



**REGULAR COMMISSION MEETING**  
**Tuesday, April 14, 2026, 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.....1-2
  - B. City Boat Ramp
- V. APPROVAL OF CONSENT AGENDA**
  - A. Regular Commission Meeting Minutes – March 10, 2026.....3-6
  - B. Vouchers in the amount of \$601,953.47.....7
- VI. COMPLETION OF RECORDS**
  - A. Monthly Delegation of Authority Report.....8-10
- VII. PLANNING AND CAPITAL PROJECTS**
  - No items
- VIII. LOG YARD**
  - No items
- IX. MARINE TRADES AND MARINE TERMINALS**
  - No items
- X. PROPERTY**
  - A. Item for Consideration – Dockside Grill Sale – New Lease for JMS Hospitality.....11-39
- XI. MARINAS**
  - No items



**XII. AIRPORTS**

No items

**XIII. OTHER BUSINESS**

- A. Letter of Support - Olympic Coast Exploration Center.....40
- B. Item for Discussion - Sequim City Band  
Community Partner Program Application.....41-42
- C. Item for Consideration – Delegation of Authority Updates & Renewal,  
Res 26-1336.....43-61
- D. Item for Consideration - Joyce Daze Community Partner Program Award Modification
- E. Item for Consideration – Timber Advisory Committee (TAC) Recommendation to  
Proceed with Amicus Curiae Brief on Np Buffer Rule

**XIV. ITEMS NOT ON THE AGENDA**

**XV. COMMISSIONER REPORTS**

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

**XVII. FUTURE AGENDA.....62**

**XVIII. NEXT MEETINGS**

- A. April 27, 2026 – Special Joint Meeting with Board of County Commissioners &  
The Clallam County Public Utility District (Hosted at the Port of Port Angeles)
- B. April 28, 2026 - Regular Commission Meeting
- C. May 12, 2026 – Regular Commission Meeting
- D. May 26, 2026 – Regular Commission Meeting

**XIX. UPCOMING EVENTS**

- A. April 16-17, 2026 – Northwest Marine Terminal Association (NWMTA) Spring Meeting,  
Port of Astoria, WA
- B. April 22-24, 2026 – Olympic Logging Conference – Victoria, BC, Fairmount Empress  
Hotel
- C. May 19-21, 2026 – WPPA Spring Meeting – Stevenson, Skamania Lodge



## **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 March 2026**

	<u>YTD</u>
<b><u>Beginning Cash Balance</u></b>	<b>20,459,080</b>
Operating Revenues	2,648,894
Non-Operating Revenues	809,018
<b>Total Revenues</b>	<b>3,457,912</b>
Operating Expenses	3,173,576
Non-Operating Expenses	452,660
<b>Total Expenses</b>	<b>3,626,236</b>
<b><u>Ending Cash Balance</u></b>	<b>20,290,755</b>
<b><u>Change in Cash Balance</u></b>	<b>(168,325)</b>

**Cash & Investments held as of 3/1/2026**

			10/31/25	11/30/25	12/31/25	1/31/26	2/28/26	3/31/26			
<u>Name</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Face Value</u>	<u>Annual Interest</u>	<u>Maturity Date</u>	<u>Acquisition Date</u>
FFCB 4-year (Piper Sandler)	Bond	3.98%	-	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	119,400	11/13/2029	11/13/2025
FHLB 5-year (Piper Sandler)	Bond	4.30%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	215,000	7/15/2030	7/9/2025
First Federal	Cash	3.79%	4,406,555	4,421,520	4,437,859	4,451,881	4,464,725	4,479,309	169,766		
LGIP Balance	Cash	3.72%	9,232,053	7,959,776	7,685,091	7,709,732	7,431,371	7,454,787	277,050		
Columbia Bank Account	Cash	0.30%	692,264	758,668	336,130	441,624	369,373	356,659	1,070		

**Investments Called or Matured**

<u>Name</u>	<u>Type</u>	<u>Interest Rate</u>							<u>Maturity Date</u>	<u>Redemption Date</u>	
FFCB 4-year (Piper Sandler)	Bond	4.49%	1,250,000	-	-	-	-	-	-	8/12/2029	11/14/2025

**Ending Investment/Cash Balance**

<b>20,580,872</b>	<b>21,139,963</b>	<b>20,459,080</b>	<b>20,603,237</b>	<b>20,265,469</b>	<b>20,290,755</b>	<b>782,285</b>
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**Outstanding Debt**

		10/31/25	11/30/25	12/31/25	1/31/26	2/28/26	3/31/26		
<u>Rate</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>		
2015 PABH 2006 refi	2.29%	357,505	357,505	-	-	-	-	10 year note, 2015 - 2025	
CERB Washdown	2.00%	605,359	605,359	605,359	570,354	570,354	570,354	20 year, 2020 - 2040	
CARB Airport Utilities	2.00%	622,602	622,602	622,602	589,186	589,186	589,186	20 year, 2021 - 2041	
Office of the State Treasurer	2.96%	520,302	520,302	520,302	467,188	467,188	467,188	7 year, 2025 - 2031	
		<b>2,105,768</b>	<b>2,105,768</b>	<b>1,748,264</b>	<b>1,626,728</b>	<b>1,626,728</b>	<b>1,626,728</b>		

**Ending Balance**

<b>18,475,104</b>	<b>19,034,195</b>	<b>18,710,816</b>	<b>18,976,508</b>	<b>18,638,740</b>	<b>18,664,027</b>
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\* Cash balances shown do not include funds held as the Harbor Group treasurer.

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



**REGULAR COMMISSION MEETING**  
**Tuesday, March 24, 2026, at 9:00 am**  
**338 W. First St, Port Angeles, WA 98362**  
**MINUTES**

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

Connie Beauvais, Commissioner  
Steve Burke, Commissioner  
Colleen McAleer, Commissioner  
Paul Jarkiewicz, Chief Executive Officer  
Chris Hartman, Chief Operating Officer

Jennifer Baker, Director of Finance & Admin  
Caleb McMahon, Director of Econ & Dev.  
Scott Hough, Senior Operations Manager  
Katharine Frazier, Grants & Gov't Affairs Manager  
Jenna Riley, Clerk to the Board  
Melissa Williams, Executive Director –  
Fiero Marine Life Center

***\*Technical Difficulties Regarding Sounds Occurred from 0:00-2:15***

**I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:31)**

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

**II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:32-0:58)**

None

**III. APPROVAL OF AGENDA (0:59-1:22)**

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

**Presentation by Fiero Marine Life Center (Section XIII.A)**

**IV. WORK SESSION (18:47-31:41)**

- A. February Financial Report
- Presentation By: Jennifer Baker
  - Discussion
  - No Action

**V. APPROVAL OF CONSENT AGENDA (31:42-32:39)**

- A. Regular Commission Meeting Minutes – March 10, 2026
- B. Vouchers in the amount of \$695,493.06
- Discussion
  - Motion to approve the consent agenda as presented: Comm. Burke
  - 2<sup>nd</sup>: Comm. Beauvais
  - Vote: 3-0 (Unanimous)

**VI. COMPLETION OF RECORDS**

No items

**VII. PLANNING AND CAPITAL PROJECTS (32:40-1:13:54)**

- A. Q1 Grant Update
- Presentation By: Katharine Frazier
  - Discussion
  - No Action

**VIII. LOG YARD**

No items

**IX. MARINE TRADES AND MARINE TERMINALS**

No items

**X. PROPERTY (1:13:56-1:24:06)**

A. Item for Discussion – Motive Power Marine Lease Renewal

- Presentation By: Caleb McMahon
- Discussion
- Motion to authorize the Chief Executive Office to sign a lease renewal with Motive Power Marine, LLC per the terms and conditions presented: Comm. Burke
- 2<sup>nd</sup>: Comm. Beauvais
- Vote: 2-0 (Comm. McAleer Opposed)

**XI. MARINAS**

No items

**XII. AIRPORTS**

No items

**XIII. OTHER BUSINESS (1:25-18:46 – ITEM A) & (1:24:07-1:58:13 – ITEMS B & C)**

A. Presentation – Fiero Marine Life Center

- Presentation By: Melissa Williams
- Discussion
- Ms. Williams invited the Port to the Ceremonial Groundbreaking on April 8<sup>th</sup>. The Port will provide a letter of support.

B. American Association of Port Authorities (AAPA) Legislative Summit Visit Report

- Presentation By: Katharine Frazier
- Discussion
- No Action

C. Item for Consideration – Delegation of Authority Updates & Renewal, Res 26-1336

- Presentation By: Paul Jarkiewicz & Jenna Riley
- Discussion
- Motion to introduce Resolution 26-1336 A resolution of the Port of Port Angeles: Comm. Burke
- 2<sup>nd</sup>: Comm. McAleer
- Vote: 3-0 (Unanimous)

**XIV. ITEMS NOT ON THE AGENDA**

No items

**XV. COMMISSIONER REPORTS**

None

**XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (1:58:14-1:58:29)**

None



**XVII. FUTURE AGENDA (1:58:30-1:58:42)**

**XVIII. NEXT MEETINGS**

- A. April 14, 2026 – Regular Commission Meeting
- B. April 27, 2026 – Special Joint Meeting with Board of County Commissioners & The Clallam County Public Utility District (Hosted at the Port of Port Angeles)
- C. April 28, 2026 - Regular Commission Meeting
- D. May 12, 2026 – Regular Commission Meeting

**XIX. UPCOMING EVENTS**

- A. April 7-9, 2026 – American Forest Resource Council (AFRC) Annual Meeting, Stevenson, Skamania Lodge, WA
- B. April 16-17, 2026 – Northwest Marine Terminal Association (NWMTA) Spring Meeting, Port of Astoria, WA
- C. April 22-24, 2026 –Olympic Logging Conference – Victoria, BC, Fairmount Empress Hotel
- D. May 19-21, 2026 –WPPA Spring Meeting – Stevenson, Skamania Lodge

