



Meeting Location:
Meeting is being held via Zoom

Contact us:
Phone (360) 874-5533
Email planning@portorchardwa.gov
www.portorchardwa.gov

**Land Use Committee
Regular Meeting
Wednesday, September 16, 2026
4:45 PM**

Remote Access

Zoom Webinar Public Link (not to be used by LU Committee):

<https://us02web.zoom.us/j/81034433449>

Dial-in: 1 253 215 8782

Webinar ID: 810 3443 3449

- 1. Call to Order**
- 2. Welcome and Introduction**
- 3. Discussion Items**
(No Action to Be Taken.)
 - A.** Animal Control
 - B.** Adult-oriented retail
 - C.** Drone-delivery
 - D.** Downtown Trash Enclosures - 834 Bay Street
 - E.** Sound Credit Union Development Agreement
- 4. Next Land Use Committee Meeting**
August Land Use Committee (October 21, 2026)
- 5. Adjournment**

20.12.050 D definitions.

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Chapter 20.74 DRONE PORT AND COMMERCIAL DRONE DELIVERY FACILITIES

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20.74.060 Hours of Operation; Noise.

(1) Hours. Drone takeoffs and landings are only permitted during daylight hours and are not permitted during twilight or nighttime periods. Assuming within daylight hours, drone takeoffs and landings may start no earlier than 7:00 a.m. and must cease no later than 9:00 p.m. on weekdays and may start no earlier than 9:00 a.m. and must cease no later

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20.74.070 Site Design: Screening: Lighting.

(1) Screening. Where facilities are located adjacent to nonindustrial uses, pads and staging areas shall be screened by Type II landscaping and solid fencing located at the interior of landscape screening adjacent to Launch/Landing Pad(s), consistent with POMC 20.128.

(2) Lighting. All facilities shall provide full cut-off fixtures and orient lighting to prevent glare or off-site spill; lighting plans must be included with the CUP application (see site plan checklist).

(3) Access control. All facilities shall secure all operational areas to prevent unauthorized access; and shall post safety signage and emergency contact information at all entrances, including providing a 24-hour phone number at entrances.

20.74.080 Safety: Battery Handling: Emergency Response.

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(3) Incident reporting. Operators shall report any on-site safety incident or equipment fire to the City within 24 hours; include providing information on all follow-up mitigation measures in the annual report required pursuant to POMC {20.74.120}.

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20.39.040 Use table.

Use Category Specific Use	R1	R2	R3	R4	R5	GB	RMU	NMU	CMU	DMU	GMU	BPMU	CC	CH	IF	LI	HI	CI	PR	PF	Definition /Standards
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<u>Drone port and commercial drone delivery facilities</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20.74</u>
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**DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF PORT ORCHARD AND SOUND CREDIT UNION
FOR THE DEVELOPMENT AND FUNDING OF CERTAIN TRANSPORTATION
IMPROVEMENTS AND THE DEDICATION OF CERTAIN TRANSPORTATION
IMPROVEMENT PROJECT PROPERTY**

This Development Agreement (this “**Agreement**”) is made and entered into as of [REDACTED], 2026 by and between the City of Port Orchard, a non-charter, optional code Washington municipal corporation hereinafter the “**City**,” and Sound Credit Union, a Washington state-chartered credit union hereinafter the “**Owner**” individually, a “**Party**” and collectively, the “**Parties**”.

RECITALS

WHEREAS, the Washington State Legislature has authorized the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction (RCW 36.70B.170(1)); and

WHEREAS, a development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, use and mitigation of the development of the real property for the duration specified in the agreement (RCW 36.70B.170(1)); and

WHEREAS, a pursuant to RCW 36.70B.170(1), development agreement must be consistent with the applicable development regulations adopted by a local government planning under chapter 36.70A RCW; and

WHEREAS, Port Orchard adopted Chapter 20.26 of the Port Orchard Municipal Code (“**POMC**” or the “**Code**”) which establishes the standards and procedures for Development Agreements in Port Orchard; and

WHEREAS, Chapter 20.26 POMC is consistent with the laws of the State of Washington (“**State Law**”); and

WHEREAS, the Owner has applied for a Development Agreement under Chapter 20.26 POMC on June 22, 2026, and such Agreement has been processed consistently with the POMC and State Law; and

