

MEMORANDUM OF UNDERSTANDING

Between the City of Port Angeles, Clallam County, the Port of Port Angeles, and the Lower Elwha Klallam Tribe

1. Purpose

This Memorandum of Understanding (MOU) is entered into by the City of Port Angeles, Clallam County, the Port of Port Angeles, and the Lower Elwha Klallam Tribe (collectively, “the Parties”) to formalize a cooperative framework for advancing the design and construction of a wastewater line that will connect Tribal property located along Highway 101 west of Dry Creek Road to the City of Port Angeles Wastewater Treatment Facility (the “Highway 101 Wastewater Line Project” or the “Project”).

The Parties recognize the importance of this ~~p~~Project for supporting economic development, environmental protection, and community well-being, and commit to working collaboratively to secure construction funding and bring the project to completion.

2. Background

The Lower Elwha Klallam Tribe is pursuing infrastructure improvements to support current and future development of Tribal property along Highway 101. A wastewater line connecting this property to the City of Port Angeles Wastewater Treatment Facility has been identified as the most efficient and sustainable option.

The design phase of the ~~p~~Project is nearing completion. Moving forward, the Parties agree that joint advocacy and coordination are essential to secure funding for construction and to maximize the regional benefits of this infrastructure investment.

3. Project Description

The Highway 101 Wastewater Line Project ~~(the “Project”)~~ will construct a new gravity sewer main to connect the Lower Elwha Klallam Tribe’s property west of Dry Creek Road to the City of Port Angeles Wastewater Treatment Facility.

a) Key Project elements include:

- i. Gravity Sewer Alignment – Approximately 3,800 linear feet of new 10-inch diameter PVC gravity sewer line will be installed along the north side of U.S. Highway 101.
- ii. Manholes – Installation of 8 precast concrete manholes spaced at design intervals to provide system access and maintenance capability.

- iii. Crossings and Connections – The line will cross Dry Creek Road and tie into the City of Port Angeles collection system at an existing manhole near the intersection with Milwaukee Drive.
- iv. Service Area – The alignment is designed to serve the Tribe’s Highway 101 property and allow future connection capacity for other nearby properties, supporting broader community and economic development.
- v. Design Standards – All infrastructure has been designed to City of Port Angeles Public Works standards to ensure seamless integration with the existing municipal wastewater system.
- vi. Environmental Considerations – The Project avoids direct impacts to wetlands and streams, with design measures to protect water quality and comply with applicable state and federal environmental regulations.

4. Shared Goals

The Parties agree that the Project will:

- a) Enhance Infrastructure Capacity – Provide reliable wastewater service to Tribal, City, County and Port -properties, supporting commercial, residential, and community development;
- b) Protect Environmental Resources – Ensure safe and sustainable wastewater management consistent with state, federal, and Tribal environmental standards;
- c) Promote Economic Development – Create new opportunities for investment, job creation, and long-term growth within Clallam County, the Port district and the City of Port Angeles;
- d) Strengthen Partnerships – Foster regional collaboration among local governments, the Port, and the Tribe to address shared infrastructure needs;
- e) Leverage Funding Opportunities – Coordinate efforts to pursue federal, state, Tribal, and local construction funding.

5. Roles and Responsibilities

The Parties agree to the following roles and responsibilities:

- a) City of Port Angeles
 - i. Serve as the operator of the Wastewater Treatment Facility;
 - ii. Provide technical support to ensure the proposed line is compatible with existing systems;
 - iii. Collaborate on grant applications and funding strategies;
 - iv. Maintain constructed wastewater line within the current boundaries of the City of Port Angeles’s Urban Growth Area (UGA);

v. Assume maintenance responsibility for the constructed wastewater line as the City of Port Angeles's UGA expands to fully encompass that service area.

vi. Support expansion of the City of Port Angeles's UGA to fully encompass the Project's service area.

b) Clallam County

i. Support regional planning efforts and assist with coordination of regulatory and permitting requirements;

ii. Advocate for funding at the state and federal levels;

iii. Maintain constructed wastewater line within Clallam County's territory;

iv. Support expansion of the City of Port Angeles's UGA to fully encompass the Project's service area.

