



**REGULAR COMMISSION MEETING**  
**Tuesday, April 28, 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**

\*Time Specific Agenda Item at 9:30 am – XIV.A. Community Boating Program CPP Presentation

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

**III. APPROVAL OF AGENDA**

**IV. EARLY EXECUTIVE SESSION**

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

**V. WORK SESSION**

A. March Financial Report.....1-4

**VI. APPROVAL OF CONSENT AGENDA**

A. Regular Commission Meeting Minutes – April 14, 2026.....5-8

B. Vouchers in the amount of \$521,483.61.....9

**VII. COMPLETION OF RECORDS**

A. 1<sup>st</sup> Quarter Operations Report.....10-24

**VIII. PLANNING AND CAPITAL PROJECTS**

A. Item for Consideration – Amendment to the Interlocal Agreement Between the City of Bremerton & The Port for the Sale and Purchase of a Surplus Emergency Fire and Rescue Boat.....25-29

B. Item for Consideration – Composites Manufacturing Building Design – Professional Services Agreement for Carletti Architects.....30-33

**IX. LOG YARD**

No items



**X. MARINE TRADES AND MARINE TERMINALS**

- A. Item for Consideration – Professional Services Agreement Amendment for Moffatt & Nichol – Terminal 1 Heavy Weather Mooring.....34-35

**XI. PROPERTY**

- A. Item for Consideration – Fire Chief Equipment Term Lease.....36-65
- B. Item for Consideration – FAA Equipment 10 yr. Lease at FIA.....66-100
- C. Item for Consideration – Olympic Peninsula Seafood Term Lease.....101-128
- D. Items for Consideration – Lee Shore Boats Property Purchase.....129-134

**XII. MARINAS**

No items

**XIII. AIRPORTS**

- A. Item for Consideration – Small Community Air Service Development Program (SCASDP) Grant Application, Resolution 26-1341.....135-139
- B. Item for Consideration – FAA Airport Improvement Program (AIP) (047) Grant Application for Hangar Development Project (Construction), Resolution 26-1340.....140-142
- C. Item for Consideration – Hangar Development Bid Award.....143-145

**XIV. OTHER BUSINESS**

- A. Community Boating Program Community Partner Program (CPP) Presentation (Time Specific – 9:30 am).....146-150
- B. Item for Consideration – Surplus of Equipment, Res 26-1342.....151-153

**XV. ITEMS NOT ON THE AGENDA**

**XVI. COMMISSIONER REPORTS**

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

**XVIII. FUTURE AGENDA.....154**



**XIX. NEXT MEETINGS**

- A. May 12, 2026 – Regular Commission Meeting
- B. May 26, 2026 – Regular Commission Meeting
- C. June 9, 2026 – Regular Commission Meeting
- D. June 23, 2026 – Regular Commission Meeting

**XX. UPCOMING EVENTS**

- A. May 19-21, 2026 – WPPA Spring Meeting – Stevenson, Skamania Lodge
- B. May 18-20, 2026 – Washington Airport Managers Association Conference, Walla Walla
- C. June 6, 2026 – Maritime Festival, Port Angeles
- D. June 24-26, 2026 – WPPA Finance Seminar, Everett, Hotel Indigo

**XXI. EXECUTIVE SESSION**

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

**XXII. 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**  
**P&L Summary by Department**  
**3/31/2026**

	March Actual	March Budget	Actual vs Budget Variance	Variance %
<b><u>Marine Terminal</u></b>				
Operating Revenue	179,870	173,950	5,920	▲3.40%
Operating Expense	(110,374)	(130,300)	19,926	▼15.29%
<b>Total</b>	<b>69,497</b>	<b>43,651</b>	<b>25,846</b>	
<b><u>Marine Trades Area</u></b>				
Operating Revenue	75,370	75,652	(282)	▼0.37%
Operating Expense	(40,726)	(33,337)	(7,389)	▲22.16%
<b>Total</b>	<b>34,644</b>	<b>42,315</b>	<b>(7,671)</b>	
<b><u>Log Yard</u></b>				
Operating Revenue	45,296	92,728	(47,432)	▼51.15%
Operating Expense	(83,776)	(96,688)	12,912	▼13.35%
<b>Total</b>	<b>(38,481)</b>	<b>(3,960)</b>	<b>(34,520)</b>	
<b><u>Fairchild International Airport</u></b>				
Operating Revenue	39,227	39,231	(4)	▼0.01%
Operating Expense	(38,367)	(62,502)	24,135	▼38.62%
<b>Total</b>	<b>860</b>	<b>(23,271)</b>	<b>24,131</b>	
<b><u>Sekiu</u></b>				
Operating Revenue	1,528	1,566	(38)	▼2.45%
Operating Expense	(3,497)	(2,094)	(1,403)	▲67.02%
<b>Total</b>	<b>(1,970)</b>	<b>(528)</b>	<b>(1,442)</b>	
<b><u>Airport Rental Properties</u></b>				
Operating Revenue	139,254	132,695	6,559	▲4.94%
Operating Expense	(52,150)	(62,146)	9,996	▼16.09%
<b>Total</b>	<b>87,104</b>	<b>70,549</b>	<b>16,555</b>	
<b><u>Port Angeles Boat Haven</u></b>				
Operating Revenue	165,776	171,168	(5,392)	▼3.15%
Operating Expense	(86,479)	(90,610)	4,131	▼4.56%
<b>Total</b>	<b>79,297</b>	<b>80,558</b>	<b>(1,261)</b>	
<b><u>John Wayne Marina</u></b>				
Operating Revenue	163,720	161,761	1,959	▲1.21%
Operating Expense	(92,255)	(89,196)	(3,059)	▲3.43%
<b>Total</b>	<b>71,465</b>	<b>72,565</b>	<b>(1,100)</b>	
<b><u>Rental Properties</u></b>				
Operating Revenue	26,397	12,102	14,295	▲118.12%
Operating Expense	(18,610)	(10,972)	(7,637)	▲69.60%
<b>Total</b>	<b>7,788</b>	<b>1,130</b>	<b>6,658</b>	
<b><u>Administrative</u></b>				
Operating Expense	(222,787)	(220,590)	(2,197)	▲1.00%
<b><u>Economic Development</u></b>				
Operating Expense	(48,396)	(45,883)	(2,513)	▲5.48%
<b><u>Information Technology</u></b>				
Operating Expense	(11,424)	(11,525)	101	▼0.88%
<b><u>Mechanical Maintenance</u></b>				
Operating Expense	(20,556)	(17,903)	(2,653)	▲14.82%
<b><u>Facilities Maintenance</u></b>				
Operating Expense	(24,348)	(48,881)	24,533	▼50.19%
<b>TOTAL OPERATING REVENUES</b>	<b>836,437</b>	<b>860,853</b>	<b>(24,416)</b>	<b>▼2.84%</b>
<b>TOTAL DIRECT EXPENSES</b>	<b>(853,745)</b>	<b>(922,627)</b>	<b>68,883</b>	<b>▼7.47%</b>
<b>ALLOCATED EXPENSES - ADMIN &amp; MAINT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET SURPLUS (DEFICIT) - Before Depreciation</b>	<b>(17,307)</b>	<b>(61,774)</b>	<b>44,467</b>	<b>▼71.98%</b>
<b>ALLOCATED DEPRECIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEPRECIATION EXPENSE</b>	<b>318,379</b>	<b>338,964</b>	<b>(20,584)</b>	<b>▼6.07%</b>
<b>NET SURPLUS (DEFICIT) - After Depreciation</b>	<b>(335,687)</b>	<b>(400,738)</b>	<b>65,051</b>	<b>▼16.23%</b>

	March Actual	March Budget	Actual vs Budget	
			Variance	Variance %
<b><u>NON-OP (GENERAL)</u></b>				
NON-OP REV (General)	83,273	73,000	10,273	▲ 14.07%
NON-OP EXP (General)	(17,080)	(11,556)	(5,525)	▲ 47.81%
<b>NON-OP (General) SURPLUS (DEFICIT)</b>	<b>66,193</b>	<b>61,445</b>	<b>4,748</b>	<b>▲ 7.73%</b>
<b><u>NON-OP (CAPITAL)</u></b>				
NON-OP REV (Capital)	153,528	152,408	1,120	▲ 0.73%
NON-OP EXP (Capital)	(3,829)	(3,902)	73	▼ 1.87%
<b>NON-OP (Capital) SURPLUS (DEFICIT)</b>	<b>149,699</b>	<b>148,506</b>	<b>1,193</b>	<b>▲ 0.80%</b>
<b>NET NON-OP SURPLUS (DEFICIT)</b>	<b>215,891</b>	<b>209,951</b>	<b>5,941</b>	<b>▲ 2.83%</b>
<b>TOTAL NET SURPLUS (DEFICIT)</b>	<b>(119,795)</b>	<b>(190,787)</b>	<b>70,992</b>	<b>▼ 37.21%</b>

**Port of Port Angeles**  
**P&L Summary by Department**  
3/31/2026

	YTD Actual	YTD Budget	Actual vs Budget Variance	Variance %
<b><u>Marine Terminal</u></b>				
Operating Revenue	381,785	563,136	(181,351)	▼ 32.20%
Operating Expense	(383,665)	(395,424)	11,759	▼ 2.97%
<b>Total</b>	<b>(1,880)</b>	<b>167,713</b>	<b>(169,592)</b>	
<b><u>Marine Trades Area</u></b>				
Operating Revenue	182,313	202,473	(20,160)	▼ 9.96%
Operating Expense	(136,471)	(97,971)	(38,501)	▲ 39.30%
<b>Total</b>	<b>45,842</b>	<b>104,502</b>	<b>(58,661)</b>	
<b><u>Log Yard</u></b>				
Operating Revenue	210,100	256,044	(45,944)	▼ 17.94%
Operating Expense	(285,674)	(302,416)	16,742	▼ 5.54%
<b>Total</b>	<b>(75,575)</b>	<b>(46,372)</b>	<b>(29,202)</b>	
<b><u>Fairchild International Airport</u></b>				
Operating Revenue	119,181	117,538	1,643	▲ 1.40%
Operating Expense	(121,480)	(157,910)	36,430	▼ 23.07%
<b>Total</b>	<b>(2,299)</b>	<b>(40,372)</b>	<b>38,073</b>	
<b><u>Sekiu</u></b>				
Operating Revenue	4,404	4,630	(226)	▼ 4.88%
Operating Expense	(9,058)	(6,852)	(2,206)	▲ 32.19%
<b>Total</b>	<b>(4,654)</b>	<b>(2,222)</b>	<b>(2,432)</b>	
<b><u>Airport Rental Properties</u></b>				
Operating Revenue	423,413	388,365	35,048	▲ 9.02%
Operating Expense	(152,268)	(173,969)	21,701	▼ 12.47%
<b>Total</b>	<b>271,145</b>	<b>214,396</b>	<b>56,749</b>	
<b><u>Port Angeles Boat Haven</u></b>				
Operating Revenue	476,768	494,474	(17,706)	▼ 3.58%
Operating Expense	(321,499)	(257,008)	(64,491)	▲ 25.09%
<b>Total</b>	<b>155,269</b>	<b>237,466</b>	<b>(82,197)</b>	
<b><u>John Wayne Marina</u></b>				
Operating Revenue	458,416	468,917	(10,501)	▼ 2.24%
Operating Expense	(271,127)	(274,588)	3,461	▼ 1.26%
<b>Total</b>	<b>187,289</b>	<b>194,329</b>	<b>(7,040)</b>	
<b><u>Rental Properties</u></b>				
Operating Revenue	67,001	49,686	17,315	▲ 34.85%
Operating Expense	(38,744)	(28,823)	(9,921)	▲ 34.42%
<b>Total</b>	<b>28,256</b>	<b>20,863</b>	<b>7,393</b>	
<b><u>Administrative</u></b>				
Operating Expense	(764,559)	(746,860)	(17,699)	▲ 2.37%
<b><u>Economic Development</u></b>				
Operating Expense	(115,102)	(108,665)	(6,437)	▲ 5.92%
<b><u>Information Technology</u></b>				
Operating Expense	(45,099)	(38,075)	(7,024)	▲ 18.45%
<b><u>Mechanical Maintenance</u></b>				
Operating Expense	(56,062)	(54,331)	(1,731)	▲ 3.19%
<b><u>Facilities Maintenance</u></b>				
Operating Expense	(102,515)	(146,311)	43,796	▼ 29.93%
<b>TOTAL OPERATING REVENUES</b>	<b>2,323,381</b>	<b>2,545,263</b>	<b>(221,882)</b>	<b>▼ 8.72%</b>
<b>TOTAL DIRECT EXPENSES</b>	<b>(2,803,324)</b>	<b>(2,789,202)</b>	<b>(14,122)</b>	<b>▲ 0.51%</b>
<b>ALLOCATED EXPENSES - ADMIN &amp; MAINT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET SURPLUS (DEFICIT) - Before Depreciation</b>	<b>(479,943)</b>	<b>(243,939)</b>	<b>(236,004)</b>	<b>▲ 96.75%</b>
<b>ALLOCATED DEPRECIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEPRECIATION EXPENSE</b>	<b>928,014</b>	<b>1,016,891</b>	<b>(88,877)</b>	<b>▼ 8.74%</b>
<b>NET SURPLUS (DEFICIT) - After Depreciation</b>	<b>(1,407,957)</b>	<b>(1,260,830)</b>	<b>(147,127)</b>	<b>▲ 11.67%</b>

	YTD Actual	YTD Budget	Actual vs Budget	
			Variance	Variance %

**NON-OP (GENERAL)**

NON-OP REV (General)	246,809	221,500	25,309	▲ 11.43%
NON-OP EXP (General)	(8,373)	(16,584)	8,210	▼ 49.51%
<b>NON-OP (General) SURPLUS (DEFICIT)</b>	<b>238,436</b>	<b>204,916</b>	<b>33,519</b>	<b>▲ 16.36%</b>

**NON-OP (CAPITAL)**

NON-OP REV (Capital)	502,315	485,014	17,301	▲ 3.57%
NON-OP EXP (Capital)	(11,486)	(11,705)	219	▼ 1.87%
<b>NON-OP (Capital) SURPLUS (DEFICIT)</b>	<b>490,829</b>	<b>473,309</b>	<b>17,520</b>	<b>▲ 3.70%</b>

<b>NET NON-OP SURPLUS (DEFICIT)</b>	<b>729,264</b>	<b>678,225</b>	<b>51,039</b>	<b>▲ 7.53%</b>
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<b>TOTAL NET SURPLUS (DEFICIT)</b>	<b>(678,692)</b>	<b>(582,604)</b>	<b>(96,088)</b>	<b>▲ 16.49%</b>
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**REGULAR COMMISSION MEETING**  
**Tuesday, April 14, 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.  
Katharine Frazier, Grants & Gov't Affairs Manager  
Jenna Riley, Clerk to the Board

**I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-1:27)**

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

Paul Jarkiewicz introduced two new Port team members: Lexi Lemon, Payroll Specialist and Zach Holsted, Capital Program Manager.

**II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (1:28-7:28)**

Eric Mueller of Port Angeles, WA, spoke on an incident involving an unmarked underwater hazard. Mr. Mueller struck an existing piling on the Northeast side of the Marina just outside of the main set of pilings, which was unmarked, causing significant damage to his vessel. He noted this could be a liability for the Port and requested that the Commission mark the piling so others do not hit it and ensure it is properly charted.

Mr. Jarkiewicz, in response, explained that Mr. Mueller will submit the details into evidence, the Port will make a Notice to Mariners, and will follow up with NGS to ensure it is appropriately noted on the charts. The Port will investigate options for temporary and long-term flagging of the piling.

**III. APPROVAL OF AGENDA (7:29-7:42)**

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

**IV. WORK SESSION (7:43-12:36)**

**A. Monthly Cash & Investment Report**

- Presentation By: Jennifer Baker
- Discussion
- No Action

**B. City Boat Ramp**

- Presentation By: Paul Jarkiewicz
- Discussion
- The Port to send a letter to the City of Port Angeles to frame who is responsible for what. Katharine Frazier to reach out to Courtney at the City of Port for support once there is notice of an application.

**V. APPROVAL OF CONSENT AGENDA (12:37-13:48)**

**A. Regular Commission Meeting Minutes – March 24, 2026**

**B. Vouchers in the amount of \$601,953.47**

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

**VI. COMPLETION OF RECORDS (13:49-20:34)**

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

**VII. PLANNING AND CAPITAL PROJECTS**

No items

**VIII. LOG YARD**

No items

**IX. MARINE TRADES AND MARINE TERMINALS**

No items

**X. PROPERTY (20:35-26:14)**

- A. Item for Consideration – Dockside Grill Sale – New Lease for JMS Hospitality
- Presentation By: Caleb McMahon
  - Discussion
  - Motion to authorize the Chief Executive Office to sign a lease with JMS Hospitality, per the terms and conditions presented, and to make minor modifications as may be necessary: Comm. McAleer
  - 2nd: Comm. Burke
  - Vote: 3-0 (Unanimous)

**XI. MARINAS**

No items

**XII. AIRPORTS**

No items

**XIII. OTHER BUSINESS (26:15-54:29)**

- A. Letter of Support - Olympic Coast Exploration Center
- Presentation By: Katharine Frazier
  - Discussion
  - Motion to sign the letter of support: Comm. Beauvais
  - 2<sup>nd</sup>: Comm. McAleer
  - Vote: 3-0 (Unanimous)
- B. Item for Discussion - Sequim City Band Community Partner Program Application
- Presentation By: Katharine Frazier
  - Discussion
  - Motion to authorize \$1,000 to be funded for the Sequim City Band Community Partner Program Application: Comm. McAleer
  - 2<sup>nd</sup>: Comm. Beauvais
  - Vote: 3-0 (Unanimous)
- C. Item for Consideration - Joyce Daze Community Partner Program Award Modification
- Presentation By: Katharine Frazier
  - Discussion
  - All Commissioners in favor of the modification to the award language



- D. Item for Consideration – Delegation of Authority Updates & Renewal, Res 26-1336
- Presentation By: Comm. Beauvais
  - Motion to adopt Resolution 26-1336 a Resolution of The Port of Port Angeles Renewing The Delegation of Administrative Authority to the Chief Executive Officer: Comm. McAleer
  - 2<sup>nd</sup>: Comm. Burke
  - Vote: 3-0 (Unanimous)
- E. Item for Consideration – Timber Advisory Committee (TAC) Recommendation to Proceed with Amicus Curiae Brief on Np Buffer Rule
- Presentation By: Jenna Riley & Paul Jarkiewicz
  - Discussion
  - Motion to proceed with the following with the intent to bring back to the Commission:
    - A. Poll other entities to confirm whether they are already producing an Amicus Brief and determine whether the Port will join; or
    - B. If another Amicus is not being produced, determine which other entities would like to join the Port: Comm. Burke
  - 2<sup>nd</sup>: Comm. McAleer
  - Vote: 3-0 (Unanimous)

**XIV. ITEMS NOT ON THE AGENDA (54:30-54:36)**

No items

**XV. COMMISSIONER REPORTS (54:37-1:08:26)**

Comm. McAleer spoke on attending the Golden Jubilee celebration with Mr. Jarkiewicz and Mr. Marchant for the Sequim Bay Yacht Club. The event was very well attended and Comm. McAleer was asked to read the Port Resolution for the Golden Jubilee.

Comm. Beauvais spoke about attending the AFRC Annual meeting. Spoke to Tom Schultz, the Forest Chief with the Forest Service, regarding the Olympic Peninsula and restoring Federal forests so they do not burn as hot.

**XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (1:08:27-1:08:42)**

None

**XVII. FUTURE AGENDA (1:08:43-1:10:49)**

**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

**\*It was noted that two Commissioners will be in attendance of the OLC.**



D. May 19-21, 2026 –WPPA Spring Meeting – Stevenson, Skamania Lodge

**XX. EXECUTIVE SESSION (1:10:50-1:13:07)**

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 10:11am for 2 minutes
- Start Time: 10:13 am
- Estimated End Time: 11:13 pm
- Extended: 67 minutes
- End Time: 12:22 pm

**Public Session of Commission Meeting Reconvened: 12:22 pm**

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

**XXI. ADJOURN (1:13:08-1:13:12)**

Comm. Beauvais adjourned the meeting at 12:22 pm

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

\_\_\_\_\_  
Connie Beauvais, President

\_\_\_\_\_  
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 April 9, 2026 – April 22, 2026**

CERTIFICATION

Accts Payable Checks (computer)	420384	420429	\$	199,127.74
Voided/Zero Payable	420372	420384	\$	-
Accts Payable ACH	007428	007454	\$	70,791.20
VOIDED/ZERO PAYABLE ACH				
Wire Transfer - Expenses			\$	14,559.74
Wire Transfer - Excise Tax				
Wire Transfer - Leasehold Tax			\$	-
<b>Total General Expenses and Construction</b>			<b>\$</b>	<b>284,478.68</b>
<b>Payroll</b>				
Employee Payroll Checks PPD (Direct Deposit)	007334	007400	\$	130,298.66
Voided Payroll Check	007363, 007379, 007391		\$	-
Wire Transfer - (Payroll Taxes, Retirement, Deferred Comp, L&I, PFML)			\$	106,706.27
<b>Total Payroll</b>			<b>\$</b>	<b>237,004.93</b>
<b>Total General Exp &amp; Payroll</b>			<b>\$</b>	<b>521,483.61</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, Chief Finance & Administrative Officer: [jenniferb@portofpa.com](mailto:jenniferb@portofpa.com)

**REPORT TO THE BOARD OF PORT COMMISSIONERS**  
**1<sup>st</sup> QUARTER 2026**

**QUARTERLY OPERATIONS REPORT**

REPORT	NO ACTION	ATTACHED
Rental Property Occupancy		X
Travel Approved Within WA, OR, ID, and BC, Canada		X
Marina and Boat Yard Operations		X
Port Angeles Boat Haven Occupancy		X
John Wayne Marina Occupancy		X
Marine Terminal Operations		X
Marine Terminal Utilization		X
Log Yard Operations		X
Log Yard Loads		X

Port Property Inventory / Status - Q1 2026		SF	Improved Properties Rented	Improved Properties Rent Ready	Not Rent Ready	Total Rented Acres
Property	Location					
<b>Port Operations Facilities</b>						
Port Administration Building	338 W. First Street	11,828				
Facilities Maintenance Annex	112 S. Valley Street	9,375				
Facilities Maintenance	2604 W 18th Street (small red bldg)	420				
Facilities Maintenance	2604 W. 19th ST B (Pole Building)	2,880				
Log Scale Building	1500 Blk Marine Drive	2,600				
Operations for Terminals and Security	Marine Terminal, 202 N. Cedar St., Suite 6 upstairs	1,322				
Mechanic Shop	1301 Marine Drive	20,900	500			
John Wayne Marina, Harbormaster Office	2577 W. Sequim Bay Road	3,001	200			
FIA Airport Manager's Office	Fairchild International Airport	900				
FIA Airport Terminal Space - Conference Room	Fairchild International Airport	672				
Garage	Critchfield Rd @ Saddle Club	780				
	<b>TOTAL PORT OPS BUILDINGS SF</b>	<b>54,678</b>				
<b>Port Rental Properties</b>						
<b>For Rent</b>						
Airport Coffee Shop	1402 William R Fairchild Airport Rd	840		840		0.00
1010 Building	2140 W 18th Street (15,000 office, 10,000 warehouse)	25,000	10,935		14,065	0.25
1010 Phase II Transition (access to OH doors unrented)	2140 W 18th Street (16,600 warehouse)	16,600	12,690		3,910	0.29
1050 Building	2140 W 18th Street (40,000 SF)	40,000	32,250		7,750	0.74
1050 Building Paint Booths	2140 W 18th Street Paintbooths	2,924			2924	
1050 Phase I Addition	2140 W 18th Street (2 tenants in this Phase)	8400	3,926		4,474	0.09
MTIB Suites A, B	2007 S O Street - 3,000 SF Offices/ 7,000 SF Warehouse	10,000		10,000		0.75
Marine Terminal Office	202 N. Cedar Street, Suite 4	270		270		
Baby Store (Office)	313 N. 1st Street			2,400		
430 Marine Drive	Green garage and fenced paved lot.	1,150		1,150		
	<b>AVAILABLE PROPERTIES TOTAL SF</b>	<b>105,184</b>	<b>59,801</b>	<b>14,660</b>	<b>33,123</b>	<b>1.37</b>
<b>Rented Properties</b>						
<b>North Airport Industrial Park (NAIP)</b>						
2 Grade, LLC	Land E of 2417 W 19th					0.55
2 Grade	2032 S. O Street (garage)		3,000			0.07
Natural Systems Design	2032 S. O Street (Office and fenced land)		861			0.11
ACTI 10.20	2138 W 18th St		25,000			0.57
ACTI 10.30	2138 W 18th St		25,000			0.57
ACTI 10.40	2138 W 18th St		25,000			0.57
ACTI 2230	2230 W 18th St		25,000			0.57
<b>Rented Properties</b>						
<b>North Airport Industrial Park (NAIP)</b>						
Arrow Marine Services, Inc.	2140 W 18th Street - storage within 1050 Building		1,000		5,250	0.02
Armstrong Consolidated, LLC	2007 S. O Street, Suites C,D,E		16,800			1.60
Barhop Brewing LLC	2506 W. 19th Street		2,952			0.07

Port Property Inventory / Status - Q1 2026		SF	Improved Properties Rented	Improved Properties Rent Ready	Not Rent Ready	Total Rented Acres
Property	Location					
City Parks & Recreation	2602 W 18th St; Buildings 6,407 SF; Land 167,871 SF		6,407			3.85
Clallam County Youth Services	1912 West 18th Street (T.I.)		0			3.84
CRTC	2220 W 18th Street - Main Bldg and Lab Space		21,374			0.49
CRTC	2140 W 18th Street (1050)		26,000			0.00
CRTC Bldg front offices	2220 W 18th Street - CRTC Building Offices	2,318	2318			0.00
First Step Family Support Center	2140 W 18th Street (1050)		1,125			0.03
Port Angeles Hardwood, LLC	2140 W 18th Street (1010)		23,625			0.54
Insitu Ecosystems LLC	2140 W 18th Street (1050 Phase 1 Addition)		989		1,812	0.02
FKC Co., Ltd	2708 W 18th St (T.I.)		0			4.94
Knight Fire Protection	2509 W 19th St Land (T.I.)		0			0.51
Lifeflight Network LLC	2530 W 19th Street- Office		2,500			0.06
Lifeflight Network LLC	2530 W 19th Street- Land		0			0.44
Murrey's Disposal Inc.	2548 19th Street (land and bldg)	115,671	19,800			0.45
Peninsula Rifle & Pistol Club	2600 W 18th St (T.I.)		0			0.41
Public Utility District #1	1936 W 18th Street (T.I.)		0			6.89
GSA - USDHS	1908 South O Street		6,028			0.14
Renaissance Property Holdings LLC	900 Block Marine Drive <i>(Due Diligence Only)</i>		0			2.26
<b>Waterfront Rental Properties</b>						
A.M. Holdings, Inc. (Platypus) Area C	102 N. Cedar (Area C Bldg and Land)		900			0.31
A.M. Holdings, Inc. (Platypus) Area A & B	102 N. Cedar (T.I.) Area A&B Land		0			3.95
A.M. Holdings, Inc. (Platypus)	Terminal 1 dock		11,000			0.25
Accurate Angle Crane	Boat Yard Dry Storage		0			0.01
Arrow Marine	914 Marine Drive		3200			0.07
Arrow Marine	916 Marine Drive		5000			0.11
Arrow Marine	435 Marine Drive		6,549			0.15
30 Gold LLC (Coffee Shop)	436 Marine Drive (Land only)		0			0.19
Project Macoma LLC	1301 Marine (portion of Mech Shop)		500			0.00
Project Macoma LLC	Terminal 7 Berthage and Log Yard		23,722			0.07
MRSC (outside storage)	220 Tumwater Truck Rte - Parking Lot	21,080	0			0.48
ConocoPhillips (outside storage)	220 Tumwater Truck Rte - Parking Lot	2,000	0			0.05
Fenced (outside storage) available	220 Tumwater Truck Rte - Parking Lot	10,500	0			0.00
Olympic Hiking Co.	720 Marine Drive		1,300			0.34
Black Ball Transport, Inc.	101 East Railroad Ave - Terminal 2		0			3.85
Bluewater Boatworks, LLC	830 W Boat Haven Drive		1,500			0.03
WA Fish & Wildlife	202 N Cedar, Suite 3 Office		380			0.01
<b>Waterfront Rental Properties</b>						
Biobased Trading LLC	202 N Cedar Suite 1 (office)		399			0.01
Biobased Trading LLC	Terminal 1 conveyor storage		2400			0.06
Global Diving & Salvage, Inc.	202 N Cedar, Suite 2 and 300 SF Warehouse		635			0.01
High Tide Seafoods/Oly Pen Seafood	3rd Ave Lot Storage		0		12	0.07