WHEREAS, this Agreement relates primarily to the development of certain real property owned by Owner at 1600 SE Vallair Ct, Port Orchard, Washington 98366 (Kitsap County Tax Parcel Number 4737-000-001-0001) (hereinafter, the “**Property**”); and

WHEREAS, the Owner proposes to develop the Property with a development consisting of (1) the construction of a new credit union building for general banking purposes, with associated drive-through automated teller machine (ATM), facilities, and utility installations; and (2) the development of associated parking, landscaping, outdoor amenity areas, and other aesthetic and functional site improvements (collectively, the **“Development Project”** which includes **“City Permit No. PW25-007”** and **“Building Permit No. 26-095”**); and

WHEREAS, the City is undertaking review of the Development Project pursuant to the POMC and has undertaken State Environmental Policy Act (**“SEPA”**) review for the Development Project with the issuance of a Determination of Non-significance issued on August 15, 2025 (**“DNS”**). The DNS for the Development Project was not timely appealed; and

WHEREAS, the Owner is required to complete certain frontage improvements and has applied for a Land Disturbing Activity Permit (PW25-007); and

WHEREAS, the Owner will also be undertaking certain Transportation Improvements which are included in the City’s transportation improvement plan as **“TIF 1.7”** (**“Transportation Improvement Project”**); and

WHEREAS, construction of the Transportation Improvement Project entitles the Owner to impact fee credit; and

WHEREAS, associated with the Development Project, Owner proposes to dedicate certain property (**“Transportation Improvement Project Property”**) to the City for the purpose of the City’s construction of a portion of a City transportation improvement defined as **“TIF 1.7”** on the impact fee study as defined herein as the **“Transportation Improvement Project”** which property dedication is eligible for a transportation impact fee credit pursuant to RCW 82.02.060(5) and POMC 20.182.080; and

WHEREAS, prior to dedicating the Transportation Improvement Project Property, the Owner will install the Transportation Improvement Project on the Transportation Improvement Project Property; and

WHEREAS, the Transportation Improvement Project Property dedication is necessary for the City’s development of the Transportation Improvement Project which will benefit the Development Project and the general public; and

WHEREAS, this Agreement governs both construction of the Transportation Improvement Project and the dedication of the Transportation Improvement Project Property to the City and the respective transportation impact fee credits that will result from Owner constructing the Transportation Improvement Project and for dedicating the Transportation Improvement Project Property; and

WHEREAS, except with regard to the applicable transportation impact fee credits granted for construction of the Transportation Improvement Project and dedication of the Transportation Improvement Project Property, this Agreement does not establish nor modify the standards or conditions for the underlying Development Project which is being undertaken in accordance with applicable code and regulations; and

WHEREAS, in consideration of the benefits conferred by this Agreement, which reflect the current plans of both the City and Owner and include a transportation impact fee credit calculation, the Parties deem it in their best interests to enter into this Agreement; and

WHEREAS, the City Council held a public hearing on September 22, 2026 regarding this Agreement; and

WHEREAS, after a public hearing, by Ordinance No. #####, the City Council authorized the Mayor of Port Orchard to sign this Agreement with Owner; and

In consideration set forth in the foregoing recitals, the mutual promises and other good and valuable consideration set forth in this Agreement, the Parties agree as follows:

AGREEMENT

1. The Property. The Property is located at 1570 and 1600 SE Vallair Ct, Port Orchard, Washington 98366 (Kitsap County Tax Parcel Number 4737-000-002-0000 and 4737-000-001-0001). The Property is described on **Exhibit A**, attached hereto and incorporated herein by this reference as if set forth in full. A map of the Property is shown **Exhibit B**, attached hereto and incorporated herein by this reference as if set forth in full.

2. Transportation Improvement Project. The Transportation Improvement Project described in the Recitals above and known as TIF 1.7 is further described in **Section 9** below and shown on **Exhibit C**. The Transportation Improvement Project will be constructed upon the Transportation Improvement Project Property prior to the dedication of such property to the City. The Transportation Improvement Project will serve the Owner's Property as well as provide connectivity and capacity for the City. Owner will finance, design, and construct the Transportation Improvement Project to comply with City standards, including obtaining all necessary permits. The City will approve the plans before construction begins, which shall not be unreasonably withheld, conditioned, or delayed; and the City will accept responsibility for the operation of the Transportation Improvement Project once construction is completed and a two-year warranty and maintenance bond is in place.

