



**REGULAR COMMISSION MEETING**  
**Tuesday, September 9, 2025, at 9:00 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. Monthly Cash & Investment Report.....1-3
  - B. 2025 Operating Projected Budget Assumptions.....4-7
- V. APPROVAL OF CONSENT AGENDA**
  - A. Regular Commission Meeting Minutes – August 26, 2025.....8-11
  - B. Vouchers in the amount of \$718,249.62.....12
- VI. COMPLETION OF RECORDS**
  - A. Monthly Delegation of Authority Report.....13-15
- VII. PLANNING AND CAPITAL PROJECTS**
  - A. Review 2025 5-year and 20-year CIP Plan
- VIII. LOG YARD**
  - No items
- IX. MARINE TRADES AND MARINE TERMINALS**
  - A. Harbor Site Update – West Port Angeles Harbor Group Cleanup (WPHG) Consent Decree Update
  - B. Item for Consideration – Port Infrastructure Development Program (PIDP) Grant Application – Resolution 25-1329.....16-21



**X. PROPERTY**

- A. Item for Consideration – Proposed Lease – Olympic Hiking Company LLC.....22-51

**XI. MARINAS**

No items

**XII. AIRPORTS**

- A. Item for Consideration – FAA Airport Improvement Program (AIP) (046)  
Grant Agreement Offer for Taxiway A Reconstruction/Rehabilitation (Construction) –  
Resolution 25-1330.....52-54

**XIII. OTHER BUSINESS**

- A. TAC Letter regarding Recission of Roadless Rule.....55-56

**XIV. ITEMS NOT ON THE AGENDA**

**XV. COMMISSIONER REPORTS**

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

**XVII. FUTURE AGENDA.....57**

**XVIII. NEXT MEETINGS**

- A. September 23, 2025 – Regular Commission Meeting  
B. October 14, 2025 – Regular Commission Meeting  
C. October 27, 2025 – Special Joint Meeting BOCC  
D. October 28, 2025 – Regular Commission Meeting  
E. November 11, 2025 - Regular Commission Meeting



## **XIX. UPCOMING EVENTS**

- A. September 14-17, 2025 – NAFTZ Conference, Kansas City, MO
- B. September 25-26, 2025 – WPPA Environmental Seminar, Union, WA
- C. October 6-8, 2025 – AAPA, Quebec City, Canada
- D. November 18, 2025 – Marine Hwy 5 Roundtable, Tacoma, WA
- E. November 19-21, 2025 – WPPA Annual Meeting, Tacoma, WA
- F. November 20-22, 2025 – Pacific Marine Expo, Seattle, WA

## **XX. EXECUTIVE SESSION**

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

## **XXI. ADJOURN**

### **RULES FOR ATTENDING COMMISSION MEETING**

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

### **RULES FOR SPEAKING AT A COMMISSION MEETING**

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

**Port of Port Angeles**  
**Cash Flow Summary**  
**Cash Flow Summary as of August 2025**

	<u>YTD</u>
<b><u>Beginning Cash Balance</u></b>	<b>20,301,565</b>
Operating Revenues	8,061,701
Non-Operating Revenues	6,516,198
<b>Total Revenues</b>	<b>14,577,900</b>
Operating Expenses	9,484,026
Non-Operating Expenses	4,498,786
<b>Total Expenses</b>	<b>13,982,812</b>
<b><u>Ending Cash Balance</u></b>	<b>20,896,652</b>
<b><u>Change in Cash Balance</u></b>	<b>595,088</b>

## Cash & Investments held as of 8/31/2025

			3/31/25	4/30/25	5/31/25	6/30/25	7/31/25	8/31/25			
			Interest	Face	Face	Face	Face	Face	Annual	Maturity	Acquisition
Name	Type	Rate	Value	Value	Value	Value	Value	Value	Interest	Date	Date
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
FFCB 4-year (Piper Sandler)	Bond	4.49%	-	-	-	-	-	1,250,000	56,125	8/12/2029	8/13/2025
FHLB 5-year (Piper Sandler)	Bond	4.30%	-	-	-	-	5,000,000	5,000,000	215,000	7/15/2030	7/9/2025
First Federal Invst	Cash	4.28%	4,005,873	4,050,598	4,065,373	5,483,746	5,504,416	251,409	10,760		
LGIP Balance	Cash	4.38%	7,649,598	6,975,451	8,104,153	8,133,348	6,661,189	11,958,808	524,095		
Umpqua Bank Account	Cash	0.30%	572,139	933,533	402,921	477,873	527,397	436,435	1,309		

## Investments Called or Matured

Name	Type	Interest Rate							Maturity Date	Redemption Date
FFCB 4-year (Piper Sandler)	Bond	4.80%	-	1,250,000	1,250,000	1,250,000	1,250,000	-	7/23/2029	4/23/2025
FHLB 5-year (Piper Sandler)	Bond	5.00%	5,000,000	3,750,000	3,750,000	3,750,000	-	-	10/22/2029	10/22/2024
FHLB 5-year (Piper Sandler)	Bond	5.00%	-	1,250,000	-	-	-	-	10/22/2029	4/16/2025

## Ending Investment/Cash Balance

19,227,610	20,209,581	19,572,446	21,094,967	20,943,003	20,896,652	867,289
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## Outstanding Debt

		3/31/25	4/30/25	5/31/25	6/30/25	7/31/25	8/31/25		
Rate	Amount	Amount	Amount	Amount	Amount	Amount	Amount		
2015 PABH 2006 refi	2.29%	357,505	357,505	357,505	357,505	357,505	357,505	10 year note, 2015 - 2025	
CERB Washdown	2.00%	605,359	605,359	605,359	605,359	605,359	605,359	20 year, 2020 - 2040	
CARB Airport Utilities	2.00%	622,602	622,602	622,602	622,602	622,602	622,602	20 year, 2021 - 2041	
Office of the State Treasurer	2.96%	467,181	467,181	467,181	520,302	520,302	520,302	7 year, 2025 - 2031	
		2,052,647	2,052,647	2,052,647	2,105,768	2,105,768	2,105,768		

## Ending Balance

17,174,963	18,156,935	17,519,800	18,989,199	18,837,235	18,790,884
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\* 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%

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FFCB 4-year (Piper Sandler)	Bond	4.49%	-	-	-	-	-	1,250,000	56,125	8/12/2029	8/13/2025
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		2,052,647	2,052,647	2,052,647	2,105,768	2,105,768	2,105,768		
Ending Balance		17,174,963	18,156,935	17,519,800	18,989,199	18,837,235	18,790,884		

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

## **2025 PROJECTED YEAR-END - ASSUMPTIONS**

### **All Departments**

#### **Revenues - 2025 Projected**

11- Marine Terminal revenues are projected to be significantly lower than the budget for 2024. This is primarily due to the cut of log exports via ship, which has reduced to zero. Chip barge operations are on track to increase approximately 40% (145,000 gmt) with tanker/barge/ research dockage also increasing. Security revenues have shown a surplus due to an overall increase in vessel berth time. Several initiatives are underway to replace the revenue lost from log exports.

15- Marine Trades Area revenues will be lower than the budget. PMI is on track to close the year with increased utilization of the travel lift piers. However, Westport's use of the travel lift piers is down. The Boat Haven equipment use has been down more than projected, we're looking into the fee structure and marketing. Several long-term outside storage projects at the Boat Haven yard have contributed to steady storage revenue growth.

21- Log Yard revenue is projected to be down due to the slow domestic market and water services. This brought revenues down for handling, equipment rental, water services, and aquatic staging.

31- FIA - current year projected revenues are slightly under budget. Landing fees, vehicle parking fees, and structure lease/rent are anticipated to be higher than the budgeted amount.

32- Sekiu Airport revenues are expected to be slightly above the current year budget due to an increase in hangar rent.

33- Airport Rental Properties revenue is projected to be under budget. This is due to the loss of a large rental tenant that was anticipated.

41- Port Angeles Boat Haven Marina revenue is slightly lower than budget but continues to increase year to year. Moorage revenues have remained steady and in line with budget expectations. During the past year, we cleared out several slips previously occupied by delinquent vessels, which were subsequently released and are now generating revenue.

43- John Wayne Marina moorage revenues for vessels under 30' were slightly lower than expected due to inconsistencies in the commercial fishing seasons. We anticipate a stronger finish to the year with the fall commercial crab opener. Demand for moorage remains high, with a strong waiting list in place. Diesel fuel sales are down approximately 50% for the year, primarily due to ongoing issues with the new fuel pump. Efforts are underway to resolve the equipment problems and restore service reliability.

61- Rental Properties revenue is projected to be slightly less than budgeted. This is mainly due to a vacancy in rental property.

## **2025 PROJECTED YEAR-END - ASSUMPTIONS**

### **All Departments – continued**

#### **Expenses – 2025 Projected**

11- Marine Terminal expenses across many categories are forecast at or below budget. Notable exceptions would be IT improvements and subscriptions to meet new USCG cyber requirements.

