Hood Canal Coordinating Council In-Lieu Fee Program
Statement of Sale

OFFICIAL RECORD OF SALE OF MITIGATION CREDITS PURSUANT TO THE TERMS AND
CONDITIONS OF THE HOOD CANAL COORDINATING COUNCIL IN-LIEU FEE PROGRAM FINAL
PROGRAM INSTRUMENT AND PROVISIONS CONTAINED IN 33 CFR PARTS 325 AND 332 AS
REVISED EFFECTIVE JUNE 9, 2008 (FEDERAL MITIGATION RULE).

I. PURPOSE

This Statement of Sale confirms the sale of mitigation credits from the Hood Canal Coordinating
Council In-Lieu Fee Program (hereinafter “Sponsor”) to the Applicant listed in Article III below. This
Statement of Sale does not constitute a permit or permission to proceed with any proposed
action. The Applicant is responsible for obtaining all necessary permits for a proposed action.

II. TRANSFER OF PERMIT MITIGATION RESPONSIBILITY

The Sponsor hereby accepts full responsibility for satisfying the mitigation requirements for the
Applicant’s below specified US Army Corps of Engineers (“Corps”), and Washington Department of
Ecology (“State”) permits for which the Hood Canal Coordinating Council In-Lieu Fee Program has been
designated as the compensatory mitigation vehicle. This responsibility does not include any additional
mitigation requirements as a result of subsequent permit modifications or violations. This
responsibility includes compliance with 33 CFR 332, 40 CFR 230, and any applicable state and local
jurisdictional laws, and the terms of the Program Instrument, as amended. In satisfaction of the
compensatory mitigation requirements, the Sponsor shall provide compensatory mitigation of the type
and in the amount necessary to meet the mitigation requirements of the below specified Corps and
State permits.

III. APPLICANT AND IMPACT PROJECT DETAILS

A. Sponsor:
Hood Canal Coordinating Council, a non profit entity organized under the Revised Code of Washington
(RCW) Chapter 24.03 and recognized by the Internal Revenue Service as having 501(c)(3) tax exempt
status.

Scott Brewer
Executive Director
17791 Fjord Drive Northeast
Suite 118
Poulsbo, WA 98370-8430

B. Applicant.
United States Navy (hereinafter “Navy” or “Applicant”)

Richard Rhinehart
Captain, US Navy
C. Impact Project. The Sponsor has accepted mitigation fees in the amount of $4,164,715.95 for the unavoidable impact to aquatic resources as described below. Upon acceptance of these fees from the Applicant, the Sponsor is agreeing to implement mitigation and assume all associated obligations and liabilities according to terms of the Program Instrument, as amended.

HCCC ILF Program Service Area:
- Hood Canal Marine/Nearshore

Descriptions of impacts are provided in the In Lieu Fee Use Plan for the Service Pier Extension project, dated October 2019.

Permitting Agency: Washington Department of Ecology Water Quality Certification
Permit Number: WQC Order #16281, issued September 3, 2019

Permitting Agency: US Army Corps of Engineers, Sections 10/404
Permit Number: NWS-2018-242

Debits incurred in the Hood Canal Marine/Nearshore Service Area: 3.395

Descriptions of debits are provided in the In Lieu Fee Use Plan for the Service Pier Extension project, dated October 2019.

IV. MITIGATION CREDITS PURCHASED AND MITIGATION FEES PAID

A. Mitigation Credits Purchased. In exchange for the payment of mitigation fees, the Applicant receives 3.395 mitigation credits. These credits have been withdrawn from the Advance Credit pools as shown in the Hood Canal Marine/Nearshore Service Area.