The Transportation Improvement Project will be deemed completed only after all of the following occur:

- a.** The City reasonably deems it substantially complete;

- b. All punch list items are finished;
- c. The City releases the performance bond;
- d. Owner has caused a 2-year warranty and maintenance bond to be put in place;
- e. Owner has completed all property dedications; and
- f. Owner has provided the City with a Bill of Sale for the improvements containing the certified construction costs (stamped by licensed engineer) to the City for determination of the maximum credits available under this Agreement.

The City will confirm completeness of the Transportation Improvement Project by issuing a Final Notice of Completeness to Owner.

3. Transportation Improvement Project Property. Pursuant to this Agreement, Owner shall be responsible for the dedication of the Transportation Improvement Project Property to the City following completion of the Transportation Improvement Project as described herein.

a. Transportation Improvement Project Property and Dedication. Following completion of the Transportation Improvement Project, the Owner shall dedicate certain property necessary for the City to construct a future road on the western portion of the Property to connect SE Vallair Court with SE Bethel Valley Lane and other improvements on the eastern portion of the Property located near the intersection of SE Vallair Court and Bethel Road SE, identified as Project TIF 1.7 on the City impact fee study (defined herein as the “**Transportation Improvement Project Property**”) as shown in **Exhibit D** and as set forth in **Section 8** of this Agreement. The roadway portion will be constructed by the City or other parties at a future date. The dedication of the Transportation Improvement Project Property shall be eligible for transportation impact fee credits as provided in **Section 9** of this Agreement.

b. Transportation Impact Fee Credit Applicability. The transportation impact fee credits authorized by this Agreement shall be applicable to the pending City Building Permit No. 26-095 for the Property identified on **Exhibit B**.

4. Definitions. As used in this Agreement, the following terms, phrases, and words shall have the meanings and be interpreted as set forth in this Section.

- a. “**Adopting Ordinance**” means the Ordinance which approves this Agreement, as required by RCW 36.70B.200 and Chapter 20.26 POMC.
- b. “**Council**” or “**City Council**” means the duly elected legislative body governing the City of Port Orchard.
- c. “**Development Project**” means the development of the Property with a new credit union building for general banking purposes, with associated drive-through

automated teller machine (ATM), facilities, and utility installations; and (2) the development of associated parking, landscaping, outdoor amenity areas, and site improvements, as shown in **Exhibit B** and approved by the City under City Permit No. PW25-007 and associated with Building Permit No. 26-095.

- d. **“Director”** means the City’s Public Works Director.
- e. **“Effective Date”** means the effective date of the Adopting Ordinance.
- f. **“Maximum credit”** means the maximum amount of transportation impact fee credits to be provided by the City to the Owner for both the Transportation Improvement Project and the Transportation Improvement Project Property dedication pursuant this Agreement.
- g. **“Transportation Improvement Project”** means the Transportation Improvement Project described above which serves both the Property and the greater community which will be undertaken by the Owner in accordance with this Agreement.

5. Exhibits. Exhibits to this Agreement are as follows:

- a. Exhibit A. Legal Description of the Property.
- b. Exhibit B. Map of the Property and the Development Project and with permits listed in Section 2 identified.
- c. Exhibit C. Transportation Improvement Project description.
- d. Exhibit D. Transportation Improvement Project Property showing the location of property to be dedicated by Owner.
- e. Exhibit E. Right of Way Dedication Deed for Transfer of the Transportation Improvement Project Property.

6. Parties to Development Agreement. The Parties to this Agreement are:

- a. The **“City”** is the City of Port Orchard, whose office is located at 216 Prospect Street, Port Orchard, WA 98366.
- b. **“Owner”** is a private Washington state-chartered credit union, which owns the Property in fee, and whose principal office is located at 1331 Broadway, Tacoma, WA 98402, and whose mailing address is PO Box 1595, Tacoma, WA 98401-1595.

