



Agenda

PSERN Operator Board of Directors Meeting

May 25, 2023

Location: PSERN Conference Room 19717 62nd Ave S, E102, Kent, WA 98032

Virtual meeting: Microsoft Teams (details below)

Date: Thursday, May 25, 2023

Time: 3:45 p.m. – 5:00 p.m.

Microsoft Teams Meeting: Members of the public are invited to participate in the meeting in person at the location above or virtually by telephone or video by using the following phone number and meeting ID: 1-425-653-6586 Meeting ID: 975 100 443#

Directors: Chief Harold Scoggins (Chair), Dwight Dively, Commissioner Elwell, Kurt Triplett, Lora Ueland, Chief Dan Yourkoski

Attendees: Undersheriff Jesse Anderson, Shawn Hayes, Kristin Meitzler, Brad Miyake, Mark Schmidt

Agenda Details:

1. Call to Order – Chief Scoggins 3:45 p.m.
2. Roll Call – Tracey Doss 3:45 p.m.
3. Public Comment – Chief Scoggins 3:45 – 3:46 p.m.

Board Chairperson to open floor for public comment. Members of the public are invited to address the Board of Directors for a period of time not to exceed three minutes.

4. Consent Agenda – Chief Scoggins 3:46 – 3:50 p.m.

Note: Directors can request to have any item removed from the consent agenda.

- a. Approve Minutes
- b. Payment Approvals
- c. Staffing Agreement Amendment
- d. Resolution 23-04 Enroll PSERN Operator in SSA

(Decision: Approve the Consent Agenda)

5. Action Register Review – Chief Scoggins 3:50 – 3:52 p.m.
6. Executive Director Report – Mike Webb 3:52 – 4:02 p.m.

(Discussion)

7. Radio Site Sublease Agreements – Mike Webb 4:02 – 4:12 p.m.
(Discussion)
8. Transfer Agreement – Mike Webb 4:12 – 4:17 p.m.
(Decision)
9. Startup Spending Update – Tracy Plouse 4:17 – 4:22 p.m.
(Discussion)
10. 2022 Financial Report – Tracy Plouse 4:22 – 4:27 p.m.
(Discussion)
11. 2024 Draft Budget – Tracy Plouse 4:27 – 4:57 p.m.
(Discussion)
12. PSERN Board of Directors Officer Report – Board Officers 4:57 – 4:58 p.m.
(Discussion)
13. Review New Action Items – Chief Scoggins 4:58 – 5:00 p.m.
(Discussion)

Adjourn

Next Meeting: June 22, 2023

PSERN Board of Directors
Agenda Item #4



Title: Consent Agenda
PSERN Operator Board of Directors Meeting Date: May 25, 2023
PSERN Staff Contact: Tracey Doss, Administrator
Action: Decision

Appendix A: Meeting Minutes from April 27, 2023

Appendix B: Payment Approval

| Date | Payment Type | Amount |
|--------------|--------------------------------|---------------------|
| 4/26/23 | Warrants | \$23,006.08 |
| 4/20/23 | Special District Journal Entry | 86,371.66 |
| 5/12/23 | Warrants | 29,066.26 |
| TOTAL | | \$138,444.00 |

Appendix C: Amendment to Staffing Agreement with King County

Appendix D: Resolution 23-04, Enroll in Social Security Administration

MOTION: That the PSERN Operator Board approve the Consent Agenda.

Appendix A: Meeting Minutes from April 27, 2023



PSERN Operator Board of Directors

Meeting Minutes

Location: PSERN Conference Room 19717 62nd Ave S, E102, Kent, WA 98032

Virtual meeting: Microsoft Teams (details below)

Date: Thursday, April 27, 2023

Time: 3:45 p.m. – 5:00 p.m.

Microsoft Teams Meeting: Members of the public are invited to participate in the meeting in person at the location above or virtually by telephone or video by using the following phone number and meeting ID: 1-425-653-6586 Meeting ID: 975 100 443#

Directors Present: Chief Harold Scoggins (Chair), Dwight Dively, Kurt Triplett, Lora Ueland, Chief Dan Yourkoski

Attendees: Spencer Bahner, Celeste Bolden, Tracey Doss, Sean Douglas, Andrew Dzedzic, Adrian Englet, Julia Holden, Hank Krajewski, Dino Lamanna, Assistant Chief Lombard, Donna Mah, Vonnie Mayer, Kimberly Nuber, Tracy Plouse, Alex Rampley, Mark Schmidt, Mike Webb

Agenda Details:

1. Call to Order – Chief Scoggins 3:45 p.m.
2. Roll Call – Tracey Doss 3:46 p.m.
3. Public Comment – Chief Scoggins 3:46 p.m.
No public comment.
4. Consent Agenda – Chief Scoggins 3:46 – 3:47 p.m.

Note: Directors can request to have any item removed from the consent agenda. Supporting materials are in the packet for review.

- a. Approve Minutes
- b. Payment Approvals

MOTION: Dwight Dively made the motion to approve the consent agenda as submitted. Kurt Triplett seconded the motion. The Members unanimously approved the motion.

5. Action Register Review – Chief Scoggins 3:47 – 3:49 p.m.

The Members agreed that the action item regarding the collection of fees from agencies beginning in 2024 can be closed since the ILA is clear that the Operator begin collecting fees after FSA, which occurs at the end of 2023.

6. Executive Director Report – Mike Webb 3:49 – 3:55 p.m.

The report references the update on the staffing transition and funding, there is a separate report on this item later in the agenda.

Also mentioned in the report are the plans for the 2024 operating budget and services fees, which is a separate agenda item. The Operator is planning to bring the draft budget to the May meeting and ask for a decision at the June meeting.

The transfer agreement has been reviewed by the Operator's counsel and feedback incorporated into the revised draft. The draft is now with the County and will be before the Board of Directors and the Joint Board at the May meeting.

The Operator currently has 6 staff, including Tracey Doss who was selected as the Administrator III. A recruitment for an Accountant was unsuccessful and a temporary contractor, Donna Mah has been engaged part time to help Tracy Plouse.

Recruitment for technical positions have been completed and filled through internal County sourcing from the PSERN Project and KCRCS.

The Operator is preparing for the employment transition in 2023/2024. Summit Law Group has been engaged to be the legal advisors related to employment agreements and other labor relations matters. Benefits sourcing and PERS registration are proceeding along. Thanks to Kurt Triplett for facilitating the PSERN Operator sponsorship to become a member of the Association of Washington Cities.

The Operator is working on a plan to getting benefits, payroll, retirement and other items needed to be setup as an employer, and to have the ability to move staff from the County to the Operator. The plan and recommendations related to employment is targeted for the July meeting.

Caselle, the financial management system, has been implemented and the Operator will shortly submit the 2022 year-end reports to the state auditor and present the results to the Board at the May meeting.

Alex Rampley has been working to get the Operator setup with its own IT Infrastructure independent of the County, implementing a Microsoft 365 environment, and acquiring network equipment. An approval request of \$115,000 to cover the costs is in agenda item #8.

The operational ticket and service management system has been implemented which will be used to track service requests or incidents from the user base. An asset management system is in process and will initially be a repository for the inventory of radios deployed as well as infrastructure asset management.

Radio site subleasing discussions are continuing with potential tenants to understand the opportunities and the needs. The Operator plans to bring a report on subleasing to the Board at the May meeting. The direction from the March 2022 meeting was not to do anything concrete; the Operator cannot sign any leases until it owns the radio sites but is doing preparatory work to keep prospective tenants interested until the Operator is able to execute sub-lease agreements.

7. Operator Staffing Transition and Funding – Mike Webb

3:55 – 4:03 p.m.

Previously the Board had discussed the execution of an agreement between the County and the Operator to ensure adequate staffing for system operations and adequate funding to sustain the Operator until FSA.

Mike Webb noted that this is essentially the same briefing given to the Joint Board prior to this meeting and he would only cover the bullet points. The previous operational support agreement proposed the County subcontract operational responsibility to the Operator, address the Operator funding gap and provide staffing to operate the network and support users after the transition. It is important to note that operating the system is a County responsibility until FSA.

Some recent developments came up while trying to put the agreement in place. The Operator has encountered challenges getting the necessary insurance required by the County. With the technical recruitment process completed and no staff brought in from the outside, (all staff will transition over to the Operator from the Project or KCERCS), the Operator revised its spending plan to assume no additional technical staff and can last until FSA on the existing startup funding of \$3.05M.

The Operator's revised proposal is that the Project and KCERCS continue to fund all technical staff until FSA. This would have an impact on the Project budget of \$1.75M which was discussed in the Project Joint Board meeting. The other major change is some Operator management staff would supervise some County technical staff. A reporting change would be needed, and a 50/50 cost split between the Project and Operator defined, and an amendment to the hiring/staffing agreement implemented.

The revised proposal would set up the Operator to have in place the operational support structure needed to operate the network after FSA and all staff would transfer at the commencement of the operations period defined in the ILA as January 1, 2024. After that, PSERN would be funded by fees collected by the Operator.

An org chart showing the mix of different funding and status of individual positions that would be transitioning or remaining on the project was shared and is described in more detail in the report. After FSA the PSERN Operator takes over all staff and a small compliment of staff remains to complete the Project.

Mike Webb proposed a set of recommendations for discussion: not to pursue an Operations Support Agreement between the County and the Operator, Project staff transitioning to the Operator after FSA should be funded by the Project until FSA which adds \$1.75M to the Project budget to extend 12 Project staff to the end of 2023. The Operator's Technical Operations Manager and Radio Operations Supervisor responsibilities and costs will be split 50/50 between the Project and the Operator until FSA, and covered in an amendment to the hiring agreement, and the Operator will use the startup funds to fund the current Operator staff. The 50/50 cost split adjustment will allow the startup funds to last until FSA.

8. Startup Spending Update – Tracy Plouse 4:03 – 4:06 p.m.

Startup spending of the \$3.057M has been updated to reflect the transition recommendation discussed by Mike Webb in agenda item #7. The startup sending table includes estimates to the end of 2023. Assuming FSA will occur on January 1, 2024, and that the Operator does not acquire and fund additional staff outside of the positions in the budget, existing funds will be sufficient to fund the Operator through the remainder of 2023. The start spending table shows the columns for the first half and the second half of 2023 and the balanced budget.

Spending in excess of \$50,000 requires Board approval; the Operator is requesting approval to expend up to \$115,000 for the acquisition of hardware, software and services to implement Microsoft 365.

MOTION: Dwight Dively made a motion that the Operator Board authorize the Executive Director to spend up to \$115,000 for the acquisition of hardware, software, and services to implement Microsoft 365. Lora Ueland seconded the motion. Members unanimously approved the motion.

9. 2024 Budget Update – Tracy Plouse 4:06 – 4:20 p.m.

At the September 2022 meeting several scenarios were presented following direction given by the Board at the July meeting. FSA was then moved to December 31, 2023, and no operating budget was adopted.

Scenarios presented in September are summarized below:

Scenario 1 – allocation of rate stabilization funds decreased by 1/3 in years 2 and 3, includes a collection of a 5% operating reserve each year.

Scenario 2 – allocation of rate stabilization funds the same of scenario 1, but no operating reserve collected in the first year.

Scenario 3 – rate stabilization funds are allocated over the first 3 budget years with uniform increases in rates over those years and a collection of 5% operating reserve beginning in year one.

Scenario 4 – allocation of rate stabilization funds is the same as scenario 3, but no operating reserve collected in the first year, collection begins in the second year.

A summary of the Board's discussion of the draft budget presented in September 2022 follows:

- In July 2022, the Operator had a workshop with Clark Nuber to better define the formula to determine rates. The formula for calculating rates was determined to be 78% of the operating costs allocated to ratios and 22% allocated to consoles.
- As a reminder, the intent of the \$2.6M allocated for rate stabilization was to offset increases in user rates for the first 3 years. Approximately \$6.5M would be required to offer subsidies using the methodology.
- The previous budget developed in 2014-2020 directs 5% of operating costs be included in the budget and set aside for operating contingencies or emergencies.
- The Board directed the staff to not include the reserve in the 2023 budget and to provide scenarios for 2024, both with and without the operating reserve. The Operator provided the 4 scenarios, two with the operating reserve starting in year one and two with the reserve starting in year two.
- Capital replacement reserve for 2023 was not included in the scenarios because more information is needed, and the Board has not yet discussed the money left over from the Project that will be moved to the Operator.
- The Board briefly discussed the time period for the initial budget and whether the Operator should adopt a biennial budget to match the users' budget and provide rates 2 years at a time rather than 1 year. Should the Board choose to adopt both the 2023 and 2024 budgets at the same time the PSERN Operator's budget would be in sync with most users' budgets.

Moving forward in establishing a 2024 budget, the September 2022 budget presented in September showing the 4 scenarios will have updated numbers as more up-to-date information is now available.

The Operator is looking for a recommendation on how the Board would like the Operator to proceed with preparing a presentation to bring to the Board at the May 2023 meeting and then for adoption at the June meeting.

Kurt Triplett asked to confirm that the rates start in 2024, Mike confirmed. He requested to see how the funds leftover from the Project come into the Operator budget costs. Chief Scoggins

expanded on the request by asking if the Operator could recreate some scenarios where the 5% reserve is funded for the next couple of years by the remaining Project funds, and then showing the capital reserve relieved by the remaining funds.

The Operator will try to provide some visibility as to what the size of the capital and operating reserves needs to be, by the June meeting. There is also more work to figure out what the capital replacement needs will be over time.

Dwight Dively encouraged the Board to reserve some of the funds leftover from the Project for a year or two to pay for unknown things that may come up when the system goes live, and to put the funds into a capital reserve, so the Operator has something to start from other than rates.

The Operator will work to get estimates for capital replacement needs together for the June meeting. The May meeting update will focus on the operating expenses.

Mike Webb reminded the Board that 2 years into the operational period, the Motorola warranty expires resulting in an \$1.4M - \$1.5M annual increase in costs, which will push rates up after the first couple of years. Scenarios 3 and 4 in the draft budget will try to even out the rate increases.

10. PSERN Board of Directors Officer Report – Board Officers 4:20 p.m.

No Officer reports.

11. Review New Action Items – Chief Scoggins 4:20 – 4:21 p.m.

No new action items were recorded.

Adjourn 4:21 p.m.

Next Meeting: May 25, 2023

Appendix B: Payment Approval

| Payment Date | Payee | Description | Invoice # | Invoice Date | Warrant # | Total Warrant Amount |
|-----------------|---------------------------|----------------------------------|-----------------------|--------------|---------------|----------------------|
| 4/20/23 | King County PSERN Project | King County Contracted Services | 03312023 | 4/12/2023 | Journal Entry | \$86,371.66 |
| Subtotal | | | | | | \$86,371.66 |
| 4/20/23 | Aramark | Floor Mats for Kent Facility | 5120213709 | 3/30/23 | 10003692 | 16.52 |
| 4/20/23 | Aramark | Floor Mats for Kent Facility | 5120209797 | 3/23/23 | 10033693 | 16.51 |
| 4/20/23 | Pacifica Law Group LLP | Legal Services | 82615 | 4/11/23 | 10033694 | 1442.50 |
| 4/20/23 | WFT Company Two LLC | Lease and CAM charges – May 2023 | MAY 2023 | 4/10/23 | 10033696 | 12,220.58 |
| 4/20/23 | Keeney's Office Supply | Office Supplies | KI-00092155 | 2/28/23 | 10033695 | 111.94 |
| 4/20/23 | Amazon.com | Office Supplies | 114-3637033-2779453 | 3/1/23 | 10033695 | 8.25 |
| 4/20/23 | Amazon.com | Office Supplies | 113-4610600-8469820 | 3/2/23 | 10033695 | 9.90 |
| 4/20/23 | Amazon.com | Office Supplies | 114-1132211-1353064 | 3/2/23 | 10033695 | 219.64 |
| 4/20/23 | Amazon.com | Office Supplies | 114-9613057-4812234 | 3/6/23 | 10033695 | 12.23 |
| 4/20/23 | Amazon.com | Office Supplies | 114-2271106-3047460 | 3/7/23 | 10033695 | 13.07 |
| 4/20/2023 | FirstNet AT&T | Mobile Phone | 287321209309X02272023 | 2/19/23 | 10033695 | 17.27 |
| 4/20/23 | Amazon.com | Office Supplies | 114-2271106-3047460 | 3/7/23 | 10033695 | 7.70 |
| 4/20/23 | Amazon.com | Office Supplies | 114-8258335-8069834 | 3/10/23 | 10033695 | 200.29 |
| 4/20/23 | Puget Sound Energy | Utilities | FEB 2023 | 2/23/23 | 10033695 | 1,197.19 |
| 4/20/23 | Keeney's Office Supply | Office Supplies | KI-00093147 | 3/16/23 | 10033695 | 47.42 |
| 4/20/23 | Lumen | Network Services | 628124571 | 2/1/23 | 10033695 | 559.48 |
| 4/20/23 | CenturyLink | Phone Service | FEB 2023 | 2/28/23 | 10033695 | 148.99 |
| 4/20/23 | Keeney's Office Supply | Office Supplies | KI-00093590 | 3/21/23 | 10033695 | 65.73 |
| 4/20/23 | Amazon.com | Office Supplies | 114-6963440-3655461 | 3/21/23 | 10033695 | 74.17 |
| 3/22/23 | Amazon.com | Office Supplies | 114-1884535-3020237 | 3/22/23 | 10033695 | 291.77 |

| Payment Date | Payee | Description | Invoice # | Invoice Date | Warrant # | Total Warrant Amount |
|--------------------|------------------------|------------------------------|---------------------|--------------|-----------|----------------------|
| 4/20/23 | Amazon.com | Office Supplies | 114-4281563-4939457 | 3/22/23 | 10033695 | 106.05 |
| 4/20/23 | Amazon.com | Office Supplies | 114-5817365-7539435 | 3/21/23 | 10033695 | 73.52 |
| 4/20/23 | Keeney's Office Supply | Office Supplies | KI-00094009 | 3/24/23 | 10033695 | 42.23 |
| 4/20/23 | Amazon.com | Office Supplies | 114-4281563-4939457 | 3/22/23 | 10033695 | 208.75 |
| 4/20/23 | Vagaro | Software License | March 2023 | 3/26/23 | 10033695 | 81.91 |
| 4/20/23 | CDW G | Software License | HJ06382 | 3/11/23 | 10033695 | 368.69 |
| 4/20/23 | Archon Systems Inc | Software License | IC-08-1660 | 3/14/23 | 10033695 | 328.00 |
| 4/20/23 | Atlassian | Software License | AT-231443799 | 3/23/23 | 10033695 | 138.73 |
| 4/20/23 | Best Buy | Tech Supplies | BBYO1-806751012658 | 3/27/23 | 10033695 | 2,640.20 |
| 4/20/23 | BlueSpace Interiors | Office Furniture | LI-00092472 | 3/6/23 | 10033695 | 2336.85 |
| Subtotal | | | | | | \$23,006.08 |
| 5/5/23 | Aramark | Floor Mats for Kent Facility | 5120205552 | 3/16/23 | | \$16.51 |
| 5/5/23 | MCM Technology | Software License | 59596 | 4/25/23 | | 27,249.75 |
| 5/5/23 | SMS Cleaning | Janitorial Service | PSE Kent – 0323 | 4/25/23 | | 900.00 |
| 5/5/23 | SMS Cleaning | Janitorial Service | PSE Kent - 0423 | 4/25/23 | | 900.00 |
| Subtotal | | | | | | \$29,066.26 |
| GRAND TOTAL | | | | | | \$138,444.00 |

PSERN Operator Board of Directors Staff Report – Consent Agenda



Title: Amendment to Staffing Agreement with King County
Meeting Date: May 25, 2023
Staff Contact: Michael Webb
Action: Decision

SUMMARY AND BACKGROUND:

This report brings forward, for approval, an amendment to the staffing agreement between the PSERN Operator and King County, executed in May 2021 (Agreement for Recruitment and Provision of Staff). The amendment is required due to the revised staff transition and funding proposal discussed at the April 2023 meeting.

ANALYSIS/DISCUSSION:

In May 2021, the PSERN Operator Board adopted Resolution 21-08, which approved the execution of an agreement with King County for the recruitment and retention of staff (see Appendix B).

At the April 2023 meeting, the Board discussed a staff report that proposes a revised proposal for funding the PSERN Operator and resourcing operational and user support requirements in the period leading up to FSA.

Among other changes, this proposal calls for certain PSERN Operator staff assuming supervisory responsibility for certain staff funded by the PSERN Project and the funding for that supervisory staff to be split between the PSERN Operator and the PSERN Project. This change also applies (retroactively) to the PSERN Operator Executive Director, who has been fulfilling a dual role since July of 2022.

The April report recommends that this arrangement be memorialized in a written agreement. The simplest approach, as recommended by the King County PAO, is to amend the existing staffing agreement. The proposed amendment is provided as Appendix A.

RECOMMENDATION:

It is recommended that the Board authorize the Executive Director to execute the staffing agreement amendment as provided in Appendix A.

The Operator Board is being requested to approve the following motion:

MOTION: That the PSERN Operator Board authorize the Executive Director to execute the staffing agreement amendment provided in Appendix A.

REFERENCE DOCUMENTS:

Appendix A – AMENDMENT NO. 1 TO AGREEMENT FOR RECRUITMENT AND PROVISION OF STAFF

Appendix B – RESOLUTION NO. 21-08 - RESOLUTION FOR ADOPTION OF AN AGREEMENT BETWEEN THE PUGET SOUND EMERGENCY RADIO NETWORK (PSERN) OPERATOR AND KING COUNTY FOR THE HIRING OF STAFF

PSERN Operator Board of Directors Staff Report – Consent Agenda



Title: Resolution 23-04 to enroll PSERN Operator in Social Security Administration

Meeting Date: May 25, 2023

PSERN Staff Contact: Tracey Doss, Administrator

Action: Decision

SUMMARY:

Resolution 23-04 Enroll PSERN Operator in Social Security Administration

This report presents, for approval, a board resolution to enroll the PSERN Operator in social security administration.

BACKGROUND/ANALYSIS

As part of the setup activities of a new agency, the PSERN Operator must join the Washington State Department of Retirement Systems (DRS) prior to setting up PERS for its staff. Social Security Administration and PERS are both administered by DRS, which requires a resolution passed by the PSERN Operator Board of Directors to enroll the Operator in Social Security Administration, and submitted to the DRS prior to the application and resolution that will be required to enroll the Operator in PERS.

In keeping with the Interlocal Cooperation Agreement, Section 8.2.1.2, which states “the Board of Directors shall require the PSERN Operator to use its best efforts to offer the Transferring Employees opportunities for professional advancement and a package of employee benefits that are similar to the opportunities and benefits available to the Transferring Employees at their current agency at the time of transition to PSERN employment”, it is proposed that the Operator enroll to participate in Social Security.

This resolution is necessary to ensure continued social security coverage for the PSERN Operator staff. At a later Board meeting the Operator will be asking the Board’s approval for a resolution to enroll in PERS.

RECOMMENDATION:

It is recommended that the Board approve resolution 23-04, Enroll PSERN Operator in Social Security Administration.

The Operator Board is being requested to approve the following motion:

MOTION: That the PSERN Operator Board approve resolution 23-04, Enroll PSERN Operator in Social Security Administration.

Supporting Documentation: Attachment A, Resolution 23-04.



RESOLUTION NO. 23-04

A RESOLUTION OF THE PSERN OPERATOR BOARD OF DIRECTORS AUTHORIZING THE PSERN OPERATOR TO ENROLL IN SOCIAL SECURITY ADMINISTRATION.

WHEREAS, the Board of Directors (the “Board”) of the Puget Sound Emergency Radio Network Operator (the “PSERN Operator”) establishes policies and procedures relating to PSERN Operator operations, including but not limited to procurement policies, to ensure uniform, efficient, and competitive operations; and

WHEREAS, Puget Sound Emergency Radio Network Operator desires to offer Social Security coverage to its employees;

NOW THEREFORE, be it resolved that the Puget Sound Emergency Radio Network Operator Board of Directors does hereby adopt the following resolution:

SECTION 1. It is hereby declared to be the policy and purpose of Puget Sound Emergency Radio Network Operator to extend the provisions of RCW 41.48.030, providing Social Security coverage to eligible employees of Puget Sound Emergency Radio Network Operator.

SECTION 2. The Executive Director is authorized and directed to execute an agreement with the State of Washington to secure Social Security coverage of eligible employees as provided in Section 1.

SECTION 3. The coverage of eligible employees shall be effective as of January 1, 2024.

SECTION 4. Withholdings from salaries or wages of employees for the purposes provided in Section 1 of this Resolution are hereby authorized to be made in the amounts and at such times as may be required by applicable State and Federal

laws and regulations, and shall be paid to the Internal Revenue Service, in such amounts and at such times as are designated in IRS Code 3121(b)(7)(E) and 3126.

SECTION 5. Employer contributions shall be paid from amounts appropriated for such purposes to the Internal Revenue Service in accordance with applicable Federal laws.

SECTION 6. Puget Sound Emergency Radio Network Operator shall maintain such records and submit such reports as may be required by applicable State and Federal laws or regulations.

SECTION 7. This resolution shall take effect and be in full force from and after its passage.

Passed this 25 day of May, 2023. Authorizing Signatures:

_____ Title: _____

_____ Title: _____

_____ Title: _____

_____ Title: _____

_____ Title: _____

CERTIFICATION:

I, [NAME], [TITLE], do hereby certify that the foregoing is a true and correct copy of Resolution passed by the Puget Sound Emergency Radio Network Operator on the 25 day of May, 2023.

ADOPTED at the regular meeting of the PSERN Operator Board of Directors, this _____ day of _____ 2023.