B. Allocation to the HCCC ILF Program Account. The mitigation fees will be deposited into the following accounts within the Hood Canal Coordinating Council In-Lieu Fee Program Account (see Basic Agreement Article III.D and Appendix F, as amended):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Mitigation Fees (Land Fee plus Credit Fee)</td>
<td>$4,164,715.95</td>
</tr>
<tr>
<td>Interest Paid by Applicant for payment beyond 30 days</td>
<td>$1,691.92</td>
</tr>
<tr>
<td>TOTAL PAYMENT</td>
<td>$4,166,407.87</td>
</tr>
</tbody>
</table>

| Program Admin. Account:                  | $371,548.13 (12.7% of total credit fee) |
| Interest Paid by Applicant:              | $1,691.92      |
| TOTAL ADMIN ACCOUNT:                     | $373,240.05    |

Service Area: Hood Canal Marine/Nearshore

| Land Fee Account:                       | $1,239,140.11  |

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Contingency Fee Account: $371,548.13 (12.7% of Service Area credit fee)
Long Term Management Fund: $234,046.07 (8.00% of Service Area credit fee)
Mitigation Project Accounts: $1,948,433.51 (66.6% of Service Area credit fee)

V. PROOF OF PURCHASE
This Statement of Sale shall serve as official proof, pursuant to Permit NWS-2018-242, that the Applicant has purchased mitigation credits from the Sponsor through Contract No. N44255-20-C-1001.

A. Signed Statement of Sale provided to Applicant. The Sponsor will provide a signed copy of the Statement of Sale to the Applicant within 15 days after receipt of payment of mitigation fees from the Applicant. The Applicant is responsible for submitting copies of the signed Statement of Sale to appropriate regulatory agencies as proof of purchase of HCCC ILF Program mitigation credits.

B. Signed Statement of Sale provided to the Corps and Ecology. The Sponsor will provide a signed copy of this form to the Corps and Ecology within 15 days after receipt of funds from the Applicant.

C. Copies available to IRT members. Copies of this Statement of Sale will be made available to any member of the IRT upon the IRT member’s request.

VI. ADDITIONAL PROVISIONS

A. Allocation of Funds. The Sponsor will deposit the moneys listed above into the program account in the amounts listed in Article IV.B of this Statement of Sale. Record of these funds will also be added to the Program Account Ledger.

B. Spending Authorization. Upon receipt of mitigation fees, the Sponsor shall be authorized to spend up to 50 percent of funds allocated to Program Administration Account according to the terms of the Program Instrument (see Appendix F, as amended). The District Engineer, after consultation with the IRT, must authorize all additional expenditures from the program account pursuant to 33 CFR 332.8(i)(2) and pursuant to the Basic Agreement Article III.B.

C. Reporting requirements unaffected. This Statement of Sale shall not affect reporting requirements outlined in the Program Instrument, as amended.

D. Effect of Statement of Sale. This Statement of Sale does not in any manner affect statutory authorities and responsibilities of the Sponsor or the Applicant. This Statement of Sale is not intended, nor may it be relied upon, to create any rights in third parties enforceable in litigation with the United States, State of Washington or the Sponsor. This Statement of Sale does not authorize, nor shall it be construed to permit, the establishment of any lien, encumbrance, or other claim with respect to the Hood Canal Coordinating Council In-Lieu Fee Program property, with the sole exception of the right on the part of the Corps to require the Sponsor to implement provisions of the Program Instrument, as amended, including recording conservation easements or similarly restrictive site protection mechanisms, required as a condition of the issuance of permits for discharges of dredged and fill material into waters of the United States associated with construction and operation and maintenance of a Mitigation Site.
E. **Attorneys' Fees.** If any action at law or equity, including any action for declaratory relief, is brought to enforce or interpret the provisions of this Statement of Sale, each party to the litigation shall bear its own attorneys' fees and costs of litigation, unless allowable under the Equal Access to Justice Act.

F. **Headings and Captions.** Any paragraph heading or caption contained in this Statement of Sale shall be for convenience of reference only and shall not affect the construction or interpretation of any provision of this Statement of Sale.

IN WITNESS WHEREOF, the Sponsor confirms the information contained in this Statement of Sale to be true as written.

**SPONSOR**

Scott Brewer  
Hood Canal Coordinating Council  
Executive Director  
17791 Fjord Drive Northeast  
Suite 118  
Poulsbo, WA 98370-8430

7-16-2020  
Date