<b>Port Property Inventory / Status - Q1 2026</b>			Improved Properties Rented	Improved Properties Rent Ready	Not Rent Ready	Total Rented Acres
Property	Location	SF				
High Tide Seafoods/Oly Pen Seafood	820 Marine Drive		6,000			0.14
Motive Power Marine, LLC	731 Marine Drive		10,000			0.23
MSRC - Storage on T1	On T1 Dock - Storage		0			0.03
MSRC - Parking on T1	On T1 Dock - Parking		0			0.04
MSRC - Parking near T3	Parking near T3		0			0.02
National Response Corporation	Terminal 7 Berthage	248 LF	248			0.01
John Eric Bert	812 Boat Haven Drive		945			0.02
Andy Choi	801 Marine Drive		10,322			0.24
PetroCard, Inc.	801 Marine Drive (NW portion)		1,683			0.00
PA Yacht Club	1305 Marine Drive (T.I.)		0			0.20
Petrocard, Inc.	832 Boat Haven		165			0.00
Petrocard, Inc.	Retail Lease in the Boatyard Bldg		125			0.00
Petrocard, Inc.	A-4 Storage		420			0.01
Petrocard, Inc.	Fuel Tank Land		0			0.03
Petrocard, Inc.	Fuel Float		0			0.05
Westech Consulting, LLC	937 Boathaven (office on the jetty)		624			0.01
Waterfront Automotive	930 Marine Drive, Suite C		0		2,400	0.06
Fire Chief Equipment	930 Marine Drive, Suite D		0		600	0.01
WA Dept Fish & Wildlife	930 Marine Drive, Suite E		0		600	0.01
Westport LLC.	Sign lease - Marine Dr / Tumwater	570				0.01
Westport LLC. 720 Marine Dr	720 Marine Dr Parking (land only)	60,000				1.38
Westport LLC, Boatyard Dry Storage	Ground lease @ BY dry storage					0.32
<b>John Wayne Marina</b>						
Sequim Bay Yacht Club - Room Space	2577 West Sequim Bay Rd		951			0.02
Sequim Bay Yacht Club - Outside Storage	2577 West Sequim Bay Rd					0.04
Baranof Yacht Sales	2577 West Sequim Bay Rd (Upper Floor Crow's Nest)		220			
Steve W. Little, Inc. (Dockside Grill)	2577 West Sequim Bay Rd		2,154			
<b>Downtown Port Angeles/Seki</b>						
North Olympic Healthcare Network	323 W First St, 20 parking spaces	7,400				0.17
WA Small Business Development Ctr	338 W First St, Admin Office Suite 202		177			0.00
Lambert Consulting, LLC	338 W First St, Admin Office, Suite 101		230			0.01
Clallam County Fire District #5	Seki Airport Hangar		3,200			0.07
<b>South Airport Rental Properties</b>						
Angeles Communications, Inc.	1402 William R. Fairchild Airport		750			0.02
Fedex - 1 tie down	1402 William R. Fairchild Airport		0			0.11
Fedex - hangar	1402 William R. Fairchild Airport		9,600			0.22
Fedex - office	1402 William R. Fairchild Airport		1,432			0.03
FAA Antenna & Rack Space	1402 William R. Fairchild Airport		360			0.01
High Flyer Owners Assn Condo A	Hangar Pad A (T.I.)		0			0.29
High Flyer Owners Assn Condo C	Hangar Pad C (T.I.)		0			0.29
					13	

<b>Port Property Inventory / Status - Q1 2026</b>			Improved Properties Rented	Improved Properties Rent Ready	Not Rent Ready	Total Rented Acres
Property	Location	SF				
Lifelight Network LLC	1405 Airport Road - Hangar		2,750			0.06
Lifelight Network LLC	1405 Airport Road - Office		792			0.02
Lifelight Network LLC	1406 Airport Road - Hangar		2,160			0.05
Lifelight Network LLC	1406 Airport Road - Office		1,256			0.03
Lifelight Network LLC	1407 Airport Road - Hangar		2,160			0.05
Lifelight Network LLC	1407 Airport Road - Office		280			0.01
Merrill & Ring	Airport Log Yard		0			1.00
Olympic R/C Modelers	Critchfield Road (T.I.)		0			1.30
Josh Borte	Critchfield Road (30 acres) in-kind services		0			30.00
PA Nieuport Group	Hangar Pad D (T.I.)		0			0.29
R&B Properties and Investments	Hangar Pad B (T.I.)		0			0.29
Citizen Air LLC	FIA Terminal		1,000			0.02
Citizen Air LLC	FIA East Block Hangar		2,300			0.05
Citizen Air LLC	FIA West Block Hangar		2,560			0.05
Citizen Air LLC	FIA East Corporate Hangar		3,844			0.09
Fairchild Fuel LLC	FIA Fuel Farm; 11,700 SF land		0			0.27
Welldone Aviation, LLC	1402 Airport Road, Hangar Pad F Building 900 (T.I.)	17,500	0			0.40
DART (Clallam Co. Emergency Mgmt)	FIA terminal		970			0.02
US Coast Guard	Taxiway	5,000	0			0.11
Peninsula Trails Coalition	Conex box at long term parking		0			0.004
	<b>TOTAL RENTED SQUARE FOOTAGE</b>		<b>769,194</b>			
	<b>VACANT - NOT RENT READY</b>		<b>33,123</b>			
	<b>TOTAL VACANT &amp; RENT READY SF</b>		<b>14,660</b>			
<b>IMPROVED PROPERTY</b>	<b>OVERALL OCCUPANCY FACTOR</b>		<b>98%</b>			
<b>IMPROVED PROPERTY</b>	<b>RENT READY OCCUPANCY FACTOR</b>		<b>2%</b>			
<b>DEVELOPED ACREAGE (shovel ready)</b>						
<b>South Airport</b>						
South Airport	Hangar Pad E (Land)	17,500				
<b>Business Park Acreage</b>						
35.5 Acres	(Zoned Light Industrial)			35.50		
<b>Waterfront</b>						
18 Acres	Marine Trade Center			18.00		
Vacant lot near Chevron (was Armstrong)	413 W 2nd Street			0.33		
	<b>TOTAL DEVELOPED ACREAGE</b>			<b>53.83</b>		
<b>UNDEVELOPED ACREAGE (awaiting capital improvement)</b>						
<b>FIA</b>						
72 Acres Land SE Airport Terminal	(Zoned IL Industrial Light)				72.00	
126 Acres Land SW Airport Terminal	(Aviation Related)				126.00	
	<b>TOTAL UNDEVELOPED ACREAGE</b>				<b>198.00</b>	

**TRAVEL APPROVED BY THE EXECUTIVE DIRECTOR**  
**(Within WA, OR, ID, and British Columbia, Canada)**  
**1<sup>st</sup> Quarter 2026**

STAFF	LOCATION OF MTG.	DATE(S)	PURPOSE
James Alton Caleb McMahan	Puyallup, WA	2/20/2026 - 2/22/2026	NW Aviation Conference and Tradeshow
Jenna Riley Katharine Frazier Chris Hartman	Olympia, WA	3/26/2026	Government to Government Training

**Report to the Board of Port Commissioners  
Operations Report for  
January 2026**

**Port Angeles Boat Haven**

Slip Length	No. of Slips	Occupied	Vacant	Occupancy Rate	Wait List	2025 Occupied Monthly
20'	57	0	57	0%	0	0
25'	24	23	1	96%	2	16
30'	80	61	19	76%	4	55
36'	29	27	2	93%	10	29
40'	32	31	1	97%	9	32
46'	17	17	0	100%	0	17
50'	90	83	7	92%	3	82
Side/End Tie	54	42	12	78%	4	42
Boathouses	40	40	0	100%	0	44
<b>Sub-Total</b>	<b>423</b>	<b>324</b>	<b>99</b>	<b>77%</b>	<b>32</b>	<b>317</b>
Limited 20'	13	0	13	0%	0	0
<b>TOTAL</b>	<b>436</b>	<b>324</b>	<b>112</b>	<b>74%</b>	<b>32</b>	<b>317</b>

**Boat Yard Report**

	Jan-26	Jan-25	YTD 2026	YTD 2025
Boats into the yard this month	9	10	9	10
Boats into the water this month	9	8	9	8
<b>Total Travel Lift Operations This Month</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Year-To-Date Launch Ramp Permit Sales</b>			<b>24</b>	<b>26</b>

**John Wayne Marina**

Slip Length	No. of Slips	Occupied	Vacant	Occupancy Rate	Wait List	2025 Occupied Monthly
28'	72	28	44	39%	0	38
30'	46	25	21	54%	0	31
32'	28	21	7	75%	0	27
36'	22	21	1	95%	0	22
40'	19	19	0	100%	2	19
42'	21	20	1	95%	0	21
45'	10	10	0	100%	3	10
50'	27	27	0	100%	4	27
End Tie 49'	25	25	0	100%	5	25
<b>Sub-Total</b>	<b>270</b>	<b>196</b>	<b>74</b>	<b>73%</b>	<b>14</b>	<b>220</b>
Limited 20'	30	10	20	33%	0	10
<b>TOTAL</b>	<b>300</b>	<b>206</b>	<b>94</b>	<b>69%</b>	<b>14</b>	<b>230</b>

**Report to the Board of Port Commissioners  
Operations Report for  
February 2026**

**Port Angeles Boat Haven**

Slip Length	No. of Slips	Occupied	Vacant	Occupancy Rate	Wait List	2025 Occupied Monthly
20'	57	1	56	2%	0	0
25'	24	23	1	96%	2	20
30'	80	68	12	85%	4	77
36'	29	27	2	93%	10	29
40'	32	32	0	100%	9	32
46'	17	17	0	100%	0	17
50'	90	83	7	92%	3	81
Side/End Tie	54	41	13	76%	4	43
Boathouses	44	40	4	91%	0	44
<b>Sub-Total</b>	<b>427</b>	<b>332</b>	<b>95</b>	<b>78%</b>	<b>32</b>	<b>343</b>
Limited 20'	13	1	12	8%	0	1
<b>TOTAL</b>	<b>440</b>	<b>333</b>	<b>107</b>	<b>76%</b>	<b>32</b>	<b>344</b>

**Boat Yard Report**

	Feb-26	Feb-25	YTD 2026	YTD 2025
Boats into the yard this month	12	4	21	14
Boats into the water this month	10	4	19	12
<b>Total Travel Lift Operations This Month</b>	<b>22</b>	<b>8</b>	<b>40</b>	<b>26</b>
<b>Year-To-Date Launch Ramp Permit Sales</b>			<b>52</b>	<b>80</b>

**John Wayne Marina**

Slip Length	No. of Slips	Occupied	Vacant	Occupancy Rate	Wait List	2025 Occupied Monthly
28'	72	38	34	53%	0	54
30'	46	28	18	61%	0	37
32'	28	24	4	86%	0	28
36'	22	21	1	95%	0	22
40'	19	19	0	100%	2	19
42'	21	20	1	95%	0	21
45'	10	10	0	100%	3	10
50'	27	27	0	100%	4	27
End Tie 49'	25	25	0	100%	5	25
<b>Sub-Total</b>	<b>270</b>	<b>212</b>	<b>58</b>	<b>79%</b>	<b>14</b>	<b>243</b>
Limited 20'	30	10	20	33%	0	10
<b>TOTAL</b>	<b>300</b>	<b>222</b>	<b>78</b>	<b>74%</b>	<b>14</b>	<b>253</b>

**Report to the Board of Port Commissioners  
Operations Report for  
March 2026**

**Port Angeles Boat Haven**

Slip Length	No. of Slips	Occupied	Vacant	Occupancy Rate	Wait List	2025 Occupied Monthly
20'	57	11	46	19%	0	15
25'	24	24	0	100%	4	23
30'	80	77	3	96%	6	78
36'	29	28	1	97%	10	29
40'	32	32	0	100%	9	32
46'	17	17	0	100%	0	17
50'	90	84	6	93%	3	85
Side/End Tie	54	44	10	81%	4	43
Boathouses	44	40	4	91%	0	44
<b>Sub-Total</b>	<b>427</b>	<b>357</b>	<b>70</b>	<b>84%</b>	<b>36</b>	<b>366</b>
Limited 20'	13	1	12	8%	0	5
<b>TOTAL</b>	<b>440</b>	<b>358</b>	<b>82</b>	<b>81%</b>	<b>36</b>	<b>371</b>

**Boat Yard Report**

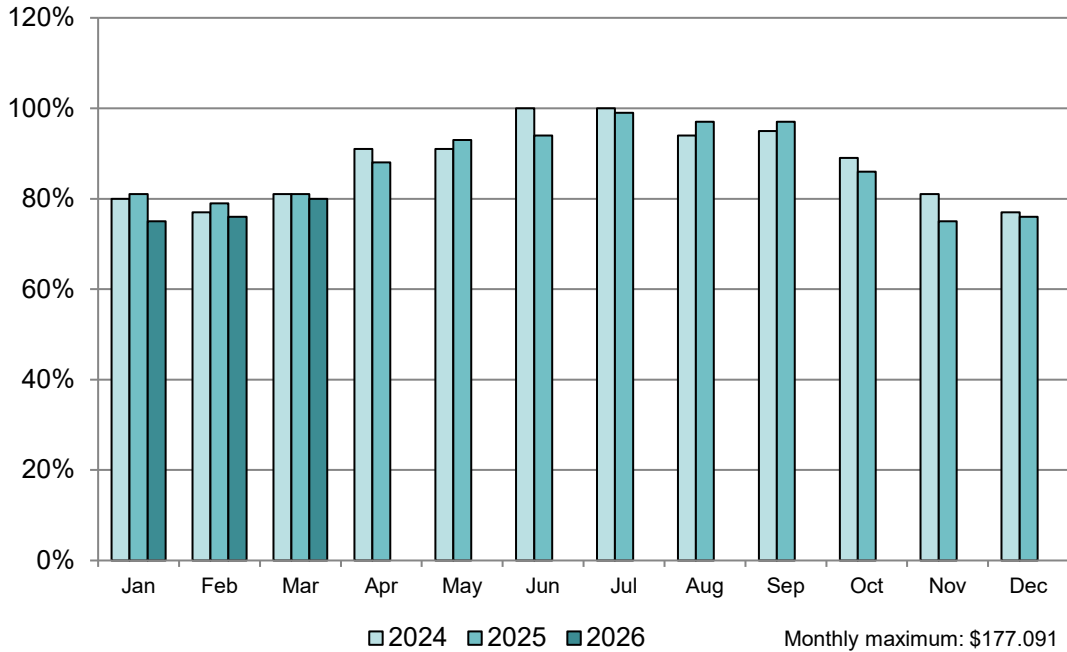
	Feb-26	Feb-25	YTD 2026	YTD 2025
Boats into the yard this month	26	29	26	43
Boats into the water this month	20	22	39	34
<b>Total Travel Lift Operations This Month</b>	<b>46</b>	<b>51</b>	<b>65</b>	<b>77</b>
<b>Year-To-Date Launch Ramp Permit Sales</b>			<b>109</b>	<b>177</b>

**John Wayne Marina**

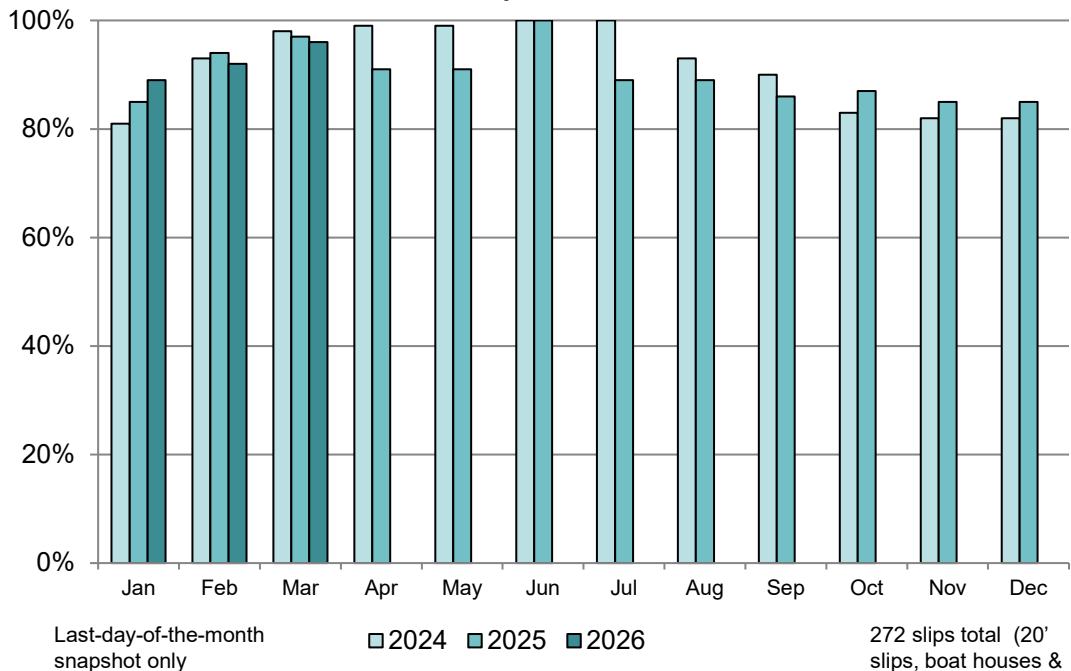
Slip Length	No. of Slips	Occupied	Vacant	Occupancy Rate	Wait List	2025 Occupied Monthly
28'	72	44	28	61%	0	54
30'	46	31	15	67%	0	37
32'	28	24	4	86%	0	28
36'	22	21	1	95%	1	22
40'	19	19	0	100%	3	19
42'	21	20	1	95%	1	21
45'	10	10	0	100%	2	10
50'	27	27	0	100%	5	27
End Tie 49'	25	25	0	100%	5	25
<b>Sub-Total</b>	<b>270</b>	<b>221</b>	<b>49</b>	<b>82%</b>	<b>17</b>	<b>243</b>
Limited 20'	30	11	19	37%	0	10
<b>TOTAL</b>	<b>300</b>	<b>232</b>	<b>68</b>	<b>77%</b>	<b>17</b>	<b>253</b>

# PABH Occupancy

## Revenue Based



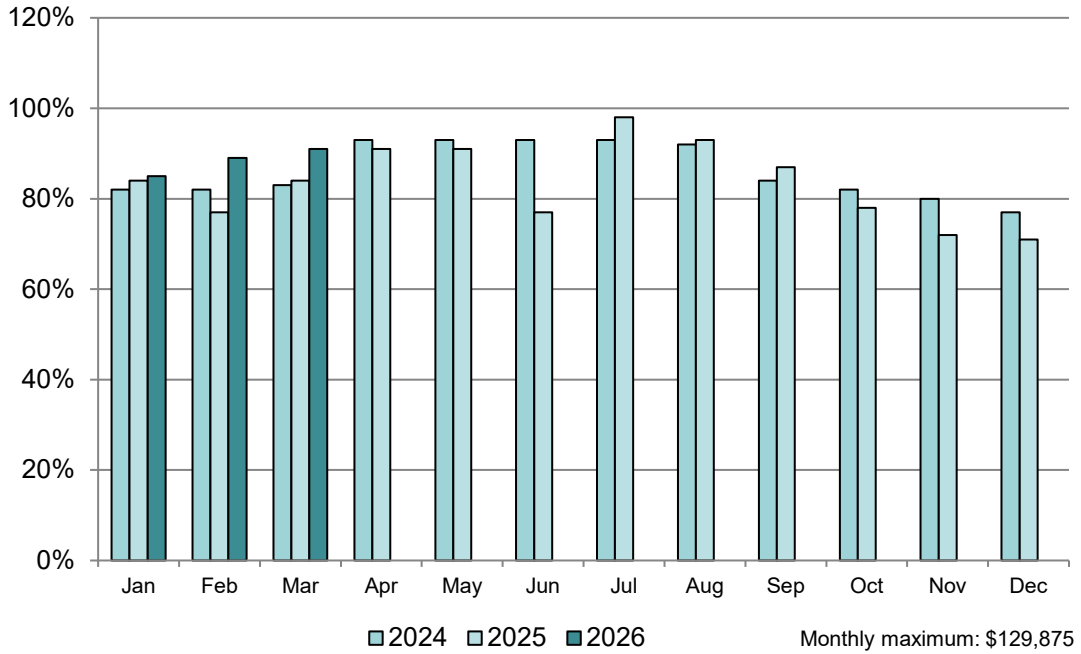
## Slip Based



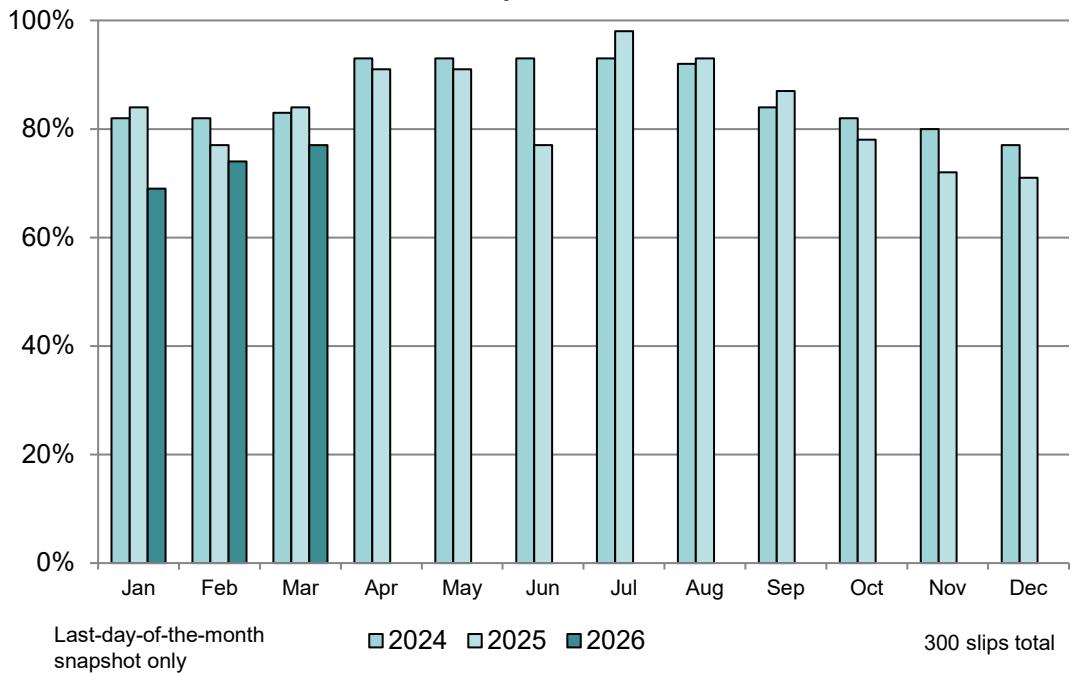
272 slips total (20' slips, boat houses & side tie not included)

# JWM Occupancy

## Revenue Based



## Slip Based



**REPORT TO THE BOARD OF PORT COMMISSIONERS**  
**MARINE TERMINAL OPERATIONS**  
**Q1 2026**

**Terminals #1 & #3**

**Q1 2024**

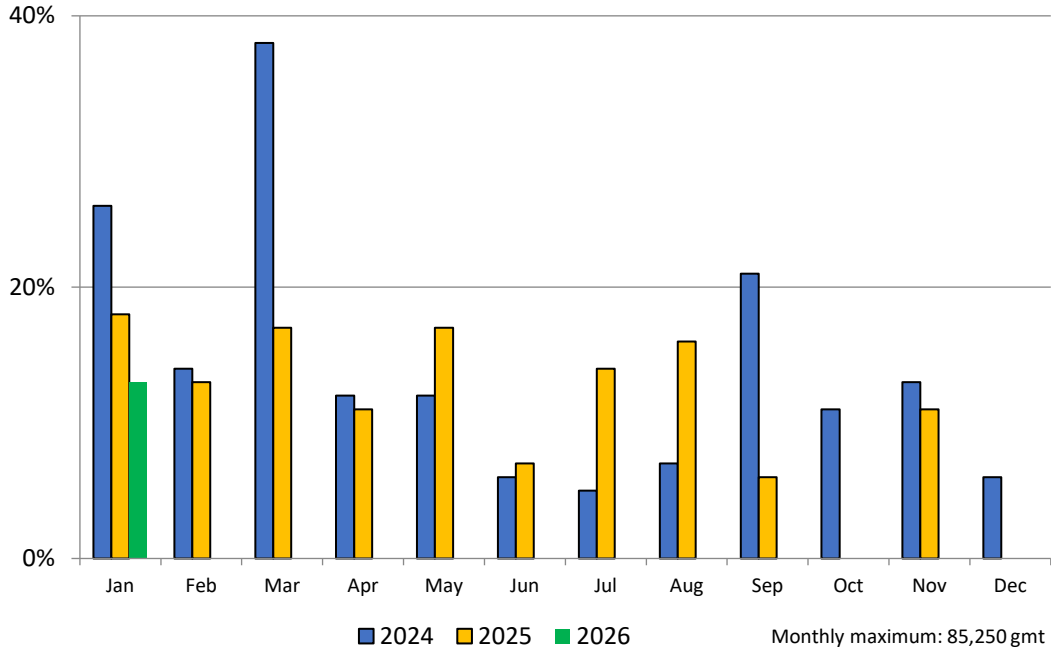
**Q1 2025**

**Q1 2026**

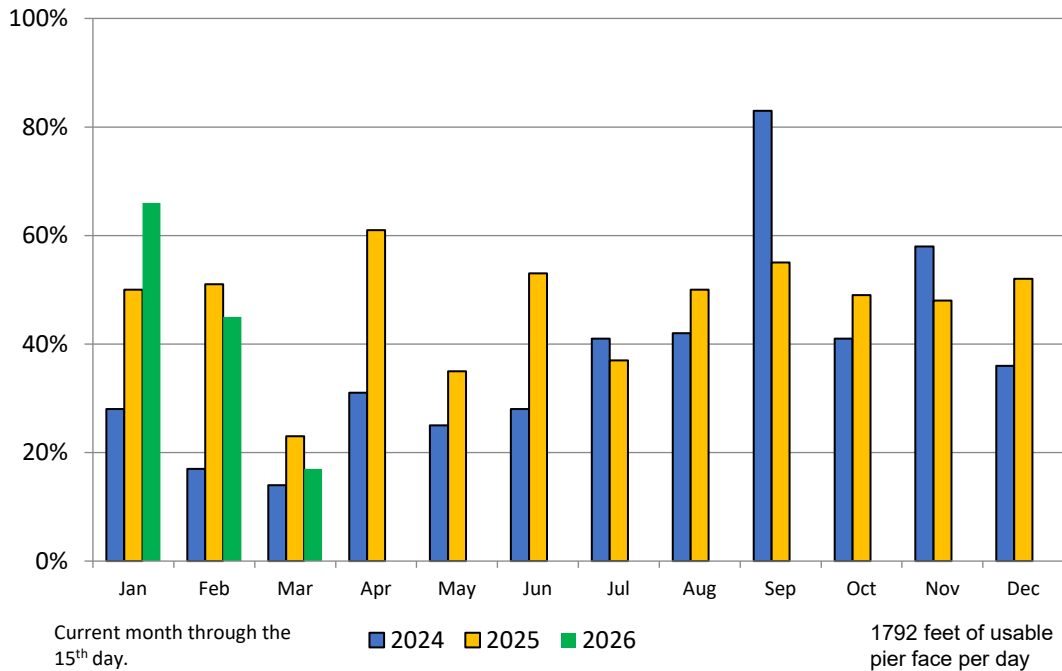
<b>Terminal Activity</b>	<b>Q1 2024</b>	<b>Q1 2025</b>	<b>Q1 2026</b>
Repair Vessels - Tanker	1	2	2
Repair Vessels - Other+	1	4	2
Cargo Vessels -Log Ship	2	0	0
Cargo Vessels - Chip Barges	10	8	2
Tug (Assist) Vessels	19	15	17
Other (lay berth)	3	7	12
<b>TOTAL # VESSELS</b>	<b>36</b>	<b>30</b>	<b>35</b>
<b>TOTAL # DOCK DAYS</b>	<b>131</b>	<b>218</b>	<b>187</b>