15- Marine Trades Area expenses have been managed effectively and are projected to come in under budget. We have not placed excessive demands on Facilities Maintenance, and cost controls have been maintained throughout the year. Some year-end costs are anticipated for materials and labor related to the high-pressure washdown pump, but these are expected to be absorbed within the current budget.

21- Log Yard expenses are higher than projected. Maintenance labor charge-out, excise tax, and assessments are projected to be higher than budgeted.

31- FIA expenses are above budget assumptions. Salary allocation to other departments was budgeted incorrectly. FM charge-out expense for mowing, sweeping, & runway inspections was higher than anticipated. Maintenance material is over budget due to terminal projects that were completed. Security charge-out was higher than budgeted.

32- Sekiu Airport expenses are slightly lower than expected from the budget assumptions. There was less required maintenance performed than anticipated this year.

33- Airport Rental Property expenses are projected to be under budget due to reduced maintenance required for 2025.

41- Port Angeles Boat Haven - overall expenses are lower than budget projections. Some higher-than-anticipated expenses, including IT upgrades and security camera replacements. We were able to complete some lighting LED upgrades to the Boat Yard interior workspace.

43- John Wayne Marina - A few unbudgeted expenses occurred during the year, including an annual water bill, unanticipated IT work, and legal services. Most other expense categories are in line with, or slightly below, budget expectations for year-end 2025.

61. Rental Properties are likely to be over budget due to the legal work required for the south side of Marine Drive.

80- Administrative is projected to come in slightly over budget. Facility maintenance charges and materials were higher than anticipated due to projects such as the installation of new office equipment and LED lighting. Insurance premiums increased due to higher policy limits.

81- Economic Development expenses are projected to be below budget. There was less travel for meetings, conferences, and shows than anticipated.

90- Non-Operating is below budget due to lower-than-anticipated interest earnings. Non-operating capital is higher than budgeted due to the Opportunity Fund grant we received.

91- Mechanical Maintenance (MM) expenses are projected to be slightly over budget due to the higher-than-expected cost of materials and supplies.

92- Facilities Maintenance (FM) Maintenance labor and benefits were higher than expected. Supplies and materials were more than expected due to the theft of tools and mechanical maintenance on several large pieces of equipment.



**Port of Port Angeles**  
**Summary by Department**  
**2025 Projections**

	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 BUDGET	2025 PROJECTED	2025 Proj Over/(Under) 2025 Budget
<b><u>OPERATING REVENUES</u></b>						
11 MARINE TERMINAL	2,989,919	2,846,433	2,634,703	2,897,638	2,248,689	(648,949)
15 MARINE TRADES AREA	778,212	821,015	772,418	874,210	828,576	(45,634)
21 LOG YARD	1,068,956	1,135,513	1,184,428	1,034,456	958,180	(76,276)
31 FAIRCHILD INTL AIRPORT	433,868	479,705	471,260	512,650	506,088	(6,562)
32 SEKIU	15,782	17,609	17,584	17,434	17,917	483
33 AIRPORT RENTAL PROPERTIES	1,397,664	1,606,642	1,643,242	1,932,588	1,681,870	(250,718)
41 PORT ANGELES BOAT HAVEN	1,747,878	1,899,803	2,005,237	2,055,299	2,042,190	(13,109)
43 JOHN WAYNE MARINA	1,827,097	1,958,326	2,083,868	2,162,807	2,053,968	(108,839)
61 RENTAL PROPERTIES	145,935	200,305	220,599	224,484	218,675	(5,809)
<b>TOTAL OPERATING REVENUES</b>	<b>10,405,311</b>	<b>10,965,351</b>	<b>11,033,339</b>	<b>11,711,566</b>	<b>10,556,155</b>	<b>(1,155,411)</b>
<b><u>OPERATING EXPENSES</u></b>						
11 MARINE TERMINAL	960,049	1,083,930	1,534,132	1,488,411	1,415,061	(73,350)
15 MARINE TRADES AREA	366,465	406,469	333,139	392,030	368,472	(23,558)
21 LOG YARD	1,100,266	1,285,171	1,321,518	1,189,922	1,370,512	180,590
31 FAIRCHILD INTL AIRPORT	615,965	513,566	628,723	520,080	633,713	113,633
32 SEKIU	39,306	27,222	36,879	31,061	28,799	(2,262)
33 AIRPORT RENTAL PROPERTIES	417,499	641,728	518,119	581,554	545,213	(36,340)
41 PORT ANGELES BOAT HAVEN	929,786	999,922	863,478	899,606	868,790	(30,817)
43 JOHN WAYNE MARINA	1,007,213	971,564	1,111,273	1,161,038	1,105,141	(55,897)
61 RENTAL PROPERTIES	110,585	134,084	161,781	128,231	135,757	7,526
80 ADMINSTRATIVE	1,104,591	1,373,609	2,349,244	1,450,509	1,545,686	95,177
81 ECONOMIC DEVELOPMENT	400,705	335,219	348,341	474,794	422,709	(52,085)
82 IT				-	81,497	81,497
90 NON-OPERATING		-	-	-	2,885	2,885
91 MECH SHOP	164,703	173,928	169,695	229,152	233,110	3,958
92 FACILITIES MAINTENANCE	316,266	246,008	302,370	384,121	451,493	67,372
<b>TOTAL DIRECT EXPENSES</b>	<b>7,533,398</b>	<b>8,192,421</b>	<b>9,678,692</b>	<b>8,930,509</b>	<b>9,208,838</b>	<b>278,329</b>
<b>ALLOCATED EXPENSES</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET SURPLUS (DEFICIT) - Before Depreciation</b>	<b>2,871,913</b>	<b>2,772,930</b>	<b>1,354,647</b>	<b>2,781,057</b>	<b>1,347,317</b>	<b>(1,433,740)</b>
<b>ALLOCATED DEPRECIATION</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(0)</b>
<b>DEPRECIATION</b>	<b>2,735,993</b>	<b>2,692,500</b>	<b>3,140,216</b>	<b>3,624,113</b>	<b>3,227,696</b>	<b>(396,417)</b>
<b>NET SURPLUS (DEFICIT) - After Depreciation</b>	<b>135,920</b>	<b>80,430</b>	<b>(1,785,569)</b>	<b>(843,056)</b>	<b>(1,880,379)</b>	<b>(1,037,323)</b>
<b><u>NON-OP (GENERAL)</u></b>						
NON-OP REV (General)	308,731	1,308,753	1,330,849	1,227,600	1,025,390	(202,210)
NON-OP EXP (General)	2,759,303	(529,498)	(2,275,334)	121,797	235,866	114,069
<b>NON-OP (General) SURPLUS (DEFICIT)</b>	<b>(2,450,573)</b>	<b>1,838,251</b>	<b>3,606,184</b>	<b>1,105,803</b>	<b>789,524</b>	<b>(88,141)</b>
<b><u>NON-OP (CAPITAL)</u></b>						
NON-OP REV (Capital)	2,583,163	8,822,521	7,671,334	10,574,502	12,632,606	2,058,104
NON-OP EXP (Capital)	55,329	45,228	35,776	11,232	47,418	36,186
<b>NON-OP (Capital) SURPLUS (DEFICIT)</b>	<b>2,527,834</b>	<b>8,777,293</b>	<b>7,635,558</b>	<b>10,563,270</b>	<b>12,585,188</b>	<b>2,021,918</b>
<b>NET NON-OP SURPLUS (DEFICIT)</b>	<b>77,261</b>	<b>10,615,544</b>	<b>11,241,742</b>	<b>11,669,073</b>	<b>13,374,712</b>	<b>1,933,777</b>
<b>TOTAL NET SURPLUS (DEFICIT)</b>	<b>213,181</b>	<b>10,695,974</b>	<b>9,456,173</b>	<b>10,826,017</b>	<b>11,494,333</b>	<b>896,453</b>

## 2025 Projections

	Direct Revenues	Direct Expenses	Contribution Margin	
Marine Terminal	2,248,689	1,415,061	833,628	20%
Marine Trades Area	828,576	368,472	460,104	11%
Log Yard	958,180	1,370,512	(412,331)	-10%
Fairchild Airport	506,088	633,713	(127,624)	-3%
Sekiu Airport	17,917	28,799	(10,882)	0%
Airport Rental Properties	1,681,870	545,213	1,136,657	28%
PA Boat Haven	2,042,190	868,790	1,173,400	29%
John Wayne Marina	2,053,968	1,105,141	948,827	23%
Rental Property	218,675	135,757	82,918	2%
	<u>10,556,155</u>	<u>6,471,458</u>	<u>4,084,696</u>	
			<u>2,734,495</u>	
			<u>1,350,202</u>	



**REGULAR COMMISSION MEETING**  
**Tuesday, August 26, 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/>

Steve Burke, Commissioner  
Colleen McAleer, Commissioner  
Connie Beauvais, Commissioner  
Paul Jarkiewicz, Executive Director  
Chris Hartman, Director of Engineering

Jennifer Baker, Director of Finance & Admin  
Martin Marchant, Marine Trades Manager  
Jesse Waknitz, Senior Environmental Manager  
James Alton, Airport Manager  
Jenna Riley, Clerk to the Board

**I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:36)**

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

**II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:37-2:41)**

James Taylor, of Port Angeles, WA, spoke about the Working Forests Coalition of Washington flyer and the need to establish a community forum to reach a broader audience.

