, the City may elect to convey the dedicated park property back to the Port and rescind the attendant Park Impact Fee Credit.

2. This Major Modification expires and is null and void if: (i) BoardMill has not paid in full for all building permits required to construct the BoardMill Project as generally depicted on **Exhibit A** attached hereto and incorporated herein by June 30, 2027; or (ii) the Port transfers any portion of the Project Property to an entity other than BoardMill; (iii) the Option Agreement between the Port and BoardMill Terminates (“Terminates” for purposes of this Major Modification means either (a) that BoardMill and the Port mutually agree to rescind the Option Agreement, or (b) the Option Agreement is terminated by an arbitrator or a court of competent jurisdiction as a result of an uncured default by BoardMill) or (iv) the building permit does not include all elements defined above as Public Benefit.,

3. If the Option Agreement between the Port and BoardMill Terminates, the Port shall immediately notify the City in writing of such Termination and this Major Modification shall be voided upon receipt of such notification in accordance with Section 2 above.

4. The parties recognize that the BoardMill Project is currently at the conceptual design phase. The City in its sole discretion, may administratively accept modifications to the precise placement of the Park Land Dedications on the Project Property through the Binding Site Plan process, provided the minimum widths of the trail connections (depicted on **Exhibit B**) are maintained.

5. The Port shall follow the process outlined in the Facilities Interlocal for issuing a Development Ready Certificate to the City prior the Park Lands Dedication.

6. During the next subarea plan amendment for the Waterfront District, the maps will be revised and the park land maps will be adjusted to reflect this Major Modification and reallocation of park acreage per area.

7. Except as noted herein and in Minor Modification 2014-1, Major Modification 2016-1, Minor Modification 2017-1, Major Modification 2019-1, Minor Modification 2024-1 and this Major Modification, all other terms and conditions of the Facilities Interlocal remain unchanged.

PORT OF BELLINGHAM

Rob Fix
Executive Director

Date: _____

EXECUTED, this the _____ day of _____, 2024, for the **CITY OF BELLINGHAM**:

Departmental Approval:

Mayor

Department Head

Attest:

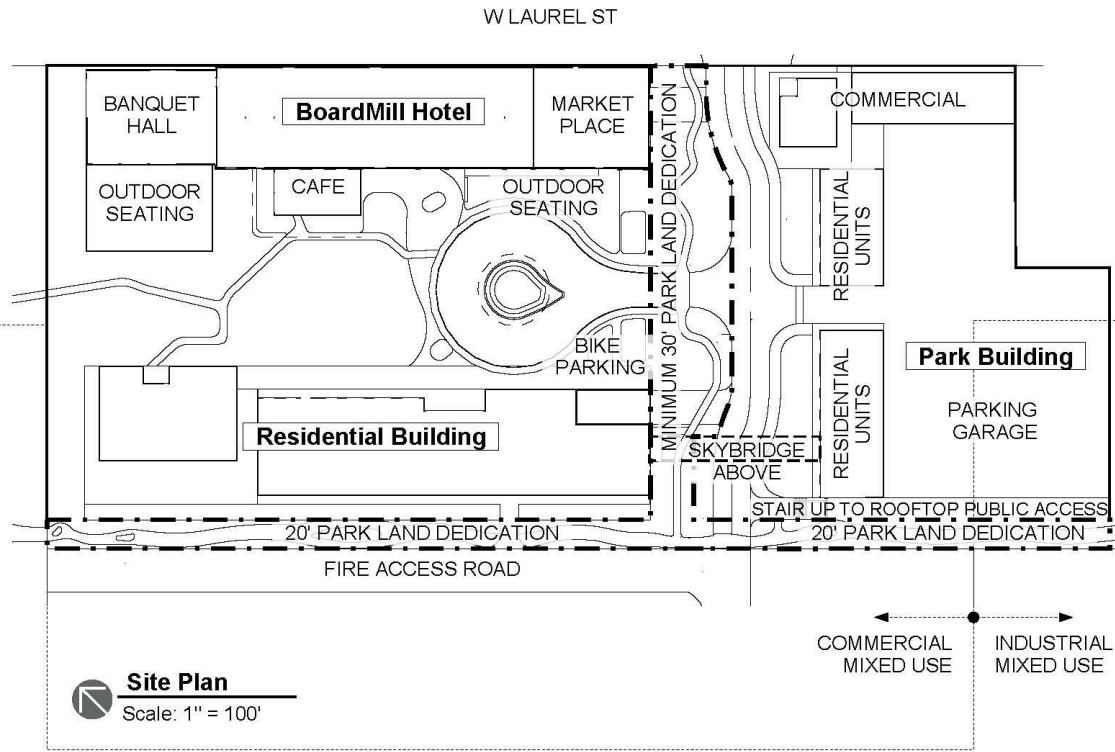
Approved as to Form:

Finance Director

Office of the City Attorney

DRAFT

EXHIBIT A
CONCEPTUAL DEPICTION



**EXHIBIT B
PROPERTY & EASEMENT DEPICTION**