# T1/T3 Utilization

## T3 Cargo Capacity vs. Actual



## Commercial Dockage Utilization Rate



**REPORT TO THE BOARD OF PORT COMMISSIONERS**  
**LOG HANDLING OPERATIONS**  
**1st Quarter 2026**

Log Handling	1st Quarter 2024	1st Quarter 2025	1st Quarter 2026
<b>Log Operation:</b>			
Dumped Loads**	0	0	0
Decked Loads	747	936	305
Green Crow Roll Out - Camp Run	58	81	67
<b>T-7 Container Operations</b>			
# Containers Loaded	162	146	79
<b>T-7/T-5 Log Operations-Discharge (Inbound/DeWater)</b>			
# of Barges	27	17	16
# Barge Loads	978	916	1,025
# DeWater Loads	825	0	388
<b>TOTAL LOADS</b>	<b>2,770</b>	<b>2,079</b>	<b>1,864</b>

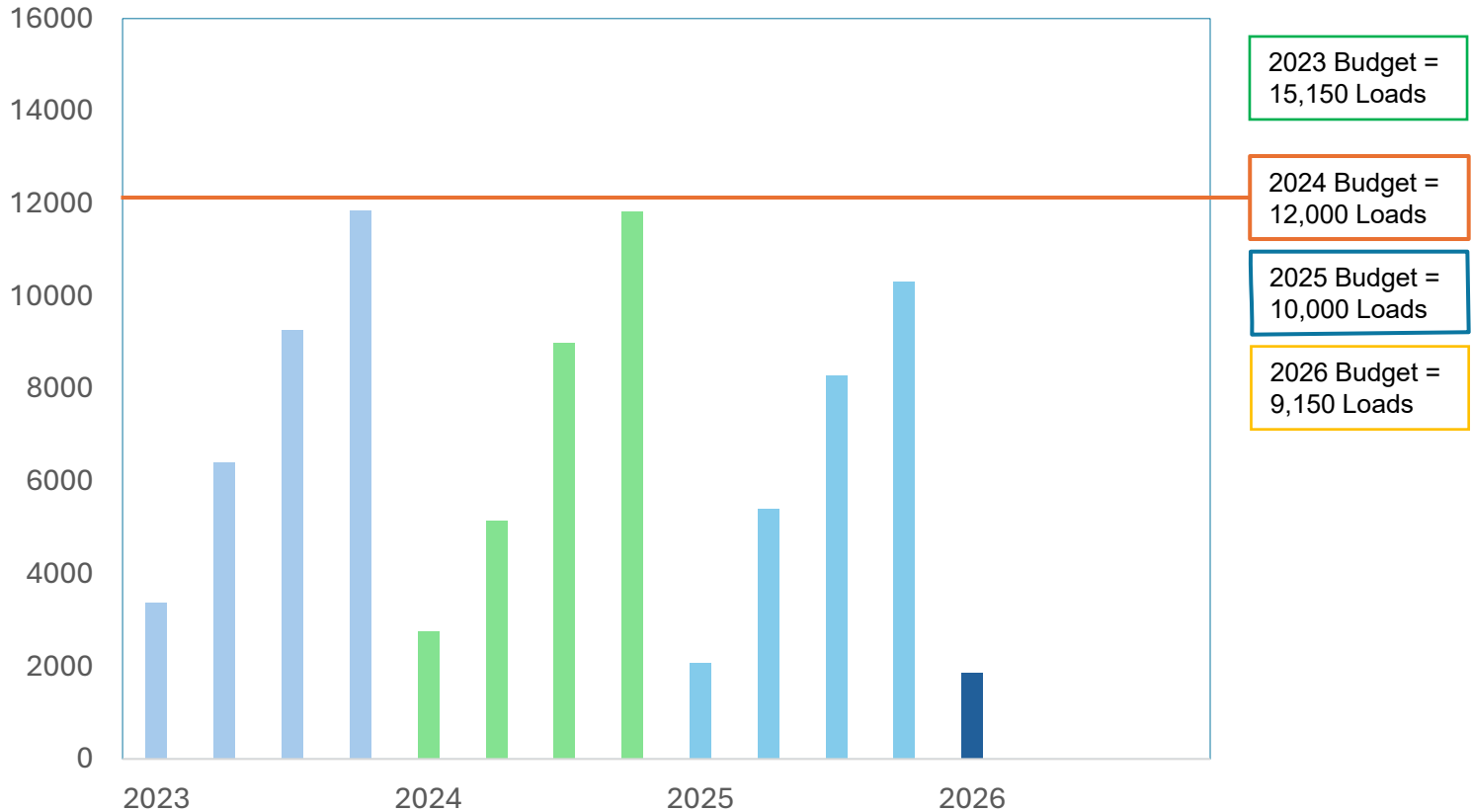
\*\*LOADS DOWN AS ROUNDBOOM (DUMPED LOADS)

Inbound	Inbound	Inbound
12 - PA Hardwood	8 - PA Hardwood	5 - PA Hardwood
0 - Interfor	0 - Interfor	0 - Interfor
0 - Hermann	0 - Herman	0 - Herman
3 - Alta	1 - Alta	3 - Alta
1 - Zoeffel	0 - Zoeffel	0 - Zoeffel
0 - Alcan	0 - Alcan	0 - Alcan
		1 - Krume
Outbound	Outbound	Outbound
0 - Georgia Pacific	0 - Georgia Pacific	0 - Georgia Pacific
8 - Sierra Pacific	5 - Sierra Pacific	6 - Sierra Pacific
0 - Southport	0 - Southport	0 - Southport
0 - Hampton	0 - Hampton	0 - Hampton
0 - Roseburg	0 - Roseburg	0 - Roseburg
2 - Buse	1 - Buse	0 - Buse
1 - Canyon	4 - Canyon	0 - Canyon
		1 - Paper Excellence

NOTE: Unaudited Information

# Port of Port Angeles LY Loads - Cumulative

January 2023 – March 2026



Year	Q1	Q2	Q3	Q4
2023	3,369	6,417	9,264	11,854
2024	2,770	5,140	8,982	11,838
2025	2,079	5,404	8,295	10309
2026	1,864			

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

**April 28, 2026**

**SUBJECT: AMENDMENT TO INTERLOCAL AGREEMENT BETWEEN THE CITY OF BREMERTON AND THE PORT OF PORT ANGELES FOR THE SALE AND PURCHASE OF A SURPLUS EMERGENCY FIRE AND RESCUE BOAT**

**Presenter: Scott Hough, Senior Operations Manager**

**RCW & POLICY REQUIREMENTS:**

Interlocal Cooperation Act of 1967, RCW 39.34, and The Disposition of Property Act, RCW 39.33, which authorizes a public agency to sell, transfer, or lease property to another without public bidding when it serves the public interest.

**BACKGROUND:**

The purpose of this Interlocal Agreement (ILA) between the City of Bremerton and the Port of Port Angeles is for the sale and purchase of a surplus emergency fire and rescue boat (1991 Fire & Rescue Boat, a Northwind 32 Pilothouse & Trailer).

The City of Bremerton's Fire Department operates emergency services and has declared certain emergency response vehicles and related equipment surplus to its current needs in accordance with RCW 39.33.020.

On February 24, 2026, the Port Commission authorized the Chief Executive Officer to execute the Interlocal Agreement for the sale and purchase of a surplus emergency fire and rescue boat.

**ANALYSIS:**

An Amendment to the ILA was requested by the Port to amend the language regarding the time of payment.

Section 4. Purchase Price and Payment is to be modified as follows:

The original contract section 4(b) stated, "Payment shall be made by check or electronic transfer to Bremerton within 60 days after execution of this Agreement and delivery of the vessel, whichever occurs first.", this modification changes section 4(b) to state, "Payment shall be made by check or electronic transfer to Bremerton within 60 days after execution of this Agreement and delivery of the vessel".

The Port's legal counsel reviewed the Amendment to the ILA and confirmed that no edits were necessary.

This project is a collaboration among the Port of Port Angeles, Port Angeles Fire Department, and Clallam 2 Fire & Rescue. This vessel will serve as a valuable asset to the waterfront, where the community currently has only a County-trailerred vessel. This vessel is powered by twin Honda 250-hp outboards and can deliver 450 gallons per minute of water flow from bow and stern fire monitors. It is also equipped with a roller-edge rescue door at the waterline, an FLIR (Forward-Looking Infrared) camera, marine radar, and several emergency radios.

The vessel will operate continuously at the Port Angeles Boat Haven (PABH), ready to address emergencies within the harbor and as far east as John Wayne Marina, depending on weather conditions. A Memorandum of Understanding (MOU) is being finalized among all involved parties, with the Port managing asset care and maintenance, while COPAFD and C2F&R will handle emergency response and staffing. This vessel adds a new level of presence and response capability to the harbor.

**ENVIRONMENTAL IMPACT:**

No environmental impact is expected to occur as a result of executing the amendment to the interlocal agreement for the sale and purchase of the 1991 Fire & Rescue Boat, a Northwind 32 Pilothouse & Trailer.

**FISCAL IMPACT:**

The Amendment to the ILA does not change the purchase price, and the following remains:

The total purchase price shall be \$59,895.00. The cost is 75% grant reimbursable (\$44,921.25) through the 2025 Port Security Grant Program award. The purchase price is below the original vessel budget of \$70,000.

The purchase of the vessel through the Interlocal Agreement will occur once FEMA gives permission for 2025 grantees to begin spending down their awards. Execution of the Amendment to the Interlocal Agreement does not immediately require or authorize the Port to expend any grant funds.

Additional grant-eligible expenses associated with the safety vessel are:

- Very High Frequency (VHF) Radio: \$1,200
- Motorola All-Band Radio: \$7,000
- Marine Survey: \$5000
- Vessel Graphics: \$1000

**RECOMMENDED ACTION:**

The Port Team recommends that the Commission authorize the Chief Executive Officer to execute the Amendment to the Interlocal Agreement for the sale and purchase of a surplus emergency fire and rescue boat and to make any necessary minor modifications.

**ATTACHMENTS:** Amendment to the Interlocal Agreement

CONTRACT MODIFICATION AGREEMENT NO. 1  
BETWEEN THE CITY OF BREMERTON AND PORT OF PORT ANGELES  
FOR THE SALE AND PURCHASE OF SURPLUS EMERGENCY FIRE AND RESCUE  
BOAT

THIS MODIFICATION AGREEMENT SPECIFICALLY AMENDS THE AGREEMENT (the "Contract") entered into between the City of Bremerton and Port of Port Angeles on February 26<sup>th</sup>, 2026.

All provisions in the agreement shall remain in full force and effect except as expressly modified by this document.

For valuable consideration and by mutual consent of the parties, the modifications to the Contract are as follows:

I.

Section 4. Purchase Price and Payment, is modified as follows:

The original contract section 4(b) stated, "Payment shall be made by check or electronic transfer to Bremerton within 60 days after execution of this Agreement and delivery of the vessel, whichever occurs first.", this modification changes section 4(b) to state, "Payment shall be made by check or electronic transfer to Bremerton within 60 days after execution of this Agreement and delivery of the vessel".

II.

Purchasing Agency accepts all requirements of this Contract Modification by endorsing below. This Contract Modification does not limit the City's right to bring a claim for past performance.

The undersigned Purchasing Agency approves the foregoing Contract Modification as to the changes, if any, in the contract price specified for each item, including any and all supervision costs and other miscellaneous costs relating to the change in work, and as to the extension of time allowed, if any, for completion of the entire work due to said Contract Modification.

This document will become a supplement of the contract and all provisions will apply hereto. It is understood that this Contract Modification shall be effective when approved by the City of Bremerton.

The parties whose names appear below warrant that they are authorized to enter into a contract modification that is binding on the parties of this contract. In addition, Purchasing Agency warrants that it has or will inform the surety of this change, and shall take

appropriate action to modify any bonds required under the contract to address this change.

IN WITNESS WHEREOF, the parties have executed this Contract Modification on the day and year first written above.

PURCHASING AGENCY

THE CITY OF BREMERTON

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

ATTEST:

By: \_\_\_\_\_  
KYLIE J. FINNELL, Bremerton City Attorney

By: \_\_\_\_\_  
ANGELA HOOVER, City Clerk

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

**April 28, 2026**

**SUBJECT: COMPOSITES MANUFACTURING BUILDING DESIGN –  
PROFESSIONAL SERVICE AGREEMENT – CARLETTI ARCHITECTS**

**PORT LEAD: Zach Holsted, Capital Program Manager**

**RCW & POLICY REQUIREMENTS:**

RCW 39.80 requires state, local, and special purpose districts to procure professional services (architectural and engineering services) through a qualification-based selection. Firms must be selected based on their qualifications only; price cannot be used as a factor. The price must be negotiated with the most qualified firm once it has been selected.

Additionally, the Port's Delegation of Administrative Authority, Resolution 26-1336, Section VI. A requires professional service contracts in excess of \$75,000 to be awarded by the Commission.

**BACKGROUND:**

The Port Angeles Composite Manufacturing Campus (CMC) and the adjacent William R. Fairchild International Airport (FIA) serve the community by providing space for local composite manufacturing companies and by serving as a hub for passenger and cargo transportation, emergency services, and disaster response. The CMC consists of seven (7) existing buildings, all of which are leased by both local and international manufacturing firms. An existing tenant, Port Angeles Composites (PAC), has approached the Port with requests to improve existing facilities and to construct an additional building within the CMC. The proposed structure is intended for aerospace composite manufacturing purposes.

Following preliminary discussions, PAC and the Port have outlined plans for new and upgraded composites manufacturing facilities. Essential features of the facility include:

- Clean Room
- Autoclave
- Overhead cranes
- Ovens
- Automated Fiber Placement
- Vestibule loading bay

## **ANALYSIS:**

To hire a professional service consultant to complete the necessary design and engineering for the modification and construction of a building, the Port must select the most qualified consultant team in accordance with RCW 39.80. The RCW details a process that includes the publication of the general scope of work and the selection criteria. The Port must then review the submitted qualifications and determine which firm is most qualified.

The Port Team advertised a Request for Qualifications (RFQ) for qualified consultants in the Peninsula Daily News and the Seattle Daily Journal of Commerce on January 9<sup>th</sup> and 16<sup>th</sup>. Additionally, an email solicitation was sent out on January 9<sup>th</sup> to all qualified consultants registered on the Port's consultant roster. Sixteen (16) architectural firms responded to the RFQ, which included:

- Carletti Architects
- Carve Architects
- Colliers Engineering & Design
- Crow Engineering
- Harris Group
- Innova Architects
- KPFF
- Mackenzie
- Mithun
- Nelson
- Northwest Studio
- Press Architecture
- ReidMiddleton
- Sitts & Hill
- TKDA
- Tovani Hart

The Port's evaluation team reviewed each response and scored them according to the criteria that were included in the RFQ. The top three scoring consultant teams were Carletti Architects, Innova, and Sitts & Hills. These three consultants were invited to participate in separate interviews. Following the interviews, the evaluation team was unanimous in selecting Carletti Architects as the most qualified consultant team to complete the Composites Manufacturing Building Design.

The Carletti-led team demonstrated their extensive experience designing facilities similar to the Port's Composites Manufacturing Building. A few examples of Composites facilities designed by Carletti Architects are: Janicki Industries Buildings 10/12 in Hamilton, WA, and Hexcel Corporation Manufacturing Expansion in Burlington, WA. Additionally, Carletti has a wealth of knowledge for several of the existing structures involved in this design, as they were the consultants on buildings 2220 and 2230 and have also done a significant review of the 1010-1050 buildings. This extensive knowledge will lead to fewer unforeseen obstacles if design progresses and construction begins.

Following the selection, the Port and Carletti Architects have been working on a mutually agreeable scope of work and associated fee. This agreement is for phase 1 of multiple future phases of work, should this design lead to a future project to construct this expansion. The phase 1 scope of work is detailed below:

- Initial Analysis to as-built as needed
- Pre-application assistance
- Schematic Plan design with Civil, Structural, and MEPF trades
  - Plan set development to include floor layouts and elevations
- Preparation of ROM Estimate at the initial 30% development
  - The estimate will include all MEPF trades and Geotechnical needs

**ENVIRONMENTAL IMPACT:**

Environmental impacts will be identified and addressed during the design and permitting processes, if any.

**FISCAL IMPACT:**

The Port’s 2026 Capital Budget did not include allocation for the Composite Building Expansion as it was brought to the Port’s attention in early January ‘26. The proposed fee from Carletti Architects is \$192,150 and is based on the breakdown below:

<b>TASK</b>	<b>Schematics</b>	<b>FEE</b>
1	Site Visit/ Document Review- Arch	\$ 21,750
2	Schematic Design- Arch	\$ 38,950
3	Pre-App Meeting - Arch	\$ 6,500
4	Civil Engineering	\$ 16,500
5	Structural Engineering	\$ 30,800
6	Mechanical Engineering	\$ 33,000
7	Electrical Engineering	\$ 19,250
8	Cost Estimating	\$ 3,850
9	Surveying	\$ 12,100
10	Sprinkler Design Consultant	\$ 4,950
	Reimbursable	\$ 4,500
<b>SUBTOTAL</b>		<b>\$ 192,150</b>

The contract work will be completed on a time-and-materials basis and will not exceed \$192,150 without a contract amendment approved by both parties. The staff’s assessment of Carletti’s proposal is that the fee is consistent with the level of effort needed to reach 30% design. While this project wasn’t forecasted in the 2026 budget, there are paths forward for this development through overall cost savings associated with ongoing ventures at the Port. This includes, but is not limited to, potential savings with the Log Yard Site project and the Taxiway A project. It is too early to confirm or validate the level of savings anticipated from these projects, but currently, this appears to be a viable option.

**RECOMMENDED ACTION:**

Authorize the Executive Director to execute a Professional Service Agreement with Carletti Architects for the Composites Manufacturing Building Design – Phase 1 in the amount of One Hundred Ninety-Two Thousand One Hundred Fifty Dollars and No Cents (\$192,150) plus applicable Washington State Sales Tax, and to make minor modifications that might be necessary.

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

**April 28, 2026**

**Subject: MOFFATT & NICHOL CONTRACT AMENDMENT 1 -  
TERMINAL 1 HEAVY WEATHER MOORING CONCEPT**

**Presenter: Scott Hough, Senior Operations Manager**

**RCW & POLICY REQUIREMENTS**

The Port selected Moffatt & Nichol to develop a conceptual layout and narrative for a heavy-weather mooring on April 9, 2026, utilizing a “Qualification Based Selection” process as required by RCW 39.80 for “professional services.” Per Commission Resolution 26-1336, Delegation to the Executive Director Section VI.B.1, aggregate cost for the professional services that exceed 10% of the specific budgetary line item requires Commission approval.

**BACKGROUND:**

The original agreement was executed on April 15, 2026, for \$14,805.00. The scope of this agreement was to create a baseline heavy weather mooring concept for submission to the Maritime Administration (MARAD) in response to a solicitation for lay berth services.

MARAD is currently pursuing lay berth services for several of its Reserve Ready Force (RRF) vessel classes, including the Watson Large, Medium-Speed Roll-on/Roll-Off (LMSR) and Cape H vessels. These vessels are positioned at strategic locations across the country to support the rapid deployment of military assets and personnel.

The Port Team is pursuing lay berth contracts with MARAD at Terminal 1. With our position as the gateway to both Puget Sound and the Pacific Ocean, Port Angeles provides an ideal location for the long-term lay berth of RRF vessels.

As part of the bid process, MARAD requires bidders to prepare and submit a “Technical Proposal” that includes a heavy weather mooring plan. When executing the original agreement with Moffatt & Nichol, the Port did not anticipate completing the full mooring plan prior to the Watson LMSR deadline (4/20/26). MARAD has now extended the deadline into May.

Between the Watson LMSR bid period extension and the other lay berth opportunities on the horizon (Cape H, Cape R), it will be a strategic advantage for the Port to complete the full heavy weather mooring plan. This will allow the Port to respond quickly to new lay berth opportunities and to preemptively provide MARAD with lay berth facility details.

## **ANALYSIS:**

The heavy weather mooring plan must consist of the following elements:

- Executive Summary
- Background
  - Vessel configuration, design criteria, pier location/details
- Mooring Arrangement
  - Arrangement, strength/type of mooring equipment, lines, and fittings
- Mooring Analysis
  - Modeling details for vessel condition, pre-tensions; list of assumptions
- Conclusion
- Appendices
  - Drawings, model graphics, fender loads

To accomplish this, Amendment 1 will consist of the following scope:

- Basis of Analysis: Development of wind, current, and wave conditions for use in the mooring analysis.
- Mooring Analysis: Evaluation of mooring arrangements under conditions identified during the basis of analysis; calculation of safety factors for existing mooring fittings.
- Heavy Weather Mooring Plan: Development of the study report and stamped drawings.

## **ENVIRONMENTAL IMPACT:**

There is no environmental impact associated with executing Amendment 1 to this agreement.

## **FISCAL IMPACT:**

The total amount of Amendment 1 is not to exceed \$78,482.00 to complete all scope tasks as detailed above.

## **RECOMMENDED ACTION:**

The Port team recommends that the Commission authorize the Chief Executive Officer to execute Amendment 1 to the Agreement with Moffatt & Nichol in an amount not to exceed Seventy-Eight Thousand Four Hundred Eighty-Two Dollars and Zero Cents (\$78,482.00).

Execution of this amendment will set the total contract amount at Ninety-Three Thousand Two Hundred Eighty-Seven Dollars and Zero Cents (\$93,287.00).

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

Date: April 28, 2026

SUBJECT: New Term Lease – Fire Chief Equipment Co., Inc.

Presented by: Caleb McMahon, Director of Economic Development

**RCW & POLICY REQUIREMENTS**

Per RCW 53.08.080 Lease of Property, a district may lease all lands, wharves, docks and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than fifty years with option up to an additional thirty years.

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

Per Section I of the Port's Delegation of Administrative Authority to the Chief Executive Officer, 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:** The tenant Fire Chief Equipment, is a current Port tenant on Marine Drive. The Port will be removing the building they are occupying in the coming months. Fortunately, the tenant has found a suitable location to lease at the MTIB building to relocate to, which is this proposal.

**Port Area:** Airport Industrial Park.

**Address:** 2007 S. O Street, Suite A, Port Angeles, WA 98363.

**Leased Space:** 1,750 SF of office space.

**Use:** Business operations and storage for the fire alarms, sprinklers, cabinets, and safety products for Fire Chief Equipment.

**Proposed Rate:**

Leased Area	Sq Ft	Rate/SF	Monthly Rate
Suite A Ground Floor Offices	1,750	\$0.75	\$ 1,312.50
<b>Base Rent</b>			<b>\$ 1,312.50</b>
Leasehold Excise Tax		12.84%	\$ 168.53
City of P.A. Electricity - fixed fee			\$ 250.00
City of P.A. Water, Garbage - direct billed			\$0.00
Internet - direct from provider			\$0.00
<b>Monthly Payment</b>			<b>\$ 1,731.03</b>

**Commencement Date:** April 14, 2026.

**Term:** Ten years from April 14, 2026 through April 13, 2036.

**Options to Renew:** Two – one year options, with the Port's consent.

**Fiscal Impact of The Lease:**

Monthly Base Rent: \$ 1,312.50

Annual Base Rent: \$15,750.00



**ADDITIONAL UNIQUE TERMS AND CONDITIONS:**

No CPI for the first 5 years. Tenant to provide Services to the Port in lieu.

Waived Financial Security.

180 days' notice of termination by Port.

**RECOMMENDED ACTION:**

On a motion and second, the Team recommends that the Commission authorize the Chief Executive Officer to sign a lease with Fire Chief Equipment Co., Inc., per the terms and conditions presented, and to make any minor amendments as might 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 **FIRE CHIEF EQUIPMENT CO., INC.**, a Washington Profit Corporation (“**Lessee**”) (individually “**Party**” and collectively “**Parties**”).

**ARTICLE I**

**Summary of Lease Terms and Definitions**

**The Port:** Port of Port Angeles  
338 W. First Street #301  
Port Angeles, WA 98362

**Lessee:** Fire Chief Equipment Co., Inc.  
14214 NE 21<sup>st</sup> Street  
Bellevue, WA 98007

**Premises:** 1750 square feet of ground floor offices known as Suite A at 2007 S. O Street, Port Angeles, WA, 98363, as depicted on the Map of Premises attached to this Lease as **Exhibit A.**

**Lessee-owned Improvements:**

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

Initials:

\_\_\_\_\_   
Port

\_\_\_\_\_   
Lessee

**Use of Premises:** Business office and operations.

**Benefit to the Public:** None.

**Commencement Date:** April 14, 2026.

**Term:** Ten Years. April 14, 2026 through April 13, 2036.

**Extensions:** Two one-year (1-year) optional extensions.

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

**Base Rent:**

Leased Area	Sq Ft	Rate/SF	Monthly Rate
Suite A Ground Floor Offices	1,750	\$0.75	\$ 1,312.50
<b>Base Rent</b>			<b>\$ 1,312.50</b>
Leasehold Excise Tax		12.84%	\$ 168.53
City of P.A. Electricity - fixed fee			\$ 250.00
City of P.A. Water, Garbage - direct billed			\$0.00
Internet - direct from provider			\$0.00
<b>Monthly Payment</b>			<b>\$ 1,731.03</b>

**Financial Security (see Section 5.4 for more information):** Waived.

**Additional Unique Terms and Conditions:**

1. Tenant Services in Lieu of CPI adjustments for the first 5 years. (See Section 3.1.2)
2. Waived Financial Security. (See Section 5.4)
3. 180 days' notice of termination. (See Section 7.11.1)

**Parking Lot:** There is open parking along the building for use by the Lessee, and any other tenants of this building.

**ARTICLE II**  
**Premises, Term, Renewals**

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

2.2 **TERM:** The term of this Lease shall be for Ten (10) years beginning April 14, 2026, through April 13, 2036. 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 one-year (1) 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 the month, after 30 days late: Late fee is 2% or \$100, whichever is greater, of the 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 the month, after 60 days late: Late fee is 5% or \$300, whichever is greater, of outstanding Rent, LHT, utilities, and charges billed. The 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 ("CPI"), 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.