**III. APPROVAL OF AGENDA (2:42-3:28)**

- Discussion
- Motion to approve the agenda as amended: Comm. McAleer
- 2<sup>nd</sup>: Comm. Beauvais
- Vote: 3-0 (Unanimous)

**IV. WORK SESSION (3:29-50:10)**

**A. Cash & Investment Report**

- Presentation: Jennifer Baker
- Discussion
- No Action

**B. June Financial Report**

- Presentation: Jennifer Baker
- Discussion
- No Action

**C. Strategic Pillars**

- Presentation: Paul Jarkiewicz
- Discussion
- No Action

**D. Reading of the Letter from the City of Port Angeles regarding the Petrocard Indian Creek Oil Spill**

- Presentation: Paul Jarkiewicz
- Discussion
- No Action

**V. APPROVAL OF CONSENT AGENDA (50:11-53:14)**

**A. Regular Commission Meeting Minutes – August 12, 2025**

**B. Vouchers in the amount of \$395,195.53**

- Discussion
- Motion to approve the consent agenda as amended: Comm. Beauvais
- 2<sup>nd</sup>: Comm. McAleer
- Vote: 3-0 (Unanimous)

**VI. COMPLETION OF RECORDS**

No items

**VII. PLANNING AND CAPITAL PROJECTS**

No items

**VIII. LOG YARD**

No items

**IX. MARINE TRADES AND MARINE TERMINALS (53:15-59:31)**

- A. Item for Consideration – Professional Service Agreement – Floyd | Snider K-Ply Cleanup Site – Work Order #7, Amendment #2
- Presentation: Jesse Waknitz
  - Discussion
  - Motion to authorize the Executive Director to execute Amendment #2 for the Professional Services Agreement with Floyd | Snider for Work Order #7, in the amount of \$62,540, and to make minor amendments to the work order as may be needed: Comm. Beauvais
  - 2<sup>nd</sup>: Comm. McAleer
  - Vote: 3-0 (Unanimous)

**X. PROPERTY**

No items

**XI. MARINAS (59:32-1:15:06)**

- A. Item for Consideration – EPS (Expanded Polystyrene) Flotation Policy and Marina Rules Update
- Presentation: Paul Jarkiewicz
  - Discussion
  - Motion to approve the proposed EPS flotation policy and authorize the Executive Director to amend the Port of Port Angeles Marina Rules and Regulations accordingly, effective August 26, 2025, as amended: Comm. McAleer
  - 2<sup>nd</sup>: Comm. Beauvais
  - Vote: 3-0 (Unanimous)

**XII. AIRPORTS (1:15:07-1:21:35)**

- A. Item for Consideration – FAA Airport Improvement Program (AIP) (046) Grant Agreement Offer for Taxiway A Reconstruction/Rehabilitation (Construction), Resolution No. 25-1328
- Presentation: James Alton
  - Discussion
  - Motion to introduce Resolution No. 25-1328 accepting the Airport Improvement Program (046) Grant funding from the Federal Aviation Administration for Taxiway Reconstruction / Rehabilitation (Construction): Comm. Beauvais
  - 2<sup>nd</sup>: Comm. McAleer
  - Vote: 3-0 (Unanimous)
  - Motion to waive second consideration: Comm. McAleer
  - 2<sup>nd</sup>: Comm. Beauvais
  - Vote: 3-0 (Unanimous)
  - Motion to adopt Resolution No. 25-1328 accepting the Airport Improvement Program (046) Grant funding from the Federal Aviation Administration for Taxiway Reconstruction / Rehabilitation (Construction): Comm. McAleer
  - 2<sup>nd</sup>: Comm. Beauvais
  - Vote: 3-0 (Unanimous)
  - Motion to authorize the Executive Director to sign and submit the corresponding FAA AIP grant application for \$5,692,773.45 for the Taxiway Reconstruction/Rehab



(Construction) project, and to make any minor changes as may be needed: Comm. Beauvais

- 2<sup>nd</sup>: Comm. McAleer
- Vote: 3-0 (Unanimous)

### **XIII. OTHER BUSINESS**

No items

### **XIV. ITEMS NOT ON THE AGENDA (1:21:36-1:21:54)**

### **XV. COMMISSIONER REPORTS (1:21:55-1:31:26)**

Comm. McAleer shared about attending the Washington Economic Development Association Conference (WEDA).

Comm. Beauvais shared about the meeting of the Clallam County Revenue Advisory Committee and the continued pause of \$7.9 million worth of sales by the Department of Natural Resources (DNR).

### **XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (1:31:27-1:31:35)**

None

### **XVII. FUTURE AGENDA**

### **XVIII. NEXT MEETINGS (1:31:36-1:31:53)**

- A. September 9, 2025 – Regular Commission Meeting
- B. September 23, 2025 – Regular Commission Meeting
- C. October 14, 2025 – Regular Commission Meeting
- D. October 28, 2025 - Regular Commission Meeting

### **XIX. UPCOMING EVENTS**

- A. September 14-17, 2025 – NAFTAZ Conference, Kansas City, MO
- B. September 25-26, 2025 – WPPA Environmental Seminar, Union, WA
- C. October 6-8, 2025 – AAPA, Quebec City, Canada
- D. November 19-21, 2025 – WPPA Annual Meeting, Tacoma, WA
- E. November 20-22, 2025 – Pacific Marine Expo, Seattle, WA
- F. December 15-17, 2025 – International Workboat Show, New Orleans, LA

**Recessed Regular Meeting: 10:33 am**

### **XX. EXECUTIVE SESSION**

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 90 minutes. Following the executive session, the Commission may take action.
- Discussion:
  - One (1) item concerning real estate sale, purchase, or lease. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(c)
  - Three (3) items concerning legal or financial risk. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i)
  - One (1) item concerning the performance of a public employee. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(g)
- Recess: 2 minutes



- Start Time: 10:35 am
- Extended: 10 minutes
- End Time: 12:15 pm

Public Session of Commission Meeting Reconvened: 12:09 pm

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

**Regular Meeting Resumed: 12:09 pm**

**XXI. ADJOURN (1:33:26-1:33:38)**

Comm. Burke adjourned the meeting at 12:09 pm.

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

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Steven Burke, President

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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 August 21, 2025 – September 3, 2025**

CERTIFICATION

**Accounts Payable**

	<b>Begin</b>	<b>End</b>	
	<b>Check #</b>	<b>Check #</b>	
<b>For General Expenses and Construction</b>			
Accts Payable Checks (computer)	419666	419704	\$ 367,776.12
Voided/Zero Payable			\$ -
Accts Payable ACH	005752	005796	\$ 151,024.71
VOIDED/ZERO PAYABLE ACH			
Wire Transfer - Expenses			
Wire Transfer - Excise Tax			\$ 6,665.06
Wire Transfer - Leasehold Tax			
<b>Total General Expenses and Construction</b>			<b>\$ 525,465.89</b>

**Payroll**

Employee Payroll - Draws (Direct Deposit)			
Voided Payroll Check	005696, 005710, 005723		\$ -
Employee Payroll Checks PPD (Direct Deposit)	005668	005732	\$ 124,516.23
Wire Transfer - (Payroll Taxes, Retirement, Deferred Comp, L&I, PFML)			\$ 68,267.50
<b>Total Payroll</b>			<b>\$ 192,783.73</b>
<b>Total General Exp &amp; Payroll</b>			<b>\$ 718,249.62</b>

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](mailto:jenniferb@portofpa.com)

# MONTHLY REPORT TO THE BOARD OF PORT COMMISSIONERS

## August 2025

SUBJECT: REPORTS REQUIRED UNDER THE PROVISIONS OF THE DELEGATION OF AUTHORITY

REPORT	NO ACTION	ATTACHED
Lease Renewals/Options and 1 Year or Less Agreements at Market Rates; Leases, Assignments, Subleases, Berthage/Dockage, & Miscellaneous (Use, Equipment, Hangar, Marina Slips)		X
Lease Bond, Rental Insurance Deviations		
Work Contracts (\$50,000 or less) Executed		
Work Contracts Completed		
Change Orders Authorized		
Work by Port Crews or Day Labor (\$50,000 or less)		
Claims Settled		
Professional & Consulting Services Awarded and Architectural, Engineering & Technical Services Awarded		X
Fees Waived		
Uncollectible Accounts Written Off		
Experts Engaged for Litigation		
Grant Applications/Award		
Travel Outside WA, OR, ID and BC, Canada		
Surplus Personal Property (under \$10,000)		



LEASES, RENEWALS, AMENDMENTS, MISC. AGREEMENTS AND OPTIONS EXECUTED  
OF ONE YEAR OR LESS APPROVED BY EXECUTIVE DIRECTOR  
(In Accordance with the Delegation of Authority, Resolution 24-1290 dated 1.09.2024)