PSERN OPERATOR

KING COUNTY, WASHINGTON

[_____] , Chair

DRAFT



PSERN Operator Board of Directors Action Log - Open Items

| # | Date Opened | Item | Responsible | Due Date | Notes |
|----|-------------|--|----------------------------|----------|---|
| 13 | 2/24/22 | Request for additional information related to In-Building Sites to include details of funding options for the remaining 10 areas recommended by the task force, any budget considerations, improvements found in Coverage Testing, impacts of additional sites on Operator rates, Operations Board and Technical Committee perspective, and impact on backhaul capacity. | Operator Staff | TBD | Planning work for how to fulfill this set of requests will begin once the in-building sites are live on the system and testing is complete. This action item was moved from the Project Action Log to the Operator Action Log on 4/27/23. |
| 14 | 3/24/22 | 2023 budget and service fee development. | Mike Webb/ Tracy Plouse | 6/22/23 | Target early draft by June board meeting |
| 15 | 3/24/22 | Report on proposed plan for development of sublease agreement templates to be drawn up for discussion. | Mike Webb | 5/25/23 | Agenda item #8 of the 5/25/2023 Board meeting. |
| 16 | 10/27/22 | Operator staff will prepare a draft operational support agreement between the County and the Operator. | Mike Webb | 5/25/23 | Recommended to close this item as there is no OSA. |



PSERN Operator Board of Directors Action Log - Closed Items and Archive

| # | Date Opened | Item | Responsible | Due Date | Notes |
|---|-------------|---|------------------------|----------|--|
| 1 | 4/28/22 | Summary of portfolio of PSERN leases | Project Staff | 6/1/22 | Operator |
| 2 | 4/28/22 | Budget workshop to discuss 2023 budget and rate setting | Mike Webb/Tracy Plouse | 7/15/22 | Workshop held July 11th. Update at July board meeting. |
| 3 | 6/23/22 | Operator staff will send a calendar invite for the July 11, 2022 budget workshop. | Tracy Plouse | 6/24/22 | |
| 4 | 3/24/22 | Facility recommendation and approval | Mike Webb | 8/25/22 | Leased approved at 8/25 meeting. |
| 5 | 6/23/22 | Review availability for the August and September regular Board meetings. | Board Members | 7/28/22 | Need to confirm quorum |
| 6 | 4/28/22 | Provide a report on possible changes to the Operator ILA associated with a change to the milestone at which the Operator takes over operational responsibility. Assess the Motorola contract for any concerns. | Mike Webb | 9/22/22 | This pertains to the proposal to set the date for operational transition and PSERN service fee commencement to something other than FSA. |
| 7 | 5/26/22 | Review existing procurement policy to consider issues identified in Clark Nuber phase 1 report. | Mike Webb/Tracy Plouse | 9/22/22 | Procurement policy amendments approved. |
| 8 | 8/25/22 | Update the draft budget and service fee estimates to reflect revised CPI rates. | Tracy Plouse | 9/22/22 | Updated budget report provided at September meeting. |
| 9 | 9/22/22 | Approval of warrant vouchers (checks) needs to be added to future board meetings as a standing item. This could be done as part of a consent agenda that would also include approval of previous meeting minutes. | Mike Webb/Tracy Plouse | 10/27/22 | Will be incorporated as part of consent agenda starting with October meeting |

| | | | | | |
|----|----------|--|------------------------|----------|--|
| 10 | 9/22/22 | Operator staff will bring additional information on the alternatives to modifying or setting the Operator Transfer date and the associated funding requirements and approaches | Mike Webb | 10/27/22 | Closed, follow up item added to action log. |
| 11 | 1/26/23 | Mike Webb will consult with legal counsel on the wording of the motion for the Board to approve the transfer agreement prior to sending for Council approval. | Mike Webb | 2/23/23 | This is complete. Wording for the agreement has been provided. Pacifica advised the wording to be "it is also recommended that the Board plan to approve the Agreement, in substantially final form." |
| 12 | 10/27/22 | The Operator will add the decision regarding collection of service fees from agencies beginning in 2024 to a future Board meeting. | Mike Webb/Tracy Plouse | NA | FSA will not occur until December and there is no ability for the Operator to collect fees until after FSA. Recommend this item be closed. The Board of Directors agreed that this item should be closed at the 4/27/23 meeting. |

PSERN Board of Directors Staff Report

Agenda Item #6



Title: Executive Director Report – May 2023
Meeting Date: May 25, 2023
PSERN Staff Contact: Michael Webb, Executive Director
Action: Discussion

SUMMARY:

This report provides a summary of the activities of the PSERN Operator (PSERN) since the last report to the Board at the May 2023 meeting.

DISCUSSION:

PSERN Operator Staffing & Hiring

- An amendment to the hiring and staffing agreement between the County and Operator, as discussed at the April meeting, is being brought forward for approval at the May meeting under agenda item 4.
- The reporting structure and cost allocation changes discussed in the April report have been implemented.
- Staffing for the PSERN Operator currently sits at 6, with 3 positions partly funded by the Project through to FSA as indicated below:
 - Executive Director (50%)
 - Finance and Administration Manager
 - Technical Operations Manager (50%)
 - Radio Operations Supervisor (50%)
 - Administrator III
 - Administrative Specialist
- The Accountant position is being re-posted by KCIT Finance.
- A decision on timing for recruitment of an HR Specialist role prior to FSA will be made in the next 2 months.

Employment Transition to Operator

- Summit Law Group has begun work to develop an HR manual for the PSERN Operator that will define policy and practice for hiring, employment contracts, job descriptions, leave, benefits and compensation.
 - A report to the Board outlining recommendations will be prepared for the July meeting.

- Target for commencement of Operator employment remains at January 1, 2024, contingent on funding and achievement of FSA in December, 2023.
- Washington State Department of Retirement Systems has provided documents for completion to make PSERN Operator a PERS member effective January 2, 2024.
 - In order to register for PERS, the Operator needs to make a determination regarding its participation in Social Security.
 - The ILA requires that the Operator make best efforts to provide benefits to transferring employees equivalent to that provided by their current employer.
 - As a result, a resolution is being presented to the board for approval to join Social Security (see agenda 4) at the May meeting.
- Operator staff are in the process of sourcing alternatives and proposals for employment benefits (health, dental, etc.). Three providers have been contacted to provide pricing and plan options and a recommendation will be made at the July board meeting.

2023/2024 Operating Budget and Service Fee Development

- A draft full-year operating budget for 2024 is being presented for review at the May meeting.
- A thorough review of operating and staffing expenses has been undertaken and incorporated in the May draft budget.
- Target for budget and service fee approval is the June meeting.

Transfer Agreement

- Approval of the Transfer Agreement, in substantially-final form, by the PSERN Operator Board is requested in agenda item 8.
- After Project Joint Board and PSERN Operator Board approval, the Transfer Agreement will be routed to King County Council for its approval, which is expected to be complete by September 2023.

Financial Startup

- The PSERN Operator's 2022 financial statements, including Management Discussion and Analysis (MD&A) have been prepared and submitted to the State Auditor.
- The 2022 Financial Report is discussed in agenda item 10.
- Training on the financial management system (Caselle) is in-progress.

IT Systems

- Work to implement Microsoft 365 for the PSERN Operator (including email using the PSERN.org domain) will commence in June.

Radio Site Subleasing

- An update on the opportunity and work required for the PSERN Operator to generate additional sublease revenue at radio sites is provided as agenda item 7.

Upcoming Board Meeting Topics

- Topics expected to be brought forward over the next 3 board meetings include the following:
 - June 2024:
 - Approval of 2024 Budget and Service Fee rates.
 - Update and/or approval of significant procurements, as required.
 - Approval of financial/administrative policies, as required.
 - July 2024:
 - Report on Plan and Recommendations for PSERN Operator Employment Startup.
 - Update and/or approval of significant procurements, as required.
 - Approval of financial/administrative policies, as required.
- These topics are in addition to the regular standing items, including the Action Item Log, Executive Director's report and Startup Spending Update.

CONCLUSION:

This report has provided a summary of the work undertaken by the PSERN Operator since the previous report in May 2023.

SUPPORTING DOCUMENTATION:

None

PSERN Operator Board of Directors

Staff Report – Agenda Item #7



Title: Update on Subleases at PSERN Radio Sites
Meeting Date: May 25, 2023
Staff Contact: Michael Webb, Executive Director
Action: Discussion

SUMMARY:

This report provides an update on the opportunity for the PSERN Operator to enter into sublease agreements with wireless network operators to provide access to its towers and other facilities at its radio sites. PSERN continues to receive enquiries from various organizations interested in collocating at PSERN sites and is taking initial steps to prepare for the future execution of subleases by the PSERN Operator in 2024 after Full System Acceptance.

BACKGROUND:

March 2022 PSERN Operator Board – Staff Report

At the March 2022 PSERN Operator Board meeting, a staff report was presented which discussed the opportunity for additional subleases at PSERN radio sites (see Appendix A). The following is a summary of the matters discussed in that report:

- A significant number of radio site subleases will be assigned by the County to the PSERN Operator, so the PSERN Operator needs to dedicate resources and budget to ongoing management of its lease and sublease portfolio.
- A national wireless carrier has requested PSERN consider new subleases at several sites, and there appears to be additional opportunities to initiate agreements with other commercial providers and public safety/public service agencies.
- The amount of potential revenue is unknown at this time and will depend on several factors, including wireless provider coverage requirements, market availability, timing and location.
- PSERN Operator policy considerations will need to be further discussed and considered.

In discussing the March 2022 report, Board members expressed reservations regarding both staff and Board capacity, as actively promoting and responding to sublease opportunities could require a great deal of time and resources. It was therefore suggested that work on this could be deferred until the project successfully reaches FSA and in a timely manner.

In response, the Executive Director indicated the Operator intends to target implementing/executing new subleases after radio site assets are transferred to the Operator at FSA. There is no plan to proactively seek or execute subleases prior to FSA and the focus will be on the development of commercial sublease template agreements. As this work would take many months, it was recommended that work on template agreements begin as soon as possible.

Developments Since March 2022

Since the March staff report was discussed, FSA has been delayed until December 2023. The PSERN Operator has already missed the opportunity to secure additional passive revenue from a wireless carrier at one site

due to that delay.

In that time, PSERN has received additional inquiries from Dish Networks, Pano AI, StarTouch Inc, T-Mobile and Verizon Wireless regarding subleasing at four (4) of the new PSERN sites as soon as possible. As noted above, executing such agreements prior to FSA, while King County is still the owner of the PSERN assets, has been investigated and determined to not be possible. However, it is possible to develop the necessary legal documentation prior to FSA to allow the PSERN Operator to start generating revenue immediately after assignment.

In support of this objective, PSERN staff, in consultation with the PAO and external legal counsel (Busch Law Firm PLLC) have begun to review applications, draft Right of Entry agreements (to allow potential tenants to evaluate the suitability of PSERN sites) and prepare sublease agreements that would become effective upon the transfer of network assets

The goal of this work is put PSERN in the position of sublease execution immediately after FSA in January 2024, with site implementation to occur later in the spring of 2024. T-Mobile and Verizon are aware of these constraints and the expected timing.

DISCUSSION/ANALYSIS:

The March 2022 report is attached as Attachment 1. It discussed several issues, including the size of the opportunity and policy considerations for the PSERN Operator. The situation regarding these issues has not changed substantively. In particular, the total size of the opportunity is still not fully known as PSERN has not been proactively seeking sublease agreements up to this point.

The remaining discussion in the March report related to the impacts on the PSERN Project and Operator and what should be done to keep this opportunity moving forward.

Developing agreements for subleasing at radio sites and responding to near-term requests from wireless carriers requires the following:

- PSERN staff, supported by Busch Law Firm PLLC will undertake the development of a template agreement for commercial wireless network providers.
- The PSERN Project Site Development Supervisor will consider and assess the technical impact of the requests from prospective tenants (including T-Mobile and Verizon) for installations at the sites they have identified.

A template agreement is being developed and will be used as a starting point for the agreements at each site. It will contain standard (boilerplate) legal, business, technical and operational language that would be modified to suit the specific situation at each site. Because specific requirements can vary significantly between sites, it is not feasible to draft a “master agreement” that would apply to multiple sites.

The effort and costs associated with this work can be accommodated within the existing Project resourcing and budget. PSERN Operator staff will participate in the process of developing the site-specific agreements with the goal of executing them shortly after FSA in January 2024 and completing implementation and commencement of revenue by the Spring of 2024.

Provision is being made in the PSERN Operator 2024 budget for a staff position (Facility Manager) to manage the existing sublease portfolio. As radio site subleasing becomes an expanded service offering for the PSERN Operator, any incremental costs, including additional legal expenses, for this work will be funded out of sublease revenues. These additional revenues can be considered to be “passive”, in that additional costs will

be small in comparison to the additional revenue that will be generated. However, no additional sublease revenue will be incorporated into the PSERN Operator's budgets (including 2024) until sublease agreements are executed.

As these initial agreements are developed, the following policy and technical matters will be addressed on a site-by-site basis by PSERN Project and Operator staff and incorporated into an overarching set of guidelines:

- Procedures and processes for responding to subleasing requests, including site access
- Criteria for determining eligibility for subleasing on PSERN sites, including priority and method for allocation of tower capacity and ground/building space
- Method of determining sublease fees/rates
- Technical, operational and security requirements, although many of these have already been defined by the PSERN Project during radio site development

The Board will be requested to approve all sublease agreements prior to execution and will be consulted and/or advised on any policy matters that arise during the drafting and negotiation phase.

CONCLUSION:

This report has provided an update on the opportunity for the PSERN Operator to enter into new sublease agreements with wireless network operators to provide access to its towers and other radio site facilities. Work is currently underway to develop sublease agreements with two national wireless carriers that will be targeted for execution and implementation in early 2024, after FSA.

REFERENCE DOCUMENTS:

Appendix A – March 2022 PSERN Operator Board Report - Subleases at PSERN Radio Sites

SUPPORTING DOCUMENTATION:

N/A

PSERN Operator Board of Directors Staff Report - Agenda Item #8



Title: Subleases at PSERN Radio Sites
Meeting Date: March 24, 2022
Staff Contact: Michael Webb, Executive Director
Action: Discussion

SUMMARY:

This report discusses the opportunity for the PSERN Operator to enter into sublease agreements with wireless network operators to provide access to its towers and other facilities at its radio sites. A recent request has been made by T-Mobile for subleasing at PSERN sites in the near-term and PSERN needs to determine how to respond to this and future requests.

The PSERN Project has already established over 30 subleases at PSERN radio sites that will be assigned to the PSERN Operator at Full System Acceptance (FSA). Establishing new or additional sublease arrangements is outside of the PSERN Project scope, so the PSERN Operator needs to determine if, when and how it wishes to address any new opportunities. Resources and funding will be required to support the development of new agreements, although these costs have not been estimated yet.

The Board is requested to consider this opportunity and provide feedback and guidance regarding whether and when the PSERN Operator should pursue it.

BACKGROUND:

PSERN's rights to its emergency radio communication sites are through leasehold rights it has with the site owners, i.e. the PSERN Operator will not own the land it occupies at these sites. Also, both the leasehold rights and the PSERN infrastructure at these sites varies from site to site, which impacts the sublease opportunities available.

It is common practice in the wireless industry for a wireless network operator¹ to lease access to a portion of another network operator's physical radio site infrastructure. In the context of PSERN, this can mean any combination of the following:

- PSERN enters into sublease to allow a wireless network provider to attach its antennas and related equipment to PSERN towers.
- PSERN subleases ground space at its radio sites for the installation of wireless network provider equipment.
- PSERN provides other services (e.g. electrical power, generator access, connectivity) to a wireless network provider

King County, as the builder and current owner of the PSERN infrastructure, already has over 30 sublease arrangements in place with wireless network operators, both public² and private/commercial³ organizations. Many of these subleases are associated with existing KCERCS sites that will be assigned to the PSERN

¹ The term "wireless network operator" is being used broadly to describe any organization that owns and operates wireless communications equipment that is subject to FCC spectrum licensing and related regulations.

² For example, WS DOT, Valleycom, NORCOM, SNO911, other Fire/Rescue services, WA State Patrol, City of Seattle, etc.

³ For example, Verizon, T-Mobile, AT&T, Sprint, etc.

Operator. Subleases were also executed at some of the new PSERN sites, primarily with partner and other public service organizations or where 3rd party rights were needed as part of enabling the PSERN project to complete the site. The PSERN Operator will have to commit resources to the management of this sublease portfolio⁴ on an ongoing basis after it assumes ownership of the network at FSA.

The new PSERN sites provide additional opportunities for the PSERN Operator to generate revenue to offset its ongoing operating expenses, which will result in reduced service fees. Potential organizations that would sublease from the PSERN Operator include those that are currently leasing space from King County at KCERCS sites, such as Verizon, T-Mobile and AT&T, along with smaller, regional wireless and/or broadband service providers and other public safety/public service organizations.

Recently, PSERN received an inquiry from T-Mobile regarding subleasing at two of the new PSERN sites as soon as possible. Entering into such an arrangement prior to FSA, while King County is still the owner of the PSERN network, has been investigated and determined to not be feasible or recommended for the following reasons:

- This would be an increase in project scope that may conflict with other project activities/priorities.
- The time required to obtain approval of the resulting agreements by King County Council will likely not result in implementation in 2022.

As a result, the preferred approach is to have the PSERN Operator take the lead with the objective of executing subleases that would become effective upon the transfer of network assets, which would lead to implementation in the spring of 2023. T-Mobile have been advised of these challenges and have indicated they wish to pursue agreements with the Operator according to that timeline.

Beyond the specific request from T-Mobile, establishment of a broader policy or set of policies related to subleasing at PSERN radio sites is an existing item on the Board’s workplan, with a target completion of Q2/2022.

ISSUES:

To decide how to proceed in address radio site sub-leasing opportunities and associated policy development, the Board needs to consider and address the following issues:

Issue #1: Why would we want to do this and when? How big is the opportunity?

Issue #2: What policy matters for the PSERN Operator need to be considered?

Issue #3: What will the impact be on the PSERN Project and PSERN Operator?

Issue #4: What should be done to move this forward?

ANALYSIS:

The following analysis and discussion addresses the issues identified in the previous section.

Issue #1: Why would we want to do this and when? How big is the opportunity?

⁴ The existing sublease portfolio is in excess of \$500K annual revenue that will be assigned to the PSERN Operator.

The magnitude of the opportunity overall (how many sites, net revenue per site, etc.) is difficult to predict. Sublease revenue per site will vary, depending on the number and size of antennas and what else is included in the agreement (ground space, etc.).

Most national wireless companies are well down the path of designing and implementing their national 5G networks, particularly in urban areas. Moreover, PSERN's towers are mainly suitable as "macro" sites, which means they are high (150' and higher) and support large coverage areas, whereas 5G networks will generally be designed for small (micro) cells with relatively low antenna heights.

However, PSERN's towers can be attractive to commercial wireless network operators in specific situations, such as:

- When a network operator wishes to expand its coverage (4G and 5G) in previously unserved areas and PSERN's tower is the only structure in a specific area (e.g. PSERN's highway sites).
- When a network operator requires a macro (high) site for use as a microwave "hub".
- When a network operator is in the business of providing fixed (line-of-sight) broadband services, particularly if the site also has fiber connections.

There will also be additional demand from other public safety/public service agencies that are not part of PSERN. This will include some of the agencies that are currently collocated on the existing KCERCS sites and additional agencies due to the expanded footprint.

Sublease revenue from new commercial tenants in the range of \$50,000 per year per site would not be unusual. A conservative estimate is that the PSERN Operator could generate an additional \$500,000 per year within a 2-3 year period after assuming ownership of the network. The upside could be considerable because a site that is attractive to one network operator may also be attractive to its competitors, resulting in multiple sublease agreements at the same site.

There are several reasons why developing overarching policy and pursuing new sublease agreements should commence now (or sooner rather than later):

- It can take many months or even years to negotiate a new sublease and obtain the necessary permits for construction.
- National wireless network operators are already well into their planning and construction activities for construction of 5G networks, so that window of opportunity will start to close in the coming years.
- More generally, the rate of technological change in the wireless industry is high and so the longer PSERN holds off participation in this marketplace, the more PSERN will miss emerging opportunities.
- As the existing (KCERCS) sublease agreements get assigned to the Operator and their terms expire, PSERN will have to negotiate extensions and/or replacement agreements, which should be based on a consistent and up-to-date template.

As discussed above, the PSERN Operator will need to start work in 2022 on negotiating new agreements in order for those agreements to come into effect in early 2023, when the assets are transferred.

Issue #2: What policy matters for the PSERN Operator need to be considered?

There are several matters of policy that need to be considered and addressed.

- 1. Are there any legal or regulatory impediments to pursuing new sublease agreements?*

There are no general legal or regulatory impediments. The Federal Communications Commission (FCC), which licenses radio spectrum and radio towers above a certain size, encourages collocation of antennas where technically and economically feasible⁵.

However, because PSERN is a lessee at most of its radio sites (ground lease), PSERN must ensure that any sublease agreement it executes considers the terms of the agreement with its landlord. In some cases, explicit landlord consent may be required or there are provisions related to sublease that involve additional lease cost. For example, at publicly owned sites such as US Forest Service sites, subleasing to commercial service providers may trigger ineligibility for rental fee waivers.

2. How does PSERN determine who to enter into sublease agreements with?

The PSERN Operator is not currently subject to specific rules regarding how it establishes sublease agreements or with whom. For example, it is not required to publicly announce availability of radio site facilities or conduct any kind of open/public competition to award access.

However, certain constraints should be placed on who it considers as radio site tenants. Some or all of the following requirements should be established:

- Tenants must have a bona fide reason for wanting to sublease that is consistent with PSERN's operations.
- Tenants must be able to meet PSERN's technical and operational requirements.
- Tenants must not pose an operational or financial risk to PSERN.
- Tenants must be qualified and authorized to locate antennas on PSERN towers – typically this will mean they are a licensee of spectrum and regulated by the FCC.

It is not likely that contention between prospective tenants would require PSERN to have to decide between multiple tenants at a given site. If this does occur, for example, because of capacity or space limitations, common practice in the wireless industry involves a "first-come first-served" approach. In these situations, priority should be given to tenants that provide services in support of public safety or public service.

3. How will sublease fees/rates be determined?

Sublease fees/rates are typically based on market conditions and are negotiated between lessor and lessee for the initial term of an agreement. For antenna attachment, fees will be a function of the number, type, size, weight and location of antennas and related equipment. Fees for sublease of ground space will depend on the amount of space required.

PSERN should establish standard per-antenna attachment rates/fees and update those yearly based on market conditions and PSERN's costs.

4. How much capacity can PSERN commit to subleasing tenants?

⁵ *Second Amendment to Nationwide Programmatic Agreement for the Collocation of Wireless Antennas* (Collocation NPA) to facilitate the collocation of wireless facilities on existing towers under Section 106 of the National Historic Preservation Act (NHPA). <https://www.federalregister.gov/documents/2020/08/20/2020-16542/second-amendment-to-collocation-agreement>

This needs to be assessed on a site-by-site basis. Most PSERN towers have a significant amount of excess structural capacity⁶ but this can vary by site. PSERN will need to ensure that its future capacity needs are considered when entering into new subleases, particularly those involving antenna/feedline attachment and ground space.

The assessment of the capacity (tower loading, ground space) impacts from a proposed sublease will require work by technical resources on behalf of PSERN to ensure its interests are protected.

Issue #3: What will the impact be on the PSERN Project and PSERN Operator?

The impact of starting work on developing overarching policy and guidance for subleasing at radio sites and responding to the immediate request from T-Mobile is as follows:

- Work should be undertaken by King County Facilities Management Division (FMD), supported by Busch Law Firm PLLC to support the development of a template agreement for commercial wireless network providers.
- Support will be required from the PSERN Project to consider and assess the technical impact of T-Mobile’s proposed installation at the first two sites they have identified.

A template agreement should be used as a starting point for the agreements at each site. It will contain standard (boilerplate) legal, business, technical and operational language that would be modified to suit the specific situation at each site. Because specific requirements can vary significantly between sites, it is not feasible to draft a “master agreement” that would apply to multiple sites.

Normally the owner of radio site assets would pay its share of the legal and technical work required to establish a sublease. With the PSERN Operator not yet operational and generating revenue, an arrangement may have to be agreed with T-Mobile to have them assume some or all of these costs for these initial agreements.

In the longer term, as radio site subleasing becomes an ongoing service offering for PSERN, resources and budgets will have to be allocated to this work and funded out of sublease revenues. This includes the management of the existing sublease portfolio discussed above.

A long-term impact of subleasing at PSERN radio sites will be the utilization of tower (structural) and possibly ground space and electrical capacity. This must be assessed for each site and technical guidance developed regarding the maximum capacity should PSERN allocate to any given tenant.

Issue #4: What should be done to move this forward?

With respect to the T-Mobile opportunity, the next step would be for the PSERN Operator to indicate to T-Mobile it wishes to start the process of negotiating subleases for the two sites they have requested.

This will require resources and support from King County FMD, Busch Law Firm and the PSERN Project as discussed above. Assuming it is to proceed, the costs associated with this work need to be estimated and sources of funding identified. The PSERN Operator would also have to execute an engagement letter agreement with Busch Law Firm.

As part of negotiating these initial agreements, a template sublease for commercial subtenants would be

⁶ All new PSERN towers were constructed with 200% excess structural capacity to account for future growth in PSERN’s needs and to enable tenants to be accommodated.

developed that can be used with additional sublease tenants. As this work progresses, the policy questions listed above would get addressed in more detail and the Board will be updated on progress as it is made.

CONCLUSION:

This report has discussed the opportunity for the PSERN Operator to enter into new sublease agreements with wireless network operators to provide access to its towers and other radio site facilities. A specific sublease request has been received from T-Mobile that needs to be responded to.

It is important to recognize that the PSERN Operator will have to manage an existing portfolio of 30+ subleases once it assumes ownership of the network in 2023. The questions to be answered at this point are if, when and how the PSERN Operator should address new sublease opportunities.

The Board is requested to consider this opportunity and provide feedback and guidance regarding whether and when the PSERN Operator should pursue it. Resources and possibly funding will be required in the near-term to support the development of new agreements.

SUPPORTING DOCUMENTATION:

N/A

PSERN Board of Directors Staff Report

Agenda Item #8



Title: Transfer Agreement Approval
Meeting Date: May 25, 2023
PSERN Staff Contact: Michael Webb, Executive Director
Action: Decision

SUMMARY:

This report provides a summary of the PSERN Transfer Agreement that will enable the PSERN Operator (Operator) to take over ownership, operation and maintenance of the PSERN system from King County (County). The PSERN Operator Board of Directors is being requested to approve the Transfer Agreement in substantially final form at the May 2023 meeting.

BACKGROUND:

The PSERN Implementation and Operator ILAs both reference forming a new agency to take over ownership and management of the PSERN system, including all assets and liabilities. The PSERN Transfer Agreement (Agreement) is the legal instrument for transferring the ownership and ongoing management and maintenance of the PSERN system to the PSERN Operator. It lists the County's interest in the assets and liabilities that comprise the PSERN system, including real and personal property interests, facilities, agreements, funding, leases, and documents. The two parties to the agreement are King County and the PSERN Operator.