**Recessed Regular Meeting to Industrial Development Corporation (IDC) Meeting: 10:58 am**

**XX. INDUSTRIAL DEVELOPMENT CORPORATION (IDC) (1:58:43-2:00:10)**

- Motion to approve the Industrial Development Corporation Minutes from January 13, 2026: Comm. McAleer
- 2<sup>nd</sup>: Comm. Beauvais
- Vote: 2-0 (Unanimous) \*Commissioner Burke was not in attendance

**Regular Meeting Resumed: 11:00 am**

**XXI. EXECUTIVE SESSION (2:00:11-2:01:11)**

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

- Comm. Beauvais recessed the meeting to convene an executive session with an anticipated length of 60 minutes. Following the executive session, the Commission is not expected to take action.
- Discussion:
  - Two (2) items concerning real estate sale, purchase, or lease. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(c)
  - One (1) item concerning legal or financial risk. Discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i)
- Recessed Regular Meeting at 11:00 am for 0 minutes
- Start Time: 11:00 am
- Estimated End Time: 12:00 pm
- End Time: 12:17 pm

**Public Session of Commission Meeting Reconvened: 12:17 pm**

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



**XXII. ADJOURN (2:01:12-2:01:17)**

Comm. Beauvais adjourned the meeting at 12:17 pm

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

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Connie Beauvais, President

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Colleen McAleer, Secretary

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

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

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

**SUMMARY TRANSMITTAL March 19, 2026 – April 8, 2026**

CERTIFICATION

**Accounts Payable**

	<b>Begin</b>	<b>End</b>		
<b>For General Expenses and Construction</b>	<b>Check #</b>	<b>Check #</b>		
Accts Payable Checks (computer)	420295	420371	\$	146,753.61
Voided/Zero Payable	420295	420315	\$	-
Voided/Zero Payable	420336	420359	\$	-
Accts Payable ACH	007234	007248	\$	45,498.96
Accts Payable ACH	007313	007427	\$	125,898.71
VOIDED/ZERO PAYABLE ACH				
Wire Transfer - Expenses			\$	80,826.46
Wire Transfer - Excise Tax			\$	4,238.25
Wire Transfer - Leasehold Tax			\$	-
<b>Total General Expenses and Construction</b>			<b>\$</b>	<b>403,215.99</b>

**Payroll**

Employee Payroll Checks PPD (Direct Deposit)	007249	007312	\$	129,814.34
Voided Payroll Check	007276, 007291, 007303		\$	-
Wire Transfer - (Payroll Taxes, Retirement, Deferred Comp, L&I, PFML)			\$	68,923.14
<b>Total Payroll</b>			<b>\$</b>	<b>198,737.48</b>
<b>Total General Exp &amp; Payroll</b>			<b>\$</b>	<b>601,953.47</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**  
**March 2026**

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	X	
Work Contracts (\$50,000 or less) Executed	X	
Work Contracts Completed	X	
Change Orders Authorized	X	
Work by Port Crews or Day Labor (\$50,000 or less)	X	
Claims Settled	X	
Professional & Consulting Services Awarded and Architectural, Engineering & Technical Services Awarded	X	
Fees Waived	X	
Uncollectible Accounts Written Off	X	
Experts Engaged for Litigation	X	
Grant Applications/Award	X	
Travel Outside WA, OR, ID and BC, Canada		X
Surplus Personal Property (under \$10,000)	X	

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)

**MARCH 2026**

TENANT NAME	DOCUMENT	LOCATION	FORM OF SURETY AND AMOUNT	PREMISES SQ FEET	INITIAL OR RENEWAL	MONTHLY RENT AMT.	NOTES
WA Fish & Wildlife	Temporary Access License	Marine Terminal 202 N. Cedar St #3	Govt Exempt	380 SF Office	MTM Initial Agreement	\$494 Base (\$1.30/SF) \$66 Util \$40 CAM	Storage and Office Use while another long-term office is prepared

**TRAVEL APPROVED BY THE EXECUTIVE DIRECTOR \***  
**(In Accordance with Delegation of Authority)**  
**March 2026**

STAFF	LOCATION OF MTG.	DATE(S)	PURPOSE
Katharine Frazier	Washington, D.C.	3/2 – 3/6	Legislative/Agency visits and AAPA Legislative Summit
Jennifer Baker	Washington, D.C.	3/3 – 3/6	Legislative/Agency visits and AAPA Legislative Summit

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VIII. TRAVEL OF EMPLOYEES AND OTHER AUTHORIZED REPRESENTATIVES OF THE PORT:

In order to facilitate necessary normal Port operations, the Executive Director may authorize travel by Port employees and/or other Port representatives for Port business, in accordance with the Port's travel policy adopted pursuant to RCW 53.08.176 and RCW 42.24.090. Reimbursable personal travel expenses per trip shall not exceed \$5,000.00 per person.

The Commission shall be advised at the first regularly scheduled meeting of the following month of all such authorizations for travel outside of Washington, Oregon, Idaho and British Columbia, Canada.

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

Date: April 14, 2026

SUBJECT: Dockside Grill Sale  
New Lease for JMS Hospitality

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 an 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 than 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:**

Dockside Grill, situated at John Wayne Marina, has been operated by the Little family since it opened in 2007. The restaurant has enjoyed nearly two decades of success and holds a strong reputation. The Port was informed that Dockside Grill would like to sell the business to JMS Hospitality, which is owned by Joshua and Melody Souza. The Souza's have been involved with Dockside Grill as partners from the very beginning and have played an active role in its operations. In addition, JMS Hospitality already offers a range of catering services within the restaurant industry.

The Port Staff have spoken with the current lessees and have confirmed their desire to relinquish ownership via sale. Once this lease is approved and signed, the Port will terminate the Little's current lease.

**Address:** 2577 W. Sequim Bay Road, Sequim, WA 98382.

**Leased Space:** 2,154 SF of restaurant, kitchen, and dining spaces.

**Proposed Rate:** The base rent is \$1.16/SF based on a recent independent appraisal report. The proposed base rent is \$1.16/SF x 2,154 SF = \$2,498.64/month.

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

**Commencement Date:** April 15, 2026.

**Term:** Five years.

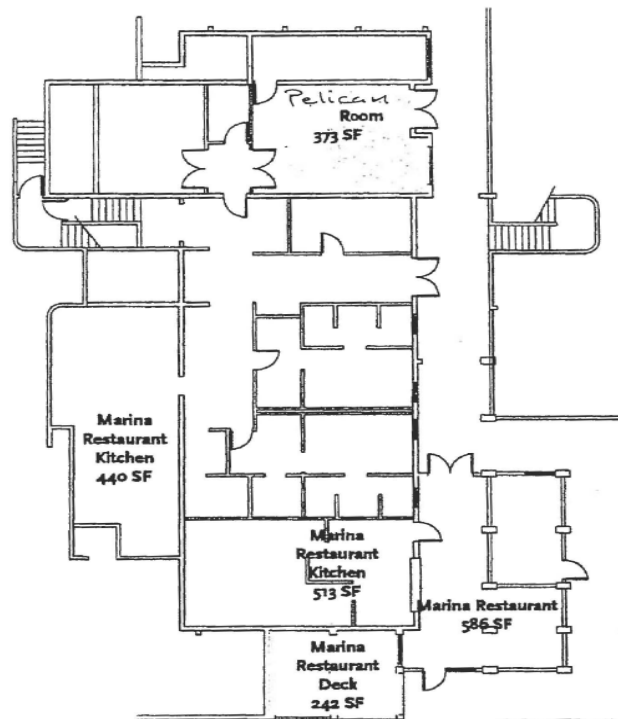
**Options to Renew:** Two- five-year options to renew with the Port's consent.

**Financial Security:** Three months of rent as financial security. The proposed financial security for the tenant is \$2,498.64 x 3 = \$7,495.92 in deposit or bond.

**Non-standard terms requiring Commission approval:** None

**Fiscal Impact of The Lease:**

Leased Area	SF	Rate/SF	Monthly Rate
Bldg.	2,154	\$1.16	\$2,498.64
Annual Rent			\$29,983.68



**RECOMMENDED ACTION:**

JMS Hospitality

On a motion and second, Staff recommends the Commission authorize the Chief Executive Officer to sign a lease with JMS Hospitality, per the terms and conditions presented, and to make minor modifications as may be necessary.

## 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 **JMS Hospitality**, a Washington State LLC (“Lessee”) (individually “Party” and collectively “Parties”).

### ARTICLE I

#### Summary of Lease Terms and Definitions

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

**Lessee:** JMS Hospitality  
373 Panorama Blvd.  
Sequim, WA 98382

**Premises:** That portion of the John Wayne Marina Building restaurant area containing approximately 1,341 square feet of restaurant and kitchen, 440 square feet of storage space, together with approximately 373 square feet of space located at room 17, known as the Pelican Room, on the first floor of the John Wayne Marina Complex, all as depicted in the Map of Premises attached to this Lease as **Exhibit A**.

#### **Lessee-owned Improvements:**

The Premises, including the land, building, and all fixtures affixed thereto (including, without limitation, the grease trap, vent hood, and similar building systems), shall remain the property of the Lessor. All furniture, fixtures, and equipment not permanently affixed to the building, including all kitchen equipment, shall remain the property of the Lessee.

Initials:

\_\_\_\_\_   
Port

\_\_\_\_\_   
Lessee

**Use of Premises:** For the operation of a full-service restaurant and catering business under the trade name "Dockside Grill"

**Benefit to the Public:** Dining at John Wayne Marina

**Commencement Date:** April 15, 2026

**Term:** Five (5) years

**Renewals:** Two (2) - five (5) year options  
 Requires Port consent, at Port’s sole discretion

**Base Rent:**

<u>Months of Lease Term</u>	<u>Rent Per Square ft. (per mo.)</u>	<u>Monthly Total</u>
Months: 60	\$1.16/SF x 2,154 SF	\$2,498.64 plus applicable Leasehold Excise Tax

**Financial Security (see Section 5.4 for more information):** Three months' rent.

**Additional Unique Terms and Conditions:**

**Common Area Maintenance Expenses:** \$100 per month (subject to annual adjustment).

**Electricity Reimbursement for Pelican Room:** Lessee shall reimburse the Port One Hundred Fifty Dollars (\$150.00) per month for use of the Pelican Room.