**AUGUST 2025**

TENANT NAME	DOCUMENT	LOCATION	FORM OF SURETY	SQ FEET	TERM	MONTHLY RENT
Port to Clallam County	License (County Fair)	Airport Road near Hangars 100-400	Govt. Exempt	Public Parking	August 14-17, 2025	Waived
Olympic Hiking Co.	Memorandum of Understanding to negotiate Term Lease	720 Marine Drive	\$50,000 Bond on file	1300 SF Bldg	Amend to add two months. (Now ends 10.31.25)	N/A

**PROFESSIONAL & PERSONAL SERVICES**  
**AWARDED BY THE EXECUTIVE DIRECTOR**  
(In Accordance with Delegation of Authority)  
**August 2025**

<b>CONSULTANT</b>	<b>PROJECT</b>	<b>EST. COST</b>	<b>OTHER CONTRACT PROVISIONS</b>
Personal Services: Miller & Company P.C. Attorneys at Law	Foreign Trade Zone No. 303 – FTZ Counsel	\$10,000.00	\$550.00/hr Contract NTE \$10,000.00
Kennedy/Jenks Consultants, Inc.	Log Yard Site & Stormwater Improvements	Amendment 05 \$35,565.00	Contract NTE \$794,565.00

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

**September 9, 2025**

**SUBJECT: PORT INFRASTRUCTURE DEVELOPMENT PROGRAM GRANT  
APPLICATION – PORT RESOLUTION NO. 25-1329**

**Presenter: Chris Hartman, Director of Engineering**

**RCW & POLICY REQUIREMENTS:**

A resolution authorizing the Executive Director to submit a grant application, certifying the Port has the required matching funds available, and, if successful, execute a funding award per the Delegation of Administrative Authority Section XVIII under Port Resolution 24-1290.

**BACKGROUND:**

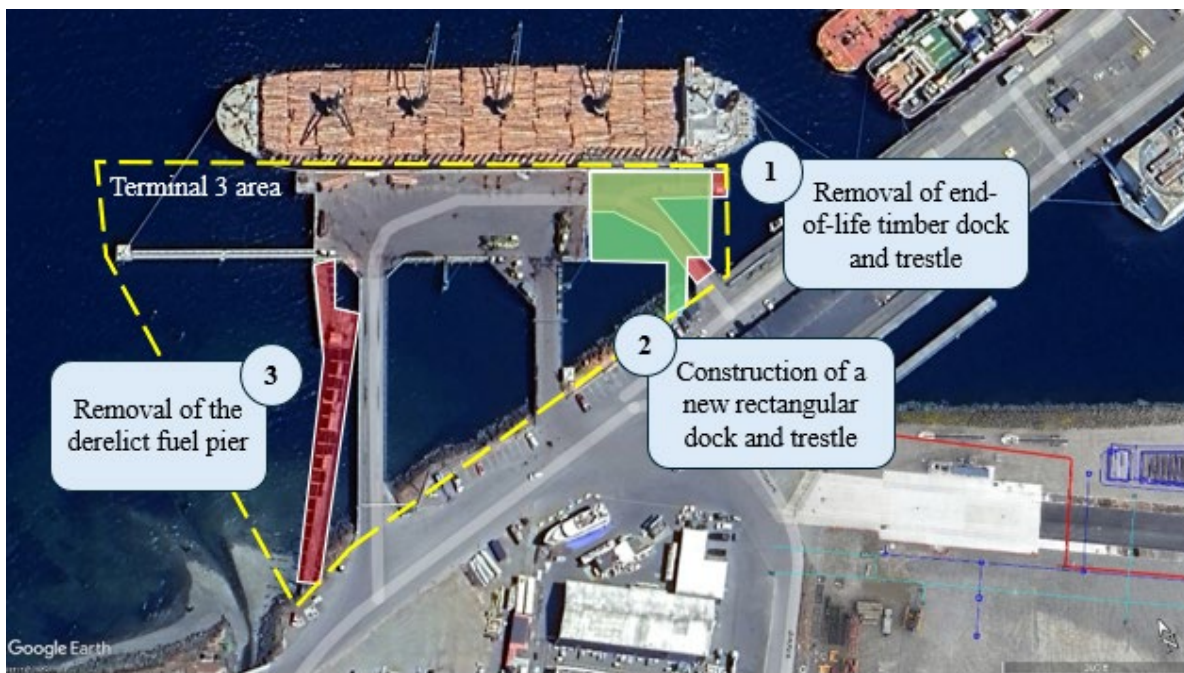
On August 12, 2025, the Port Commission passed Resolution 25-1325, which authorizes the Port Team to apply for the 2025 Port Infrastructure Development Program (PIDP) and provide a 20% match (\$2,250,000) from its 2026 Capital Budget.

The Port has been working with a consultant team from Moffatt & Nichol to develop 30% design and engineering documents for our 2025 PIDP application. On September 3, Moffatt & Nichol shared the cost estimate for completing Terminal 3 Cargo Efficiency Upgrades. The total project cost is estimated to be \$14,250,000. This exceeded the original \$11.25M project limit that the Port Team anticipated for the “Small Project at a Small Port” category.

Since then, the Port Team has learned that it is able to apply for up to \$11.25M in federal funds (not including local match) while staying within the “Small Project at a Small Port” category. The Team now seeks Commission approval to submit an application for a total project cost of \$14,250,000, which would allow the Port to construct the full project as designed and gain significant cargo efficiencies.

As discussed at the August 12, 2025, meeting, this funding application is for major upgrades to Terminal 3:

- Removal of Terminal 3’s eastern wooden dock and trestle
- Construction of a new rectangular dock with trestle on Terminal 3’s east side
- Removal of the derelict fuel pier (“Chevron trestle”) adjacent to Terminal 3’s west side



The project scope was defined through an alternatives analysis process undertaken by the Port in collaboration with its consultant, Moffatt & Nichol, during Q2 2025. Four alternatives were considered, and the Port Team selected this alternative due to its operational improvements and an appropriately scaled budget. This planning work, which includes a preliminary engineering report and environmental narrative, was funded by the Economic Development Administration (EDA) Public Works & Economic Adjustment Assistance (PWEAA) grant awarded to the Clallam Economic Development Council (EDC) in January 2025.

### **ANALYSIS:**

Resolution 25-1329 authorizes the Executive Director to submit additional grant application material, sign the grant agreement if the Port is awarded funding, and commit grant matching funds.

### **ENVIRONMENTAL IMPACT:**

The Port Team anticipates that the project will require a full NEPA review process, including an Environmental Impact Statement (EIS), due to the in- and over-water nature of the work.

According to the Puget Sound Nearshore Habitat Conservation Calculator, the demolition and removal of creosote-treated piles from the Chevron trestle and Terminal 3's eastern pier and trestle will provide more than adequate mitigation for the construction of a new rectangular pier and trestle. It is possible the Port could store excess credits in a ledger within Puget Sound Partnership to use on future projects.

The following table includes a comprehensive list of permits, approvals, and reviews that will be required to complete the project.

Environmental Review/Permit/Approval	Agency/Contact	Documents/Application
Section 10/404 Permit	US Army Corps of Engineers (USACE)	Joint Aquatic Resource Permit Application (JARPA), Mitigation Plan (if needed)
Section 106 National Historic Preservation Act	WA State Department of Archaeological and Historic Preservation (DAHP), interested tribes	Cultural Resources/Historic Structures Survey
Section 7 ESA Consultation	NMFS, USFWS	SSNP/BE/BA/EFHA, NMFS Calculator, eelgrass survey, Mitigation Plan (if needed)
National Environmental Policy Act (NEPA)	Federal Funding Agency if Federal Funding is received; otherwise, USACE, which conducts in-house	Categorical Exclusion (CATEX) or Environmental Assessment (EA) depending on federal lead
Clean Water Act (CWA) Section 401 Water Quality Certification (WQC)	Washington State Department of Ecology (Ecology)	JARPA, Water Quality Monitoring Plan
Coastal Zone Management (CZM) Consistency	Ecology	CZM Form
Hydraulic Project Approval (HPA)	Washington Department of Fish and Wildlife (WDFW)	HPA online form, Mitigation Plan (if needed)
SEPA Checklist and Mitigated Determination of Non-significance (MDNS) or DNS	Port	SEPA Checklist, technical support surveys if needed
Shoreline Substantial Development Permit (SSDP) or Exemption	City	JARPA, City SSDP form, SEPA Checklist
Western Port Angeles Cleanup Area Manager	Ecology	JARPA

The Port is working closely with the Moffatt & Nichol consulting team to prepare permit documentation and anticipates initiating the consultation process with the U.S. Army Corps of Engineers before the end of 2025.