The proposed Agreement includes the following key sections:

- Contracts and leases to be assigned
- Site-Specific: Physical Assets to be Transferred & Third-Party subleases, licenses, permits and Other Agreements Assigned
- Funds & Documents to be Transferred
- Other Equipment to be Transferred
- Retained Assets and KCERCS Equipment Removal & Definition of Assets
- Condition of Assets & Disclosure of Known Deficiencies
- PSERN Operator Acceptance of Condition of Assets; As Is Transfer and Release
- Legislative Approval, Deliver of Documents by the County & by the Operator
- Closing/Closing Date, Prorations, The County's Delivery at Closing, & PSERN Operator's Deliver at Closing
- Dispute Resolution provisions
- Exhibits: There are currently 15 Exhibits attached to the Agreement. The list below only contains the substantive exhibits with lists of documents/information to be provided by the County to the Operator.
 - A-1 – Form of Assignment of PSERN Agreements
 - A-2 – List of PSERN Agreements (leases, SLAs. etc.)

- B-1 – Form of Assignment of PSERN Leases
- B-2 – List of PSERN Leases Not Requiring Landlord Consent to Assign
- B-3 – List of PSERN Leases Requiring Landlord Consent to Assign
- C-1 – List of County Leases Not Covered by Transfer Agreement
- C-2 – List of Nontransferable USFS Leases and Other Non-Transferable Real Property Licenses and Permits
- D-1 – Form of Bill of Sale for Site-Specific Physical Assets
- D-2 – Non-Exhaustive List of Site-Specific Physical Assets
- E-1 – Form of Assignment of Site-Specific Third-Party Subleases, Licenses, Permits and Other Agreements
- E-2 – Non- Exhaustive List of Site-Specific Third-Party Subleases, Licenses, and Other Agreements
- F – List of PSERN Funds to be Transferred
- G – List of Radio System Documents
- H-1 – Form of Bill of Sale for PSERN Equipment
- H-2 – Non-Exhaustive List of PSERN Equipment

The County and the PSERN Operator concluded negotiations on the final version of the Transfer Agreement on April 4, 2023. Additionally, the final round of internal County reviews is complete and the legislative package accompanying the Agreement has been compiled. If the Project Joint Board and PSERN Operator Board both approve the Transfer Agreement at their respective May board meetings, the Agreement and legislative package will be sent to the County Executive’s Office for final review shortly after these meetings and then transmitted to the King County Council (Council) for approval. Once Council approval occurs, the closing process can begin and must be completed by the end of 2023.

ISSUES:

The PSERN Operator Board needs to consider and address the following issue:

Issue #1: Will the Board approve the Agreement in its substantially final form and approve its execution on behalf of the Operator, subject to approval and execution of the Agreement by King County?

ANALYSIS/DISCUSSION:

This section discusses the issue highlighted above. For additional information and background on this matter, please see the January 2023 PSERN Operator Board staff report, “PSERN Transfer Agreement Update.”

Issue #1: Will the Board approve the Agreement in its substantially final form and approve its execution on behalf of the Operator, subject to approval and execution of the Agreement by King County?

Given that both the PSERN Implementation and PSERN Operator ILAs specify the transfer of the PSERN assets and agreements at the Full System Acceptance (FSA) milestone, and significant efforts and investments have been undertaken to prepare the PSERN Operator to take over responsibility for the

system at FSA, all PSERN stakeholders have a long-established expectation that this agreement will be approved and executed by the PSERN Operator Board.

However, the PSERN Operator Board needs to consider certain, specific implications of the Agreement on the PSERN Operator prior to approving the agreement. These implications are discussed below.

1) Unassignable Leases & Permits

The PSERN Operator will need to complete lease negotiations with landlords of leases that are not assignable by the County to the Operator. The landlord for unassignable leases is the US Forest Service and negotiations are underway. Project and Operator staff are working on these negotiations and believe they will be complete by FSA. There is also an unassignable special use permit for the Cougar Mountain radio site where King County is the landlord.

Section 1.2.4 and 1.2.5 of the Agreement describes the process for handling leases and agreements that are not assignable to the Operator and must be renegotiated with the landlord, including if lease negotiations are not complete by FSA. There are 10 radio sites with leases or special use permits that are not assignable. Please see Exhibit C-2 to the Agreement for more information.

2) Transfer of Project Funds to the PSERN Operator

Sections 1.5 of the Agreement discuss the transfer of Project funds to the Operator. It specifies that any funding already approved by the Joint Board and in the Project Budget, (see Exhibit F), will be transferred to the Operator on or before the transfer Closing Date of the Agreement, which will not occur prior to FSA. There is also language enabling the County to transfer additional funds after the Closing Date. It is expected that the Project Joint Board would determine (at FSA or other appropriate milestone) additional funding to be transferred to the Operator based on the availability of surplus PSERN Project funds at Project completion and any other considerations it determines to be appropriate.

An additional consideration is that the Agreement calls for all agreements to be assigned to the PSERN Operator at Closing Date, which is expected to occur shortly after FSA within the Motorola contract. It is possible that at the point that FSA is achieved, there may be outstanding or unresolved contract changes. If this occurs, the PSERN Operator will be responsible to negotiate, execute and fund any such contract changes. This will need to be considered in any determinations to be made by the PSERN Project Board regarding transfer of additional Project funds.

3) PSERN Operator's Obligation to Maintain and Operate

Section 2.1 specifies that after the Closing Date, the PSERN Operator covenants to use, operate, maintain, repair, and replace the PSERN Assets to provide the region with uniformly high-quality emergency radio communications with improved coverage and capacity, consistent with the obligations imposed on the PSERN Operator under the Operator ILA. The Closing Date, therefore, represents the point in time at which the Operator assumes operational responsibilities and stewardship of the PSERN system.

4) Assets Transferred As Is

Sections 3.1-3.6 state that the County is transferring the PSERN Assets to the PSERN Operator and all interest therein as provided for in the Agreement, in an “as-is with all faults” basis with any and all patent and latent defects, except for the deficiencies and defects disclosed to the PSERN Operator by the County (per Section 3.2 that references disclosure of known deficiencies). Additionally, indemnification of the County lasts beyond the Closing Date and risk of loss is transferred to the Operator from and after the Closing Date.

5) Access to Information from King County

Article 7, Transition Period acknowledges that the Operator staff may need information from the County after FSA, and the County agrees to be responsive to these questions for the 12 months following the Closing Date with the option to extend this timeframe if agreed upon by both parties. However, for work performed by County staff whose positions are not funded by PSERN levy proceeds, the County will invoice the PSERN Operator for the time incurred at these staff member’s “fully loaded” hourly rate, and the PSERN Operator will pay such invoices within thirty (30) days of receipt.

RECOMMENDATION

It is recommended that the Board approve the Agreement, in substantially final form, at the May 2023 meeting. If the Board approves the form of Agreement, any material changes will be brought back to the Board for consideration and approval. Execution of the Agreement by the PSERN Operator will be contingent on it being approved by King County Council.

The Operator Board is therefore, being requested to approve the following motion:

MOTION: That the PSERN Operator Board adopt Resolution 23-03, approving the Puget Sound Emergency Radio Network Transfer Agreement (the “Agreement”), authorizing the Executive Director of the PSERN Operator to negotiate and finalize terms and conditions of the Agreement in the best interest of the PSERN Operator, and authorizing the Executive Director to execute the Agreement on behalf of the PSERN Operator.

CONCLUSION

This report has discussed the key elements of the PSERN Transfer Agreement and its implications. The Transfer Agreement fulfills the intent of the PSERN Operator ILA and provides the legal instrument for transferring the PSERN system to the Operator

ATTACHMENTS:

- A. PSERN Transfer Agreement with exhibits
- B. Resolution 23-03

PUGET SOUND EMERGENCY RADIO NETWORK (PSERN) TRANSFER AGREEMENT

This **PUGET SOUND EMERGENCY RADIO NETWORK TRANSFER AGREEMENT** (“**Agreement**”) is made and entered by and between **KING COUNTY**, a home rule charter county and political subdivision of the State of Washington (the “**County**”) and the **PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR**, a governmental agency created pursuant to RCW 39.34.030(3)(b) and organized as a nonprofit corporation under chapter 24.06 RCW (the “**PSERN Operator**”). The County and the PSERN Operator are also referred to herein individually as a “**Party**” or collectively as “**Parties**.” This Agreement shall be effective as of the date it has been executed by both Parties (the “**Effective Date**”).

RECITALS

A. The County, and the cities of Auburn, Bellevue, Federal Way, Issaquah, Kent, Kirkland, Mercer Island, Redmond, Renton, Seattle and Tukwila (“**ILA Parties**”) along with the Port of Seattle, have under various interlocal agreements been responsible for the ownership, operation and maintenance of various elements in the current emergency communication system serving King County.

B. The ILA Parties determined that it is in the public interest that a new public safety radio system be implemented to provide public safety agencies and other user groups in the region with improved coverage and capacity, as well as uniformly high-quality emergency radio communications. The new system is known as the Puget Sound Emergency Radio Network (“**PSERN**” or “**PSERN System**”).

C. The costs of implementing PSERN are financed through a funding measure approved by voters in the April 2015 election.

D. In 2015, the ILA Parties executed an interlocal agreement designating the County as the lead agency for planning, procurement, financing and implementation of the PSERN System (the “**Implementation ILA**”).

E. As the PSERN lead agency, the County entered into King County Contract Number 5729347 with Motorola Solutions, Inc., for the design, development, implementation, testing, and on-going support, maintenance and upgrade of PSERN (the “**Motorola Contract**”).

F. In 2020, the ILA Parties executed a second interlocal agreement to create the PSERN Operator and to establish the terms for governance of the PSERN Operator and the terms under which the PSERN Operator will undertake the ownership, operations, maintenance, management and on-going upgrading/replacing of PSERN (the “**Operation ILA**”).

G. Upon and subject to the terms and conditions of this Agreement, the County intends to transfer to the PSERN Operator the County’s interest in the assets and liabilities that comprise the PSERN System, including but not limited to real and personal property interests and certain facilities, improvements, agreements, funding, documents, equipment, permits, licenses, and other related assets and liabilities (collectively, the “**PSERN Assets**”), and the

PSERN Operator intends to assure the Parties' goals of providing the region with improved coverage and capacity, as well as uniformly high-quality emergency radio communications, are met.

H. Chapter 39.33 RCW authorizes the Parties to sell, transfer, exchange, lease or otherwise dispose of any property, real or personal, or property rights, on such terms and conditions as may be mutually agreed upon between the Parties.

AGREEMENT

Now, therefore, in consideration of the promises and mutual covenants contained herein, and other valuable consideration described herein, the receipt and sufficiency of which are hereby acknowledged, and as provided for in the above-referenced recitals, which are made a part of this Agreement, the Parties hereto covenant and agree as follows:

ARTICLE 1 ASSIGNMENT, CONVEYANCE, AND TRANSFER OF PSERN ASSETS

1.0 DEFINITION OF PSERN ASSETS. For purposes of this Agreement, "PSERN Assets" means all of the agreements, leases, subleases, permits, funds, physical assets, third-party subleases, licenses, and easements, documents, other equipment, liabilities, and other things addressed in Sections 1.1 through 1.7 inclusive.

1.1 CONTRACTS TO BE ASSIGNED. By assignment substantially in the form of **Exhibit A-1** attached hereto, the County shall assign to the PSERN Operator on the Closing Date (as defined in **Section 5.1**) and the PSERN Operator shall accept from the County on the Closing Date all of the County's rights and responsibilities under the contracts entered into by the County for or in connection with the PSERN System as described in **Exhibit A-2** and the PSERN Assets as described in **Exhibit D-2** (collectively, the "**PSERN Agreements**").

1.2 LEASES TO BE ASSIGNED; OTHER LEASES. By assignment substantially in the form of **Exhibit B-1** attached hereto, and subject to the proviso in Section 1.2.2 below, the County shall assign to the PSERN Operator on the Closing Date and the PSERN Operator shall accept from the County on the Closing Date all of the County's rights and responsibilities to the following leases, licenses, permits, subleases, easements, and other forms of contract (each, a "**Lease**" and collectively the "**Leases**"):

1.2.1 All Leases of third-party property that allow assignment without the landlord's written consent, which Leases are identified in **Exhibit B-2**.

1.2.2 All Leases of third-party property that require landlord's written consent for assignment, which Leases are identified in **Exhibit B-3**. The Parties shall use commercially reasonable good-faith efforts to secure each landlord's written consent for County to assign the Leases identified in Exhibit B-3 to the PSERN Operator prior to the Closing Date so that each of those Leases can be assigned to the PSERN Operator on the Closing Date; provided, that if the Parties are unable to secure one or more required landlord consents by the Closing Date then the Parties shall thereafter cooperate to secure

any remaining landlord consents as soon as reasonably practicable after the Closing Date; and provided further, that if the Parties are unable to timely secure one or more landlord consents by the exercise of all commercially reasonable good-faith efforts, then the Parties shall confer on such further action as may be needed to secure such consent and the Parties shall consider all available options, including but not limited to the exercise of the power of eminent domain.

1.2.3 Separate from the Leases to be assigned to the PSERN Operator listed in Exhibits B-2 and B-3, the Parties acknowledge that as previously authorized by ordinance of the Metropolitan King County Council: (A) the County is directly leasing portions of five (5) County-owned sites to the PSERN Operator, and (B) the PSERN Operator is subletting to County portions of two (2) sites that the PSERN Operator is acquiring pursuant to this Agreement (collectively, the “**County Leases**”). The County Leases are listed in **Exhibit C-1** for convenience, but are not otherwise the subject of this Agreement.

1.2.4 In addition to the Leases to be assigned to the PSERN Operator listed in Exhibits B-2 and B-3, as well as the County leases listed in Exhibit C-1, the Parties acknowledge that certain existing leases of property from the United States Forest Service, and certain other real-property permits or licenses, cannot be assigned or transferred, and instead must be replaced with new leases, permits, or licenses to be negotiated separately by PSERN (collectively, the “**USFS Leases**”). The USFS Leases are listed in **Exhibit C-2** for convenience. The County agrees that it will not affirmatively terminate the USFS Lease for any given site (1) for a period of twenty-four months (24) from the Effective Date, or (2) until the PSERN Operator has secured a binding replacement lease for that site, whichever of (1) or (2) comes first. Provided, that the County will cooperate in good faith with the PSERN Operator’s effort to timely secure replacement USFS Leases on terms agreeable to the PSERN Operator; and provided further, that the Parties may negotiate to extend the twenty-four (24) month period described in this Section 1.2.4, and if the Parties agree to an extension then they shall document such extension in a written amendment to this Agreement.

1.2.5 The Parties further acknowledge that it is possible that certain other PSERN-related agreements, permits, or licenses may not be assignable and the PSERN Operator may need to negotiate new agreements, permits, or licenses to replace them (collectively, the “**Nontransferable Agreements**”). The Parties shall list any such Nontransferable Agreements in an additional Exhibit C-3 to be added to this Agreement. If the Parties identify one or more Nontransferable Agreements then the County will not affirmatively terminate such Nontransferable Agreement (1) for a period of twenty-four (24) months from the Effective Date, or (2) until the PSERN Operator has secured a binding replacement agreement for that site, equipment, service, or function, whichever of (1) or (2) comes first. Provided, that the County will cooperate in good faith with the PSERN Operator’s effort to timely secure such replacement agreement on terms agreeable to the PSERN Operator; and provided further, that the Parties may negotiate to extend the twenty-four (24) month period described in this paragraph A, and if the Parties

agree to an extension then they shall document such extension in a written amendment to this Agreement.

1.3 SITE-SPECIFIC PHYSICAL ASSETS TO BE TRANSFERRED.

1.3.1 The County shall transfer, convey, or assign to the PSERN Operator on the Closing Date and the PSERN Operator shall accept from the County on the Closing Date all of the County's rights and responsibilities to the equipment, fixtures, and other physical assets located at each Lease site by bill of sale substantially in the form of **Exhibit D-1**. A non-exhaustive list of the primary equipment, fixtures, and other physical assets to be transferred at each Lease site is attached as **Exhibit D-2**.

1.3.2 If, after the Closing Date, either Party identifies one or more physical assets not listed in Exhibit D-2 that the County intended to transfer to the PSERN Operator as of the Closing Date, then the Parties shall promptly execute a supplemental bill of sale substantially in the form of Exhibit D-1 to transfer, convey, or assign such physical assets from the County to the PSERN Operator as soon as reasonably practicable.

1.4 SITE-SPECIFIC THIRD-PARTY SUBLEASES, LICENSES, PERMITS, AND OTHER AGREEMENTS TO BE ASSIGNED.

1.4.1 The County shall assign to the PSERN Operator on the Closing Date and the PSERN Operator shall accept from the County on the Closing Date all of the County's rights and responsibilities in all third-party subleases, licenses, permits, and other agreements relating to each Lease site by assignment substantially in the form of **Exhibit E-1**. A non-exhaustive list of third-party subleases, licenses, permits, and other agreements relating to each Lease site is attached as **Exhibit E-2**. The Parties acknowledge that (1) some of these third-parties' agreements have expired and the third-parties are in holdover or similar status, and (2) some of these third-parties are using the Lease sites pursuant to verbal agreements that are not documented. To the best of the County's actual knowledge, all known third-parties using the Lease sites, whether by written, expired or verbal agreement, are identified in Exhibit E-2.

1.4.2 The Parties shall use commercially reasonable good-faith efforts to ensure that all known third-party subleases, licenses, permits, and other agreements relating to each Lease site are assigned from the County to the PSERN Operator at the Closing Date. If, after the Closing Date, either Party identifies one or more third-party subleases, licenses, permits or other agreements not listed in Exhibit E-2 that the County intended to transfer to the PSERN Operator as of the Closing Date, then the Parties shall promptly execute a supplemental assignment substantially in the form of Exhibit E-1 to assign such instruments from the County to the PSERN Operator as soon as reasonably practicable, and the PSERN Operator shall accept such assignment from the County.

1.5 FUNDS TO BE TRANSFERRED.

As part of the Closing, the County shall convey and transfer to the PSERN Operator and the PSERN Operator shall accept from the County all of the County's rights and responsibilities to all funds approved for transfer by the PSERN Joint Board and held by the County at that time for or in connection with the PSERN project (collectively, the "**PSERN Funding**"). Depending on the PSERN Joint Board's approval, such funds could potentially include the startup funds (to the extent such funds remain as of the Closing Date), rate stabilization funds, and other reserves, all listed in **Exhibit F**. If and to the extent that the PSERN Joint Board approves the transfer of such funds then the Parties shall cooperate to identify and implement an appropriate mechanism or mechanisms (e.g. wire transfer, check or warrant, interfund transfer, etc.) to transfer the PSERN Funding from the County to the PSERN Operator as part of the Closing.

1.6 DOCUMENTS TO BE TRANSFERRED. The County shall convey and transfer to the PSERN Operator on the Closing Date and the PSERN Operator shall accept from the County on the Closing Date all of the County's documents relating to the PSERN radio equipment being transferred to the PSERN Operator (collectively, the "**Radio System Documents**"), including the documents described in **Exhibit G**. The Parties shall cooperate to efficiently transfer the Radio System Documents from the County to the PSERN Operator on the Closing Date. If, after the Closing Date, either Party identifies one or more Radio System Documents not listed in Exhibit G that the County intended to transfer to the PSERN Operator as of the Closing Date, then the Parties shall promptly cooperate to transfer such documents from the County to the PSERN Operator as soon as reasonably practicable.

1.7 OTHER EQUIPMENT TO BE TRANSFERRED. By bill of sale substantially in the form of **Exhibit H-1**, the County shall convey and transfer title to the PSERN Operator on the Closing Date and the PSERN Operator shall accept from the County on the Closing Date all of the County's rights and responsibilities to all other equipment that the County holds or acquired on behalf of the PSERN project (collectively, the "**PSERN Equipment**") as of the Closing Date, including the PSERN Equipment described in **Exhibit H-2**. If, after the Closing Date, either Party identifies one or more equipment items not listed in Exhibit H-2 that the County intended to transfer to the PSERN Operator as of the Closing Date, then the Parties shall promptly execute a supplemental assignment substantially in the form of Exhibit H-1 to assign such equipment from the County to the PSERN Operator as soon as reasonably practicable.

1.8 RETAINED ASSETS AND KCERCS EQUIPMENT REMOVAL.

1.8.1 OWNERSHIP AND REMOVAL OF KCERCS EQUIPMENT FROM CERTAIN LEASED SITES. The Parties acknowledge that a number of the Leased sites contain equipment formerly used for the former King County Emergency Radio System ("**KCERCS**"), which equipment may be located on towers, in shelters, or in or on related infrastructure at each such site. The PSERN Operator acknowledges that the KCERCS equipment at each such site belongs to the County and not to the PSERN Operator or the PSERN System. As between the Parties, the County may decommission, remove, and dispose of all KCERCS equipment from the following Lease sites (each of which is more specifically identified in Exhibit B-2, Exhibit B-3, or Exhibit C-2 of this Agreement) at County's sole cost and expense and in County's sole discretion:

- A. Crista
- B. Clearview
- C. Snoqualmie Pass
- D. McDonald Mountain
- E. Cambridge
- F. Federal Way
- G. Skyway
- H. Sobieski

1.8.2 COUNTY’S CONTINUING RIGHT OF ENTRY FOR REMOVAL OF KCERCS EQUIPMENT. The PSERN Operator acknowledges that KCERCS equipment removal work is ongoing as of the Effective Date and may continue for twelve (12) months or more after the Effective Date. The County will notify the PSERN Operator after all KCERCS equipment removal work has been completed. The County reserves the right and the County’s employees, designated representatives, or agents or contractors have and shall continue to have the right to enter the Lease sites listed in Section 1.8.2 to remove any and all KCERCS equipment located there, and the PSERN Operator hereby acknowledges the County’s reserved right; provided, that in the exercise of such reserved right County will provide to the PSERN Operator reasonable prior notice and will not unreasonably disrupt the PSERN Operator’s use of, or the PSERN Operator’s operations and activities on, any of the Lease sites. The County shall use reasonable efforts to communicate and coordinate with the PSERN Operator regarding the County’s removal of KCERCS equipment. In connection with any such KCERCS equipment removal work, the County agrees to hold harmless, indemnify and defend the PSERN Operator, its officers, agents and employees, from and against all claims, losses, or liability for injuries, sickness or death of persons, including employees, designated representatives, or agents of the County (“Claims”) caused by or arising out of any act, error or omission of the County, its officers, agents, contractors, subcontractors or employees in entering the Lease sites for the purposes set out in this Section 1.8, except to the extent the Claims are caused by or arise out of any act, error or omission of the PSERN Operator, its officers, agents and employees.

1.8.3 RETAINED ASSETS. If the Parties identify any radio system assets to be retained by the County and not otherwise addressed in this Agreement, then they shall document such assets in a new exhibit to be added to this Agreement as a further Exhibit I. Any such retained assets shall not constitute PSERN Assets for any purpose from and after the date of Closing and as between the Parties the County shall bear all responsibility for and liability relating to such retained assets.

ARTICLE 2 CONSIDERATION

2.1 PSERN ASSETS. Consistent with Chapter 39.33 RCW, and in consideration of the County’s conveyance, assignment, and transfer of the County’s rights, responsibilities, interest in and title to the PSERN Assets on the Closing Date, the PSERN Operator hereby covenants to use, operate, maintain, repair, and replace the PSERN Assets to provide the region with uniformly high-quality emergency radio communications with improved coverage and

capacity, consistent with the obligations imposed on the PSERN Operator under the Operation ILA. The County hereby agrees that the PSERN Operator's covenant to perform, and its acceptance of responsibility for the PSERN Assets under the terms and conditions set forth in this Agreement, together constitute full and complete consideration for this intergovernmental transaction.

**ARTICLE 3
WARRANTIES OF THE PARTIES AND CONDITION OF ASSETS**

3.1 CONDITION OF PSERN ASSETS. The County has not made, and does not make, and specifically negates and disclaims any representations, warranties, promises, covenants, contracts or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning, or with respect to the value, nature, quality or condition of the PSERN Assets. The County is transferring the PSERN Assets to the PSERN Operator and the PSERN Operator is acquiring the PSERN Assets and all interest therein as provided for in this Agreement, in an "as-is with all faults" basis with any and all patent and latent defects. Except for the deficiencies and defects disclosed to the PSERN Operator by the County pursuant to Section 3.2, the PSERN Operator is not relying on any representations or warranties, express or implied, of any kind whatsoever from the County with respect to any matters concerning the PSERN Assets, including, without limitation:

3.1.1 The water, soil and geology in and around the PSERN Assets;

3.1.2 The physical condition of the PSERN Assets;

3.1.3 The operating history, projections, valuation or income to be derived from the PSERN Assets;

3.1.4 The tax consequences of the transfers and other transactions contemplated by this Agreement;

3.1.5 The suitability of the PSERN Assets for any and all activities and uses that the PSERN Operator or anyone else may conduct thereon;

3.1.6 The requirement of, or existence of, or compliance with, any licenses, certificates of authority, authorizations, registrations, franchises or similar approvals from any governmental authority;

3.1.7 The availability or existence of any water, sewer, or other utilities or utility rights;

3.1.8 The compliance or noncompliance of or by the PSERN Assets or their operation with any laws, rules, ordinances, regulations or decrees of any applicable governmental authority or body or the zoning or land use designation for the PSERN Assets;

3.1.9 The habitability, merchantability, marketability, profitability or fitness for a particular purpose of the PSERN Assets;

3.1.10 The manner or quality of the construction, materials, equipment and systems incorporated into the PSERN Assets;

3.1.11 The presence of any wetlands, asbestos, lead, lead-based paint or other lead containing structures, urea formaldehyde, or other environmentally sensitive building materials in or around the PSERN Assets;

3.1.12 The actual, threatened or alleged existence, release, use, storage, generation, manufacture, transport, deposit, leak, seepage, spill, migration, escape, disposal or other handling of any Hazardous Substances in, on, under or emanating from or into the PSERN Assets, and the compliance or noncompliance of or by the PSERN Assets or their operation with applicable federal, state, county and local laws and regulations, including, without limitation, Environmental Laws and regulations and seismic/building codes, laws and regulations. For purposes of this Agreement, the term “**Environmental Law**” shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. (“CERCLA”); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. (“RCRA”); the Washington State Model Toxics Control Act, RCW ch. 70A.305 (“MTCA”); the Washington Hazardous Waste Management Act, RCW ch. 70A.300; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington Water Pollution Control Act, RCW ch. 90.48, and any laws concerning above ground or underground storage tanks. For the purposes of this Agreement, the term “**Hazardous Substance**” shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law; or

3.1.13 Any other matter with respect to the PSERN Assets.

3.2 COUNTY’S LIMITED OBLIGATION TO DISCLOSE CERTAIN KNOWN DEFICIENCIES. Notwithstanding anything to the contrary in this Article 3, the County shall disclose to the PSERN Operator deficiencies and defects in the PSERN Assets known to the County at or before the Closing Date. For purposes of this Agreement, the phrases “known to the County,” “to the County’s knowledge,” “about which the County has knowledge,” and similar formulations, each mean the present, actual knowledge of: (1) for real-property assets, Steve Rizika, who is an employee of King County, and is the Brokerage Service Unit Manager of the Real Estate Service Section in the Facilities Management Division of the Department of Executive Services; and (2) for personal property assets, Hai Phung, who is an employee of King County, and is Lead Project Manager for the PSERN Project in the Emergency Radio Communications Division of the King County Department of Information Technology. Steve Rizika and Hai Phung each have made no inquiries or investigations with respect to any deficiencies or defects in any of the PSERN Assets at any time prior to Closing and they each have no duty to undertake the same.