Notwithstanding the foregoing, for the first five (5) years following the Commencement Date, the Port may, in its discretion, elect to accept services from Tenant in lieu of any CPI-based rent adjustment. Such services shall be mutually agreed upon in writing and shall have a value equal to or greater than the amount of the CPI-based adjustment that would otherwise have been applied. In the event the value of such services is less than the applicable CPI-based adjustment, the Tenant shall pay the difference in cash.

### 3.2 COMMON AREAS: N/A

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 the CAM Expenses (“**Pro Rata Share**”). Lessee’s Pro Rata Share is based on the percentage obtained by dividing the agreed rentable area of the Premises by the agreed building area. The Parties agree that Lessee’s Pro Rata Share under this Lease is N/A (\_\_\_\_\_ %), thereby resulting in a monthly payment of (.00) for the first twelve months of this Lease.

3.2.6 **Adjustment of CAM Expenses:** N/A 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: business office and operations, (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, except for the exhaust fan installed by Lessee, which shall not be required to be removed and may, at Lessee’s option, remain on the Premises at Lease Termination.

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. For the avoidance of doubt, the exhaust fan installed by Lessee shall not be considered a Removal Item unless otherwise agreed in writing by the Port and Lessee. 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



such utility services to be terminated and for the final bill to be sent to Lessee. Lessee shall be liable for all utility charges that accrue if it fails to terminate services.

Meter Number(s) associated with these leased premises: Meters: E70017, WA12910941. These meters are for the entire Suite A and Warehouse. As the Lessee is leasing less than 100% of the building, the Lessee will be billed a fixed amount for electrical utilities.

#### 4.7 **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:**

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

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

### **ARTICLE V** **Insurance and Financial Security**

5.1 **CASUALTY LOSS OF LESSEE:** The Parties hereto agree that the Port shall not be responsible to Lessee for any property loss or damage done to Lessee's property, whether real, personal or mixed, occasioned by reason of any fire, storm or other casualty whatsoever. It shall be Lessee's responsibility to provide its own protection against casualty losses of whatsoever kind or nature, regardless of whether or not such loss is occasioned by the acts or omissions of the Port, Lessee, third party, or act of nature. To this end, the Port and Lessee hereby waive any rights each may have against the other as a result of any injury, loss or damage which is then insured against by either. This waiver is effective only to the extent that the insurance company(ies) actually pay(s) for such injury, loss or damage. In addition, the Port and Lessee agree to (1) cause their respective insurance companies to waive any right of subrogation, and (2) provide proof to the other Party within thirty (30) days after the execution of this Lease that such waivers have been successfully obtained from the respective insurance companies (if such proof is not provided within this thirty (30) day period, the other Party shall have the right to declare this paragraph to be ineffective). This paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.

#### 5.2 **INSURANCE:**

5.2.1 **Liability:** Lessee shall procure and maintain during the term of this Lease and any extensions or renewals of this Lease a comprehensive general liability policy covering on an occurrence basis all claims for personal injury (including death) and property damage (including all real and personal property located on the Premises) arising on the Premises or arising out of Lessee's operations. This policy shall also include contractual liability coverage for all indemnities provided under this Lease. Limit per occurrence shall not be less than \$1,000,000, or

the equivalent. General aggregate limit shall not be less than \$2,000,000, when applicable (and will be endorsed to apply separately to each site or location.) Limit per claim and in the aggregate shall not be less than \$1,000,000, or the equivalent. Annual aggregate limit shall not be less than \$2,000,000. The liability policies shall contain a cross-liability provision such that the policy will be construed as if separate policies were issued to Lessee and to the Port.

5.2.2 **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.

5.2.3 **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.

5.2.4 **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.

5.2.5 **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.

5.2.6 **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.

5.2.7 **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.

5.2.8 **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.

5.2.9 **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:

✓ Waived Financial Security

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

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

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

limit any of the Port's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

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

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

## **ARTICLE VI**

### **Environmental Liability**

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

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

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

6.2 **CURRENT CONDITIONS AND DUTY OF LESSEE:** The Port makes no representation about the condition of the Premises. Hazardous Substances may exist in, on, under

or above the Premises. Lessee should, but is not required to, conduct environmental assessments or investigations of the Premises prior to or during this Lease to determine the existence, scope and location of any Hazardous Substances. If there are any Hazardous Substances in, on, under or above the Premises as of the Commencement Date, Lessee shall exercise the utmost care with respect to the Hazardous Substances, the foreseeable acts or omissions of third parties affecting the Hazardous Substances, and the foreseeable consequences of those acts or omissions.

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

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

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

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

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

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

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

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

## **ARTICLE VII** **Miscellaneous Provisions**

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

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

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

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

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

7.5 **WASTE AND REFUSE:** Lessee agrees not to allow conditions of waste and refuse to exist on the Premises and to keep the Premises in a neat, clean and orderly condition and to be responsible for all damages caused to the Premises by Lessee, its agents, or any third party on the Premises.

## 7.6 **DAMAGE AND DESTRUCTION:**

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

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

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

hereunder shall be abated in the same proportion as the untenable portion of the Premises bears to the whole thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

and regulations, adherence to Port regulations (notification of tenant improvements, permission, notice, etc.), and exercises good faith in its dealings with the Port.

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

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

7.11.1 If the Port, at its sole discretion, shall require the use of the Premises for a public use in connection with the business of the Port not involving the lease thereof to another private lessee or in the event that the Port, at its sole discretion, shall require the use of the Premises for a major capital improvement for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Lessee not less than **one hundred and eighty (180)** days before the termination date specified in the notice, unless the need for such use constitutes an emergency, in which case this Lease shall terminate as soon as is practicable.

**In the event the Port provides less than one hundred and eighty (180) days' notice of termination (other than due to an emergency), the Port shall provide reasonable assistance with Lessee's relocation expenses, the scope and amount of which shall be mutually agreed upon in good faith by the Port and Lessee.**

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
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TO LESSEE:	Fire Chief Equipment Co., Inc. 14214 NE 21 <sup>st</sup> Street Bellevue, WA 98007
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or such address as may have been specified by notifying the other Party of the change of address. Notice shall be deemed served on the date of actual delivery or the first attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

7.15 **AGENT FOR SERVICE**: Lessee agrees that if Lessee is in unlawful detainer, pursuant to Chapter 59.12 RCW, and the Port is unable to serve Lessee with the unlawful detainer pleadings after one service attempt, then the Port shall be deemed to have complied with the service requirements of Chapter 59.12 RCW if it mails such pleadings via certified mail to the address set

forth in the notice section of this Lease and posts such pleadings in a conspicuous location on the Premises. Service shall be deemed complete on the next third day following the day of mailing.

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

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

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

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

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

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

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

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

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

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

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

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

7.26 **ATTORNTMENT**: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not

in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of the Port under the Lease.

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

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

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

**LESSOR:**

**LESSEE:**

PORT OF PORT ANGELES

FIRE CHIEF EQUIPMENT CO., INC.

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

\_\_\_\_\_  
Robin Ruch  
Its: President

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

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

STATE OF WASHINGTON )  
 ) ss.  
County of \_\_\_\_\_ )

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 **ROBIN RUCH**, to me known to be the **PRESIDENT of FIRE CHIEF EQUIPMENT CO., INC.**, 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: \_\_\_\_\_

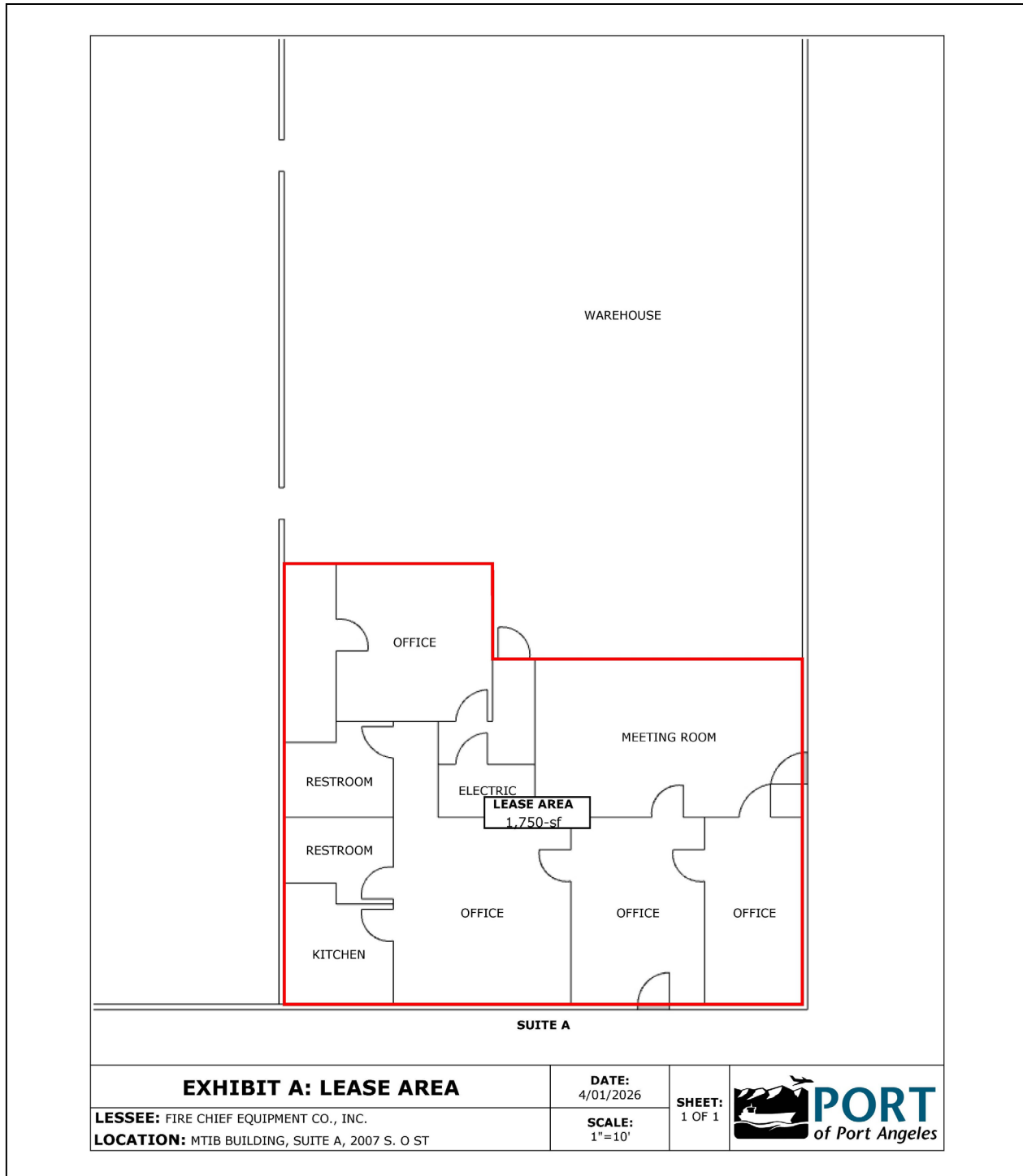
STATE OF WASHINGTON )  
 ) ss.  
County of Clallam )

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 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 (SUITE A Offices)



Initials:

Port

Lessee

# EXHIBIT A1 – VICINITY MAP



## 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  
DEICING  
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

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

Date: April 28, 2026

SUBJECT: New Lease – Federal Aviation Administration

Presented by: Caleb McMahon, Chief Commercial Officer

**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 Chief Executive Officer, 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:**

The Federal Aviation Administration is a current tenant at the William Fairchild Airport. Their current agreement term was from 2012 to 2016. Since that time, the FAA has been in a holdover status at this location. A new FAA agreement has been prepared to memorialize their presence at the airport. The proposed agreement is for a new ten-year term, beginning in their latest fiscal year, October 2025. The previous agreement rate was \$750.00/month. The proposed rate is \$783.33/month, which is an increase.

**Port Area:** William R. Fairchild International Airport.

**Address:** 1402 Fairchild Airport Road, Port Angeles, WA 98363.

**Leased Space:** 360 SF building, and five nearby parking spaces.

**Use:** FAA's activities in support of the National Airspace System (NAS).

**Tenant Improvements:** An existing cabinet within the building containing a cabinet with Remote maintenance monitoring equipment for the Localizer and Glide Slope.

**Agreement Type:** The FAA, as a federal agency, has prepared an Antenna & Equipment Space Lease Agreement form.

**Commencement Date:** October 1, 2025

**Term:** Ten years. (10.01.2025 – 9.30.2035)

**Proposed Rate:** \$783.33/month. Fixed rate for the term.

**Financial Security:** Government exempt.

**Non-standard terms requiring Commission approval:** FAA Lease Template (lease attached). This lease template is standard for this matter and is consistent with the form of lease the Port and the FAA have used since 2012. Key non-standard points below:

- 30-day termination (FAA unilateral)
- No restoration (Port may inherit equipment)
- FAA can change scope mid-lease
- FAA can deduct costs from rent

**Fiscal Impact of The Lease:**

\$783.33/month  
\$9,399.96/year  
\$93,999.60/10 years



**RECOMMENDED ACTION:**

On a motion and second, the Team recommends that the Port Commission authorize the Chief Executive Officer to sign a lease with the Federal Aviation Administration, per the terms and conditions presented, and to make any necessary minor amendments.

**ANTENNA & EQUIPMENT SPACE LEASE**  
**Between**  
**THE UNITED STATES OF AMERICA**  
**DEPARTMENT OF TRANSPORTATION**  
**FEDERAL AVIATION ADMINISTRATION**  
**And**  
**PORT OF PORT ANGELES**

**FAA CONTRACT NO: 690EG4-26-L-00059**  
**ATID/FACILITY TYPE: CLM / RMSC**  
**LOCATION: PORT ANGELES / WA**

1. **Preamble (09/2021) 6.1.1** This Lease for real property is hereby entered into by and between Port of Port Angeles, hereinafter referred to as the Lessor and the United States of America, acting by and through the Federal Aviation Administration, hereinafter referred to as the FAA.

2. **Definitions (09/2021) 6.1.1-1** For purposes of this document, the following definitions apply;

Contract- refers to this legal instrument used to acquire an interest in real property for the direct benefit or use by the FAA. As used herein, contract denotes the document (for example- lease, easement, memorandum of agreement, or other legally binding agreement) used to implement an agreement between a customer (buyer) and a seller (supplier).

Contractor- refers to the party(ies) receiving a direct procurement contract from the FAA and who is(are) responsible for performance of contract requirements. For purposes of this document, the contractor may also be called the Lessor, Permitter, Licensor, Grantor, Airport, or Offeror depending on the type of contract or the provision within the contract.

Government- refers to the United States of America acting by and through the Federal Aviation Administration (FAA). For purposes of this document, Government and FAA are interchangeable.

Real Estate Contracting Officer (RECO) - is a trained and warranted official who contracts for real property on behalf of the FAA. For purposes of this agreement, RECO is interchangeable with Contracting Officer (CO).

3. **Succeeding Contract (09/2021) 6.1.2** This contract succeeds Contract No. DTFAWN-12-L-00022 and all other previous agreements between the parties for the property described in this document.

4. **Lease Witnesseth (09/2021) 6.1.3** Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

5. **Leased Space Description (07/2022) 6.1.4** The Lessor hereby leases to the Government the following described premises;

Approximately 360 square feet of technical space located at William R. Fairchild Airport. This space houses a 2.5' X 3' cabinet that contains the Remote Maintenance Monitoring (RMM) equipment for the Localizer and Glide Slope. As part of this lease, there shall be five (5) parking spaces exclusive to the FAA that are not a part of public

parking. With respect to compliant accessible parking spaces, see the “Accessibility” clause.

6. **Purpose (09/2021) 6.1.5** It is understood and agreed that the use of the herein described premises shall be related to FAA’s activities in support of the National Airspace System (NAS).
7. **Legal Authority (09/2021) 6.2.1** This contract is entered into under the authority of 49 U.S.C. 106(l)(6) and (n), which authorizes the Administrator of the FAA to enter into contracts, acquisitions of interests in real property, agreements, and other transactions on such terms and conditions as the Administrator determines necessary.
8. **Term (09/2021) 6.2.3** To have and to hold, for the term commencing on 10/01/2025, and continuing through 9/30/2035, inclusive, provided that adequate appropriations are available from year to year for the consideration herein.
9. **Consideration (07/2023) 6.2.4**
  - A. The Government shall pay annual rent, payable in the amount of **\$9,399.96**.
  - B. Payments shall be made in arrears without the submission of invoices or vouchers. Payments are due on the first business day following the end of the payment period and are subject to available appropriations. The payments shall be directly deposited in accordance with the “Payment by Electronic Funds Transfer” clause in this contract. Payments shall be considered paid on the day an electronic funds transfer is made.
  - C. Payment shall be made in full to: PORT OF PORT ANGELES
10. **Termination (01/2023) 6.2.5** The Government may terminate this contract at any time, in whole or in part, if the Real Estate Contracting Officer (RECO) determines that a termination is in the best interest of the Government. The RECO shall terminate this contract by delivering a written notice specifying the effective date of the termination. The termination notice shall be delivered at least 30 days before the effective termination date. No costs shall accrue as of the effective date of termination.
11. **Excuse (09/2021) 6.2.5-3**
  - A. The Lessor will not be in default because of any failure to perform the requirements of this Lease under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Lessor.
  - B. Permissible causes for excuse are:
    - i. acts of God (e.g., fires, floods, pandemics, epidemics, unusually severe weather, etc.),
    - ii. acts of the public enemy,
    - iii. acts of the Government in either its sovereign or contractual capacity,
    - iv. pandemic, epidemic, or quarantine restrictions,
    - v. strikes, and
    - vi. freight embargoes. In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Lessor.
  - C. Excuse will not be granted when:
    - i. the Lessor had actual or constructive knowledge prior to the Lease Award Date that he/she could

not perform in accordance with the requirements of the Lease contract;  
ii. the conditions of the property prevent performance;  
iii. the Lessor, its employees, agents or contractors, by error or omission, fails to perform; or  
iv. the Lessor is unable to obtain sufficient financial resources to perform its obligations.  
D. The RECO will ascertain the facts and extent of the failure. If the RECO determines that any failure to perform is excusable, the RECO will revise the delivery schedule subject to the rights of the Government under the default and termination clauses of this contract.

12. **Binding Effect (09/2021) 6.2.6** The provisions of this contract and the conditions herein shall be binding upon, and for the benefit of, the parties and their successors and assigns. In the event of any sale or transfer of ownership of the property or any portion thereof, the Government will be deemed to have attorned to any purchaser, successor, assign, or transferee. The succeeding owner will be deemed to have assumed all rights and obligations of the contractor under this contract establishing direct privity of estate and contract between the Government and said succeeding owner, with the same force, effect, and relative priority in time and right as if the contract had initially been entered into between such succeeding owner and the Government.
13. **Lease/Rent Commencement (09/2021) 6.2.10** The Government shall issue a Supplemental Agreement, to establish the lease/rent commencement date after the acceptance of space, if different from the date previously established in the lease. The rent commencement date shall be the date that the leased premises are accepted in writing by the Government. The Government shall not be required to commence rent prior to acceptance of the space by the Government.
14. **Holdover (07/2023) 6.2.12** If after the expiration of the Lease, the Government shall retain possession of the premises, the Lease shall continue in full force and effect on a month-to-month basis. Payment shall be made in accordance with the Consideration clause of the Lease at the rate paid during the Lease term. This period shall continue until the Government shall have signed a new lease with the Lessor, acquired the property in fee, or vacated the premises.
15. **RE Clauses Incorporated by Reference (09/2021) 6.3.0** This solicitation or contract, as applicable, incorporates by reference the provisions or clauses listed below with the same force and effect as if they were given in full text. Upon request, the RECO will make the full text available, or the full text may be obtained via internet at [https://fast.faa.gov/RPF\\_Real\\_Property\\_Clauses.cfm](https://fast.faa.gov/RPF_Real_Property_Clauses.cfm).
- A. **Officials Not To Benefit (09/2021) 6.3.0-2**
  - B. **Assignment of Claims (09/2021) 6.3.0-3**
  - C. **Contracting Officer's Representative (09/2021) 6.3.0-4**
  - D. **Contingent Fees (09/2021) 6.3.0-5**
16. **Funding Responsibility for FAA Facilities (09/2021) 6.3.6** The Contractor agrees that all Contractor requested relocation(s), replacement(s), or modification(s) of any existing or future FAA navigational aid or communication system(s) necessitated by Contractor improvements or changes will be at the expense of the Contractor. In the event that the Contractor requested changes or improvements interferes with the technical and/or operational characteristics of the FAA's facility, the Contractor will immediately correct the interference issues at the Contractor's expense. Any FAA requested relocation, replacement, or modifications shall be at the FAA's expense. In the event such relocations, replacements, or modifications are necessary due to causes not attributable to either

the Contractor or the FAA, funding responsibility shall be determined by mutual agreement between the parties, and memorialized in a Supplemental Agreement.

**17. Changes (07/2023) 6.3.8**

A. The RECO may at any time, by written order via Supplemental Agreement, make changes within the general scope of this Lease in any one or more of the following:

- i. Work or services;
- ii. Facilities or space layout;
- iii. Amount of space/land;
- iv. Any other change made within the scope of this lease.

B. If any such change causes an increase or decrease in the Lessor's cost or time required for performance under this lease, the RECO will modify this Lease to provide one or more of the following:

- i. An equitable adjustment in the rental rate;
- ii. A lump sum equitable adjustment;
- iii. An equitable adjustment of the annual operating costs per rentable square foot; or
- iv. An adjustment to the delivery date.

C. The Lessor must assert its right to an adjustment by written proposal under this clause within thirty (30) days from the date of receipt of the change order. Lessor's request must include all documentation necessary to validate his/her right to an adjustment.

D. Nothing in this clause excuses the Lessor from proceeding with the change as directed.

E. Absent written supplemental agreement the Government is not liable to the Lessor under this clause.

**18. Failure in Performance (09/2021) 6.3.16** In the event the Contractor fails to perform a service, provide an item, or satisfy a requirement under this Contract, the Government may:

A. perform the service, provide the item, or satisfy the requirement itself, and abate the rent by its actual costs (including administrative costs) incurred in doing so,

B. not correct the Contractor's performance and abate the rent by an amount reasonably calculated to approximate the decreased value of the Contract arising from the Contractor's failure to perform, or

C. pursue termination of the contract under the "Termination" clause(s) in this Contract.

**19. No Waiver (09/2021) 6.3.17** No failure by the Government to insist upon strict performance of any provision of this Contract or failure to exercise any right, or remedy consequent to a breach thereof, will constitute a waiver of any such breach in the future.

**20. Non-Restoration (09/2021) 6.3.18** It is hereby agreed between the parties that, upon termination of its occupancy, including any holdover period, the Government shall have no obligation to restore and/or rehabilitate, either wholly or partially, the property that is the subject of this contract. It is further agreed that the Government may abandon in place any or all of the structures and equipment installed in or located upon said property by the Government during its tenure. Such abandoned equipment shall become the property of the contractor.

**21. Quiet Enjoyment (09/2021) 6.3.25** The Contractor warrants that they have good and valid title to the premises, and rights of ingress and egress, and warrants and covenants to defend the Government's use and enjoyment of said premises against third party claims.

22. **Damage by Fire or Other Casualty or Environmental Hazards (09/2021) 6.3.26** If the premises is partially or totally destroyed or damaged by fire or other casualty or if environmentally hazardous conditions are found to exist so that the premises is untenable as determined by the Government, the Government may agree to allow restoration/reconstruction, or may elect to terminate the contract, in whole or in part, immediately by giving written notice to the contractor and no further rental will be due. The Government shall have no duty to pay rent while the premises are unoccupied.
23. **Delivery and Condition (09/2021) 6.3.27** Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit by the agreed upon occupancy date. The Government reserves the right to determine when the space is ready to occupy, and to assess damages in the event the occupancy date is not met.
24. **Interference (09/2021) 6.3.28** In the event that FAA operations interfere with the Contractor's facility, the Contractor must immediately notify the RECO. The FAA will begin assessment of interference immediately upon notification.  
If the Contractor or its facility interferes with the FAA's equipment and the Contractor either knows of, or is notified by the FAA, of the interference, the Contractor will immediately remediate the interference at its own cost.  
Notification under this clause must include the following information, if known:  
A. type of interference,  
B. the commencement date of the interference, and  
C. the root cause of the interference.
25. **Alterations (09/2021) 6.3.29** The Government shall have the right during the term of this Lease, including any extensions thereof, to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, alterations or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government. The parties hereto mutually agree and understand, that no restoration rights shall accrue to the Lessor for any alterations or removal of alterations to the leased premises under this Lease, and that the Government shall have the option of abandoning alterations in place, when terminating the Lease, at no additional cost.
26. **Hold Harmless (01/2024) 6.3.30** In accordance with and subject to the conditions, limitations and exceptions set forth in the Federal Tort Claims Act, 28 U.S.C. Ch. 171, the Government will be liable to persons damaged by any personal injury, death or injury to or loss of property, which is caused by a negligent or wrongful act or omission of an employee of the Government while acting within the scope of his office or employment under circumstances where a private person would be liable in accordance with the law of the place where the act or omission occurred. The foregoing shall not be deemed to extend the Government's liability beyond that existing under the Act at the time of such act or omission or to preclude the Government from using any defense available in law or equity.
27. **Compliance with Applicable Laws (09/2021) 6.3.31** The Lessor shall comply with all federal, state and local laws applicable to the Lessor as owner or Lessor, or both, of building or premises, including, without limitation, laws applicable to the construction, ownership, alteration or operation of both or either thereof, and will obtain all necessary permits, licenses and similar items at Lessor's expense. This Lease shall be governed by federal law.

The Government will comply with all federal, state, and local laws applicable to and enforceable against it as a tenant under this lease, provided that nothing in this lease shall be construed as a waiver of the sovereign immunity of the Government.

**28. Examination of Records (09/2021) 6.3.32** The Comptroller General of the United States, the Administrator of FAA or a duly authorized representative of either shall, until three (3) years after final payment under this contract, have access to and the right to examine any of the Lessor's directly pertinent books, documents, paper, or other records involving transactions related to this contract.

