



REGULAR COMMISSION MEETING
Tuesday, March 26, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363

AGENDA

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>

- I. CALL TO ORDER / PLEDGE OF ALLEGIANCE**
- II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)**
- III. APPROVAL OF AGENDA**
- IV. WORK SESSION**
 - A. Port Angeles Yacht Club Presentation.....1-5
 - B. February Financial Report.....6-7
- V. APPROVAL OF CONSENT AGENDA**
 - A. Regular Commission Meeting Minutes, March 12, 2024.....8-12
 - B. Special Commission Meeting Minutes, March 18, 2024.....13-14
 - C. Vouchers in the amount of \$282,399.02.....15
- VI. COMPLETION OF RECORDS**

No items
- VII. PLANNING AND CAPITAL PROJECTS**

No items
- VIII. LOG YARD**

No items
- IX. MARINE TRADES AND MARINE TERMINALS**

No items
- X. PROPERTY**
 - A. CRTC 1050 Building Lease.....16-43
- XI. MARINAS**

No items



XII. AIRPORTS

No items

XIII. OTHER BUSINESS

No items

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)

XVII. FUTURE AGENDA.....44

XVIII. NEXT MEETINGS

- A. April 9, 2024 – Regular Commission Meeting
- B. April 23, 2024 – Regular Commission Meeting
- C. May 14, 2024 – Regular Commission Meeting
- D. May 28, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS

- A. AFRC Annual Conference – April 2-4, 2024 – Stevenson, WA
- B. Olympic Logging Conference – April 24-26, 2024 – Victoria, BC
- C. WPPA Spring Meeting – May 15-17, 2024 – Stevenson, WA
- D. Maritime Festival – June 8-9, 2024 – Port Angeles, WA

BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION *(TIME PERMITTING)*

XX. EXECUTIVE SESSION

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

XXI. ADJOURN



RULES FOR ATTENDING COMMISSION MEETING

- Signs, placards, and noise making devices including musical instruments are prohibited.
- Disruptive behavior by audience members is inappropriate and may result in removal.
- Loud comments, clapping, and booing may be considered disruptive and result in removal at the discretion of the Chair.

RULES FOR SPEAKING AT A COMMISSION MEETING

- Members of the public wishing to address the Board on general items may do so during the designated times on the agenda or when recognized by the Chair.
- Time allotted to each speaker is determined by the Chair and, in general, is limited to 3 minutes.
- Total time planned for each public comment period is 20 minutes, subject to change by the Chair.
- All comments should be made from the speaker's rostrum and any individual making comments shall first state their name and address for the official record.
- Speakers should not comment more than once per meeting unless their comments pertain to a new topic they have not previously spoken about.
- In the event of a contentious topic with multiple speakers, the Chair will attempt to provide equal time for both sides.



Port Angeles Yacht Club

Report to the Port of Port Angeles Meeting 3/26/2024

For over a hundred and thirty years, the Port Angeles Yacht Club has given Port Angeles and the surrounding areas a place where folks who are interested in boats and sailing somewhere to come together, socialize, learn from each other, while providing a benefit to the community.

2023 was a good year for the PAYC and the recovery from the Covid years continues. Highlights include:

- Membership has increased to 185 members
- Signed a Memorandum of Agreement with the Community Boating Program (CBP)
 - The agreement formalized the use of PAYC facilities and how the two separate, but codependent groups will work together for the benefit of both organizations and the community as a whole.
 - This agreement included transferring several small sailboats with trailers, a Boston Whaler safety boat, and other assorted equipment to CBP. The boats were originally donated to the PAYC from the YMCA to be used for youth sailing programs. Since the creation of CBP, all the youth sailing activities have been concentrated with CBP, so it made sense for CBP to take ownership of the vessels.
 - While PAYC owns and maintains the building, CBP has almost unfettered access to the building for sailing classes, the PA High School sailing team, youth sailing, and the summer sail camps. The clubhouse is used as a venue for CBP's annual fundraising activities.
- Signed an Agreement with the North Olympic Sail and Power Squadron (NOSPS). The agreement allows NOSPS the use of the PAYC building for classes and dinners, while allowing members of PAYC to participate in classes for the same price as NOSPS members. Additionally, both organizations provide classes that are open and without cost to the public. An example of these are the Saturday clinics which are held, usually on the first

Saturday of the month, on a variety of subjects such as cruising safety and techniques, radio and equipment usage, and government regulations.

- PAYC hosted, with CBP providing the sailboats and captains, for a First Sail Event. This event was designed to let underrepresented groups experience sailing for the first time. This included on the water sailboat instruction, basic knot tying demonstrations, marine electronics, and navigation instruction. PAYC will be hosting this again in June.
- PAYC supported several events in association with the Port of Port Angeles.
 - An open house for the Maritime Festival.
 - Organizing and leading a boat parade for the Maritime Festival and 4th of July.
 - Providing shore support to the Port and CBP during their Maritime Festival sailing activities.
- PAYC was also the host facility for the very well attended Deck Out the Docks.



- Sponsored several cruises which included the waters from Tacoma to the Gulf Islands of British Columbia.
- Worked with Clallam County Community Outreach and Toys for Tots to provide food, clothing, toys, and household goods to a family in need.

What is ahead for 2024:

- Continue with membership growth. We have 6 new members since first of the year, with more in the approval process.
- We are in the process of updating the club mission statement (attached) and the club code of conduct.

- PAYC is actively involved in the planning with the Port for this year's Maritime Festival and will be the lead again this year for the boat parade, open house, and will be supplying shore support and other assistance to the other participants in the festival.
- Again, this year, we will be supporting the PA City Park's Day of Play by providing the facility and shore support to CBP when they provide sailing demonstrations, and rides.
- Increase the number and variety of classes available to the public.
 - This includes providing the facility and support in April to NOSPS for the America's Boating Course which teaches the basics of boating. This course is required for the WA State Boater's Card, which is a requirement for anyone born after 1955. This is a free class with the only cost is \$10 for the state license.
 - A free class open to the public on April 4th on Marine Radar.
 - Continue the Saturday Clinics with NOSPS.
- We are increasing the sailing racing, now on Wednesday evenings. All sailboat racing is open to the public.
- We have increased our outreach and cooperation with other yacht clubs.
 - Last year several PAYC sailboats participated in the Sequim Bay Yacht Club's Reach and Row sailboat races. We expect more boats to participate this year.
 - We are including invitations to NOSPS and SBYC for all of our classes and many of our social activities.
- During the Maritime Festival weekend in June, we will be hosting the Royal Victoria Yacht Club for the Hands across the Water race. This used to be a normal summer event which ended with Covid. It's great that we can revive the tradition. The final count of boats isn't known yet, but at least 10 have indicated interest. There is hope for a flying type start on Sunday of the festival which should be a great visual. Several other Vancouver Island yacht clubs have expressed a desire to have sailing regattas to Port Angeles. PAYC is actively working to encourage this.
- NOSPS, SBYC, and the public will be invited to join any of the club planned cruises this year.



Dave Linger with PAYC Burgee in Ushuaia, Argentina during the Global Solo Challenge Race.

- As the chartering organization for the Sea Scouts, we continue our enthusiastic support for the Marvin Shields Sea Scout Ship 1212. This is considered one of our highest priorities. PAYC members are involved in all levels of support for the Sea Scouts. The Marvin Shields Sea Scout Ship was the winner of the Chief Seattle Council's Fleet Flag Ship for the 4th time in the last 7 years.



- We will also continue to support the Community Boating Program in their objective to help experienced and beginning boaters of all ages advance their knowledge and participation in water activities.

The Port Angeles Yacht club is thankful for the help and assistance over the years by the Port of Port Angeles staff and board. Working together we are making Port Angeles a boating friendly environment.

A special thanks to the staff of the PA Boat Haven who always do whatever they can to help however they can.

Respectfully submitted,

Chris Boyd

Commodore, 2024

Port Angeles Yacht Club

Port Angeles Yacht Club: Mission Statement

To inspire a lifelong love for the waters of the Pacific Northwest, by fostering an inclusive community of boat enthusiasts who:

- Safely explore and appreciate the beauty and adventure of our maritime playground.
- Share knowledge, skills, and camaraderie through sailing, cruising, and related activities.
- Celebrate the rich maritime heritage of Port Angeles and connect with the broader boating community.
- Build a vibrant club where friendship, laughter, and a sense of belonging thrive on the open water.

This mission is driven by our core values of:

- **Safety:** prioritizing the well-being of all members and the protection of the marine environment.
- **Inclusiveness:** welcoming all, regardless of experience or background, to share the joy of being on the water.
- **Education:** fostering lifelong learning through instruction, workshops, and knowledge sharing.

Together, we will navigate the waters of the Pacific Northwest, leaving a wake of positive impact and lasting memories.

Port of Port Angeles - 2024

	<u>Jan</u>	<u>Feb</u>	<u>Total</u>	<u>YTD Budget</u>	<u>Variance</u>
OPERATING REVENUES					
DOCKAGE	74,745	40,963	115,708	146,666	(30,958)
WHARFAGE	29,741	16,081	45,821	92,352	(46,531)
SERVICE & FACILITIES	18,470	10,327	28,797	55,000	(26,203)
MT HANDLING	0	0	0	0	0
LABOR SERVICES / SECURITY FEE	31,970	16,166	48,136	36,666	11,470
LOG YARD STAGING	10,573	2,053	12,626	7,666	4,960
LOG YARD LAND SERVICES	63,384	62,476	125,860	125,000	860
LOG YARD WATER SERVICES	34,147	3,258	37,405	15,834	21,571
MOORAGE	245,088	237,210	482,298	528,794	(46,496)
MARINA & YARD FEES	24,709	24,041	48,750	80,388	(31,638)
LANDING/PARKING FEES	1,973	1,741	3,714	2,184	1,530
HANGAR/TIE DOWN	14,081	14,200	28,280	28,266	14
OTHER USER FEES	28,485	24,368	52,854	60,206	(7,352)
EQUIPMENT RENTAL	11,628	11,696	23,324	48,212	(24,888)
LAND LEASE/RENT	62,585	55,400	117,985	126,228	(8,243)
STRUCTURE LEASE/RENT	170,927	166,964	337,892	338,492	(600)
USE AGMT AND OTHER RENT	6,116	3,829	9,945	20,398	(10,453)
UTILITY PASS THRU & PRODUCT SALES	83,674	63,560	147,234	147,600	(366)
MISC & INTERDEPT REVENUE	2,586	2,149	4,735	6,100	(1,365)
TOTAL OPERATING REVENUES	914,881	756,482	1,671,363	1,866,052	(194,689)
OPERATING EXPENSES					
SALARIES, WAGES & BENEFITS	337,728	363,097	700,825	668,674	32,151
SUPPLIES	43,851	32,345	76,196	74,496	1,700
OUTSIDE SERVICES	128,994	81,905	210,899	199,900	10,999
PUBLIC INFORMATION	9,766	11,102	20,868	21,696	(828)
MARKETING	6,835	5,805	12,640	9,752	2,888
COMMUNITY RELATIONS	0	0	0	1,466	(1,466)
ADS, DUES & PUBLICATIONS	19,821	1,627	21,449	6,678	14,771
TRAVEL MEETINGS	1,143	3,840	4,982	6,198	(1,216)
TRAVEL/TRAINING	5,087	21,470	26,558	5,232	21,326
PROMO HOSTING, TRADE & INDUSTRIAL DEV	33	51	84	1,704	(1,620)
RENT, UTILITIES, INSURANCE, TAXES	108,843	98,051	206,895	219,262	(12,367)
UTILITY (Pass Thru) & COST OF GOODS SOLD	60,734	43,087	103,821	118,226	(14,405)
OTHER EXPENSES (Misc & Interdept)	7,697	7,643	15,341	11,478	3,863
MAINTENANCE LABOR & BENEFITS	98,113	104,083	202,196	184,362	17,834
MAINTENANCE (Materials & Services)	44,491	22,131	66,621	67,096	(475)
TOTAL OPERATING EXPENSES	873,137	796,238	1,669,375	1,596,220	73,155
OPERATING SURPLUS (DEFICIT) (before Depr)	41,744	(39,756)	1,988	269,832	(267,844)
DEPRECIATION (includes donated assets)	261,493	261,531	523,024	512,420	10,604
OPERATING SURPLUS (DEFICIT) (after Depr)	(219,749)	(301,287)	(521,036)	(242,588)	(278,448)
% of depreciation covered by operating surplus	16%	-15%	0%	53%	-52%