Port of Port Angeles

i. Collaborate in promoting the Project as a driver of regional economic development;

ii. Provide support for advocacy and funding procurement;

iii. Assist with FAA application for construction across the Port's airfield property, in a mutually agreeable location and upon reasonable consideration;

iv. Support expansion of the City of Port Angeles's UGA to fully encompass the Project's service area.

Lower Elwha Klallam Tribe

i. Lead Project development activities, including coordination of design completion;

ii. Serve as primary applicant or co-applicant on funding requests as appropriate;

iii. Work with partners to ensure Project design and implementation meet shared community goals;

iv. Maintain the portion of the constructed wastewater line located within the Project area but outside the current boundaries of the City of Port Angeles's UGA, until such time as the UGA is expanded to fully encompass that service area;

iv.v. Support expansion of the City of Port Angeles's UGA to fully encompass the Project's service area.

6. Funding Coordination

The Parties recognize that the Highway 101 corridor west of Port Angeles is a rural, distressed area, where investment in infrastructure is critical to supporting economic recovery and community health.

Accordingly, the Parties agree to:

- a) Collaboratively pursue federal construction funding through coordinated advocacy efforts;
- b) Submit a joint request to the Washington State congressional delegation seeking support for federal funding allocations, appropriations, and agency-level grants to complete the Project;
- c) Highlight the Project as a model of intergovernmental collaboration among a Tribe, city, county, and port district, with direct benefits for local residents, businesses, and future development;
- d) Frame the request within the broader context of federal commitments to rural and economically distressed communities, emphasizing infrastructure resiliency, environmental protection, and equitable access to services.

7. Term and Review

This MOU will become effective upon signature by all Parties and remain in effect until the completion of the Project, unless amended or terminated earlier by mutual written agreement.

The Parties agree to meet at least semi-annually to review progress, share updates on funding efforts, and coordinate next steps.

8. General Provisions

- a) This MOU does not create a legally binding financial obligation but reflects the intent of the Parties to collaborate in good faith;
- b) Any specific financial commitments or contractual obligations will require separate agreements, subject to approval by the governing bodies of the respective Parties.

9. Authorized Signatories

City of Port Angeles:

By: _____

Name: _____

Title: _____

Date: _____

Clallam County:

By: _____

Name: _____

Title: _____

Date: _____

Port of Port Angeles:

By: _____

Name: _____

Title: _____

Date: _____

Lower Elwha Klallam Tribe:

By: _____

Name: _____

Title: _____

Date: _____

**ASSIGNMENT AND ASSUMPTION OF LEASES
AND LESSOR'S CONSENT TO ASSIGNMENT**

THIS AGREEMENT, is effective as of November 1, 2025 (the "**Effective Date**"), by and among **ANGELES COMPOSITE TECHNOLOGIES INC.**, a Washington State corporation ("**ACTI**" or "**Assignor**"), **PORT ANGELES COMPOSITE LLC**, a Delaware limited liability company ("**Assignee**") registered to do business in the state of Washington with principle office located at 6430 Ballinger Road, Greensboro, NC 27410, and **PORT OF PORT ANGELES**, a Washington state public port district organized and existing under the laws of the State of Washington ("**Lessor**"). Angeles

WITNESSETH:

WHEREAS, Lessor, as lessor, and Assignor, as lessee, entered into that certain Port of Port Angeles Lease Agreement, originally dated June 30, 2000, whereby Assignor leases certain property more particularly described in the 2000 Lease, including, without limitation, Buildings 10.20, 10.30 and 10.40 within the Composite Manufacturing Campus (the "**Composite Buildings**") and two electric Thermal Equipment Corporation autoclaves (the "**Autoclaves**," together with the Composite Buildings, the "**Composite Premises**"); and as amended thereafter on July 1, 2002, May 1, 2004, March 12, 2008, March 23, 2009, July 11, 2014, and July 29, 2019 (collectively, the "**2000 Lease**").

WHEREAS, Lessor, as lessor, and Assignor, as lessee, are also parties to that certain Port of Port Angeles Lease Agreement dated August 18, 2011 and as amended July 11, 2014 (collectively, the "**2011 Lease**"), under which Assignor leases an approximately 25,000 square foot manufacturing building (the "**Manufacturing Premises**"), all as more particularly described in the 2011 Lease. As used herein, the term "**Leases**" shall mean, collectively, the 2000 Lease and the 2011 Lease, and the term "**Premises**" shall mean, collectively, the Composite Premises and the Manufacturing Premises;

WHEREAS, Assignor desires to assign the Leases to Assignee, and Assignee desires to accept such assignment and assume all of Assignor's obligations under the Leases, all on the terms and conditions set forth in this Agreement; and

WHEREAS, the Leases provide that Lessor's consent is required to assign the Leases.