**Grease Trap:** Tenants are responsible for the maintenance of the Grease Trap.

**Maintenance of Septic:** Cost of snaking the drain shall be shared by the tenant and the Port, with each paying 50% of the cost at each occurrence as needed.

**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 five (5) years beginning April 15, 2026, through April 14, 2031. If Lessee takes possession of the Premises before the Commencement Date, Lessee shall pay the pro rata rent for the period prior to commencement of the Lease term.

2.3 **RENEWAL:** Subject to the terms and conditions herein, Lessee may renew this Lease for two (2) consecutive five (5) 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 **COMMON AREAS:**

3.2.1 **Common Areas; Definition:** The term “**Common Areas**” shall mean those areas in and around the Premises owned by the Port that are provided and designated by the Port from time-to-time for the general non-exclusive use of the Port, Lessee, other tenants of the Port, and/or the respective employees, suppliers, shippers, customers, clients, invitees and licensees of such Parties. Common Areas may include, but are not limited to, lobbies, hallways, common restrooms, electrical and mechanical areas, supply and janitorial rooms, exterior wall surfaces of the Premises walkways, driveways, parking areas, service areas, landscaped areas, and other Port owned areas

provided for the non-exclusive use of its tenants. The Port or its agents shall operate, manage, equip, light, repair, replace and maintain the Common Areas for their intended purpose at such times and in such manner as the Port shall reasonably determine.

3.2.2 **Lessee's Common Area Lease Rights:** The Port hereby grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, customers, clients and invitees during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time-to-time, subject to any rights, powers and privileges reserved by the Port under the terms hereof or under the terms of any rules, regulations or restrictions governing the use of the Common Areas. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by prior written consent of the Port or the Port's designated agent, which consent may be revoked at any time. In the event that such unauthorized storage shall occur, then the Port shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be payable on demand by the Port.

3.2.3 **Changes to Common Areas:** The Port shall have the right from time-to-time to make changes to the Common Areas, including, without limitation: (i) changes in the location, size, shape and number thereof; (ii) to temporarily close any of the Common Areas for maintenance and public purposes so long as reasonable access to the Premises remains available; (iii) to add additional improvements to the Common Areas; and (iv) to use Common Areas while engaged in making additional improvements, repairs or alterations to the Premises or any portion thereof, as the Port may, in the exercise of sound business judgment, deem appropriate. The Port shall nevertheless diligently perform construction, repair or maintenance work to minimize interruptions in the use of Common Areas.

3.2.4 **Common Area Maintenance Expenses; Definition:** The term "Common Area Maintenance Expenses" or "CAM Expenses" as used herein shall mean the sum of the costs and expenses incurred by the Port with respect to maintenance, upkeep and repair of and to the Common Areas.

3.2.5 **Payment of CAM Expenses:** Lessee shall pay to the Port Lessee's agreed pro rata share of one hundred Dollars (\$100) for the first twelve months of this Lease.

3.2.6 **Adjustment of CAM Expenses:** Each year of this Lease or renewal term (as the case may be), the Port will establish an estimate of a year's total CAM Expenses, and Lessee shall pay Lessee's Pro Rata Share on a monthly basis in accordance with the monthly rental payment obligations set forth in Section 3.1 of this Lease. Within sixty (60) days after the expiration of each Lease year, the Port shall deliver to Lessee a reasonably detailed statement showing Lessee's Pro Rata Share of the actual total of CAM Expenses incurred during the preceding year. If Lessee's payments under this Paragraph during the preceding year were less than Lessee's Pro Rata Share as indicated on said statement, Lessee shall pay to the Port the amount of the deficiency within thirty (30) days after delivery by the Port to Lessee of said statement; any overpayment made by Lessee shall be credited toward Lessee's liability for Rent for succeeding months.

3.3 **ABATED RENT:** If this Lease provides for a postponement of any monthly rental payments or other rent concession, such postponed rent is called the “**Abated Rent.**” Lessee shall be credited with having paid all of the Abated Rent on the expiration of the term of this Lease only if Lessee has fully, faithfully and punctually performed all of Lessee’s obligations hereunder, including the payment of all Rent, including, if applicable, Abated Rent, and all other monetary obligations and the surrender of the Premises in the condition required by this Lease. If Lessee defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case, Abated Rent shall be calculated based on the full initial rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from date each monthly rental payment was postponed.

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

#### **ARTICLE IV**

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

4.1 **LESSEE’S USE OF THE PREMISES:** Lessee shall conduct only the following activity on the Premises: For operation of a full-service restaurant and catering business under the trade name "Dockside Grill" (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**: 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 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 tenant-owned 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.



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.

4.8 **MARINE TARIFF:** Lessee's use of the terminal and/or dock is subject to currently published marine tariff rates. Lessee is solely responsible for payment of marine tariffs.

## **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.** At all times during the term of this Lease, Lessee shall maintain in effect on Lessee-owned improvements fire and extended coverage property insurance for physical loss and damage *excluding* earthquake and flood insurance. Such policy or policies shall be written in the form of replacement cost insurance in an amount not less than

100% of the full replacement cost of Lessee's improvements thereon, which amount shall be adjusted not less frequently than annually.

5.2.3 **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.

5.2.4 **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.

5.2.5 **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.

5.2.6 **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.

5.2.7 **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.

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

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

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

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

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

5.4 **FINANCIAL SECURITY**:

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

- ✓ Three months of Rent. (\$2,498.64 x 3 months = **\$7,495.92.**)

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 ninety (90) days before the termination date specified in the notice, unless the need for such use constitutes an emergency, in which case this Lease shall terminate as soon as is practicable.

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

7.11.3 If any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under

this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that occurred prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

7.12 **DEFAULT, CROSS DEFAULT, AND REMEDIES:** Failure to pay Rent or any other monetary obligations by the first day of each month shall constitute a default under the terms of this Lease. If Lessee is in default in the payment of Rent or other monetary obligations then, at the Port's sole option, upon three (3) days' written notice, this Lease may be terminated and the Port may enter upon and take possession of the Premises. Without limiting the generality of the foregoing, Lessee expressly authorizes the Port to obtain a prejudgment writ of restitution in the event of default by Lessee. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

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

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

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

7.12.4 A default under this Lease shall constitute a default under any other lease or agreement which Lessee has with the Port (hereinafter such other agreements shall be referred to as "Collateral Agreements"). Likewise, any material breach or default under 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:	JMS Hospitality 373 Panorama Blvd. Sequim, WA 98382

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

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

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

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

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

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

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

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

7.20 **INTERPRETATION**: This Lease has been submitted to the scrutiny of the Parties hereto and their counsel, if desired. In any dispute between the Parties, the language of this Lease shall, in all cases, be construed as a whole according to its fair meaning and not for or against either the Port or Lessee. If any provision is found to be ambiguous, the language shall not be construed

against either the Port or Lessee solely on the basis of which Party drafted the provision. If any word, clause, sentence, or combination thereof for any reason is declared by a court of law or equity to be invalid or unenforceable against one Party or the other, then such finding shall in no way affect the remaining provisions of this Lease.

7.21 **HOLDING OVER**: If Lessee remains in possession of said Premises after the date of expiration of this Lease without the Port's prior written consent, such holding over shall constitute and be construed as tenancy at sufferance only, at a monthly rent equal to one hundred fifty percent (150%) of the rent owed during the immediately preceding month under this Lease and otherwise upon the terms and conditions in this Lease and shall continue to be responsible for payment of applicable CAM Expenses and leasehold excise tax obligations. If Lessee holds over with the Port's prior written consent, then until such time as a new written Lease is executed by the Parties hereto, Lessee shall continue to make payments to the Port on a month-to-month basis as provided for in this Lease. Such holdover tenancy may be terminated by either Party at the end of any such monthly period by sending written notice not less than five (5) days before the end of such period. Such holdover tenancy shall be subject to all terms and conditions contained herein.

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

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

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

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

7.26 **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:**

PORT OF PORT ANGELES

\_\_\_\_\_  
Paul S. Jarkiewicz  
Its: Chief Executive Officer

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

**LESSEE:**

JMS Hospitality

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

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

STATE OF WASHINGTON            )  
  ) ss.  
County of Clallam                )

On this \_\_\_\_ day of \_\_\_\_\_, 2026, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of **JMS Hospitality**, 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: \_\_\_\_\_