	11	15	21	31	33	32	41	43	61	80	81	91	92		
	Marine	Marine	Log	FIA	Aiport	Sekiu	PA	JW	Rental	General	Business	Mech	Facility		
	<u>Terminal</u>	<u>Trades</u>	<u>Yard</u>	<u>Airport</u>	<u>Rentals</u>	<u>Airport</u>	<u>Boathaven</u>	<u>Marina</u>	<u>Prop</u>	<u>Admin</u>	<u>Develop</u>	<u>Maint</u>	<u>Maint</u>	<u>Total</u>	
Jan	Direct Revenues	245,616	48,317	126,275	37,049	135,152	1,459	153,746	149,712	17,555	-	-	-	914,881	
Jan	Direct Expenses	134,895	27,643	117,275	46,901	42,374	1,954	72,526	80,071	4,890	267,913	38,478	15,222	22,996	873,137
Jan	Depreciation	53,478	13,994	19,736	86,121	37,355	219	35,099	4,661	797	6,633	-	1,465	1,935	261,493
Jan	Total pre Alloc	57,243	6,680	(10,736)	(95,973)	55,423	(713)	46,121	64,980	11,869	(274,546)	(38,478)	(16,687)	(24,931)	(219,749)
Feb	Direct Revenues	146,116	44,163	79,828	36,917	123,876	1,459	151,966	152,309	19,848	-	-	-	756,482	
Feb	Direct Expenses	108,482	22,673	106,678	46,081	34,464	1,762	63,091	104,940	4,779	220,991	28,510	15,050	38,737	796,238
Feb	Depreciation	53,478	13,994	19,718	86,119	37,354	219	35,099	4,598	797	6,631	-	1,465	2,059	261,531
Feb	Total pre Alloc	308,076	80,829	206,223	169,116	195,694	3,440	250,156	261,847	25,424	227,622	28,510	16,515	40,796	(301,287)



REGULAR COMMISSION MEETING
Tuesday, March 12, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363

AGENDA

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>

Connie Beauvais Commissioner

Colleen McAleer, Commissioner

Steve Burke, Commissioner

Paul Jarkiewicz, Executive Director

John Nutter, Dir. of Finance & Admin

Chris Hartman, Dir. of Engineering

Wilson, Easton, Public Works & FM Supervisor

Caleb McMahon, Dir. of Econ. Development

Katharine Frazier, Grants & Contracts Manager

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:44)

Comm. Beauvais called the meeting to order at 9:03 am.

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:45-38:00)

Daniel Welden, Port Angeles, WA – submitted public comments and recommendations via email regarding the city's boat ramp at Ediz Hook.

Robert Bosley, Port Angeles, WA – provided the commission with a brief history of fishing and the city's ramp on Ediz Hook. He shared that he believes it's a terrible mistake if the Ediz Hook ramp shuts down, which will significantly decrease revenue that the city needs.

Dave Barnier, Port Angeles, WA – commented on the tourism revenue that Port Angeles will be missing out on if the city's ramp is closed. Would like to know what the plan is for the Pilot house on the hook.

Bob Tect, Port Angeles, WA – President of the Puget Sound Anglers, representing over 250 members of the group, suggested adding a seawall to the hook and the boat haven so that the ramps can stay in year round.

Steve Morgan, Port Angeles, WA – Voiced concerns that no preparations for what would happen after the seawall on Ediz Hook was removed were taken into consideration by either the city or the Port.

Doug Holland, Port Angeles, WA – provided his possible solutions on the issues with the ramps and boat launches.

Ken Townsend, Sequim, WA – Vice President of Puget Sound Anglers, voiced concerns about what removing the seawall has done. Asked for a definition of what mitigation is.

Robert Bosley – Port Angeles, WA – would appreciate it if the Port would take over ownership of Ediz Hook.

Tim Tucker, City of Port Angeles Superintendent of Parks & Recreation – Gave the group an update on where the City is currently at with Ediz Hook.

Chris Hartman, Port of Port Angeles – provided a definition of mitigation for the group.

Marty Marchant, Port of Port Angeles, WA – gave information on the programs and infrastructure that is currently available for boat launch users.

III. APPROVAL OF AGENDA (38:01-38:57)

- Motion to approve the consent agenda as modified with the addition of the Letter of Support for CRTC: Comm. McAleer
- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)

IV. WORK SESSION (38:58-1:16:11)

A. Marine Terminal Utilization Report

- Presentation: John Nutter



- Discussion
- No Action

B. Request from Clallam County for Funding NODC Broadband Action Team (BAT)

- Presentation: Paul Jarkiewicz
- Discussion
- No Action

V. APPROVAL OF CONSENT AGENDA (1:16:12-1:16:48)

A. Regular Commission Meeting Minutes, February 27, 2024

B. Vouchers in the amount of \$642,801.97

- Discussion
- Motion to approve the consent agenda as presented: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

VI. COMPLETION OF RECORDS (1:16:49-1:21:03)

A. Monthly Delegation of Authority Report

- Presentation: Paul Jarkiewicz
- Discussion
- No Action

VII. PLANNING AND CAPITAL PROJECTS (1:21:04-1:54:03)

A. Sourcewell Co-op Agreement – Resolution 24-1292

- Presentation: Wilson Easton
- Discussion
- Motion to introduce Resolution 24-1292, a resolution of the Port of Port Angeles approving an interstate compact with Sourcewell and authorizing the Port's Executive Director to enter into competitively procured cooperative purchase agreements through Sourcewell: Comm. Burke
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)
- Motion to waive 2nd consideration: Comm. Beauvais
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)
- Motion to adopt Resolution 24-1292, a resolution of the Port of Port Angeles approving an interstate compact with Sourcewell and authorizing the Port's Executive Director to enter into competitively procured cooperative purchase agreements through Sourcewell: Comm. Burke
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

B. John Wayne Marina Fuel System Repair – Purchase Authorization

- Presentation: John Nutter
- Discussion
- Motion to authorize the Executive Director to execute a purchase order with NorthWest Pumps, for an amount not to exceed two hundred and fifteen thousand dollars and No Cents (\$215,000.00), and to make minor modifications to the contract as might be needed: Comm. McAleer
- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)

C. 2023 Capital Projects Report

- Presentation: Chris Hartman
- Discussion

- D. Log Yard Stormwater Treatment Improvements – Purchase
- Presentation: Chris Hartman
 - Discussion
 - Motion to authorize the Executive Director to purchase the Interim Stormwater Treatment Improvements from Clear Water Service for an amount not to exceed two hundred and forty thousand dollars and no cents (\$240,000.00), and to make minor modifications to the contract as may be required: Comm. Beauvais
 - 2nd: Comm. Burke
 - Vote: 3-0 (Unanimous)

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY

No items

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS (1:54:04-2:17:18)

- A. Item for Consideration - Washington EV Charging Program Award Acceptance
- Presentation: Katharine Frazier
 - Discussion
 - Motion to authorize the Port's Executive Director to accept the WA Department of Commerce grant award: Comm. Beauvais
 - 2nd: Comm. McAleer
 - Vote: 2-0 (Unanimous)
 - *Comm. Burke recused himself from this vote as a family member works for the Dept. of Commerce*
- B. Item for Consideration – Timber Advisory Committee (TAC) Appointment
- Presentation: Chris Hartman
 - Discussion
 - Motion to appoint Randy Bartelt to the Timber Advisory Committee (TAC): Comm. McAleer
 - 2nd: Comm. Beauvais
 - Vote: 3-0 (Unanimous)
- C. Letter of Support – Myno Carbon Clean Energy Fund
- Presentation: Katharine Frazier
 - Discussion
 - Motion to sign the letter of support for Myno Carbon Clean Energy fund as presented: Comm. McAleer
 - 2nd: Comm. Beauvais
 - Vote: 3-0 (Unanimous)
- D. Letter of Support – Peninsula College Workforce Development Fund
- Presentation: Katharine Frazier
 - Discussion
 - Motion to approve the letter of support for Peninsula College Welding Program as presented: Comm. Beauvais



- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)

E. Letter of Support – Peninsula College Workforce Development Fund

- Presentation: Katharine Frazier
- Discussion
- Motion to approve the letter of support for CRTC's FY25 Defense Appropriation request: Comm. Burke
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (2:17:19-2:21:36)

Bob Tect, President of Puget Sound Anglers, asked if the Port would be willing to put a seawall in at the boat haven.

XVII. FUTURE AGENDA

XVIII. NEXT MEETINGS (2:21:37-2:21:51)

- A. March 18, 2024 – Special Commission Meeting
- B. March 26, 2024 – Regular Commission Meeting
- C. April 9, 2024 – Regular Commission Meeting
- D. April 23, 2024 – Regular Commission Meeting
- E. May 14, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS (2:21:52-2:22:24)

- A. Port Commission Washington DC Legislative Trip – March 19-22 – Washington DC
- B. AFRC Annual Conference – April 2-4, 2024 – Stevenson, WA
- C. Olympic Logging Conference – April 24-26, 2024 – Victoria, BC
- D. WPPA Spring Meeting – May 15-17, 2024 – Stevenson, WA
- E. Maritime Festival – June 8-9, 2024 – Port Angeles, WA

BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION (TIME PERMITTING)

XX. EXECUTIVE SESSION (2:22:25-2:23:47)

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

- Comm. Beauvais recessed the meeting to convene an executive session. The anticipated length of the executive session is 90 minutes. The Commission may take action in public sessions following the executive session.
- Discussion: Five (5) items concerning the legal or financial risk of a proposed action that the agency has identified when public discussion of the legal risks is likely to result in an adverse legal or financial consequence to the Port. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i). Two (2) items concerning real estate sale, purchase, or lease, discussing such matters in executive session are appropriate pursuant to RCW 42.30.110.(1)(c).
- Recess: 6 minutes



- Start Time: 11:30 am
- Extended: 15 minutes
- End Time: 1:15 pm

Public Session of Commission Meeting Reconvened: 1:15 pm

Commissioner Beauvais noted no action will be taken as a result of the executive session.

