



SPECIAL COMMISSION MEETING
Tuesday, March 25, 2025, at 8:00 am
338 W. First St, Port Angeles, WA 98362
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. Cash & Investment Report.....1
- B. February Financial Report.....2-4

V. APPROVAL OF CONSENT AGENDA

- A. Regular Commission Meeting Minutes – March 11, 2025.....5-8
- B. Vouchers in the amount of \$896,391.87.....9

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. Item for Consideration – Atlas Tower Lease.....10-34

XI. MARINAS

No items



XII. AIRPORTS

No items

XIII. OTHER BUSINESS

- A. Clallam County Opportunity Fund Grant Agreement.....35-53

XIV. COMMISSIONER REPORTS

XV. FUTURE AGENDA.....54

XVI. NEXT MEETINGS

- A. April 8, 2025 – Regular Commission Meeting
- B. April 22, 2025 – Regular Commission Meeting
- C. May 13, 2025 – Regular Commission Meeting
- D. May 27, 2025 – Regular Commission Meeting

XVII. UPCOMING EVENTS

- A. April 22-24, 2025 – AFRC Annual Meeting, Stevenson, WA
- B. April 23-25, 2025 – Olympic Logging Conference, Victoria, B.C.
- C. May 14, 2025 – Sequim Bay Yacht Club Meeting, Sequim, WA
- D. May 14-16, 2025 – WPPA Spring Meeting, Spokane, WA
- E. May 19-21, 2025 – Washington Airport Managers Association Conference, Lake Chelan
- F. May 19-21, 2025 – AAPA Leadership Summit, Milwaukee, MN
- G. June 7-8, 2025 – Maritime Festival, Port Angeles, WA

H. June 25-27, 2025 – WPPA Finance & Administration Seminar, Walla Walla, WA
BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION (TIME PERMITTING)

XVIII. EXECUTIVE SESSION

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

XIX. 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.

Investments & Cash held as of 2/28/2025

			12/31/23	10/31/24	11/30/24	12/31/24	1/31/25	2/28/25			
<u>Name</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Annual Interest</u>	<u>Maturity Date</u>	<u>Acquisition Date</u>
FHLB 5-year step up** (LPL)	Bond	3.00%	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	60,000	3/29/2027	3/29/2022
FHLB 5-year (Piper Sandler)	Bond	5.00%	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	250,000	10/22/2029	10/22/2024
First Federal Invst	Cash	4.53%	4,576,212	3,901,198	3,946,161	3,962,310	3,977,291	3,990,830	180,785		
LGIP Balance	Cash	4.43%	4,743,218	8,489,128	9,025,957	9,061,234	8,293,243	7,920,149	350,863		
Umpqua Bank Account	Cash	0.30%	167,823	553,430	672,362	278,021	268,383	637,579	1,913		

Investments Called or Matured

<u>Name</u>	<u>Type</u>	<u>Interest Rate</u>							<u>Maturity Date</u>	<u>Redemption Date</u>	<u>Interest Received</u>
FHLB 5-year (Piper Sandler)	Bond	5.55%	-	-	-	-	-	-	4/18/2029	10/18/2024	55,500
FNMA 1-year	Bond	5.40%	2,000,000	-	-	-	-	-	7/19/2024	1/19/2024	58,500
FHLMC 5-year	Bond	6.25%	2,000,000	-	-	-	-	-	10/26/2028	1/26/2024	31,250
FHLB 3-year doubler***	Bond	5.50%	2,000,030	-	-	-	-	-	3/28/2025	3/28/2024	82,500
FNMA 1-year	Bond	5.20%	2,000,000	-	-	-	-	-	3/30/2024	3/30/2024	134,672

Ending Investment/Cash Balance

19,487,283	19,943,757	20,644,479	20,301,565	19,538,917	19,548,558	843,560
------------	------------	------------	------------	------------	------------	---------

Outstanding Debt

		12/31/23	10/31/24	11/30/24	12/31/24	1/31/25	2/28/25		
<u>Rate</u>		<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>		
2015 PABH 2006 refi	2.29%	707,714	707,714	707,714	357,505	357,505	357,505	10 year note, final annual payment 12/01/2025	
CERB Washdown	2.00%	673,324	639,678	639,678	605,359	605,359	605,359	20 year, 1st annual payment made Jan 2021	
CARB Airport Utilities	2.00%	687,480	655,362	655,362	655,362	655,362	655,362	20 year, 1st annual payment made Jan 2022	
		2,068,518	2,002,754	2,002,754	1,618,226	1,618,226	1,618,226		

Ending Balance

17,418,765	17,941,003	18,641,725	18,683,339	17,920,691	17,930,332
------------	------------	------------	------------	------------	------------

* Cash balances shown do not include funds held as the Harbor Group treasurer or funds reserved for K-Ply monitoring activities.

* Cash and investments do include \$517,500 received from Shell for upcoming environmental cleanup at 220 Tumwater (former longshore parking lot)

** 5-year step up rates by year are 2%, 2.5%, 3%, 4%, 5%

Port of Port Angeles
P&L Summary by Department
February 28, 2025

	February Actual	February Budget	CM Act vs Budget Variance	Variance %	YTD Actual	YTD Budget	CY Act vs Budget Variance	Variance %	Previous YTD Actual	CY Act vs PY Act Variance	Variance %
OPERATING REVENUES											
11 MARINE TERMINAL	193,992	259,144	(65,152)	▼25.14%	434,958	466,568	(31,610)	▼6.78%	391,732	43,225	▲11.03%
15 MARINE TRADES AREA	56,827	57,708	(881)	▼1.53%	104,744	116,000	(11,256)	▼9.70%	92,504	12,239	▲13.23%
21 LOG YARD	43,235	81,038	(37,803)	▼46.65%	117,653	152,076	(34,423)	▼22.64%	206,084	(88,431)	▼42.91%
31 FAIRCHILD INTL AIRPORT	36,195	37,889	(1,694)	▼4.47%	73,229	75,888	(2,659)	▼3.50%	73,383	(155)	▼0.21%
32 SEKIU	1,518	1,527	(9)	▼0.58%	3,036	3,054	(18)	▼0.58%	2,919	118	▲4.03%
33 AIRPORT RENTAL PROPERTIES	147,118	161,049	(13,931)	▼8.65%	290,719	322,098	(31,379)	▼9.74%	259,028	31,691	▲12.23%
41 PORT ANGELES BOAT HAVEN	149,532	150,732	(1,200)	▼0.80%	305,435	302,650	2,785	▲0.92%	305,712	(277)	▼0.09%
43 JOHN WAYNE MARINA	146,737	156,612	(9,875)	▼6.31%	298,467	311,859	(13,392)	▼4.29%	302,021	(3,554)	▼1.18%
61 RENTAL PROPERTIES	18,539	18,707	(168)	▼0.90%	37,371	37,414	(43)	▼0.12%	37,404	(33)	▼0.09%
80 ADMINSTRATIVE	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	793,694	924,406	(130,712)	▼14.14%	1,665,611	1,787,607	(121,996)	▼6.82%	1,670,787	(5,176)	▼0.31%
OPERATING EXPENSES											
11 MARINE TERMINAL	114,460	131,034	(16,574)	▼12.65%	251,865	275,017	(23,151)	▼8.42%	246,832	5,033	▲2.04%
15 MARINE TRADES AREA	23,553	31,146	(7,592)	▼24.38%	49,466	66,267	(16,802)	▼25.35%	48,199	1,266	▲2.63%
21 LOG YARD	106,059	95,683	10,376	▲10.84%	242,298	199,490	42,809	▲21.46%	224,730	17,569	▲7.82%
31 FAIRCHILD INTL AIRPORT	43,718	35,809	7,908	▲22.09%	89,767	75,548	14,219	▲18.82%	93,493	(3,726)	▼3.98%
32 SEKIU	1,386	1,865	(478)	▼25.66%	5,013	3,448	1,566	▲45.41%	3,716	1,297	▲34.91%
33 AIRPORT RENTAL PROPERTIES	41,681	45,307	(3,626)	▼8.00%	93,877	91,676	2,201	▲2.40%	77,114	16,764	▲21.74%
41 PORT ANGELES BOAT HAVEN	66,176	75,572	(9,396)	▼12.43%	152,654	163,865	(11,211)	▼6.84%	137,065	15,589	▲11.37%
43 JOHN WAYNE MARINA	75,427	90,920	(15,493)	▼17.04%	169,421	178,554	(9,133)	▼5.11%	186,289	(16,868)	▼9.05%
61 RENTAL PROPERTIES	10,558	9,550	1,008	▲10.55%	24,567	21,576	2,991	▲13.86%	9,689	14,878	▲153.55%
80 ADMINSTRATIVE	212,750	189,564	23,186	▲12.23%	471,504	401,117	70,387	▲17.55%	489,839	(18,335)	▼3.74%
81 BUSINESS DEVELOPMENT	21,049	35,859	(14,811)	▼41.30%	47,319	71,053	(23,735)	▼33.40%	66,988	(19,669)	▼29.36%
82 IT	11,287	6,738	4,549	▲67.52%	29,288	18,434	10,854	▲58.88%		29,288	-
90 NON-OPERATING	-	-	-	-	-	-	-	-	-	-	-
91 MECH SHOP	16,542	21,349	(4,807)	▼22.52%	32,959	48,138	(15,179)	▼31.53%	30,359	2,601	▲8.57%
92 FACILITIES MAINTENANCE	36,304	33,325	2,980	▲8.94%	78,603	69,269	9,334	▲13.48%	61,772	16,831	▲27.25%
TOTAL DIRECT EXPENSES	780,950	803,722	(22,772)	▼2.83%	1,738,602	1,683,452	55,150	▲3.28%	1,676,085	62,517	▲3.73%
ALLOCATED EXPENSES - ADMIN & MAINT	-	-	-	-	-	-	-	-	-	-	-
NET SURPLUS (DEFICIT) - Before Depreciation	12,744	120,684	(107,940)	▼89.44%	(72,992)	104,155	(177,146)	▼170.08%	(5,298)	(67,693)	▲1277.67%
ALLOCATED DEPRECIATION	-	-	-	-	-	-	-	-	-	-	-
DEPRECIATION EXPENSE	265,752	301,748	(35,996)	▼11.93%	531,502	566,741	(35,239)	▼6.22%	523,024	8,478	▲1.62%