#### **FISCAL IMPACT:**

The Port Team is applying for a “small project at a small port,” the project category where the Port’s projects have been most competitive. These awards are capped at \$11.25 million in federal funds, not including local match. A high-level cost estimate is below (numbers rounded to the nearest dollar):

	Total Cost	Port	PIDP
Construction of a new rectangular pier and trestle	\$13,223,647.00	\$2,783,925	\$10,439,722
Timber pier/trestle demo	\$478,701.00	\$100,779	\$377,922
Chevron trestle demo	\$547,652	\$115,295	\$432,357
<b>Terminal 3 Cargo Efficiency Upgrades (TOTAL)</b>	<b>\$14,250,000</b>	<b>\$3,000,000</b>	<b>\$11,250,000</b>

The \$3,000,000 local match from the Port's 2026 Capital Budget is 21.5% of the total project cost. While only a 20% match is required, exceeding that threshold results in a higher score during the review process.

**RECOMMENDED ACTION:**

Introduce Resolution No. 25-1329. If unanimous approval is given to introduce, then adopt Resolution No. 25-1329. If passed, Resolution No. 25-1329 will revoke and replace the previous Resolution, No. 25-1325, passed on August 12, 2025, and to allow the Executive Director to amend the Port's application and to receive and sign the grant agreement should the Port be awarded funding, and to make minor changes to either document as may be required or needed.

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORT ANGELES WASHINGTON, COMMITTING MATCHING FUNDS AND AUTHORIZING THE EXECUTIVE DIRECTOR TO APPLY FOR A FEDERAL MARITIME ADMINISTRATION GRANT FOR TERMINAL 3 CARGO EFFICIENCY UPGRADES.**

**WHEREAS**, the Maritime Administration (MARAD) of the U.S. Department of Transportation administers the Port Infrastructure Development Program, which makes grant funds available for projects that will improve safety, efficiency, or reliability of the movement of goods into, out of, around, or within a port; and

**WHEREAS**, the Port of Port Angeles has the ability and opportunity to make needed improvements to Terminal 3 with the assistance of federal funding; and

**WHEREAS**, since the 1960s, Terminal 3 has provided critical infrastructure and cargo handling services that connect the local forest products industry to domestic, near-foreign, and foreign markets; and

**WHEREAS**, components of Terminal 3's infrastructure have reached the end of their useful life, and now present load limitations and safety risks that hinder the Port's ability to handle cargo in the most efficient manner possible; and

**WHEREAS**, the proposed Cargo Efficiency Upgrades the Port's Terminal 3 will streamline cargo handling operations and strengthen its resilience to operational disruptions, whether natural or human-caused; and

**WHEREAS**, investment in Terminal 3 will allow the Port to better capitalize on its advantages, such as access to significant fiber supplies and Marine Highway 5 (M-5), to support economic development initiatives; and

**WHEREAS**, the Port of Port Angeles was notified by MARAD that \$11,250,000 in federal funds may be awarded to "Small Projects at Small Ports," not including local match; and

**WHEREAS**, the total project cost has been estimated at \$14,250,000 by the Port's qualified consultant team; and

**WHEREAS**, matching funds of \$3,000,000, or 21.5% of the total project, are available and dedicated for this use and will be detailed in the Port's 2026 Budget; and

**WHEREAS**, the Port of Port Angeles finds that an application should be submitted for consideration by MARAD, and that such submission will promote movement of goods in the region, provide crucial market access for local industries, and increase the Port's competitive edge; and

**23-1329 Continued**

**WHEREAS**, Resolution 25-1325, passed on August 12, 2025, authorized a \$2,250,000 match from the Port’s 2026 budget and an original project total of \$11,250,000, and the Port now desires to increase its total matching funds to allow for a higher overall project cost.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Port of Port Angeles, Washington, as follows:

- 1. That the Executive Director is hereby authorized to apply to the MARAD, for and on behalf of the Port of Port Angeles, for PIDP funding in the approximate amount of \$11,250,00, or 78.5% of the total project cost, for Terminal 3 Cargo Efficiency Upgrades; and
- 2. That the Executive Director is hereby further authorized to provide such additional information as may be necessary to secure approval of such application; and
- 3. That, in the event such application is approved, the Executive Director is authorized to enter into an agreement for such funding; and
- 4. That Resolution 25-1325 is hereby rescinded and replaced by this Resolution; and
- 4. That this Resolution shall be effective upon passage and signatures listed below in accordance with the law.

ADOPTED by the Board of Commissioners of the Port of Port Angeles at a regular meeting thereof held this 9th day of September 2025.

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

\_\_\_\_\_  
Steven D. Burke, President

\_\_\_\_\_  
Colleen M. McAleer, Vice-President

\_\_\_\_\_  
Connie L. Beauvais, Secretary



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

Date: September 9, 2025

SUBJECT: New Term Lease – Olympic Hiking Company LLC

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:**

This potential tenant desires to lease the office building at 720 Marine Drive, formerly used by Blake Sand & Gravel. Olympic Hiking Company LLC, (OHC) which is a local company in business for ten years plans to use the building as their headquarters and tour gathering office. OHC's business is providing tours of the Olympic Peninsula and beyond, and business is doing well and the owner is ready to expand.

The interior of this building was fully demolished down to the bare floor by the Port in 2024. This building condition is not tenant-ready. In coordination with OHC, the Port Facilities Team has restored the property to minimum rentable status, with an even floor, restrooms, and some interior walls. The value of these improvements and FM Staff time will be capped at \$50,000. OHC has provided a surety bond in the amount of \$50,000 in favor of the Port for these improvements for their future tenancy.

**Port Area:** Marine Trades.

**Address:** 720 Marine Drive, Port Angeles.

**Leased Space:** Building 1,300 SF, with adjacent land of 14,600 SF.

**Use:** Company tour meeting space and offices for recreational tourism.

**Proposed Rate:** The base rent is \$1.00/SF The proposed base rent is \$1.00/SF x 1,300 SF = \$1,300/month. The adjacent land for parking is included with the base rent.

Leased Area	Sq Ft	Rate/SF	Monthly Rate
Office	1,300	\$1.000	\$ 1,300.00
Adjacent Land	14,600	included	\$ -
<b>Base Rent</b>			<b>\$ 1,300.00</b>
Leasehold Excise Tax		12.84%	\$ 166.92
<b>Monthly Payment</b>			<b>\$ 1,466.92</b>

**Non-standard terms requiring Commission approval:**

1. The Port of Port Angeles staff will complete renovations on the leased premises for a value up to \$50,000. Specific renovations will be agreed to by the parties and memorialized in the lease.

**Financial Security:** A Surety Bond is required prior to the Port staff beginning renovations. A Surety Bond was provided to the Port which commenced on August 1, 2025 in the amount of \$50,000. A Surety Bond or Financial Institution Letter of Credit will be in place for the duration of the lease.

**Escalation:** Annual consumer price index adjustments to base rent.

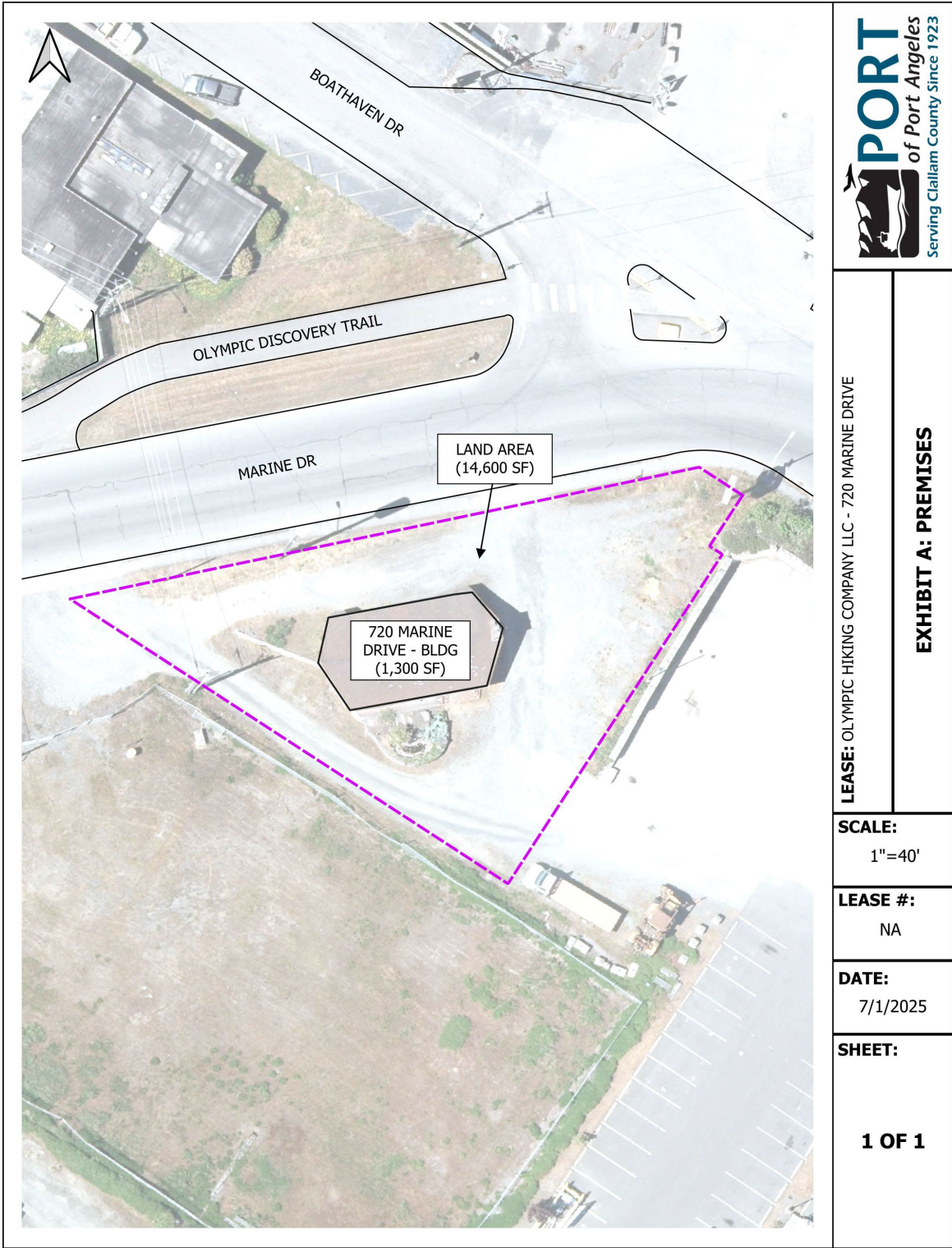
**Commencement Date:** Projected to be November 1, 2025 based on the timeline of the Port renovations to be rent-ready.