XXI. ADJOURN (2:23:48-2:23:51)

Comm. Beauvais adjourned the meeting at 1:15 pm.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

Connie Beauvais, President

Steven Burke, Secretary



SPECIAL COMMISSION MEETING
Monday, March 18, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363
MINUTES

The SPECIAL Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>

Connie Beauvais Commissioner
*Colleen McAleer, Commissioner *Excused Absence*
Steve Burke, Commissioner
Paul Jarkiewicz, Executive Director

Braedi Joutsen, Clerk to the Board
John Nutter, Dir. of Finance & Admin
Caleb McMahan, Dir. of Econ. Development

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:40)

Comm. Beauvais called the meeting to order at 9:00 am.

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:41-0:57)

None

III. OTHER BUSINESS (0:58-1:24)

- A. Letters of Support
- Presentation: Paul Jarkiewicz
 - Discussion
 - No Action

IV. EXECUTIVE SESSION (1:36-3:24)

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

- Comm. Beauvais recessed the meeting to convene an executive session. The anticipated length of the executive session is 30 minutes. The Commission may take action in public session following the executive session.
- Discussion: One (1) item concerning the legal or financial risk of a proposed action that the agency has identified when public discussion of the legal risks is likely to result in an adverse legal or financial consequence to the Port. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i).
- Recess: 8 minutes
- Start Time: 9:10 am
- Extended: 15 mins
- End Time: 9:55 am

Public Session of Commission Meeting Reconvened: 9:55 am

Commissioner Beauvais noted no action will be taken as a result of the executive session.

V. NEXT MEETINGS (1:25-1:35)

- A. March 26, 2024 – Regular Commission Meeting
- B. April 9, 2024 – Regular Commission Meeting
- C. April 23, 2024 – Regular Commission Meeting
- D. May 14, 2024 – Regular Commission Meeting

VI. ADJOURN (3:25-3:28)

Comm. Beauvais adjourned the meeting at 9:56 am.



Connie Beauvais, President

Steven Burke, Secretary

**PORT OF PORT ANGELES
GENERAL FUND – LETTER OF TRANSMITTAL
VOUCHER APPROVAL**

We, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due, and unpaid obligation against the Port of Port Angeles, and that we are authorized to authenticate and certify to said claim.

SUMMARY TRANSMITTAL March 8, 2024 – March 20, 2024

Accounts Payable

	Begin Check #	End Check #		
For General Expenses and Construction				
Accts Payable Checks (computer)	418040	418076	\$	120,030.12
VOIDED/ZERO PAYABLE CHECKS				
Accts Payable ACH	002534	002570	\$	122,355.48
VOIDED/ZERO PAYABLE ACH				
Wire Transfer – Excise Tax			\$	-
Wire Transfer - Leasehold Tax			\$	-
Total General Expenses and Construction			\$	242,385.60
Payroll				
Employee Payroll – Draws (Direct Deposit)			\$	39,875.00
Voided Payroll Check			\$	-
Voided Checks ==Stub Overrun==				
Employee Payroll Checks PPD (Direct Dep)			\$	-
Wire Transfer – (Payroll Taxes, Retirement, Deferred Comp, L&I, OASI, PMFL)			\$	138.42
Total Payroll			\$	40,013.42
Total General Exp & Payroll			\$	282,399.02

Date: March 26, 2024

Port Representative

Port Representative

Commissioner, Steven D. Burke

Commissioner, Connie Beauvais

Commissioner, Colleen McAleer

**ITEM FOR CONSIDERATION
OF THE
BOARD OF PORT COMMISSIONERS**

Date: March 26, 2024
Subject: Composite Recycling Technology Center
Presented by: Caleb McMahon, Director of Economic Development
Location: 2140 W. 18th Street, 1050 Building

RCW & POLICY REQUIREMENTS

Per RCW 53.08.08 Lease of Property, a district may lease all lands, wharves, docks and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than fifty years with option up to an additional thirty years.

Per RCW 53.08.085, security for rent is required for every lease of more than one year. Rent may be secured by rental insurance, bond, or other security satisfactory to the port commission, in an amount equal to one-sixth the total rent, but in no case shall such security be less than one year's rent or more three years' rent. If the security is not maintained the lease shall be considered in default. The port commission may in its discretion waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

Per Section I of the Ports Delegation of Authority, all term lease agreements of real property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section 1.B.4 Commission approval is required for any lease that contains any material non-standard terms or conditions.

BACKGROUND:

Composite Recycling Technology Center (CRTC) has been a Port tenant since 2016. The business has expanded into production of Advanced Cross Laminated Timber. CRTC would like to construct buildings of this material into tiny houses and other structures. The Port's 1050 warehouse building has 26,000 square feet available to lease to CRTC.

On October 24, 2023 the Port Commission approved a proposed lease of 23,957 square feet at this location for a term of two years. This is an update, which will expand the leased square footage, and increase the term of the lease to 15 years.

LEASE DETAILS:

The lease of 26,000 square feet of warehouse space at 2140 W. 18th Street will be leased for 15 years.

Proposed Rate: \$0.43/SF x 26,000 SF = \$11,180.00 /month plus leasehold excise tax.

Term: 15 years

Options to Renew: None.

Commencement Date: April 1, 2024.

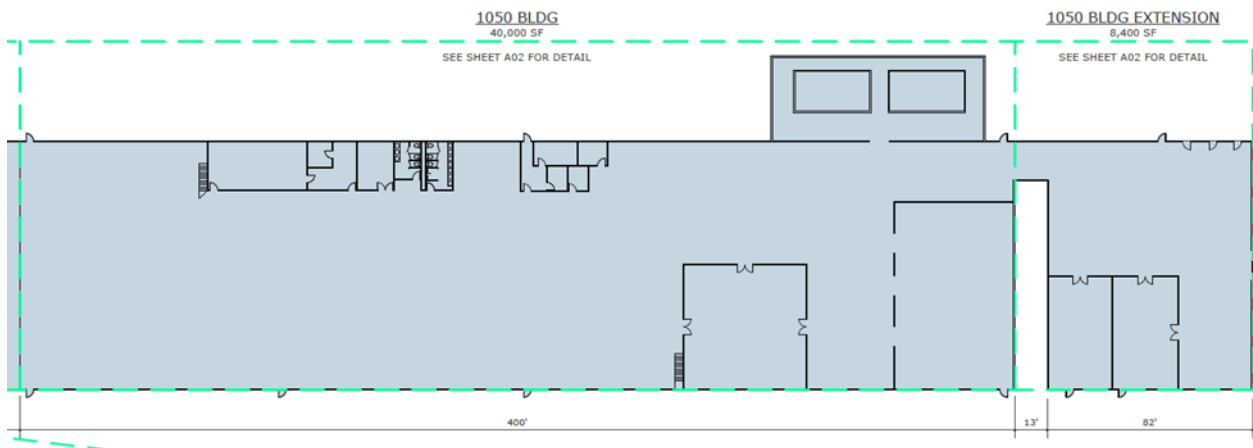
Current Bond/Security: Port policy requires three months of rent amount as a financial security deposit. $\$11,180 \times 3 = \$33,540.00$.

Non-Standard (requires Commission approval) or Unique Terms:

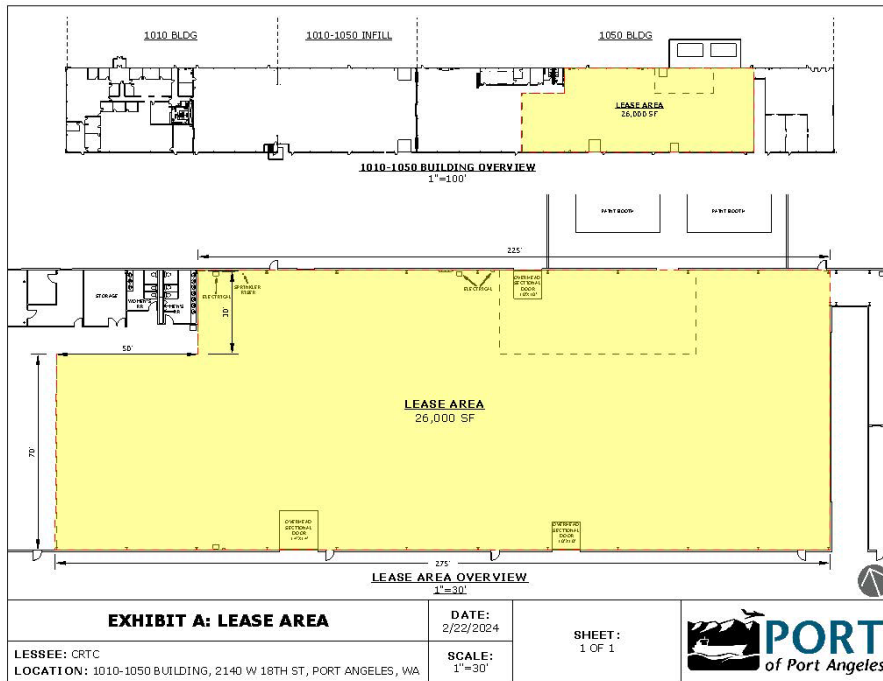
1. Fair market value of the warehouse is \$0.47/SF. The Port discounts this rate to \$0.43/SF due to extensive overhead lighting improvements paid for by the Lessee, with an estimated value of \$78,000.
2. Lessee may opt out of this lease with 180 days prior written notice to the Port.
3. There is one electric meter for the entire 1050 Building: EC81164. Lessee shall pay their proportionate share of electricity based on a prorated share of square footage as outlined below.

Utilities: CRTC shall pay their proportionate share of electricity which will be based on pro-rata share of square footage, minus the sub-metered paint booths.

(Example: 1050 building size (except paint booths) = 48,400 SF Total
CRTC's leased space is 26,000 SF (53.7% of the building)
Monthly Electric Bill= \$3,000
Submeter for paint booths = \$200
Subtotal=\$3,000 - \$200=\$2,800
CRTC Portion = \$2,800 x 53.7% = \$1,504)



Leased Space:



RECOMMENDED ACTION: Staff recommends that Commission approve the term lease as presented and outlined above.

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (“Lease”) is made and entered into as of the date last written below, by and between the **PORT OF PORT ANGELES**, a Washington municipal corporation (the “**Port**”), and **COMPOSITE RECYCLING TECHNOLOGY CENTER**, a Washington nonprofit corporation, (“**Lessee**”).

ARTICLE I

Summary of Lease Terms and Definitions

The Port: Port of Port Angeles
338 W First Street
Port Angeles, WA 98362

Lessee: Composite Recycling Technology Center
2200 W. 18th Street
Port Angeles, WA 98363

Premises: 26,000 square feet of warehouse in the 1050 Building, together with nonexclusive overhead door access adjacent to the premises, located at 2140 W. 18th Street, Port Angeles, Washington as depicted in the Map of Premises attached to this Lease as **Exhibit A**.

Lessee-owned Improvements:

As of the Commencement Date as defined herein, the following fixtures and improvements are owned by Lessee and are not part of this Lease: _____.

Initials:

Port

Lessee

Use of Premises: Production and working with Composite Laminated Timber and all processes associated.

Benefit to the Public: None.