	February Actual	February Budget	CM Act vs Budget Variance	CM Act vs Budget Variance %		YTD Actual	YTD Budget	CY Act vs Budget Variance	CY Act vs Budget Variance %		Previous YTD Actual	CY Act vs PY Act Variance	CY Act vs PY Act Variance %
NET SURPLUS (DEFICIT) - After Depreciation	(253,008)	(181,064)	(71,944)	▲ 39.73%		(604,493)	(462,586)	(141,908)	▲ 30.68%		(528,322)	(76,171)	▲ 14.42%

	February Actual	February Budget	CM Act vs Budget Variance	Variance %	YTD Actual	YTD Budget	CY Act vs Budget Variance	Variance %	Previous YTD Actual	CY Act vs PY Act Variance	Variance %
<u>NON-OP (GENERAL)</u>											
NON-OP REV (General)	79,330	105,800	(26,470)	▼25.02%	153,579	203,600	(50,021)	▼24.57%	176,896	(23,317)	▼13.18%
NON-OP EXP (General)	8,034	2,066	5,968	▲288.88%	19,543	4,132	15,411	▲372.96%	17,712	1,831	▲10.34%
NON-OP (General) SURPLUS (DEFICIT)	71,296	103,734	(32,438)	▼31.27%	134,036	199,468	(65,432)	▼32.80%	159,184	(25,148)	▼15.80%
<u>NON-OP (CAPITAL)</u>											
NON-OP REV (Capital)	150,899	150,959	(59)	▼0.04%	537,904	537,917	(13)	▼0.00%	295,707	242,197	▲81.90%
NON-OP EXP (Capital)	2,315	936	1,379	▲147.28%	4,741	1,872	2,869	▲153.25%	6,408	(1,668)	▼26.02%
NON-OP (Capital) SURPLUS (DEFICIT)	148,585	150,023	(1,438)	▼0.96%	533,163	536,045	(2,882)	▼0.54%	289,298	243,865	▲84.30%
NET NON-OP SURPLUS (DEFICIT)	219,881	253,757	(33,876)	▼13.35%	667,199	735,513	(68,314)	▼9.29%	448,482	218,717	▲48.77%
TOTAL NET SURPLUS (DEFICIT)	(33,127)	72,693	(105,820)	▼145.57%	62,706	272,927	(210,222)	▼77.02%	(79,840)	142,545	▼178.54%



REGULAR COMMISSION MEETING
Tuesday, March 11, 2025, at 9:00 am
338 W. First St, Port Angeles, WA 98362
MINUTES

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

Caleb McMahon, Dir. of Economic Development
Braedi Joutsen, Clerk to the Board
Chris Hartman, Director of Engineering
Jennifer Baker, Director of Admin & Finance

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:39)

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

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:40-5:17)

Mark Kaller - Port Angeles, WA – Former ILWU Longshoreman shared that he was distraught with comments made by the EDC Director regarding local ILWU labor. He asked the Port Commission to review the comments made by the EDC Director.

Duane Getchell - Port Angeles, WA – He wanted to share that the local ILWU took offense to the article in the Peninsula Daily News by the EDC. He felt that the comments pointed toward cutting out ILWU labor.

III. APPROVAL OF AGENDA (5:18-7:04)

- Motion to approve the agenda with the items added as discussed: Comm. Beauvais
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

IV. WORK SESSION (7:05-1:03:53)

A. Community Boating Program Presentation

- Presentation: Eric Lesch
- Discussion
- No Action

B. Annual Capital Projects Report

- Presentation: Chris Hartman
- Discussion
- No Action

C. Quarterly Grant Update

- Presentation: Katharine Frazier
- Discussion
- No Action

V. APPROVAL OF CONSENT AGENDA (1:10:03-1:11:28)

A. Regular Commission Meeting Minutes – February 25, 2025

B. Vouchers in the amount of \$928,629.70

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



VI. COMPLETION OF RECORDS (1:11:29-1:15:53)

- A. Monthly Delegation of Authority Report
- Presentation: Paul Jarkiewicz
 - Discussion
 - No Action

VII. PLANNING AND CAPITAL PROJECTS (1:03:54-1:08:28), (1:15:54-1:28:51)

- A. Item for Consideration – Professional Service Agreement West Boat Haven Master Plan
- Presentation: Chris Hartman
 - Discussion
 - Motion to authorize the Executive Director to execute a Professional Service Agreement with PND Engineers, Inc. for the “West Boat Haven Master Plan” project, not exceeding One Hundred Twenty-five Thousand Dollars (\$125,000.00): Comm. Beauvais
 - 2nd: Comm. McAleer
 - Vote: 3-0 (Unanimous)
- B. Item for Consideration – Excavator and Telehandler Forklift Purchase **item taken out of order*
- Presentation: Wilson Easton
 - Discussion
 - Motion to authorize the Executive Director to execute a purchase agreement for a CAT 320 excavator and a CAT TL1255C telescopic forklift with RTR Services of Salem, OR, for an amount not to exceed \$135,000: Comm. McAleer
 - 2nd: Comm. Beauvais
 - Vote: 3-0 (Unanimous)

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY (1:28:52-1:44:28)

- A. Item for Consideration – Citizen Air Leases
- Item was removed
- B. Item for Consideration – Atlas Tower Lease
- Presentation: Caleb McMahon
 - Discussion
 - No Action
- C. Item for Consideration – USCG Lease at FIA for COOP
- Presentation: Caleb McMahon
 - Discussion
 - Motion to authorize the Executive Director to sign the supplemental lease agreement with the U.S. Coast Guard, per the terms and conditions as presented: Comm. McAleer
 - 2nd: Comm. Beauvais
 - Vote: 3-0 (Unanimous)

XI. MARINAS (1:44:29-1:48:21)

- A. Item for Consideration – Pacific Environmental Services – Spill Bucket Replacement
- Presentation: Chris Hartman
 - Discussion



- Motion to ratify the purchase order for the spill container and turbine as presented: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

XII. AIRPORTS

No items

XIII. OTHER BUSINESS (1:48:22-1:55:16)

A. Item for Consideration – Waiver of Competitive Processes for Pollution Control, Resolution 25-1320

- Presentation:
- Discussion
- Motion to adopt Resolution 25-1320, waiving competitive bidding requirements for certain public works special facilities and for pollution control facilities: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS (1:55:17-2:02:07)

Comm. Beauvais raised the question of how electricity usage is billed out from the ‘do it yourself’ yard at the Boat Haven. She has seen a Tesla plugged in down there multiple times and is curious how the Port gets reimbursed for that electricity usage.