**29. Subordination, Nondisturbance and Attornment (09/2021) 6.3.33**

A. The Government agrees, in consideration of the warranties and conditions set forth in this clause, that this contract is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof. It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this contract. Based on a written demand received by the RECO, the Government will review and, if acceptable, execute such instruments as the contractor may reasonably request to evidence further the subordination of this contract to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by the contractor if such easement does not interfere with the full enjoyment of any right granted the Government under this contract.

B. No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this contract so long as the Government is not in default under this contract. Contractor will include in any future mortgage, deed of trust or other security instrument to which this contract becomes subordinate, or in a separate non-disturbance agreement, a provision to the foregoing effect. Contractor warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the RECO promptly upon demand.

C. In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, purchasers, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the contractor under this contract, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the contract had initially been entered into between such purchasers or transferees and the Government; provided, further, that the RECO and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this contract, or other writings, as shall be necessary to document the foregoing relationship.

D. None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign.

**30. Change of Ownership/Novation (07/2023) 6.3.34-1**

- A. If during the term of the Lease, title to the Property is transferred or the Lessor changes its legal name, the Lessor shall notify the Government within five days of the transfer of title/change of name.
- B. The Government and the Lessor must execute a Supplemental Agreement acknowledging the transfer of title or name change.
- C. If title to the Property is transferred, the Government, the original Lessor (Transferor), and the new owner or assignee (Transferee) shall execute a Novation Agreement providing for the transfer of Transferor's rights and obligations under the Lease to the Transferee. When executed on behalf of the Government, a Novation Agreement will be made part of the Lease via Supplemental Agreement.
- D. The RECO may request additional information (e.g., copy of the deed, bill of sale, certificate of merger, contract, court decree, articles of incorporation, operation agreement, partnership certificate of good standing, etc.) from the Transferor or Transferee to verify the parties' representations regarding the transfer.
- E. If the RECO determines that recognizing the Transferee as the Lessor will not be in the Government's interest, the Transferor shall remain fully liable to the Government for the Transferee's performance of obligations under the Lease, notwithstanding the transfer. Under no condition shall the Government be obligated to release the Transferor of obligations prior to (a) the rent commencement date; and (b) any amounts due and owing to the Government under the Lease that have been paid in full or completely set off against the rental payments due under the Lease.
- F. As a condition for being recognized as the Lessor and entitlement to receiving rent, the Transferee must register in the System for Award Management (SAM) for purposes of "All Awards", and complete all required representations and certifications within SAM and the "Representation Regarding Certain Telecommunications and Video Surveillance Services or Equipment" in this contract.
- G. If title to the Property is transferred, rent shall continue to be paid to the original Lessor, subject to the Government's rights as provided for in this Lease. The Government's obligation to pay rent to the Transferee shall commence on the effective date of the Supplemental Agreement incorporating the Novation Agreement. The Supplemental Agreement will not be issued until the Government has received all information reasonably required by the RECO, the Government has determined that recognizing the Transferee as the Lessor is in the Government's interest (which determination will be prompt and not unreasonably withheld), and the Transferee has met all conditions specified in subparagraph F.

**31. Sublease (09/2021) 6.3.35** The Government reserves the right to sublease the space covered under this Lease to another agency or private party. In subleasing this space to another party, the Government is not relieved from its responsibilities under the terms of this Lease unless otherwise agreed upon with the Lessor.

**32. Integrated Agreement (09/2021) 6.3.36** This Contract, upon execution, contains the entire agreement of the parties, and no prior written or oral agreement, express or implied shall be admissible to contradict the provisions of this Contract.

**33. Unauthorized Negotiating (09/2021) 6.3.37** In no event shall the Contractor enter into negotiations concerning the premises with anyone other than the RECO or his/her designee.

**34. Inspection of Leased Premises (09/2021) 6.3.38** To ensure a safe and healthy work environment for government employees, agents, and assigns, and to ensure the Contractor's performance under this contract, the Government at all times and places during the term of the contract has the right to:

- A. inspect the leased premises and all other areas of the building to which access is necessary,
- B. test all performance requirements under the contract, and
- C. perform any necessary sampling and evaluation to ensure contract compliance.

If inspection reveals a contractual non-conformance, then the Government may require the Contractor to perform in accordance with the contract requirements at no increase in contract amount or the Government, in its sole discretion, may perform the work itself in accordance with the "Failure in Performance" clause of this Contract.

The presence or absence of a government inspection does not relieve the Contractor from any contract requirement, nor is the inspector authorized to change any term or condition of the contract without the RECO's written authorization.

**35. Contract Disputes (09/2021) 6.3.39**

A. All contract disputes arising under or related to this contract shall be resolved through the Federal Aviation Administration (FAA) dispute resolution system at the Office of Dispute Resolution for Acquisition (ODRA) and shall be governed by the procedures set forth in 14 C.F.R. Parts 14 and 17, which are hereby incorporated by reference. Judicial review, where available, will be in accordance with 49 U.S.C. 46110 and shall apply only to final agency decisions. A contractor may seek review of a final FAA decision only after its administrative remedies have been exhausted.

B. The filing of a contract dispute with the ODRA may be accomplished by mail, overnight delivery, hand delivery, or by facsimile, or if permitted by Order of the ODRA, by electronic filing. A contract dispute is considered to be filed on the date it is received by the ODRA during normal business hours. The ODRA's normal business hours are from 8:30 am to 5:00 pm Eastern Time.

C. Contract disputes are to be in writing and shall contain:

- i. The contractor's name, address, telephone and fax numbers and the name, address, telephone and fax numbers of the contractor's legal representative(s) (if any) for the contract dispute;
- ii. The contract number and the name of the Contracting Officer;
- iii. A detailed chronological statement of the facts and of the legal grounds for the contractor's positions regarding each element or count of the contract dispute (i.e., broken down by individual claim item), citing to relevant contract provisions and documents and attaching copies of those provisions and documents;
- iv. All information establishing that the contract dispute was timely filed;
- v. A request for a specific remedy, and if a monetary remedy is requested, a sum certain must be specified and pertinent cost information and documentation (e.g., invoices and terminated checks) attached, broken down by individual claim item and summarized; and
- vi. The signature of a duly authorized representative of the initiating party

D. Contract disputes shall be filed at the following address:

- i. For filing by hand delivery, courier or other form of in-person delivery:

Office of Dispute Resolution for Acquisition  
Federal Aviation Administration  
600 Independence Avenue SW., Room 2W100  
Washington, DC 20591; or

For filing by U.S. Mail:

Office of Dispute Resolution for Acquisition  
Federal Aviation Administration  
800 Independence Avenue SW  
Washington, DC 20591  
[Attention: AGC-70, Wilbur Wright Bldg. Room 2W100]; or

Telephone: (202) 267-3290

Facsimile: (202) 267-3720

Alternate Facsimile: (202) 267-1293; or

ii. Other address as specified in 14 CFR Part 17.

E. A contract dispute against the FAA shall be filed with the ODRA within two (2) years of the accrual of the contract claim involved. A contract dispute by the FAA against a contractor (excluding contract disputes alleging warranty issues, fraud or latent defects) likewise shall be filed within two (2) years after the accrual of the contract claim. If an underlying contract entered into prior to the effective date of this part provides for time limitations for filing of contract disputes with the ODRA which differ from the aforesaid two (2) year period, the limitation periods in the contract shall control over the limitation period of this section. In no event will either party be permitted to file with the ODRA a contract dispute seeking an equitable adjustment or other damages after the contractor has accepted final contract payment, with the exception of FAA claims related to warranty issues, gross mistakes amounting to fraud or latent defects. FAA claims against the contractor based on warranty issues must be filed within the time specified under applicable contract warranty provisions. Any FAA claims against the contractor based on gross mistakes amounting to fraud or latent defects shall be filed with the ODRA within two (2) years of the date on which the FAA knew or should have known of the presence of the fraud or latent defect.

F. A party shall serve a copy of the contract dispute upon the other party, by means reasonably calculated to be received on the same day as the filing is to be received by the ODRA.

G. After filing the contract dispute, the contractor should seek informal resolution with the Contracting Officer.

H. The FAA requires continued performance with respect to contract disputes arising under this contract, in accordance with the provisions of the contract, pending a final FAA decision.

I. The FAA will pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the contract dispute, or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on contract disputes shall be paid at the rate fixed by the Secretary of the Treasury that is applicable on the date the Contracting Officer receives the contract dispute and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary until payment is made. Interest will not accrue for more than one year.

J. Additional information and guidance about the ODRA dispute resolution process for contract disputes can be found on the ODRA website at <http://www.faa.gov>.

### **36. Organizational Conflict of Interest (01/2023) 6.3.47**

A. The offeror or Contractor warrants that, to the best of the Contractor's knowledge and belief, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest (OCI), as defined in the FAA Acquisition Management System, "Organizational Conflicts of Interest (T3.1.7)", or that the Contractor has disclosed all such relevant information.

B. The offeror or Contractor agrees that if an actual or potential OCI is discovered after award, the Contractor must make a full disclosure in writing to the Contracting Officer. The disclosure must include a mitigation plan describing actions the Contractor has taken or proposes to take to avoid, mitigate, or neutralize the actual or potential conflict. Changes in the Contractor's relationships due to mergers, consolidations or any unanticipated circumstances may create an unacceptable organizational conflict of interest which may necessitate disclosure.

C. The FAA reserves the right to review and audit OCI mitigation plans as needed after award, and to reject mitigation plans if the OCI, in the opinion of the Contracting Officer, cannot be avoided, or mitigated.

D. The Contracting Officer may terminate this contract for convenience in whole or in part, if it deems such termination necessary to avoid an OCI. If the Contractor was aware of a potential OCI prior to award or discovered an actual or potential conflict after award and did not disclose or misrepresented relevant information to the Contracting Officer, the Government may terminate this contract for default, debar the Contractor from government contracting, or pursue such other remedies as may be permitted by law or this contract.

E. The Contractor further agrees to insert provisions which must conform substantially to the language of this clause including this paragraph (d) in any subcontract or consultant agreement hereunder.

### 37. System for Award Management - Real Property (04/2022) 6.4.1-1

(a) Definitions. As used in this clause:

"Registered in the SAM database" means that the Contractor has entered all mandatory information, including the Unique Entity Identifier (UEI) or the Electronic Funds Transfer indicator, into the SAM database.

"System for Award Management (SAM) Database" means the primary Government repository for Contractor information required for the conduct of business with the Government.

"Unique Entity Identifier (UEI)" (also known as the Unique Entity ID) means a number or other identifier used to identify a specific commercial, nonprofit, or Government entity. See [www.sam.gov](http://www.sam.gov) for the designated entity for establishing Unique Entity Identifiers.

"Electronic Funds Transfer indicator" means a 4-character suffix to the Unique Entity Identifier. This 4-character suffix may be assigned at the discretion of the business concern to establish additional SAM records for identifying alternative Electronic Funds Transfer (EFT) accounts for the same parent concern.

"Contractor" is synonymous with "Offeror" "Lessor" or "Grantor" for real property leases, easements, or other contracts.

(b)(1) By submission of an offer, the Contractor acknowledges the requirement that a prospective awardee will be registered in the SAM database prior to award, during performance, and through final payment of any contract.

(2) The Contractor must enter, in the space below, the contractor's UEI that identifies the Contractor's name and address exactly as stated in the offer. The UEI will be used by the RECO to verify that the Contractor is registered in the SAM database.

UEI: U4C1BC6BD414

(c) If the Contractor does not have a UEI, it should contact [www.sam.gov](http://www.sam.gov) directly to obtain one. The Contractor should be prepared to provide the following information:

- (1) Company\* legal business name.
- (2) Tradestyle, doing business, or other name by which your entity is commonly recognized.
- (3) Company Physical Street Address, City, State, and Zip Code.
- (4) Company Mailing Address, City, State and Zip Code (if separate from physical).
- (5) Company Telephone Number.
- (6) Date the company was started.
- (7) Number of employees at your location.
- (8) Chief executive officer/key manager.
- (9) Line of business (industry).
- (10) Company Headquarters name and address (reporting relationship within your entity).

\* Individual (non-corporate) lessors/grantors of real property that are not normally in the business of leasing real property should consider leasing to the Government as a separate business (usually a sole proprietorship) then provide the pertinent ownership information as a sole proprietor when providing this information to [www.sam.gov](http://www.sam.gov).

(d) If the offeror does not become registered in the SAM database in the time prescribed by the RECO, the RECO may proceed to award to the next otherwise successful registered offeror.

(e) Processing time should be taken into consideration when registering. Offerors who are not registered should consider applying for registration immediately upon receipt of the solicitation.

(f) The Contractor is responsible for the accuracy and completeness of the data within the SAM database, and for any liability resulting from the Government's reliance on inaccurate or incomplete data. To remain registered in the SAM database after initial registration, the Contractor is required to review and update, on an annual basis from the date of initial registration or subsequent updates, its information in the SAM database to ensure it is current, accurate and complete. Updating information in the SAM does not alter the terms and conditions of this contract and is not a substitute for a properly executed contractual document.

(g)(1)(i) If a Contractor has legally changed its business name, “doing business as” name, or division name (whichever is shown on the contract), or has transferred the assets used in performing the contract, but has not completed the necessary requirements regarding novation and change-of-name agreements in AMS Procurement Guidance, the Contractor must provide the responsible RECO a minimum of one business day's written notification of its intention to:

- (A) Change the name in the SAM database;
- (B) Comply with the requirements of AMS regarding novation and change-of-name agreements; and
- (C) Agree in writing to the timeline and procedures specified by the RECO. The Contractor must provide the RECO notification and sufficient documentation to support the legally changed name and then execute the appropriate supplemental agreement provided by the RECO to document the name change.

(ii) If the Contractor fails to comply with the requirements of paragraph (g)(1)(i) of this clause, or

fails to perform the agreement at paragraph (g)(1)(i)(C) of this clause, and, in the absence of a properly executed novation or change-of-name agreement/supplemental agreement, the SAM information that shows the Contractor to be other than the Contractor indicated in the contract will be considered to be incorrect information within the meaning of the "Suspension of Payment" paragraph of the Payment by Electronic Funds Transfer- System for Award Management clause of UFthis contract.

(2) The Contractor must not change the name or address for EFT payments or manual payments, as appropriate, in the SAM record to reflect an assignee for the purpose of assignment of claims. Assignees must be separately registered in the SAM database. Information provided to the Contractor's SAM record that indicates payments, including those made by EFT, to an ultimate recipient other than that Contractor will be considered to be incorrect information within the meaning of the "Suspension of payment" paragraph of the Payment by Electronic Funds Transfer- System for Award Management clause of this contract.

(h) Contractors may obtain information on registration and annual confirmation requirements via the internet at <http://www.sam.gov> or by calling 866-606-8220.

### **38. Payment by Electronic Funds Transfer- System for Award Management (09/2021) 6.4.2-1**

#### **A. Method of payment.**

i. Unless waived by the RECO, all payments by the Government under this contract will be made by electronic funds transfer (EFT), except as provided in paragraph (A)(ii) of this clause. As used in this clause, the term "EFT" refers to the funds transfer and may also include the payment information transfer.

ii. In the event the Government is unable to release one or more payments by EFT, the Contractor agrees to either:

- a. Accept payment by check or some other mutually agreeable method of payment; or
- b. Request the Government to extend the payment due date until such time as the Government can make payment by EFT (but see paragraph (D) of this clause).

B. Contractor's EFT information. The Government will make payment to the Contractor using the EFT information contained in the System for Award Management (SAM) database. In the event that the EFT information changes, the Contractor must be responsible for providing the updated information to the SAM database.

C. Mechanisms for EFT payment. The Government may make payment by EFT through either the Automated Clearing House (ACH) network, subject to the rules of the National Automated Clearing House Association, or the Fedwire Transfer System. The rules governing Federal payments through the ACH are contained in 31 CFR Part 210.

D. Suspension of payment. If the Contractor's EFT information in the SAM database is incorrect, then the Government need not make payment to the Contractor under this contract until correct EFT information is entered into the SAM database; and any invoice or contract financing request will be deemed not to be a proper invoice for the purpose of prompt payment under this contract. The prompt payment terms of the contract regarding notice of an improper invoice and delays in accrual of interest penalties apply.

E. Liability for uncompleted or erroneous transfers.

i. If an uncompleted or erroneous transfer occurs because the Government used the Contractor's EFT information incorrectly, the Government remains responsible for

- a. Making a correct payment;
- b. Paying any prompt payment penalty due; and

c. Recovering any erroneously directed funds.

ii. If an uncompleted or erroneous transfer occurs because the Contractor's EFT information was incorrect, or was revised within 30 days of Government release of the EFT payment transaction instruction to the Federal Reserve System, and

a. If the funds are no longer under the control of the payment office, the Government is deemed to have made payment and the Contractor is responsible for recovery of any erroneously directed funds; or

b. If the funds remain under the control of the payment office, the Government will not make payment, and the provisions of paragraph (D) of this clause will apply.

F. EFT and prompt payment. A payment will be deemed to have been made in a timely manner in accordance with the prompt payment terms of this contract if, in the EFT payment transaction instruction released to the Federal Reserve System, the date specified for settlement of the payment is on or before the prompt payment due date, provided the specified payment date is a valid date under the rules of the Federal Reserve System.

G. EFT and assignment of claims. If the Contractor assigns the proceeds of this contract as provided for in the assignment of claims terms of this contract, the Contractor must require as a condition of any such assignment, that the assignee must register separately in the SAM database and will be paid by EFT in accordance with the terms of this clause. Notwithstanding any other requirement of this contract, payment to an ultimate recipient other than the Contractor, or a financial institution properly recognized under an assignment of claims, is not permitted. In all respects, the requirements of this clause will apply to the assignee as if it were the Contractor. EFT information that shows the ultimate recipient of the transfer to be other than the Contractor, in the absence of a proper assignment of claims acceptable to the Government, is incorrect EFT information within the meaning of paragraph (d) of this clause.

H. Liability for change of EFT information by financial agent. The Government is not liable for errors resulting from changes to EFT information made by the Contractor's financial agent.

I. Payment information. The payment or disbursing office will forward to the Contractor available payment information that is suitable for transmission as of the date of release of the EFT instruction to the Federal Reserve System. The Government may request the Contractor to designate a desired format and method(s) for delivery of payment information from a list of formats and methods the payment office is capable of executing. However, the Government does not guarantee that any particular format or method of delivery is available at any particular payment office and retains the latitude to use the format and delivery method most convenient to the Government. If the Government makes payment by check in accordance with paragraph (A) of this clause, the Government will mail the payment information to the remittance address contained in the SAM database.

39. **Work Performance (09/2021) 6.5.2** All work in performance of this Lease shall be done by skilled workers or mechanics and shall be acceptable to the RECO. The RECO retains the right to reject the Lessor's workers 1) if such are either unlicensed, unskilled, or otherwise incompetent, or 2) if such have demonstrated unacceptable performance in connection with work carried out in conjunction with this Lease. In the event of such rejection, the Lessor shall offer substitute/replacement workers, subject to the approval of the RECO.

40. **Installation of Antennas, Cables & Other Appurtenances (09/2021) 6.5.18** The Government shall have the right to install, operate and maintain antennas, wires and supporting structures, including any linking wires, connecting cables and conduits atop and within buildings and structures, or at other locations, as deemed necessary by the Government. The Government will coordinate with the Lessor when installing antennas, cables, and other appurtenances.
41. **Doors (09/2021) 6.6.1** Exterior doors must be weather tight, equipped with cylinder locks and door checks, automatic door closures and open outward. The Lessor must furnish the Government at least two master keys and two keys for each lock. Interior doors must be solid cored and at least 32 by 80 inches with a minimum opening of 32 inches and be of sturdy construction. Fire doors must conform to NFPA Standard No. 80. As designated by the Government, doors must be equipped with non-removable hinge pins, and locks with 7-pin removable cores. The Government shall provide cores. Locks, locking arrangements and latches must be in accordance with local building and fire codes, as well as OSHA 29 CFR 1910.
42. **Display Advertising (09/2021) 6.6.7** If the leased premises are solely for Government use, no advertising matter shall be constructed on or over the premises, unless authorized by the RECO.
43. **Erection of Signs (07/2022) 6.6.8** The Government has the right to erect on or attach to the Lessor's premises such signs as may be required to clearly identify the Government's facility or to post Government policies, rules, and regulations. Signs so erected will remain the property of the Government and will be removed from the premises upon termination of the lease.
44. **Seismic Safety for Equipment (09/2021) 6.6.12** All Lessor-installed equipment, either Government provided or Lessor provided, shall be installed in strict accordance with the latest available edition of the International Building Code (IBC) at the time of execution of this contract and the DOT Specification FAA-G-2100H to ensure proper anchoring to protect personnel during a seismic event.
45. **Services, Utilities, and Maintenance of Premises (10/2022) 6.7.1-1** The Lessor will maintain the demised premises, including but not limited to, the building grounds, all equipment, fixtures and appurtenances furnished by the Lessor under this Lease, in a good, clean and tenantable condition. Utility and maintenance services supplied to space that houses technical equipment will be supplied 24 hours per day, seven days per week.

The Government has unlimited access to the leased premises 24 hours per day, seven days per week, including, as applicable, the access to and use of electrical services, toilets, and lights at no additional cost. Such access allows the Government to service Government-owned technical equipment, or to perform other mission-critical related duties, as it determines necessary in its sole and absolute discretion. The Government has the right to use appurtenant areas and facilities for essential duties.

In addition to such other services as are set forth elsewhere in this Contract, the Lessor will provide the following:

- A. Electricity
- B. Snow Removal
- C. Ground Maintenance
- D. Other Services

46. **Utilities not provided by the Lessor (10/2022) 6.7.1-2** If the cost of utilities is not included as part of the rental consideration, the Lessor must specify which utilities are not included. For those utilities that are not included as part of the rental consideration, the Lessor will provide separate meters for utilities to be paid for by the Government. Proration is not permissible. Prior to occupancy by the Government, the Lessor will furnish the RECO written verification of the meter numbers and certification that these meters will measure FAA usage only. The Lessor will notify the RECO of any changes in meter numbers or meter configuration during FAA occupancy.
47. **Fall Protection (09/2021) 6.8.4** The Contractor must ensure proper fall protection safety systems are in place for all work areas where Government personnel are required to perform work at four feet or more above the next lowest level on fixed ladders and within access points to elevated work areas in accordance with FAA Order 3900.19, FAA Occupational Safety and Health Policy, 29 CFR 1910, Occupational Safety and Health Standards (General Industry), 29 CFR 1926 Subpart M, Safety and Health Regulations for Construction, and applicable regulatory required American National Standard Institute (ANSI) Standards. All such elevated work surfaces (platforms, catwalks, roofs, etc.) must have OSHA compliant guardrails, railings, toe boards and/or parapets where applicable to meet OSHA and ANSI requirements as referenced herein.

**Environmental and Occupational Safety and Health (EOSH) Requirements (09/2021) 6.8.5** The Contractor must provide space, services, equipment, and conditions that comply with the following EOSH standards:

- A. 29 CFR 1910, Occupational Safety and Health Administration (OSHA) Standards (General Industry)
- B. 29 CFR 1926, Safety and Health Standards (Construction)
- C. National Fire Protection Association (NFPA) 101, Life Safety Code
- D. FAA Order 3900.19, FAA Occupational and Health Policy
- E. FAA Standard HF-STD-001, Human Factors Design Standard
- F. National Fire Protection Association (NFPA) 70, National Electrical Code, and NFPA 70E, Electrical Safety in the Workplace
- G. Local and state EOSH regulations
- H. Local and state fire codes and building codes.

Federal, state and local EOSH (OSHA and EPA) standards and building codes must be complied with when accomplishing any cleaning, construction, renovation, remodeling, maintenance activities or testing done in or on the leased premises and areas connected to or integrated with the premises. Additionally, whenever FAA standards require work processes or precautions to be provided, the Contractor will coordinate with the FAA before and during the work so that the proper requirements are met.

Any equipment designed, installed, or used that presents a potential safety hazard shall be marked with appropriate warning labels or placards, in accordance with 29 CFR 1910.145, Specifications for Accident Prevention Signs and Tags, FAA HF-STD-001, Human Factors Design Standard, Chapter 12.16, Safety Labels and Placards, American National Standards Institute (ANSI) Standard Z535.4, Product Safety Signs and Labels, and FAA-G-2100H, Electronic Equipment, General Requirements, Section 3.3.5.4.

49. **Warranty of Space (09/2021) 6.8.13** The contractor warrants that all space leased to the Government under this contract complies with federal, state, and local regulations. The space is not limited to that set forth in this contract, but also includes space above suspended ceilings in the leased space, air plenums elsewhere in the building that service the leased space, engineering spaces in the same ventilation zone as the leased space, public spaces in the same ventilation zone as the leased space, and public spaces and common use spaces (e.g., lobbies, hallways).

50. **Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (07/2023) 6.9.5**

(a) Definitions. As used in this clause--

Backhaul means intermediate links between the core network, or backbone network, and the small subnetworks at the edge of the network (e.g., connecting cell phones/towers to the core telephone network). Backhaul can be wireless (e.g., microwave) or wired (e.g., fiber optic, coaxial cable, Ethernet).

Covered foreign country means The People's Republic of China.

Covered telecommunications equipment or services means—

- (1) Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities);
- (2) For the purpose of public safety, security of Government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
- (3) Telecommunications or video surveillance services provided by such entities or using such equipment; or
- (4) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

Critical technology means—

- (1) Defense articles or defense services included on the United States Munitions List set forth in the International Traffic in Arms Regulations under subchapter M of chapter I of title 22, Code of Federal Regulations;
- (2) Items included on the Commerce Control List set forth in Supplement No. 1 to part 774 of the Export Administration Regulations under subchapter C of chapter VII of title 15, Code of Federal Regulations, and controlled—
  - (i) Pursuant to multilateral regimes, including for reasons relating to national security, chemical and biological weapons proliferation, nuclear nonproliferation, or missile technology; or
  - (ii) For reasons relating to regional stability or surreptitious listening.
- (3) Specially designed and prepared nuclear equipment, parts and components, materials, software, and technology covered by part 810 of title 10, Code of Federal Regulations (relating to assistance to foreign atomic energy activities);
- (4) Nuclear facilities, equipment, and material covered by part 110 of title 10, Code of Federal

Regulations (relating to export and import of nuclear equipment and material);  
(5) Select agents and toxins covered by part 331 of title 7, Code of Federal Regulations, part 121 of title 9 of such Code, or part 73 of title 42 of such Code; or  
(6) Emerging and foundational technologies controlled pursuant to section 1758 of the Export Control Reform Act of 2018 (50 U.S.C. 4817).

Interconnection arrangements means arrangements governing the physical connection of two or more networks to allow the use of another's network to hand off traffic where it is ultimately delivered (e.g., connection of a customer of telephone provider A to a customer of telephone company B) or sharing data and other information resources.

Reasonable inquiry means an inquiry designed to uncover any information in the entity's possession about the identity of the producer or provider of covered telecommunications equipment or services used by the entity that excludes the need to include an internal or third-party audit.

Roaming means cellular communications services (e.g., voice, video, data) received from a visited network when unable to connect to the facilities of the home network either because signal coverage is too weak or because traffic is too high.

Substantial or essential component means any component necessary for the proper function or performance of a piece of equipment, system, or service.

(b) Prohibition.

(1) Section 889(a)(1)(A) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2019, from procuring or obtaining, or extending or renewing a contract to procure or obtain, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. The Contractor is prohibited from providing to the Government any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception at paragraph (c) of this clause applies or the covered telecommunication equipment or services are covered by a waiver described in AMS T3.8.9C.1.c(5).