Commencement Date: April 1, 2024

Term: Fifteen years. April 1, 2024 – March 31, 2039.

Renewals: None.

Base Rent:

Leased Area	Sq Ft	Rate/SF	Monthly Rate
1050 Building Warehouse	26,000	\$0.43	\$ 11,180.00
Base Rent			\$ 11,180.00
Leasehold Excise Tax		12.84%	\$ 1,435.51
Monthly Payment			\$ 12,615.51

Financial Security (see Section 5.4 for more information): Standard financial security is three months of rent. A reduced amount of two months of rent was approved by the Port Commissioners at the July 26, 2022 meeting.

Additional Unique Terms and Conditions:

1. Fair market value of the warehouse is \$0.47/SF. The Port discounts this rate to \$0.43/SF due to extensive overhead lighting improvements paid for by the Lessee, with an estimated value of approximately \$78,000.
2. Lessee may opt out of this lease with 180 days prior written notice to the Port.
3. There is one electric meter for the entire 1050 Building: EC81164. Lessee shall pay their proportionate share of electricity based on a prorated share of square footage. See lease section 4.6 for details.

ARTICLE II
Premises, Term, Renewals

2.1 **PREMISES:** In consideration of the rents hereinafter reserved and of the covenants and conditions set forth herein to be performed by Lessee, the Port does hereby lease the Premises to Lessee.

2.2 **TERM:** The term of this Lease shall be for fifteen years beginning April 1, 2024 through March 31, 2039. If Lessee takes possession of the Premises before the Commencement Date, Lessee shall pay the pro rata rent for the period prior to commencement of the Lease term.

2.3 **RENEWALS:** None.

ARTICLE III
Rent, Rental Adjustment

3.1 **RENT:** The term “**Rent**” as used herein includes Base Rent, CAM Expenses (if any), applicable Washington State leasehold excise tax, and other fees and charges assessed herein. Base Rent and Washington State leasehold excise tax shall be paid without the requirement that the Port provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement. Any other fees and charges which may be assessed by the Port herein, the Port shall first provide written notice thereof, and Lessee shall pay such fees and/or charges within

thirty (30) days of receipt of such written notice without any counterclaim, setoff, deduction, defense or abatement.

3.1.1 Rent shall be paid on or before the first (1st) day of each month beginning on the Commencement Date. A late charge of one percent (1%) per month will be assessed against past due Rent from the date such Rent became due. If Rent is not received by the twentieth (20th) day of any month, Lessee shall pay the Port an additional fee of \$100 or five percent (5%) of the delinquent payment, whichever is greater, to defray costs of collecting and handling such late payment. All accrued interest and late charges shall be paid no later than the twentieth (20th) day of the month following that month in which such interest or late charges accrued.

3.1.2 **Base Rent Adjustment:** The Base Rent shall be adjusted each January for years 1-4 to compensate for the effect of inflation on the rental rate. A thirty-day written notice will be given in November to the Lessee that Consumer Price Index adjustments will take place on the following January 1st. Upon the provision of such notice, the Base Rent rate shall be automatically adjusted every January to reflect the percentage change in the Consumer Price Index for All Items in West - Size Class B/C, All Urban Consumers, as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the closest comparable index if the above index is no longer published (“**CPI Increase**”). Effective January of year 5, and every fifth anniversary thereafter, the Base Rent shall be adjusted in order to compensate for changes in market conditions as determined by an independent appraisal. The Base Rent shall be equal to the fair market value as established by that appraisal (“**FMV Rent Rate**”). If that FMV Rent Rate is less than the Base Rent then in effect, then such existing Base Rent shall not be reduced but shall remain flat for the following five (5) years, together with the CPI Increases.

3.2 **COMMON AREAS:**

3.2.1 **Common Areas; Definition:** “Reserved”

3.2.2 **Lessee’s Common Area Lease Rights:** “Reserved”

3.2.3 **Changes to Common Areas:** “Reserved”

3.2.4 **Common Area Maintenance Expenses; Definition:** “Reserved”

3.2.5 **Payment of CAM Expenses:** “Reserved”

3.2.6 **Adjustment of CAM Expenses:** “Reserved”

3.3 **ABATED RENT:** If this Lease provides for a postponement of any monthly rental payments or other rent concession, such postponed rent is called the “**Abated Rent.**” Lessee shall be credited with having paid all of the Abated Rent on the expiration of the term of this Lease only if Lessee has fully, faithfully and punctually performed all of Lessee’s obligations hereunder, including the payment of all Rent, including, if applicable, Abated Rent, and all other monetary obligations and the surrender of the Premises in the condition required by this Lease. If Lessee defaults and does not cure within any applicable grace period, the Abated Rent shall immediately

become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case, Abated Rent shall be calculated based on the full initial rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from date each monthly rental payment was postponed.

3.4 **LEASEHOLD AND OTHER TAXES:** Throughout the term of this Lease, Lessee shall be liable for, and shall pay or, as applicable, reimburse the Port for, all license fees and excise and occupation taxes covering the business conducted on the Premises, all taxes on property of Lessee on the Premises, ad valorem taxes or taxes levied in lieu of an ad valorem tax, and any taxes on the leasehold interest created by this Lease and/or measured by the rent payments hereunder, whether imposed on Lessee or on the Port. With respect to the leasehold excise tax payable hereunder, Lessee shall pay to the Port with each rent payment an amount equal to the tax. All other tax amounts for which the Port is or will be entitled to reimbursement from Lessee shall be paid by Lessee to the Port at least fifteen (15) days prior to the due dates of the tax amounts involved, provided that Lessee shall be given at least ten (10) days' prior written notice of the amounts payable by Lessee.

ARTICLE IV
Use of Premises, Condition of Property,
Improvements, Removal of Property, Maintenance, and Utilities

4.1 **LESSEE'S USE OF THE PREMISES:** Lessee shall conduct only the following activity on the Premises: **Production and working with Composite Laminated Timber and all processes associated** (the "**Authorized Use**") and such additional uses incidental or otherwise related to such Authorized Use.

4.1.1 Lessee shall be in default under this Lease if it: (i) ceases conducting the Authorized Use for any period of time exceeding one hundred twenty (120) consecutive days; or (ii) conducts any other business or activity on the Premises without first obtaining a validly executed lease modification. In conducting the Authorized Use, Lessee shall properly and fairly serve the public, providing reasonable hours of operation, and reasonably suitable service.

4.1.2 Notwithstanding the foregoing described use, the Premises shall not be used to store, distribute or otherwise handle flammable, dangerous or hazardous materials, excepting only those necessary to conduct the Authorized Use. At the request of the Port, Lessee shall provide a list of all flammable, dangerous or hazardous materials stored or used on the Premises.

4.2 **ACCEPTANCE OF PREMISES:** Lessee accepts the Premises, including all existing improvements thereon, "as is" without further maintenance liability on the part of the Port, except as otherwise specifically noted herein. Lessee is not relying on any representations of the Port as to condition, suitability, zoning restrictions or usability, except the Port's right to grant a lease of the Premises.

4.3 **CONSTRUCTION OF TENANT IMPROVEMENTS:** Lessee shall abide by the following terms with regard to making any tenant improvements on the Premises ("**Tenant Improvements**"):

4.3.1 Subject to obtaining the Port's written approval, Lessee may make and install, at its own expense, such Tenant Improvements as are normal and customary in connection with the Authorized Use set forth herein. Lessee's contractor, if any, shall be subject to the Port's approval, not unreasonably withheld. The Port reserves the right to condition its approval upon Lessee providing payment and/or performance bonds satisfactory to the Port. Lessee shall submit plans to and obtain written approval from the Port before commencing any Tenant Improvements. The Port shall have a reasonable period of time to review such plans prior to issuing a decision. Upon the provision of written notice to Lessee that the Port's review of plans will require extraordinary staff review time, the Port may charge Lessee a reasonable pre-established fee for staff, consultant or attorney time required to review the plans. All Tenant Improvements which are to be designated fixtures shall be so designated by the Port upon the Port's approval of the plans for such improvements. Unless otherwise agreed, all improvements by Lessee shall conform to the requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq. (the "ADA").

4.3.2 **Unauthorized Improvements**: Any Tenant Improvements made on the Premises without the Port's prior written consent or which are not in conformance with the plans submitted to and approved by the Port ("**Unauthorized Improvements**") shall be subject to removal by Lessee upon sixty (60) days' written notice from the Port.

4.4 **TITLE TO LESSEE IMPROVEMENTS AND PERSONAL PROPERTY AT END OF LEASE**: Except as otherwise provided in the description of the Premises in Article I above, as of the Commencement Date, all existing structures, buildings, installations, and improvements of any kind located on the Premises are owned by and title thereto is vested in the Port. Prior to the conclusion of the Lease, Lessee shall remove the following from the Premises:

- a. All equipment;
- b. All personal property;
- c. All Tenant Improvements not designated as fixtures; and
- d. All Lessee Improvements not designated as fixtures in Article I above or pursuant to Section 4.3.1 above.

Should we itemize tenant improvements that will be left for the Port at the end of the lease – like the lights?

4.4.1 If any of the foregoing items are not removed from the Premises by the conclusion of the Lease or when the Port has the right of re-entry, then the Port may, at its sole option, elect any or all of the following remedies:

- a. Upon the expiration of thirty (30) days' written notice to Lessee that equipment, personal property and/or Lessee Improvements remaining on the Premises will be removed therefrom, the Port may remove any or all of the items and dispose of them without liability to Lessee. The Port shall not be required to mitigate its damages, to dispose of the items in a commercially reasonable manner, or to make any effort whatsoever to obtain payment for such

items. Lessee agrees to pay the Port’s costs and damages associated with Lessee’s failure to remove such items, including, but not limited to, the following: storage, demolition, removal, transportation and lost rent (collectively “**Disposal Costs**”); provided, however, that any net proceeds recovered by the Port in excess of its Disposal Costs will be deducted from Lessee’s financial obligation set forth herein. Lessee’s financial obligations herein shall survive the termination of this Lease;

- b. Claim and take title in the Port to any or all such items; and
- c. Commence suit against Lessee for damages or for specific performance.

4.4.2 During any period of time employed by Lessee under this Section to remove structures, buildings, installations, improvements, machines, appliances, equipment and trade fixtures, Lessee shall continue to pay a rent due and all other fees or expenses due and owing to the Port in accordance with this Lease on a prorated daily basis.

4.4.3 The foregoing remedies are cumulative, and the Port shall not be required to elect its remedies.

The Port and Lessee hereby acknowledge the rights, obligations and remedies set forth in this Section 4.4.