7. Term of Agreement; No Vesting to Fees. This Agreement shall commence upon the Effective Date and shall continue in force for a period of five (5) years unless extended or

terminated as provided herein. Provided, however, that Owner shall complete the dedication of the Transportation Improvement Project Property as set forth in **Section 8** below which shall be prior to expiration of this Agreement. The requirement to dedicate the Transportation Improvement Project Property shall survive expiration or termination of this Agreement. This Agreement does not vest the Owner to any fees. Fees shall be charged in accordance with the fee schedule that is in effect at the time that the building permits for the Development Project are issued and all permit fees have been paid. Following the expiration of the term or extension thereof, or if sooner terminated, this Agreement shall have no force and effect except for such sections which by their terms expressly survive expiration or termination.

8. Property Dedication Schedule. Owner will dedicate the Transportation Improvement Project Property, shown on **Exhibit D**, to the City in the form attached to this Agreement as **Exhibit E** only after completion of the Transportation Improvement Project and the City's approval thereof in accordance with **Section 2**. Such dedication shall be completed within twelve (12) months of the Effective Date of this Agreement. Owner agrees that the City may withhold issuance of any Certificate of Occupancy for the Development Project until such time as the dedication has been completed. If the dedication is not exempt from real estate excise tax, then the City shall pay any real estate excise tax due on this transfer. This Section shall survive termination of the Agreement.

9. Impact Fee Credits for Transportation Improvement Project and Transportation Improvement Project Property Dedication.

a. Transportation Impact Fee Credit. The maximum amount of the transportation impact fee credit for construction of the Transportation Improvement Project and the dedication of the Transportation Improvement Project Property to be made by Owner under this Agreement shall be limited to the lesser of: (i) the total transportation impact fees due on the Development Project (currently estimated as \$241,651.06), (ii) the cost of the Transportation Improvement Project constructed by the Owner plus the value of the Transportation Improvement Project Property to be dedicated as determined in **Section 10** which together amount to \$409,649.13, or (iii) the appraised value of the portion of property needed for Project 1.10; Bethel Phase 4a: Vallair Ct in the amount of \$276,890.32 ("**Maximum Transportation Impact Fee Credit**"). The credits provided under this **Section 9(a)** are limited to this Maximum Transportation Impact Fee Credit. Once the Maximum Transportation Impact Fee Credit has been achieved through credits applied to Owner for the Development Project, Owner will be required to comply with the impact fee provisions of the Code for any further development of the Property that requires payment of transportation impact fees, including payment of any transportation impact fees incurred over and above the Maximum Transportation Impact Fee Credit.

b. Calculation of Credits Due for Construction of the Transportation Improvement Project. The credit granted by the City against transportation impact fees includes Owner's costs to finance, design, and construct the Transportation Improvement Project on the

Transportation Improvement Project Property. The Parties agree that this amount shall be limited to no more than \$231,594.88 for the cost of the improvements, plus the value of the land, up to the Maximum Transportation Impact Fee Credit as set forth in Section 9(a) above.

c. Grant of Credit. The City hereby grants Owner a credit against transportation impact fees for both the cost of the Transportation Improvement Project plus the fair market value of the Transportation Improvement Project Property as set forth in this Agreement and as calculated under the provisions contained **Sections 9 and 10**. The total estimated transportation impact fee required for the Development Project is currently estimated as \$241,651.06. If any net transportation impact fees are due, Owner shall pay the transportation impact fees based on the rate schedule in effect at the time payment has been made to the City for City Building Permit No. 26-095. The Parties agree that the estimated transportation impact fees credit granted by the City for the completion of the Transportation Improvement Project plus the dedication of the Transportation Improvement Project Property will likely exceed the transportation impact fees due. For the purposes of this subsection, the Parties agree that the projected net transportation impact fees due will be zero dollars (\$-0-). Therefore, the Parties agree that Owner shall not be required to remit payment for the any transportation impact fees prior to the issuance of City Permit No. PW25-007 or Building Permit No. 26-095. After completion of the Transportation Improvement Project and the Dedication of the Transportation Improvement Project Property, if the Parties determine that Owner owes any transportation impact fees, then such amount shall be due and payable to the City prior to issuance of any certificate of occupancy for the Development Project. If the transportation impact fee credits exceed the total amount of impact fees due for the Development Project, there shall be no refund or payment for such excess credits due to the Owner.