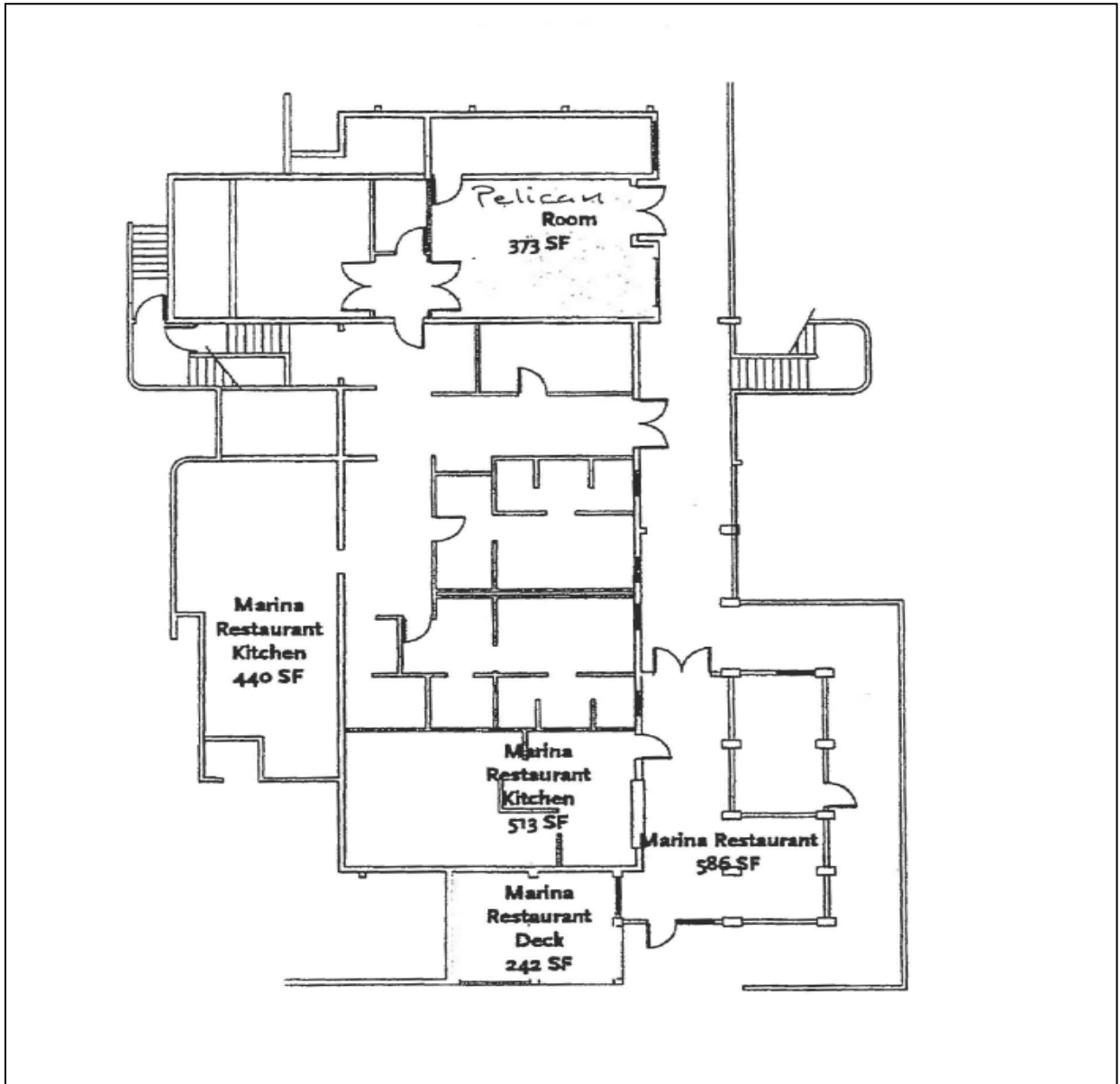
STATE OF WASHINGTON            )  
  ) ss.  
County of Clallam                )

On this \_\_\_\_ day of \_\_\_\_\_, 2026, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Paul S. Jarkiewicz**, to me known to be the **Chief Executive Officer 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: \_\_\_\_\_  
Lessee

\_\_\_\_\_

Port

## EXHIBIT B -Repair and Maintenance Inclusion List

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

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

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



P.O. Box 1350  
338 West First Street  
Port Angeles  
Washington 98362  
360.457.8527

**Board of Commissioners**  
Connie Beauvais, *President*  
Steven Burke, *Vice President*  
Colleen McAleer, *Secretary*  
**Chief Executive Officer**  
Paul Jarkiewicz

Board of Directors  
Feiro Marine Life Center  
PO Box 625  
Port Angeles, WA 98362

**Re:** Support for the Olympic Coast Exploration Center

Dear Board of Directors:

The Port of Port Angeles (Port) is writing to express its strong support for the Feiro Marine Life Center and Olympic Coast National Marine Sanctuary’s new Olympic Coast Exploration Center in Port Angeles. This project will bring new educational and workforce development opportunities for the community and contribute to downtown revitalization efforts by adding an attraction for locals, tourists, and learners of all ages.

The Olympic Coast Exploration Center is a significant expansion of the marine science and education facilities that are available on the waterfront today. The new 13,000 sq ft state-of-the-art aquarium will feature both indoor and outdoor learning spaces, educational exhibits, and habitats for birds, fish, and other creatures native to the Olympic Peninsula. With its location adjacent to the Port’s Marine Trades Center, which is developing into a hub for ship repair and support services, the Olympic Coast Exploration Center is ideally placed to inspire the next generation of maritime workers – whether in the trades or sciences.

Importantly, the new facility is expected to attract more than 75,000 visitors annually, boosting tourism-related businesses, including restaurants, hotels, and services related to Olympic National Park and the Olympic Coast National Marine Sanctuary. The Center will also complement other investments in the community’s educational and social offerings, including the Field Arts & Events Hall and the future Lower Elwha Klallam Tribe’s waterfront cultural center. As a partner to the Port Angeles Waterfront District, the Port is pleased to support projects like this that will contribute to a thriving downtown and waterfront.

The Port looks forward to seeing this project come to life on our waterfront. We are proud to support the new Olympic Coast Exploration Center and are excited about the positive economic and educational outcomes it will bring to our community.

Sincerely,

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Connie Beauvais  
Commissioner  
Port of Port Angeles

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Colleen McAleer  
Commissioner  
Port of Port Angeles

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Steven Burke  
Commissioner  
Port of Port Angeles

WE BRING PEOPLE, RESOURCES AND INDUSTRY TOGETHER TO FOSTER LIVING WAGE JOBS

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

**April 14, 2026**

**Subject: Sequim City Band application to the Community Partner Program**

**Presenter: Katharine Frazier, Grants & Government Affairs Manager**

**RCW & POLICY REQUIREMENTS**

The Port's Community Partner Program (CPP) Policy allows the Port to offer funds for economic development, education and workforce, community events, tourism, and environmental stewardship projects. Investments made by the Port, including in CPP projects, must adhere to provisions of both Title 53 and Title 39 of the Revised Code of Washington.

**BACKGROUND:**

The Community Partner Program (CPP), established by the Community Partner Program Policy in 2015, offers funds to public and non-profit applicants for projects related to economic development, education and workforce training, community events, tourism promotion, and environmental stewardship. Funding must support a discrete project and not the ongoing operations of the applicant.

Per the CPP Policy, applicants must provide a 1:1 match for all project types except environmental stewardship projects, which must provide a 3:1 match. The Commission may waive the 1:1 matching requirements or approve in-kind services in place of cash if desired. CPP funds must not be the only funding source for a project. Successful applicants will receive funds only on a reimbursement basis.

On March 25, the Port received a CPP application from the Sequim City Band (SCB), which is a 501(c)3 non-profit organization dedicated to performing and promoting symphonic music. The application requests funds to support the SCB in hosting the 2026 Association of Concert Bands (ACB) regional convention. This event (July 24-25, 2026) will bring together bands from across the Pacific Northwest for two days of performances and learning opportunities for both musicians and the general public.

The Port Team has conducted an initial screening of the application and deemed that it meets the eligibility criteria to be considered by the Commission for funding under the "Community Event" category. The event is expected to attract visitors from other parts of Washington State and beyond, boosting sales at local restaurants and businesses.

**ANALYSIS:**

The Sequim City Band’s application proposes \$2,000 in funding to purchase specialized equipment for the event, including drum stands that are too fragile for long-distance travel. The equipment will be owned by SCB but made available to out-of-county and out-of-state bands to use during the regional convention. Leftover funds after the purchase of these materials will be used to cover venue costs at the 7 Cedars Hotel and Guy Cole Convention Center.

SCB’s \$2,000 request is matched by the following financial commitments:

- \$2,000 from the City of Sequim
- \$1,500 from the Association of Concert Bands
- \$1,250 in event registration fees

The \$4,750 in financial commitments exceeds the CPP 1:1 match requirement for community events.

**ENVIRONMENTAL IMPACT:**

The Sequim City Band’s CPP application has no direct environmental impact related to the Port, its property, or its operations.

**FISCAL IMPACT:**

The 2026 budget, approved on 11/17/25, included \$25,000 for Community Partner Program grants.

As of today (4/14/26), the Commission has awarded up to \$16,500 from the CPP budget to the following applicants:

- Sequim CTE: up to \$10,000
- Joyce Daze Wild Blackberry Festival: \$4,000
- Clallam County Parks, Fairs, & Facilities Department: \$2,500

There is \$8,500 available in CPP grant funding for the remainder of 2026.

**RECOMMENDED ACTION:**

Staff recommends that the Commission consider the Sequim City Band’s application for funding and discuss whether SBC representatives should be invited to provide a brief presentation at the next Commission meeting.

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

**April 14, 2026**

**Subject: Resolution 26-1336 Delegation of Authority**

**Presenter: Paul Jarkiewicz, Chief Executive Officer**

**RCW & POLICY REQUIREMENTS:**

The Revised Code of Washington (RCW) 53.12.270(1) authorizes the commission of a port authority to delegate certain powers to its managing official:

The commission may delegate to the managing official of a port district such administrative powers and duties of the commission as it may deem proper for the efficient and proper management of port district operations. Any such delegation shall be authorized by an appropriate resolution of the commission, which resolution must also establish guidelines and procedures for the managing official to follow.

Pursuant to this statute, the Commission adopted a “Delegation of Authority,” conferring certain authorities to the Chief Executive Officer (CEO). Implicit in this statutory grant is the authority to revise/amend the delegation as needed.

Moreover, certain powers conferred to the CEO, and contained in the current delegation of authority, require renewal on a “year to year” basis. See e.g. RCW 53.08.090(1) and Delegation of Authority, art XII, concerning the sale of property less than \$22,000 (amended annually by a price increase index from the Office of Financial Management).

**BACKGROUND:**

The Port’s current Delegation of Authority requires the Port Commission to review, revise (if needed), and approve the delegation annually, specifically regarding Sale of Real or Personal Property (RCW 53.08.090).