Initials: _____ _____

Port Lessee

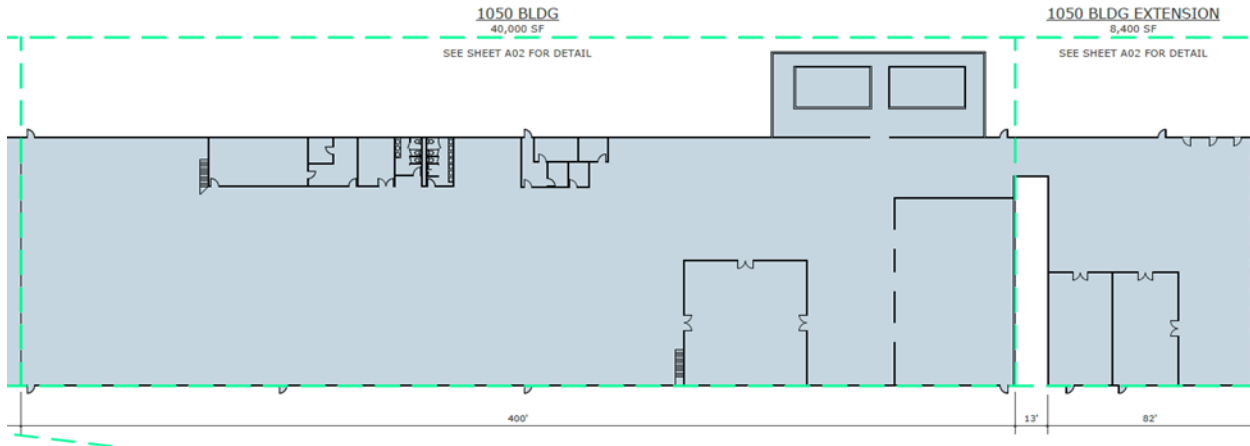
4.5 **MAINTENANCE OF PREMISES:** The maintenance and repair of the Premises are the sole responsibility of Lessee, except as set forth in the Maintenance Inclusion List attached hereto as **Exhibit B** and incorporated herein by this reference; PROVIDED, however, that the Port shall be responsible for repairing at its own cost any interior damage resulting from a roof leak. Lessee shall notify the Port immediately upon discovering any indication of a roof leak. Lessee shall maintain the Premises in good condition, and shall repair all damage caused by Lessee, its employees, agents, licensees, invitees or anyone on the Premises as a result of Lessee’s activities. In lieu of common area maintenance charges, Lessee’s exterior Premises maintenance and repair responsibilities include, without limitation and by way of example only, mowing, general landscape maintenance, snow removal, parking lot sweeping, parking lot striping, and parking lot, curb and sidewalk repairs. The Port and Lessee specifically acknowledge and agree that the Port has no responsibility to maintain, repair or replace the Lessee-owned Improvements described in Article I above.

Initials: _____ _____

Port Lessee

4.6 UTILITIES AND SERVICES: Lessee shall pay their proportionate share of electricity which will be based on pro-rata share of square footage, minus the submetered paint booths.

(Example: 1050 building size (except paint booths) = 48,400 SF Total
CRTC's leased space is 26,000 SF (53.7% of the building)
Monthly Electric Bill= \$3,000
Submeter for paint booths = \$200
Subtotal=\$3,000 - \$200=\$2,800
CRTC Portion=\$2,800*53.7%= \$1,504)



Lessee shall be liable for and shall pay throughout the term of this Lease all charges for all utility services furnished to the Premises, including but not limited to, light, heat, gas, janitorial services, garbage, disposal, security, electricity, water, stormwater and sewerage, including any connection fees and any fire protection, police protection, or emergency health services as furnished by local authorities and as may be the subject of a contract between the Port and such local authorities or as imposed by ordinance or statute. The Lessee will ensure all utility services are transferred to their name upon commencement of this agreement. If the Premises are part of a building or part of any larger Premises to which any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to the Port Lessee's pro-rata share of the cost of any such utility services. Lessee's pro-rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required. At the conclusion of this Lease, Lessee shall arrange for such utility services to be terminated and for the final bill to be sent to Lessee. Lessee shall be liable for all utility charges that accrue if it fails to so terminate services.

4.7 COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:

4.7.1 Lessee agrees to take reasonable action to comply with all applicable rules and regulations of the Port pertaining to the Premises now in existence or hereafter promulgated for the general safety and convenience of the Port, its various lessees, invitees, licensees and the general public upon receipt of notice of the adoption of such regulations.

4.7.2 Lessee agrees to comply with all applicable federal, state and municipal laws, ordinances, and regulations, including without limitation those relating to environmental matters. Any fees for any inspection of the Premises during the Lease term by any federal, state or municipal officer related to Lessee use and occupancy of the Premises and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.

ARTICLE V

Insurance and Financial Security

5.1 **CASUALTY LOSS OF LESSEE**: The parties hereto agree that the Port shall not be responsible to Lessee for any property loss or damage done to Lessee's property, whether real, personal or mixed, occasioned by reason of any fire, storm or other casualty whatsoever. It shall be Lessee's responsibility to provide its own protection against casualty losses of whatsoever kind or nature, regardless of whether or not such loss is occasioned by the acts or omissions of the Port, Lessee, third party, or act of nature.

5.2 **INSURANCE**:

5.2.1 **Liability**: Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease a comprehensive general liability policy covering on an occurrence basis all claims for personal injury (including death) and property damage (including all real and personal property located on the Premises) arising on the Premises or arising out of Lessee's operations. This policy shall also include contractual liability coverage for all indemnities provided under this Lease. Limit per occurrence shall not be less than \$1,000,000, or the equivalent. General aggregate limit shall not be less than \$2,000,000, when applicable (and will be endorsed to apply separately to each site or location.) Limit per claim and in the aggregate shall not be less than \$1,000,000, or the equivalent. Annual aggregate limit shall not be less than \$2,000,000. The liability policies shall contain a cross-liability provision such that the policy will be construed as if separate policies were issued to Lessee and to the Port.

5.2.2 **Property**: Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease fire and extended coverage property insurance for physical loss and damage, written on an "all risks" basis *excluding* earthquake and flood insurance, to the Leased Premises and to all Lessee-owned improvements, with the Port named as a loss payee. Such policy or policies shall be written in the form of replacement cost insurance in an amount not less than 100% of the full replacement value, which amount shall be adjusted not less frequently than annually. The proceeds of such insurance in case of loss or damage shall be first applied on account of the obligation of the Port to repair and/or rebuild the Leased Premises to the extent that such proceeds are required for such purpose. Lessee shall also procure and maintain during the term of this Lease and any extensions or renewals of this Lease business interruption insurance by which Rent will be paid to the Port for a period of up to one (1) year if the Premises are destroyed or rendered inaccessible by a risk insured against by a policy of fire and extended coverage property insurance, with vandalism and malicious mischief endorsements.

5.2.3 **Workers' Compensation; Employer's Liability/Stop Gap**: If Lessee has employees, Lessee shall obtain, at Lessee's expense, and keep in effect during the term of this

Lease and any renewals or extensions of this Lease, Workers' Compensation as required by the State of Washington, with statutory limits, and Employer's Liability/Stop Gap Insurance with limits of not less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

5.2.6 **Verification of Coverage:** For each insurance policy required herein, Lessee shall provide to the Port, prior to Lessee's occupancy of the Premises, original certificates of insurance, all required amendatory endorsements establishing coverage required under this Lease, a copy of each policy declarations and endorsements page, and complete copies of each policy. Provided, the Port's failure to obtain the required documents prior to Lessee's occupancy shall not be deemed a waiver of Lessee's obligation to provide them. Receipt of such certificate or policy by the Port does not constitute approval by the Port of the terms of such policy.

5.2.7 **Additional Insured; Primary Coverage; Non-Contributory:** Each insurance policy required herein shall name the Port, and only the Port, as an additional insured. For any claims related to this Lease, Lessee's insurance coverage shall be primary insurance coverage as to the Port. Any insurance or self-insurance maintained by the Port shall be excess of Lessee's insurance and shall not contribute with it.

5.2.8 **Changes in Coverage Requirements:** The Port reserves the right to modify any insurance requirements set forth herein, including limits, at the same time as revaluation of the annual Rent, as a condition of approval of assignment or sublease of this Lease, upon any breach of the environmental liability provision herein, upon a material change in the condition of any improvements, upon a change in the Authorized Use, or under other special circumstances as determined by the Port. Lessee shall obtain new or modified insurance coverage within thirty (30) days after changes are required by the Port.

5.2.9 **Substitute Coverage:** If Lessee fails to procure and maintain any insurance required herein, the Port shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums, chargeable to Lessee. Lessee shall pay to the Port upon demand the full amount paid by the Port.

5.2.10 **Negligence of Lessee:** Each insurance policy required herein shall expressly provide that the insurance proceeds of any loss will be payable notwithstanding any act or negligence of Lessee which might otherwise result in a forfeiture of said insurance.

5.2.11 **Self-Insured Retentions:** If Lessee is self-insured, self-insured retentions must be declared to and approved by the Port. At the Port's option, either (i) Lessee shall obtain coverage to reduce or eliminate such self-insured retentions as respects the Port; or (ii) Lessee shall provide a financial guarantee satisfactory to the Port guaranteeing payment of losses and related investigation, claim administration and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or the Port.

5.2.12 **Acceptability of Insurers:** All insurance required herein shall be placed with insurers authorized to conduct business in the state of Washington with a current A.M. Best's rating of no less than A-VII, unless otherwise specifically authorized by the Port.

5.2.13 **Notice of Cancellation**: Each insurance policy required herein shall expressly provide that coverage shall not be canceled or changed except with prior written notice to the Port of no less than thirty (30) days. Lessee shall provide the Port with any revised endorsements, policy declarations and endorsements pages, and policies as soon as practicable after any changes are made to any policy.

5.3 **WAIVER OF SUBROGATION**: The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective insurance contracts including any extended coverage endorsements thereto provided that this paragraph shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of the Port or Lessee. Each party agrees to cause their respective insurance carriers to include in its policies a waiver of subrogation clause or endorsement.

5.4 **FINANCIAL SECURITY**:

5.4.1 In compliance with the requirements of RCW 53.08.085 (as presently codified or hereafter amended) and other laws of the State of Washington, Lessee agrees it will secure its performance of all obligations under this Lease by procuring and maintaining, during the term of this Lease, a corporate surety bond (the “**Bond**”), or by providing other financial security satisfactory to the Port, in an amount totaling:

Two months of rent in the amount **\$22,360.00**. Standard financial security is three months of rent. A reduced amount of two months of rent was approved by the Port Commissioners at the July 26, 2022 meeting.

5.4.2 The Bond shall be in a form and issued by a surety company acceptable to the Port and shall comply with the requirements of Washington law. Lessee shall obtain such Bond and forward evidence thereof to the Port or shall provide to the Port such other financial security as may be required hereunder, within thirty (30) days of execution of this Lease, but in no event later than the Commencement Date of this Lease. Such Bond shall be kept in effect during the term of this Lease.

5.4.3 If the financial security amount required hereunder is to be not less than 100% of the sum of annual Rent, that financial security amount is subject to increases to reflect any Base Rent adjustments as provided in Section 3 above. In that event, at no time may the security amount be less than 80% of the then-current annual Rent, and the Port may at any time require Lessee to provide sufficient additional security to restore the security amount to no less than 100% of the then-current total annual Rent due hereunder. No future amendment or extension to this Lease shall be effective until the adjusted financial security amount has been provided as required.

5.4.4 Upon any default by Lessee in its obligations under this Lease and Lessee’s failure to cure such default in accordance with its rights to do so under this Lease, the Port may collect on the Bond or other financial security to offset the liability of Lessee to the Port. Collection on the Bond or other financial security shall not relieve Lessee of liability for any amounts not offset by the amount collected, shall not limit any of the Port’s other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

5.4.5 Any Bond may provide for termination on the anniversary date thereof upon not less than one (1) year's written notice to the Port if the Lease is not in default at the time of said notice. In the event of any such termination, Lessee shall obtain a new Bond or other security, also subject to the Port approval, to replace the security being so terminated to be effective on or before the date of termination.