3.3 NO WARRANTIES OF TITLE. The PSERN Assets shall be conveyed, transferred, or assigned with no warranties of title and shall be subject to all matters affecting the PSERN Assets whether of record or not, including but not limited to (i) the lien of unpaid taxes not yet due and payable; (ii) matters which would be disclosed by a current, accurate survey or inspection of the PSERN Assets; or (iii) the rights granted to third parties pursuant to any easement, license, lease, sublease, permit, or other instrument.

3.4 PSERN OPERATOR ACCEPTANCE OF CONDITION OF ASSETS; AS IS TRANSFER AND RELEASE.

3.4.1 The PSERN Operator acknowledges and accepts the County’s disclaimers in **Section 3.1** and **Section 3.2** of this Agreement.

3.4.2 The PSERN Operator acknowledges and agrees that it will approve and accept the PSERN Assets and shall acquire the PSERN Assets in “as-is with all faults” basis with any and all patent and latent defects, including, without limitation, the structural condition of the PSERN Assets, the actual, threatened or alleged existence, release, use, storage, generation, manufacture, transport, deposit, leak, seepage, spill, migration, escape, disposal, or other handling of any Hazardous Substances in, on, under or emanating from or into the PSERN Assets, and the compliance or noncompliance of or by the PSERN Assets or its operation with applicable federal, state, county and local laws and regulations including, without limitation, Environmental Laws and regulations and seismic/building codes, laws and regulations. The PSERN Operator further acknowledges and agrees that it is not relying on, and the County is not providing, any representation or warranties, express or implied, of any kind whatsoever from the County with respect to any matters concerning the PSERN Assets and that the conveyance is expressly subject to the disclaimers in **Section 3.1** and **Section 3.2**. The PSERN Operator acknowledges and agrees that the PSERN Operator shall have no recourse against the County for, and waives, releases, and discharges forever the County from, any and all past, present, or future claims or demands, and any and all past, present, or future damages, losses, injuries, liabilities, causes of actions (including, without limitation, causes of action in tort), costs, and expenses (including, without limitation fines, penalties and judgments, and attorneys’ fees) of any and every kind or character, known or unknown (collectively, “**Losses**”), which the PSERN Operator might have asserted or alleged against the County arising from or in any way related to the PSERN Assets, including, without limitation, the actual, threatened or alleged existence, release, use, storage, generation, manufacture, transport, deposit, leak, seepage, spill, migration, escape, disposal, or other handling of any Hazardous Substances in, on, under or emanating from or into the PSERN Assets. Losses shall include without limitation (a) the cost of any investigation, removal, remedial, or other response action that is required by any Environmental Law, that is required by judicial order or decree or by order of or agreement with any governmental authority, or that is conducted voluntarily, (b) losses for injury or death of any person, and (c) losses arising under any Environmental Law, whether or not enacted prior to or after transfer of the PSERN Assets.

3.4.3 INDEMNIFICATION. From and after the Closing Date, and except to the extent of any losses, liability, or claims, or any agency orders or requirements, arising directly from a matter relating to the County’s use of the PSERN Assets as those assets existed prior to the Closing Date, of which matter the County had actual knowledge and such matter was not disclosed to the PSERN Operator, the PSERN Operator shall indemnify, defend, and hold the County, its officers, agents, and employees harmless from and against any and all losses, liability, claims, agency orders or requirements, damage, and expense relating to or arising out of, directly or indirectly, the PSERN Assets and the PSERN Operator’s interest in or use of the PSERN Assets, including without limitation those relating to the actual or threatened release, disposal, deposit, seepage, migration, or escape of Hazardous Substances at, from, into or underneath the PSERN Assets, and the compliance or noncompliance of the PSERN Assets with applicable federal, state, county, and local laws and regulations including, without limitation, Environmental Laws and regulations and laws and regulations pertaining to the PSERN Assets.

3.5 SURVIVAL. The provisions of **Section 3.4.3** shall survive Closing.

3.6 RISK OF LOSS. Prior to the Closing Date, the risk of loss relating to the PSERN Assets shall solely rest with the County. From and after the Closing Date, the risk of loss relating to the PSERN Assets shall solely rest with the PSERN Operator. Risk of loss shall be deemed to include any property damage, including business interruption (collectively, “**Casualty**”), whether or not covered under an all-risk property insurance policy. In no event shall the County be obligated to restore the PSERN Assets in the event of a Casualty that occurs prior to the Closing Date. The PSERN Operator shall be obligated to close on the transaction contemplated herein, and the County will assign any available insurance proceeds from a covered Casualty occurring prior to the Closing Date to the PSERN Operator, on the Closing Date. The County, in its sole discretion, shall have the right, but not the obligation, to elect to promptly repair or restore the Retained Assets in the event of a Casualty. In no event shall a Casualty delay the Closing Date.

ARTICLE 4 CONDITIONS TO CLOSING

4.1 CONDITIONS TO CLOSING. The Parties acknowledge and agree that the PSERN Project achieving Full System Acceptance and receipt of the following items, consents, and approvals, are each required as conditions precedent to Closing (as defined in Article 5):

4.1.1 LEGISLATIVE APPROVAL.

4.1.1.1 The County’s performance under this Agreement is subject to approval by ordinance of this Agreement by the Metropolitan King County Council (“**Council**”). The Council provided such approval through passage of Ordinance No. _____, effective on _____.

4.1.1.2. The PSERN Operator’s performance under this Agreement is subject to approval by appropriate action of the PSERN Operator’s Board of

Directors (“**Board**”). The Board provided such approval through passage of Resolution No. _____, effective on _____.

4.1.2 DELIVERY OF DOCUMENTS BY THE COUNTY. The County shall have delivered to the PSERN Operator at or prior to Closing all documents required by the terms of this Agreement to be delivered to the PSERN Operator.

4.1.3 DELIVERY OF DOCUMENTS BY THE PSERN OPERATOR. The PSERN Operator shall have delivered to the County at or prior to Closing all documents required by the terms of this Agreement to be delivered to the County.

ARTICLE 5 CLOSING

5.1 CLOSING/CLOSING DATE. The “**Closing**” shall occur when the County transfers the PSERN Assets to the PSERN Operator in accordance with all the terms and conditions of this Agreement, concurrent with or after the conditions of Closing set forth in Article 4 have been met. Closing shall occur within ninety (90) days of receipt of the consents and approvals described in Article 4 hereof. The date on which the “**Closing**” ultimately occurs is referred to as the Closing Date (“**Closing Date**”). The Parties may agree in writing to delay the Closing Date. In all cases, the Closing shall not occur until after Full System Acceptance.

5.2 PRORATIONS. The Parties agree that the transaction described herein is exempt from real estate excise tax pursuant to RCW 82.45.010(3(n)) and WAC 458-61A-205 and the Parties shall file a real estate excise tax affidavit documenting the exemption as contemplated in such regulation, to be filed by the Chicago Title Company escrow officer assigned to manage the Closing. All other applicable taxes and assessments shall be prorated as of the Closing Date. The County shall pay any other transfer tax due, and its own attorneys’ fees. The PSERN Operator shall pay all escrow fees, and its own attorneys’ fees. Except as otherwise provided in this **Section 5.2**, all other expenses hereunder shall be paid by the Party incurring such expenses.

5.3 THE COUNTY’S DELIVERY AT CLOSING. At or before Closing, the County will deliver into escrow the following properly executed documents:

5.3.1 Executed Assignment of PSERN Agreements, substantially in the form of **Exhibit A-1**;

5.3.2 Real estate excise tax affidavit (showing that the transaction is exempt) as provided in **Section 5.2**;

5.3.3 Executed Assignment and Assumption of PSERN Leases, substantially in the form of **Exhibit B-1**;

5.3.4 Executed Bill of Sale for Site-Specific Physical Assets, substantially in the form of **Exhibit D-1**;

5.3.5 Executed Assignment and Assumption of Third-Party Subleases, Licenses,

Permits, and Other Agreements, substantially in the form of **Exhibit E-1**;

5.3.6 Executed Bill of Sale for PSERN Equipment, substantially in the form of **Exhibit H-1**; and

5.3.7 Such other documents, instruments or assignments as the Parties may deem reasonably necessary to complete the transaction described in this Agreement.

5.4 PSERN OPERATOR'S DELIVERY AT CLOSING. At or before the Closing, the PSERN Operator will deliver into escrow the following properly executed documents:

5.4.1 Executed Assignment of PSERN Agreements, substantially in the form of **Exhibit A-1**;

5.4.2 Executed Assignment and Assumption of PSERN Leases, substantially in the form of **Exhibit B-1**;

5.4.3 Executed Bill of Sale for Site-Specific Physical Assets, substantially in the form of **Exhibit D-1**;

5.4.4 Executed Assignment and Assumption of Third-Party Subleases, Licenses, Permits, and Other Agreements, substantially in the form of **Exhibit E-1**;

5.4.5 A counterpart of the real estate excise tax affidavit (showing that the transaction is exempt) as provided in **Section 5.2**;

5.4.6 Executed Bill of Sale for PSERN Equipment, substantially in the form of Exhibit H-1; and

5.4.7 Such other documents, instruments or assignments as the Parties may deem reasonably necessary to complete the transaction described in this Agreement.

ARTICLE 6 DISPUTE RESOLUTION

6.1 The Parties shall work cooperatively and in good faith to resolve issues associated with this Agreement. The Parties agree to use their best efforts to prevent and resolve potential sources of conflict at the lowest level possible. Neither Party shall take or join any action in any judicial or administrative forum to challenge the other Party's actions associated with this Agreement, except as set forth in this **Article 6**. Prior to taking or joining any action in any judicial or administrative forum to challenge actions of the other party associated with the Agreement, the Parties shall follow the dispute resolution process herein.

6.2 NEGOTIATED RESOLUTION. If a dispute cannot be resolved through ordinary means such as staff-to-staff discussions, then the first step in the dispute resolution process shall be as follows:

6.2.1 A Party desiring to initiate negotiations (the “**Initiating Party**”) may do so by giving written notice to the other Party (the “**Responding Party**”) of the basis for the dispute, provided that the Initiating Party shall use commercially reasonable efforts to furnish the Responding Party, as expeditiously as possible, with notice of any dispute once such dispute is recognized, and shall cooperate with the Responding Party in an effort to mitigate the alleged or potential damages, delay or other adverse consequences arising out of the condition which is the cause of such dispute.

6.2.2 The Initiating Party shall, within five (5) business days after giving written notice to the Responding Party of the basis for the dispute, prepare and provide to the Responding Party a written, detailed summary of the basis for the dispute, together with all facts, documents, backup data and other information reasonably available to the Initiating Party that support the Initiating Party’s position in the dispute.

6.2.3 The Initiating Party shall designate and make any of its employees or agents having knowledge of the dispute available to the Responding Party to respond to questions of the Responding Party.

6.2.4 Within fourteen (14) days after the Initiating Party gives notice of a dispute, (i) the Responding Party shall prepare and provide to the Initiating Party a written, detailed summary, together with all facts, documents, backup data and other information reasonably available to the Responding Party that support the Responding Party’s position in the dispute; (ii) the Responding Party shall designate and make any of its employees or agents having knowledge of the dispute available to the Initiating Party to respond to questions of the Initiating Party; and (iii) employees or agents of the Parties who have authority to settle the dispute, along with other parties having knowledge of or an interest in the dispute, shall meet at a mutually acceptable time and place in Seattle, Washington, in an effort to compromise and settle the dispute.

6.3 MEDIATION. Any dispute which is not resolved by direct discussions and negotiations as provided in **Section 6.2.** shall be submitted to mediation under the Commercial Mediation Procedures of the American Arbitration Association unless the Parties agree in writing to use other rules. If the Parties cannot agree on the selection of a mediator within ten days (10) of the request for mediation, any Party may immediately request the appointment of a mediator in accordance with the governing mediation rules. Mediation shall occur at any location in Seattle, Washington that the mediator may designate. The mediation shall include the exchange of written claims and responses, with supporting information, at least ten (10) days prior to the actual mediation. The Parties shall each be responsible for 50% of the cost of the mediator but each Party shall otherwise be responsible for its own costs (including attorneys’ fees) incurred in connection with the mediation. The Parties shall conclude mediation proceedings under this **Article 6** within sixty (60) days after the designation of the mediator. If mediation proceedings do not resolve the dispute within such period, and if the Parties do not mutually agree to an extension of such period, then a Party may commence litigation with respect to the dispute.

6.4 NO PREJUDICE. Provided the Initiating Party has given notice of the existence of a dispute, no delay in disposing of such dispute while the Parties pursue the dispute resolution procedures shall prejudice the rights of any Party. At the request of the Initiating Party or the

Responding Party, the Parties shall enter into an agreement to toll the statute of limitations with respect to the subject matter of a dispute while the Parties pursue the dispute resolution procedures in **Section 6.2 or 6.3**. Positions expressed, responses given, and information submitted in any dispute resolution process under this **Article 6** shall not be admissible as evidence in any subsequent dispute resolution, litigation, or other legal proceeding.

6.5 EMERGENCY. If either Party reasonably determines that circumstances require immediate action to prevent or mitigate significant damage to or loss of all or part of the PSERN Assets, or that delay in initiating or prosecuting a claim in litigation would irrevocably prejudice a Party, then such Party may pursue any immediate remedy available at law or in equity without following the dispute resolution procedures in this **Article 6**.

6.6 PERFORMANCE NOT EXCUSED. During the pendency of any dispute resolution process under this **Article 6**, or any litigation or other proceeding to resolve a dispute between the Parties arising out of this Agreement, the Parties shall diligently continue to perform their duties under this Agreement in good faith so that the purposes of this Agreement are not frustrated.

ARTICLE 7 TRANSITION PERIOD

7.1 TRANSITION AFTER CLOSING DATE. The Parties acknowledge that certain additional actions required to facilitate the transfer of the PSERN Assets likely cannot be completed by the Closing Date (collectively, the “**Transition Activities**”) and for a period of twelve (12) months after the Closing Date (as such date may be extended by the Parties), the County will make available at reasonable times to the PSERN Operator certain County staff members familiar with the PSERN Assets (the “**PSERN Information Staff**”) to answer the PSERN Operator’s questions relating to the ownership and operation of the PSERN Assets. For any such work performed by PSERN Information Staff whose positions are not funded by PSERN levy proceeds, the County will invoice the PSERN Operator for the time incurred at such staff member’s “fully loaded” hourly rate, and the PSERN Operator will pay such invoices within thirty (30) days of receipt. The provisions of this Section 7.1 shall survive Closing.

ARTICLE 8 RESERVED

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 MERGER. Any statement, representation, warranty, indemnity, covenant, agreement and provision in this Agreement shall merge in, and not survive the Closing of the transaction contemplated by this Agreement, unless such expressly survives Closing as provided for in this Agreement.

9.2 DEFAULT; LIMITATION ON LIABILITY.

9.2.1 DEFAULT BY PSERN OPERATOR. In the event Closing does not occur due to default by the PSERN Operator, the County's sole and exclusive remedy shall be to terminate this Agreement.

9.2.2 DEFAULT BY THE COUNTY. In the event Closing does not occur due to default of the County, the PSERN Operator's sole and exclusive remedy shall be to terminate this Agreement.

9.2.3 LIMITATION ON LIABILITY. EXCEPT AS EXPRESSLY HEREINAFTER PROVIDED IN THIS SECTION 9.2.3. OR ELSEWHERE IN THIS AGREEMENT, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY UNDER OR PURSUANT TO THIS AGREEMENT FOR INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR LOST PROFITS, LOSS OF BUSINESS OR USE OF PROPERTY, OR COST OF CAPITAL, WHETHER IN AN ACTION FOR CONTRACT OR TORT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OR EXISTENCE OF SUCH DAMAGES.

9.3 TIME.

9.3.1 TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

9.3.2 COMPUTATION OF TIME. Any reference to "day" in this Agreement shall refer to a calendar day, which is every day of the year. Any reference to business day in this Agreement shall mean any calendar day that is not a "Legal Holiday." A Legal Holiday under this Agreement is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050. Any period of time in this Agreement shall mean Pacific Time and shall begin the calendar day or business day, as the case may be, after the event starting the period and shall expire at 5:00 p.m. of the last calendar day or business day, as the case may be, of the specified period of time, unless with regard to calendar days the last day is a Legal Holiday, in which case the specified period of time shall expire on the next day that is not a Legal Holiday.

9.4 NOTICES. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier or two days after deposit in the United States mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the Parties at the addresses set forth below or at such other addresses as a Party may specify by notice to the other Party and given as provided herein:

If to the PSERN Operator:

With a copy to:

Pacifica Law Group LLP
1191 2nd Ave, Suite 2000
Seattle, WA 98101
Attn: Deanna Gregory

If to the County:

King County Department of Information Technology

Attn: _____

With a copy to:

King County Prosecuting Attorney's Office
Civil Division
701 5th Avenue, Suite 600
Seattle, WA 98104
Attention: Chief Civil Deputy

9.5 ENTIRE AGREEMENT AND AMENDMENT. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written amendment to this Agreement and signed by the Parties.

9.6 SEVERABILITY. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

9.7 WAIVER. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

9.8 BINDING EFFECT. Subject to **Section 9.13**, this Agreement shall be binding upon and inure to the benefit of each Party, its successors and assigns.

9.9 LEGAL RELATIONSHIPS. The Parties to this Agreement execute and implement this Agreement solely as the County and the PSERN Operator. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

9.10 CAPTIONS. The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

9.11 GOVERNING LAW AND VENUE. This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions. In the event that either Party shall bring a lawsuit related to or arising out of this Agreement, the Superior Court of King County, Washington shall have exclusive jurisdiction and venue.

9.12 NO THIRD PARTY BENEFICIARIES. This Agreement is made only to and for the benefit of the Parties, and shall not create any rights in any other person or entity.

9.13 ASSIGNMENT. Neither Party will assign this Agreement or any part thereof without the written consent of the other Party. Any attempted assignment without said consent shall be void.

9.14 NEGOTIATION AND CONSTRUCTION. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the Parties, and shall not be construed as if it has been prepared by one of the Parties, but rather as if both Parties had jointly prepared it. The language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either Party. The Parties acknowledge and represent, as an express term of this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement. Each Party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review of this Agreement.

9.15 INDEMNIFICATION TITLE 51 WAIVER. The indemnification provisions in **Section 1.8.3** and **Section 3.4.3** of this Agreement are specifically and expressly intended to constitute a waiver of the indemnifying Party's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the indemnified Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnifying Party's employees. The Parties acknowledge that these indemnity provisions were specifically negotiated and agreed upon by them. This provision shall survive Closing.

9.16 COUNTERPARTS. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for

more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it additional signature pages.

9.17 FURTHER ASSURANCES, INTERESTS AND AGREEMENTS. In addition to the acts recited in this Agreement and contemplated to be performed at Closing, the County and the PSERN Operator agree to cooperate, to perform such other acts, and to execute and deliver such other documents and interests, as either the County or the PSERN Operator, or their respective counsel, may reasonably require to effectuate the intent of this Agreement. The requirements of this **Section 9.17** shall survive Closing.

9.18 CONFLICTING PROVISIONS. Except as otherwise expressly provided herein, in the event of any conflict between this Agreement and any other agreement between the Parties with respect to the PSERN Assets, this Agreement will control.

9.19 EXHIBITS. The following exhibits described below and attached hereto are fully incorporated into this Agreement by this reference:

| | |
|-------------|--|
| EXHIBIT A-1 | Form of Assignment of PSERN Agreements |
| EXHIBIT A-2 | List of PSERN Agreements |
| EXHIBIT B-1 | Form of Assignment of PSERN Leases |
| EXHIBIT B-2 | List of PSERN Leases Not Requiring Landlord Consent to Assign |
| EXHIBIT B-3 | List of PSERN Leases Requiring Landlord Consent to Assign |
| EXHIBIT C-1 | List of County Leases Not Covered by Transfer Agreement |
| EXHIBIT C-2 | List of Nontransferable USFS Leases and Other Non-Transferable Real Property Licenses and Permits |
| EXHIBIT D-1 | Form of Bill of Sale for Site-Specific Physical Assets |
| EXHIBIT D-2 | Non-Exhaustive List of Site-Specific Physical Assets |
| EXHIBIT E-1 | Form of Assignment of Site-Specific Third-Party Subleases, Licenses, Permits, and Other Agreements |
| EXHIBIT E-2 | Non- Exhaustive List of Site-Specific Third-Party Subleases, Licenses, and Other Agreements |
| EXHIBIT F | List of PSERN Funds to be Transferred |
| EXHIBIT G | List of Radio System Documents |

EXHIBIT H-1 Form of Bill of Sale for PSERN Equipment

EXHIBIT H-2 Non- Exhaustive List of PSERN Equipment

SIGNATURE BLOCKS APPEAR ON FOLLOWING PAGE

EXECUTED on the dates set forth below.

KING COUNTY (FMD)

By: _____

Name: _____

Title: _____

Date: _____

PSERN OPERATOR

By: _____

Name: _____

Title: _____

Date: _____

Approved as to form for PSERN Operator

Title: _____

KING COUNTY (KCIT)

By: _____

Name: _____

Title: _____

Date: _____

Approved as to form for King County

Senior Deputy Prosecuting Attorney

EXHIBIT A-1

FORM OF ASSIGNMENT OF PSERN AGREEMENTS

EXHIBIT A-1

ASSIGNMENT AND ASSUMPTION OF PSERN AGREEMENTS

THIS ASSIGNMENT AND ASSUMPTION OF PSERN AGREEMENTS (this “**Assignment**”) is made and entered into by and between **KING COUNTY**, a home rule charter county and political subdivision of the State of Washington (“**Assignor**”), and the **PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR**, a governmental agency created pursuant to RCW 39.34.030(3)(b) and organized as a nonprofit corporation under chapter 24.06 RCW (“**Assignee**”) Assignor and Assignee are also referred to herein individually as a “Party” and collectively as the “Parties.” This Assignment shall be effective as of the Closing Date as that term is defined in in that certain PSERN Asset Transfer Agreement (the “Agreement”) executed by and between Assignor and Assignee and on file with them.

RECITALS

A. Assignor is a party to those certain contracts and other agreements listed in Exhibit A attached hereto and pertaining to or in connection with the PSERN System as that term is defined in the Agreement.

B. Agreement Section 1.1 calls for the County to assign to the PSERN Operator and for the PSERN Operator to accept from the County on the Closing Date all of the County’s rights and responsibilities under the contracts entered into by the County for or in connection with the PSERN System, including the contracts and agreements that are the subject of this Assignment (collectively, the “PSERN Agreements”).

C. In furtherance of the Agreement, Assignor desires to assign and transfer all of Assignor's right, title and interest in, to and under PSERN Agreements upon the terms hereinafter set forth; and Assignee desires to accept such assignment and transfer and to assume all of Assignor's obligations and liabilities under and with respect to the PSERN Agreements upon the terms hereinafter set forth.

D. Assignor has separately provided to Assignee copies of the PSERN Agreements that are listed in Exhibit A and that are being assigned through this Assignment.

AGREEMENT

In furtherance of the Recitals set forth above, which are incorporated herein by reference, and in consideration of the mutual promises and covenants set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties acknowledge and agree to the following:

1. As of the Closing Date, Assignor hereby assigns and transfers to Assignee all of Assignor’s rights, obligations, and interest in, to and under the PSERN Agreements, to have and to hold the same unto Assignee, its successors and assigns, subject to the terms, covenants and conditions contained in the PSERN Agreements.

2. Assignee acknowledges that it has received the copies of the PSERN Agreements delivered by Assignor as stated in Recital D. Assignee for itself and its successors and assigns hereby accepts the assignment and transfer of the PSERN Agreements from Assignor and hereby assumes and agrees to observe and perform all the obligations, terms, covenants and conditions of each and every one of the PSERN Agreements to be observed or performed by Assignee as a party thereunder from and after the Closing Date, and Assignee hereby assumes all duties, liabilities and obligations arising out of or relating to each and every one of the PSERN Agreements or arising out of the acts or events occurring or

conditions existing with respect to each and every one of the PSERN Agreements from and after the Closing Date.

3. Assignee will indemnify, defend, and hold Assignor and its affiliates, agents, directors, officers, and employees (the “**Assignor Parties**”) harmless from and against any and all claims brought against, or damages or incurred by, the Assignor Parties in connection with any act, omission, or obligation of Assignee or its employees, agents, contractors, and consultants (the “**Assignee Parties**”), arising or accruing in connection with this Assignment, or arising out of or related to Assignee’s obligations as a party under each and every one of the PSERN Agreements and committed or alleged to have been committed on or after the Closing Date.

4. This Assignment shall be binding upon and shall inure to the benefit of and shall be enforceable by the Parties hereto and their respective successors and assigns. In addition to the foregoing, Assignee acknowledges, on its behalf and on behalf of its successors and assigns, that the provisions hereof inure to the benefit of and are enforceable by each of the other respective parties to each of the respective instruments among the PSERN Agreements and their respective successors and assigns.

5. This Assignment, together with the Agreement, constitute the entire, full and complete agreement concerning the assignment and assumption of the PSERN Agreements and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements regarding the same. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, relating to the assignment other than those set forth in this Assignment and the Agreement. No obligations or duties that contradict or are inconsistent with the express terms of this Assignment may be implied into this Assignment. If there is any conflict or inconsistency between the Agreement and this Assignment as to the identity of the contracts being assigned through this Assignment, then this Assignment shall control. If there is any conflict or inconsistency between the Agreement and this Assignment as to any other matter addressed in the Agreement, then the Agreement shall control.