d. Final Configuration of Transportation Improvement Project Property. Owner shall dedicate the Transportation Improvement Project Property to the City generally as shown on **Exhibit D**, but in the final configuration as determined following the final design of the Transportation Improvement Project by the City. Such dedication shall be substantially in the form of the Right of Way Dedication Deed attached as **Exhibit E**. Owner shall complete such dedication no later than twelve (12) months after the Effective Date of this Agreement or prior to the City's issuance of a Certificate of Occupancy for the first building permit for the Development Project, whichever time period is shorter.

e. Default and Remedies. In the event Owner defaults on any requirement under this Agreement, or defaults on dedicating the Transportation Improvement Project Property, the City's remedies shall include holding any outstanding Certificates of Occupancy until such time the Transportation Improvement Project Property dedication is completed, including the Parties' agreement on valuation, and until after any outstanding impact fees are paid in full or credited.

f. Consistency with the Code and State Law. The City and Owner agree that the transportation impact fee credit is consistent with RCW 82.02.060(5) and POMC 20.182.080.

10. Agreed Valuation of Transportation Improvement Project plus Transportation Improvement Project Property Dedication. The Parties agree that the value the Transportation Improvement Project Property to be dedicated shall be \$409,648.24, which includes the cost of the Transportation Improvement Project in the amount of \$231,594.88 plus \$178,053.36 for the value of the land dedicated to the City based on a calculation of \$18.96 per square foot. The Parties agree that this is the correct and fair market value for the Transportation Improvement Project Property.

11. Other Impact Fees. The Development Project is subject to the City's impact fee requirements of POMC Ch. 20.182. Owner shall pay the applicable impact fees for the Development Project at the rates in effect at the time each fully complete building permit application is submitted.

12. Default and Remedies.

a. Default and Notice. Subject to extensions of time by mutual consent in writing, failure or delay by either Party to perform any term or provision of this Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the Party alleging such default or breach shall give the other Party not less than thirty (30) days' notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the Party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

b. Remedies and Enforcement. After notice and expiration of the thirty (30) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other Party to this Agreement may, at its option, institute legal proceedings pursuant to this Agreement. In addition, the City may decide to file an action to enforce the Code, and to obtain penalties and costs as provided in the POMC for violations of this Agreement and the Code.

13. Termination. This Agreement shall terminate five (5) years after Effective Date. Upon termination and upon the request of Owner, the City shall record a notice of such termination in a form satisfactory to the Parties that the Agreement has been terminated.

14. Extension and Modification. Any request for extension or modification, if allowed under the Code, shall be subject to the provisions contained in POMC Chapter 20.26 POMC.

15. Effect of Termination on Owner. Termination of this Agreement as to Owner shall not affect any of Owner's respective obligations to comply with the terms and conditions or any applicable zoning code(s) or other land use entitlements approved with respect to the Property,

or obligations to pay assessments, liens, fees, or taxes. Furthermore, if the Agreement expires without the cost of the Transportation Improvement Project Improvement plus the value of the Transportation Improvement Project Property being fully recovered by impact fee credit, the Owner will no longer be eligible to receive such credits.

16. Effect of Termination on the City. Upon any termination of this Agreement as to the Property, or any portion thereof, the City will be under no obligation to provide any additional credits or reimbursement to Owner even if the Transportation Improvement Project costs have not been fully recovered at the time of expiration or termination.

17. Assignment and Assumption. Owner shall have the right to sell, assign or transfer this Agreement with all rights, title, and interests herein to any person, firm, or corporation at any time during the term of this Agreement with a sale, assignment, or transfer of the Property. Owner shall provide the City with written notice of any intent to sell, assign, or transfer all or a portion of the Property, at least 30 calendar days in advance of such action; provided; however, failure to strictly comply with the 30 calendar-day notice provision shall not be considered a breach of this Agreement.

18. Binding of Successors; Covenants Running with the Land. The conditions and covenants set forth in this Agreement and incorporated herein by the Exhibits shall run with the land and the benefits and burdens shall bind and inure to the benefit of the Parties. Owner and every purchaser, assignee or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a Party thereto, but only with respect to the Property, or such portion thereof, sold, assigned or transferred to it. Any such purchaser, assignee or transferee shall observe and fully perform all of the duties and obligations of the Owner contained in this Agreement, as such duties and obligations pertain to the portion of the Property sold, assigned, or transferred to it.