Comm. Burke shared that he worked with Port staff and helped lay concrete for a pitching mound at the Lincoln Park Ballpark. He shared that Port gets to throw out the first pitch for the North Olympic Baseball and Softball (NOBAS) season. He mentioned that there is a tee-ball team named after the Port as well.

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (2:02:08-2:11:30)

Kelly Kidwell, Port Angeles, WA – provided the Commission with an update from Citizen Air.

XVII. FUTURE AGENDA

XVIII. NEXT MEETINGS (2:11:31-2:11:53)

- A. February 25, 2025 – Regular Commission Meeting
- B. March 11, 2025 – Regular Commission Meeting
- C. March 25, 2025 – Regular Commission Meeting
- D. April 8, 2025 – Regular Commission Meeting

XIX. UPCOMING EVENTS (2:11:54-2:12:03)

- A. February 23-24, 2025 – Northwest Aviation Conference, Puyallup, WA
- B. March 18-20, 2025 – AAPA Legislative Trip, Washington D.C.
- C. April 22-24, 2025 – AFRC Annual Meeting, Stevenson, WA
- D. April 23-25, 2025 – Olympic Logging Conference, Victoria, B.C.
- E. May 14-16, 2025 – WPPA Spring Meeting, Spokane, WA
- F. May 19-21, 2025 – Washington Airport Managers Association Conference, Lake Chelan



- G. May 19-21, 2025 – AAPA Leadership Summit, Milwaukee, MN
- H. June 7-8, 2025 – Maritime Festival, Port Angeles, WA
- I. June 25-27, 2025 – WPPA Finance & Administration Seminar, Walla Walla, WA

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

XX. EXECUTIVE SESSION (1:08:29-1:10:02), (2:12:04-2:13:18)

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

- Comm. Burke recessed the meeting to convene an executive session with an anticipated length of 30 minutes. Following the executive session, the Commission may take action.
- Discussion:
One (1) item concerning real estate. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(c).
- Recess: 1 minute
- Start Time: 10:10 am
- Extended: 30 minutes
- End Time: 11:10 am

Public Session of Commission Meeting Reconvened: 11:10 am

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

- Comm. Burke recessed the meeting to convene an executive session with an anticipated length of 1 hour. Following the executive session, the Commission is not expected to take action.
- Discussion:
Five (5) items concerning legal or financial risk. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i).
- Recess: 5 minutes
- Start Time: 12:20 pm
- Extended: 10 minutes
- End Time: 1:30 pm

Public Session of Commission Meeting Reconvened: 1:30 pm

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

XXI. ADJOURN (2:13:19-2:13:25)

Comm. Burke adjourned the meeting at 1:30 pm.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

Steven Burke, President

Connie Beauvais, 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.

This process is in compliance with the applicable RCWs and the State Auditor's Budget Accounting and Reporting System (BARS) requirements. Further, the Port maintains effective internal controls to ensure that all disbursements are valid obligations authorized in accordance with the Delegation of Authority Policy.

SUMMARY TRANSMITTAL March 6, 2025 – March 19, 2025

CERTIFICATION

Accounts Payable

	Begin Check #	End Check #		
For General Expenses and Construction				
Accts Payable Checks (computer)	419068	419104	\$	501,838.86
Voided/Zero Payable				
Accts Payable ACH	004498	004600	\$	208,310.08
VOIDED/ZERO PAYABLE ACH				
Wire Transfer - Expenses			\$	1,598.48
Wire Transfer - Excise Tax			\$	-
Wire Transfer - Leasehold Tax			\$	-
Total General Expenses and Construction			\$	711,747.42

Payroll

Employee Payroll – Draws (Direct Deposit)			\$	-
Voided Payroll Check	004547, 004561		\$	-
Employee Payroll Checks PPD (Direct Dep)	004519	004582	\$	115,721.18
Wire Transfer – (Payroll Taxes, Retirement, Deferred Comp, L&I, PMFL)			\$	68,923.27
Total Payroll			\$	184,644.45
Total General Exp & Payroll			\$	896,391.87

I, the Port Auditor or Deputy Auditor, do hereby clarify that the claims listed above are true and valid obligations and that appropriate and effective internal controls are in place to ensure that the outstanding obligations have been processed in accordance with the Port of Port Angeles procurement/payment policies and delegation of authority.

Auditor / Deputy Auditor

Commissioner, Connie Beauvais

Commissioner, Steven D. Burke

Commissioner, Colleen McAleer

* Detail is available upon request to Jennifer Baker, Director of Finance & Administration: jenniferb@portofpa.com

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

Date: March 25, 2025

SUBJECT: Atlas Tower

Presented by: Caleb McMahon, Director of Economic Development

RCW & POLICY REQUIREMENTS

Per RCW 53.08.080 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 Port's Delegation of Administrative Authority to the Executive Director, all term lease agreements or use agreements of real or personal property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section 1.B.1 Commission Approval is required for any lease with a term in excess of one year and per section 1.B.4 Commission approval is required for any lease that contains any material non-standard terms or conditions.

Background:

Atlas Tower contacted the Port regarding the feasibility of locating a cellular tower on the northern portion of the Port's Airport Industrial Park property. After consulting with engineering and the City of Port Angeles, the project was found to be feasible. Furthermore, a satisfactory price was agreed upon as well as the use of the Port's standard lease template.

Commercial Ground lease

Port Area: William Fairchild Airport.

Address: Approximately 2600 West 18th Street

Leased Space: 2500 Square feet of unimproved land

Rental Rate: \$.16 Per square foot/per month

Use: Develop, maintain, and lease a wireless communication facility

Monthly Payments: Monthly payments of \$400

Escalation: 2% annual exscalation

Commencement Date: April 1, 2025

Term: Original term of 30 years.

Options to Renew: Two (2) options to renew the term of the lease for 5 years each.

Fiscal Impact of the Agreement:

Per year: \$4,800

\$120,000.00 Upon completion of tower

\$350.00 per month per additional carrier

Common Area Maintenance (CAM): N/A

Utilities: Lessee responsibility.

Tenant Improvements: None

Financial Security: Three months+\$1200

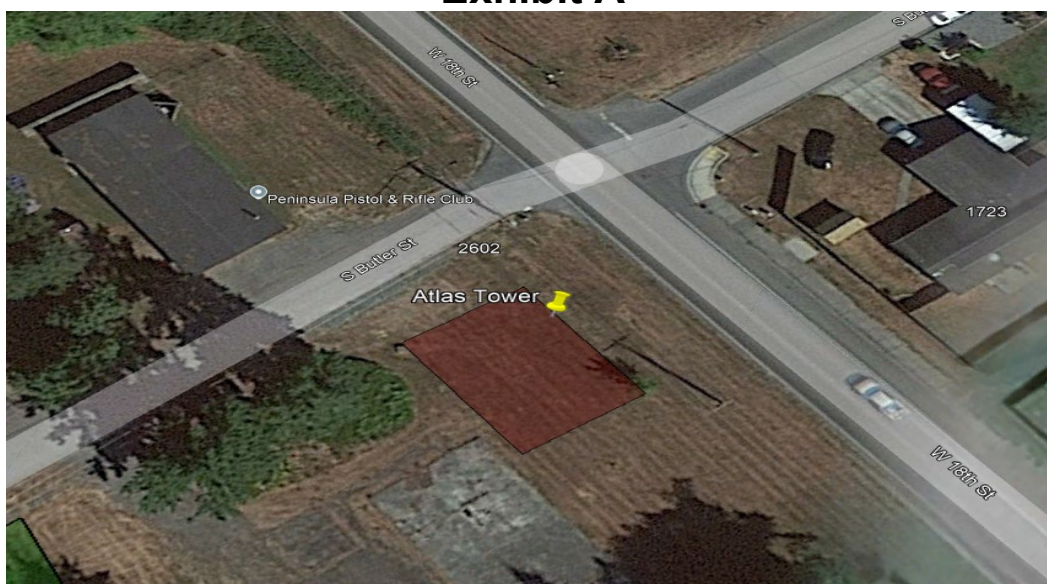
Non-standard terms requiring Commission approval for renewal/amendment: None

Unique Terms and Conditions: Atlas has agreed to let the Port place a repeater on tower.