6. This Assignment may be executed in one or more counterparts, any one of which need not contain the signature of more than one Party, and all of which taken together shall constitute one and the same Assignment. This Assignment may be accepted and signed in electronic form (e.g. by an electronic or digital signature or other means of demonstrating assent) and each Party’s electronic acceptance and signature will be deemed binding between the Parties.

7. This Assignment shall be construed according to the laws of the State of Washington, without giving effect to its conflicts of law rules or choice of law provisions.

8. Each Party hereto represents and warrants that the person executing this Assignment on behalf of said Party has the authority to execute this Assignment and to bind the Party for which such person so executes this Assignment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment as of the latest date and year set forth below.

ASSIGNOR:

KING COUNTY, a home rule charter county and political subdivision of the State of Washington

By: _____
Name: Megan Clarke
Title: King County Chief Information Officer

Approved as to form for Assignor:

By: _____
Name: _____
Title: _____

ASSIGNEE:

PSERN OPERATOR
a public nonprofit corporation organized under Chapter 24.06 RCW

By: _____
Name: Michael Webb
Title: Executive Director, PSERN Operator

Approved as to form for Assignee:

By: _____
Name: _____
Title: _____

EXHIBIT A

**LIST OF ASSIGNED PSERN AGREEMENTS
(copy of PSERN Asset Transfer Agreement Exhibit A-2)**

EXHIBIT A-2

LIST OF PSERN AGREEMENTS

PSERN Transfer Agreement, Exhibit A2: Non-Lease PSERN Project Agreements

1) Contracts

| Type | Contractor/Vendor | Contract No. | Exp Date | Note |
|----------------------------------|------------------------------------|---------------|--|---|
| Construction | Steelhead Communications, Inc. | C01325C18 | 12/31/2022 | Deception Creek Site Improvements |
| Warranty | Steelhead Communications, Inc. | C01325C18 | 7/28/2022 - except ice bridge work | Deception Creek Site Improvements. Work still occurring. Contract 1 year from substantial completion of contract which occurred July 28, 2021, except ice bridge work warranty is 1 year after King County final acceptance of work which has not occurred yet. |
| Warranty | Convault | NA | 11/24/2022 for completed work. TBD for new tank, ice bridge & generator shelter. | warranty on the Convault tank at Deception Creek is a 2 year manufacturer warranty. A new tank is being installed on 11/21/22, so that means the 2 year manufacturer warranty will expire on 11/24/22. The ice bridge at the site has a 1 year warranty which begins when the site reaches final acceptance. We don't have a date yet for final acceptance but our best guess is August 2023. The generator shelter will also have a 1 year warranty but we don't know at this time when it will be completed because that work hasn't begun yet. |
| Goods & Services | Cummins, Inc | 6236076 | 3/16/2023 | Generator Maintenance at Skykomish (HWY 2 Site) |
| Agreement | WSDoT | 6236583 | No expiration date | WSDOT agreement for Snoqualmie power. Either party can terminate based on certain stipulations. It's assignable. Not tied to a lease. |
| A&E | Odelia Pacific Corp | E00312E13 | 12/5/2022 | |
| Technical/ Professional Services | Stantec | 5522033 | 60 days after FSA | |
| Goods & Services | Fire Protection Services | 5920459 | 10/31/2022 | Universal KC Contract, may be extended, procurement underway |
| Goods & Services | Televate LLC | 6163203 | 12/31/2022 | PSERN Coverage Testing |
| Goods & Services | Legacy Telecommunications, Inc | 5925592 | 12/31/2022 | Universal KC Contract, Generator Maintenance may be extended |
| Goods & Services | Tektronix | KC000391 | 12/21/2026 | No \$\$ left on contract, Radio Testing Equipment |
| Goods & Services | Commercial Fire Protection | 6304119 | 7/30/2023 | DES Piggyback #03115 Fire suppression maintenance |
| Goods & Services | Key Mechanical (HVAC) | 6002920 | 3/1/2023 | Universal KC Contract |
| Goods & Services | KBT Distributing | 6301829 | 12/31/2023 | DES Piggyback #08721 Fuel for sites |
| Goods & Services | NW Tower | 6337277 | 6/30/2023 | DES Piggyback #00517 Radio tower analysis, inspection and other services |
| Goods & Services | Motorola Solutions, Inc | 5729347 | 12/14/2034 | System Vendor with certain For warranties. Also, MSI also has leases that have to be assigned to the Operator but they are part of MSI contract. |
| Interagency Agreement | Tacoma Water (TPU) and King County | NA | | Power for McDonald Radio Site |
| Fiber Agreement | City of Seattle | Agreement #33 | NA | agreement contains wording transferring the ownership to the Operator. Sharing of Fiber Optic Installation Projects. Allows PSERN to use fiber. |

2) Federal Communications Commission (FCC) licenses - agreements to operate FCC allocated spectrum by the PSERN system.
(95 separate FCC licenses; further information available on request from PSERN Project staff or PSERN Operator staff)

3) DAS Frequency Rebroadcast Agreements - agreements required by the FCC allowing owners of buildings with distributed antenna systems (DAS) to boost the PSERN signal inside of buildings to enhance first responder communications.
(See attached list on page 3 of this exhibit)

4) Interlocal Agreements (ILAs) & Memorandum of Understanding (MOU)

- 1) Puget Sound Emergency Radio Network Implementation Period Interlocal Cooperation Agreement
- 2) Memorandum of agreement relating to the ownership, governance and management of the Puget Sound emergency radio network after construction.
- 3) Puget Sound Emergency Radio Network Operator Interlocal Cooperation Agreement

5) Radio End User Service Level Agreements (SLAs) with (113 Parent) Agencies & (11 Parent) Dispatch Centers SLA Agreements:

- Radio End User Dispatch Center SLA City of Bothell PD
- Radio End User Dispatch Center SLA City of Issaquah PD
- Radio End User Dispatch Center SLA KC Dep't of Adult and Juvenile Detention
- Radio End User Dispatch Center SLA Redmond
- Radio End User Dispatch Center SLA Norcom
- Radio End User Dispatch Center SLA Sound Transit
- Radio End User Dispatch Center SLA University of WA PD
- Radio End User Dispatch Center SLA City of Enumclaw PD
- Radio End User Dispatch Center SLA KC SO
- Radio End User Dispatch Center SLA Valley Com
- Radio End User Dispatch Center SLA City of Seattle
- Radio End user SLA Airlift Northwest
- Radio End user SLA Algona PD
- Radio End user SLA Bloodworks Northwest
- Radio End user SLA Cedar River
- Radio End user SLA Catholic Health Initiatives
- Radio End user SLA City of Auburn
- Radio End user SLA City of Bellevue
- Radio End user SLA City of Black Diamond
- Radio End user SLA City of Bothell PD
- Radio End user SLA City of Burien
- Radio End user SLA City of Carnation
- Radio End user SLA City of Covington
- Radio End user SLA City of Des Moines
- Radio End user SLA City of Duvall
- Radio End user SLA City of Enumclaw PD
- Radio End user SLA City of Federal Way
- Radio End user SLA City of Issaquah PD
- Radio End user SLA City of Kenmore
- Radio End user SLA City of Kirkland
- Radio End user SLA City of Maple Valley
- Radio End user SLA Cit of Medina
- Radio End user SLA City of Mercer
- Radio End user SLA City of Newcastle
- Radio End user SLA City of Normand Park PD
- Radio End user SLA City of Pacific PD
- Radio End user SLA City of Redmond
- Radio End user SLA City of Renton
- Radio End user SLA City of Sammamish
- Radio End user SLA City of SeaTac
- Radio End user SLA City of Seattle

| | |
|--------------------|---------------------------------------|
| Radio End user SLA | City of Shoreline |
| Radio End user SLA | City of Snoqualmie |
| Radio End user SLA | City of Tukwila |
| Radio End user SLA | Cit of Woodinville |
| Radio End user SLA | City of Kent |
| Radio End user SLA | Clyde Hill PD |
| Radio End user SLA | Covington Water District |
| Radio End user SLA | Eastside Fire and Rescue |
| Radio End user SLA | Enumclaw Fire Dept |
| Radio End user SLA | Enumclaw School District |
| Radio End user SLA | Evergreen Health |
| Radio End user SLA | Bellevue School District |
| Radio End user SLA | Centrio Energy |
| Radio End user SLA | KCFD 50 |
| Radio End user SLA | KC Council |
| Radio End user SLA | Seattle Housing Authority |
| Radio End user SLA | Seattle School District |
| Radio End user SLA | Snoqualmie Tribe |
| Radio End user SLA | VA hospital |
| Radio End user SLA | Water District 90 |
| Radio End user SLA | Fairfax Behavioral Health |
| Radio End user SLA | Federal Way Public Schools |
| Radio End user SLA | Harborview Medical Center |
| Radio End user SLA | Highline School District |
| Radio End user SLA | Highline Water District |
| Radio End user SLA | Issaquah School District |
| Radio End user SLA | Kaiser |
| Radio End user SLA | KC Fire District 20 |
| Radio End user SLA | KC Fire District 2 |
| Radio End user SLA | KC Fire District 27 |
| Radio End user SLA | KC Fire District 45 Duvall |
| Radio End user SLA | KCIT |
| Radio End user SLA | KCIT w/ KCSO |
| Radio End user SLA | KCIT w/ KCSO and Council |
| Radio End user SLA | KCSO |
| Radio End user SLA | Kent School District |
| Radio End user SLA | KC Fire District 44 Mountain View |
| Radio End user SLA | KC Fire District 47 |
| Radio End user SLA | KC Fire District 49 |
| Radio End user SLA | KC Water District 20 |
| Radio End user SLA | Lake Forest Park |
| Radio End user SLA | Mercer Island School District |
| Radio End user SLA | Midway Sewer |
| Radio End user SLA | MultiCare |
| Radio End user SLA | Navos |
| Radio End user SLA | NORCOM |
| Radio End user SLA | North City Water District |
| Radio End user SLA | Northeast Sammamish Sewer and water |
| Radio End user SLA | Northshore Fire District |
| Radio End user SLA | Northshore School District |
| Radio End user SLA | Northshore Utility District |
| Radio End user SLA | Northwest Healthcare Response Network |
| Radio End user SLA | Overlake Hospital Medical Center |
| Radio End user SLA | Puget Sound Regional Fire Authority |
| Radio End user SLA | Renton Regional Fire Authority |
| Radio End user SLA | Renton School District |
| Radio End user SLA | Riverview School District |
| Radio End user SLA | Sammamish Plateau Sewer and water |
| Radio End user SLA | SCORE |
| Radio End user SLA | Seattle Cancer Care Alliance |
| Radio End user SLA | Seattle Children's Hospital |
| Radio End user SLA | Shoreline Fire Dept |
| Radio End user SLA | Snoqualmie Pass Fire and Rescue |
| Radio End user SLA | Snoqualmie Valley Hospital |
| Radio End user SLA | Soos Creek Water & Sewer |
| Radio End user SLA | Sound Transit Light Rail |
| Radio End user SLA | Sound Transit Safety and Security |
| Radio End user SLA | South King Fire & Rescue |
| Radio End user SLA | Swedish Medical |
| Radio End user SLA | Tahoma School District |
| Radio End user SLA | Tri-Med |
| Radio End user SLA | UW Emergency Management |
| Radio End user SLA | UW medicine |
| Radio End user SLA | UW PD |
| Radio End user SLA | Valley Communications Center |
| Radio End user SLA | Valley Medical Center |
| Radio End user SLA | Valley Regional Fire Authority |
| Radio End user SLA | Valley View Sewer District |
| Radio End user SLA | Vashon Island Fire & Rescue |
| Radio End user SLA | Virginia Mason |
| Radio End user SLA | Virginia Mason Franciscan Health |
| Radio End user SLA | WA DOH |
| Radio End user SLA | Woodinville Fire & Rescue |

Executed Rebroadcast Agreements

| Company or Building Name | Address | City | State | ZIP |
|-------------------------------------|----------------|-------------|--------------|------------|
| Bothell Fire Station 45 | 1608 217th I | Bothell | WA | 98021 |
| Sound Transit Angle Lake SO0 Sigr | 47°26'35.00 | SeaTac | WA | 98188 |
| Sound Transit Angle Lake SO1 Sigr | 47°25'25.80 | SeaTac | WA | 98188 |
| Artix | 400 Queen A | Seattle | WA | 98109 |
| Clark Children and Family Justice C | 1211 E Alder | Seattle | WA | 98122 |
| Climate Pledge Arena | 334 1st Ave | Seattle | WA | 98109 |
| King County Correctional Facility | 500 5th Ave | Seattle | WA | 98104 |
| King County Court House | 516 3rd Ave | Seattle | WA | 98104 |
| King Street Center | 201 S. Jacksc | Seattle | WA | 98104 |
| Lumen Field | 800 Occiden | Seattle | WA | 98134 |
| Roystone Apartments | 631 Queen A | Seattle | WA | 98109 |
| Sound Transit - Northgate Station | 47°42'11.88 | Seattle | WA | 98125 |
| Sound Transit N11 North TPSS anc | 47°41'59.75 | Seattle | WA | 98115 |
| The Rise on Madison | 1400 Madisc | Seattle | WA | 98104 |
| UW Medical Center | 1959 NE PAC | Seattle | WA | 98195 |
| WSDOT: SR99 Tunnel, North Ops I | 330 6th Ave | Seattle | WA | 98109 |

Executed Rebroadcast Agreements

| Company or Building Name | Address | City | State | ZIP |
|-------------------------------------|----------------|-------------|--------------|------------|
| Bothell Fire Station 45 | 1608 217th I | Bothell | WA | 98021 |
| Sound Transit Angle Lake SO0 Sigr | 47°26'35.00 | SeaTac | WA | 98188 |
| Sound Transit Angle Lake SO1 Sigr | 47°25'25.80 | SeaTac | WA | 98188 |
| Artix | 400 Queen A | Seattle | WA | 98109 |
| Clark Children and Family Justice C | 1211 E Alder | Seattle | WA | 98122 |
| Climate Pledge Arena | 334 1st Ave | Seattle | WA | 98109 |
| King County Correctional Facility | 500 5th Ave | Seattle | WA | 98104 |
| King County Court House | 516 3rd Ave | Seattle | WA | 98104 |
| King Street Center | 201 S. Jacksc | Seattle | WA | 98104 |
| Lumen Field | 800 Occiden | Seattle | WA | 98134 |
| Roystone Apartments | 631 Queen A | Seattle | WA | 98109 |
| Sound Transit - Northgate Station | 47°42'11.88 | Seattle | WA | 98125 |
| Sound Transit N11 North TPSS anc | 47°41'59.75 | Seattle | WA | 98115 |
| The Rise on Madison | 1400 Madisc | Seattle | WA | 98104 |
| UW Medical Center | 1959 NE PAC | Seattle | WA | 98195 |
| WSDOT: SR99 Tunnel, North Ops I | 330 6th Ave | Seattle | WA | 98109 |

EXHIBIT B-1

FORM OF ASSIGNMENT OF PSERN LEASES

EXHIBIT B-1

ASSIGNMENT AND ASSUMPTION OF LEASE[S]

[[With landlord consent if required]]

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “**Assignment**”) is made and entered into by and between **KING COUNTY**, a home rule charter county and political subdivision of the State of Washington (“**Assignor**”), and the **PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR**, a governmental agency created pursuant to RCW 39.34.030(3)(b) and organized as a nonprofit corporation under chapter 24.06 RCW (“**Assignee**”) *[[, and (INSERT LANDLORD NAME), a (INSERT LANDLORD FORM OF ENTITY) (“Landlord”).]]* Assignor and Assignee *[[and Landlord]]* are also referred to herein individually as a “Party” and collectively as the “Parties.” This Assignment shall be effective as of the Closing Date as that term is defined in in that certain PSERN Asset Transfer Agreement (the “Agreement”) executed by and between Assignor and Assignee and on file with them.

RECITALS

A. Assignor is the lessee under those certain communication site leases listed in Exhibit A attached hereto for the premises (collectively, the “Leased Premises”) and for the terms more particularly described in each of those leases (collectively, the “Leases”). *[[Assignor and Landlord are parties to that certain communication site lease dated _____ (the “Lease”) for the premises located at _____, as more particularly described in the Lease, King County Lease # _____, (the “Leased Premises”).]]*

B. Agreement Section 1.2 calls for the County to assign to the PSERN Operator and for the PSERN Operator to accept from the County on the Closing Date all of the County’s rights and responsibilities to those certain leases and other instruments identified in Exhibits B-2 and B-3 to the Agreement, including the Lease[s] that are [is] the subject of this Assignment.

C. In furtherance of the Agreement, Assignor desires to assign and transfer all of Assignor's right, title and interest in, to and under the Lease[s] upon the terms hereinafter set forth; and Assignee desires to accept such assignment and transfer and to assume all of Assignor's obligations and liabilities under and with respect to the Lease[s] upon the terms hereinafter set forth.

D. Assignor has separately provided to Assignee copies of the executed leases that are listed in Exhibit A and that are being assigned through this Assignment. *[[A copy of the executed lease being assigned is attached as Exhibit A to this Assignment.]]*

E. *[[Landlord desires to consent to such assignment and transfer upon the terms hereinafter set forth.]]*

AGREEMENT

In furtherance of the Recitals set forth above, which are incorporated herein by reference, and in consideration of the mutual promises and covenants set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties acknowledge and agree to the following:

1. As of the Closing Date, Assignor hereby assigns and transfers to Assignee all of Assignor’s rights, obligations, title and interest in, to and under the Lease[s], to have and to hold the same unto Assignee, its successors and assigns forever, subject to the terms, covenants and conditions

contained in the Lease[s].

2. *[[Where LL consent not required: Assignee acknowledges that it has received the copies of the executed Leases delivered by Assignor as stated in Recital D.]]* Assignee for itself and its successors and assigns hereby accepts the assignment and transfer of the Lease[s] from Assignor and hereby assumes and agrees to observe and perform all the obligations, terms, covenants and conditions of *[each and every one of]* the Lease[s] to be observed or performed by the lessee thereunder from and after the Closing Date, and Assignee hereby assumes all duties, liabilities and obligations arising out of or relating to *[each and every one of]* the Lease[s] or arising out of the acts or events occurring or conditions existing with respect to *[each and every one of]* the Lease[s] from and after the Closing Date.

3. Assignee will indemnify, defend, and hold Assignor and its affiliates, agents, directors, officers, and employees (the “**Assignor Parties**”) harmless from and against any and all claims brought against, or damages or incurred by, the Assignor Parties in connection with any act, omission, or obligation of Assignee or its employees, agents, contractors, and consultants (the “**Assignee Parties**”), arising or accruing in connection with this Assignment, or arising out of or related to Assignee’s obligations as lessee under *[each and every one of]* the Lease[s] and committed or alleged to have been committed on or after the Closing Date.

4. This Assignment shall be binding upon and shall inure to the benefit of and shall be enforceable by the Parties hereto and their respective successors and assigns. In addition to the foregoing, Assignee acknowledges, on its behalf and on behalf of its successors and assigns, that the provisions hereof inure to the benefit of and are enforceable by each of the other respective parties to each of the respective instruments comprising the Lease[s] and their respective successors and assigns.

5. This Assignment, together with the Agreement, constitute the entire, full and complete agreement concerning the assignment and assumption of the Lease[s] and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements regarding the same. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, relating to the assignment other than those set forth in this Assignment and the Agreement. No obligations or duties that contradict or are inconsistent with the express terms of this Assignment may be implied into this Assignment. If there is any conflict or inconsistency between the Agreement and this Assignment as to the identity of the lease[s] being assigned through this Assignment, then this Assignment shall control. If there is any conflict or inconsistency between the Agreement and this Assignment as to any other matter addressed in the Agreement, then the Agreement shall control.

6. This Assignment may be executed in one or more counterparts, any one of which need not contain the signature of more than one Party, and all of which taken together shall constitute one and the same Assignment. This Assignment may be accepted and signed in electronic form (e.g. by an electronic or digital signature or other means of demonstrating assent) and each Party’s electronic acceptance and signature will be deemed binding between the Parties.

7. This Assignment shall be construed according to the laws of the State of Washington, without giving effect to its conflicts of law rules or choice of law provisions.

8. Each Party hereto represents and warrants that the person executing this Assignment on behalf of said Party has the authority to execute this Assignment and to bind the Party for which such person so executes this Assignment.

9. *[[Pursuant to Section ___ of the Lease, Landlord hereby consents to such assignment and transfer of the Lease from Assignor to Assignee and to such assumption by Assignee, as provided in this Assignment and in the Lease. Provided further, and as set forth in Section ___ of the Lease, Landlord forever releases and discharges Assignor from all duties, obligations and liabilities as Lessee under the*

Lease to the extent that such duties, obligations and liabilities arise on or after the Closing Date.]]

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment as of the latest date and year set forth below.

ASSIGNOR:

KING COUNTY, a home rule charter county and political subdivision of the State of Washington

By: _____
Name: Anthony O. Wright
Title: Director, Facilities Management Division

Approved as to form for Assignor:

By: _____
Name: _____
Title: _____

ASSIGNEE:

PSERN OPERATOR
a public nonprofit corporation organized under Chapter 24.06 RCW

By: _____
Name: Michael Webb
Title: Executive Director, PSERN Operator

Approved as to form for Assignee:

By: _____
Name: _____
Title: _____

//LANDLORD:

NAME
ENTITY TYPE

By: _____
Name: _____
Title: _____

Approved as to form for Landlord:

By: _____
Name: _____
Title: _____

// _____

ASSIGNOR/KING COUNTY

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 said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a home rule charter county and political subdivision of the State of Washington, to be the free and voluntary act of such county for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
Print Name _____
My appointment expires _____

(Seal or Stamp)

ASSIGNEE/PSERN OPERATOR

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 said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of the PSERN OPERATOR, a public nonprofit corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
Print Name _____
My appointment expires _____

(Seal or Stamp)

[[LANDLORD]]

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 said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of the _____, a _____, to be the free and voluntary act of such _____ for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
Print Name _____
My appointment expires _____

(Seal or Stamp)

EXHIBIT A

**For the set of leases not requiring landlord consent – LIST OF ASSIGNED LEASES
(copy of PSERN Asset Transfer Agreement Exhibit B-2)**

**For each lease requiring landlord consent – COPY OF EXECUTED LEASE
(leases listed in PSERN Asset Transfer Agreement B-3)**

EXHIBIT B-2

LIST OF PSEEN LEASES NOT REQUIRING LANDLORD CONSENT TO ASSIGN

King County Transfer Agreement
Leases Not Requiring Landlord Consent to Assign
EXHIBIT B-2
10-18-2022

| Site Name | Address | City | Landlord | Site Parcel # | Current Term | Renewal Options | |
|--------------------------------------|--|-----------------|--|--|---|----------------------|----------------------|
| | | | | | | # of Renewal Options | Renewal Term (Years) |
| Bandera | Bandera State Park, Tinkham Road | North Bend | Washington State Parks and Recreation Commission | 1622109010 | 20 | 0 | N/A |
| Bellevue City Hall | 450 110th Ave. NE | Bellevue | City of Bellevue | 3225059199 | 10 | 4 | 5 |
| Bellevue Station 9 | 12412 Newcastle Way | Bellevue | City of Bellevue | 1951820080 | 25 | 3 | 5 |
| Cambridge | 3300 South 264th Street | Kent | City of Kent | 2722049157 | 25 | 0 | N/A |
| Cambridge - Access Easement | 3300 South 264th Street | Kent | Puget Sound Regional Fire Authority | 2722049014 | 25 (Concurrent with KC Cambridge Lease with City of Kent) | N/A | N/A |
| Capitol Hill | 1729 East Madison Street | Seattle | Cascade Public Media (KCTS) | 7234601065; 7234601070 | 25 | 3 | 5 |
| Clearview - Sublease | 8010 180th Street SE | Snohomish | Snohomish County 911 | 27051400106200 | 25 | 3 | 5 |
| Cougar Mountain - WSDOT Tower | 18201 Southeast Cougar Mountain Drive | Issaquah | Washington State Department of Transportation | 3024069017 | 5 (Concurrent with WSDOT Prime Lease) | Unlimited | 5 |
| CRISTA - Original Lease | 19303 Fremont Avenue North (aka 19301 Kings Garden Drive North) | Seattle | CRISTA Ministries | 0626049164 | 10 | 0 | 0 |
| CRISTA - New Lease | 19301 Kings Garden Drive North | Shoreline | CRISTA Ministries | 0626049164 | 18 | 3 | 5 |
| Deer Creek | No Property Address (NW1/4 of Sec.18, T27N, R10E, W.M.) | | State of Washington, Department of Natural Resources | 27101800100100 | 25 | 1 | 1 |
| East Tiger | No Property Address | Issaquah | State of Washington, Department of Natural Resources | 0823079001 | 25 | 1 | 1 |
| Education Hill | 10365 172nd Avenue NE | Redmond | City of Redmond | 3626059031 | 25 | 3 | 5 |
| Federal Way | 3203 South 360th | Auburn | South King Fire and Rescue | 2721049034 | 25 | 3 | 5 |
| Grass Mountain - DNR Ground | No Property Address (Site is in NE1/4 of SW1/4 of Sec. 21, T.20N, R.8E, W.M.) | N/A | State of Washington, Department of Natural Resources | 2120089018 | 25 | 1 | 1 |
| Hyak | No Property Address (parcel is on southwest corner of intersection of I-90 East and NF-906) | Snoqualmie Pass | Washington State Department of Transportation | 028335 | 10 | 2 | 10 |
| Kent Repeater | 12523 SE 286th Place | Auburn | City of Kent | 3322059177 | 25 | 0 | N/A |
| King Lake | King Lake Road | Monroe | Washington State Patrol | 27072100300100 | 13 yrs, 10 mos, 15 days (Concurrent with WSP Prime Lease Current Term) | 0 | N/A |
| McDonald | 36500 SE 295th St. | Ravensdale | State of Washington, Department of Natural Resources | 0121079001 | 20 | 3 | 10 |
| McDonald - Access & Utility Easement | No Property Address (See Site Parcel #'s) | Ravensdale | Mariani LLC | 032107-9036-04; 032107-9041-07; 032107-9045-03 | Perpetual | N/A | N/A |
| Northeast | 8526 Roosevelt Way NE | Seattle | The City of Seattle, Department of Finance and Administrative Services | 5100400231 | 25 | 0 | N/A |
| Norway Hill | 16206 104th Avenue NE | Bothell | City of Bothell | 5690500065 | 25 | 3 | 5 |
| Olallie | No Property Address (Public ROW southwest of I-90 & north of SE Homestead Valley Road, in King County) | N/A | Washington State Department of Transportation | No Parcel # (public right-of-way) | 10 | 2 | 10 |
| Preston | 5535 308th Ave SE | Issaquah | State of Washington, Department of Natural Resources | 2024079004 | 25 | 1 | 1 |
| Renton City Hall | 1055 S. Grady Way | Renton | City of Renton | 1723059023 | 25 | 0 | N/A |
| Skyway | 6805 South 124th Street | Seattle | Skyway Water & Sewer District | 7812801870 | 25 | 3 | 5 |
| Stampede Pass | 2856 FS Road 4100-126 | Easton | KITTCOM (Kittitas County 9-1-1) | 448834 | 25 | 3 | 5 |
| Suquamish | 22063 Dewberry Road NE | Indianola | Squamish tribe of the Port Madison Indian Reservation | 2926089004 | 25 | 1 | <25 |
| Swan | 39025 NE North Fork Road | Duvall | The City of Seattle, Seattle Public Utilities Department | 2926089004 | 25 | 3 | 5 |
| Tacoma | 5225 Tower Drive NE | Tacoma | City of Tacoma | 0321153026 | 30 | 2 | 5 |
| Tinkham | 56500 Tinkham Road | North Bend | Washington State Department of Transportation | 0622109011 | 10 | 2 | 10 |

| Site Name | Address | City | Landlord | Site Parcel # | Current Term | Renewal Options | |
|------------------------------|---------------------|----------|--|---------------|------------------------|----------------------|----------------------|
| | | | | | | # of Renewal Options | Renewal Term (Years) |
| Valley Communications Center | 27519 108th Ave. SE | Kent | Valley Communications Center | 3222059195 | 7 Yrs, 10 Mos, 14 Days | 0 | 0 |
| West Seattle | 6900 36th Ave SW | Seattle | The City of Seattle, Department of Finance and Administrative Services | 2489200285 | 25 | 3 | 5 |
| West Tiger | 10812 279th Ave. SE | Issaquah | State of Washington, Department of Natural Resources | 0623079002 | 25 | 1 | 1 |