(2) Section 889(a)(1)(B) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2020 from entering into a contract, or extending or renewing a contract, with an entity that uses any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception at paragraph (c) of this clause applies or the covered telecommunication equipment or services are covered by a waiver described in AMS T3.8.9C.1.c(5). This prohibition applies to an entity that uses covered telecommunications equipment or services, including use not in support of the Government.

(c) Exceptions. This clause does not prohibit contractors from providing—

(1) A service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

(2) Telecommunications equipment that cannot route or redirect user data traffic or permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(d) Reporting requirement.

(1) In the event the Contractor identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, or the Contractor is notified of such by a subcontractor at any tier or by any other source, the Contractor must report the information in paragraph (d)(2) of this clause to the Contracting Officer, unless elsewhere in this contract are established procedures for reporting the information. For indefinite delivery contracts, the Contractor must report to the Contracting Officer for the indefinite delivery contract and the Contracting Officer(s) for any affected order.

(2) The Contractor must report the following information pursuant to paragraph (d)(1) of this clause:  
(i) Within one business day from the date of such identification or notification: The contract number; the order number(s), if applicable; supplier name; supplier unique entity identifier (if known); supplier Commercial and Government Entity (CAGE) code (if known); brand; model number (original equipment manufacturer number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.

(ii) Within 10 business days of submitting the information in paragraph (d)(2)(i) of this clause: Any further available information about mitigation actions undertaken or recommended. In addition, the Contractor must describe the efforts it undertook to prevent use or submission of covered telecommunications equipment or services, and any additional efforts that will be incorporated to prevent future use or submission of covered telecommunications equipment or services.

(e) Subcontracts. The Contractor must insert the substance of this clause, including this paragraph (e), in all subcontracts and other contractual instruments, including subcontracts for the acquisition of commercial items.

#### 51. Covered Telecommunications Equipment or Services- Representations (09/2021) 6.9.5-1

(a) Definitions. As used in this provision, “covered telecommunications equipment or services” has the meaning per the "Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment” clause in this contract.

(b) Procedures. The offeror must review the list of excluded parties in the System for Award Management (SAM) (<https://www.sam.gov>) for entities excluded from receiving federal awards for covered telecommunications equipment or services.

(c) Representations.

1. The offeror represents that it \_\_\_\_\_ does, X does not **provide** covered telecommunications equipment or services as part of its offered products or services to the Government in the performance of any contract, subcontract, or other contractual instrument.

2. After conducting a reasonable inquiry for purposes of this representation, the offeror represents that it \_\_\_\_\_ does, X does not **use** covered telecommunications equipment or services, or any equipment, system, or service that uses telecommunications equipment or services.

**52. Representation Regarding Certain Telecommunications and Video Surveillance Services or Equipment (09/2021) 6.9.5-2** NOTE: The offeror must not complete the representation at paragraph (d)(1) in this provision if the offeror has represented that it does not provide covered telecommunications equipment or services as part of its offered products or services to the Government in the performance of any contract, subcontract, or other contractual instrument in the provision "Covered Telecommunications Equipment or Services – Representation" (c)(1). Additionally, The offeror must not complete the representation at paragraph (d)(2) in this provision if the offeror has represented that it does not use covered telecommunications equipment or services, or any equipment, system, or service that uses telecommunications equipment or services in the provision "Covered Telecommunications Equipment or Services – Representation" (c)(2).

**PROVISION/CLAUSE:**

(a) Definitions. As used in this provision--

Backhaul, covered telecommunications equipment or services, critical technology, interconnection arrangements, reasonable inquiry, roaming, and substantial or essential component have the meanings provided in the clause AMS clause 6.9.5, Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment.

(b) Prohibitions.

(1) Section 889(a)(1)(A) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2019, from procuring or obtaining, or extending or renewing a contract to procure or obtain, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. Nothing in this prohibition will be construed to—

(i) Prohibit the head of the agency from procuring with an entity to provide a service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or  
(ii) Cover telecommunications equipment that cannot route or redirect user data traffic or cannot permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(2) Section 889(a)(1)(B) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2020 from entering into a contract or renewing a contract with an entity that uses any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential part of any system or as critical technology as part of any system. This prohibition applies to any entity that uses covered telecommunications equipment or services, including uses not in support of the Government.

Nothing in this prohibition will be construed to-

(i) Prohibit the head of the agency from procuring with an entity to provide a service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or  
(ii) Cover telecommunications equipment that cannot route or redirect user data traffic or cannot permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(c) Procedures: The offeror must review the list of excluded parties in the System for Award

Management (SAM) (<https://www.sam.gov>) for entities excluded from Federal awards for covered telecommunications equipment or services.

(d) Representations.

(1) The Offeror represents that it [ ] will, [X] will not provide covered telecommunications equipment or services to the Government in the performance of any contract, subcontract or other contractual instrument resulting from this solicitation.

(2) After conducting a reasonable inquiry for purposes of this representation, the Offeror represents that that it [ ] does, [X] does not USE covered telecommunications equipment or services, or use any equipment, system, or service that uses covered telecommunications equipment or services. The Offeror must provide the additional disclosure information required at paragraph (e) if the Offeror indicates “does”.

(e) Disclosures. Disclosure for the representation in paragraph (d) (1) of this provision-  
If the Offeror has responded “will” in the representation in paragraph (d) (1) of this provision, the Offeror must provide the following information as part of the offer—

(1) For covered equipment

- (i) The entity that produced the covered telecommunications equipment (include entity name, unique entity identifier, CAGE code, and whether the entity was the original equipment manufacturer (OEM) or a distributor, if known;
- (ii) A description of all covered telecommunications equipment offered (include brand; model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); and
- (iii) Explanation of the proposed use of covered telecommunications equipment and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b) (1) of this provision;

(2) For covered services-

- (i) If the service is related to item maintenance, a description of all covered telecommunications services offered (include on the item being maintained: brand, model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable; or
- (ii) If not associated with maintenance, the Product Service Code (PSC) of the service being provided; and explanation of the proposed uses of covered telecommunications services and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b)(1) of this provision.

Disclosure for representation in paragraph (d) (2) of this provision. If the Offeror has responded “does” to paragraph (d)(2) of this provision, the offeror must provide the following information as part of the offer—

(3) For covered equipment

- (i) The entity that produced the covered telecommunications equipment (include entity name, unique entity identifier, CAGE code, and whether the entity was the OEM or a distributor, if known;
- (ii) A description of all covered telecommunications equipment offered (include brand; model number, such as original equipment manufacturer (OEM) number, manufacturer part number, or

wholesaler number; and item description, as applicable); and  
(iii) Explanation of the proposed use of covered telecommunications equipment and services and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b) (2) of this provision.

(4) For covered services-

(i) If the service is related to item maintenance, a description of all covered telecommunications services offered (include on the item being maintained: brand, model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); or

(ii) If not associated with maintenance, the Product Service Code (PSC) of the service being provided; and explanation of the proposed uses of covered telecommunications services and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b)(2) of this provision.

### **53. Cooperation with Defensive Counterintelligence Program Requirements (DCIP) (09/2021)**

#### **6.9.6**

a. The FAA's Defensive Counterintelligence Program (DCIP) (AXI-310) detects, deters, and denies illicit human and technical intelligence collection activities as well as addressing other national security concerns. Such activities and concerns include, but are not limited to, activities conducted by, on behalf of, or otherwise supporting, foreign governments or elements thereof; entities or individuals that meet the definition of "foreign power" or "agent of a foreign power" in 50 U.S.C. § 1801; foreign organizations; foreign persons; international terrorist organizations or activities; or agents of any of the foregoing; or any other individuals or entities acting on behalf of, or otherwise in support of, any of the foregoing, against the FAA, its employees, facilities, equipment, systems, networks, operations, and information.

b. Consistent with FAA Order 1600.84 FAA Defensive Counterintelligence Program, the contractor is required to cooperate to the fullest extent possible in the following requirements:

1) Any authorized DCIP inquiry or Counterintelligence (CI) investigation connected with this contract requested by the FAA Office of Security and Hazardous Materials Safety (ASH) to include granting authorized ASH or outside investigative department or agency personnel access to contract information, records or contractor personnel;

2) All applicable FAA security requirements as required under the contract consistent with FAA policy and applicable Federal law;

3) When requested by the DCIP, and necessary to protect Controlled National Security Information (CNSI), Sensitive Unclassified Information (SUI), or otherwise protected information, contractor employees must sign a Defensive Counterintelligence Program Non-Disclosure Agreement (NDA) prior to being briefed on any information pertaining to a DCIP inquiry, CI investigation by another Department or Agency, or any other matter related to the DCIP. The NDA is located in Appendix C of the Order and in AMS Procurement Forms. Contractor employees are exempt from acknowledging any language in the NDA associated with unauthorized disclosure of received information that subjects FAA employees to personnel actions specified in the Human Resources Policy Manual (HRPM) Volume 4: Employee Relations ER-4.1 (4) and applicable collective bargaining agreements.

4) Contractors must first coordinate with the DCIP at ASH-CI-Notify@faa.gov before contacting any law enforcement or investigative agencies on any known or suspected counterintelligence or other national security concern described in Paragraph 1 of FAA Order 1600.84.

5) Contractors must notify the DCIP as soon as possible if any law enforcement or investigative

agency contacts them directly on any matter covered by FAA Order 1600.84. If an employee receives a direct request from an outside law enforcement or investigative agency for evidence related to a counterintelligence or other national security concern as described in Paragraph 1 of FAA Order 1600.84, the employee will refer the law enforcement or investigative agency to AXI-310.

6) Contractors must immediately notify the DCIP at [ASH-CI-Notify@faa.gov](mailto:ASH-CI-Notify@faa.gov), and the CO or their designee if their employees observe any of the following-

- a) Suspected or known acts of foreign intelligence collection activity against the FAA or its employees, systems, networks, operations, facilities, equipment, or information;
- b) Suspected or known espionage (See Appendix A of FAA Order 1600.84 for definition);
- c) Suspected or known unauthorized disclosure of CNSI, SUI, or otherwise protected information in the possession of the FAA by a FAA employee to a foreign government or element thereof, a foreign organization, an entity or individual that meets the definition of “foreign power” or “agent of a foreign power” in 50 U.S.C. § 1801, a foreign person, an international terrorist organization or activity, an agent of any of the foregoing, or any other individual or entity acting on behalf of or otherwise supporting any of the foregoing; or
- d) Suspected or known theft, unauthorized disclosure, or unauthorized amassing of CNSI, SUI, or otherwise protected information in the possession of the FAA known or suspected to be for the purpose of conveying it to a foreign government or element thereof, an entity or individual that meets the definition of “foreign power” or “agent of a foreign power” in 50 U.S.C. § 1801, a foreign organization, a foreign person, an international terrorist organization or activity, an agent of any of the foregoing, any other individual or entity acting on behalf of or otherwise supporting any of the foregoing, or an unknown recipient, or statements of intent by an FAA employee to engage in any such actions. SUI or otherwise protected unclassified information whose theft, unauthorized disclosure, or unauthorized amassing, for the purposes described in the preceding sentence, is of concern includes, but is not limited to:
  - i. Non-public information from an official FAA data network or information;
  - ii. Imagery;
  - iii. Technical specifications;
  - iv. Trade secrets;
  - v. Proprietary information;
  - vi. Sensitive Security Information (SSI); and
  - vii. Any other SUI
- e) Activities similar to those described in paragraphs b(6)(a)-(d) by, on behalf of, or otherwise supporting, potential lone wolf actors, malicious insiders, or transnational organizations of a national security concern.

If notification of the CO or their designee is not feasible owing to the CO and/or their designee being one of the suspicious actor(s), the contractor must notify the DCIP directly at the above email address if they observe any of the above activities.

7) Elicitation attempts. Elicitation is the strategic use of conversation to extract information from people without giving them the feeling they are being interrogated. It is a technique used to discreetly gather information. It is a conversation with a specific purpose: collect information that is not readily available and do so without raising suspicion that specific facts are being sought. The conversation can be in person, over the phone, or in writing.

Contractors must immediately notify the DCIP at [ASH-CI-Notify@faa.gov](mailto:ASH-CI-Notify@faa.gov), and the CO and/or their designee if their employees experience any known or suspected direct (e.g., personal encounter or telephone) or indirect (e.g., electronic or written communication) elicitation or attempted elicitation of CNSI, SUI, or otherwise protected information in the possession of the FAA by any suspicious entity or person, regardless of ethnicity, nationality, or FAA employment status, as soon as possible, but no later than 12 hours after the time of the incident, initial detection, or receipt of report, as applicable, or the next business day if the incident, initial detection, or receipt of report, as applicable, occurs on a weekend or holiday. Contractors must report these incidents regardless of where, when, or how the contact took place, or whether the employee was on or off duty. Suspicious activities include, but are not limited to:

- a) Direct or indirect contact or communication with a known or suspected foreign or foreign-affiliated person, or an unknown or unfamiliar person, seeking access to or disclosure of any CNSI, SUI, or otherwise protected information in the possession of the FAA for which such person does not meet the applicable access requirements, or that is outside the scope of their official duties;
- b) Direct or indirect contact or communication with a known or suspected foreign or foreign-affiliated person, or an unknown or unfamiliar person, seeking specific information about an FAA employee's official duty responsibilities, work projects, access to information, security clearance, travel plans, coworkers' identities, or Information Technology (IT) system credentials for which such person does not meet the applicable access requirements, or that is outside the scope of their official duties;
- c) Direct or indirect contact, communication, or observance of a known or suspected foreign or foreign-affiliated person, or an unknown or unfamiliar person, seeking unauthorized access to FAA employees, equipment, operations, systems, information, facilities, or networks, including through a Personal Electronic Device (PED);
- d) Direct or indirect contact, communication, or observance of a known or suspected foreign or foreign-affiliated person, or an unknown or unfamiliar person, introducing, or seeking to introduce, unauthorized digital media or software into any FAA equipment, facilities, systems, or networks, including through a PED;
- e) Offers of compensation, gifts, or favors in exchange for FAA information or access to such information, regardless of medium; or access to FAA employees, equipment, operations, facilities, systems, or networks;
- f) Threats, attempts to coerce, or attempts to exploit any FAA employee by a known or suspected foreign or foreign-affiliated person, or by an unknown or unfamiliar person, in order to illicitly acquire FAA information or access to FAA employees, equipment, operations, facilities, systems, information, or networks;
- g) Solicitation by any person of FAA information for which they do not meet the applicable access requirements or that is outside the scope of their official duties;
- h) A request by any person for access to FAA employees, facilities, equipment, operations, systems, information, or networks for which they do not meet the applicable access requirements or that is outside the scope of their official duties; and
- i) Suspicious or unexplained contact by any person with an FAA employee, where the person has suspicious or unexplained knowledge of the employee.

Unless requested by ASH, contractors must not disclose an elicitation attempt of the nature described above, in any other manner than to report the attempt to the CO or their designee and request that they report it to the DCIP. If that is not feasible, or if the CO or their designee are the

suspicious actor(s), contractors may make these reports directly to the DCIP at the above email address. Contractors must not take any actions on their own initiative, as doing so may interfere with a DCIP inquiry or CI investigation.

c. Failure to cooperate with any of the activities under section (b) above may be considered by the FAA to be a material breach of the contract.

d. The Contractor is responsible for ensuring that the provisions of this clause flow down to its subsidiaries, subcontractors, and consultants performing this contract.

#### **54. Federal Acquisition Supply Chain Security Act Orders—Representation and Disclosures (04/2024) 6.9.8**

(a) Definitions. As used in this provision, Covered article, FASCSA order, Intelligence community, National security system, Reasonable inquiry, Sensitive compartmented information, Sensitive compartmented information system, and Source have the meaning provided in the AMS Real Property Clause 6.9.8-1, Federal Acquisition Supply Chain Security Act Orders—Prohibition.

(b) Prohibition. Contractors are prohibited from providing or using as part of the performance of the contract any covered article, or any products or services produced or provided by a source, if the prohibition is set out in an applicable Federal Acquisition Supply Chain Security Act (FASCSA) order, as described in paragraph (b)(1) of AMS Real Property Clause 6.9.8-1, Federal Acquisition Supply Chain Security Act Orders—Prohibition.

(c) Procedures.

(1) The Offeror must search for applicable FASCSA orders of the type identified in paragraph (b)(1) of AMS Real Property Clause 6.9.8-1 in the System for Award Management (SAM). Issued FASCSA Orders may be identified by selecting the “View FASCSA Orders” button from the SAM homepage (<https://www.sam.gov>) and viewing or downloading FASCSA orders from the Supply Chain Security Orders webpage.

(2) The Offeror must review the SIR for any FASCSA orders that are not in SAM but are effective and do apply to the SIR and resultant contract (see AMS Guidance T3.8.9.C.4.c.(2)(A)(ii)).

(3) FASCSA orders issued after the publication date of the SIR do not apply unless the order is subsequently added to the SIR via amendment.

(d) Representation. By submission of this offer, the offeror represents that it has conducted a “reasonable inquiry” (as defined in AMS Real Property Clause 6.9.8-1), and that the offeror does not propose to provide or use in response to this SIR any covered article, or any products or services produced or provided by a source, if the covered article or the source is prohibited by an applicable FASCSA order in effect on the date the SIR was issued, except as waived by the SIR, or as disclosed in paragraph (e) Disclosures, below.

(e) Disclosures. The purpose for this disclosure is so the FAA may decide whether to issue a waiver. For any covered article, or any products or services produced or provided by a source, if the covered article or the source is subject to an applicable FASCSA order, and the Offeror is unable to represent compliance, then the Offeror must provide the following information as part of the offer:

(1) Name of the product or service provided to the Government;

(2) Name of the covered article or source subject to a FASCSA order;

(3) If applicable, name of the vendor, including the Commercial and Government Entity code and unique entity identifier (if known), that supplied the covered article or the product or service to the

Offeror;

(4) Brand;

(5) Model number (original equipment manufacturer number, manufacturer part number, or wholesaler number);

(6) Item description; and

(7) Reason why the applicable covered article or the product or service is being provided or used.

(f) FAA review of disclosures. The Contracting Officer will review disclosures provided in paragraph (e) Disclosures, to determine if any waiver may be sought. A Contracting Officer may choose not to pursue a waiver for covered articles or sources otherwise subject to a FASCSCA order and may instead make an award to an offeror that does not require a waiver.

#### **55. Federal Acquisition Supply Chain Security Act Orders—Prohibition (04/2024) 6.9.8-1**

(a) Definitions. As used in this clause—

Covered article, as defined in 41 U.S.C. 4713(k), means—

(1) “Information technology,” as defined in 40 U.S.C. 11101, including cloud computing services of all types;

(2) “Telecommunications equipment” or “telecommunications service,” as those terms are defined in section 3 of the Communications Act of 1934 (47 U.S.C. 153);

(3) The processing of information on a Federal or non-Federal information system, subject to the requirements of the Controlled Unclassified Information program (see 32 CFR part 2002); or

(4) Hardware, systems, devices, software, or services that include embedded or incidental information technology.

FASCSCA order means any of the following orders issued under the Federal Acquisition Supply Chain Security Act (FASCSCA) requiring the removal of covered articles from executive agency information systems or the exclusion of one or more named sources or named covered articles from executive agency procurement actions, as described in 41 CFR 201–1.303(d) and (e):

(1) The Secretary of Homeland Security may issue FASCSCA orders applicable to civilian agencies, to the extent not covered by paragraph (2) or (3) of this definition. This type of FASCSCA order may be referred to as a Department of Homeland Security (DHS) FASCSCA order.

(2) The Secretary of Defense may issue FASCSCA orders applicable to the Department of Defense (DoD) and national security systems other than sensitive compartmented information systems. This type of FASCSCA order may be referred to as a DoD FASCSCA order.

(3) The Director of National Intelligence (DNI) may issue FASCSCA orders applicable to the intelligence community and sensitive compartmented information systems, to the extent not covered by paragraph (2) of this definition. This type of FASCSCA order may be referred to as a DNI FASCSCA order.

Intelligence community, as defined by 50 U.S.C. 3003(4), means the following—

(1) The Office of the Director of National Intelligence;

(2) The Central Intelligence Agency;

(3) The National Security Agency;

(4) The Defense Intelligence Agency;

(5) The National Geospatial-Intelligence Agency;

(6) The National Reconnaissance Office;

(7) Other offices within the Department of Defense for the collection of specialized national intelligence through reconnaissance programs;

- (8) The intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Department of Energy;
- (9) The Bureau of Intelligence and Research of the Department of State;
- (10) The Office of Intelligence and Analysis of the Department of the Treasury;
- (11) The Office of Intelligence and Analysis of the Department of Homeland Security; or
- (12) Such other elements of any department or agency as may be designated by the President, or designated jointly by the Director of National Intelligence and the head of the department or agency concerned, as an element of the intelligence community.

National security system, as defined in 44 U.S.C. 3552, means any information system (including any telecommunications system) used or operated by an agency or by a contractor of an agency, or other organization on behalf of an agency—

- (1) The function, operation, or use of which involves intelligence activities; involves cryptologic activities related to national security; involves command and control of military forces; involves equipment that is an integral part of a weapon or weapons system; or is critical to the direct fulfillment of military or intelligence missions, but does not include a system that is to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications); or
- (2) Is protected at all times by procedures established for information that have been specifically authorized under criteria established by an Executive order or an Act of Congress to be kept classified in the interest of national defense or foreign policy.

Reasonable Inquiry means an inquiry designed to uncover any information in the entity's possession about the identity of any covered articles, or any products or services produced or provided by a source. This applies when the covered article or the source is subject to an applicable FASCSA order. A reasonable inquiry excludes the need to include an internal or third-party audit.

Sensitive compartmented information means classified information concerning or derived from intelligence sources, methods, or analytical processes, which is required to be handled within formal access control systems established by the Director of National Intelligence.

Sensitive compartmented information system means a national security system authorized to process or store sensitive compartmented information.

Source means a non-Federal supplier, or potential supplier, of products or services, at any tier.

(b) Prohibition.

- (1) Unless an applicable waiver has been issued by the issuing official, Contractors are prohibited from providing or using as part of the performance of the contract any covered article, or any products or services produced or provided by a source, if the covered article or the source is prohibited by any applicable FASCSA orders identified by the checkbox(es) in this paragraph (b)(1).

Yes  No  DHS FASCSA orders

Yes  No  DoD FASCSA orders

Yes  No  DNI FASCSA orders

- (2) The Contractor must search for applicable FASCSA orders of the type identified in paragraph (b)(1) of this clause in the System for Award Management (SAM). Issued FASCSA Orders may be

identified by selecting the “View FASCSA Orders” button from the SAM homepage (<https://www.sam.gov>) and viewing or downloading FASCSA orders from the Supply Chain Security Orders webpage.

(3) The FAA may identify in the SIR additional FASCSA orders that are not in SAM, which are effective and apply to the SIR and resultant contract.

(4) A FASCSA order issued after the publication date of the SIR applies to this contract only if added by an amendment to the SIR or by modification to the contract. However, see paragraph (c) of this clause.

(5) Contractor request for waivers.

(i) Required disclosures. If the contractor wishes to ask for a waiver of the requirements of an existing order identified in a SIR or contract for a waiver of the requirements of a new FASCSA order being applied through modification, then the Contractor must disclose the following:

(A) Name of the product or service provided to the Government;

(B) Name of the covered article or source subject to a FASCSA order;

(C) If applicable, name of the vendor, including the Commercial and Government Entity code and unique entity identifier (if known), that supplied or supplies the covered article or the product or service to the Offeror;

(D) Brand;

(E) Model number (original equipment manufacturer number, manufacturer part number, or wholesaler number);

(F) Item Description;

(G) Reason why the applicable covered article or the product or service is being provided or used;

(ii) FAA review of disclosures. The Contracting Officer will review disclosures provided in paragraph (b)(5)(i) to determine if any waiver is warranted. A Contracting Officer may choose not to pursue a waiver for covered articles or sources otherwise covered by a FASCSA order and to instead pursue other appropriate action.

(c) Notice and reporting requirement.

(1) During contract performance, the Contractor is required to:

(i) Comply with all FASCSA orders identified under paragraph (b) of this clause; and

(ii) Review SAM.gov at least once every three months, or as advised by the Contracting Officer, to check for covered articles subject to FASCSA order(s), or for products or services produced by a source subject to FASCSA order(s) not currently identified under paragraph (b) of this clause.

(2) If the Contractor identifies a new FASCSA order(s) that could impact their supply chain, then the Contractor must conduct a reasonable inquiry to identify whether a covered article or product or service produced or provided by a source subject to the FASCSA order(s) was provided to the Government or used during contract performance.

(3) If the Contractor identifies, including through any notification by a subcontractor at any tier, that a covered article or product or service produced or provided by a covered source was provided to the Government or used during contract performance and is subject to a FASCSA order(s) identified in paragraph (b) of this clause, or a new FASCSA order identified in paragraph (c)(2) of this clause, the Contractor must submit a report to the Contracting Officer.

(4) The Contractor must report the following information for each covered article or each product or service produced or provided by a source, where the covered article or source is subject to a FASCSA order, pursuant to paragraph (c) of this clause:

(i) Within 3 business days from the date of such identification or notification:

(A) Contract number;

- (B) Order number(s), if applicable;
- (C) Name of the product or service provided to the Government or used during performance of the contract;
- (D) Name of the covered article or source subject to a FASCSA order;
- (E) If applicable, name of the vendor, including the Commercial and Government Entity code and unique entity identifier (if known), that supplied the covered article or the product or service to the Contractor;
- (F) Brand;
- (G) Model number (original equipment manufacturer number, manufacturer part number, or wholesaler number);
- (H) Item description; and
- (I) Any readily available information about mitigation actions undertaken or recommended.
  - (ii) Within 10 business days of submitting the information in paragraph (c)(4)(i) of this clause:
    - (A) Any further available information about mitigation actions undertaken or recommended.
    - (B) In addition, the Contractor must describe the efforts it undertook to prevent submission or use of the covered article or the product or service produced or provided by a source subject to an applicable FASCSA order, and any additional efforts that will be incorporated to prevent future submission or use of the covered article or the product or service produced or provided by a source that is subject to an applicable FASCSA order.
- (d) Removal. Upon notification from the contracting officer, during the performance of the contract, the Contractor must promptly make any necessary changes or modifications to remove any covered article or any product or service produced or provided by a source that is subject to an applicable Governmentwide FASCSA order.
- (e) Subcontracts.
  - (1) The Contractor must insert the substance of this clause, including this paragraph (e) and excluding paragraph (c)(1) of this clause, in all subcontracts and other contractual instruments, including subcontracts for the acquisition of commercial products and commercial services.
  - (2) The Government may identify in the SIR additional FASCSA orders that are not in SAM, which are effective and apply to the contract and any subcontracts and other contractual instruments under the contract. The Contractor or higher-tier subcontractor must notify their subcontractors, and suppliers under other contractual instruments, that the FASCSA orders in the SIR that are not in SAM apply to the contract and all subcontracts.

56. **Notices (09/2021) 6.10.1** All notices/correspondence must be in writing, reference the Contract number, and be addressed as follows:

TO THE CONTRACTOR:  
Port of Port Angeles  
P.O Box 1350  
Port Angeles, 98362-0251

TO THE GOVERNMENT:  
Federal Aviation Administration  
Real Estate Branch, AAQ-920  
10101 Hillwood Parkway  
Fort Worth, Texas 76177-1524

57. **Signature Block (09/2021) 6.10.3** This Contract shall become binding when it is fully executed by both parties. In witness whereof, the parties hereto have subscribed their names as of the date shown below.