Other Special Considerations: None

Environmental Impact: None

Exhibit A



COMMERCIAL GROUND LEASE

THIS COMMERCIAL GROUND LEASE (the “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 **Atlas Tower 1, LLC**, a Colorado Limited Liability Company (“Lessee”) (individually “Party” and collectively “Parties”).

ARTICLE I Summary of Lease Terms and Definitions

The Port: Port of Port Angeles
338 W First St.
Port Angeles, WA 98362

Lessee: Atlas Tower 1, LLC
2500 30th Street, STE 304
Boulder, CO 80301

Premises: 2,500 square feet of unimproved land located at approximately 2600 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: None

Initials:

Port

Lessee

Use of Premises: Develop, maintain, and lease a wireless communication facility including a space for a repeater to be placed by the Port.

Benefit to the Public: Improved cellular network and repeater location for Port.

Commencement Date: April 1, 2025

Term: 30 years and two (2) renewals for five (5) years, for a total of forty (40) years.

All Land Leases shall not exceed an original term of 30 years and two (2) renewals for five (5) years, for a total of forty (40) years.

Extensions: Two (2) five-year extensions.

[X] Requires Port consent, at Port’s sole discretion

Base Rent:

\$400.00/ month

\$120,000.00 buydown

2.0% annual escalation

\$350.00 per month per additional carrier

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 Thirty (30) years beginning April 1, 2025, through March 31, 2055. 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 **RENEWAL**: Subject to the terms and conditions herein, at Port consent, Lessee may renew this Lease for two (2) consecutive (5) five-year periods by giving written notice of such intention to the Port at least ninety days (90) days prior to the expiration of the term of this Lease or any renewal thereof. It is a condition precedent to Lease Renewal that the Lessee be in good standing at the time of renewal and that Lessee is not in default under the terms of this Lease or any other lease or agreement with the Port. The terms and conditions of any renewal shall be generally the same as set forth in this Lease, provided however rent shall be recalculated as provided herein and the terms of this Lease shall be updated to be consistent with the terms and conditions of the existing Port's Commercial Lease Agreement. All lease extensions and renewals shall be at the sole discretion of the Port unless previously authorized by the Commission. At the time of renewal, extension, exercising option, etc. the Lease will be reevaluated and brought up to fair market value.

Lessee's right of renewal is likewise subject to and contingent upon the Port's acceptance of Lessee's renewal notice, which the Port may withhold in its sole discretion. Should the Port decline to accept Lessee's renewal notice, this Lease will terminate upon the expiration of the then-existing term.

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 If Lessee fails to pay the required Rent as by this Lease, the Port shall charge late fees as outlined below. An administrative fee of \$25 will be charged for each month a late or finance fee is charged:

3.1.1.1. 30 days nonpayment = late fee is charged. At the first of month after 30 days late: Late fee is 2% or \$100, whichever is greater, of total outstanding Rent, leasehold tax ("LHT"), utilities and charges billed.

3.1.1.2 60 days nonpayment = late fee is charged. At the first of month after 60 days late: Late fee is 5% or \$300, whichever is greater, of outstanding Rent, LHT, utilities, and charges billed. Eviction process will be initiated.

3.1.1.3 90 days nonpayment = late fee of 8% or \$700 whichever is greater, of outstanding Rent, LHT, utilities, and charges billed and eviction will be enforced.

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

3.3 **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.** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license fees and excise and occupation taxes covering the business conducted on the Premises and all taxes on property of Lessee on the Premises and any taxes on the leasehold interest created by this Lease, whether imposed on Lessee or on the Port. Lessee shall also pay, or reimburse the Port for all taxes, other than any net income taxes payable

by the Port, including ad valorem taxes or taxes levied in lieu of an ad valorem tax or tax on the leasehold interest created by this Lease and/or measured by the rent payments hereunder. With respect to any such taxes payable by the Port which are measured by the rent payments hereunder, Lessee shall pay to the Port with each rent payment an amount equal to the tax on, or measured by, that particular payment. All other tax amounts for which the Port is or will be entitled to reimbursement from Lessee shall be payable by Lessee to the Port at least fifteen (15) days prior to the due dates of the respective tax amounts involved: provided, that Lessee shall be entitled to a minimum of ten (10) days written notice of the amounts payable by it.

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 only conduct the following activity on the Premises: __Develop, maintain, and lease a wireless communication facility__ (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. Return on Investment. All Tenant Improvements completed by the Port at its expense will require a return on investment of not less than the Port's expense paid by the Lessee receiving the benefit from said Tenant Improvement.

4.3.3. A payback schedule for the Tenant Improvement costs will be determined by the Port on a case-by-case basis.

4.3.4. All Tenant Improvements will have a scheduled return on investment until the Port's expense and overhead associated with the Tenant Improvement is reimbursed by Lessee.

4.3.5 **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 TENANT 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, at the Port's option, 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.

Initials:

Port

Lessee

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 Tenant Improvements remaining on the Premises will be removed therefrom, the Port may remove any or all of the items and to 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. To have the title to any or all of such items revert to the Port.

c. To 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.

4.5 **MAINTENANCE OF PREMISES:** Maintenance and repair of the Premises and all improvements thereon are the sole responsibility of Lessee. Without limiting the generality of the foregoing, Lessee shall maintain the Premises in good condition including, without limitation, repairing damage caused by Lessee, its employees, agents, licensees, invitees or anyone on the Premises as a result of Lessee's activities. 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.

4.6 **UTILITIES AND SERVICES:** 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 Insurance.** At all times during the term of this Lease, Lessee shall maintain in effect on Lessee-owned improvements fire and extended coverage property insurance for physical loss and damage *excluding* earthquake and flood insurance. 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 cost of Lessee's improvements thereon, which amount shall be adjusted not less frequently than annually.

AND/OR

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.

5.2.4 Pollution Legal Liability and Remediation: Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease, Pollution Legal Liability and Remediation insurance for all operations, with a limit no less than \$2,000,000 per claim or occurrence and \$4,000,000 aggregate per policy period of one year. This policy shall include coverage for bodily injury, property damage personal injury and environmental site restoration, including fines and penalties in accordance with applicable EPA or state regulations. Lessee shall maintain this coverage for a minimum of five (5) years after the expiration or earlier termination of this Lease.

5.2.5 Excess Liability/Umbrella Coverage: Lessee shall obtain, at Lessee’s expense, and keep in effect during the term of this Lease and any extension or renewal of this Lease, Umbrella Liability Insurance providing excess coverage over primary liability coverages, including Employer’s Liability, of not less than \$4,000,000.

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 the rental portion of this Lease by procuring and maintaining, during the term of this Lease, a corporate surety bond, or by providing other financial security satisfactory to the Port (the “**Bond**”), in an amount totaling:

- ✓ Three months of Rent.