EXHIBIT B-3

LIST OF PERN LEASES REQUIRING LANDLORD CONSENT TO ASSIGN

King County Transfer Agreement
Leases Requiring Landlord Consent to Assign
EXHIBIT B-3
10/18/2022

| Site Name | Address | City | Landlord | Site Parcel # | Current Term (Years) | # of Renewal Options | Renewal Term (Years) |
|--------------------------------|---|----------|---|----------------|---|----------------------|----------------------|
| Cougar Mountain - USACE Ground | 18201 Southeast Cougar Mountain Drive | Issaquah | United States of America, Secretary of the Army | 3024069017 | 5 | 0 | N/A |
| Grass Mountain - FAA Shelter | No Property Address (Site is NW of SE Enumclaw Chinook Pass Road, in King County) | N/A | Federal Aviation Administration | 2120089018 | Approx. 20 (expires concurrently with KC's Ground Lease with DNR) | 0 | N/A |
| Three Lakes (MLA/SLA) | 21933 89th Street SE | Monroe | Public Utility District No. 1 of Snohomish County | 29073300200700 | 4 yrs, 5 mos, 5 days | 2 | 5 |

EXHIBIT C-1

**LIST OF COUNTY LEASES AND SUBLEASES NOT COVERED BY TRANSFER
AGREEMENT**

King County Transfer Agreement
Leases & Subleases Not Covered By Transfer Agreement
EXHIBIT C-1
4/18/2023

| Site Name | Address | City | Landlord | Site Parcel # | Term (Years) | # Of Renewal Options | Renewal Term (Years) | Authorizing Ordinance |
|------------------------|--------------------------------------|-------------|----------------|---------------------------|--------------|----------------------|----------------------|-----------------------|
| Rattlesnake* | 14600 Rattlesnake Road SE | Snoqualmie | King County | 2023089021 | 20 | 2 | 5 | 19510 |
| RCECC* | 3511 NE 2nd Street | Renton | King County | 1623059138 | 20 | 2 | 5 | 19505 |
| Ring Hill* | 22705 NE Old Woodinville-Duvall Road | Woodinville | King County | 0926069015; 1026069007 | 20 | 2 | 5 | 19504 |
| Squak Mountain* | 10900 Squak Mountain Road South | Issaquah | King County | 0423069017 | 20 | 2 | 5 | 19512 |
| Top Hat* | 206 SW 112th Street | Seattle | King County | 623049375 | 20 | 2 | 5 | 19511 |
| West Seattle** | 6900 36th Ave SW | Seattle | PSERN Operator | 2489200285 | 20 | 2 | 5 | 19586 |
| Skyway** | 6805 South 124th Street | Seattle | PSERN Operator | 7812801870 | 20 | 2 | 5 | 19588 |

*Leases from King County to PSERN are not exempt from Council approval under K.C.C. 4A.100. and required Council approval under K.C.C. 4.56.190.

**Subleases from PSERN to King County are not exempt from Council approval under K.C.C. 4A.100. and required Council approval under K.C.C. 4A.100.070.D.4.a.

EXHIBIT C-2

**LIST OF NON-TRANSFERABLE USES LEASES AND OTHER NON-TRANSFERABLE
REAL-PROPERTY LICENSES AND PERMITS**

King County Transfer Agreement

Nontransferable USFS Leases & Other Non-Transferable Real Property Licenses & Permits

EXHIBIT C-2

10-18-2022

| Site Name | Type of Agreement | Address | City | Landlord | Site Parcel # |
|------------------------|-----------------------------|---|------------|---|---|
| Cougar Mountain | Special Use Permit - Access | Cougar Mountain Regional Wildland Park | Issaquah | King County, Facilities Management Division, Permit Section | 2524059001; 3024069025 |
| Cowboy Mountain | Lease | No Property Address (Site is located above the Skyline Express ski lift at Stevens Pass Ski Resort) | N/A | United States of America, Forest Service, Department of Agriculture | 2326139020 |
| Deception Creek | Lease | No Property Address (Site is south of Hwy 2, off of FSR 6000-820) | N/A | United States of America, Forest Service, Department of Agriculture | 3026139009 |
| HWY 2 West | Lease | No Property Address (Site is north of Hwy 2, off of FSR 6066, before reaching Jennifer Dunn and Beckler Peak Trailheads) | N/A | United States of America, Forest Service, Department of Agriculture | 2126129001 |
| I-90 Repeater | Lease | No Property Address (access to the Site will be via helicopter) | N/A | United States of America, Forest Service, Department of Agriculture | 0122099003; 0122099013 |
| Maloney | Lease | No Property Address (Site is south of Hwy 2, from County Foss River Road, FSR 68, then FSR 6800-710) | N/A | United States of America, Forest Service, Department of Agriculture | 3626119001 |
| Scenic | Lease | No Property Address (Site is south of Hwy 2, off of FSR 6000-840, adjacent to a BNSF RR ROW) | N/A | United States of America, Forest Service, Department of Agriculture | 2826139001 |
| Snoqualmie Pass | Lease | Summit West Ski Area | North Bend | United States of America, Forest Service, Department of Agriculture | 0522119037 |
| Sobieski | Lease | 8800 FSR 68, RD 102 | Skykomish | United States of America, Forest Service, Department of Agriculture | 1225119002 |
| Sobieski | Permit - Powerline | No Property Address | Skykomish | United States of America, Forest Service, Department of Agriculture | 1225119002; 1225119001; 0125119001; 3626119001 |
| Stevens Pass | Lease | No Property Address (Site is southwest of Skyline Ridge Road (FSR 6000-920), which leads to Stevens Pass Ski Resort parking lots C & D, north of Hwy 2) | N/A | United States of America, Forest Service, Department of Agriculture | 1426139001 |
| Wellington | Lease | No Property Address (Site is on west side of Tye Rd, northeast of the Wellington Trailhead, north of Hwy2 & west of Stevens Pass) | N/A | United States of America, Forest Service, Department of Agriculture | 1526139006 |
| Wellington | Permit - Powerline | Approx. 2.80 acres in portions of Sec.10, 14 & 15, T26N, R13E, W.M. | N/A | United States of America, Forest Service, Department of Agriculture | Reference Permit Appendix A |

EXHIBIT D-1

FORM OF BILL OF SALE FOR SITE-SPECIFIC PHYSICAL ASSETS

Exhibit D-1

Form of Bill of Sale for Site-Specific Physical Assets

THIS BILL OF SALE (the “Bill of Sale”) is made by and between KING COUNTY, a home rule charter county and political subdivision of the State of Washington (“Seller”) to and in favor of the **PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR**, a governmental agency created pursuant to RCW 39.34.030(3)(b) and organized as a nonprofit corporation under chapter 24.06 RCW (“Buyer”). The County and the PSERN Operator are also referred to herein individually as a “Party” or collectively as “Parties.” This Agreement shall be effective as of the Closing Date as defined in the PSERN Asset Transfer Agreement (the “Effective Date”).

RECITALS

A. By King County Ordinance _____ and PSERN Operator Board Resolution _____, the Metropolitan King County Council and the PSERN Operator Board authorized the transfer of the PSERN system assets and related equipment and appurtenances from Seller to Buyer, all as more fully as set forth in the PSERN Asset Transfer Agreement attached to such ordinance and resolution (the “Agreement”).

B. In pertinent part, Section 1.3.1 of the Agreement states that “[t]he County shall transfer, convey, or assign to the PSERN Operator ... and the PSERN Operator shall accept from the County ... all of the County’s rights and responsibilities to the equipment, fixtures, and other physical assets located at each Lease site by bill of sale ...”

C. In furtherance of the Agreement, and consistent with Section 1.3.1 of the Agreement, Seller desires to sell, assign, convey, transfer and deliver to Buyer all of the equipment, fixtures, and other physical assets located at each leased PSERN site, including the personal property described in **Exhibit D-2** attached hereto (collectively, the “Site-Specific Physical Assets”); and Buyer desires to accept the same.

D. Consistent with Agreement Section 1.3.1, and to implement the Agreement and to effectuate the transfer of the PSERN system from King County to the PSERN Operator, Buyer and Seller do each desire to enter into this Bill of Sale on the terms and conditions set forth herein.

NOW, THEREFORE, Buyer and Seller do hereby agree as follows.

CONVEYANCE

1. For good and valuable consideration as set forth in the Agreement, and in furtherance of the Agreement, Seller hereby sells, assigns, conveys, transfers, and delivers to the Buyer all of the Site-Specific Physical Assets, including the Site-Specific Physical Assets listed in **Attachment 1** attached hereto, and transfers to Buyer and its successors and assigns, all of

Seller's right, title and interest in and to all of the Site-Specific Physical Assets, in "as is, where is" condition, without recourse to Seller and without representation or warranty of any kind, whether written or verbal, except as may be otherwise provided in the Agreement; and Buyer hereby accepts the same.

2. If necessary, Seller and Buyer shall cooperate and coordinate in good faith to timely execute such additional documentation and take any other steps required to formally complete the transfer of any Site-Specific Physical Assets elements listed in **Attachment 1** attached hereto, such as transfer of title, etc.
3. If, after the Closing Date (as defined in the Agreement), either Party identifies one or more significant site-specific physical assets not listed in **Attachment 1** that the County intended to transfer to the PSERN Operator as of the Closing Date, then the Parties shall promptly execute a supplemental bill of sale substantially in the form of this Bill of Sale to transfer, convey, or assign such additional assets from the County to the PSERN Operator as soon as reasonably practicable.
4. This Bill of Sale shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and permitted assigns.
5. The individuals signing this Bill of Sale on behalf of Seller and Buyer hereby represent that they have the full legal power, authority and right to execute, deliver and perform the obligations under this Bill of Sale on behalf of their respective entities, that this Bill of Sale has been duly authorized by all requisite actions of Seller and Buyer, respectively, and that no remaining action or third party action is required on behalf of Seller or Buyer to make this Bill of Sale binding upon Seller and Buyer.
6. This Bill of Sale is in addition to, and in furtherance of, the Agreement. If there is any conflict or ambiguity between the Agreement and this Bill of Sale regarding the disposal of the Site-Specific Physical Assets, then this Bill of Sale shall control. As regards all other matters pertaining to the PSERN system transfer, the Agreement shall control.
7. This Bill of Sale may be executed and delivered in counterparts, as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

IN WITNESS WHEREOF, Seller and Buyer have executed this Bill of Sale effective as of the Closing Date as defined in the Agreement.

SELLER

BUYER

KING COUNTY

PSERN OPERATOR

By: _____

By: _____

Print Name: Megan Clarke

Print Name: Michael Webb

Title: King County Chief Information Officer

Title: PSERN Operator Executive Director

Date: _____

Date: _____

Bill of Sale Attachment 1

Non-Exhaustive List of Site-Specific Physical Assets

(Copy of PSERN Asset Transfer Agreement Exhibit D-2)

EXHIBIT D-2

NON-EXHAUSTIVE LIST OF SITE-SPECIFIC PHYSICAL ASSETS

| | A | B | C | D | E | F | G | H | I |
|----|-------------------------------|---------|-------|-----------|-----------|--------------|-------------------|---------------|-----------------|
| 1 | Site Name | Shelter | Tower | Fuel tank | Generator | LMR antennas | Microwave antenna | Battery plant | Equipment Racks |
| 2 | Bandera | | X | | | | X | | 0 |
| 3 | Bellevue City Hall | | | | | X | X | X | 5 |
| 4 | Bellevue Station 9 | X | X | X | X | X | X | X | 6 |
| 5 | Cambridge | X | X | X | X | X | X | X | 6 |
| 6 | Capitol Hill | | | | | X | X | X | 17 |
| 7 | Clearview | | | | | | X | | 1 |
| 8 | Cougar Mountain | X | X | X | X | X | X | X | 5 |
| 9 | Cowboy Mountain | X | X | X | X | X | X | X | 5 |
| 10 | CRISTA | X | | | | X | X | X | 6 |
| 11 | Deception Creek | X | X | X | X | X | X | X | 5 |
| 12 | Deer Creek | X | X | X | X | | X | X | 3 |
| 13 | East Tiger | X | X | X | X | X | X | X | 6 |
| 14 | Education Hill | X | X | X | X | X | X | X | 6 |
| 15 | Federal Way | X | X | X | X | X | X | X | 6 |
| 16 | Grass Mountain | X | X | X | X | X | X | X | 5 |
| 17 | HWY 2 West | | X | | | | X | | 0 |
| 18 | Hyak | | | | | | X | X | 2 |
| 19 | I-90 Repeater | | X | | | | X | | 0 |
| 20 | Tacoma (Formerly Indian Hill) | | | X | | X | X | X | 6 |
| 21 | Kent Repeater | X | X | X | X | | X | X | 2 |
| 22 | King Lake | X | X | X | | X | X | X | 6 |
| 23 | Maloney | X | X | X | X | X | X | X | 5 |
| 24 | McDonald | X | X | X | X | X | X | X | 6 |
| 25 | Northeast | | | | | X | X | | 5 |
| 26 | Norway Hill | X | X | X | X | X | X | X | 6 |
| 27 | Olallie | X | X | X | X | X | X | X | 5 |
| 28 | Preston | X | X | X | X | | X | X | 2 |
| 29 | Rattlesnake | X | | X | X | X | X | X | 7 |
| 30 | RCECC | | | | | | X | X | 19 |
| 31 | Renton City Hall | | | | | X | X | X | 5 |
| 32 | Ring Hill | X | X | X | X | X | X | X | 6 |
| 33 | Scenic | X | X | X | X | X | X | X | 5 |
| 34 | Skyway | X | X | X | X | X | X | X | 6 |
| 35 | Snoqualmie Pass | X | X | X | X | X | X | X | 5 |
| 36 | Sobieski | X | X | X | X | X | X | X | 7 |
| 37 | Squak Mountain | | | | | X | X | X | 7 |

EXHIBIT E-1

**FORM OF ASSIGNMENT OF SITE-SPECIFIC THIRD-PARTY SUBLEASES,
LICENSES, AND OTHER AGREEMENTS**

EXHIBIT E-1

ASSIGNMENT AND ASSUMPTION OF SITE-SPECIFIC THIRD-PARTY SUBLEASES, LICENSES, PERMITS, AND OTHER AGREEMENTS

THIS ASSIGNMENT AND ASSUMPTION OF SITE-SPECIFIC THIRD-PARTY SUBLEASES, LICENSES, PERMITS, AND OTHER AGREEMENTS (this “**Assignment**”) is made and entered into by and between **KING COUNTY**, a home rule charter county and political subdivision of the State of Washington (“**Assignor**”), and the **PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR**, a governmental agency created pursuant to RCW 39.34.030(3)(b) and organized as a nonprofit corporation under chapter 24.06 RCW (“**Assignee**”) Assignor and Assignee are also referred to herein individually as a “Party” and collectively as the “Parties.” This Assignment shall be effective as of the Closing Date as that term is defined in in that certain PSERN Asset Transfer Agreement (the “**Agreement**”) executed by and between Assignor and Assignee and on file with them.

RECITALS

A. Assignor is the sublessor under those certain communication site subleases, licenses, permits, and other agreements listed in Exhibit A attached hereto for the premises (collectively, the “**Leased Premises**”) and for the terms more particularly described in each of those instruments.

B. Agreement Section 1.4.1 calls for the County to assign to the PSERN Operator and for the PSERN Operator to accept from the County on the Closing Date all of the County’s rights and responsibilities in all third-party subleases, licenses, permits, and other agreements relating to each Lease site, including the Subleases identified in Exhibit E-2 to the Agreement, all of which third-party subleases, licenses, permits, and other agreements, are the subject of this Assignment(collectively, the “**Subleases**”).

C. In furtherance of the Agreement, Assignor desires to assign and transfer all of Assignor's right, title and interest in, to and under the Subleases upon the terms hereinafter set forth; and Assignee desires to accept such assignment and transfer and to assume all of Assignor's obligations and liabilities under and with respect to the Subleases upon the terms hereinafter set forth.

D. Assignor has separately provided to Assignee copies of the subleases and other instruments that are listed in Exhibit A and that are being assigned through this Assignment.

AGREEMENT

In furtherance of the Recitals set forth above, which are incorporated herein by reference, and in consideration of the mutual promises and covenants set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties acknowledge and agree to the following:

1. As of the Closing Date, Assignor hereby assigns and transfers to Assignee all of Assignor’s rights, obligations, title and interest in, to and under the Subleases, to have and to hold the same unto Assignee, its successors and assigns forever, subject to the terms, covenants and conditions contained in the Subleases.

2. Assignee acknowledges that it has received the copies of the Subleases listed in Exhibit A and delivered by Assignor as stated in Recital D. Assignee for itself and its successors and assigns hereby accepts the assignment and transfer of all of the Subleases from Assignor and hereby assumes and agrees to observe and perform all the obligations, terms, covenants and conditions of each and every one of the

Subleases to be observed or performed by the lessee thereunder from and after the Closing Date, and Assignee hereby assumes all duties, liabilities and obligations of sublessor arising out of or relating to each and every one of the Subleases or arising out of the acts or events occurring or conditions existing with respect to each and every one of the Subleases from and after the Closing Date.

3. Assignee will indemnify, defend, and hold Assignor and its affiliates, agents, directors, officers, and employees (the “**Assignor Parties**”) harmless from and against any and all claims brought against, or damages or incurred by, the Assignor Parties in connection with any act, omission, or obligation of Assignee or its employees, agents, contractors, and consultants (the “**Assignee Parties**”), arising or accruing in connection with this Assignment, or arising out of or related to Assignee’s obligations as sublessor under each and every one of the Subleases and committed or alleged to have been committed on or after the Closing Date.

4. This Assignment shall be binding upon and shall inure to the benefit of and shall be enforceable by the Parties hereto and their respective successors and assigns. In addition to the foregoing, Assignee acknowledges, on its behalf and on behalf of its successors and assigns, that the provisions hereof inure to the benefit of and are enforceable by each of the other respective parties to each of the respective instruments comprising the Subleases and their respective successors and assigns.

5. This Assignment, together with the Agreement, constitute the entire, full and complete agreement concerning the assignment and assumption of the Subleases and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements regarding the same. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, relating to the assignment other than those set forth in this Assignment and the Agreement. No obligations or duties that contradict or are inconsistent with the express terms of this Assignment may be implied into this Assignment. If there is any conflict or inconsistency between the Agreement and this Assignment as to the identity of the Subleases being assigned through this Assignment, then this Assignment shall control. If there is any conflict or inconsistency between the Agreement and this Assignment as to any other matter addressed in the Agreement, then the Agreement shall control.

6. This Assignment may be executed in one or more counterparts, any one of which need not contain the signature of more than one Party, and all of which taken together shall constitute one and the same Assignment. This Assignment may be accepted and signed in electronic form (e.g. by an electronic or digital signature or other means of demonstrating assent) and each Party’s electronic acceptance and signature will be deemed binding between the Parties.

7. This Assignment shall be construed according to the laws of the State of Washington, without giving effect to its conflicts of law rules or choice of law provisions.

8. Each Party hereto represents and warrants that the person executing this Assignment on behalf of said Party has the authority to execute this Assignment and to bind the Party for which such person so executes this Assignment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment as of the latest date and year set forth below.

ASSIGNOR:

KING COUNTY, a home rule charter county and political subdivision of the State of Washington

By: _____
Name: Anthony O. Wright
Title: Director, Facilities Management Division

Approved as to form for Assignor:

By: _____
Name: _____
Title: _____

ASSIGNEE:

PSERN OPERATOR
a public nonprofit corporation organized under Chapter 24.06 RCW

By: _____
Name: Michael Webb
Title: Executive Director, PSERN Operator

Approved as to form for Assignee:

By: _____
Name: _____
Title: _____

ASSIGNOR/KING COUNTY

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 said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a home rule charter county and political subdivision of the State of Washington, to be the free and voluntary act of such county for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
Print Name _____
My appointment expires _____

(Seal or Stamp)

ASSIGNEE/PSERN OPERATOR

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 said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of the PSERN OPERATOR, a public nonprofit corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
Print Name _____
My appointment expires _____

(Seal or Stamp)

EXHIBIT A

**LIST OF ASSIGNED SITE-SPECIFIC THIRD-PARTY SUBLEASES, LICENSES, PERMITS, AND
OTHER AGREEMENTS**

(copy of PSERN Asset Transfer Agreement Exhibit E-2)

EXHIBIT E-2

**NON-EXHAUSTIVE LIST OF SITE-SPECIFIC THIRD-PARTY SUBLEASES,
LICENSES, AND OTHER AGREEMENTS**

King County Transfer Agreement

King County Third-Party Leases & Subleases to Be Assigned to PSERN Operator

EXHIBIT E-2

5/9/2023

| Site Name | Lease/Sublease Name | Lease/Sublease # | Address | City | Tenant | Current Term (Years) | Renewal Options | | |
|----------------|-------------------------------------|-----------------------|--|------------|---|--|--|--------------|----------------------|
| | | | | | | | Renewal Options Only if assigned to PSERN Operator | # of Options | Renewal Term (Years) |
| Cambridge | Cambridge ValleyCom Sublease | PSERN-12a | 3300 South 264th Street | Kent | Valley Communications Center | 5 | N/A | 0 | N/A |
| Cambridge | Cambridge WSDOT Sublease | PSERN-12b | 3300 South 264th Street | Kent | Washington State Department of Transportation | 5 | N/A | 0 | N/A |
| Cambridge | Cambridge Port of Seattle Sublease | PSERN-12c | 3300 South 264th Street | Kent | Port of Seattle | 5 | N/A | 0 | N/A |
| CRISTA | CRISTA | PSERN-16a | 19303 Fremont Ave. N | Shoreline | NORCOM | Expired(5) | N/A | 0 | N/A |
| Deer Creek | Deer Creek BPA Sublease | PSERN-39a | No Property Address (NW1/4 of Sec.18, T27N, R10E, W.M.) | | United States of America, Department of Energy, Bonneville Power Administration | 5 | Yes | 2 | 5 |
| Education Hill | NORCOM Education Hill Sublease | PSERN-06a | 10365 172ND Avenue NE | Redmond | North East King County Regional Public Safety Communications Agency | 5 | N/A | 0 | N/A |
| Federal Way | Federal Way WSDOT Sublease | PSERN-01a | 3203 South 360th | Auburn | Washington State Department of Transportation | 5 | N/A | 0 | N/A |
| Federal Way | Federal Way ValleyCom Sublease | PSERN-01b | 3203 South 360th | Auburn | Valley Communications Center | 5 | N/A | 0 | N/A |
| Federal Way | Federal Way AT&T Sublease | PSERN-01d | 3204 South 360th | Auburn | AT&T | Expired(5) | N/A | 0 | N/A |
| Federal Way | Federal Way FWARC Sublease | PSERN-01g | 3205 South 360th | Auburn | Federal Way Amateur Radio Club | Expired(5) | N/A | 0 | N/A |
| Federal Way | Federal Way Verizon Sublease | PSERN-01c | 3206 South 360th | Auburn | Verizon | 5 | N/A | 0 | N/A |
| Federal Way | Federal Way T-Mobile Sublease | PSERN-01e | 3207 South 360th | Auburn | T-Mobile | 5 | N/A | 0 | N/A |
| Federal Way | Federal Way Sprint Sublease | PSERN-01f | 3208 South 360th | Auburn | Sprint | Expired(5), terminating with Amendment 6/30/2023 | N/A | 0 | N/A |
| Grass Mountain | Grass Mountain USACE Sublease | PSERN-40a | No Property Address (Site is in NE1/4 of SW1/4 of Sec. 21, T.20N, R.8E, W.M.) | | United States of America, U.S. Army Corps of Engineers | 5 | Yes | 1 | 5 |
| Kent Repeater | Kent Repeater City of Kent Sublease | PSERN-05a | 12523 SE 286th Place | Auburn | City of Kent | 5 | Yes | 4 | 5 |
| Maloney | Maloney Ziplly Sublease | PSERN-21a | No Property Address (Site is south of Hwy 2, from County Foss River Road, FSR 68, then FSR 6800-710) | | Northwest Fiber, LLC, d/b/a Ziplly Fiber | 5 | Yes | 4 | 5 |
| McDonald | McDonald ValleyCom Sublease | PSERN-42a | 36500 SE 295th St. | Ravensdale | Valley Communications Center | 5 | N/A | 0 | N/A |
| Rattlesnake | Rattlesnake WSDOT Sublease | PSERN-44a KC-2072a | 14600 Rattlesnake Rd SE | Snoqualmie | Washington State Department of Transportation | 5 | N/A | 0 | N/A |
| Ring Hill | Ring Hill Verizon | PSERN-46a | 22905 NE Old Woodinville-Duvall Rd. | Duvall | Verizon | 5 | N/A | 0 | N/A |
| Ring Hill | Ring Hill AT&T | PSERN-46b | 22906 NE Old Woodinville-Duvall Rd. | Duvall | AT&T | 5 | N/A | 0 | N/A |

EXHIBIT F

LIST OF PSERN FUNDS TO BE TRANSFERRED

Exhibit F:

List of PSERN Funds in Project Budget to be transferred to the PSERN Operator

as of May 3, 2023

| Budgeted/Joint Board Approved PSERN Project Funds not expected to be spent prior to PSERN Project completion thus transferred to Operator: | Transfer Amount |
|---|------------------------|
| 1) Maloney permanent power solution | \$ 3,000,000 |
| 2) IBC* - Funding for a Plan on How To Fund the 10 Areas Recommended by Task Force | \$ 1,000,000 |
| Subtotal: | \$ 4,000,000 |

***NOTE:** The Joint Board must determine (at FSA or other appropriate milestone) additional funding to be transferred to the Operator based on the availability of surplus PSERN Project funds at Project completion and any other considerations it determines to be appropriate.

| | |
|--|------------------------|
| 3) Startup funds (estimated remaining) | \$ 500,000.00 |
| 4) Rate stabilization funds (set aside per Implementation ILA Section 8.8) | \$ 2,619,406.00 |
| Subtotal: | \$ 3,119,406.00 |
| Total: | \$ 7,119,406.00 |

EXHIBIT G

NON-EXHAUSTIVE LIST OF RADIO SYSTEM DOCUMENTS

PSERN Transfer Agreement

Exhibit G - List of Radio System Documents

Warranties

- Motorola
- Motorola RSA – Extended Warranty on User Radios

Technical Manuals

- Radio Site Equipment Manuals
- Network Maintenance Manuals
- Radio Manuals

Design and Construction Documents

- As-Builts
- Construction photos
- Test results
- Design drawing and documentation

Customer Records

- End User Radios and Dispatch Center Inventories

Maintenance Records

Consultant Study Reports

System Technical Data

Site / Tower Registrations

Other Government Agreements

Utility Agreements

EXHIBIT H-1

FORM OF BILL OF SALE FOR PSERN EQUIPMENT

Exhibit H-1

Form of Bill of Sale for PSERN Equipment

THIS BILL OF SALE (the “Bill of Sale”) is made by and between KING COUNTY, a home rule charter county and political subdivision of the State of Washington (“Seller”) to and in favor of the **PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR**, a governmental agency created pursuant to RCW 39.34.030(3)(b) and organized as a nonprofit corporation under chapter 24.06 RCW (“Buyer”). The County and the PSERN Operator are also referred to herein individually as a “Party” or collectively as “Parties.” This Agreement shall be effective as of the Closing Date as defined in the PSERN Asset Transfer Agreement (the “Effective Date”).