5.4.6 If the Port Commission exercises its discretion pursuant to RCW 53.08.085 to reduce or waive Lessee's Bond requirement under this Lease, the Port may at any time make a determination that changes in the material circumstances related to Lessee no longer support such reduction or waiver, and thereafter increase Lessee's Bond requirement up to that required by RCW 53.08.085.

ARTICLE VI

Environmental Liability

6.1 **ENVIRONMENTAL INDEMNIFICATION:** Lessee shall defend (with legal counsel suitable to the Port), indemnify and hold the Port harmless from any and all claims, demands, judgments, orders or damages resulting from Hazardous Substances on the Premises caused in whole or in part by the activity of Lessee, its agents or subtenants during any period of time that Lessee has occupied all or a portion of the Premises during the term of this Lease or any previous lease or agreement. The term "Hazardous Substances" as used herein shall mean any substance heretofore or hereafter designated as hazardous under the Resource Conservation and Recovery Act, 42 USC Sec. 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sec. 1257 et seq.; the Clean Air Act, 42 USC Sec. 2001 et seq.; the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 USC Sec. 9601 et seq.; or the Hazardous Waste Cleanup-Model Toxic Control Act, RCW 70.105D, all as amended and subject to all regulations promulgated there under.

6.1.1 Lessee's defense and indemnity obligations under this article are unconditional, shall not be discharged or satisfied by the Port's re-entry of the Premises or exercise of any other remedy for Lessee's default under this Lease, shall continue in effect after any assignment or sublease of this Lease, and shall continue in effect after the expiration or earlier termination of this Lease.

6.1.2 Although Lessee shall not be liable for any Hazardous Substances that existed on the Premises prior to commencement of its leasehold relationship with the Port (whether by this Lease or any prior lease agreements), Lessee shall be responsible for the costs of any environmental investigations or remediation arising from any development or use of the Premises by Lessee, and Lessee hereby releases the Port from any contribution claim for those costs. By way of example only, if Lessee excavates soil on the Premises which contains Hazardous Substances, then Lessee will be responsible for the cost associated with disposing of those disturbed soils.

6.2 **CURRENT CONDITIONS AND DUTY OF LESSEE:** The Port makes no representation about the condition of the Premises. Hazardous Substances may exist in, on, under or above the Premises. Lessee should, but is not required to, conduct environmental assessments or investigations of the Premises prior to or during this Lease to determine the existence, scope

and location of any Hazardous Substances. If there are any Hazardous Substances in, on, under or above the Premises as of the Commencement Date, Lessee shall exercise the utmost care with respect to the Hazardous Substances, the foreseeable acts or omissions of third parties affecting the Hazardous Substances, and the foreseeable consequences of those acts or omissions.

6.2.1 Prior to conducting any environmental investigation of the subsurface of the Premises, Lessee shall provide prior written notice to the Port. Lessee shall provide the Port with the results of all such investigations.

6.3 **NOTIFICATION AND REPORTING:** Lessee shall immediately notify the Port if Lessee becomes aware of any of the following:

a. A release or threatened release of Hazardous Substances in, on under or above the Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Premises;

b. Any problem or liability related to or derived from the presence of any Hazardous Substance in, on under or above the Premises, any adjoining property or any other property subject to use by Lessee in conjunction with its use of the Premises;

c. Any actual or alleged violation of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances with respect to the Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Premises; or

d. Any lien or action with respect to any of the foregoing.

6.3.1 Lessee shall, at the Port's request, provide the Port with copies of any and all reports, studies or audits which pertain to environmental issues or concerns and to the Premises, and which are or were prepared by or for Lessee and submitted to any federal, state or local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

6.3.2 Upon expiration or sooner termination of this Lease, Lessee shall remove from the Premises any soils or other media impacted by Hazardous Substances where such materials were deposited on the Premises by Lessee or its employees, representatives or agents. Any failure to complete such removal by the expiration or sooner termination of this Lease, and upon the expiration of thirty (30) days' notice that such materials remain on the Premises, Lessee shall be deemed a holding over by Lessee subject to the provision of Section 7.21 (HOLDING OVER). Lessee shall represent and warrant that, upon termination of the Lease, all Hazardous Substances that Lessee is required to remove from the Premises pursuant to this subsection have been removed from the Premises.

ARTICLE VII
Miscellaneous Provisions

7.1 **LESSEE WILL OBTAIN PERMITS:** Lessee agrees to obtain and comply with all necessary permits for any Authorized Use or leasehold improvement. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all resulting costs incurred by the Port, including actual attorneys' fees. In this way, Lessee agrees to be solely responsible for all damages, costs and expenses incurred as a result of Lessee's failure to fully comply with any necessary permit process and requirements.

7.2 **LIENS:** Lessee agrees to keep the Premises free and clear of all liens and charges whatsoever. Lessee shall not allow any mechanics' and materialmen's or other liens to be placed upon the Premises. If such a lien is placed or recorded, Lessee shall cause it to be discharged of record, at its own expense, within thirty (30) days of the Port's demand. Failure to comply with the Port's demand within thirty (30) days shall be a default under the terms of this Lease. Notwithstanding the foregoing, the Port acknowledges that Lessee may use its Tenant Improvements as security for a loan, and the Port agrees to reasonably cooperate with Lessee and its creditor(s) to allow such creditor(s) to obtain such security.

7.3 **INDEMNIFICATION AND HOLD HARMLESS:** The Port, its employees and/or agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Lessee or by others as a result of any condition (including existing or future defects in the Premises) or occurrence whatsoever related in any way to the Premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the Premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port (including its commissioners, employees and/or agents) harmless from all liability or expense (including attorneys' fees, costs and all other expenses of litigation) in connection with any such items of actual or alleged injury or damage. Lessee specifically agrees that any bond or other security provided pursuant to any provisions of this Lease shall extend to the indemnity agreed to herein. Lessee acknowledges that it expressly and specifically waives immunity under the industrial insurance statute of the state of Washington, Title 51 RCW, for purposes of this indemnification provision and further acknowledges that this waiver was mutually negotiated by the parties.

7.4 **LAWS AND REGULATIONS:** Lessee agrees to conform to and abide by all applicable rules, codes, laws, regulations and Port policies in connection with its use of the Premises and the construction of improvements and operation of Lessee's business thereon and not to permit said Premises to be used in violation of any applicable rule, code, law, regulation, Port policy, or other authority.

7.4.1 Lessee's obligations herein shall include, but in no way be limited to, the obligation to comply with all State and Federal environmental laws and regulations.

7.5 **WASTE AND REFUSE:** Lessee agrees not to allow conditions of waste and refuse to exist on the Premises and to keep the Premises in a neat, clean and orderly condition and to be

responsible for all damages caused to the Premises by Lessee, its agents, or any third party on the Premises.

7.6 **DAMAGE AND DESTRUCTION:**

7.6.1 **Port Owned Buildings/Improvements:** Except as otherwise stated herein, should the Premises be partially damaged by fire or other casualty, or rendered partially unfit for use by reason of fire or other casualty, the Premises shall be repaired with due diligence by the Port, and in the meantime the Rent (as defined in Section 3.1 above) shall be abated in the same proportion that the untenable portion of the Premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs. Lessee shall cooperate fully in obtaining and making available proceeds of insurance provided by Lessee in furtherance of such repairs.

7.6.2 **Lessee Owned Buildings/Improvements:** If any building or improvement erected by Lessee on the Premises or any part thereof shall be damaged or destroyed by fire or other casualty during the term of this Lease, Lessee may, at its option and at its sole cost and expense, repair or restore the same according to the original plans thereof or according to such modified plans as shall be previously approved in writing by the Port. Lessee shall provide the Port notice of its intention to repair or restore the Premises within sixty (60) days after the damage or loss occurs. Such work of repair or restoration shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed with due diligence but not longer than one (1) year, if possible, or as soon thereafter as is reasonably possible after such work is commenced, and such work shall be otherwise done in accordance with the requirements of the provisions hereof pertaining to the construction of improvements upon the Premises. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration, or if Lessee elects not to repair or restore, to the cost of removing, demolishing, or clearing off the building or improvements. If (i) there are not insurance proceeds, or (ii) the same shall be insufficient for said purpose, Lessee shall make up the deficiency out of its own funds. Should Lessee fail or refuse to make the repair, restoration or removal as hereinabove provided, then in such event said failure or refusal shall constitute a default under the covenants and conditions hereof, and all insurance proceeds so collected shall be forthwith paid over to and be retained by the Port on its own account, and the Port may, but shall not be required to, sue and apply the same for and to the repair, restoration or removal of said improvements, and the Port may, at its option, terminate this Lease as elsewhere provided herein.

7.6.3 Except as otherwise stated herein, should the Premises be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the Premises are rendered wholly unfit for their accustomed uses, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than thirty (30) days after the occurrence. In the event that this Section shall become applicable, the Port shall advise Lessee within thirty (30) days after the happening of any such damage whether the Port has elected to continue the Lease in effect or to terminate it. If the Port shall elect to continue this Lease, it shall commence and prosecute with due diligence any work necessary to restore or repair the Premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed to have elected to terminate this Lease, and the Lease shall automatically terminate thirty (30) days after the occurrence of the damage. For the period from the occurrence of the damage to the

Premises as described in this Section to the date of completion of the repairs to the Premises (or to the date of termination of the Lease if the Port shall elect not to restore the Premises), Rent due hereunder shall be abated in the same proportion as the untenable portion of the Premises bears to the whole thereof.

7.7 **SIGNS**: Lessee may place in or upon the Premises only such signs as are related to the Authorized Use of the Premises, PROVIDED that Lessee shall first obtain Port's written consent as to size, location, materials, method of attachment, and appearance. Lessee shall install any approved signs at Lessee's sole expense and in compliance with all applicable laws, ordinances, rules and regulations. Lessee shall not damage or deface the Premises in installing or removing signs and shall repair any damage to the Premises caused by such installation or removal.

7.8 **ATTORNEYS' FEES AND COURT COSTS**: In any litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Lease (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Lease, the prevailing party shall be awarded its reasonable attorney fees, and costs and expenses incurred.

7.9 **ASSIGNMENT OF LEASE**: Lessee shall not assign, rent or sublease any portions of this Lease or any extension thereof, without the prior written consent of the Port, which consent shall not be unreasonably withheld, and no rights hereunder in or to said Premises shall pass by operation of law or other judicial process, or through insolvency proceedings. Otherwise, the rights and obligations hereof shall extend to and be binding upon their respective successors, representatives and assigns, as the case may be. Lessee shall furnish the Port with copies of all such proposed assignment, sublease or rental documents. For the purposes of this Lease, any change of ownership including sale, liquidation or other disposition of some or all of the corporate stock or limited liability company units will be considered an assignment. Should the Port consent to an assignment made by Lessee for the purposes of obtaining a loan or other consideration from a third party, then the Port's consent shall be made in accordance with the consent to assignment document used by the Port for these specific assignments. A copy of this consent form shall be provided by the Port upon request of Lessee.