**Term:** Ten years.

**Options to Renew:** Two five-year options to renew with the Port's consent.

**Fiscal Impact of The Lease:** Annual Revenue is \$1,300 x 12 = \$15,600.

**RECOMMENDED ACTION:** On a motion and second, Staff recommends the Commission authorize the Executive Director to sign a term lease with Olympic Hiking Company LLC, per the terms and conditions presented.



## COMMERCIAL LEASE

**THIS COMMERCIAL LEASE** (“Lease”) is made and entered into as of the date last written below, by and between the **PORT OF PORT ANGELES**, a Washington municipal corporation (the “Port”), and **OLYMPIC HIKING COMPANY LLC**, a Washington 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 Street #301  
Port Angeles, WA 98362

**Lessee:** Olympic Hiking Company LLC  
720 Marine Drive  
Port Angeles, WA 98362

**Premises:** 1,300 square feet of office with 14,600 square feet of adjacent land located at 720 Marine Drive in 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:

(Intentionally left blank)

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Ownership of Fixtures will revert to the Port under Section 4.4.

Initials:

\_\_\_\_\_  
Port

\_\_\_\_\_  
Lessee

**Use of Premises:** Company tour meeting space and offices for recreational tourism.

**Benefit to the Public:** None.

**Access Commencement Date:** Lessee may have non-exclusive access to the Premises as of the first day Tenant posts the required Construction Surety Bond in amount of \$50,000 with the Port. This access is for the purpose of Tenant’s review of Renovations, as that term is defined herein below, which are expected to be completed prior to the Lease Commencement Date.

**Lease Commencement Date:** November 1, 2025.

**Term:** Ten years from November 1, 2025 through October 31, 2035.

**Extensions:** Two (2) five-year extensions.  
[X] Requires Port consent, at Port’s sole discretion.

**Base Rent:**

Leased Area	Sq Ft	Rate/SF	Monthly Rate
During Construction Lessee will Provide a Surety Bond of \$50,000			
<b>Beginning Nov. 1</b>			
Office	1,300	\$1.000	\$ 1,300.00
Adjacent Land	14,600	included	\$ -
<b>Base Rent</b>			<b>\$ 1,300.00</b>
Leasehold Excise Tax		12.84%	\$ 166.92
<b>Monthly Payment</b>			<b>\$ 1,466.92</b>

**Financial Security (see Section 5.4 for more information):** Surety Bond or Financial Letter of Credit in the amount of \$50,000.

**Additional Unique Terms and Conditions:**

1. The Lessee has executed a 90-day Memorandum of Understanding on May 30, 2025, for the negotiation of terms for the proposed lease.
2. The Lessee will provide a Renovation surety bond in favor of the Port of Port Angeles in the amount of \$50,000 which may be replaced with a standby letter of credit of even amount on or after Commencement Date.
3. The Port of Port Angeles staff will undertake and complete the Renovations on the leased Premises as described in **Exhibit C** attached hereto, in an amount not to exceed \$50,000 no later than Commencement Date (“Renovations”).

## 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 ten (10) years beginning November 1, 2025, through October 31, 2035. If Lessee takes exclusive 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, Lessee may renew this Lease for two (2) consecutive 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 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. Failure of Lessee to give required notification may, at the discretion of the Port, result in the option(s) being null and void. 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, Common Area Maintenance ("CAM") Expenses (if any) as that term is defined herein below, applicable Washington State leasehold excise tax, consistent with RCW Chapter 82.29A relating to leasehold excise tax, and any subsequent revision or amendment thereto, 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. For 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 Port may, in its discretion, adjust the Base Rent hereunder upon the provision of written notice prior to the anniversary of the Commencement Date. Upon the provision of such notice, the rental rate shall be automatically adjusted effective upon the month of the anniversary of the Commencement Date, based on the previous month's Consumer Price Index, 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, over the last full 12-month period immediately preceding the anniversary of the Commencement Date for which such data are available. If the resulting rent rate adjustment is negative, then the rental rate shall not be decreased but shall remain the same as the preceding period.



3.2 **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.

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

#### **ARTICLE IV**

##### **Use of Premises, Condition of Property, Improvements, Removal of Property, Maintenance, and Utilities**

4.1 **LESSEE’S USE OF THE PREMISES:** Lessee shall conduct only the following activity on the Premises: Meeting space and uses for recreational tourism business (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 the Port’s consent, in the Port’s sole discretion, which shall be evidenced by a validly executed written 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:** Subject to the completion of the Renovations as defined herein above in Article I, 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 at Lessee's expense upon sixty (60) days' written notice from the Port.

4.4 **TITLE TO LESSEE IMPROVEMENTS, FIXTURES AND PERSONAL PROPERTY AT LEASE TERMINATION:** 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, including the Renovations defined in Article I herein above, are owned by and title thereto is vested in the Port. Prior to Lease Termination, Lessee shall remove the following from the Premises:

- a. All equipment;
- b. All personal property;



- c. 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 Lessee removes any part of a structure, including the items listed above (“**Removal Items**”), from the Premises, it shall be obligated to remove all thereof, except such portions as the Port may desire to leave remaining, including the foundation. The Lessee will correct any environmental issues. The Port may require Lessee to remove all or any portion of the Removal Items from the Premises, upon the Port’s written notification to Lessee within 30 days of the expiration of this Lease. In the event any Removal Items are removed by Lessee, Lessee shall restore the Premises to the condition they were in prior to their construction.

4.4.1 If any of the Removal Items are not removed from the Premises by Lease Termination 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 Removal Items remaining on the Premises are required to be removed therefrom by Lessee, if Lessee has not completed the removal, the Port may remove any or all of the Removal Items and dispose of them without liability to Lessee, and at Lessee’s cost. The Port shall not be required to mitigate its damages, to dispose of the Removal 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 Removal 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; and or

b. Claim and take title in the Port to any or all Removal Items, however, the Port retains the option to decline ownership at Lease termination; and/ or

- c. Commence suit against Lessee for damages or for specific performance.

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

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

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

Initials:

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Port

\_\_\_\_\_  
Lessee

4.5 **MAINTENANCE OF PREMISES:** The maintenance and repair of the Premises are the sole responsibility of Lessee, except as set forth in the Maintenance Inclusion List attached hereto as **Exhibit B** and incorporated herein by this reference; PROVIDED, however, that the Port shall be responsible for repairing at its own cost interior damage reasonably related to a roof leak, and conditioned upon Lessee notifying the Port in writing immediately and not more than 24 hours after discovering any indication of a roof leak. Lessee shall maintain the Premises in good condition, and shall repair all damage caused by Lessee, its employees, agents, licensees, invitees or anyone on the Premises as a result of Lessee's activities. In lieu of common area maintenance charges, Lessee's exterior Premises maintenance and repair responsibilities include, without limitation and by way of example only, mowing, general landscape maintenance, snow removal, parking lot sweeping, parking lot striping, and parking lot, curb and sidewalk repairs. The Port and Lessee specifically acknowledge and agree that the Port has no responsibility to maintain, repair or replace the Lessee-owned Improvements described in Article I above, if any.

Initials:

\_\_\_\_\_  
Port

\_\_\_\_\_  
Lessee

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 effective on November 1, 2025 or actual date of Occupancy. 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.