**ANALYSIS:**

The attached Resolution 26-1336 and Exhibit A make the following adjustments to the Delegation of Authority:

1. Renewal of the Delegation of Authority in its entirety.
  
2. Renews the authority to surplus, sell, and convey property with a value up to \$23,340.

3. Updated the title from Executive Director to Chief Executive Officer.
4. Updated the purchasing authority of the Chief Executive Officer from \$50,000 to \$75,000 as previously approved by the Commission on February 11, 2025, throughout Exhibit A.
5. Section II.A.4: Amended language “The use to which the property may be put by the tenant shall be expressly stated and shall be in accordance with the ~~standards of use adopted by the Commission for the same or similar Port property or properties~~ use(s) as stated in the Port-approved lease.”
6. Section II.B: Clarification and additional language regarding Sublease Procedures.
7. Section II.D: Addition of “Other Real Estate Documents” subsection added to help clarify Section II as a whole.
8. Section III.B: Clarification and additional language regarding Emergency Public Works contracts.
9. Section III.D – The total cost has increased from \$300,000 to \$350,000 in accordance with the revised Washington State Competitive Small Works Contracts amount.
10. Section V.B: Addition of #2 & #3 to help clarify the language for the CEO’s Authority to Settle Claims.
11. Section VI: Addition of the Amendment protocol.
12. Section VII: Addition of Personal Services, including the addition of the Amendment protocol.
13. Section VIII: Addition of travel policy clarifications Section VIII.B-D.
14. Section IX: Addition of Section IX – Expenditures for Trade Promotion and Promotional Hosting and updated Port resolution reference.
15. Section XIII: Addition of subsection A. 1-3 to help clarify the Policy Governing Lease Surety, Surety Bonds, Rental Deposits, and Insurance Policies.
16. Section XIV.C.2: Estimated value of personal property that can be disposed of by sale changed from \$200 to \$5,000.
17. Section XVI.D: Litigation in which the value has, or is likely to exceed, the amount was changed from \$25,000 to \$75,000 to remain consistent with the rest of the document.

18. Section XVII: “One-Day” events was changed to “Three-Day” events in the section title to stay consistent with the rest of the section.

19. Section XXI: Addition of Section XXI – Insurance Policies.

20. Language and grammar clarifications throughout Exhibit A.

21. Clarification of items to be presented in the CEO’s Monthly Delegation of Authority Report throughout Exhibit A.

**ENVIRONMENTAL IMPACT:** None

**FISCAL IMPACT:** None

**RECOMMENDED ACTION:**

(1) Adopt Resolution No. 26-1336, renewing the Delegation of Authority with referenced updates.

26-1336

**RESOLUTION OF THE PORT OF PORT ANGELES RENEWING THE DELEGATION OF ADMINISTRATIVE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER**

WHEREAS, under RCW 53.12.270, the Port Commission of the Port of Port Angeles is authorized to delegate to the Chief Executive Officer of the Port of Port Angeles such administrative powers and duties as the Commission may deem proper for the efficient and proper management of Port operations;

WHEREAS, the Delegation of Authority Resolution serves as the directive by which the Commission delegates certain authority, otherwise retained by the Commission, to the Port of Port Angeles Chief Executive Officer, and

WHEREAS, said Delegation must be revised periodically as circumstances require to ensure the Port is able to address its day-to-day operational needs; and

WHEREAS, state law and said Delegation require certain authority conferred to the Chief Executive Officer to be renewed on an annual basis;

WHEREAS, in Resolution No. 22-1262, Resolution No. 23-1282, and Res-24-1290 the Port Commission delegated to its Chief Executive Officer certain authority for the management and operations of the Port;

NOW THEREFORE BE IT RESOLVED that Resolutions 22-1262, 23-1282, and Res 24-1290 are hereby rescinded, and the Port of Port Angeles Delegation of Administrative Authority to the Chief Executive Officer, as set forth in **Exhibit A** attached hereto and by this reference incorporated herein, is adopted and renewed for the purpose of establishing the administrative authority of the Chief Executive Officer.

ADOPTED by the Port Commission of the Port of Port Angeles at a regular meeting thereof held this 14<sup>th</sup> day of April 2026.

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

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Connie L. Beauvais, President

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Steve D. Burke, Vice President

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Colleen M. McAleer, Secretary

## Delegation of Administrative Authority to the Chief Executive Officer

### I. Foreword:

A. The following policy is adopted by the Commission of the Port of Port Angeles for the purpose of establishing the administrative powers and duties of the Chief Executive Officer, who is responsible for Port operations. The Chief Executive Officer may delegate to Port personnel such administrative authority or reporting requirements herein established as is necessary and advisable in the efficient exercise of the Chief Executive Officer's powers and duties.

B. This policy shall not be interpreted to limit the duties or responsibilities of the Chief Executive Officer as those duties are determined from time to time by the Commission. In case of a short-term absence, the Chief Executive Officer may designate one or more senior Port staff to act in the place of the Chief Executive Officer with regard to the powers and duties herein. However, ultimate responsibility for all administration and Port operations rests with the Chief Executive Officer.

C. To implement delegations of authority to Port personnel, the Chief Executive Officer may promulgate policy and procedural manuals, monetary and budgetary directives, and other such documents as personnel position descriptions, affirmative action plans, safety manuals, etc., which shall provide a clear span of authority and responsibility to the designees of the Chief Executive Officer. Any delegation to Staff shall be in writing and will require periodic review/reauthorization not less than annually by the Chief Executive Officer.

D. Any Commission directives or initiatives shall be made through the Chief Executive Officer and shall be made only by the Commission acting as a body of the whole. Those directives include, but are not limited to, the separately adopted travel policy, tariff schedules, financial guidelines, promotional hosting policy, standard rental template, and investment policy.

E. The phrase "administration and Port operations", as used herein, means the regular day-to-day business of the Port, including, but not limited to, operating, maintaining, and administering all of its properties, leasehold properties, facilities, services, and programs; including the implementation of construction work, alterations, repairs, maintenance, and improvements of the Port's real estate and physical facilities; and, the necessary planning incidental thereto; the conduct of financial accounting and legal matters as they relate to the Port's operation; the administration of all other operations which include personnel administration (*i.e.*, hiring, firing, salary and benefits, training, grievance procedures, task and project assignments, employee training and incentive programs, etc.); the execution and administration of contracts; publish legal notices; and, all other pertinent functions.

F. The Chief Executive Officer shall inform the Commission regarding significant information, incidents, and business transactions by methods agreeable to the Commission. The Chief Executive Officer shall report monthly to the Commission on those actions within this delegation. The Chief Executive Officer is the Port's managing official, appointed by the Commission, and serves as its representative. Nothing herein

should be construed in any way as abrogating the duties and responsibilities of the Commission.

**II. POLICY GOVERNING REAL PROPERTY AND THE PORT TERMINALS:**

A. Lease Arrangements: All real property when available for leasing shall, except as otherwise provided herein below, be leased only under an appropriate written lease instrument, executed by the Commission, and accompanied by a lease bond or other form of security in accordance with law. Further guidance to Port Staff concerning Lease rates, terms, and considerations is contained in the Port's Lease Policy. The Chief Executive Officer may execute short-term leases (terms of one year or less) subject to all the following conditions:

1. The appropriate lease surety must be in place consistent with statutory requirements and the Port's standard form of lease, except for State and Federal leases that require the use of the tenant's lease form as long as the content of the lease form does not materially change the Port's intent in its standard lease form.
2. The arrangements for short-term rental shall be evidenced by the Port's standard form of lease (except that any clearly inapplicable provision or provisions inconsistent with the policy herein shall be deleted from the standard form).
3. The amount of the rental shall be in accordance with the rental revenue standards adopted by the Commission for similar Port property of the same or similar class and type and devoted to similar uses.
4. The use of the leased property by the tenant shall be expressly stated in the lease and shall be in accordance with the approved lease.
5. The lease may not be renewed or otherwise extended beyond the initial term of less than one year without Commission approval. Nor may a similar lease to the same entity for the same property be executed without Commission approval.

B. Sublease Procedures: Leases, concession agreements, operating agreements, and related contracts between the Port and its tenants, concessionaires, and other parties shall include restrictions on subleasing and shall require, at a minimum, the prior written consent of the Port Commission to any sublease, sub-operating agreement, or sub-concession agreement, except as provided in subsection (1):

1. Subject to the provisions of the underlying lease or agreement, the Chief Executive Officer is authorized to grant written consent to a sublease, sub-operating agreement, or sub-concession agreement without prior Commission approval, provided that all of the following conditions are met:
  - a) Less than one year remains on the term of the underlying lease at the time the consent is granted;
  - b) The proposed sublease is for a use substantially similar to the use previously approved by the Commission for the same Port property;

- c) The lessee is not in default and is not in holdover status; and
- d) The material terms of the underlying lease are not modified or extended.

2. Any sublease consent granted under this authority shall be reported to the Commission at the next Commission Meeting.

C. Other Real Estate Documents: The Chief Executive Officer is authorized to execute the following property instruments, subject to the terms specified herein and shall be reported to the Commission as part of the CEO's monthly Delegation of Authority Report:

1. Easements for purposes of utility installments to serve Port properties. Easements that may impact the Port's Strategic Plan, provide utility service to non-Port properties, or result in the Port incurring costs due to increasing capacity.

2. Short-term agreements (of one year or less) for the use of Port-owned equipment, airport hangars, marina slips, and storage areas, in keeping with the Port Lease and Property Use Policy.

3. Aquatic land leases with the Washington State Department of Natural Resources of one year or less to accommodate leasehold property leases consistent with the Port Management Agreement.

4. Binding site plans and short plats consistent with Port master plans in order to activate leasehold interests.

5. The Chief Executive Officer is authorized to approve lease assignments under an existing ground lease for purposes of collateral, and lease assignments associated with the conveyance of a single airport condominium unit (change of ownership), where an established condominium association is the lessee under the ground lease.

6. Access Agreements.

D. Other Real Estate Documents: The Chief Executive Officer is authorized to execute the following property instruments, subject to the terms specified herein and are not required to be included in the CEO's monthly Delegation of Authority Report:

1. Changes in the name of the responsible party to the lease if all other conditions, including primary ownership, remain the same.

2. Response to estoppels and attornments.

E. Lease Renewals: The Chief Executive Officer is authorized to renew leases for terms of up to five years, provided such renewals are provided for in the already approved lease; all other substantive terms of the lease remain unchanged; rental rate adjustments provided for in the lease are made; and the lessee is in good standing<sup>1</sup>.

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1. A tenant in "good standing" is in FULL compliance with all obligations in their current or past lease agreements includes among other things timely payment of rent, adherence to specific terms of 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.