RECITALS

- A. By King County Ordinance _____ and PSERN Operator Board Resolution _____, the Metropolitan King County Council and the PSERN Operator Board authorized the transfer of the PSERN system assets and related equipment and appurtenances from Seller to Buyer, all as more fully as set forth in the PSERN Asset Transfer Agreement attached to such ordinance and resolution (the “Agreement”).
- B. In pertinent part, Section 1.7 of the Agreement states that “the County shall convey and transfer title to the PSERN Operator ... and the PSERN Operator shall accept from the County ... all of the County’s rights and responsibilities to all other equipment that the County holds or acquired on behalf of the PSERN project (collectively, the “PSERN Equipment”).
- C. In furtherance of the Agreement, and consistent with Section 1.7 of the Agreement, Seller desires to sell, assign, convey, transfer and deliver to Buyer the PSERN Equipment, including the personal property described in **Attachment 1** attached hereto; and Buyer desires to accept the same.
- D. Consistent with Agreement Section 1.7, and to implement the Agreement and to effectuate the transfer of the PSERN system from King County to the PSERN Operator, Buyer and Seller do each desire to enter into this Bill of Sale on the terms and conditions set forth herein.

NOW, THEREFORE, Buyer and Seller do hereby agree as follows.

CONVEYANCE

1. For good and valuable consideration as set forth in the Agreement, and in furtherance of the Agreement, Seller hereby sells, assigns, conveys, transfers, and delivers to the Buyer all of the PSERN Equipment, including the equipment listed in **Attachment 1** attached hereto, and transfers to Buyer and its successors and assigns, all of Seller’s right, title and interest in and to all of the PSERN Equipment, in “as is, where is” condition, without recourse to Seller and

without representation or warranty of any kind, whether written or verbal, except as may be otherwise provided in the Agreement; and Buyer hereby accepts the same.

2. If necessary, Seller and Buyer shall cooperate and coordinate in good faith to timely execute such additional documentation and take any other steps required to formally complete the transfer of any PSERN Equipment elements listed in **Attachment 1** attached hereto, such as transfers of vehicle titles, etc.
3. If, after the Closing Date (as defined in the Agreement), either Party identifies one or more significant PSERN Equipment assets not listed in **Attachment 1** that the County intended to transfer to the PSERN Operator as of the Closing Date, then the Parties shall promptly execute a supplemental bill of sale substantially in the form of this Bill of Sale to transfer, convey, or assign such additional PSERN Equipment assets from the County to the PSERN Operator as soon as reasonably practicable.
4. This Bill of Sale shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and permitted assigns.
5. The individuals signing this Bill of Sale on behalf of Seller and Buyer hereby represent that they have the full legal power, authority and right to execute, deliver and perform the obligations under this Bill of Sale on behalf of their respective entities, that this Bill of Sale has been duly authorized by all requisite actions of Seller and Buyer, respectively, and that no remaining action or third party action is required on behalf of Seller or Buyer to make this Bill of Sale binding upon Seller and Buyer.
6. This Bill of Sale is in addition to, and in furtherance of, the Agreement. If there is any conflict or ambiguity between the Agreement and this Bill of Sale regarding the PSERN Equipment that is the subject of this disposal, then this Bill of Sale shall control. As regards all other matters pertaining to the PSERN system transfer, the Agreement shall control.
7. This Bill of Sale may be executed and delivered in counterparts, as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

IN WITNESS WHEREOF, Seller and Buyer have executed this Bill of Sale effective as of the Closing Date as defined in the Agreement.

SELLER

BUYER

KING COUNTY

PSERN OPERATOR

By: _____

Print Name: Megan Clarke

Title: King County Chief Information Officer

By: _____

Print Name: Michael Webb

Title: PSERN Operator Executive Director

Date: _____

Date: _____

Bill of Sale Attachment 1
Non-Exhaustive List of PSERN Equipment
(Copy of PSERN Asset Transfer Agreement Exhibit H-2)

EXHIBIT H-2

NON-EXHAUSTIVE LIST OF PSERN EQUIPMENT

**PSERN Transfer Agreement Exhibit H-2
Non-Exclusive List of PSERN Equipment**

- Equipment:**

DAS testing equipment (Tektronix) IDENTIFY MAKE/MODEL/YEAR AND QUANTITY OF EACH TYPE

IT equipment LIST BY TYPE AND QUANTITY (IF ANY)

Office furniture LIST BY TYPE AND QUANTITY (IF ANY)

- Radios:** IDENTIFY MAKE/MODEL/YEAR AND QUANTITY OF EACH TYPE

- Vehicles:**

| VEHICLE | DEPT | Fund | MajGrp | PROJECT | TASK | AWARD | % | License 2 | Year | Make | Model |
|---------|--------|------|--------|---------|------|--------|---|--------------|------|-----------|------------|
| E13312 | 213001 | 5580 | 213 | 1045829 | 001 | | 1 | A3482C | 2013 | CHEVROLET | SILVERADO |
| E13313 | 213001 | 5580 | 213 | 1045829 | 001 | | 1 | A3480C | 2013 | CHEVROLET | SILVERADO |
| E15323 | 213001 | 5580 | 213 | 1045829 | 001 | | 1 | A9087C | 2015 | FORD | F 250 |
| E16301 | 213001 | 5580 | 213 | 1126875 | 4 | 116744 | 1 | B1095C | 2016 | FORD | EXPEDITION |
| E16302 | 213001 | 5580 | 213 | 1126875 | 4 | 116744 | 1 | B1096C | 2016 | FORD | EXPEDITION |
| E17342 | 213001 | 5580 | 213 | 1045829 | 001 | | 1 | B8638C | 2017 | FORD | F 250 |
| E17343 | 213001 | 5580 | 213 | 1045829 | 001 | | 1 | C0331C | 2017 | FORD | F 250 |
| E19304 | 213001 | 5580 | 213 | 1126875 | 4 | 116744 | 1 | C5486C | 2019 | FORD | EXPEDITION |
| EOUV01 | 213001 | 5580 | 213 | 1045829 | 001 | | | NA | 2023 | CAN-AM | DEFENDER |



RESOLUTION NO. 23-03

**A RESOLUTION OF THE PSERN OPERATOR
BOARD OF DIRECTORS APPROVING A FORM
OF PUGET SOUND EMERGENCY RADIO
NETWORK TRANSFER AGREEMENT AND
MATTERS RELATED THERETO.**

WHEREAS, King County (the “County”), certain cities and the Port of Seattle have, under various interlocal agreements, been responsible for the ownership, operation and maintenance of various elements in the current emergency communication system serving King County; and

WHEREAS, the County and cities identified in the interlocal agreement (the “Operation ILA”) to create the Puget Sound Emergency Radio Network Operator (the “PSERN Operator”) determined that it is in the public interest that a new public safety radio system be implemented to provide public safety agencies and other user groups in the region with improved coverage and capacity, as well as uniformly high-quality emergency radio communications, to be known as the Puget Sound Emergency Radio Network (“PSERN”); and

WHEREAS, the County is the lead agency responsible for planning, procuring, financing and implementing the new PSERN System; and

WHEREAS, ownership, operations, maintenance, and management of the PSERN System will be transferred to the PSERN Operator at the time and pursuant to the terms of the Operation ILA; and

WHEREAS, in order to carry out such transfer, the PSERN Operator and the County now desire to enter into an agreement pursuant to which the County will transfer its interest in the assets and liabilities that comprise the PSERN System, including but not limited to real and personal property interests and certain facilities, improvements, agreements, funding, documents, equipment, permits, licenses, and other related assets and liabilities, to the PSERN Operator, and the PSERN Operator will assume such assets and the obligation to operate, maintain and manage the PSERN System;

NOW, THEREFORE, BE IT RESOLVED by the PSERN Operator Board of Directors as follows:

Section 1. The Board hereby approves the Puget Sound Emergency Radio Network Transfer Agreement (the “Agreement”) substantially in the form attached hereto as Exhibit A

and incorporated herein by this reference. The Executive Director of the PSERN Operator is hereby authorized to negotiate the final terms of the Agreement, including the exhibits attached thereto, and to finalize the Agreement upon the terms and conditions that are in the best interest of the PSERN Operator. The Executive Director is further authorized to execute the Agreement on behalf of the PSERN Operator. All actions taken pursuant to the authorization provided for in this resolution are hereby ratified and confirmed.

Section 2. If any portion of this resolution is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution.

Section 3. This resolution shall take effect immediately upon its passage.

ADOPTED at the regular meeting of the PSERN Operator Board of Directors, this 25th day of May 2023.

**PSERN OPERATOR
KING COUNTY, WASHINGTON**

[_____], Chair

Exhibit A
Form of Transfer Agreement

(attached)

PSERN Operator Board of Directors

Staff Report - Agenda Item #9



Title: Startup Spending Update – Through April 2023
Meeting Date: May 25, 2023
Staff Contact: Tracy Plouse, Finance & Admin Services Manager
Action: Discussion/Decision

SUMMARY:

This report provides an update on PSERN Operator startup expenditures to the end of April 2023 and an updated spending plan/forecast for the first and second half of 2023, after which the PSERN Operator is assumed to be operational and collecting service fees.

BACKGROUND:

As discussed in the January 2022 report to the Board (Startup Staffing and Spending Plan), in the absence of a financial management system and supporting policy and processes for PSERN, the Executive Director will provide monthly status reports/updates at each Board meeting that describe:

- Year-To-Date spending against the baseline spending plan.
- Revisions to expenditure forecasts, including cost estimates and timing.

A total of \$3.05M has been approved as startup funds and transferred from the Project to the Operator.

The PSERN Operator currently reimburses the PSERN Project (King County) for any service provided (i.e. staffing/benefits) directly from the startup funds on deposit in the Operator’s account. KCIT Finance submits an invoice to the Operator after month end closing, and the Operator authorizes transfer of funds from its account to reimburse the County. For the month of April 2023, the invoice included wages, benefits, and internal KCIT administrative services.

DISCUSSION/ANALYSIS:

Appendix A provides a summary of the spending of the PSERN Operator as of April 30, 2023.

As discussed at the April 2023 Board meeting, the PSERN Operator does not intend to acquire any additional technical or operational staff to be funded from startup funds. As a result, the PSERN Operator expects that startup funds are sufficient to support it through to the point at which service fees can be collected in January 2024 (after FSA). Spending forecasts for the first and second half of 2023 has been provided in this report.

The Operator expects to have unspent startup funds of approximately \$945K at the end of June 2023.

The following notes apply:

- The forecast is currently assuming that the majority of one-time startup expenses (facility setup, IT hardware and software, tools, etc.) will occur in the first half of 2023.
- The timing of the purchase of two vehicles is currently shown in the second half of 2023. To date, no delivery dates have been provided by the supplier.

CONCLUSION

This report provides an update on startup expenditures to the end of April 2023, a forecast of expenditures to the end of June 2023 and a further forecast to the end of December 2023. Assuming the PSERN Operator does not acquire and fund additional staff, existing startup funds will be sufficient to fund the organization through the remainder of 2023.

SUPPORTING DOCUMENTATION:

Appendix A: PSERN Operator Spending (Year-to-Date and Forecast) – April 2023

A summary of expenditures to end of April 2023 and forecasted expenditures during PSERN’s startup phase in 2021, 2022 and 2023 (prior to FSA), are provided in the table below.

This covers the administrative staffing and initiatives discussed in prior reports to the board. The table will be updated every month once transactions post to that the applicable account.

**PSERN OPERATOR STARTUP SPENDING
AS OF APRIL 30, 2023**

| Expenditure Category | 2021 Actual | 2022 Actual | 2023 YTD Actual | 2023 Forecast First Half | 2023 Forecast Second Half | Total Forecasted Operator Costs 2021-2023 |
|---------------------------------------|-----------------|------------------|------------------|-------------------------------------|---------------------------|---|
| Contracted Salaries, Wages & Benefits | \$44,661 | \$455,769 | \$308,854 | \$485,339 | 511,584.40 | \$1,497,353 |
| Insurance | 3,488 | \$3,576 | \$0 | 6,000 | - | \$13,064 |
| Contracted Services | 7,506 | 29,179 | 32,654 | 45,618 | 54,720 | \$137,023 |
| Professional & Consulting Services | 8,413 | 75,207 | 11,534 | 171,635 | 127,500 | \$381,724 |
| Office/Administrative Expenses | - | 205,158 | 135,025 | 287,819 | 218,732 | 711,697 |
| PSERN-Specific IT Systems | | 7,957 | 112,623 | 273,410 | 32,856 | 314,223 |
| | \$64,068 | \$776,846 | \$600,690 | \$1,269,821 | \$945,392 | 3,056,127 |
| | | | | Startup Funds Made Available | \$ | 3,056,158 |
| | | | | Variance | \$ | 31 |

PSERN Operator Board of Directors

Staff Report - Agenda Item #10



Title: 2022 Annual Financial Statements
Meeting Date: May 25, 2023
Staff Contact: Tracy Plouse, Finance & Admin Services Manager
Action: Discussion

SUMMARY:

This report provides a summary of the PSERN Operator's 2022 fiscal year financial statements as of December 31, 2022.

BACKGROUND:

Per the Washington State Auditor's Office BARS reporting requirements, annual reports are to be certified and filed with the State Auditor's Office within 150 days after the close of each fiscal year. The BARS GAAP manual states that "the legal reporting requirements prescribed by the State Auditor's Office for local governments in Washington State are consistent with national standards of financial reporting prescribed by the GASB. These requirements for GAAP governments are as follows:

1. Basic Financial Statements, including notes to financial statements.
2. Required Supplementary Information (including MD&A)
3. Supplemental Schedules"

DISCUSSION/ANALYSIS:

Appendix A provides a copy of the report that was submitted to the Washington State Auditor's Office. It contains the Management's Discussion and Analysis, the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Fund Net Position and the Statement of Cash Flows. Finally, it provides the prescribed notes to the financial statements that pertain to the reporting period.

The Statement of Net Position provides a record, or snapshot, of the assets and liabilities at the close of the year. The net difference between the PSERN Operator's assets and liabilities is shown as the PSERN Operator's net position. Net position is further broken down into the separate categories to show the net position is invested in net capital assets and unrestricted net position of the PSERN Operator. For the twelve months ending December 31, 2022, the total net position of the PSERN Operator increased by \$2,824,451 (\$0 to \$2,824,451). Capital Assets increased by \$85,693 in 2022. The addition to capital assets was from office furnishings for the PSERN Operator facility located in Kent, WA.

Leases are summarized in Note 5 of the Notes to the Financial Statements. On September 1, 2022, the PSERN Operator implemented GASB 87 (Statement). This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

As of December 31, 2022 the PSERN Operator recognized the lease for the Kent, WA facility in its financial statements. The lease asset and liability balances were both \$699,952.50, with \$68,115 of the liability being due within one year.

The Statement of Revenues, Expenses and Changes in Net Position presents the results of the business activities over the course of the fiscal year and the resulting change in net position of the PSERN Operator. There were no operating revenues for the fiscal year. Collection of operating revenues will commence once FSA occurs and the PSERN Operator begins collecting user fees. Non-operating revenues increased by \$17,783 due to investment interest. Operating expenses increased by \$385,752 due to startup expenditures to ensure that the PSERN Operator is prepared to assume operational responsibilities upon FSA.

The Statement of Cash Flows is the third basic financial statement. It presents information regarding where cash came from and what it was used for. As mentioned in the Statement of Revenues, Expenses and Changes in Net Position, there were no operating revenues for the year. Non-operating revenues were provided in the form of the start-up funds and were expended on operating activities. There was \$17,783 of non-operating revenue in the form of investment interest.

The Notes to the Financial Statements, as prescribed by the State Auditor's Office, cover only those areas that pertain to the 2022 fiscal year for the PSERN Operator. They discuss investments, risk management, receivable and payable balances and long-term liabilities.

CONCLUSION

This report provides a summary of the PSERN Operator's 2022 Financial Statements submitted to the Washington State Auditor's Office. For the fiscal year 2022 the financial statements were very basic. For the fiscal year 2023 and forward (assuming FSA in December 2023), the financial statements will be more comprehensive and will include information on all capital assets, operating revenues, leases, pension liabilities, and operating expenses.

SUPPORTING DOCUMENTATION:

Appendix A: PSERN Operator 2022 Financial Statements

PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending December 31, 2022

INTRODUCTION

Puget Sound Emergency Radio Network Operator (PSERN Operator) offers readers of the PSERN Operator's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2022. The following Management's Discussion and Analysis is intended to serve as an introduction to the PSERN Operator's basic financial statements, the notes to the financial statements and, if applicable, any other supplementary information required as part of the basic financial statements. We encourage readers to consider the information presented here in conjunction with the PSERN Operator's financial statements, which follow this section.

BACKGROUND

Puget Sound Emergency Radio Network Operator is a nonprofit organization that was formed in 2021 under the terms of an Interlocal Agreement that includes King County and the cities of Auburn, Bellevue, Federal Way, Issaquah, Kent, Kirkland, Mercer Island, Redmond, Renton, Seattle, and Tukwila. Under the terms of the Interlocal Agreement the PSERN Operator was created as a separate, independent governmental administrative agency.

The PSERN Project is a voter-approved capital project to upgrade and expand the emergency radio system for public safety response in King County, Washington. As of December 2022, the Project is housed in the King County IT Department's Emergency Radio Communications Division. When the Project is completed in 2023, operations of the new PSERN System will transfer to the PSERN Operator. The PSERN Operator is the nonprofit organization that will own, operate, and manage PSERN when the PSERN Project is completed. It is anticipated that Full System Acceptance (FSA) will occur in December of 2023, at which point all assets and operational responsibilities will transfer from the PSERN Project to the PSERN Operator. In 2022 the Operator was focused on startup of the organization including hiring staff and establishing business operations to be fully prepared to assume operational responsibilities upon FSA.

The PSERN Operator is governed by its Board of Directors, comprised of four voting members and two nonvoting members as provided in the Interlocal Agreement. Actions of the Board of Directors of the PSERN Operator are conducted as provided in the Interlocal Agreement, the bylaws and policies of the PSERN Operator.

OVERVIEW OF THE FINANCIAL STATEMENTS

The PSERN Operator's financial statements present a nonprofit corporation organized under the laws of the State of Washington, Revised Code of Washington (RCW), Chapters 24.06 and 39.34, to provide an emergency public safety radio system that will be used for dispatching and communications between fire, law enforcement, and other first responders when the Project is complete in 2023. The PSERN Operator is not a segment of any other local government, nor is it a component thereof.

The financial statements include a statement of net position, statement of revenues, expenses, and changes in fund net position, statement of cash flows, and notes to the financial statements.

The **Statement of Net Position** provides a record, or snapshot, of the assets and liabilities at the close of the year. It presents the financial position of the PSERN Operator on a full accrual historical cost basis. The net difference between the PSERN Operator's assets and liabilities is shown as the PSERN Operator's net

position. Net position is further broken down into the separate categories to show the net position is invested in net capital assets and unrestricted net position of the PSERN Operator.

The **Statement of Revenues, Expenses, and Changes in Fund Net Position** presents the results of the business activities over the course of the fiscal year and the resulting change in net position of the PSERN Operator. All changes in net position are reported as soon as the underlying event, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future years.

The **Statement of Cash Flows** is the third basic financial statement and is related to the other financial statements by the way it links changes in assets, and liabilities to the effect on cash equivalents over the course of the fiscal year. The statement reports cash receipts, cash payments and net changes resulting from operating, financing, and investing activities. It presents information regarding where cash came from and what it was used for.

The **Notes to Financial Statements** provide useful information regarding the PSERN Operator’s significant accounting policies; it explains significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

FINANCIAL POSITION

Total net position for the PSERN Operator totaled \$2,824,451 on December 31, 2022.

STATEMENT OF NET POSITION

| | <u>2022</u> |
|--------------------------------|--------------------|
| Assets: | |
| Current and other assets | \$ 3,622,484 |
| Capital assets, net | <u>\$85,693</u> |
| Total Assets | \$3,708,177 |
| Liabilities: | |
| Other liabilities | \$248,592 |
| Non-current liabilities | <u>\$635,133</u> |
| Total Liabilities | \$ 883,726 |
| Net Position: | |
| Net invested in capital assets | \$85,693 |
| Unrestricted | <u>\$2,738,759</u> |
| Total Net Position | \$2,824,451 |

Analysis of changes in Total Net Position:

For the twelve months ending December 31, 2022, the total net position of the PSERN Operator increased by \$2,824,451 (\$0 to \$2,824,451).

The largest portion of the current and other assets is made-up of Cash and Cash Equivalents (\$2,903.565 or 99.8%). The increase of \$2,824,451 is the result of startup funds transferred from the PSERN Project to the PSERN Operator in August and September 2022.

Capital Assets increased by \$85,693 in 2022. The additions to capital assets were from office furnishings for the PSERN Operator facility located in Kent, WA.

RESULTS OF OPERATIONS

Condensed Statement of Revenues, Expenses and Changes in Net Position as of December 31:

| | <u>2022</u> |
|------------------------------|--------------------|
| Revenues | |
| Operating Revenues | \$0 |
| Nonoperating Revenues | \$3,210,203 |
| Total Revenues | \$3,210,203 |
| | |
| Expenses | |
| Operating Expenses | \$385,752 |
| Nonoperating Expenses | \$0 |
| Total Expenses | \$385,752 |
| | |
| Change in Net Position | \$2,824,451 |
| Net Position - Beginning | \$0 |
| Net Position - Ending | \$2,824,451 |

Analysis of changes in Revenues, Expenses and Changes in Net Position:

- There were no operating revenues for the fiscal year. Collection of operating revenues will commence once FSA occurs and the PSERN Operator begins collecting user fees
- Non-operating revenues increased by \$17,783 due to investment interest
- Operating expenses increased by \$385,752 due to startup expenditures to ensure that the PSERN Operator is prepared to assume operational responsibilities upon FSA

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: The PSERN Operator's capital assets as of December 31, 2022 totaled \$85,693. Overall capital assets changes are due to increases in office furnishings for the new facility located in Kent, WA.

Debt acquired in 2022 consists of: An 88-month lease for the facility located at 19717 62nd Ave S Suite E102, Kent, WA 98032. The facility consists of a floor area of approximately 4,489 square feet of office area and 3,000 square feet of climate-controlled warehouse space. The lease was effective November 1, 2022.

REQUESTS FOR INFORMATION

This financial report is designed and intended to provide a general overview of the PSERN Operator's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the PSERN Operator at 19717 62nd Ave S E102, Kent, WA 9803.