PORT OF PORT ANGELES

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

Print Name: Paul Jarkiewicz

Title: Chief Executive Officer

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

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION

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

Print Name: Angela M. Dixon

Title: Real Estate Contracting Officer

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

CERTIFICATE OF AUTHORIZATION

I, the undersigned, hereby certify that **Paul Jarkiewicz**, who signed this instrument on of behalf of **Port of Port Angeles** is in fact authorized to sign on behalf of **Port of Port Angeles** by authority of its governing resolution, and is within the scope of its powers.

Print Name\*: **Cherie Gottschalk** Print Title: **Real Estate and Marketing Manager**  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*\*Note: the individual signing this certification cannot be the same person who signed the contract.*

**ATTACHMENTS/EXHIBITS:**

<b>Number</b>	<b>Title</b>	<b>Date</b>	<b>Number of Pages</b>
<b>1</b>	<b>Certificate of Authorization</b>		<b>1</b>

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

Date: April 28, 2026

SUBJECT: Term Lease – Olympic Peninsula Seafood, LLC

Presented by: Caleb McMahon, Chief Commercial Officer

**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, at its discretion, waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

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

**Background:**

This warehouse and land have been leased to High Tides Seafood since 2003. Olympic Peninsula Seafood, LLC purchased the business from High Tides, and this proposed Term Lease will provide the Port with a long-term lease with the current owners.

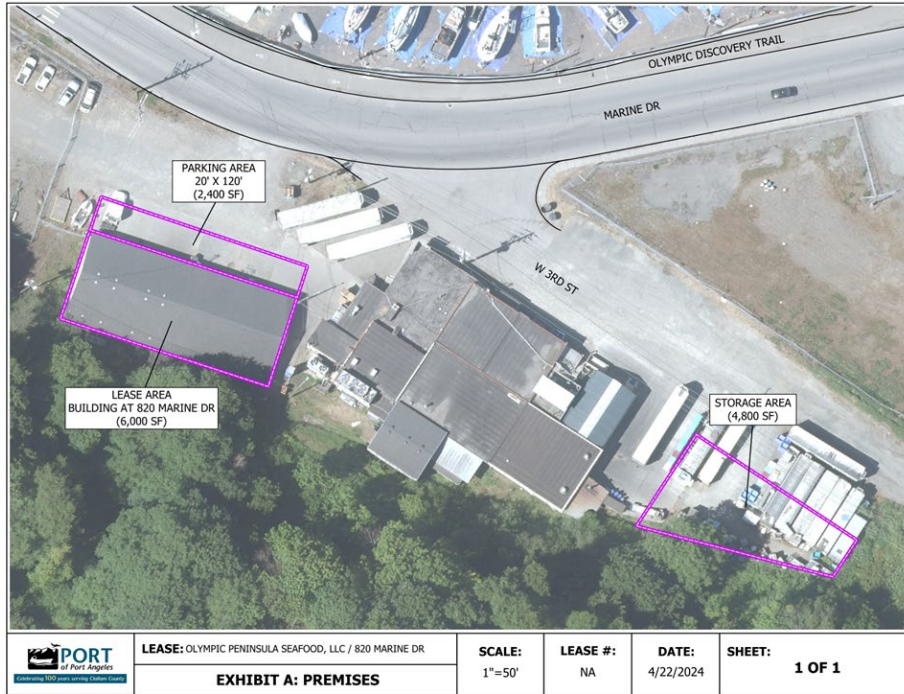
**Port Area:** Marine Trades Area.

**Address:** 820 Marine Drive, Port Angeles.

**Leased Space:** 6,000 SF of warehouse, 2,400 SF of adjacent land for parking, and 4,800 SF of land for storage and parking located at 820 Marine Drive and West 3<sup>rd</sup> Street, Port Angeles.

**Use:** Fish storage and related activities for a fish-processing plant.

**Tenant Improvements:** None



**Proposed Rate:**

Leased Area	SF	\$/SF	Base Rent
Warehouse - 820 Marine Drive	6,000	\$0.45	\$2,700.00
Adjacent land for parking	2,400	Included	\$0.00
Land for storage	4,800	\$0.10	\$480.00
<b>Base Rent</b>			<b>\$3,180.00</b>
Leasehold excise tax (12.84%)			\$408.31
<b>Monthly Total</b>			<b>\$3,588.31</b>

**Escalation:** An annual consumer price index adjustment.

**Commencement Date:** May 1, 2026.

**Term:** Initial five-year term. Four (4) five-year extensions with Port approval.

**Financial Security:** Standard three months of rent (\$9,540.00).

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

**Fiscal Impact of The Lease:**

Monthly Rent	\$3,180.00
Annual Rent	\$38,160.00
5-YR Term Rent	\$190,800.00

**RECOMMENDED ACTION:**

On a motion and second, Staff recommends the Commission authorize the Chief Executive Officer to sign a Term Lease with Olympic Peninsula Seafood, LLC, Inc., per the terms and conditions presented, and to make minor modifications that may be necessary.



**Base Rent:**

Leased Area	SF	\$/SF	Base Rent
Warehouse - 820 Marine Drive	6,000	\$0.45	\$2,700.00
Adjacent land for parking	2,400	Included	\$0.00
Land for storage	4,800	\$0.10	\$480.00
Base Rent			\$3,180.00
Leasehold excise tax (12.84%)			\$408.31
Monthly Total			\$3,588.31

**Financial Security (see Section 5.4 for more information).** Three months of base rent \$3,180.00 x 3 = \$9,540.00.

**Additional Unique Terms and Conditions:** None.

**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 May 1, 2026 through April 30, 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 four (4) consecutive five-year periods by giving written notice of such intention to the Port at least ninety days (90) days prior to the expiration of the term of this Lease or any renewal thereof. It is a condition precedent to Lease Renewal that the Lessee be in good standing at the time of renewal and that Lessee is not in default under the terms of this Lease or any other lease or agreement with the Port. The terms and conditions of any renewal shall be generally the same as set forth in this Lease, provided however rent shall be recalculated as provided herein and the terms of this Lease shall be updated to be consistent with the terms and conditions of the existing Port's Commercial Lease Agreement. All lease extensions and renewals shall be at the sole discretion of the Port unless previously authorized by the Commission. At the time of renewal, extension, exercising option, etc. the Lease will be reevaluated and brought up to fair market value.

Lessee's renewal is likewise subject to and contingent upon the Port's acceptance of Lessee's renewal notice, which the Port may withhold in its sole discretion. Failure of Lessee to give required notification may, at the discretion of the Port, result in the option(s) being null and void. Should the Port decline to accept Lessee's renewal notice, this Lease will terminate upon the expiration of the then-existing term.

**ARTICLE III**  
**Rent, Rental Adjustment**

3.1 **RENT:** The term “**Rent**” as used herein includes Base Rent, Common Area Maintenance (“CAM”) Expenses (if any) as that term is defined herein below, applicable Washington State leasehold excise tax, consistent with RCW Chapter 82.29A relating to leasehold excise tax, and any subsequent revision or amendment thereto, and other fees and charges assessed herein. Base Rent and Washington State leasehold excise tax shall be paid without the requirement that the Port provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement. For any other fees and charges which may be assessed by the Port herein, the Port shall first provide written notice thereof, and Lessee shall pay such fees and/or charges within thirty (30) days of receipt of such written notice without any counterclaim, setoff, deduction, defense or abatement.

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

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

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

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

3.1.2 **Base Rent Adjustment:** The Port may, in its discretion, adjust the Base Rent hereunder upon the provision of written notice prior to the anniversary of the Commencement Date. Upon the provision of such notice, the rental rate shall be automatically adjusted effective upon the month of the anniversary of the Commencement Date, based on the previous month’s Consumer Price Index, to reflect the percentage change in the Consumer Price Index for All Items in West - Size Class B/C, All Urban Consumers, as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the closest comparable index if the above index is no longer published, over the last full 12-month period immediately preceding the anniversary of the Commencement Date for which such data are available. If the resulting rent rate adjustment is negative, then the rental rate shall not be decreased but shall remain the same as the preceding period.

3.2 **COMMON AREAS:** RESERVED.

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 the CAM Expenses ("**Pro Rata Share**"). Lessee's Pro Rata Share is based on the percentage obtained by dividing the agreed rentable area of the Premises by the agreed building area. The Parties agree that Lessee's Pro Rata Share under this Lease is **not applicable**.

3.2.6 **Adjustment of CAM Expenses:** N/A.

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: Fish storage and related activities for a fish processing plant (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.

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

Initials:

\_\_\_\_\_  
Port

\_\_\_\_\_  
Lessee

4.5 **MAINTENANCE OF PREMISES:** The maintenance and repair of the Premises are the sole responsibility of Lessee, except as set forth in the Maintenance Inclusion List attached hereto as **Exhibit B** and incorporated herein by this reference; PROVIDED, however, that the Port shall be responsible for repairing at its own cost any interior damage resulting from a roof leak. Lessee



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

5.2.3 **Workers' Compensation; Employer's Liability/Stop Gap:** If Lessee has employees, Lessee shall obtain, at Lessee's expense, and keep in effect during the term of this Lease and any renewals or extensions of this Lease, Workers' Compensation as required by the State of Washington, with statutory limits, and Employer's Liability/Stop Gap Insurance with limits of not less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

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

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

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

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

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

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

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

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

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

#### 5.4 **FINANCIAL SECURITY**:

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

- Three months of Rent.  $\$3,180 \times 3 = \$9,540.00$  in deposit or bond.

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
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TO LESSEE:	Olympic Peninsula Seafood, LLC P.O. Box 1269 Morgan Hill, CA 95038-1269
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or such address as may have been specified by notifying the other Party of the change of address. Notice shall be deemed served on the date of actual delivery or the first attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

7.15 **AGENT FOR SERVICE**: Lessee agrees that if Lessee is in unlawful detainer, pursuant to Chapter 59.12 RCW, and the Port is unable to serve Lessee with the unlawful detainer pleadings after one service attempt, then the Port shall be deemed to have complied with the service

requirements of Chapter 59.12 RCW if it mails such pleadings via certified mail to the address set forth in the notice section of this Lease and posts such pleadings in a conspicuous location on the Premises. Service shall be deemed complete on the next third day following the day of mailing.

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

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

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

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

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

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

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

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

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

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

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

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

7.26 **ATTORNTMENT**: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not

in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of the Port under the Lease.

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

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

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

**LESSOR:**

**LESSEE:**

PORT OF PORT ANGELES

OLYMPIC PENINSULA SEAFOOD, LLC

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

\_\_\_\_\_  
Jonathan Frederico  
Its: Owner

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

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

STATE OF \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 2026, before me the undersigned, a Notary Public in and for the State of \_\_\_\_\_, duly commissioned and sworn, personally appeared **JONATHAN FREDERICO**, to me known to be the **OWNER of OLYMPIC PENINSULA SEAFOOD, LLC**, the entity that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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

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

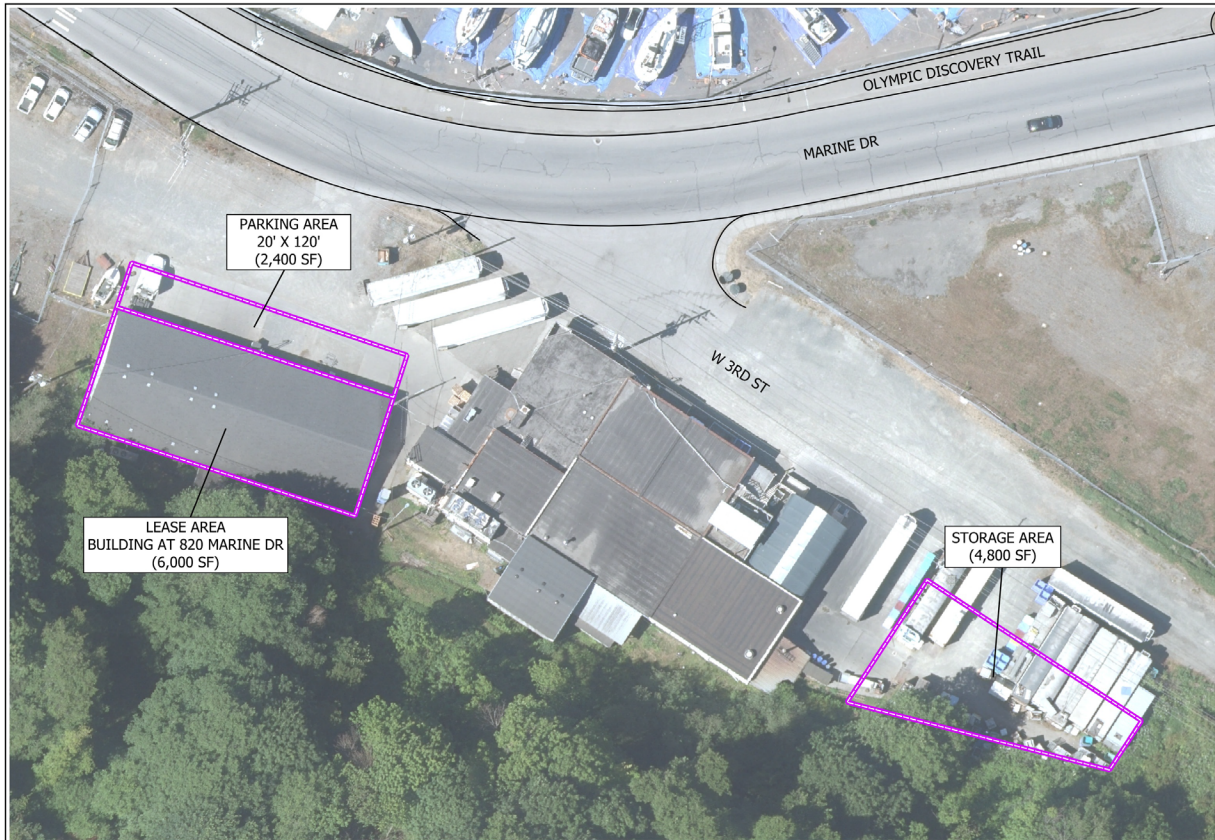
STATE OF WASHINGTON )  
 ) ss.  
County of Clallam )


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 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



	LEASE: OLYMPIC PENINSULA SEAFOOD, LLC / 820 MARINE DR	SCALE:	LEASE #:	DATE:	SHEET:
	<b>EXHIBIT A: PREMISES</b>	1"=50'	NA	4/22/2024	<b>1 OF 1</b>

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: _____ Lessee
_____ Port

ITEM FOR CONSIDERATION  
OF THE  
PORT OF PORT ANGELES COMMISSION

**Date:** April 28, 2026  
**Subject:** Property Acquisition  
**Presented by:** Caleb McMahon, Chief Executive Officer

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**BACKGROUND**

Port districts are authorized by RCW 53.08.010 to acquire real property.

**RCW 53.08.010 Acquisition of property—Levy of assessments.**

A port district may acquire by purchase, for cash or on deferred payments for a period not exceeding twenty years, or by condemnation, or both, all lands, property, property rights, leases, or easements necessary for its purposes and may exercise the right of eminent domain in the acquirement or damaging of all such lands, property, and property rights, and may levy and collect assessments upon property for the payment of all damages and compensation in carrying out its purposes, and such right shall be exercised in the same manner and by the same procedure as provided for cities of the first class insofar as consistent with this title, and in connection therewith the county treasurer shall perform the duties of the treasurers of such cities.

**STATUS:** The Port Team has negotiated the purchase price of **\$650,000** for land and improvements owned by James E. Schneider and Dena L. Schneider. This property is located on W. Edgewood Drive south of the Port’s William Fairchild Airport land. The current business on the property is Lee Shore Boats, although its warehouses are not included in this purchase. The larger Schneider property consists of two tax parcels totaling 5.05 acres. This property is zoned Industrial (M) in Clallam County.

The proposed property purchase is for 2.15 acres of industrial land improved with a house converted to office use. A new short plat to divide the property is in process. The remaining 3.34 acres with warehouses will be identified in a Right of First Refusal document for the Port’s future right to purchase within the next 20 years. The Seller desires to continue the Lee Shore Boat business on the 3.34 acres.

The Seller wishes to rent back the purchase of 2.15 acres at these terms: The first 90 days after closing are waived rent. Day 91 forward, the rent will be \$2,391.00/month for three months. Total occupancy is up to six months.

**LOCATION:** 238296 Hwy 101, Port Angeles, WA 98362.

**PROPERTY DESCRIPTION:**

Clallam County Assessor Parcels: 0630071203300000 (Parcel A, BLA Survey V73, P66).  
Right of First Refusal on 0630075001500000 (Parcel B, BLA Survey V73, P66).

**PURCHASE PORTION OF:**

CLALLAM COUNTY ASSESSED VALUE (Parcel A BLA):

063007120330000	\$280,277	Improvements
	<u>\$167,000</u>	Land
Total	\$447,277	

<u>RIGHT OF FIRST REFUSAL OF:</u>		
CLALLAM COUNTY ASSESSED VALUE (Parcel B BLA):		
063007500150000	\$340,180	Improvements
	<u>\$ 94,050</u>	Land
Total	\$434,230	

**Grand Total Assessed: \$881,507**

Based on the July 27, 2022 appraisal valuing the combined 5.0-acre property with improvements at \$1,570,000 (including approximately \$650,000 in land value at ~\$3.00/sf) , and applying a conservative ~10% market adjustment reflected in the updated analysis indicating a current total value of approximately \$1.65M–\$1.80M (central ~\$1.73M) , the eastern portion identified in the short plat as Tract 1 (2.15 acres with the existing residence/office structure) can be reasonably allocated a proportional but slightly premium-adjusted value due to its standalone utility and residential/office flexibility; using updated land values of approximately \$3.25–\$3.50/sf (~\$140K–\$150K/acre) and conservative improvement valuation, the indicated market value for this parcel is approximately \$600,000–\$725,000, with a most defensible central estimate of approximately \$650,000, consistent with and reconcilable to the overall updated valuation of the parent property.

**ENVIRONMENTAL FACTORS:** The site has no historical environmental issues and shows no negative references on the Washington State Ecology Clean-up sites. Additionally, the Port’s Environmental Manager has no concerns regarding environmental issues at this location.

**WETLANDS FACTORS:** Clallam County wetlands GIS mapping identifies a wetland in the northeast corner of Parcel A, Boundary Line Adjustment. The proposed Short Plat for this project outlines the approximate extent of the wetlands area.

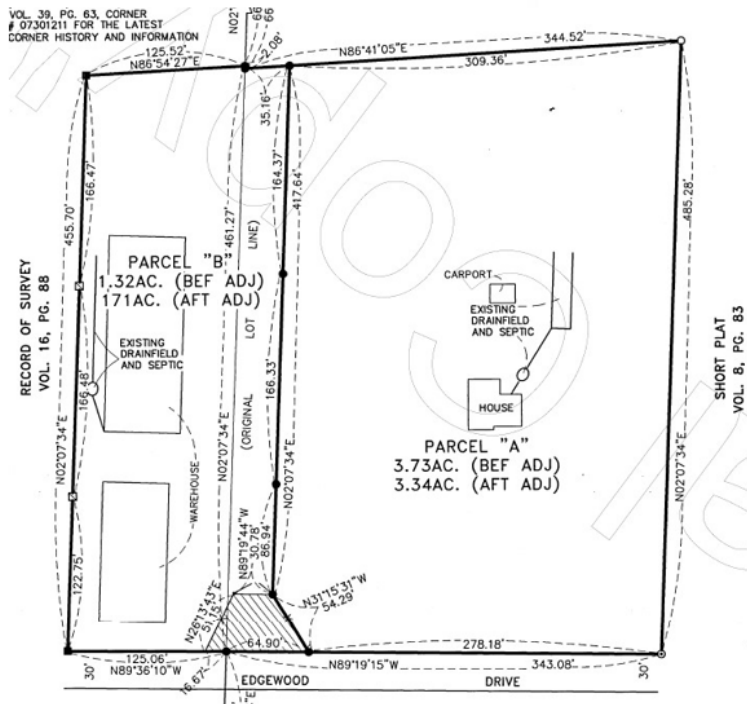
**ANALYSIS:** The Schneider property has been identified by staff as a property that supports the mission of the Port’s strategic plan and allows for expansion of the Port’s industrial property holdings near William Fairchild Airport.

**FISCAL IMPACT:** The purchase price for proposed Parcel 1 of 2.15 acres is \$650,000 plus title and escrow fees at closing. Seller rent-back agreement Port revenue is expected to be three months of rent at \$2,391.00 per month or \$7,173.00. The future Right of First Refusal for the balance of the acres will be valued at the time of that transaction.

No cost was expended as the Port relied on an existing appraisal. There is a short plat being devised that will cost approximately \$2,600.

**RECOMMENDED ACTION:** Staff recommends that the Commission approve the purchase of new Short Plat Parcel 1 of the Schneider property containing 2.15 acres, and execute a Right of First Refusal agreement, to purchase the remaining 2.90 acres in the future. This industrially-zoned property, located south of William Fairchild Airport land, is a desirable location for industrial expansion for the Port’s property holdings.

# Current Boundary Line Adjustment

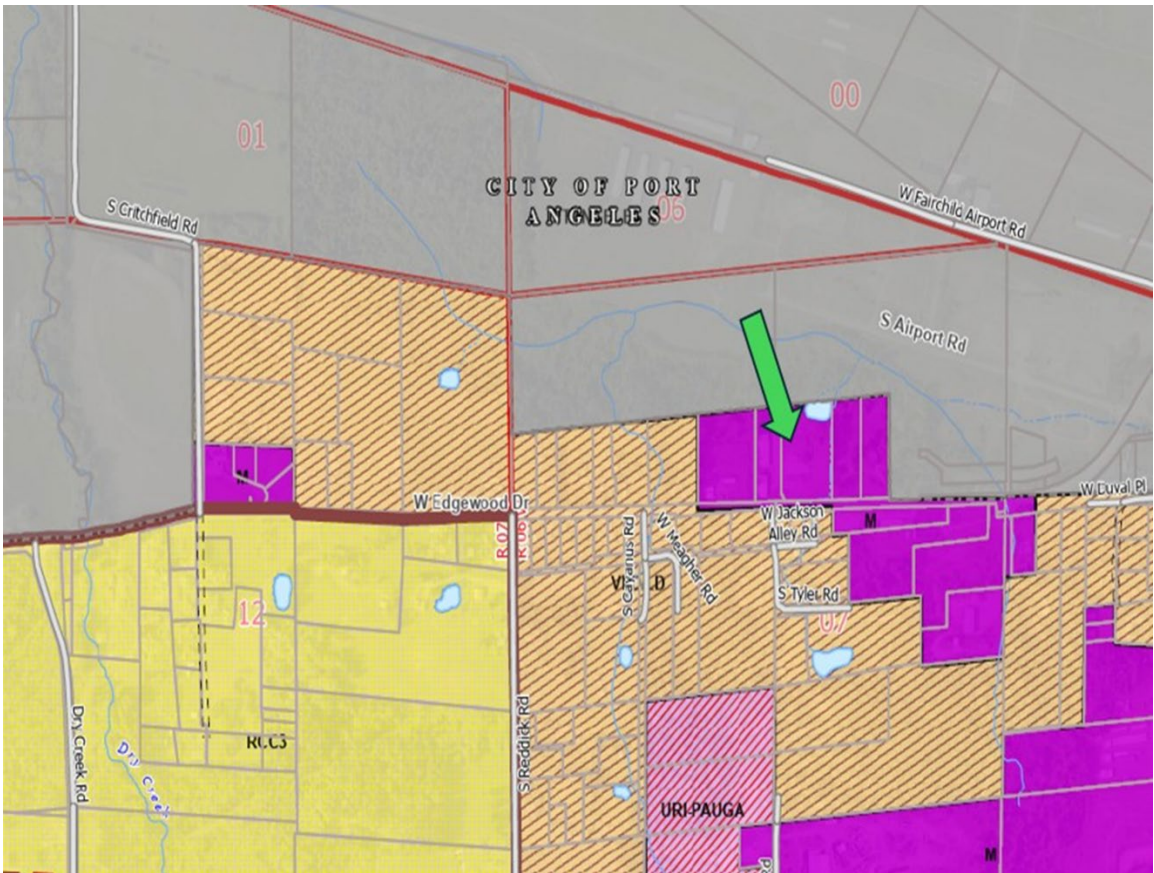


The subject contains two parcels:  
 Warehouses on 1.71 AC.  
 Office/Apt on 3.34 AC

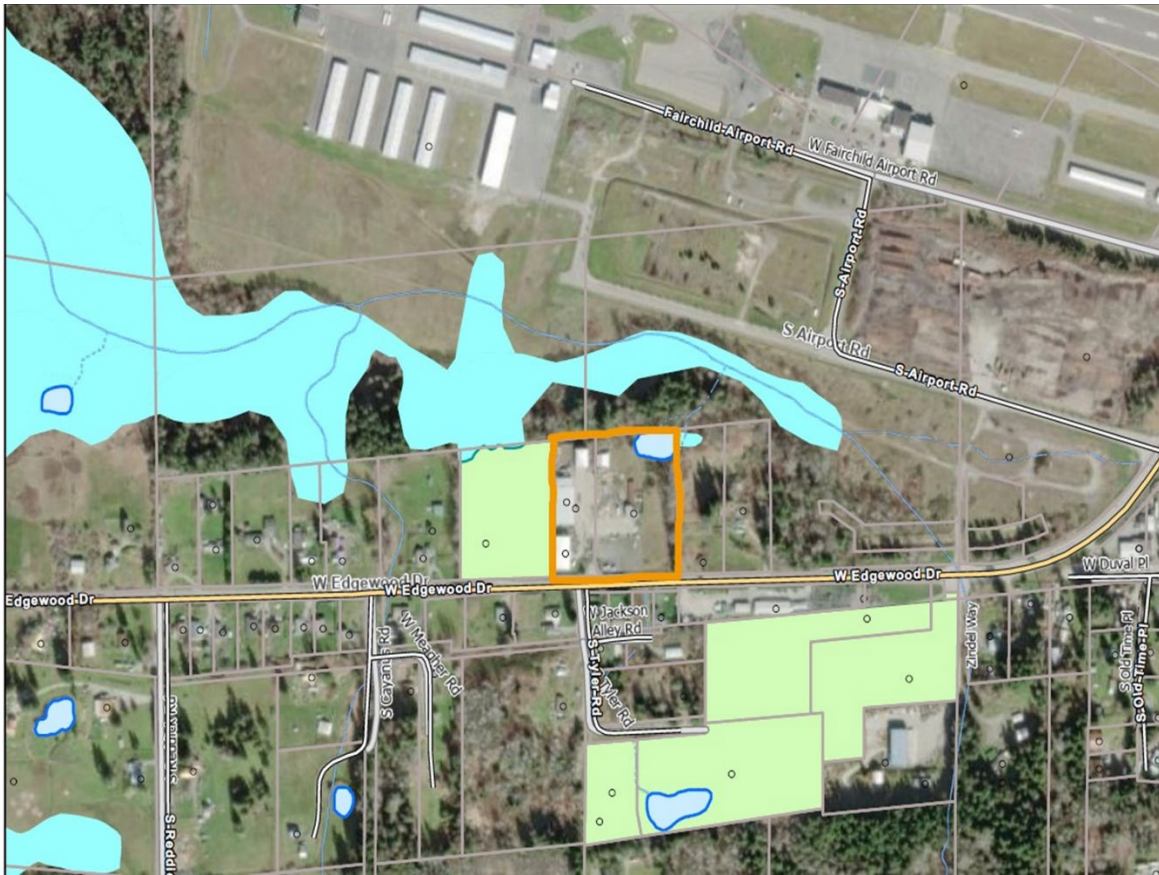




**HOUSE CONVERTED TO OFFICE USE**



**CLALLAM COUNTY ZONED (M) INDUSTRIAL**



**CLALLAM COUNTY WETLAND GIS MAPPING**



**RIGHT OF FIRST REFUSAL ON 2.90 ACRES WITH WAREHOUSES**

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

**April 28, 2026**

**SUBJECT: SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM  
(SCASDP) APPLICATION TO USDOT – PORT RESOLUTION NO. 26-  
1341**

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

**RCW & POLICY REQUIREMENTS:**

A resolution authorizing the Chief Executive Officer to submit a grant application, certifying the Port has the required matching funds available, and, if successful, execute a funding award per the Delegation of Administrative Authority Section XX under Port Resolution 26-1336.