19. Amendment to Agreement; Effect of Agreement on Future Actions. No waiver, alteration, or modification to any of the provisions of this Agreement shall be binding unless in writing, signed by the duly authorized representatives of the Parties, be consistent with Chapter 20.26 POMC, and, where considered substantive as determined by the Director, follow the same procedures set forth in Chapter 20.26 POMC. Nothing in this Agreement shall prevent the City Council from making any amendment to its Comprehensive Plan, Zoning Code, Official Zoning Map or development regulations after the Effective Date of this Agreement.

20. General Release. Owner may free itself from further obligations relating to the sold, assigned, or transferred property, provided that the buyer, assignee, or transferee expressly assumes the obligations under this Agreement as provided herein, including the obligation to timely dedicate the Transportation Improvement Project Property.

21. Notices. Notices, demands, correspondence to the City and/or Owner (as applicable) shall be sufficiently given if dispatched by pre-paid first-class mail to the addresses of

the Parties as designated in **Section 32** below. Notice to the City shall be to the attention of both the City Clerk and the City Attorney. Notices to successors-in-interest of the Owner shall be required to be given by the City only for those successors-in-interest who have given the City written notice of their address for such notice. The parties hereto may, from time to time, advise the other of new addresses for such notices, demands or correspondence.

22. Reimbursement for Agreement Expenses of the City. Owner agrees to reimburse the City for actual expenses incurred over and above fees paid by Owner as an applicant incurred by City directly relating to this Agreement, including recording fees, publishing fees, attorneys' fees, and reasonable staff and consultant costs not otherwise included within application fees; provided however, the City shall provide written notice to Owner if the expenses to the City are anticipated to exceed \$25,000.00 and the Parties shall meet and confer regarding the City's anticipated costs. Upon payment of all expenses, Owner may request written acknowledgement of all fees. Such payment of all fees shall be remitted to the City, at the latest, within thirty (30) days from the City's presentation of a written statement of charges to the Owner.

23. Applicable Law, Resolution of Disputes, and Attorneys' Fees. It is the Parties' intent to work cooperatively and to resolve disputes in an efficient and cost-effective manner. All disputes arising out of or relating to this Agreement shall be resolved as follows:

24. No Third-Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not create any rights enforceable by any party who is not a Party to this Agreement.

25. City's Right to Breach. The Parties agree that the City may, without incurring any liability, engage in action that would otherwise be a breach if the City makes a determination on the record that the action is necessary to avoid a serious threat to public health and safety, or if the action is required by federal or state law.

26. Owner's Compliance. The City's duties under the Agreement are expressly conditioned upon the Owner's substantial compliance with each and every term, condition, provision, and/or covenant in this Agreement, including all applicable federal, state, and local laws and regulations and the Owner's obligations as identified in any approval or project permit for the property identified in this Agreement.

27. Limitation on City's Liability for Breach. Any breach of this Agreement by the City shall give right only to damages under state contract law and shall not give rise to any liability under Chapter 64.40 RCW, the Fifth and Fourteenth Amendments to the U.S. Constitution, including but not limited to 42 U.S.C. §1983, or similar state constitutional provisions.

28. Third Party Legal Challenge. In the event any legal action or special proceeding is commenced by any person or entity other than a Party to challenge this Agreement or any provision herein, the City may elect to tender the defense of such lawsuit or individual claims in

the lawsuit to Owner. In such event, Owner shall hold the City harmless from and defend the City from all costs and expenses incurred in the defense of such lawsuit or individual claims in the lawsuit, including but not limited to, attorneys' fees and expenses of litigation. The Owner shall not settle any lawsuit without the consent of the City. The City shall act in good faith and shall not unreasonably withhold consent to settle.

29. Specific Performance. The Parties specifically agree that damages are not an adequate remedy for breach of this Agreement, and that the Parties are entitled to compel specific performance of all material terms of this Agreement by any Party in default hereof.

30. Recording. This Agreement shall be recorded against the Property with the real property records of the Kitsap County Auditor. During the term of the Agreement, it is binding upon the owners of the property and any successors in interest to such property. After the expiration or earlier termination of the term of this Agreement, the provisions of this Agreement shall expire and be of no further force or effect except to the extent of any provisions that expressly, by their terms, survive termination. Upon request of Owner, the City agrees to execute for recording any documents to reflect the fulfillment, expiration, or termination of this Agreement.