Meter Number(s) associated with this leased premises: **E8286, W14055104.**

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. To this end, the Port and Lessee hereby waive any rights each may have against the other as a result of any injury, loss or damage which is then insured against by either. This waiver is effective only to the extent that the insurance company(ies) actually pay(s) for such injury, loss or damage. In addition, the Port and Lessee agree to (1) cause their respective insurance companies to waive any right of subrogation, and (2) provide proof to the other Party within thirty (30) days after the execution of this Lease that such waivers have been successfully obtained from the respective insurance companies (if such proof is not provided within this thirty (30) day period, the other Party shall have the right to declare this paragraph to be ineffective). This paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.

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.** 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.

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 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.

**5.2.5 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.

**5.2.6 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.

**5.2.7 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.

**5.2.8 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.

**5.2.9 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.

**5.2.10 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.

**5.2.11 Notice of Cancellation:** Each insurance policy required herein shall expressly

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

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

5.4 **FINANCIAL SECURITY**:

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

✓ Other: Renovation Surety Bond in the amount of \$50,000.

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

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

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

5.4.5 Any Bond or Security 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 Security , also subject to the Port approval, to replace the Security being so terminated to be effective on or before the date of termination.

5.4.6 If the Port Commission exercises its discretion pursuant to RCW 53.08.085 to reduce or waive Lessee's Security 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 Security requirement up to that required by RCW 53.08.085, or such amount as determined by the Port Commission.

## **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. Each Party's obligations under this section shall survive the expiration or other termination of this Lease.

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

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

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



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

## 7.6 **DAMAGE AND DESTRUCTION:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.9.7 Any Lessee request to amend, sub-lease, or assign this Lease shall be conditioned by an amendment providing that the Base Rental Rate shall be adjusted to the prevailing Fair Market Rent. The Port may negotiate a reasonable schedule of periodic adjustments of the Fair Market Rent over a reasonable period of time, if the amount required to reach the Fair Market Rent in the sole discretion of the Port is substantial.

7.9.8 The Lessee must be in Good Standing as that term is defined herein below as a condition precedent to the Port's agreement to amend, sub-lease, or assign the Lease.

7.9.9 **"Good Standing"** Defined- The Lessee is in "good standing" if it is in full compliance with all obligations in their current Lease or past lease agreements, which includes inter alia timely payment of rent, adherence to specific terms of the Lease (property usage, etc.),

adherence to property boundaries, promotion of the Port, adherence to local/state/federal rules and regulations, adherence to Port regulations (notification of tenant improvements, permission, notice, etc.), and exercises good faith in its dealings with the Port.

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 one hundred and eighty (180) 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 any Collateral Agreements shall be deemed a material breach or default under the terms of this Lease. If any Collateral Agreements are terminated for a material breach or default of Lessee, then the Port shall, without limiting any other remedies it may have, be entitled to terminate this Lease upon five (5) days' written notice to Lessee.



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

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

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

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

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

TO THE PORT

Port of Port Angeles  
P.O. Box 1350  
Port Angeles, WA 98362

TO LESSEE:

Olympic Hiking Company LLC  
720 Marine Drive  
Port Angeles, WA 98362  
tommy@hikeolympic.com

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

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

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

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

7.17.1 The Port reserves the right to grant easements and other land uses on the Premises to others when the easement or other land uses applied for will not unduly interfere with the use to which Lessee is putting the Premises or interfere unduly with the approved plan of development for the Premises. A grant of easement or other land uses to third parties is subject to acknowledgment 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**: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of the Port under the Lease.

7.27 **ENTIRE AGREEMENT**: This Lease contains all of the understandings between the Parties. Each Party represents that no promises, representations or commitments have been made



by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either Party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Angeles, or its designee.

7.28 **COMMISSIONS AND FEES:** In the absence of any agreement between the Parties to the contrary, each Party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the Parties to the contrary, each Party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorneys' fees) obligations and causes of actions arising against or incurred by the other Party by reason of any claim for a real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying Party.

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

**LESSOR:**

**LESSEE:**

PORT OF PORT ANGELES

OLYMPIC HIKING COMPANY LLC

\_\_\_\_\_  
Paul S. Jarkiewicz  
Its: Executive Director

\_\_\_\_\_  
Thomas W. Farris Jr.  
Its: Owner

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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 **Thomas W. Farris Jr.**, to me known to be the Owner of **Olympic Hiking Company LLC**, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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

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

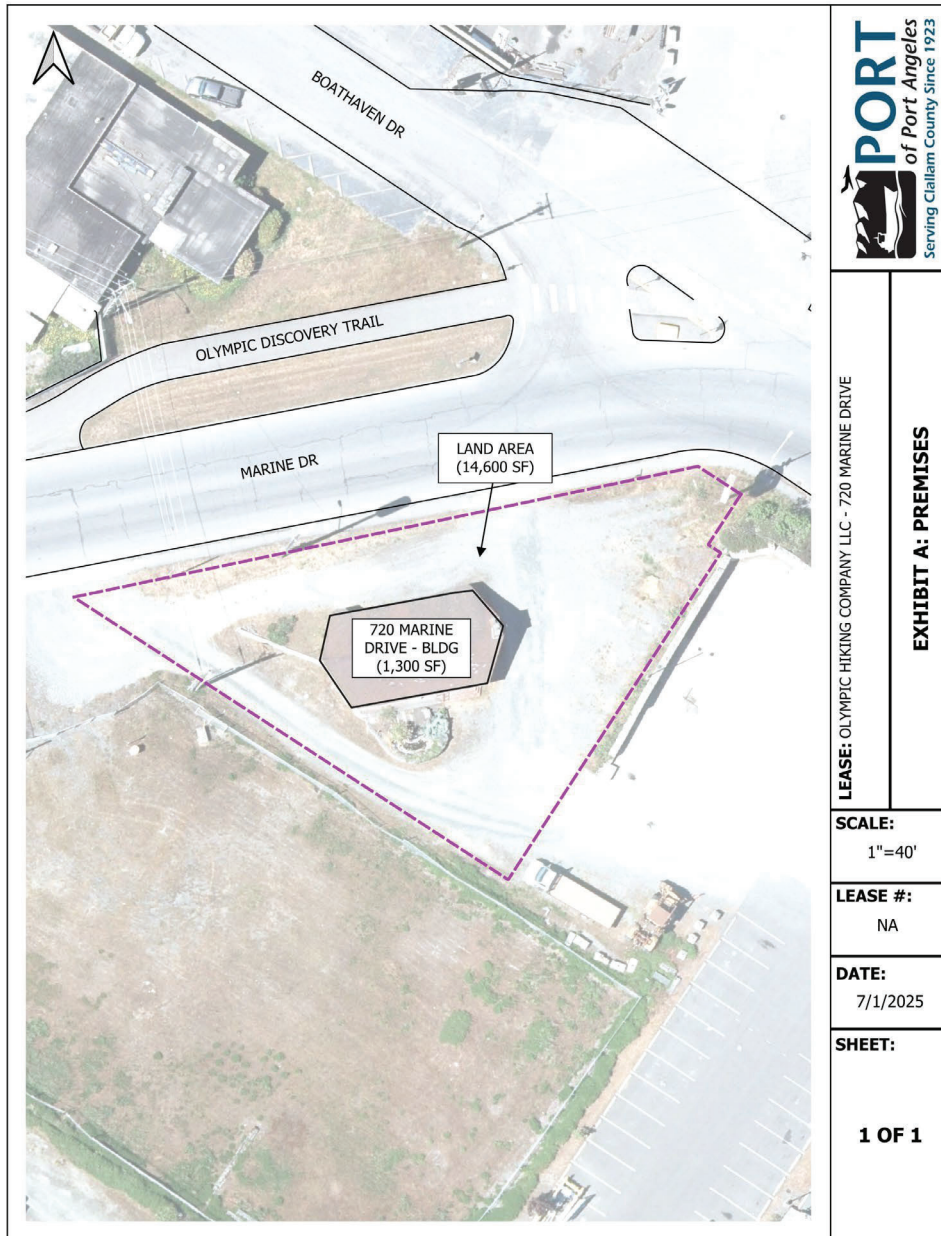
STATE OF WASHINGTON                    )  
  ) ss.  
County of Clallam                        )

On this \_\_\_\_\_ day of \_\_\_\_\_, 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

## **EXHIBIT B -Repair and Maintenance Inclusion List**

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

ACCESS ROADS  
CATCH BASINS, GRATES, FRAME  
DRINKING FOUNTAINS  
DRAINAGE PIPE  
ENTRANCES & STOREFRONTS  
ELECTRICAL SERVICE & DISTRIBUTION  
FIRE EXTINGUISHERS & CABINETS  
FOUNDATION DRAINAGE  
GLAZING  
GUTTERS & DOWNSPOUTS  
HYDRANTS  
HANDRAILS AND RAILINGS  
HVAC  
INSULATION  
MANHOLES & CLEANOUTS  
PAVING & SURFACING  
PAVEMENT MARKING & PARKING LINES  
PLUMBING (OUTSIDE OF TENANT LEASED SPACE)  
RESTROOM CLEANING, COMMON AREAS  
ROOFING SYSTEMS (DECKING)  
SANITARY SEWAGE SYSTEMS (EXTERIOR MAINS)  
SIDING  
STORM SYSTEMS  
THERMAL & MOISTURE PROTECTION  
WATER DISTRIBUTION (EXTERIOR MAINS)  
WEATHERSTRIPPING & SEALS

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

Initials: \_\_\_\_\_  
Port of Port Angeles

Initials: \_\_\_\_\_  
Lessee

## **EXHIBIT C**

### **Renovations to be completed by the Port prior to Occupancy**

The list of renovations will be agreed to, listed, and finalized on this Exhibit C prior to execution of this lease.