**Puget Sound Emergency Radio Network Operator
Statement of Net Position
As of December 31, 2022**

| | 2022 |
|---|--------------------|
| ASSETS | |
| Current Assets | |
| Unrestricted Cash and Cash Equivalents | \$2,903,565 |
| Receivables | - |
| Accounts Receivable | - |
| Interest Receivable | \$4,880 |
| Due from Other Governments | - |
| Prepaid Expenses | - |
| Inventories | - |
| Total Current Assets | \$2,908,445 |
| Non-Current Assets | |
| Non-Current Receivables | |
| Security Deposit Receivable | \$14,087 |
| Capital Assets Being Depreciated | |
| Machinery & Equipment | \$85,693 |
| Less Accumulated Depreciation | |
| Total Capital Assets | \$85,693 |
| Leases | - |
| Office Lease | \$699,953 |
| Less Accumulated Amortization | |
| Total Leases | \$699,953 |
| Total Non-Current Assets | \$799,732 |
| TOTAL ASSETS | 3,708,177 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$110,642 |
| Payroll Payable | - |
| Leases Payable | \$64,819 |
| Due to Other Governments | \$73,132 |
| Total Current Liabilities | \$248,592 |
| Non-Current Liabilities | |
| Leases Payable - Non-Current | \$635,133 |
| Total Non-Current Liabilities | \$635,133 |
| TOTAL LIABILITIES | \$883,726 |
| NET POSITION | |
| Invested in Capital Assets - Ending Balance | \$85,693 |
| Unrestricted Net Position - Ending | \$2,738,759 |
| TOTAL NET POSITION | \$2,824,451 |

**Puget Sound Emergency Radio Network Operator
Statement of Revenues, Expenses and Changes in Net Position
For the Period Ending December 31, 2022**

| | |
|--|--------------------|
| Operating Revenues | |
| Charges for services | |
| <hr/> | |
| Total Operating Revenues | |
| | |
| Operating Expenses | |
| Operating Expenses | \$385,752 |
| <hr/> | |
| Total Operating Expenses | \$385,752 |
| | |
| Operating Income (Loss) | (\$385,752) |
| | |
| Non-Operating Revenues (Expenses) | |
| Start-Up Funds | \$3,192,420 |
| Leases | - |
| Interest | \$17,783 |
| <hr/> | |
| Total Non-Operating Revenues (Expenses) | \$3,210,203 |
| | |
| Income (Loss)/Change in Net Position | \$2,824,451 |
| <hr/> | |
| Total Net Position - December 31 | \$2,824,451 |

The notes to the Financial Statements are an integral part of this statement.

**Puget Sound Emergency Radio Network Operator
Statement of Cash Flows
For the Period Ending December 31, 2022**

| | |
|--|--------------------|
| Cash Flows from Operating Activities | |
| User Fees | \$ - |
| Cash Payments to Suppliers for Goods and Services | (\$385,752) |
| Net Cash Provided (Used) by Operating Activities | <u>(\$385,752)</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchases of Capital Assets | <u>(\$85,693)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(\$85,693)</u> |
| Cash Flows from Investing Activities | |
| Interest on Investments | <u>\$17,783</u> |
| Net Cash Provided (Used) by Investing Activities | <u>\$17,783</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | |
| (\$453,661) | |
| Cash and Cash Equivalents - January 1 | - |
| Cash and Cash Equivalents - December 31 | \$2,903,565 |

The notes to the Financial Statements are an integral part of this statement.

Puget Sound Emergency Radio Network Operator
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Puget Sound Emergency Radio Network Operator (PSERN Operator) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant:

Reporting Entity

The PSERN Operator is a nonprofit corporation governed by a six-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The PSERN Operator has no component units.

Basis of Accounting and Presentation

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

The PSERN Operator distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services in connection with the PSERN Operator's principal ongoing operations. The principal operating revenues are charges to users for service provided by the Puget Sound Emergency Radio Network (anticipated to commence January 2024). Operating expenses include the cost of network services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, Fund Balance, Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the PSERN Operator considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and Cash Equivalents include currency on hand and investments in the King County Investment Pool.

2. Investments (See Note 2)

3. Receivables

Interest Receivable consists of amounts earned on investments at the end of the year.

4. Amounts Due to Other Governments

Due to Other Governments represents the amount owed to King County for wages, benefits and services per the Interlocal Agreement.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits and short- term investments with original maturities of three months or less from the date of acquisition.

Unrestricted

| | |
|---------------------------------------|--------------------|
| Cash on Hand | \$25,000 |
| On Deposit with King County Treasurer | \$2,878,565 |
| Total Unrestricted | \$2,903,565 |
| Total cash and investments | \$2,903,565 |

Investments

In accordance with State law, the PSERN Operator’s governing body has entered into a formal Interlocal Agreement with the PSERN Operator’s ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool).

As of December 31, 2022, the PSERN Operator had the following investments:

| Investment Type | Fair Value | Effective Duration |
|-----------------------------|-------------------|---------------------------|
| King County Investment Pool | \$2,802,570.57 | .99 years |

Interest Rate Risk. As of December 31, 2022, the Pool’s average duration was 0.99 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool’s market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk. As of December 31, 2022, the PSERN Operator’s investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least “A”), municipal securities (rated at least “A” by two NRSROs), commercial paper (rated at least the equivalent of “A-1”), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer’s office.

NOTE 3 – RECEIVABLE AND PAYABLE BALANCES

A. Receivables

Receivables as of December 31, 2022 were as follows:

| | |
|---------------------|----------|
| Interest Receivable | \$ 4,880 |
|---------------------|----------|

B. Payables

Payables as of December 31, 2022 were as follows:

| | |
|------------------|-----------|
| Accounts Payable | \$110,642 |
|------------------|-----------|

NOTE 4 – RISK MANAGEMENT

The Puget Sound Emergency Radio Network Operator (PSERN Operator) is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool’s fiscal year ending August 31, 2022, there were 527 Enduris members representing a broad array of special purpose PSERN Operators throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials’ Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool’s SIR up to the coverage maximum limit of liability. The tables below reflect the Pool’s SIR, reinsurance limits and member deductibles/co-pays by coverage type.

| Coverage | Coverage Type | Pool Self-Insured Retention | Excess/ Reinsurance Limits | Member Deductibles/ Co-Pays ⁽¹⁾ |
|---|---------------------------------------|-----------------------------|------------------------------|--|
| Liability: | | | | |
| Comprehensive General Liability | Per Occurrence | \$1 million | \$20 million | \$1,000 - \$100,000 |
| Automobile Liability | Per Occurrence | \$1 million | \$20 million | \$1,000 - \$100,000 |
| Public Officials Errors and Omissions Liability | Each Wrongful Act Member Aggregate | \$1 million | \$20 million \$20 million | \$1,000 - \$100,000 |
| Terrorism Liability ⁽²⁾ | Per Occurrence Pool Aggregate | \$500,000 \$1 million | \$0 Fully funded by Pool | \$1,000 - \$100,000 |
| Employment Practices Liability | Per Occurrence Member Aggregate | \$1 million | \$20 million \$20 million | 20% Copay ⁽³⁾ |

- | Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible
- | Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
- | Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

Property⁽²⁾:

| | | | | |
|---|---|---|--|---------------------|
| Buildings and Contents | Per Occurrence | \$250,000 | \$1 billion | \$1,000 - \$250,000 |
| Mobile Equipment | Per Occurrence | \$250,000 | \$1 billion | \$1,000 - \$250,000 |
| Boiler and Machinery ⁽³⁾ | Per Occurrence | Varies | \$100 million | Varies |
| Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾ | Per Occurrence | \$250,000 | \$100 million (BI)/ \$50 million (EE) | \$1,000 - \$250,000 |
| Sublimit ⁽⁵⁾ : | | | | |
| Flood | Per Occurrence | \$250,000 | \$50 million (shared by Pool members) | \$1,000 - \$250,000 |
| Earthquake | Per Occurrence | 5% of indemnity, subject to \$250,000 minimum | \$10 million (shared by Pool members) | \$1,000 - \$250,000 |
| Terrorism Primary | Per Occurrence Pool Aggregate | \$250,000 | \$100 million per occurrence \$200 million aggregate | \$1,000 - \$250,000 |
| Terrorism Excess | Per Occurrence APIP Per Occurrence APIP Aggregate | \$500,000 | \$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate | \$0 |
| Automobile Physical Damage⁽⁶⁾ | Per Occurrence | \$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency | \$1 billion | \$250 - \$1,000 |

| Coverage | Coverage Type | Pool Self-Insured Retention | Excess/ Reinsurance Limits | Member Deductibles/ Co-Pays ⁽¹⁾ |
|--|------------------------------|-----------------------------|-----------------------------|--|
| | | Vehicles valued >\$750,000 | | |
| Crime Blanket⁽⁷⁾ | Per Occurrence | \$50,000 | \$1 million | \$1,000 |
| Named Position⁽⁸⁾ | Per Occurrence | \$50,000 | \$1 million | \$1,000 |
| Cyber⁽⁹⁾ | Each Claim APIP Aggregate | \$100,000 | \$2 million \$40 million | 20% Copay |
| Identity Fraud Expense Reimbursement⁽¹⁰⁾ | Member Aggregate | \$0 | \$25,000 | \$0 |

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and

is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool’s Executive Director.

NOTE 5 – LEASES

On September 1, 2022, the PSERN Operator implemented GASB 87 (Statement). This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Lessee Leases

The lease asset balance as of December 31, 2022 is \$699,952.50. The PSERN Operator executed an 88-month facility lease with WFT Company Two, LLC in September 2022. Lease payments begin in February 2023. For the year ending December 31, 2022 the annual depreciation is \$0.

As of December 31, 2022, the principal and interest requirements to maturity are as follows:

| Year Ended December 31 | Principal | Interest | Total |
|-----------------------------------|-------------------|-------------------|-------------------|
| 2023 | \$ 64,819 | \$ 32,907 | \$ 97,726 |
| 2024 | 82,984 | 26,774 | 109,758 |
| 2025 | 90,139 | 22,911 | 113,050 |
| 2026 | 97,722 | 18,718 | 116,440 |
| 2027 | 105,759 | 14,177 | 119,936 |
| 2028-2030 | 258,530 | 13,368 | 271,898 |
| Totals | \$ 699,953 | \$ 128,855 | \$ 828,808 |

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

| | Beginning Balance 01/01/2022 | Additions | Reductions | Ending Balance 12/31/2022 | Due Within One Year |
|----------------------------------|------------------------------------|------------|------------|---------------------------------|------------------------|
| Business-Type Activities: | | | | | |
| Leases | \$ - | \$ 699,953 | \$ - | \$ 699,953 | \$ 68,115 |

PSERN Operator Board of Directors

Staff Report - Agenda Item #11



Title: 2023 PSERN Operating Budget and Rate Setting
Meeting Date: May 25, 2023
Staff Contact: Tracy Plouse, Finance & Admin Services Manager
Action: Discussion

SUMMARY:

This report presents a preliminary 2024 operating budget, service fee rates, and a draft resolution for the Board's discussion. Staff plans to present the 2024 budget for adoption by the Board at its June 2023 meeting.

ANALYSIS AND DISCUSSION:

At the September 2022 meeting, staff presented a draft 2023 budget for the Board's review. At that same meeting FSA was moved to December 31, 2023, and the budget was not adopted at that time.

Operating Budget

The following assumptions have been made in the development of a revised 2024 operating budget:

- Commencement of operation and collection of PSERN Operator service fees January 1, 2024.
- Two sets of scenarios have been presented for discussion - one with operating reserve collected in 2024 and one without; subsequent years reflect an operating reserve set at 5% of total operating expense.
- Headcount is projected to be 24 FTE in 2024 and remain steady through 2028.
- The Operator will employ its own staff beginning January 1, 2024. Wages were calculated using the 2023 King County classifications and salary schedule and were escalated by 3.6% for 2024 and by 4% for subsequent years¹.
- Costs other than wages and benefits were escalated by 3.6% for 2024 and 3% for subsequent years¹.
- The following numbers of radios and consoles was used in calculating rates:
 - Public Safety radios – 13,937
 - Non-Public Safety radios – 4,506
 - Consoles - 144
- Network operating expenses, including lease costs, have been extensively reviewed and revised based on the actual costs incurred by the Project throughout 2022; however, certain expenses are still estimates and based on limited operational history and experience and will need to be adjusted as more operational experience is obtained.

¹ Federal Planning Bureau Consumer Price Index - Inflation forecasts [02/05/2023]

September 2022 budget used the CPI-W King County estimates, which are not available until August 2023.

- Costs for Motorola post-warranty support (approximately \$1.4M annual) are assumed to start 2 years after commencement of operation, which equates to January 1, 2026

Application of Rate Stabilization Funds

This budget is also based on direction provided by the Board at the July 11, 2022 budget workshop. The Board provided direction to develop and present up to three scenarios for use of the currently allocated rate stabilization funds (\$2.6M). The Board further directed that the methodology used should result in the rate stabilization funds reducing service fees for all users of the PSERN system, not just those agencies that currently have KCERCS rates below the projected rates for PSERN. The Board approved a revised cost allocation methodology and directed that no operating reserve should be collected in 2023.

Four scenarios for use of application of rate stabilization fund have been developed, incorporating the direction previously provided by the Board and using the assumptions described below.

Scenario 1:

The rates in this scenario are calculated by allocating \$2.6M of rate stabilization funds starting in 2024 in a gradually decreasing fashion, with 1/3 of the subsidy being removed in each of years 2 and 3. This equates to the expenditure of rate stabilization funds as follows: 50% of the total for the first year; 33% for the second year and 17% for the third year. Note that the budget and rates are based on a January 1, 2024 commencement of operations date.

The increase in rates from year to year is due to increased operating expenses based on estimated inflationary increases (3.6% in year 2024, 4% for salaries/benefits and 3% for most other categories in years 2025-2028), a 5% operating reserve that will be collected beginning January 1, 2024, increased headcount and Motorola contracted services of approximately \$1.4M beginning January 1, 2026 (two years post transition date). Rates from 2027 onwards will be stable, i.e., will escalate at the rate of inflation.

Scenario 2

The rates in this scenario are calculated by allocating \$2.6M of rate stabilization funds in the manner as scenario 1. This scenario excludes the collection of the 5% operating reserve in 2024.

Scenario 3

The rates in this scenario are calculated by allocating the \$2.6M rate stabilization funds over three years (2026, 2027 and 2028) in a manner that results in a uniform increase from year to year (7.0%, 6.8% and 6.3%). As with scenario 1, rates from 2028 onwards will be stable, i.e., will escalate at the rate of inflation.

Scenario 4

The rates in this scenario are calculated the same as in Scenario 2 but do not include the collection of a 5% operating reserve in 2024. To reduce the 2025 escalation, a small portion (5%) of rate stabilization funds is applied in 2025.

A summary of the PSERN Operator's proposed operating budget for 2024 and projected budgets for 2024-2027 is shown in Table 1 below. A more detailed budget report can be found in Appendix A.

Service Fee Rates

For reference, KCERCS service fees for 2022 were as follows:

| Current KCERCS Service Fees | |
|------------------------------------|--|
| | Rate per Public Safety Radio per month |
| King County | \$39.00 |
| EPSCA | \$25.25 |
| Seattle | \$26.06 |
| VCC (average) | \$6.63 |
| 2022 Draft Budget | \$34.74 |

Note that dispatch agencies are not currently charged for consoles on a per-console basis.

The method of calculating service fees² directed by the Board was used, with costs being allocated into employee-related, corporate/administrative and network/operations categories. Using this method of cost allocation results in the service fee rates for radios and consoles shown in Tables 1 and 2 below.

It should be noted that the quantities of radios and consoles used in determining service fee rates are unchanged from those used in September 2022. The PSERN Project has undertaken radio deployment using radio quantities and entitlements by agency that were determined back in 2021 (“Validated Final Inventory”) and defined in Change Order 13 within the Motorola contract. It is expected that quantities for deployed radios will need to be revised and updated once radio deployment and user transition is completed.

However, it will take a significant amount of time to update and confirm these quantities, with that work not likely to be complete until FSA is achieved in December 2023. As a result, it is recommended that the 2024 service fee rates and agency billings be determined based on the 2021 Validated Final Inventory. Work is currently underway to confirm that the quantities used in the September 2022 budget (upon which this budget and service fees are based) align with the Validated Final Inventory.

The proposed service fee rates for Public Safety and Non-Public Safety radios and Consoles are provided in the Table 2 below. The proposed rates presented in September 2022 are also provided for reference.

² Expenditures are allocated to determine rates as follows: Employee-related 83% radios/17% consoles | Corporate Administrative 75% radios/25% consoles | Technical Operations 70% radios/30% consoles

Table 1: 2024 Budget Consolidated Operating Costs Summary

Puget Sound Emergency Radio Network Operator
 2024 Budget (with 4 year proforma 2025 - 2028)
 Consolidated Operating Costs - Summary

| Description | Fiscal Year | | | | | Total | |
|--|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | | |
| | <i>annual increases for all expense categories (except salaries)</i> | 3.6% | 3.0% | 3.0% | 3.0% | 3.0% | |
| | <i>annual increases for salaries</i> | 3.6% | 4.0% | 4.0% | 4.0% | 4.0% | |
| Revenue - investment income | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) | (125,000) | |
| Salaries & benefits | 5,558,710 | 5,781,050 | 6,012,300 | 6,252,790 | 6,502,900 | 30,107,750 | |
| Employee related costs | 90,270 | 92,980 | 95,760 | 98,640 | 101,590 | 479,240 | |
| Premise costs | 213,020 | 219,400 | 225,980 | 232,760 | 239,750 | 1,130,910 | |
| Corporate technology costs | 145,980 | 150,360 | 154,870 | 159,530 | 164,320 | 775,060 | |
| Professional services | 220,000 | 165,000 | 167,250 | 169,570 | 171,960 | 893,780 | |
| King County services | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 8,000 | |
| Radio site costs | 2,827,800 | 2,895,690 | 2,968,490 | 3,045,780 | 3,132,180 | 14,869,940 | |
| Network technology costs | 33,030 | 34,020 | 1,486,540 | 1,531,140 | 1,577,080 | 4,661,810 | |
| Baseline - No Operating Reserve or Rate Stabilization Funds | Total Operating Expenses | 9,065,310 | 9,315,050 | 11,087,790 | 11,466,860 | 11,866,480 | 52,801,490 |
| <i>Baseline - No Operating Reserve or Rate Stabilization Funds</i> | <i>Sep, 2022 DRAFT BUDGET</i> | 8,830,145 | 10,012,794 | 11,215,136 | 11,551,590 | | |
| | <i>Variance (vs Sep, 2022 budget)</i> | 235,165 | (697,744) | (127,346) | (84,730) | | |
| | | 2.7% | -7.0% | -1.1% | -0.7% | | |
| Scenario 1: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024 | Operating Reserve | 453,270 | 465,750 | 554,390 | 573,340 | 593,320 | 2,640,070 |
| | Rate Stabilization Funds | (1,309,700) | (873,130) | (436,570) | - | - | (2,619,400) |
| | Total Operating Expenses | 8,208,880 | 8,907,670 | 11,205,610 | 12,040,200 | 12,459,800 | 52,822,160 |
| Scenario 2: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025 | Operating Reserve | - | 465,750 | 554,390 | 573,340 | 593,320 | 2,186,800 |
| | Rate Stabilization Funds | (1,309,700) | (873,130) | (436,570) | - | - | (2,619,400) |
| | Total Operating Expenses | 7,755,610 | 8,907,670 | 11,205,610 | 12,040,200 | 12,459,800 | 52,368,890 |
| Scenario 3: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024 | Operating Reserve | 453,270 | 465,750 | 554,390 | 573,340 | 593,320 | 2,640,070 |
| | Rate Stabilization Funds | - | - | (1,178,730) | (864,400) | (576,270) | (2,619,400) |
| | Total Operating Expenses | 9,518,580 | 9,780,800 | 10,463,450 | 11,175,800 | 11,883,530 | 52,822,160 |
| Scenario 4: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025 | Operating Reserve | - | 465,750 | 554,390 | 573,340 | 593,320 | 2,186,800 |
| | Rate Stabilization Funds | - | (130,970) | (1,178,730) | (838,210) | (471,490) | (2,619,400) |
| | Total Operating Expenses | 9,065,310 | 9,649,830 | 10,463,450 | 11,201,990 | 11,988,310 | 52,368,890 |

Table 2: 2024 Budget Summary Rate Table

Puget Sound Emergency Radio Network Operator
 2024 Budget (with 4 year proforma 2025 - 2028)
 Operator Cost Allocation Rates - Summary Rate Table

| Scenarios | PSERN Draft Rates (Monthly) | | | | | | | | | | | | | | |
|--|-----------------------------|---------|---------|---------|---------|--------------------------|---------|---------|---------|---------|------------|------------|------------|------------|------------|
| | Public Safety Radios | | | | | Non-Public Safety Radios | | | | | Consoles | | | | |
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2024 | 2025 | 2026 | 2027 | 2028 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Baseline - No Operating Reserve or Rate Stabilization Funds | \$33.19 | \$34.13 | \$40.18 | \$41.58 | \$43.05 | \$25.89 | \$26.62 | \$31.34 | \$32.43 | \$33.58 | \$1,224.06 | \$1,254.50 | \$1,547.10 | \$1,597.11 | \$1,650.03 |
| <i>annual % increase</i> | | 2.8% | 17.7% | 3.5% | 3.5% | | 2.8% | 17.7% | 3.5% | 3.5% | | 2.5% | 23.3% | 3.2% | 3.3% |
| Scenario 1: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024 | \$30.05 | \$32.64 | \$40.61 | \$43.66 | \$45.20 | \$23.44 | \$25.46 | \$31.67 | \$34.05 | \$35.26 | \$1,108.42 | \$1,199.64 | \$1,563.54 | \$1,676.96 | \$1,732.53 |
| <i>annual % increase</i> | | 8.6% | 24.4% | 7.5% | 3.5% | | 8.6% | 24.4% | 7.5% | 3.5% | | 8.2% | 30.3% | 7.3% | 3.3% |
| Scenario 2: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025 | \$28.39 | \$32.64 | \$40.61 | \$43.66 | \$45.20 | \$22.15 | \$25.46 | \$31.67 | \$34.05 | \$35.26 | \$1,047.21 | \$1,199.64 | \$1,563.54 | \$1,676.96 | \$1,732.53 |
| <i>annual % increase</i> | | 14.9% | 24.4% | 7.5% | 3.5% | | 14.9% | 24.4% | 7.5% | 3.5% | | 14.6% | 30.3% | 7.3% | 3.3% |
| Scenario 3: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024 | \$34.85 | \$35.84 | \$37.92 | \$40.52 | \$43.11 | \$27.18 | \$27.95 | \$29.58 | \$31.61 | \$33.63 | \$1,285.26 | \$1,317.23 | \$1,459.98 | \$1,556.57 | \$1,652.40 |
| <i>annual % increase</i> | | 2.8% | 5.8% | 6.9% | 6.4% | | 2.8% | 5.8% | 6.9% | 6.4% | | 2.5% | 10.8% | 6.6% | 6.2% |
| Scenario 4: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025 | \$33.19 | \$35.36 | \$37.92 | \$40.62 | \$43.49 | \$25.89 | \$27.58 | \$29.58 | \$31.68 | \$33.92 | \$1,224.06 | \$1,299.59 | \$1,459.98 | \$1,560.21 | \$1,666.97 |
| <i>annual % increase</i> | | 6.5% | 7.2% | 7.1% | 7.1% | | 6.5% | 7.2% | 7.1% | 7.1% | | 6.2% | 12.3% | 6.9% | 6.8% |

Note: In 2026, the projected console rate increase is higher than radios for all scenarios. This is because of the significant increase in network operating expense in 2026, due to the commencement of Motorola post-warranty services and the 70/30 allocation of those costs between radio and consoles. The 70/30 allocation was established as part of preliminary budgets developed by the PSERN Project for operating costs that cannot be precisely split between radios and consoles. This allocation can be adjusted if required.

Comparison to September 2022 Draft Operating Budget and Services

In comparison to the draft budget presented in September 2022, the proposed 2024 operating budget has increased from \$8,830,145 to \$9,065,310, an increase of 2.7%. This is primarily attributable to the following factors:

- Employee-Related: increase of \$410,058, which includes additional after-hours and overtime support and recalculation using 2023 King County pay schedules and step increases.
- Network Operating Expenses: increase of \$206,949, as more accurate radio site costs were calculated using 2022 Project data.
- Corporate/Admin Expenses: decrease of (\$381,841), as certain costs that were included in the September 2022 budget were reduced or removed.

It should also be noted that the method of applying rate stabilizations fund in Scenarios 3 and 4 has been changed in comparison to the September budget and rates. This was done to absorb more of the operating budget increase due to the commencement of the Motorola post warranty services starting in 2026.

RECOMMENDATION:

If no additional scenarios are requested by the Board, it is recommended that the Board direct staff to finalize one of the four scenarios for adoption at the June 2023 meeting. Staff will verify costs and assumptions and provide a detailed budget or adoption. However, if other scenarios are requested, staff will revise the report and bring the revisions for the Board's approval at the June 2023 meeting.

Two specific items have been raised in the report that require further discussion:

- The basis for determining radio quantities.
- The allocation of network operating costs between radios and consoles.

It should be noted that, by adopting the 2023 budget, the Board authorizes the PSERN Operator to begin collecting service fees on January 1, 2024.

A draft resolution, Appendix B, has been included for a first reading. If the Board does not desire any changes be made to the resolution it will be drafted for approval at the June 2023 meeting.

SUPPORTING DOCUMENTATION:

Appendix A: Draft budget detail

Appendix B: Draft Resolution 23-05

Appendix B: Draft Resolution 23-05

PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR

RESOLUTION NO. 23-05

A RESOLUTION of the Puget Sound Emergency Radio Network Operator Board
of Directors adopting the 2024 Budget.

RECITALS

WHEREAS, in accordance with Section 4.4 of the Puget Sound Emergency Radio Network Operator Interlocal Cooperation Agreement (the “Interlocal Agreement”), by and among King County and the cities of Auburn, Bellevue, Federal Way, Issaquah, Kent, Kirkland, Mercer Island, Redmond, Renton, Seattle, and Tukwila, the Board of Directors (the “Board”) of the Puget Sound Emergency Radio Network Operator (“PSERN Operator”) is responsible for approving a budget for PSERN Operator; and

WHEREAS, budget for the 2024 period has been prepared by PSERN Operator staff and presented to this Board for consideration; and

WHEREAS, after due consideration the Board now desires to adopt the 2024 budget as set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR AS FOLLOWS:

Section 1. Adoption of 2024 Budget. The Board hereby approves and adopts the 2024 budget in the total amount of \$[] (the “2024 Budget”). The 2024 Budget represents operating and capital costs that would be due and payable in fiscal year 2024. A summary budget for 2024 is attached hereto as Exhibit A and is incorporated herein by reference.

Section 2. Mid-Annual Review. The Board shall provide for a mid-annual budget review of the 2024 Budget and shall make modifications to such budget as determined to be necessary and in the best interest of the PSERN Operator.

Section 3. Further Authority; Prior Acts. All PSERN Operator officials, agents, and representatives are hereby authorized and directed to undertake all action necessary or desirable from time to time to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this resolution is declared unconstitutional or invalid for any reason, such decision shall not affect the viability of the remaining portions of this resolution.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

PASSED at a regular meeting of the Puget Sound Emergency Radio Network Operator Board of Directors on this [] day of [], 2023.

CONCURRED by the Chairperson of the Puget Sound Emergency Radio Network Operator Board of Directors on this [] day of [], 2023.

Harold Scoggins, Chairperson, Board of Directors,
Puget Sound Emergency Radio Network Operator