NOW, THEREFORE, in consideration of the mutual acts, obligations and covenants of the parties, one to the other, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged by the parties, one to the other, it is mutually understood and agreed as follows:

1. **Defined Terms.** All capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed thereto in the Leases.

2. **Assignment of the Leases.** Effective as of the Effective Date, Assignor hereby assigns, sets over and transfers to Assignee the Leases and all of Assignor's right, title and interest in, to and under the Leases and in and to the Premises and the improvements, fixtures, and

HB: 4935-5407-6263.2

equipment now located on the Premises, together with all of Assignor's duties, responsibilities and obligations as lessee that (i) are obligations arising under the Leases that are required to be performed on or after the Effective Date and/or (ii) arise out of or accrue under the Leases from and after the Effective Date.

3. Acceptance of Assignment and Assumption of the Leases. Effective as of the Effective Date, Assignee hereby accepts the within assignment of the Leases and all of Assignor's right, title and interest in, to and under the Leases and in and to the Premises and the improvements, fixtures, and equipment now located on the Premises, and Assignee hereby assumes and agrees to perform and comply with all of Assignor's duties, responsibilities and obligations as lessee that (i) are obligations arising under the Leases that are required to be performed on or after the Effective Date and/or (ii) arise out of or accrue under the Leases on or after the Effective Date, including without limitation, all duties, responsibilities and obligations of lessee relating to Hazardous Substances and Environmental Laws; provided, however, Assignor shall continue to be responsible for any and all duties, obligations and responsibilities relating to or resulting from any breach by Assignor of the Leases, or Assignor's tort, infringement, violation of Law, or breach of warranty, in each case, with respect to the Leases occurring at or prior to the Effective Date (including, without limitation, all such duties, obligations and responsibilities relating to Hazardous Substances and Environmental Laws).

4. Lessor's Consent to Assignment and Release of Assignor.

(a) Lessor hereby consents to the within assignment of the Leases to Assignee; provided, however, that such consent shall not be construed as a consent by Lessor to, or as permitting, any other or further assignment, licensing or subletting of the Leases except in accordance with the Leases.

(b) From and after the Effective Date, all references contained in the Leases to "Lessee" shall be deemed to mean and refer to Assignee.

(c) Lessor hereby certifies to Assignee that:

- (i) As to the 2000 Lease: (i) all rent and additional rent payable by Assignor to Lessor as of the date of this Agreement has been fully paid, (ii) to the best of Lessor's knowledge, Lessee is not in monetary or non-monetary default under the 2000 Lease as of the date of this Agreement, (iii) Lessor has no actual knowledge of any event which, with notice or the passage of time or both would constitute such a default by Assignor under the 2000 Lease, (iv) the 2000 Lease will expire on [3-31-2030], (v) Lessor is currently holding a security deposit on behalf of Assignor in the amount of \$[Lease Guaranty], (vi) monthly rent is currently \$[29,931.11], with additional rent currently being paid monthly in the amount of \$[0], (vii) no rent has been paid more than one (1) month in advance, (viii) the 2000 Lease is valid and in full force and effect, (ix) Lessor is not aware of any sublease, assignment, or other agreement transferring or hypothecating all or any portion of Assignor's interest in the Composite Premises or in the 2000

Lease, (x) Assignor, as lessee, has accepted and taken possession of all of the Composite Premises and all of the tenant improvement work, if any, to be performed by Lessor under the 2000 Lease has been completed, and (xi) to Lessor's actual knowledge, Assignor currently has no defenses, offsets, claims or credits against rent payable under the 2000 Lease.