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 within thirty (30) days of execution of this Lease, but in no event later than the Commencement Date of this Lease. Failure to comply with this requirement shall be grounds for termination of this Lease without notice by the Port. Such Bond shall be kept always in effect during the term of this Lease. Failure to comply with this requirement shall render Lessee in default. The Bond shall be increased annually to reflect any adjustments in annual Rent. No future amendment or extension to this Lease shall be effective until the Port, surety or insurer has given its consent thereto and the amount of the Bond has been adjusted as required.

5.4.3 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 to offset the liability of Lessee to the Port. Collection on the Bond shall not relieve Lessee of liability for any amounts not offset by the amount collected under the Bond, 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. Lessee shall have from the time of receipt of notice of an event of default no less than 10 days to cure any monetary issues and lessee shall have from the time of receipt of notice of an event of default no less than 30 days to cure any non-monetary issues.

5.4.4 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.

5.4.5 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 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 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. Notwithstanding the foregoing rights of the port to consent to sublease, Lessee shall have the right to sublease space on the tower and ground equipment within the premises for the purpose of adding additional mobile network operators to improve the utility of wireless communication facility with written notice to Lessor but without consent of Lessor provided that such new use is in conformity with the purpose of the Lessee.

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 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.

7.11.2 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.

7.11.3 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 a 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, Washington, 98362

TO LESSEE:

Atlas Tower 1, LLC
2500 30th Street, STE 304
Boulder, Colorado, 80301

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 third (3rd) day following the day of posting or day of mailing, whichever is later.

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 **ATTORNMEN**T: 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, the day and year first above written.

LESSOR:

PORT OF PORT ANGELES

Paul S. Jarkiewicz
Its: Executive Director

LESSEE:

ATLAS TOWER 1, LLC

Name:
Its: _____

STATE OF _____)
) ss.
County of _____)

On this _____ day of _____, 20____, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____ 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 _____, residing
at _____
My Commission Expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF CLALLAM)

On this _____ day of _____, 2025, 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



Initials: _____
Port

Lessee

CLALLAM COUNTY OPPORTUNITY FUND PROGRAM GRANT AWARD AGREEMENT

THIS GRANT AWARD AGREEMENT (the “Agreement”) is made and entered by and between Clallam County, a political subdivision of the State of Washington (hereinafter “County”), and the Port of Port Angeles, a special purpose local government of the State of Washington (hereinafter “the Port”). Together, the County and the Port are referred to herein as the “Parties.” The Parties have the lawful authority to execute this Agreement pursuant to their corporate powers RCW 36.01.010 and RCW 35A.11.010.

WHEREAS, the County administers the “Opportunity Fund Program” in accordance with RCW 82.14.370(3) and Chapter 5.40 of the Clallam County Code to finance public facilities/infrastructure that may promote economic development in the region;

WHEREAS, the Port has applied for grant funding through the “Opportunity Fund Program” in order to help finance the Marine Trades Center Phase 2 Development Project (the “Project”);

WHEREAS, the County has carefully reviewed the Port’s grant application (included herein as Exhibit A) and the corresponding Project;

WHEREAS, the County believes the Project is eligible to receive Opportunity Funds and that the moneys will be used to finance public facilities/infrastructure that may promote economic development within the region;

WHEREAS, the County has held public meetings/hearings and received extensive public comment regarding the Port’s application; and

WHEREAS, the County has determined that the Port is a worthy recipient of Opportunity Funds and the award is in the interest of the common good as evidenced by adoption of Resolution 116, 2024 by the County Board of Commissioners on December 31, 2024.

NOW THEREFORE, in consideration of the mutual terms, provisions, and obligations contained herein, it is agreed by and between the County and the Port as follows:

1. **PURPOSE:** The purpose of this Agreement is to memorialize the award of grant monies, drawn from the County’s “Opportunity Fund Program,” and to be awarded to the Port to fund phase 2 construction costs (as outlined below) for the Marine Trades Center, a new industrially zoned land development site on the Port Angeles waterfront owned by the Port that will be leased to private marine trades companies for boat manufacturing, boat repair, and other marine trades activities. The Marine Trades Center once completed is expected to create over 115 direct jobs in the area within the first 5 years and 250 direct jobs within 10 years. Phase 2 construction costs eligible for funding by Opportunity Funds may include site grading, stormwater treatment and electrical infrastructure, roadway paving, potable water system and meter installation, site landscaping,

fencing, and other related construction costs, so long as such costs have not been submitted for reimbursement from any other federal, state, or local agency funding source.

In consideration of the award offered by the County, the Port agrees to use the Opportunity Funds consistent with the attached grant application submitted to the County. Upon completion of the Project, the Port will return to the County and give a presentation to the County Board of Commissioners showing the progress/outcomes of the Project, and how the Opportunity Funds were utilized in support of the Project. The Port also agrees to provide in a timely manner any additional information concerning the Project requested by the County to satisfy its reporting requirements to the State concerning usage of Opportunity Funds.

2. **DURATION:** This Agreement shall be effective immediately once signed by the Parties and will continue in effect through December 31, 2025, unless sooner terminated as provided herein, or unless otherwise extended by written mutual consent of the Parties.
3. **FINANCING:** The County will issue a one-time warrant to the Port in the amount of **\$1,756,833** upon receipt of written confirmation from the Port that (1) the Project's Phase 2 construction for which the Opportunity Funds will be utilized is underway or is expected to be underway within 30 days of the date of such written confirmation.
4. **PROPERTY:** Any property acquired through the award of the Opportunity Funds will belong to the Port. The County does not acquire any interest in property, real or otherwise, that may be obtained with the grant award.
5. **ORGANIZATION:** By awarding Opportunity Funds, the County does not become a formal partner in the Port's Marine Trades Center Project and does not share in the organizational burdens associated with the Project.
6. **LIABILITY:** It is the intent of the Parties that the County shall not be held liable for any injury/harm that may occur during, or result from, the Project. The Port agrees to defend, indemnify and save harmless the County, its appointed and elected officers, agents and employees, from any and all liability, claims, actions, suits, losses, expenses, damages, and judgments of any nature whatsoever, including costs and attorney's fees in defense thereof, that may result from/through the Project. This provision shall survive termination of this Agreement.
7. **RETURN OF FUNDS:** If, for whatever reason, the Port does not expend the entire grant award in connection with the Marine Trades Center Project, then the Port agrees to return the remaining funds to the County.
8. **AGREED LIMITATION ON USES:** The Port agrees that the Project shall be owned and operated by the Port as an industrially zoned marine trades center available for lease to private marine trades

companies for the purpose of promoting economic development in the area for a period of no less than 20 years after the completion of the Project.

9. **COMPLIANCE WITH PUBLIC WORKS REGULATIONS:** The Port agrees to comply with all applicable statutory requirements governing public works projects as outlined under RCW 39 in the use of the Opportunity Funds provided to the Port under this Agreement.
10. **DISPUTES:** The Parties agree to work together to resolve any disputes that may result in performance of this Agreement.
11. **MAINTENANCE AND AUDIT OF RECORDS:** The Port shall maintain records, books, documents, and other materials relevant to its performance under this Agreement. These records shall be subject to inspection, review and audit by the County, its designee, or the Washington State Auditor's Office for five (5) years following termination of this Agreement. If it is determined during the course of the audit that the Port has utilized funds received through this grant in a manner inconsistent with this Agreement, the Port agrees to promptly reimburse such funds to the County upon request.
12. **MODIFICATION:** This Agreement may be modified by mutual consent of the parties provided that any modification is memorialized in writing and signed by the Parties.
13. **TERMINATION:** This Agreement will terminate when the Port uses the full amount of the award, returns any remaining balance to the County, or December 31, 2025, whichever may come first.
14. **GOVERNANCE:** This Agreement has been and shall be governed by the laws of the State of Washington, both as to its interpretation and performance. Any action at law, suit in equity, or judicial proceeding arising out of this Agreement shall be instituted and maintained in Clallam County Superior Court.
15. **SEVERABILITY:** If a court of competent jurisdiction finds any part, term or provision of this Agreement to be illegal or invalid in whole or in part, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.
16. **WAIVER:** A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement.
17. **ENTIRE Agreement:** The Parties agree that this Agreement is the complete expression of its terms and conditions. Any oral or written representations or understandings not incorporated in this Agreement are specifically excluded. This Agreement is for the benefit of the Parties, and no third party beneficiary relationship is intended.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