The Chief Executive Officer shall report the execution of any such lease option to the Commission and shall be reported to the Commission as part of the CEO's monthly Delegation of Authority Report.

F. Lease Enforcement and Lease Terminations: The Chief Executive Officer, in coordination with legal counsel, is authorized to enforce all terms and conditions of Port leases. The Chief Executive Officer is authorized to issue all appropriate notices of default and/or notices of termination with regard to Port leases. The Chief Executive Officer is authorized to terminate any lease under the terms and conditions therein. Upon termination, the Chief Executive Officer is authorized to take all steps necessary to retake possession of the leasehold and recover for the Port all sums due to the Port pursuant to the lease and the law. The Chief Executive Officer shall keep the Commission informed of the status of lessees in default prior to issuing default or termination notices.

G. Realtors Compensation Program: The Chief Executive Officer is authorized to make payments for real estate services consistent with the Commission's adopted Lease and Property Use Policy and within the lease authority of Section II.A.

H. Lay Berth Agreements: The Chief Executive Officer is authorized to execute Lay Berth Agreements, for a term of one year or less, to allow a vessel to berth on a daily or monthly basis at the Port's Terminals. This action shall be reported to the Commission as part of the CEO's monthly Delegation of Authority Report.

I. Port Facilities Agreements: The Chief Executive Officer is authorized to negotiate terms, conditions, and charges for services related to moving cargo across the Port's Terminals and Log yard which deviate from the published Tariff when (i) in the course of business it is necessary to deviate from the Tariff to capture new revenue or retain existing business relationships, and (ii) such agreements will not require the expenditure of any unbudgeted capital improvements or operating funds, and (iii) the term of the agreements shall not exceed one year This action shall be reported to the Commission as part of the CEO's monthly Delegation of Authority Report.

### **III. POLICY GOVERNING CONTRACTS FOR PERFORMANCE OF PUBLIC WORK:**

A. Public Work Contract Awards: The Chief Executive Officer shall have the responsibility for following all required statutory procedures in connection with all public work contracts as outlined in Chapter 39 RCW and Chapter 53 RCW. The Chief Executive Officer is authorized to carry out all procedures required by applicable statutes preliminary to the acts required to be performed by the Commission at an open meeting. The Chief Executive Officer may, without prior Commission approval, execute on behalf of the Port public work contracts for \$75,000<sup>2</sup> or less so long as the expenditure is within the approved budget. In addition, the Chief Executive Officer

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2. For projects, where the cost of the work or improvement, including costs of materials, supplies and equipment, will not exceed the sum of \$40,000, Ports can use RCW 53.08.120.2(c) where no bids are required. The Port shall make its best effort to reach out to qualified contractors, including certified minority and woman- owned businesses.

may, without prior Commission approval, execute on behalf of the Port, public work contracts for public work identified in a specific budgetary line item and where the contract price and all other charges do not exceed the amount authorized in that specific budgetary line item by more than ten percent (10%), but in no case in excess of a cumulative amount of \$75,000 on the project. Any contract awarded that does not exceed \$75,000 shall be reported to the Commission at the first regularly scheduled meeting of the following month.

B. Emergency Public Work Contracts: When any emergency shall require the immediate execution of a public work contract, the Chief Executive Officer, pursuant to the procedures of RCW 39.04.020 (as it now exists and as may be later amended), is authorized to make a finding of the existence of such emergency and execute any public work contract necessary to respond to the existing emergency, provided that the Chief Executive Officer shall, at the first Commission meeting following the Chief Executive Officer's finding) of the existence of an emergency, request Port Commission ratification of the finding of an emergency and any contract awarded or executed pursuant to this authority. Emergency contracts shall be filed with the commission and made available for public inspection within seven working days following the commencement of work or execution of the contract, whichever occurs first. Documented justification for emergency contracts shall be provided to the commission when the contract is filed. "Emergency" means a set of unforeseen circumstances beyond the control of the port that either: (a) Present a real, immediate threat to the proper performance of essential functions; or (b) May result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken pursuant to RCW 39.04.280. From the inception of any such emergency, the Chief Executive Officer shall advise the Commission on the status of the emergency and the progress of any public work contracts executed to remedy it. Emergency public work contracts executed pursuant to the authority herein shall contain a clause which states that the contract is subject to ratification by the Commission and that if ratification does not follow, the contract shall terminate, and the Contractor shall be compensated for his work and materials used to the time of termination.

C. Change Orders: In the instances where public work contracts have been awarded and under which the work is in progress, and individual changes in plans and/or specifications are necessitated in order to properly accomplish the work, the Chief Executive Officer is authorized, without prior Commission approval, to execute individual change orders to the contract if the following conditions are met:

1. The estimated cost of the aggregate changes in plans and/or specifications and all other charges will not exceed the specific budgetary line item by \$75,000, or 10% of the last Commission-approved total.
2. The contract provides for the issuance of change orders.
3. Unless Commission retains its change order approval authority in the respective Commission approval of the original underlying contract.

D. Final Acceptance of Contracts: The Chief Executive Officer may give final acceptance of completed public works projects where the total cost does not exceed \$350,000.

#### **IV POLICY GOVERNING CONTRACTS FOR ACQUISITION OF MATERIALS, EQUIPMENT, SUPPLIES, AND EMERGENCY SERVICES**

A. Items Acquired for Normal Maintenance and Operation in the Open Market: The Chief Executive Officer shall have the responsibility for following all required statutory procedures, where applicable, in connection with all contracts for the acquisition of utilities, materials, equipment, and supplies; provided, however, that where utilities, materials, equipment, and supplies are acquired on the open market or pursuant to published tariffs and used or are necessary in normal maintenance and operations of the Port, no prior approval shall be required but shall where appropriate be approved as a part of normal monthly expenses, and further, provided that in all cases where a statutory requirement exists for award of contracts following competitive bidding.

B. Budgeted Acquisitions or Acquisitions of \$75,000, or less: The Chief Executive Officer may, without prior Commission approval, execute on behalf of the Port, contracts for materials, equipment, and supplies (where the acquisition does not meet the criteria of Section IV.A above) for \$75,000 or less so long as the expenditure is within the limits of overall budgetary constraints. In addition, the Chief Executive Officer may, without prior Commission approval, execute on behalf of the Port, contracts for materials, equipment, or supplies identified in a specific approved budgetary line item and where the contract price does not exceed the amount authorized in that specific budgetary line item by ten percent (10%).

C. Emergency Contracts for Acquisition of Materials, Equipment, Supplies, and Services: When an emergency shall require the immediate acquisition of materials, equipment, supplies, and services, the Chief Executive Officer is authorized to make a finding of the existence of such emergency and execute any contract for acquisition of materials, equipment, supplies, and services (subject to the Port of Port Angeles Purchasing Procedure) necessary to respond to the existing emergency, provided that the Chief Executive Officer shall, at the first Commission meeting following the Chief Executive Officer's finding of the existence of an emergency, request Port Commission ratification of the finding of an emergency and any contract awarded or executed pursuant to this authority. From the inception of any such emergency, the Chief Executive Officer shall continuously advise the Commission on the status of the emergency and the progress of any public work contracts executed to remedy it. Emergency acquisition contracts executed pursuant to the authority herein shall contain a clause which states that the contract is subject to ratification by the Commission and that if ratification does not follow, the contract shall terminate, and the Contractor shall be compensated for work and materials used to the time of termination.

D. Performance of Work by Port Crews. The Chief Executive Officer is authorized to approve individual capital projects that are to be carried out by Port crews, or day labor, when deemed appropriate, when the total estimated cost for labor and materials does not exceed \$75,000. For projects that exceed \$40,000, the Port shall determine if contracting out construction would be less expensive than Port labor per RCW 53.08.135.

**V. POLICY GOVERNING ADJUSTMENT AND SETTLEMENT OF CLAIMS AND PENALTIES (EXCLUDING THOSE COVERED BY PARAGRAPH XVI):**

A. Procedure for Settling Claims: The Chief Executive Officer shall be responsible for the implementation of necessary procedures for the settlement of all claims, either against or on behalf of the Port. Procedures in the handling of such claims shall, at a minimum, include the following:

1. For the purpose of this Section, “claim” shall mean the assertion of any position, penalty, right, or responsibility by or against the Port, its Commissioners, or employees, but not including uncollectible accounts as covered in Section XII.

2. No claims against the Port shall be considered unless and until proper written notice has been provided to the Port.

3. All claims for or against the Port may be processed in all respects (except for their final approval and payment) by the Chief Executive Officer or Legal Counsel.

4. Except as provided under Section V.B, no claims shall be finally approved for settlement except by the Commission and no claim shall be paid except as authorized by the Commission.

B. Chief Executive Officer’s Authority to Settle Claims:

1. The Chief Executive Officer may, with the written concurrence of legal counsel, negotiate and settle claims asserted against or by the Port for an amount not to exceed \$25,000, after applying the Port’s applicable insurance deductible amount; provided that the claim seeks only monetary damages and does not require the Port to make a finding or admission of fault or liability. Settlements under this authority shall be treated as compromises of disputed claims and shall not constitute admissions of liability.

2. All claims settled under this authority shall be reported to the Commission as soon as practicable.

3. The settlement of any claim that personally names or asserts a claim against an individual Port Commissioner, seeks injunctive or declaratory relief, or would obligate the Port to formally acknowledge fault or wrongdoing, requires prior Commission approval.

**VI. POLICY GOVERNING ARRANGEMENTS FOR PROFESSIONAL AND CONSULTANT SERVICES:**

A. Chief Executive Officer’s Authority: The Chief Executive Officer is authorized to contract for professional services with qualified architectural, engineering and technical testing and inspection firms licensed in the State of Washington, to provide such services as required for maintenance, preliminary engineering work, and small projects, and for similar purposes reasonably required in connection with public works. The procurement of and payment for professional services shall be accomplished in accordance with RCW 39.80. The aggregate cost for the professional

and consulting services shall not exceed \$75,000 and shall not exceed the amount authorized in that specific approved budgetary line item by ten percent (10%).