7.9.1 If the Port refuses to consent to an assignment, Lessee's sole remedy shall be the right to bring a declaratory action to determine whether the Port was entitled to refuse such assignment under the terms of this Lease.

7.9.2 No consent by the Port to any assignment or sublease shall be a waiver of the requirement to obtain such consent with respect to any other or later assignment or sublease. Acceptance of Rent or other performance by the Port following an assignment or sublease, whether or not the Port has knowledge of such assignment or sublease, shall not constitute consent to the same nor a waiver of the requirement to obtain consent to the same.

7.9.3 A minimum handling and transfer fee ("Transfer Fee Deposit") of Three Hundred Dollars (\$300.00) shall be payable by Lessee to the Port if Lessee requests the Port's consent to a proposed assignment (including an assignment to a creditor for security purposes), sublease or modification of this Lease. The Port reserves the right to increase the Transfer Fee Deposit up to Five Hundred Dollars (\$500.00) if, in the Port's sole judgment, the transaction will necessitate the expenditure of substantial time and expense on the part of the Port. Such Transfer Fee Deposit

shall be submitted to the Port at the same time that Lessee requests the Port's consent to the proposed sublease, assignment or modification. If the Port's reasonable and customary attorneys' fees exceed the Transfer Fee Deposit, then Lessee agrees to reimburse the Port for such additional reasonable and customary attorneys' fees. Lessee's failure to remit this additional amount within sixty (60) days of the mailing of the notice of such charges, shall constitute a default under this Lease. Notwithstanding anything to the contrary herein, Lessee shall not be obligated to reimburse the Port in any case where an assignment, sublease or modification is not accomplished due to total refusal on the part of the Port to grant its consent to the request.

7.9.4 If, pursuant to any assignment or sublease, Lessee receives rent, either initially or over the term of the assignment or sublease, in excess of the Rent called for hereunder, or in the case of a sublease, a portion of the Premises in excess of such Rent fairly allocable to such portion, after appropriate adjustments to assure that all other payments called for hereunder are appropriately taken into account, Lessee shall pay to the Port, as additional rent expenses hereunder, fifty percent (50%) of the excess of each such payment of Rent received by Lessee after its receipt.

7.9.5 If this Lease is assigned, or if the underlying beneficial interest of Lessee is transferred, or if the Premises or any part thereof is sublet to or occupied by anybody other than Lessee, the Port may collect Rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. No assignment or subletting shall affect the continuing primary liability of Lessee (which, following assignment, shall be joint and several with the assignee), and Lessee shall not be released from performing any of the terms, covenants and conditions of this Lease.

7.9.6 Notwithstanding any assignment or sublease, or any indulgences, waivers or extensions of time granted by the Port to any assignee or sublessee or failure of the Port to take action against any assignee or sublease, Lessee hereby agrees that the Port may, at its option, and upon not less than three (3) days' notice to Lessee, proceed against Lessee without having taken action against or joined such assignee or sublessee, except that Lessee shall have the benefit of any indulgences, waivers and extensions of time granted to any such assignee or sublessee.

7.10 **REIMBURSEMENT FOR EXPENSES:** Should Lessee seek to assign this Lease to any creditor as security for a loan or forbearance from such creditor, or attempt to otherwise assign, sublease, or modify this Lease between the parties during the term of this Lease or any renewal thereof, then Lessee agrees to reimburse the Port for all customary and reasonable attorney fees paid by the Port for the review and opinion of such attorney acting on the request. A failure to reimburse the Port within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease. Notwithstanding anything to the contrary herein, Lessee shall not be obligated to reimburse the Port in any case where an assignment, sublease, or modification is not accomplished due to total refusal on the part of the Port to grant its consent to the request.

7.11 **TERMINATION**: Upon expiration or sooner termination of this Lease or any extension thereof, whether by expiration of the stated term or sooner termination thereof, as herein provided, Lessee shall surrender to the Port the Premises peaceably and quietly. Lessee shall restore the Premises to the condition existing at the time of initiation of this Lease, except for: (i) normal wear and tear, and (ii) any improvements which the Port permits to remain on the Premises.

7.11.1 Either party may terminate this agreement for any reason or no reason at all by giving the other party at least one hundred and eighty (180) days' prior notice. (2) Either party to this Agreement shall have the absolute right at any time to terminate this Agreement by giving at least one hundred and eighty (180) days advance written notice.

7.11.2 If the Port, at its sole discretion, shall require the use of the Premises for a public use in connection with the business of the Port not involving the lease thereof to another private lessee or in the event that the Port, at its sole discretion, shall require the use of the Premises for a major capital improvement for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Lessee not less than ninety (90) days before the termination date specified in the notice, unless the need for such use constitutes an emergency, in which case this Lease shall terminate as soon as is practicable.

7.11.3 If the United States Government, the State of Washington, or any agency or instrumentality of said government shall take title, possession, the rights of the Premises or any part thereof, the Port shall have the option to terminate this Lease, and if the taking has substantially impaired the utility of the Premises to Lessee, Lessee shall have the option to terminate this Lease. Both options shall be exercisable as of the date of said taking. If Lessee is not in default under any of the provisions of this Lease on the date of such taking, any rental prepaid by Lessee shall be promptly refunded to Lessee to the extent allocable to any period subsequent to said date, and all further obligations of the parties shall terminate except liabilities, which shall be accrued prior to such date. To the extent Lessee owns certain improvements upon the Premises and is not otherwise directly compensated therefore by the taking entity, Lessee shall receive a fair allocation of any award received by the Port due to termination for government use. Nothing herein contained shall preclude Lessee from independently pursuing a direct claim for compensation from the taking entity for the value of its improvements to the Premises or its leasehold interest therein.

7.11.4 If any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that occurred prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

7.12 **DEFAULT, CROSS DEFAULT, AND REMEDIES**: Failure to pay Rent or any other monetary obligations by the first day of each month shall constitute a default under the terms of this Lease. If Lessee is in default in the payment of Rent or other monetary obligations then, at

the Port's sole option, upon three (3) days' written notice, this Lease may be terminated and the Port may enter upon and take possession of the Premises. Without limiting the generality of the foregoing, Lessee expressly authorizes the Port to obtain a prejudgment writ of restitution in the event of default by Lessee. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

7.12.1 If Lessee shall fail to perform any term or condition of this Lease, other than the payment of Rent or other monetary obligations, then upon providing Lessee thirty (30) days' written notice of such default, and if Lessee fails to cure such default within the thirty (30) day notice thereof, the Port may terminate this Lease and enter upon and take possession of the Premises. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

7.12.2 If within any one (1) year period, the Port serves upon Lessee three notices requiring Lessee either to: (i) comply with the terms of this Lease or to vacate the Premises or (ii) pay Rent or vacate (collectively referred to herein as "Default Notices"), then Lessee shall, upon a subsequent violation of any term of this Lease by Lessee (including failure to pay Rent), be deemed to be in unlawful detainer, and the Port may, in addition to any other remedies it may have, immediately terminate the Lease and/or commence an unlawful detainer action without further notice to Lessee.

7.12.3 The following shall also constitute a default under the terms of this Lease: (i) A default by Lessee under any other agreement or lease with the Port; (ii) insolvency of Lessee; (iii) an assignment by Lessee for the benefit of creditors; (iv) the filing by Lessee of a voluntary petition in bankruptcy; (v) an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; (vi) the filing of an involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing; and (vii) attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure a discharge of the attachment or release of the levy of execution within ten (10) days.

7.12.4 A default under this Lease shall constitute a default under any other lease or agreement which Lessee has with the Port (hereinafter such other agreements shall be referred to as "Collateral Agreements"). Likewise, any material breach or default under any Collateral Agreements shall be deemed a material breach or default under the terms of this Lease. If any Collateral Agreements are terminated for a material breach or default of Lessee, then the Port shall, without limiting any other remedies it may have, be entitled to terminate this Lease upon five (5) days' written notice to Lessee.

7.12.5 In addition to the foregoing remedies specified in this article, the Port may exercise any remedies or rights under the laws of the State of Washington. Under no circumstances shall the Port be held liable in damages or otherwise by reason of any lawful re-entry or eviction. The Port shall not, by any re-entry or other act, be deemed to have accepted any surrender by Lessee of the Premises or be deemed to have otherwise terminated this Lease or to have relieved Lessee of any obligation hereunder.

7.12.6 The Port shall be under no obligation to observe or perform any covenant of this Lease after the date of any material default by Lessee unless and until Lessee cures such default.

7.12.7 A fee of Five Hundred Dollars (\$500.00) shall be assessed to Lessee for each Default Notice issued to Lessee to defray the costs associated with preparing, issuing, and serving such notice. This fee shall be payable on the first (1st) day of the month following the issuance of the notice.

7.13 **NON WAIVER**: Neither the acceptance of Rent nor any other act or omission of the Port after a default by Lessee shall operate as a waiver of any past or future default by Lessee, or to deprive the Port of its right to terminate this Lease, or be construed to prevent the Port from promptly exercising any other right or remedy it has under this Lease. Any waiver by the Port shall be in writing and signed by the Port in order to be binding on the Port.

7.14 **NOTICES**: Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing addressed to the other party at the addresses as follows:

TO THE PORT
Port of Port Angeles
P.O. Box 1350
Port Angeles, WA 98362

TO LESSEE:
Composite Recycling Technology Center
2200 W. 18th Street
Port Angeles, WA 98363

or such address as may have been specified by notifying the other party of the change of address. Notice shall be deemed served on the date of actual delivery or the first attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

7.15 **AGENT FOR SERVICE**: Lessee agrees that if Lessee is in unlawful detainer, pursuant to Chapter 59.12 RCW, and the Port is unable to serve Lessee with the unlawful detainer pleadings after one service attempt, then the Port shall be deemed to have complied with the service requirements of Chapter 59.12 RCW if it mails such pleadings via certified mail to the address set forth in the notice section of this Lease and posts such pleadings in a conspicuous location on the Premises. Service shall be deemed complete on the next third day following the day of mailing.

7.16 **SECURITY**: Lessee specifically acknowledges that the Port has no duty to provide security for any portion of the Premises or surrounding areas. Lessee assumes sole responsibility and liability for the security of itself, its employees, customers, and invitees, and their respective property in or about the Premises. Lessee agrees that to the extent the Port elects to provide any security, the Port is not warranting the effectiveness of any such security personnel, services, procedures or equipment and that Lessee is not relying and shall not hereafter rely on such security personnel, services, procedures or equipment. The Port shall not be responsible or liable in any manner for failure of any such security personnel, services, procedures or equipment to prevent or control, or apprehend anyone suspected of personal injury or property damage in, on or around the Premises.

7.17 **QUIET ENJOYMENT**: The Port acknowledges that it has ownership of the Premises and that it has the legal authority to lease the Premises to Lessee. The Port covenants that Lessee shall have quiet enjoyment of the Premises during the term of this Lease so long as the terms are complied with by Lessee and subject to the Port's right of entry onto the Premises as set forth herein.

7.17.1 The Port reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses applied for will not unduly interfere with the use to which Lessee is putting the Premises or interfere unduly with the approved plan of development for the Premises. No easement or other land uses shall be granted to third parties, until damages to the Lessee have been dealt with appropriately, or waiver signed by Lessee.