CLALLAM COUNTY
BOARD OF COMMISSIONERS

PORT OF PORT ANGELES

Date:

Date:

Mike French, Chair

Connie Beauvais, President

ATTEST:

Loni Gores, Clerk of the Board



Approved as to Form

Port of Port Angeles
Marine Trades Center Phase 2 Development
\$2,516,000



Clallam County Board of Commissioners

223 East Fourth Street, Suite 4

Port Angeles, WA 98362

360.417.2233

**OPPORTUNITY FUND
APPLICATION**

Section 1 – Applicant Information

Date:	Project Title: Marine Trades Center – Phase 2 Development	
Local Government Applicant: Port of Port Angeles		
Contact: Paul Jarkiewicz		
Address: 338 W. First St		
City: Port Angeles	Zip: 98362	
Phone #: (360) 417-3360	POC Email: paulj@portofpa.com	
Position of Authorized Signer: Executive Director		

Section 2 – Attach a copy of your Detailed Description of Project Proposal including information regarding why the Opportunity Funds are necessary and other funding sought.

- **See Attachment A: Supporting Narrative**

CLALLAM COUNTY BOARD OF COMMISSIONERS

OPPORTUNITY FUND FINAL APPLICATION FORM (Approved by PAO)

Section 3 – Application Funding Requested

Amount of Loan Requested:	\$0.00
Amount of Grant Funds Requested	\$2,516,000.00
Local Government Match:	\$1,235,712.00
Private Matching Funds: (if applicable)	\$0.00
State Matching Funds: (if applicable)	\$0.00
Federal Matching Funds: (if applicable)	\$7,282,736.00
Total Project Cost:	\$11,034,448.00
Amount Raised to Date (Federal + Local Match):	\$8,518,448.00

Loan terms proposed: (if applicable)

Requested Rate of Interest:	
Total number of years for repayment:	
# of Years for Deferral Period: (if applicable):	
Type of Loan Payment Schedule: (Check One Type Below)	
Straight Line Amortization	
Decreasing Payments	
Increasing Payments	
Other (Specify in Project Proposal)	

If Opportunity Fund grant funding is being applied for, explain the reason why the project's revenues will not have sufficient cashflow to support loan payments:

Once completed, the Marine Trades Center (MTC) will generate revenue through leases to private marine trades companies who are expected to create over 115 direct jobs in the community in the near term (1-5 years) and 250 direct jobs in the

CLALLAM COUNTY BOARD OF COMMISSIONERS

OPPORTUNITY FUND FINAL APPLICATION FORM (Approved by PAO)

long term (5-10 years). These leases will be the only source of project revenue that goes directly to the Port. However, because no buildings are being constructed as part of the project, tenants will only pay land (dirt) lease rates, which are significantly lower than lease rates for existing buildings/facilities. Land lease revenues from the 5 tenant lots at the MTC will not provide sufficient cashflow for the Port to repay an Opportunity Fund loan. Because of this, the Port is only seeking Opportunity Fund grant dollars to finance the final \$2,516,000 in project costs.

Section 4 – Project Site Information:

- A) Link and page # detailing the project’s inclusion in an officially adopted Clallam County overall capital facilities plan, or economic development section of Clallam County’s comprehensive plan, or the comprehensive plan of a city within Clallam County:

The Marine Trades Center project has been included in the Port’s Capital Improvement Plan (CIP) since 2016 (2024, page IV-11). Prior to that, the MTC area cleanup was included in the CIP in 2015. The project has also been included in the Port’s Comprehensive Scheme of Harbor Improvements since 2021 (page 4).

- B) Include a site map of the area. Identify the location of the site, and public infrastructure (existing and/or proposed).

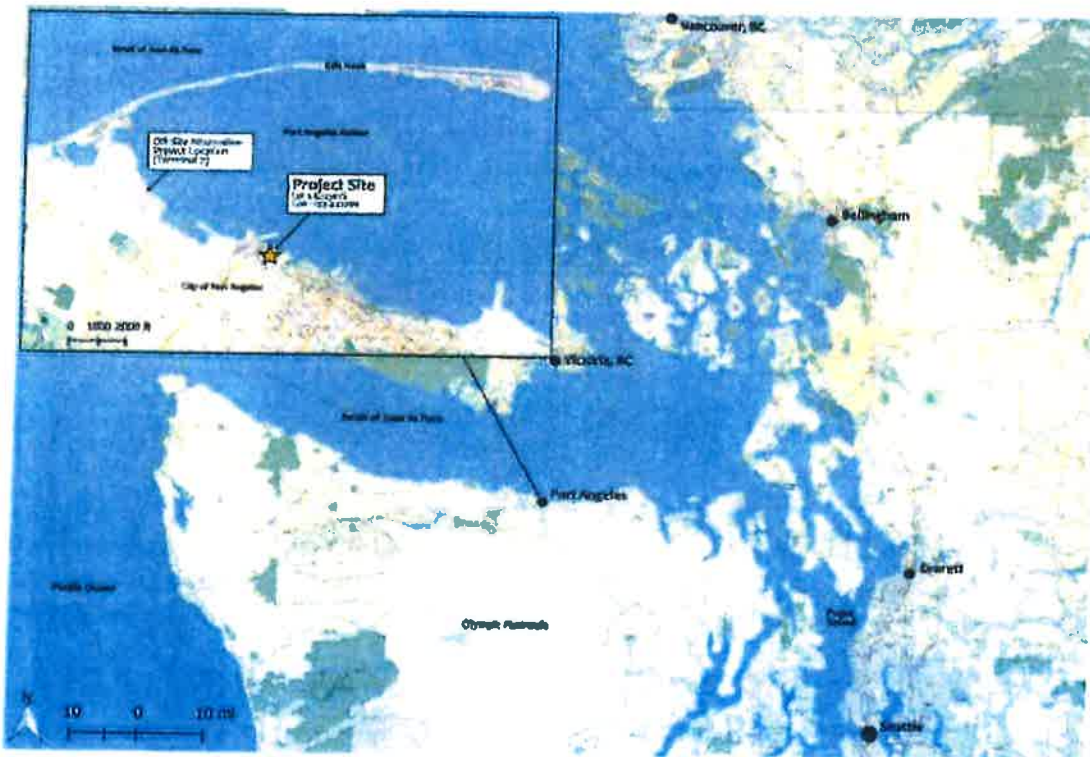


Figure 2. Area Map

CLALLAM COUNTY BOARD OF COMMISSIONERS

OPPORTUNITY FUND FINAL APPLICATION FORM (Approved by PAO)

C) Project cost breakdown:

Activity	Cost
Site development (architecture and engineering)	\$833,714.00
Inspections	\$392,336.00
Construction	\$8,853,951.00
Miscellaneous (Washington State Sales Tax, Contingency)	\$954,447.00
TOTAL	\$11,034,448.00

Only \$2,516,000 is being requested to fill the final gap in funding for this \$11.034 million project. Opportunity Funds will complement \$7.28 million in federal funding from the Economic Development Administration (EDA) and over \$1.2 million in Port match.

D) Specifically, for what element(s) of the project are Opportunity Fund Program (OFP) dollars being requested?

Opportunity Fund Program (OFP) dollars are requested to fund the final steps of construction until the project's substantial completion in 2025. This includes site grading, stormwater treatment and electrical infrastructure, asphalt paving of roadways, potable water system and master meter installation, site landscaping, and fencing. OFP funds would bring the multi-year, multi-million dollar project to completion, allowing the Port's private partners (Arrow Marine and Motive Marine, and others) to move forward with their expansion/development plans at the Marine Trades Center.

OFP funds will not be used to recoup the prior payments the Port has put into the project (\$1,235,712). This includes payments for Marine Trades Center architecture/engineering services and initial construction costs.