(ii) As to the 2011 Lease: (i) all rent and additional rent payable by Assignor to Lessor as of the date of this Agreement has been fully paid, (ii) to the best of Lessor's knowledge, Lessee is not in monetary or non-monetary default under the 2011 Lease as of the date of this Agreement, (iii) Lessor has no actual knowledge of any event which, with notice or the passage of time or both would constitute such a default by Assignor under the 2011 Lease, (iv) the 2011 Lease will expire on [5-31-2030], (v) Lessor is currently holding a security deposit on behalf of Assignor in the amount of \$[Lease Guaranty], (vi) monthly rent is currently \$[\$12,499.75], with additional rent currently being paid monthly in the amount of \$[0], (vii) no rent has been paid more than one (1) month in advance, (viii) the 2011 Lease is valid and in full force and effect, (ix) Lessor is not aware of any sublease, assignment, or other agreement transferring or hypothecating all or any portion of Assignor's interest in the Manufacturing Premises or in the 2011 Lease, (x) Assignor, as lessee, has accepted and taken possession of all of the Manufacturing Premises and all of the tenant improvement work, if any, to be performed by Lessor under the 2011 Lease has been completed, and (xi) to Lessor's actual knowledge, Assignor currently has no defenses, offsets, claims or credits against rent payable under the 2011 Lease.

5. Intentionally Omitted.

6. **OFAC.** Assignor and Assignee represents and warrants to Lessor and to one another, but only with respect to itself and its affiliates and representatives, neither it nor any of its affiliates or representatives (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("**OFAC**") pursuant to Executive Order number 13224, 66 Federal Register 49079 (September 25, 2001) (the "**Order**"); (ii) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of the OFAC or any other applicable requirements contained in any enabling legislation or other executive orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "**Orders**"); (iii) is engaged in activities prohibited in the Orders; or (iv) has been convicted, pleaded nolo contendere, indicted, arraigned or detained on charges involving money laundering or predicate crimes to money laundering.

7. **Notices to Lessee under the Leases.** From and after the Effective Date, all notices and invoices to be given by Lessor to Lessee under the Leases or otherwise shall be given to Lessee at:



Port Angeles Composite LLC
2138 W. 18th St.
Port Angeles, WA USA
Attn: Fred Perkins
Email: fred_perkins@haci.honda.com

8. **Brokers.** Assignor, Assignee and Lessor each represents and warrants to the others that it has dealt with no broker or finder in connection with this Agreement. Assignor, Assignee and Lessor each hereby agree to indemnify and hold the other parties harmless from and against any and all claims, liabilities, suits, costs and expenses including reasonable attorneys' fees and disbursements arising out of any inaccuracy or alleged inaccuracy of its representation above.

9. **Authority.** Lessor, Assignor and Assignee each hereby represents and warrants to the other that it has full right, power and authority to enter into this Agreement and that the person executing this Agreement on behalf of Lessor, Assignor and Assignee, respectively, is duly authorized to do so.

10. **Binding Effect.** Lessor, Assignor and Assignee each acknowledge that this Agreement shall not be binding on either party until Lessor, Assignor and Assignee each have executed this Agreement and a counterpart thereof has been delivered to Assignee and Lessor.

11. **No Waiver.** This Agreement may not be amended, modified, changed or terminated, nor any of its provisions waived, except by an agreement in writing signed by the party against whom enforcement of any such amendment, modification, change, termination or waiver is sought.

12. **Governing Law.** This Agreement shall be governed by and in accordance with the laws of the State of Washington and venue shall be Clallam County Washington.

13. **Unenforceability.** If any of the provisions of this Agreement, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. **Effectiveness.** This Agreement may be executed electronically and in one or more counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and shall be valid and effective for all purposes.

15. **Headings.** The headings of this Agreement are intended to be for convenience of reference only and shall not define the extent or intent or otherwise affect the meaning of any portion hereof.



16. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of the parties hereto, their respective legal representatives, successors and permitted assigns.

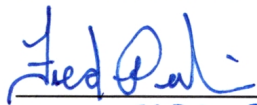


IN WITNESS WHEREOF, Assignor, Assignee and Lessor have duly executed this Agreement as of the date first set forth above.

**ANGELES COMPOSITE TECHNOLOGIES
INC.** a Washington corporation as Assignor

By: 
Name: Michael D Rauch
Title: President + CEO

PORT ANGELES COMPOSITE LLC, a
Delaware limited liability company as Assignee

By: 
Name: FRED PERKINS
Title: PRESIDENT + CEO

PORT OF Port Angeles a Washington state public
port district organized and existing under the laws of
the State of Washington, as Lessor

By: _____
Name: _____
Title: _____