B. Amendments: In the instances where professional service contracts have been awarded and under which the work is in progress, and individual changes in plans and/or specifications are necessitated in order to properly accomplish the work, the Chief Executive Officer is authorized, without prior Commission approval, to execute individual amendments to the contract if all the following conditions are met:

1. The estimated cost of the aggregate changes and all other charges will not exceed the specific approved budgetary line item, \$75,000 or 10% of the original Commission-approved contract amount.

## VII. POLICY GOVERNING CONTRACTS FOR PERSONAL SERVICES:

A. Chief Executive Officer's Authority: The Chief Executive Officer is authorized to contract for personal services. "Personal service" means professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement which may not reasonably be required in connection with a public works project meeting the definition in \*RCW 39.04.010(4). "Personal service" does not include purchased services as defined under RCW 53.19.010(8) or professional services procured using the competitive selection requirements in chapter 39.80 RCW. The procurement of and payment for and personal services shall be accomplished in accordance with RCW 53.19.090 and RCW 53.19.080. The personal services contract amount shall not exceed \$75,000 and shall not exceed the amount authorized in that specific approved budgetary line item by ten percent (10%).

B. Exceptions: Pursuant to RCW 53.19.020, all personal service contracts shall be entered into pursuant to competitive solicitation, except for:

- (1) Emergency contracts;
- (2) Sole source contracts, as defined in Section VII. C herein below;
- (3) Contract amendments;
- (4) Contracts between a consultant and a port of less than \$50,000 dollars. However, contracts of \$50,000 or greater but less than \$200,000 shall have documented evidence of competition. Ports shall not structure contracts to evade these requirements;
- (5) Other specific contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective, including those listed in Section VII B (6) herein below.
- (6) The Port Commission exempts the following services from competitive bid process as allowed by RCW 53.19.20 since the Commission deems competitive solicitation process is not appropriate for services that deal with high-risk areas, special education, and unique experience: Human resource, legal, information technology, marketing, project management, writing, accounting, financial, lobbyist, or bookkeeping services.

C. Sole Source Contracts<sup>4</sup> The Chief Executive Officer is authorized to execute sole source contracts for personal services in an amount not to exceed \$75,000. For purposes of this section, and as provided in RCW 53.19.010, “sole source” means a consultant providing professional or technical expertise of such a unique nature that the consultant is clearly and justifiably the only practicable source to provide the service. The justification shall be based on the uniqueness of the service, sole availability at the location required, or warranty or defect correction service obligations of the consultant. The documented justification shall include evidence that the port attempted to identify potential consultants. The Chief Executive Officer shall inform the Commission at the first regularly scheduled meeting of the following month of all actions undertaken under this section without prior Commission approval. Prior to a sole source contract being extended, the Port shall re-visit and confirm if the justification continues to apply and be valid.

In addition, pursuant to RCW 53.19.040, sole source contracts shall be filed with the Commission and made available for public inspection prior to the proposed starting date of the contract. Documented justification for sole source contracts shall be provided to the Commission when the contract is filed. Sole source contracts which exceed the amount of \$75,000 dollars Commission approval and must be supported by documented justification. The Commission shall ensure that the costs, fees, or rates negotiated in filed sole source contracts that exceed \$75,000 dollars are reasonable.

D. Amendments: In the instances where personal service contracts have been awarded and under which the work is in progress, and individual changes in plans and/or specifications are necessitated in order to properly accomplish the work, the Chief Executive Officer is authorized, without prior Commission approval, to execute individual amendments to the contract if all the following conditions are met:

1. The estimated cost of the aggregate changes and all other charges will not exceed the specific approved budgetary line item, \$75,000 and 10% of the original Commission-approved contract amount, and
2. If the value of the amendment or amendments to a personal service contract, whether singly or cumulatively, exceeds fifty percent of the value of the original contract, the contract amendment must be filed with the commission and made available for public inspection prior to the proposed starting date of services under the amendment, pursuant to RCW 53.19.060.

E. Changes In The Scope Of Work: In the event of substantial changes in the contract’s scope of work, or substantial additions to the scope of work as specified in the formal solicitation document, the changes shall be submitted to the commission for a determination as to whether the change warrants the work to be awarded as a new contract.

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4. Pursuant to RCW 53.19.040, sole source contracts shall be filed with the Commission and made available for public inspection prior to the proposed starting date of the contract. Documented justification for sole source contracts shall be provided to the Commission when the contract is filed to ensure that the costs, fees, or rates negotiated are reasonable.

F. Emergency Contracts: When any emergency shall require the immediate execution of a non-exempt professional or personal services contract, the Chief Executive Officer, pursuant to the procedures of 53.19.030 (as it now exists and as may be later amended), is authorized to make a finding of the existence of such emergency and execute any such contract necessary to respond to the existing emergency, provided that the Chief Executive Officer shall file such emergency contracts with the commission and made available for public inspection within seven working days following the commencement of work or execution of the contract, whichever occurs first. Documented justification for emergency contracts shall be provided to the Commission when the contract is filed.

**VIII. POLICY GOVERNING TRAVEL OF EMPLOYEES AND OTHER AUTHORIZED REPRESENTATIVES OF THE PORT:**

A. Chief Executive Officer's Authority: To facilitate necessary normal Port operations, the Chief Executive Officer may authorize travel by Port employees and/or other Port representatives for Port business, in accordance with the Port's Travel Policy adopted pursuant to RCW 53.08.176 and RCW 42.24.090 and per Port Resolution 24-1304. Reimbursable personal travel expenses per trip shall not exceed \$5,000 per person without advance approval by the Commission.

B. The Commission shall be advised at the first regularly scheduled meeting of the following month of all such authorizations for travel outside of Washington, Oregon, Idaho, and British Columbia, Canada.

C. Commissioner international travel, outside of British Columbia, Canada, requires approval by the Commission.

D. The Port's Auditor will be responsible for ensuring full compliance with applicable statutes, regulations, and Port policies and procedures governing expense reimbursement by employees, Port Commissioners, and representatives of the Port. Per RCW 53.08.176, the port district shall adopt a resolution establishing basic rules and regulations governing employee reimbursements, use of credit cards, allowable per diem that does not exceed the United States General Services Administration's per diem rates, and other procedures.

**IX. EXPENDITURES FOR TRADE PROMOTION AND PROMOTIONAL HOSTING:**

A. The Chief Executive Officer will report proposed expenditures covering industrial development, trade promotion, and promotional hosting as provided in RCW 53.36.120 to the Commission as part of the annual budget adoption. Expenditures proposed for promotional hosting shall be limited as provided in RCW 53.36.130.

B. Port staff and representatives responsible for industrial development, Promotional hosting, and trade promotion, and authorized to host under the Delegation of Authority Policy, are authorized to make expenditures for promotional hosting of all appropriate Port activities, subject to all of the provisions of the Promotional Hosting policy per Port Resolution 22-1263.

C. Commission hosting requires prior approval by the Commission.

**X. POLICY GOVERNING STAFF AND EMPLOYEE ADMINISTRATION:**

A. Chief Executive Officer's Authority: The Chief Executive Officer shall have the authority to manage all personnel matters for Port employees, which includes hiring, firing, training, grievance procedures, employee benefits, and administration of the employee salary schedule and incentive programs. The Chief Executive Officer shall carry out these responsibilities according to the state and local guidelines and policies and within overall budgetary constraints. The Chief Executive Officer will inform the Commission of actions being taken in the event that the action may result in public notice or litigation or any change to personnel employment statuses

**XI. POLICY GOVERNING CHIEF EXECUTIVE OFFICER'S AUTHORITY FOR PROPERTY ACQUISITIONS AND SALES:**

A. Chief Executive Officer's Authority: When the Port Commission authorizes the acquisition of real property by purchase or condemnation, the Chief Executive Officer shall take all necessary steps, including the securing of appraisals, to secure the title of such property for the Port. Acquisition price of individual properties (or ownerships) shall in no case exceed the Port's appraisal or the property's fair market value by ten percent (10%), nor shall the total price paid for all properties exceed the estimates of the Port Commission's authorization without further specific Commission authorization.

B. Execution of Documents of Sale: The authorization for the sale of real property is reserved to the Commission. When the Commission authorizes the sale of real property, the Chief Executive Officer shall take all necessary steps to complete the transaction, including, but not limited to, accepting deposits, opening escrow, and signing all necessary documents, and taking all steps to obtain Commission approval to surplus the property and to update the Port's Comprehensive Scheme of Harbor Improvements.

**XII. POLICY GOVERNING DISPOSITION OF UNCOLLECTIBLE ACCOUNTS:**

A. Definition of "Write-off": The term "write-off" means the adjustment of the accounting records of the Port to reflect the fact that the account is uncollectible in the normal course of operations. The Chief Executive Officer may authorize Legal Counsel to initiate or continue with legal action to collect an account without regard to whether the account has been written off the accounting records of the Port.

B. Procedures: The Chief Executive Officer is authorized to establish procedures for and to write off any uncollectible account \$1,000 or less subject to the following general guidelines and in accordance with RCW 19.16.500:

1. Prior to writing off any account receivable or uncollectible, the Chief Executive Officer shall be satisfied that every reasonable effort has been made by the Port to accomplish the collection of the account.
2. The Chief Executive Officer may, as appropriate, authorize legal

action in the proper court of law or assign the account to a collection agency while keeping the Commission informed. If, after attempting all normal account collections procedures, an account remains uncollectible after 180 days, the Chief Executive Officer may write off the account.

3. Any account in excess of \$1,000 that is deemed to be uncollectible shall be referred to the Commission for final write-off.

**XIII. POLICY GOVERNING LEASE SURETY, SURETY BONDS, RENTAL DEPOSITS, AND INSURANCE POLICIES:**

A. Authority of the Chief Executive Officer: Where a lease is not in default, the Chief Executive Officer or designee is authorized to take the following actions in connection with any lease of the Port:

1. Accept and approve any surety, surety bond, rental deposit, certificate of insurance, or insurance policy submitted in fulfillment of the requirements of a lease, including any substitute or replacement surety or coverage;

2. Approve modifications to, or substitutions of, any surety, bond, rental deposit, or insurance coverage required under a lease, including replacement coverage for any terminated or expired surety or policy; and

3. Release any surety, surety bond, rental deposit, or insurance obligation when an adequate substitute surety, deposit, or coverage has been provided or upon lease termination or expiration.