7.17.2 Lessee understands that various federal agencies, including the Department of Homeland Security and U.S. Coast Guard, have the authority to restrict access to certain areas on property owned by the Port in order to counter a terrorist or other threat. Such restrictions could impact Lessee's ability to access the Premises for an indefinite period of time. Since such restrictions on access are outside the control of the Port, Lessee agrees that such interruptions shall not be deemed a violation of this Lease or the Covenant of Quiet Enjoyment.

7.18 **PORT MAY ENTER PREMISES; INSPECTION**: The Port reserves the right to inspect the Premises after written notice (except where the Port reasonably believes there exists or is about to exist an emergency, in which case no notice is required) at any and all reasonable times throughout the term of this Lease, provided that it shall not unduly interfere with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises, and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for a reasonable period of time prior to the expiration or sooner termination of the Lease.

7.19 **TIME**: It is mutually agreed and understood that time is of the essence of this Lease and that a waiver of any default of Lessee shall not be construed as a waiver of any other default.

7.20 **INTERPRETATION**: This Lease has been submitted to the scrutiny of the parties hereto and their counsel, if desired. In any dispute between the parties, the language of this Lease shall, in all cases, be construed as a whole according to its fair meaning and not for or against either the Port or Lessee. If any provision is found to be ambiguous, the language shall not be construed against either the Port or Lessee solely on the basis of which party drafted the provision. If any word, clause, sentence, or combination thereof for any reason is declared by a court of law or equity to be invalid or unenforceable against one party or the other, then such finding shall in no way affect the remaining provisions of this Lease.

7.21 **HOLDING OVER**: If Lessee remains in possession of said Premises after the date of expiration of this Lease without the Port's prior written consent, such holding over shall constitute and be construed as tenancy at sufferance only, at a monthly rent equal to one hundred fifty percent (150%) of the rent owed during the immediately preceding month under this Lease and otherwise upon the terms and conditions in this Lease and shall continue to be responsible for payment of applicable CAM Expenses and leasehold excise tax obligations. If Lessee holds over with the

Port's prior written consent, then until such time as a new written Lease is executed by the parties hereto, Lessee shall continue to make payments to the Port on a month-to-month basis as provided for in this Lease. Such holdover tenancy may be terminated by either party at the end of any such monthly period by sending written notice not less than five (5) days before the end of such period. Such holdover tenancy shall be subject to all terms and conditions contained herein.

7.22 **PROMOTION OF PORT COMMERCE**: Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote the activities of the Port.

7.23 **SURVIVAL**: All obligations of Lessee, as provided for in the Lease, shall not cease upon the termination of this Lease and shall continue as obligations until fully performed. All clauses of this Lease, which require performance beyond the termination date, shall survive the termination date of this Lease.

7.24 **GOVERNING LAW**: This Lease, and the right of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Washington, and the parties agree that in any such action jurisdiction and venue shall lie exclusively in Clallam County, Washington.

7.25 **ESTOPPEL CERTIFICATES**: At Lessee's request, the Port agrees to execute and deliver to Lessee or its lender(s), a customary estoppel certificate in a form acceptable to the Port which sets forth the following information: (i) the terms and conditions of this Lease, (ii) the status of the Rent payments under the Lease; and (iii) the Port's knowledge of any breaches or anticipated breaches of the Lease. The Port shall have no obligation to execute an estoppel certificate which requests any information other than as set forth above. Lessee agrees to reimburse the Port for all attorneys' fees paid by the Port for the review and opinion of such attorney acting on the request for such estoppel certificate and in negotiating acceptable language in the estoppel certificate. A failure to reimburse the Port within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease.

7.26 **ATTORNTMENT**: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of the Port under the Lease.

7.27 **ENTIRE AGREEMENT**: This Lease contains all of the understandings between the parties. Each party represents that no promises, representations or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Angeles, or its designee.

7.28 **COMMISSIONS AND FEES**: In the absence of any agreement between the parties to the contrary, each party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the parties to the contrary, each party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorneys' fees) obligations and causes of actions arising against or incurred by the other party by reason of any claim for a

real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying party.

7.29 **VALIDATION:** IN WITNESS WHEREOF, the Port has caused this instrument to be signed by its Executive Director, or other designee, by authority of the Commission of the Port of Port Angeles, and this instrument has been signed and executed by Lessee, on the day and written below.

LESSOR:

LESSEE:

PORT OF PORT ANGELES

COMPOSITE RECYCLING TECHNOLOGY CENTER

Paul Jarkiewicz
Its: Executive Director

David Walter
Its: Chief Executive Officer

Date: _____

Date: _____

STATE OF WASHINGTON)
) ss.
County of Clallam)

On this _____ day of _____, 2024, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **David Walter**, to me known to be the **Chief Executive Officer of Composite Recycling Technology Center**, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

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

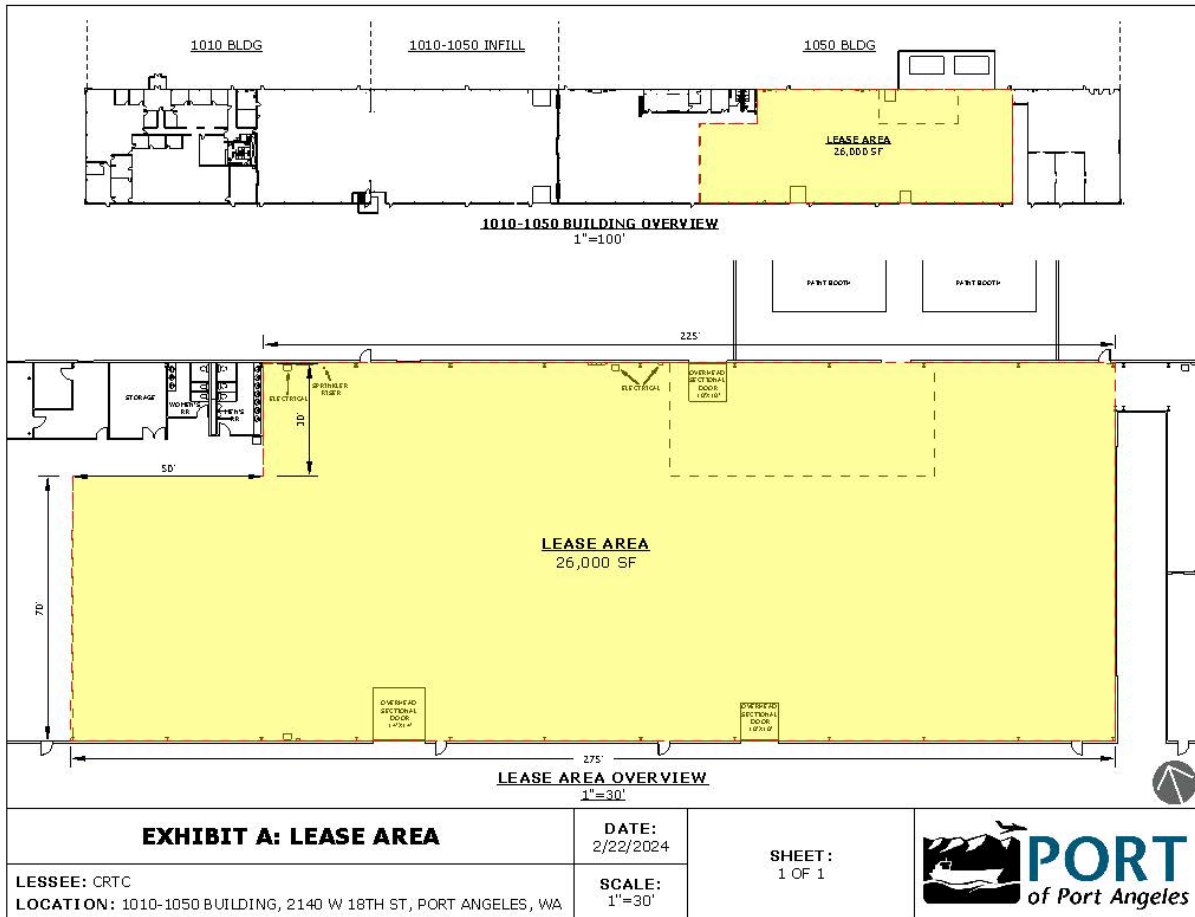
STATE OF WASHINGTON)
) ss.
County of Clallam)

On this _____ day of _____, 2024, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Paul Jarkiewicz**, to me known to be the **Executive Director of the Port of Port Angeles**, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

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

EXHIBIT A – Leased Premises



CRTC Initials: _____

Port Initials: _____

EXHIBIT B

Repair and Maintenance Inclusion List for All Properties

Premises improvements to be repaired and maintained by the Port of Port Angeles as follows:

- ACCESS ROADS & PARKING
- PAVING & SURFACING
- PAVEMENT MARKING
- SIDEWALKS/CURBS
- MANHOLES & CLEANOUTS
- HYDRANTS
- WATER DISTRIBUTION (EXTERIOR MAINS)
- FOUNDATION DRAINAGE
- STORM SYSTEMS
- CATCH BASINS, GRATES, FRAME
- DRAINAGE PIPE
- SANITARY SEWAGE SYSTEMS (EXTERIOR MAINS)
- PLUMBING (OUTSIDE OF TENANT LEASED SPACE)
- FIRE EXTINGUISHERS & CABINETS
- ROOFING SYSTEMS (DECKING)
- GUTTERS & DOWNSPOUTS
- SEALANTS & CAULKING/EXTERIOR
- WEATHERSTRIPPING & SEALS
- GLAZING
- SIDING
- PAINTING (EXTERIOR)
- THERMAL & MOISTURE PROTECTION
- INSULATION
- ENTRANCES & STOREFRONTS EXTERIOR WINDOWS
- EXTERIOR DOOR HARDWARE
- HANDRAILS AND RAILINGS
- ELECTRICAL SERVICE & DISTRIBUTION
- HVAC
- MOWING

Lessee shall be responsible for repair and maintenance of all Premises improvements not identified on this Exhibit B.

Initials: _____
Port

Lessee: _____
CRTC

Future Agenda Items –Commission Meeting

3/26/2024

April 9, 2024 (Regular Commission Meeting)

- Monthly DofA
- MTC Phase 2 Bid Award
- T5/6/7 Remedial Investigation Funding Agreement

April 23, 2024 (Regular Commission Meeting)

- 1st Quarter Financial Report
- 1st Quarter Cash & Investment Report
- 1st Quarter Operations Report
- March Financial Report

May 14, 2024 (Regular Commission Meeting)

- Monthly DofA
- Brief – Legislative Wrap-Up

May 28, 2024 (Regular Commission Meeting)

- April Financial Report

Upcoming Events/Announcements

- April 2-4: AFRC Annual Conference (Stevenson)
- April 24-26: Olympic Logging Conference (Victoria, BC)
- May 15-17: WPPA Spring Meeting
- June 8-9: Maritime Festival
- June 26-28 WPPA Finance & Admin Seminar (Vancouver)

Future

- Boatyard and Marina Rules & Regulations
- Port Emergency Response Plans and Activities
- Employee Handbook Update and Resolutions