E) Estimated schedule for project completion:

Estimated Completion Date: 07/31/2025

- Preliminary Engineering Report: 07/29/2020
- All permits obtained: 03/19/2024
- Preliminary Design Plans: 01/24/2024
- Land/Right-of-Way Acquisition n/a
- Prepare Bid Documents 02/14/2024

- Award Construction Contract 04/15/2024
- Begin Construction 06/01/2024
- Complete Construction 07/31/2025


Construction was initially scheduled to finish by the end of January 2025, but the completion date been pushed back to mid-summer 2025 due to electrical equipment supply chain delays. The switch cabinets required by the City of Port Angeles Public Works Department are backordered and will not be on-site for installation until June/July 2025.

- F) What other jurisdictions are involved in the planning, design, financing, construction, operation or use of this project? (cities, counties, state/federal agencies, tribes, etc.):
- **Economic Development Administration: funding the \$7.28 million in federal dollars**
 - **City of Port Angeles: partnering with the Port on construction (permits, utility tie-ins)**
 - **Lower Elwha Klallam Tribe: involved in archaeological monitoring of construction activities**
- G) Will the applicant maintain the project? If not, who will be responsible for its maintenance?

The applicant (Port) will maintain the Marine Trades Center site with its in-house Facilities Maintenance and Business Development teams. Facilities Maintenance will be responsible for site upkeep, while the Business Development Team will be responsible for growing and maintaining the business relationships with private companies that occupy the site. Individual buildings developed on the property will be maintained by the builder (for example, if a private company constructs a building for their business at the MTC site, that company would bear responsibility for the building's maintenance).

Section 5 – Affordable Workforce Information (If applicable)

A) Does this project directly fund infrastructure related to Affordable Workforce Housing?

Yes	
No	

If no, skip to Section 6.

B) If applicable, describe the number of workforce housing units in project that would receive funding if approved:

	Leased	Fee Simple	What's your target Area Median Income (AMI)
Type of Units: (e.g., Single Family Residential, fourplex, apartment, etc.):			
# of Units in Type:			
# of Bedrooms per Unit:			

- C) 100% of Clallam County's Area Median Income (AMI) used for this application:
- D) Source used to determine most recent year available for Clallam County's AMI:
- E) Describe whether the housing will be for a single person, family, or unrelated persons or a combination:
- F) If applicable, describe the procedures that will be followed to ensure the occupants are in the workforce and meet the 120% AMI threshold:

Section 6 – Private Sector Commitment or Involvement (if applicable)

A) Identify private sector firm(s) and contact person(s) involved in the project:

Private Entity: Arrow Marine
POC at Entity: Jack Harmon
POC Telephone: (360) 457-1544
Will entity locate to Project Site? Yes

Private Entity: Motive Marine
POC at Entity: Neal Gualden
POC Telephone: (360) 340-3735
Will entity locate to Project Site? Yes

B) Explain the private sectors involvement in the project. Why does the private sector require the proposed public infrastructure improvements?

This project benefits the marine trades sector, including the businesses listed above (Arrow Marine, Motive Marine) and other private companies with whom the Port is developing business siting plans. The Port is actively building relationships with multiple companies who are interested in operating at the MTC.

Today, there is extremely limited space for these private companies to expand their footprints, grow their business lines, and hire additional employees in Clallam County. Waterfront industrial property, the ideal location for marine trades businesses, is close to 100% occupancy. Other available industrial parcels, such as at the Fairchild International Airport, lack core infrastructure required for businesses to develop their operations. The Marine Trades Center (MTC), which will make 18 more development-ready acres available, is a rare opportunity to increase the amount of usable, industrial space on the waterfront for our local marine trades sector.

The MTC's public infrastructure improvements are necessary because without basic services such as stormwater, sewer, potable water, and electricity, new and existing private marine trades companies cannot utilize the site. With basic, core infrastructure installed, the site will offer development-ready, industrially zoned property for marine trades companies to expand their operations and hire local talent.

CLALLAM COUNTY BOARD OF COMMISSIONERS

OPPORTUNITY FUND FINAL APPLICATION FORM (Approved by PAO)

As a sector that pays above the average annual Clallam County wage (\$45,547), the growth of the marine trades is essential for boosting the wider Clallam County economy. This project will directly facilitate growth in one of the three sectors that the Clallam EDC identified as a "target for economic development" in its 2023 5-Year Plan.¹ The marine trades sector was identified as a target because it (1) increases the average county wage, (2) offers wages that empower people to own their homes and meet financial obligations, and (3) provides job security and wage progression opportunities.

C) Type of jobs to be created/retained:

The following job estimates are based on actual numbers provided by local marine trades employers in their letters of support for the Port's EDA funding application.

	# Jobs Retained 60 Direct 36 Indirect 18 Induced	# Jobs Created 115 Direct 73 Indirect 35 Induced	Ave Annual Wage (For Direct Created Jobs Only)
Management/Admin (exclusive of owners)	Direct: 12 Indirect: 7 Induced: 4	Direct: 23 Indirect: 15 Induced: 7	\$66,326
Supervisors/Professional	Direct: 12 Indirect: 7 Induced: 4	Direct: 23 Indirect: 15 Induced: 7	\$66,326
Entry Level Workforce	Direct: 36 Indirect: 22 Induced: 10	Direct: 69 Indirect: 43 Induced: 21	\$64,478

In addition, a 2020 economic impact study estimated that the full build-out of the Marine Trades Center (5-10 years after project completion) could support up to 250 direct jobs, 93 indirect jobs, and 65 induced jobs (408 total).

The average annual wage is an estimate calculated with the assumption that the Entry Level Workforce will earn the average wage rate for the Maritime Sector (\$64,478 in 2021 dollars) identified by the Clallam County EDC's 5-Year Plan.


D) Projected annual gross payroll (exclusive of owner group):

¹ [Clallam EDC 5-Year Plan](#)

1-3 Years:	\$7,500,000/year
3-5 Years:	\$12,240,000/year
5-10 Years:	\$16,980,000/year

Gross payroll projections are based on 115 new direct jobs estimated by local employers for Years 1-3. Years 5-10 is based on an Economic Impact Study that projected a full build-out scenario for the MTC would result in 250 new direct jobs. Years 3-5 shows a projection halfway between the starting point (115 jobs) and the full build-out scenario (250 jobs).

- E) Does the Private Entity commit to signing a standard NDA and to allow a representative from the Clallam EDC to review their Annual Payroll Report to confirm job creation and payroll when requested within the first ten-year term? (check one)

Yes	
No	

Section 7 – Financial Information of Applicant

This section examines the general financial status of the applicant.

- A) Provide the most current annual financial report reviewed by the State Auditor. If the most current year is not representative of the past five years, please provide additional information or reports.

- **See Attachment B: Financial Report**

- B) Identify funds (General Fund, Utility Fund, etc.) that will be eligible to repay an OFP loan. If any funds cannot be used to service OFP debt, please explain. If a particular fund or revenue source has been identified for repayment of the loan, please describe

- **The Port does not anticipate asking for an Opportunity Fund Program (OFP) loan. The revenue generated by the Marine Trades Center will come from land leases. Land lease rates are significantly lower than lease rates for existing buildings, and revenue from the 5 tenant lot leases at the MTC will not be sufficient to repay a loan. Additionally, general Port funds are currently going into urgent maintenance projects, such as repairs to Terminal 1 and Terminal 3, further limiting the Port's ability to service any OFP debt.**

CLALLAM COUNTY BOARD OF COMMISSIONERS

OPPORTUNITY FUND FINAL APPLICATION FORM (Approved by PAO)

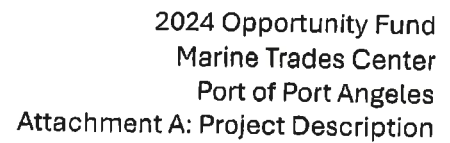
Section 8 -- Declaration

I HEREBY CERTIFY THAT THE INFORMATION GIVEN IN THIS APPLICATION TO THE OPPORTUNITY FUND BOARD IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

A handwritten signature in blue ink that reads "Katharine Frazier". The script is cursive and fluid.