**XIV. POLICY GOVERNING SALE OF PROPERTY:**

A. Sale of Property: The Chief Executive Officer is authorized, pursuant to RCW 53.08.090, to sell and convey surplus real and personal property of the Port subject to the following conditions being met:

1. The market value of the real or personal property is less than \$23,340.

2. Prior to any such sale or conveyance, the Chief Executive Officer shall itemize and list the property to be sold and make written certification to the Commission that the listed property is no longer needed for Port purposes.

3. Offers for purchase are solicited from at least three (3) parties, whenever possible.

4. Any large block of such property having a value in excess of \$23,340 shall not be divided into components of a lesser value and sold unless done so by public competitive bid.

5. Real property which is part of the comprehensive plan of improvement or modification thereof shall not be disposed of until the comprehensive plan has been modified pursuant to RCW 53.20.010 and until such property is found to be surplus to Port needs.

B. The sale of surplus personal property to Port officials or employees shall

be restricted to public auctions or consignment for bid, where the process is managed by a third-party vendor, and all interested parties have equal opportunity in the bidding process.

C. The Chief Executive Officer shall itemize and list the personal property to be disposed of and shall make a written certification to the Commission that the listed property was no longer needed for Port District purposes.

1. If the Chief Executive Officer is unable after reasonable effort to dispose of the surplus property by sale, either through a publicly advertised competitive bidding process or sale by negotiation, the Chief Executive Officer may dispose of surplus personal property by donation to a Clallam County tax-exempt organization, municipal corporation, tribal government or by delivery to the local transfer station or recycling center.

2. If a single item of personal property has an estimated value of \$5,000 or less, and the Chief Executive Officer reasonably determines that the expense of disposing of the property by sale would exceed any benefit the Port may receive, the Chief Executive Officer may dispose of the property by donation to a Clallam County tax-exempt organization, municipal corporation, tribal government, or by delivery to the local transfer station or recycling center.

**XV. POLICY GOVERNING INVESTMENT OF TEMPORARILY IDLE PORT FUNDS:**

A. Authority of the Chief Executive Officer: For purposes of this Section, “Temporarily Idle Port Funds” shall mean those funds which are not required for immediate expenditure. In accordance with the Port of Port Angeles Investment Policy, the Chief Executive Officer is authorized to direct the investment of temporarily idle Port funds. These directives shall permit, but shall not be limited to, investments in authorized government securities, sale of such investments, and necessary interfund transfers. A summary report of all investments, sales, and interfund transfers shall be reported to the Commission as part of the CEO’s monthly Delegation of Authority Report.

**XVI. LITIGATION:**

A. Management and Supervision of Litigations: The Chief Executive Officer and the Port’s Legal Counsel shall be responsible for the procedures necessary for management and supervision of all litigation in which the Port has an interest, direct or indirect. For purposes of this section, “litigation” shall mean the assertion or potential assertion of any position, right, or responsibility by or against the Port, including actions which have been filed in any court or any *quasi*-judicial or administrative forum.

B. Special Legal Services: The Chief Executive Officer, on consultation with the Port’s Legal Counsel, is authorized to retain other such special counsel at fees as may be negotiated to assist in the handling of any claims, litigation, or other matters necessary to attend to the legal affairs of the Port, within overall budgetary constraints.

C. Engagement of Experts: The Chief Executive Officer may engage or cause

to be engaged through Legal Counsel, such experts as may be necessary for the orderly support of claims or litigation in which the Port has a direct or indirect interest. Such engagement shall be upon authorization given by Legal Counsel after having satisfied themselves that such expenditure is necessary to the adequate preparation and representation of the Port's position in such litigation or claim and shall, wherever practicable, include evaluation of the litigation or claim and an estimate of the probable cost of such experts.

D. Consultation with Commission: In instances of litigation in which the value has, or is likely to exceed \$75,000, the Chief Executive Officer will, in conjunction with the Port's Legal Counsel, consult with the Commission regarding strategy and the economic impact of litigation.

**XVII. POLICY GOVERNING INTERLOCAL AGREEMENTS FOR USE OF PORT PROPERTY FOR TRAINING PURPOSES AND EVENT SITE USE AGREEMENTS FOR THREE-DAY EVENTS:**

A. Chief Executive Officer's Authority: The Chief Executive Officer is authorized to execute agreements with other public agencies for purposes of conducting training exercises related to police, fire, and public health and safety issues. Additionally, the Chief Executive Officer is authorized to execute event and site use agreements with organizations for up to 3-day non-political events conducted by the organizations on Port property.

**XVIII. CONFIDENTIALITY AGREEMENTS.**

A. The Chief Executive Officer shall have the authority, upon concurrence of the Port's Legal Counsel, to execute confidentiality and nondisclosure agreements; provided, however, said agreements shall comply with the requirements of Washington's Public Records Act, Chapter 42.56 RCW.

**XIX. COLLECTIVE BARGAINING AGREEMENTS**

A. The Chief Executive Officer shall have the authority to enter into non-material amendments to Collective Bargaining and related Agreements with represented Port employees. These amendments shall not cost the Port more than \$25,000 per year. Collective Bargaining Agreements must conform to the restraints outlined in RCW 53.18.060. This shall be reported to the Commission as part of the CEO's monthly Delegation of Authority Report.

**XX. APPLICATION FOR AND ACCEPTANCE OF GRANTS**

A. The Chief Executive Officer is authorized to pursue and accept on behalf of the granting agency, without prior referral to the Commission, all grant and loan opportunities, when the Grantor does not require official Commission action, under the following conditions:

1. The program(s) or project(s) to be funded by the grant or loan opportunity are listed in the Port Commission's adopted annual operating budget, capital investment plan, or strategic plan; or

2. When the program(s) or project(s) to be funded by a grant or loan opportunity are not listed in the documents noted in Paragraph A.1 above, the grant or loan may still be pursued and accepted provided the grant or loan does not require the Port to contribute new agency money (even if reimbursed) exceeding \$75,000, or that result in increased operating expenses of \$75,000 annually.

B. The purpose, amount, duration, and associated obligations of any grant or loan application and award shall be reported to the Commission as part of the CEO's monthly Delegation of Authority Report after the application is made. If, upon review, the Commission determines the grant application is not in the best interest of the agency, then it may direct the Chief Executive Officer to rescind the application.

**XXI. INSURANCE POLICIES:**

A. The Chief Executive Officer is authorized to negotiate and obtain appropriate policies of insurance to cover Port property, liability, employee coverage, and other areas appropriately included within a comprehensive insurance program. The Chief Executive Officer is authorized to approve from time-to-time changes or modifications within the policies of insurance including programs to provide self-insurance or deductible provisions so long as such programs are promptly and regularly reported to the Commission so that they are kept informed of basic changes in the overall insurance program of the Port.

B. The Commission shall approve the coverage and deductible of the insurance policy.

**XXII. CHIEF EXECUTIVE OFFICER DELEGATION OF AUTHORITY**

A. The Chief Executive Officer has the authority to assign a delegate to act with the Chief Executive Officer's full delegation of authority, in the Chief Executive Officer's absence from the Port district jurisdiction exceeding 24 hours.

B. The Commission retains the authority to appoint an authorized delegate for the Chief Executive Officer under the following conditions:

1. If the Chief Executive Officer is absent from the Port district jurisdiction exceeding 24 hours, and

2. The Chief Executive Officer has not already delegated the Chief Executive Officer's full authority to a delegate for that absence, and

3. If said delegation is necessary for the orderly and efficient continuation and exercise of Port business, as determined by the Commission in its sole discretion.

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

*04/14/2026*

### **April 27, 2026 (Special Joint Meeting w/ Board of County Commissioners & The Clallam County Public Utility District)**

- Hosted at the Port of Port Angeles from 11:00 am – 2:30 pm

### **April 28, 2026 (Regular Commission Meeting)**

- March Financial Report
- 1<sup>st</sup> Quarter Operations Report
- FIA Hangar Development Bid Award / Grant Application Approval

### **May 12, 2026 (Regular Commission Meeting)**

- Monthly Delegation of Authority Report
- Monthly Cash and Investment Report

### **May 26, 2026 (Regular Commission Meeting)**

- April Financial Report

### **June 9, 2026 (Regular Commission Meeting)**

- Monthly Delegation of Authority Report
- Monthly Cash and Investment Report

## **Upcoming Events**

April 16-17: Northwest Marine Terminal Association (NWMTA) Spring Meeting (Port of Astoria, WA)

April 22-24: Olympic Logging Conference (Victoria, BC – Fairmont Empress Hotel)

May 19-21: WPPA Spring Meeting (Stevenson – Skamania Lodge)

May 18-20: Washington Airport Managers Association Conference (Walla Walla, WA)

June 6: Maritime Festival (Port Angeles Boat Haven)

June 24-26: WPPA Finance Seminar (Everett – Hotel Indigo)

July 8-10: WPPA Directors Seminar (Pullman – Courtyard by Marriott)

July 20-22: WPPA Commissioners Seminar (Wenatchee – Hilton Garden Inn)

July 23-24: Northwest Marine Terminal Association (NWMTA) Summer Meeting (Port of Pasco, WA)

September 28-30: American Association of Port Authorities (AAPA) Annual Conf. (New Orleans, LA)

October 13-15: Pacific Northwest Waterways Assoc. (PNWA) Annual Meeting (Vancouver, WA)

October 18-21: NAFTAZ Annual Conference & Exposition (San Diego, CA – Loews Coronado Bay)

October 22-23: WPPA Small Ports (Chelan – Campbell's Resort Lake Chelan)

November 19-21: Pacific Marine Expo (Seattle, WA – Seattle Convention Center Arch Building)

December 9-11: WPPA Annual Meeting (Vancouver, WA – Hilton Vancouver)

## **Future**

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