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

**September 9, 2025**

**Subject:     FAA AIRPORT IMPROVEMENT PROGRAM (046) GRANT  
              AGREEMENT OFFER FOR TAXIWAY A RECONSTRUCTION/REHAB  
              (CONSTRUCTION) – PORT RESOLUTION NO. 25-1330**

**Presented by: James Alton, Airport Manager**

**RCW & POLICY REQUIREMENTS:**

Under RCW 47.68.090, any city, county, airport authority, political subdivision, federally recognized Indian tribe, public corporation, or person(s) that owns and operates a public-use airport included in the Washington Aviation System Plan (WASP) is considered an eligible airport sponsor and may apply for WSDOT Airport Aid grant funds. Federal AIP grants for planning, development, or noise compatibility projects are at or associated with individual public-use airports (including heliports and seaplane bases). Further, to be eligible for a grant, an airport must be included in the National Plan of Integrated Airport Systems (NPIAS).

**BACKGROUND:**

The parallel Taxiway A system, including connector taxiways, is in need of rehabilitation and/or reconstruction. The Taxiway Reconstruction/Rehab project has been included in the FAA's AIP project list since 2022. However, the FAA prioritizes runway-related projects over taxiway projects, and Taxiway A has remained unfunded. In FY25, the Port is seeking AIP funds to complete the project.

The project will consist of a crack seal and slurry seal on the eastern portion of Taxiway A, which was last rehabilitated in 2009, and full reconstruction of the western portion of Taxiway A, which last received maintenance in 1998. The taxiway project will also include rehabilitation of connector Taxiways C, D, E, F, G, and H. Crack seal/slurry seal of Taxiway B is included as an ineligible bid schedule. Reconstruction of the west end is anticipated to extend the taxiway's useful life by 20 years, and rehabilitation of the east end will extend its life by 5 to 7 years.

This project is currently funded at 95% by FAA AIP funds and is included in the Port's 2025 Capital Budget.

**ANALYSIS:**

The Port seeks additional funding to keep the Taxiway A Reconstruction/Rehabilitation project moving forward.

A completed grant agreement requires a Commission-adopted resolution that authorizes submittal of signatures, states that matching funds are available, and indicates the support of elected officials.

**ENVIRONMENTAL IMPACT:**

None. Environmental assessments are complete.

**FISCAL IMPACT:**

Currently, the FAA funds projects at 95%. WSDOT will provide 2.5%, and the Port will be responsible for the remaining 2.5% non-federal share.

The proposed budget for this project is as follows:

	<b>FAA</b>	<b>WSDOT</b>	<b>Port</b>	<b>Total</b>
<b>Taxiway Reconstruction/Rehab (Construction)</b>	\$6,079,748.00	\$159,993.00	\$227,577.34	\$6,467,318.34

The Port's total share for this project is \$227,577.34. This includes \$67,583.34 for the rehabilitation of Taxiway B, which is not eligible for FAA funding. The Port has included \$270,000 for Taxiway 'A' reconstruction and rehabilitation for this project in its 2025 Capital Budget.

**RECOMMENDED ACTION:**

Introduce and adopt Resolution No. 25-1330, revoke and replace Resolution No. 25.1328, and authorize the Executive Director to sign and submit the corresponding FAA AIP grant application for \$6,079,748.00 for the Taxiway Reconstruction/Rehab (Construction) project, and to make any minor changes as may be needed.



**A RESOLUTION OF THE PORT OF PORT ANGELES, WASHINGTON,  
ACCEPTING AIRPORT IMPROVEMENT PROGRAM (046) GRANT  
FUNDING FROM THE FEDERAL AVIATION ADMINISTRATION FOR  
TAXIWAY RECONSTRUCTION / REHABILITATION (CONSTRUCTION).**

**WHEREAS**, the Port of Port Angeles, as sponsor, on behalf of the William R. Fairchild International Airport (CLM) accepts the FAA Airport Improvement Program (046) Grant offer for Taxiway Reconstruction/Rehab (Construction) and

**WHEREAS**, the Port of Port Angeles is an eligible public agency sponsor; and

**WHEREAS**, the total funding for the Projects is to be comprised of FAA Airport Improvement Program (AIP) funding under AIP 46, WSDOT Aviation grant funding, and local match funding from the Port; and

**WHEREAS**, the Port has the required sponsor match for the Projects (2.5% or \$227,577.34) set aside in its 2025 Capital Budget, which was approved and adopted on November 19, 2024; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Port Commission of the Port of Port Angeles, Washington, supports these projects, authorizes signatures to accept the grant offer from the Federal Aviation Administration.

**ADOPTED** by the Board of Commissioners of the Port of Port Angeles at a regular meeting thereof held this 9<sup>th</sup> day of September 2025.

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

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Steven D. Burke, President

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Colleen M. McAleer, Vice President

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Connie L. Beauvais, Secretary

Director,  
Ecosystem Management Coordination,  
201 14th Street SW, Mailstop 1108, Washington, DC 20250-1124

Via: Federal eRulemaking Portal

RE: FS-2025-0001-0001

The Port of Port Angeles is a county-wide Port District in Clallam County, Washington. The Port has a long history of supporting the sustainable and active management of forest lands in western Washington, including the Olympic National Forest. Many of the services we provide for our customers rely on a viable forest products industry. Because of this, we support the U.S. Forest Service’s proposal to rescind the 2001 Roadless Area Conservation Rule. This proposal represents a necessary step toward restoring responsible, science-based forest management and addressing the growing threat of catastrophic wildfire across our public lands.

For nearly a quarter of a century, the Roadless Rule has imposed blanket restrictions on road construction across almost 60 million acres of National Forest System lands. This rigid, one-size-fits-all policy has made it more difficult for land managers to carry out critical wildfire mitigation, restoration, and infrastructure maintenance—even in areas facing extreme fire risk or located near communities. As a result, many of these forests have become overgrown and unhealthy, fueling more severe fires that threaten lives, property, wildlife habitat, and water supplies. Since the rule was enacted, more than 8 million acres of roadless forests have burned, and nearly half of all roadless acres are now classified as having a high or very high risk of wildfire. In many cases, firefighters have been unable to quickly access ignition points, delaying suppression efforts and increasing the scale and intensity of wildfires.

Even today, in what is considered the “wet National Forest – The Olympic National Forest,” many in our local communities have been enduring poor air quality and other impacts from the Bear Gulch fire. While some of the fire footprint does have roads within it, much of the fire is located in areas with little to no access and wilderness areas. Much like the Roadless Rule, these limitations and prohibitions on management have allowed this fire to grow to over 8,000 acres.

Rescinding the Roadless Rule does not authorize unchecked logging or eliminate environmental safeguards. All projects must still comply with the National Environmental Policy Act, the Endangered Species Act, the Clean Water Act, and existing forest management plans. Rescinding this “one-size-fits-all” rule will restore flexibility for local

land managers to consider road access where necessary to protect forests, communities, and public resources.

We urge the US Forest Service to move forward with this common-sense reform, supporting the health, safety, and resilience of our national forests and local communities.

Sincerely,

## **Future Agenda Items –Commission Meeting**

9/9/2025

### **September 23, 2025 (Regular Commission Meeting)**

- August Financial Report
- Monthly Cash & Investment Report
- 2025 Capital Projects Projected Year End
- Draft 2026 Capital Budget
- Operating Budget Projection Highlights
- Finalize Operating Assumptions & Org Chart
- Q3 Grant Update

### **October 14, 2025 (Regular Commission Meeting)**

- Monthly Delegation of Authority Report
- Capital Project Prioritization
- Introduce Operating Budget
- W. PABH Marina Master Plan Presentation by PND/BST/MAKERS

### **October 27, 2025 (Special Joint Meeting – BOCC)**

### **October 28, 2025 (Regular Commission Meeting)**

- Monthly Delegation of Authority Report
- Capital Project Prioritization
- Introduce Operating Budget

### **November 11, 2025 (Regular Commission Meeting)**

- Monthly Delegation of Authority Report
- Harbor Site Update

### **Upcoming Events**

September 14-17, 2025 – NAFTAZ Conference, Kansas City, MO

September 25-26, 2025 – WPPA Environmental Seminar, Alderbrook Lodge, Union

October 6-8, 2025 – AAPA, Quebec City, Canada

November 18, 2025 – Marine Hwy 5 Roundtable, Tacoma, WA

November 19-21 – WPPA Annual Meeting, Tacoma, WA

November 20-22 – Pacific Marine Expo, Seattle, WA

December 15-17 – International Workboat Show, New Orleans, LA

### **Future**

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