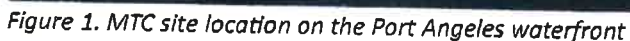
Signature of responsible official:

Print or Type Name and title: Katharine Frazier, Grants & Contracts Manager



Project Introduction

The MTC project is redeveloping 18 acres of industrial property to stimulate economic development and create new living-wage, year-round jobs in the marine trades. The project site is a former brownfield (K-Ply mill). Starting in 2015, the Port led a comprehensive cleanup, including removal of mill structures and contaminated soils from decades of timber processing. Now, the site is being transformed into usable land that will once again contribute to the region's economy and provide meaningful careers to area residents. Major site improvements are taking place in 2024 and 2025, including earthwork and the addition of stormwater, wastewater, potable water, and underground electrical infrastructure that will encourage businesses to site on Port Angeles's waterfront and hire local talent.





The project will address a major barrier to economic development in Clallam County: the lack of industrially zoned land that is ready to be developed by private companies. Today, the Port's industrial properties are nearly 100% occupied, and much of the available industrial land in the county lacks core infrastructure needed for development. The MTC, once complete, will add 18 new acres of development-ready industrial land with infrastructure tailored to attract high-paying marine trades employers and encourage the growth of our existing marine manufacturers.

The Marine Trades Center will create **115 new direct marine trades jobs** in Clallam County in the near term (1 – 5 years). This total is a direct estimate from existing local marine trades employers who plan to site their operations at the MTC.

The 115 near-term direct jobs are anticipated to result in \$7.5 million in annual employee compensation (\$65,217 average annual wage per job). The projected average wage for jobs created by the MTC project is over 40% higher than the County average annual wage of \$45,547 (2020).¹

Requested Opportunity Funds	\$2,516,000.00
# of direct jobs created with above-average annual wages	115
Opportunity Fund cost per job	\$21,878.26

Table 1. Breakdown of cost per each direct job created in the near term (1 – 5 years)

In addition to 115 new direct jobs, the MTC is expected to create 73 indirect and 35 induced jobs in the near term, generating another \$4.44 million in annual employee compensation in the county.

5 to 10 years after project completion, the MTC is expected to create a total of 408 jobs (250 direct, 93 indirect, and 65 induced) according to a 2020 economic impact study.² This same study estimates that 114 total jobs will also be retained (60 direct, 36 indirect, and 18 induced) as a result of economic development activities at the MTC.

Already, the Port has made significant progress in identifying and working with businesses that are interested in siting their operations at the MTC. The Port has built partnerships regarding the MTC with two private entities, Arrow Marine and Motive Marine. While the details of other potential business development opportunities at the MTC are not yet public, they are firmly in line with job creation and retention expectations from the 2020 economic impact analysis.

The MTC will play a key role in promoting a stronger economic base for the County because of its focus on supporting job growth in the marine trades sector. The Clallam Economic Development Council (EDC) identifies the marine trades sector as a "target" for regional economic development because it (1) increases the average county wage, (2) offers wages that empower people to own homes and meet financial obligations, and (3) offers job security and wage progression. The marine trades sector offers additional benefits in comparison with the region's other prominent sectors. Jobs are year-round and full-time, as opposed to part-time seasonal tourism positions, and the marine trades are less impacted

¹ [ESQWAGOV - Clallam County profile](#)

² Marine.Trades.Industrial.Park.Economic.Impact.Narrative, BST Associates (06/25/2020)



by external pressures facing the forest products sector (economic/environmental policies, international relations).

Need for Opportunity Funds

The Port requests Opportunity Funds to fill the last gap in project funding and complete the final months of MTC construction. In 2022, the Port was awarded a \$7.28 million grant from the Economic Development Administration (EDA) to construct basic core infrastructure for a new Marine Trades Center in Clallam County. These federal funds must be matched with \$3.75 million non-federal dollars. The Port has already put over \$1.2 million of its own funds into designing and constructing the MTC, and it is now seeking \$2,516,000 in Opportunity Funds to help bring the project to completion in 2025.

Because the federal Economic Development Administration (EDA) grant cannot be matched by other federal funds, the Port needs non-federal funds to finance the remaining \$2,516,000 in project costs. The Port has already investigated state programs and found zero viable funding options that are available within the project timeframe. Opportunity Funds are the only local funds available that can be used to complement the \$7.28 million federal share and finish the project.

EDA Funds (Federal)	\$7,282,736.00
Port Funds (Non-Federal)	\$1,235,712.00
Opportunity Funds (Non-Federal)	\$2,516,000.00
Total	\$11,034,448.00

Table 2. Total project funding breakdown

If awarded, Opportunity Funds would be used to complete the final construction activities required to prepare the site for occupancy by marine trades tenants. These activities include asphalt paving, completion of the stormwater treatment and potable water systems, electrical infrastructure installation and testing, and site fencing. Opportunity Funds will enable the Port to cross the project finish line and begin finalizing business development opportunities with committed partners (Arrow Marine, Motive Marine) and other potential employers.

As stated in the Opportunity Fund Application, the revenue generated from the project will be produced by land leases as private marine trades businesses begin to occupy the site. Land lease rates are significantly lower than lease rates for existing buildings, and the five land leases anticipated at the MTC will not generate enough revenue to provide sufficient cashflow for the Port to repay loans (Opportunity Fund, private loans, etc.).

Other Funding Opportunities Sought

Because the project is partially funded by the federal Economic Development Administration, the Port cannot apply for other federal dollars to close the \$2,516,000 gap in funding. This means that the Port cannot pursue funds from the sources most likely to support Port projects, such as the US Department of Transportation (DOT), the Maritime Administration (MARAD), and the US Department of Commerce (DOC).



The Port has investigated several sources of state funds but has determined that they will not be applicable to the MTC project:

- WA Commerce: Public Works Board Grants/Loans – Port Districts are not eligible for Public Works funding.
- WA Commerce: Community Economic Revitalization Board (CERB) – CERB construction projects require a committed private partner to be in place prior to construction. The grant timeline from EDA did not allow the Port to finalize business partnerships before beginning design and construction activities at the MTC. The Port cannot apply for CERB construction funding because construction has already begun.
- WA Ecology: Water Quality Combined Funding Program – These grants, while applicable to the Marine Trades Center stormwater work, will not be available in the project timeline. Applications open in Summer/Fall 2025 and funds will not be available until 2026, more than a year after MTC construction is slated to finish.

Future Agenda Items –Commission Meeting

3/25/2025

April 8, 2025 (Regular Commission Meeting)

- Monthly Delegation of Authority Report
- 2024 End of Year Financials (unaudited)

April 22, 2025 (Regular Commission Meeting)

- Monthly Cash & Investment Report
- March Financial Report
- 1st Quarter Operations Report
- Abandoned Vessel Auction
- IFC – 1050 Roof

April 28, 2025 (Special Joint Commission Meeting) – at Port

May 13, 2025 (Regular Commission Meeting)

- Monthly Delegation of Authority Report
- CPP Program Review/Revamp?

May 27, 2025 (Regular Commission Meeting)

- April Financial Report
- Cash and Investment Report

June 10, 2025 (Regular Commission Meeting)

- Monthly Delegation of Authority Report
- Annual Month to Month Lease Update

June 24, 2025 (Regular Commission Meeting)

- May Financial Report
- Cash and Investment Report
- Maritime Festival Recap – Caleb

Upcoming Events

April 22-24, 2025 – AFRC Annual Meeting, Stevenson, WA

April 23-25, 2025 – Olympic Logging Conference, Victoria, B.C.

May 14, 2025 – Sequim Bay Yacht Club Meeting, Sequim, WA

May 14-16, 2025 – WPPA Spring Meeting, Spokane, WA

May 19-21, 2025 – Washington Airport Managers Association Conference, Lake Chelan

May 19-21, 2025 – AAPA Leadership Summit, Milwaukee, MN

June 7-8, 2025 – Maritime Festival, Port Angeles, WA

June 25-27, 2025 – WPPA Finance & Administration Seminar, Walla Walla, WA

Future

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