**BACKGROUND:**

The U.S. Department of Transportation (USDOT) offers the Small Community Air Service Development Program (SCASDP), which provides flexible funding for small and rural communities to pursue improved connectivity with the national air transportation network.

In 2016, the Port received \$200,000 in SCASDP funds to reestablish air service between the Fairchild International Airport (CLM) and Seattle-Tacoma International Airport (SEA). The funds must be used to offer a minimum revenue guarantee for service specifically serving these two airports. Since 2016, the Port has spent none of the awarded funds; there have been no successful attempts to reestablish CLM-SEA service.

Now, the USDOT has issued a new SCASDP funding opportunity that allows applicants to pursue projects that are more flexible than those allowed under prior SCASDP offerings. For example, while the 2016 SCASDP is limited to supporting services to one destination (SEA), under the 2026 Notice of Funding Opportunity, the Port can also apply for other destinations. If, during the period of performance, the Port wishes to add or remove a destination, the 2026 SCASDP regulations would allow that change to be made; the 2016 program does not allow that change.

The Port Team met with the SCASDP program director to understand the new SCASDP and learned that the Port is eligible to reapply. In a new application, the Port can apply for more funds and a flexible scope of work to increase the chances of establishing a successful service between CLM and other western Washington airports.

The Port Team is working with the Fixed Base Operator (FBO) at CLM, Citizen Air, to develop a proposed minimum revenue guarantee service for flights between CLM and

Boeing Field (BFI) and CLM and Paine Field (PAE). These airports were selected because they offer quick access to:

- Connecting flights to destinations such as Los Angeles, San Diego, Phoenix, Las Vegas, Portland, San Francisco, and Honolulu from PAE
- Connecting flights to multiple national/international destinations from SEA, via ground transportation from BFI
- Medical appointments
- Business meetings
- Educational and recreational opportunities

Flying to smaller airports than SEA will mitigate issues experienced with the 2016 grant while ensuring that Clallam County residents can enjoy faster, more streamlined access to the Seattle area.

The minimum revenue guarantee would be used to support operations primarily during the first three years of service. It is the goal of USDOT for services supported by SCASDP funds to be self-sustaining after year three.

If selected for SCASDP funding through the 2026 Notice of Funding Opportunity, the Port will relinquish the prior 2016 grant.

**ANALYSIS:**

Resolution 26-1341 authorizes the Chief Executive Officer to submit grant application materials, sign the grant agreement if the Port is awarded funding, and commit grant matching funds.

**ENVIRONMENTAL IMPACT:**

There is no direct environmental impact from the submission of SCASDP grant materials to USDOT.

**FISCAL IMPACT:**

The Port Team is applying for \$1,500,000 in federal SCASDP funds. While the program does not require a non-federal match, applicants who provide matching funds may receive higher application scores than those who do not provide matching funds. USDOT specifies that non-federal matching funds should come from non-airport revenue streams.

The proposed project financing is:

USDOT (90%)	= \$ 1,500,000
<u>Port Capital (10%)</u>	<u>= \$ 150,000</u>
Total	= \$ 1,650,000

Given the significant impact that air service would have on the local community and economy, the Port will also pursue local grant funding (such as Lodging Tax Advisory Committee funds) to bolster the non-federal match.

**RECOMMENDED ACTION:**

Introduce Resolution No. 26-1341. If unanimous approval is given to introduce, then adopt Resolution No. 25-1341. If passed, Resolution No. 26-1341 will allow the Chief Executive Officer to receive and sign the grant agreement should the Port be awarded SCASDP funding, and to make minor changes to either document as may be required or needed.

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORT ANGELES WASHINGTON, COMMITTING MATCHING FUNDS AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO APPLY FOR A FEDERAL U.S. DEPARTMENT OF TRANSPORTATION GRANT UNDER THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM (SCASDP).**

**WHEREAS**, the U.S. Department of Transportation administers the Small Community Air Service Development Program (SCASDP), which makes grant funds available for projects that increase small and rural communities' access to the national air transportation network; and

**WHEREAS**, the USDOT has made \$12 million available in 2026 for SCASDP; and

**WHEREAS**, the Port has an existing 2016 SCASDP grant, which is limited to supporting service between the William R. Fairchild International Airport (CLM) and Seattle-Tacoma International Airport (SEA); and

**WHEREAS**, the Port is an eligible applicant for 2026 SCASDP funds, and wishes to pursue a new project scope in lieu of carrying out its 2016 grant; and

**WHEREAS**, the Port can relinquish its 2016 funds if awarded 2026 funds, but will retain 2016 funds if not chosen for funding in 2026; and

**WHEREAS**, the Port has collaborated with CLM's Fixed Base Operator, Citizen Air, to develop a grant scope that would support service between CLM and multiple airports in western Washington; and

**WHEREAS**, the surface transportation network has multiple vulnerabilities that increase the difficulty of vehicular travel for Clallam County residents who need to access destinations in the Seattle region including medical appointments, business meetings, and connecting flights; and

**WHEREAS**, improved air connectivity with the Seattle region will significantly reduce travel times and burdens for Clallam County residents; and

**WHEREAS**, the total USDOT funding request is \$1,500,000; and

**WHEREAS**, the SCASDP program gives preferential treatment to applications that include non-federal matching funds stemming from non-airport revenue sources; and

**WHEREAS**, the Port will reserve \$150,000 in non-airport revenue from its Capital Budget to provide a 10% non-federal match; and

**WHEREAS**, the Port of Port Angeles finds that an application should be submitted for consideration by USDOT, and that such submission will promote economic development and transportation connectivity improvements for Clallam County.

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

1. That the Chief Executive Officer is hereby authorized to apply to the USDOT, for and on behalf of the Port of Port Angeles, for 2026 Small Community Air Service Development Program funding in the approximate amount of \$1,500,000, or 90% of the total project cost, for the establishment of a minimum revenue guarantee for air service between CLM and multiple western Washington airports; and
2. That the Chief Executive Officer is hereby further authorized to provide such additional information as may be necessary to secure approval of such application; and
3. That, in the event such application is approved, the Chief Executive Officer is authorized to enter into an agreement for such funding; and
4. That this Resolution shall be effective upon passage and signatures listed below in accordance with the law.

ADOPTED by the Board of Commissioners of the Port of Port Angeles at a regular meeting thereof held this 28th day of April 2026.

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

\_\_\_\_\_  
Connie L. Beauvais, President

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

\_\_\_\_\_  
Colleen M. McAleer, Secretary

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

**April 28, 2026**

**Subject: FY 2026 FAA AIRPORT INFRASTRUCTURE PROGRAM (AIP)  
AGREEMENT OFFER (HANGAR DEVELOPMENT PHASE 3  
CONSTRUCTION) – PORT RESOLUTION NO. 26-1340**

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

**RCW & POLICY REQUIREMENTS:**

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

**BACKGROUND:**

The FAA Airport Infrastructure Grant (AIG) is part of the Bipartisan Infrastructure Law (BIL) to support airport infrastructure improvements and enhance economic growth. The Port worked with Century West Engineering to plan for new hangar space at CLM. Originally, the hangars were envisioned as single-engine T-hangars, but over time the plan was revised to a 70 x 250 ft building with four box hangars. The size of each hangar measures 62.5 ft x 70 ft. Compared to T-hangars, box hangars will provide more space to house larger aircraft.

The Commission previously adopted Port Resolution 23-1327, authorizing the Chief Executive Officer to sign and submit the corresponding FAA AIP grant application for \$276,961.00 in Airport Infrastructure Grant funding for the Hangar Development – Phase 2 Design project.

**ANALYSIS:**

The 2026 construction grant will cover the Pre-Engineered Metal Building (PEMB) and Construction Administration from Century West. This project advances AIP policy by improving airport capacity.

Grant Offer for Project No. 3-53-0047-047-2026 at William R Fairchild International Airport is ready for execution. A completed grant agreement requires a Commission-

adopted resolution that authorizes submittal of signatures, states that matching funds are available, and indicates the support of elected officials.

**ENVIRONMENTAL IMPACT:**

None. Environmental assessments are complete.

**FISCAL IMPACT:**

The proposed budget for this project is as follows:

<b>AIP 047 – GRANT FUNDING OVERVIEW</b>				
<b>Item</b>	<b>Total Cost</b>	<b>FAA Eligible (95%)</b>	<b>FAA (available funding)</b>	<b>Port</b>
Hangar Development Construction <b>AIP Eligible</b> (Pacific General Builders Bid – Schedules A&C)	\$2,904,096.20	\$2,758,891.39	\$942,581.00	\$1,961,515.20
Hangar Development Construction <b>AIP Eligible</b> (Pacific General Builders Bid – Schedules B)	\$147,800.17	-	-	\$147,800.17
Construction Management Services <b>AIP Eligible</b> (Century West Fee)	\$318,799.15	\$302,859.19	-	\$318,799.15
Construction Management Services <b>AIP Ineligible</b> (Century West Fee)	\$3,174.60	-	-	\$3,174.60
<b>Total Cost</b>	<b>\$3,373,870.12</b>	<b>\$3,061,750.58</b>	<b>\$942,581.00</b>	<b>\$2,431,289.12</b>

The Port’s total share for this project is \$2,431,289.12. The Port has included \$900,000 for this project in its 2026 Capital Budget, which was approved on November 17<sup>th</sup>, 2025. The Port has also budgeted \$900,000 for this project in its 2027 Capital budget.

**RECOMMENDED ACTION:**

1. Introduce and adopt Resolution No. 26-1340 authorizing the Chief Executive Officer to sign and submit the corresponding FAA AIP grant application for **Nine Hundred Forty Two Thousand Five Hundred Eighty One dollars and Zero cents (\$942,581.00)** in Airport Infrastructure Grant funding for the Hangar Development – Phase 3 Construction project, and to make any minor changes as may be needed.
2. Approve the Chief Executive Officer to execute a contract for construction management with Century West Engineering for **Three Hundred Twenty-One Thousand, Nine Hundred Seventy-Three Dollars and Seventy-Five Cents (\$321,973.75)** to proceed with the Hangar Development Phase 3 Construction, and to make any minor changes to the standard form of contract as may be needed.

26-1340

**A RESOLUTION OF THE PORT OF PORT ANGELES, WASHINGTON, ACCEPTING AIRPORT INFRASTRUCTURE GRANT OFFER 3-53-0047-047-2026 FROM THE FEDERAL AVIATION ADMINISTRATION FOR HANGAR CONSTRUCTION PHASE 3 AND TO EXECUTE THE CONTRACT FOR DESIGN WITH CENTURY WEST ENGINEERING.**

**WHEREAS**, the Port of Port Angeles, as sponsor, on behalf of the William R. Fairchild International Airport (CLM) accepts FAA Airport Infrastructure Grant offer 3-53-0047-047-2026 for Hangar Development - Phase 3 Construction; and

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

**WHEREAS**, the total funding for the Projects is to be comprised of FAA Airport Improvement Program (AIP) and Bipartisan Infrastructure Law (BIL) funding, and local match funding from the Port; and

**WHEREAS**, the Port is committed to providing a match of \$2,431,289.12 including \$900,000 in its 2026 Capital Budget, which was approved and adopted on November 17, 2025; and

**WHEREAS**, the Port has selected Century West Engineering to complete the Phase 3 Construction Management based on their qualifications and deep knowledge of working with the FAA.

**NOW, THEREFORE, BE IT RESOLVED** that the Port Commission of the Port of Port Angeles, Washington, supports this project, authorizes signatures to submit the grant application to the Federal Aviation Administration, and to execute the contract for construction management with Century West Engineering.

**ADOPTED** by the Board of Commissioners of the Port of Port Angeles at a regular meeting thereof held this 28th day of April 2026.

PORT OF PORT ANGELES  
BOARD OF COMMISSIONERS

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Connie L. Beauvais, President

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Steven D. Burke, Vice President

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Colleen M. McAleer, Secretary

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

**April 28, 2026**

**SUBJECT: WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT – HANGAR E –  
BID AWARD**

**PORT LEAD: Zach Holsted, Capital Program Manager**

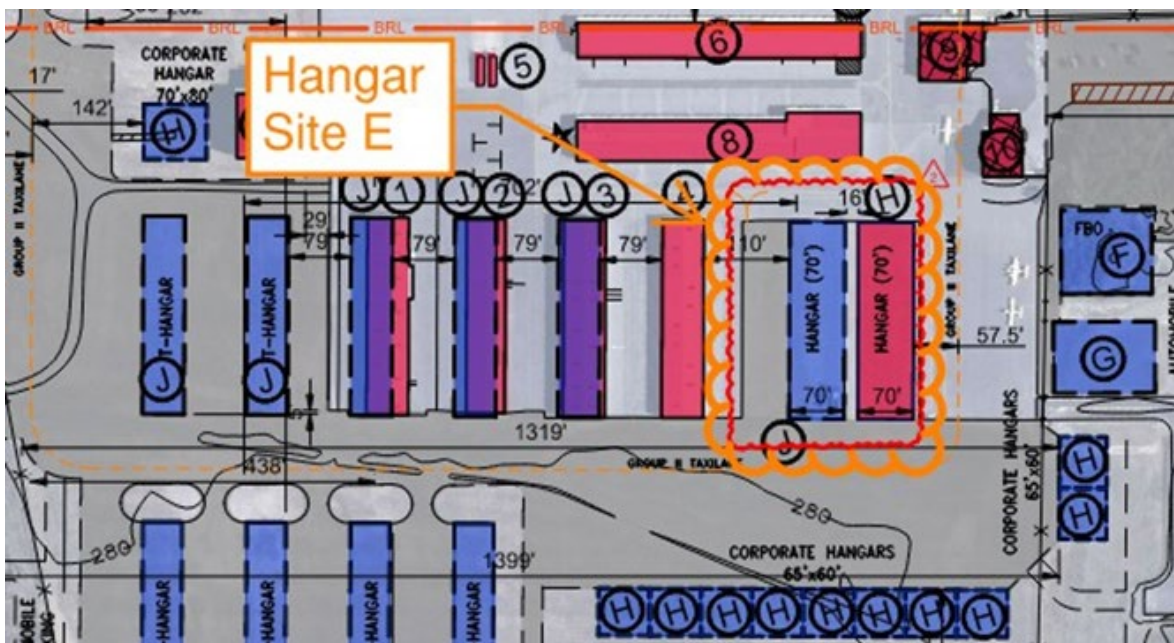
**RCW & POLICY REQUIREMENTS:**

Public works is defined within RCW 39.04.010 as “all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.”

Additionally, the Port’s Delegation of Administrative Authority, Resolution 26-1336, Section VI.A requires professional service contracts in excess of \$75,000 to be awarded by the Commission.

**BACKGROUND:**

This project will construct a new hangar on Hangar Site E along with associated utility improvements and a taxilane expansion (see figure below).



Century West has completed the design and bid documents under a Professional Services Agreement with the Port. On February 25, 2026, and March 4, 2026, the Port advertised for bids in the Peninsula Daily News and the Seattle Daily Journal of Commerce, with bid submissions scheduled to open on April 08, 2026.

**ANALYSIS:**

The bid opening was held on April 08, 2026. A total of six (6) bids were submitted with the following results:

<b>Bidder</b>	<b>Total Bid</b>
<b>Pacific General Builders LLC</b>	<b>\$ 2,802,476</b>
<i>Engineer’s Estimate</i>	<i>\$ 2,879,090</i>
Interwest Construction, Inc.	\$ 2,939,293
HB Hansen Construction, Inc.	\$ 3,338,985
Faber Construction Corporation	\$ 3,397,751
Sea Con LLC	\$ 3,576,707
Titan Earthwork LLC	\$ 3,888,883

The bid numbers in the table above do not include Washington State Sales Tax.

Pacific General Builders LLC (PGB) submitted the lowest apparent bid. Interwest Construction, Inc. (ICI) submitted the second-lowest bid and promptly submitted a bid protest on April 09, 2026, asserting that Pacific General Builders LLC's bid does not include the subcontractors or license numbers of the electrical, Heating, Air Conditioning, Electrical, Structural Steel, or Rebar Installation subcontractors as required by RCW 39.30.060. PGB supplied the necessary information within the statutorily allowable 48-hour window following bid opening to meet the required obligations. After review by the Port’s legal counsel, it was determined that ICI’s bid protest would be denied.

A bid analysis was completed on PGB’s submitted bid documents, and the supplementary bidder criteria documentation was received within the 48-hour deadline period. All relevant information was accurately provided, ensuring PGB’s bid was responsive. Both the Port team and Century West Engineering verified that PGB meets the necessary qualifications and requirements to perform the work as a responsible bidder.

**ENVIRONMENTAL IMPACT:**

The construction of the new hangar will be in accordance with proper handling of all site stormwater runoff during and after construction to adequately meet state requirements. All required environmental reviews have been completed, and permits have been granted to complete the project.

**FISCAL IMPACT:**

The FIA Hangar project is 87% eligible for FAA grant funding (\$3,061,750.58); the ineligible balance (\$464,414) will need to be covered by the Port. The current grant available funds are \$942,581, which will cover approximately 26% of the total construction cost.

Budgeted Funding Sources	Amount
FAA – AIP 047 Grant (Available)	\$942,581
2026 Port Capital Budget	\$900,000
2027 Port Capital Budget	\$900,000
<b>Total</b>	<b>\$2,742,581</b>

The anticipated costs by category are:

Activity	Estimated Cost
Design Phase 1 – 2026 Cost – AIP 44	\$57,338
Design Phase 2 – 2026 Cost – AIP 45	\$84,563
Construction Management Services	\$321,974
Construction: PGB bid + WSST+ 5% (change order budget)	\$3,204,491
<b>Total</b>	<b>\$3,668,366</b>

The Port's total expense is estimated to be approximately \$925,785 more than outlined in the 2026 Capital Budget. The total cost accrued under AIP 44 and 45 may net savings of \$55,981, which may be recovered from the FAA and applied to the eligible costs associated with this project. Additionally, one of the new hangars is expected to be rented for \$2,700/month, totaling \$10,800 at full occupancy (4 hangars in total). At this rate, any overrun on costs would be captured in just over 7 years of operation.

**RECOMMENDED ACTION:**

Authorize the Chief Executive Officer to execute a public works contract with Pacific General Builders LLC for the William R. Fairchild International Airport – Hangar E project for a total amount not to exceed Two Million Nine Hundred Forty-Two Thousand Six Hundred Dollars and No Cents (\$2,942,600) plus applicable Washington State Sales Tax, and to make minor modifications as may be necessary.



# Coach Boat Safety and Reliability Repair Project

**Community Partner Program Grant Request 2026 Funding Cycle**

**Presented by: Community Boating Program (CBP)**

# Protecting Fleet Readiness and Program Continuity

## Community Impact & Project Overview

- **Funding Request:** CBP is requesting **\$10,000** to address priority maintenance and repair needs within the coach boat fleet.
- **Mission Critical:** These vessels are central to delivering on-the-water instruction and provide essential supervision and safety during all maritime programs.
- **Operational Need:** Funds will be applied where most urgently needed based on recent fleet assessments and heavy daily use during the eight-month season.
- **Community Impact (2019–2025):** 968 total participants served — Youth participation +130%, Adult programs +372%, Camps expanded from 11 to 151 participants.
- **Port Partnership:** CBP operates from Port of Port Angeles facilities, directly extending the Port's public mission through accessible maritime education and community programming.



# Addressing Accelerated Wear and Safety Risks

## The Need for Timely Intervention

- **Environmental Strain:** Continuous saltwater exposure, high engine hours, and repeated launch cycles place significant strain on equipment.
- **Fleet Vulnerability:** As a nonprofit, CBP operates with limited redundancy; a single equipment failure directly affects scheduled sessions and safety.
- **Risk of Delay:** Unaddressed maintenance increases the likelihood of failure, trailer-related safety concerns, and unscheduled downtime.
- **Professional Standards:** Repairs completed by qualified marine providers. Without timely action, CBP risks program cancellations and on-water safety incidents.



# Strategic Allocation of Port Funds

## Targeted Maintenance and Accountability

- **Primary Repair Allocation:** Approximately **\$6,000** is dedicated to high-priority engine replacement.
- **Systems & Safety:** Remaining funds will support mechanical and electrical servicing, steering and control systems, and trailer safety repairs.
- **Operational Support:** Funding covers essential maintenance supplies and protective materials that extend vessel lifespan.
- **Fiscal Responsibility:** All expenses will be documented and reimbursed in strict accordance with Port requirements.



# Request Summary & Next Steps

## Coach Boat Safety and Reliability Repair Project

### Summary of Request:

- **Grant Request:** \$10,000 from the Port of Port Angeles Community Partner Program to ensure full fleet readiness for the 2026 season.
- **Community Matching Commitment (\$3,000):** Northwest Marine Trade Association (\$2,000) and Steve Methner / State Farm Insurance (\$1,000) have committed matching support, demonstrating broad community confidence in this program.
- **Core Objective:** Complete safety-critical maintenance to prevent mid-program breakdowns and protect participant safety.

**CBP respectfully requests the Commission's approval of \$10,000 to protect the safety, continuity, and growth of maritime education in Port Angeles.**



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

**April 28, 2026**

**SUBJECT: RESOLUTION 26-1342, DECLARING PORT EQUIPMENT SURPLUS  
AND AUTHORIZING THE SALE OF SURPLUS EQUIPMENT**

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

**RCW & POLICY REQUIREMENTS:**

RCW 53.08.090 states that “a Port Commission may, by resolution, authorize the managing official of a port district to sell and convey port district property.” Additionally, section XIV of Resolution 26-1336 (Delegation of Administrative Authority) authorizes the Chief Executive Officer to sell and convey surplus property of the Port, following conditions outlined in RCW 53.08.090.

**BACKGROUND:**

In 2024, the Port was awarded \$9.3 million through the Environmental Protection Agency (EPA)'s Clean Ports Program (CPP) to upgrade shore power infrastructure and purchase new zero-emissions cargo handling equipment.

As part of the application, the Port committed to scrapping two existing pieces of diesel-powered equipment in exchange for one new zero-emissions reachstacker. The units to be scrapped are:

- LeTourneau L-01 (Model 2694, manufacture year 1983)
- LeTourneau L-02 (Model 2694, manufacture year 1987)

The EPA's preferred method of scrappage is cutting a 3"x3" hole in the engine block of the machines, which will be completed later this year. The two scrapped Letourneaus will be replaced by a new zero-emissions reachstacker, and the two scrapped Hyster forklifts will be replaced by two new zero-emissions forklifts.

The Clean Ports Program allows grant recipients to sell “disabled vehicles, disabled equipment, or parts.” Profits from any sales must comply with EPA's program income requirements, which mandate that income should be used to accomplish the grant agreement's goals by (1) contributing to the non-federal match share or (2) completing additional program-eligible project activities.

Following the scrappage of the LeTourneaus, the Port Team wishes to follow the surplus process outlined in RCW 53.08.090 by publicly soliciting bids on the two machines. Each machine will be listed as a whole unit (minus the scrapped engines).

If the whole machines do not generate interest, the Port Team will explore breaking out the most valuable parts and listing these as individual items for sale. These parts include wheel motors, switch gear, generators, tires, axle fans, and more. This path would involve a significant time commitment from the Mech Shop crew to break the machines down into parts and could take years to sell.

### **ANALYSIS:**

Resolution 26-1342 declares the two LeTourneaus to be no longer needed for Port district purposes and authorizes the Chief Executive Officer to follow the public surplus process.

### **ENVIRONMENTAL IMPACT:**

There is no direct environmental impact from declaring the LeTourneaus surplus and following the state's public surplus sale process. However, replacing the two LeTourneaus with zero-emissions equipment will reduce the Port's annual CO2 emissions by approximately 182 tons.

### **FISCAL IMPACT:**

The Port Team anticipates listing the two LeTourneaus for \$25,000 each, but the actual fiscal impact will depend on the bids that the Port receives through the public surplus process.

Any income generated from the sale and conveyance of the two machines must be used in compliance with EPA "Program Income" requirements. The Port's grant agreement with EPA states that:

"Any program income shall be used to finance: 1) the non-Federal share of the project costs, and/or 2) other program-eligible project activities."

### **RECOMMENDED ACTION:**

Introduce Resolution No. 26-1342. If unanimous approval is given to introduce, then adopt Resolution No. 26-1342. If passed, Resolution No. 26-1342 will allow the Chief Executive Officer to sell and convey the LeTourneau machines pursuant to RCW 53.080.090.

26-1342

**A RESOLUTION OF THE PORT OF PORT ANGELES COMMISSION,  
PORT ANGELES WASHINGTON PURSUANT TO RCW 53.08.090  
DECLARING CERTAIN REAL PROPERTY SURPLUS TO ITS NEEDS AND  
TO AUTHORIZE THE SALE OF SURPLUS EQUIPMENT.**

**WHEREAS**, the Port was awarded \$9,361,457 from the Environmental Protection Agency (EPA) through the Clean Ports Program; and

**WHEREAS**, the Port has committed to scrapping existing diesel equipment as part of its grant agreement with the EPA; and

**WHEREAS**, the EPA allows grant recipients to sell scrapped equipment and use any program income in accordance with the grant terms and conditions, which mandate that program income should apply towards the non-federal match or additional grant-eligible activities; and

**WHEREAS**, under RCW 53.080.090, the Port may sell and convey its real or personal property when the Port Commission has, by resolution, declared that property to be no longer needed for Port purposes; and

**WHEREAS**, the following equipment is no longer needed for Port purposes:

1983 LeTourneau Model 2694 #L-01  
1987 LeTourneau Model 2694 #L-02

NOW, THEREFORE, BE IT RESOLVED by the Port of Port Angeles Commission that:

1. The Chief Executive Officer is hereby authorized to sell and convey the aforementioned Port equipment pursuant to RCW 53.080.090; and
2. The Chief Executive Officer is hereby further authorized to use any income earned from the sale and conveyance of the aforementioned equipment only in support of the federal Environmental Protection Agency Clean Ports Program grant activities.

ADOPTED this 28<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

## Future Agenda Items – Commission Meeting

04/28/2026

### 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

### June 23, 2026 (Regular Commission Meeting)

- May Financial Report
- Maritime Festival Recap
- Q2 Grant Update

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

- Hosted at the BOCC from 11:00 am – 2:30 pm

### Upcoming Events

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