31. Severability. This Agreement does not violate any federal or state statute, rule, regulation or common law known; but any provision which is found to be invalid or in violation of any statute, rule, regulation or common law shall be considered null and void, with the remaining provisions in the Agreement remaining viable and in effect.

32. Non-Waiver of Breach. The failure of a Party to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements, or options, and the same shall be and remain in full force and effect.

33. Written Notice. All written communications regarding enforcement or alleged breach of this Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Unless otherwise specified, any written notice hereunder shall become effective upon the date of both emailing and mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated below:

OWNER:

THE CITY:

Sound Credit Union
Attn: Robyn LaChance or Kyle Nix
PO Box 1595
Tacoma, WA 98401-1595
knix@soundcu.com
rlachance@soundcu.com

Mayor
City of Port Orchard
216 Prospect Street
Port Orchard WA 98366
rputaansuu@portorchardwa.gov

Copies shall also be transmitted to the
City Clerk and City Attorney at the
above address.

34. Time is of the essence. All time limits set forth herein are of the essence. The Parties agree to perform all obligations under this Agreement with due diligence.

35. Covenant of Good Faith and Cooperation. The Parties agree to take further actions and execute further documents, either jointly or within their respective power and authority, to implement the intent of this Agreement. Each Party covenants to use its best efforts and work cooperatively in order to secure the benefits and rights under this Agreement. The Parties shall not unreasonably withhold approvals or consents provided for in this Agreement. Each Party shall execute and deliver to the other all further documents as are reasonably necessary to carry out this Agreement, including the Transportation Improvement Project, the property dedications, and Development Project, as may be necessary to provide a Party with a full and complete enjoyment of its rights and privileges under this Agreement.

36. Interpretation. This Agreement has been reviewed and revised by legal counsel for both Parties, and no presumption or rule construing ambiguity against the drafter of the document shall apply to the interpretation or enforcement of this Agreement.

37. Counterparts. The Agreement may be signed in two or more counterpart copies, with the same effect as if the signature of each counterpart copy were on a single instrument. Each counterpart shall be deemed as an original as to the Party whose signature it bears, and all such counterparts shall constitute one document.

38. Entire Agreement. The written provisions and terms of this Agreement, together with the Exhibits attached hereto, shall supersede all prior verbal statements of any officer or other representative of the Parties, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner whatsoever, this Agreement. The entire agreement between the Parties with respect to the subject matter hereunder is contained in this Agreement and exhibits thereto.

{Signature Page Follows}

SIGNATURE PAGE OF DEVELOPMENT AGREEMENT

OWNER:

Sound Credit Union,
a Washington state-chartered
credit union

By: _____
Title: _____

APPROVED AS TO FORM:

By: Shad O. McOmber
Title: Attorney for Owner

THE CITY:

The City of Port Orchard, a non-charter,
optional code Washington municipal
corporation

By: _____
Title: Mayor

APPROVED AS TO FORM:

By: Jennifer S. Robertson
Title: Attorney for Port Orchard

ATTEST:

By: Brandy Wallace
Title: Port Orchard City Clerk

{Notary Acknowledgments Appear on the Following Pages}

[illegible]

Dated: _____

Print Name: _____
 Notary Public in and for the State of Washington
 Residing at: _____
 My Commission expires: _____

NOTARY BLOCK FOR SOUND CREDIT UNION

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____
is the person who appeared before me, and said person acknowledged that he/she signed this
instrument, on oath stated that he was authorized to execute the instrument and acknowledged it
as the _____ of **Sound Credit Union** to be the free and voluntary act of
such Party for the uses and purposes mentioned in the instrument.

Dated: _____

Print Name: _____
Notary Public in and for the State of Washington
Residing at: _____
My Commission expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

LOTS 1 AND 2, VALLAIR, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 20 OF PLATS, PAGES 140, 141 AND 142, RECORDS OF KITSAP COUNTY, WASHINGTON.

EXHIBIT B

Map of the Property and the Development Project and with Permits Listed in Section 2 Identified

(attached)

EXHIBIT C
Transportation Improvement Project Description and Drawing
(attached)

EXHIBIT D

Transportation Improvement Project Property Showing the Location of Property to be Dedicated by Owner

(attached)

EXHIBIT E

**Right of Way Dedication Deed for Transfer of the
Transportation Improvement Project Property**

(attached)