PORT of Port Angeles
Serving Clallam County Since 1923

SPECIAL COMMISSION MEETING
Thursday, September 24, 2026, at 1:30 pm
338 W. First St, Port Angeles, WA 98362
AGENDA

The Special 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/

**** Time-specific Agenda Item IV.A – 1:30 PM***

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF AGENDA

IV. WORK SESSION

A. Washington State Auditor Exit Conference [Financial Statements & Federal Single Audit Report & Assessment Audit Report for the Industrial Development Corporation of the Port of Port Angeles)……………………………………………………………..1-30

***TIME SPECIFIC AT 1:30 PM**

V. APPROVAL OF CONSENT AGENDA

No items

VI. COMPLETION OF RECORDS

No items

VII. PLANNING AND CAPITAL PROJECTS

A. Item for Consideration – Bonding & Resolution 26-1351 for LTGO Bond……………31-51

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS

No items

X. PROPERTY

No items

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS

No items

XIV. ITEMS NOT ON THE AGENDA

No items per RCW 42.30.080

XV. COMMISSIONER REPORTS

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

XVII. FUTURE AGENDA

XVIII. NEXT MEETINGS

A. October 13, 2026 – Regular Commission Meeting
[Capital Project Prioritization (if needed) / Introduce Operating Budget]

B. October 26, 2026 – Special Joint Meeting with Board of County Commissioners & The Clallam County Public Utility District (Hosted at the BOCC)

C. October 27, 2026 – Regular Commission Meeting (**Comm. Kidwell Excused Absence*)
[Draft Final Capital Budget / Present Prelim 2027 Operating Budget & Tax Levy]

D. November 10, 2026 – Regular Commission Meeting
[Open Public Hearing on 2027 Budget and Tax Levy]

E. November 17, 2026 – Special Commission Meeting
[Close Public Hearing & Adopt 2027 Budget and Tax Levy]

XIX. UPCOMING EVENTS

A. September 28-30, 2026 – American Association of Port Authorities (AAPA) Annual Conf. (New Orleans, LA)

B. October 12-13, 2026 – Marine Highway 5 and 84 (MH5 & MH84) Joint Annual Roundtable (Vancouver, WA)

C. October 13-15, 2026 – Pacific Northwest Waterways Assoc. (PNWA) Annual Meeting (Vancouver, WA)

D. October 18-21, 2026 – National Association of Foreign Trade Zones (NAFTZ) Annual Conference & Exposition (San Diego, CA)

E. October 22-23, 2026 – Washington Public Ports Association (WPPA) Small Ports (Chelan – Campbell's Resort Lake Chelan)

XX. EXECUTIVE SESSION

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

XXI. ADJOURN

RULES FOR ATTENDING COMMISSION MEETING

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

RULES FOR SPEAKING AT A COMMISSION MEETING

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

Exit Conference: Port of Port Angeles and IDC of Port of PA

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Port of PA: Financial statement and federal grant compliance audits for January 1, 2025 through December 31, 2025 – see draft report.
- IDC of Port of PA: Assessment audit for January 1, 2025 through December 31, 2025 – see draft report.

The Accountability audit is ongoing. When complete, we will hold a separate exit conference to share those results prior to report publication.

Audit Highlights

We sincerely appreciate Jennifer Baker's and Sarah Kuh's assistance during the audit this year as we continue to audit remotely. All of the staff we worked with were professional, polite and very helpful. We also appreciate how hard the staff worked to quickly pull and send documents electronically and timely respond to all of our questions.

Financial Statement Audit Communication

We would like to bring the following to your attention:

- We didn't identify any material misstatements during the audit.
- There were no uncorrected misstatements in the audited financial statements.
- The audit addressed the following risks, which required special consideration:
  - Due to the possibility that management may be able to circumvent certain controls, standards require the auditor to assess the risk of management override. As part of this work, we did not identify any significant unusual transactions affecting the financial statements

Additional Reminders – Applicable to the IDC of the Port of Port Angeles

We want to emphasize that if conditions change, a regular audit might be required in future years. If you anticipate having financial activity or acting to dissolve the government, we ask that you contact our Office so we can help you meet your audit requirements.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at https://portal.sao.wa.gov/SAOPortal.

Management Representation Letter

We have included a copy of representations requested of management.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Tina Watkins, CPA, Director of Local Audit, (360) 260-6411, Tina.Watkins@sao.wa.gov

Wendy Choy, CFE, Assistant Director of Local Audit, (425) 502-7067, Wendy.Choy@sao.wa.gov

Melinda Seibert, CPA, Audit Manager, (360) 845-1485, Melinda.Seibert@sao.wa.gov

Megan McFarlane, Assistant Audit Manager, (360) 845-1492, Megan.McFarlane@sao.wa.gov

Financial Statements and Federal Single Audit Report

Port of Port Angeles

For the period January 1, 2025 through December 31, 2025

Published (Inserted by OS)

Report No. 1040594

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Inserted by OS)

Board of Commissioners
Port of Port Angeles
Port Angeles, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Port of Port Angeles financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Port's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

Port of Port Angeles
January 1, 2025 through December 31, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the Port of Port Angeles are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the Port's financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Port.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Port's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

ALN	Program or Cluster Title
11.307	Economic Development Cluster – Economic Adjustment Assistance

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $1,000,000.

The Port did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Port of Port Angeles
January 1, 2025 through December 31, 2025

Board of Commissioners
Port of Port Angeles
Port Angeles, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Port of Port Angeles, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated September 24, 2026.

We issued an unmodified opinion on the fair presentation of the Port's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Port using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

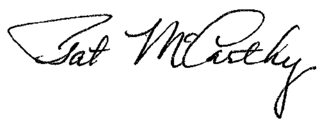
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 24, 2026

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Port of Port Angeles
January 1, 2025 through December 31, 2025

Board of Commissioners
Port of Port Angeles
Port Angeles, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Port of Port Angeles, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Port's major federal programs for the year ended December 31, 2025. The Port's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States*;* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Port's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Port's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Port's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Port's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies

and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

September 24, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Port Angeles
January 1, 2025 through December 31, 2025

Board of Commissioners
Port of Port Angeles
Port Angeles, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the Port of Port Angeles, as of and for the year ended December 31, 2025, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Port has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Port of Port Angeles, and its changes in cash and investments, for the year ended December 31, 2025, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port of Port Angeles, as of December 31, 2025, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the Port in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2026 on our consideration of the Port's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

September 24, 2026

FINANCIAL SECTION

Port of Port Angeles
January 1, 2025 through December 31, 2025

FINANCIAL STATEMENTS

SUPPLEMENTARY AND OTHER INFORMATION

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov

Office of the Washington State Auditor
Pat McCarthy

Assessment Audit Report

Industrial Development Corporation of the Port of Port Angeles

For the period January 1, 2025 through December 31, 2025

Published (Inserted by OS)

Report No. 1040599

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Inserted by OS)

Board of Directors
Industrial Development Corporation of the Port of Port Angeles
Port Angeles, Washington

Report on Assessment Audit

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

The attached report describes the procedures performed and conclusions for the areas we reviewed. We appreciate the opportunity to work with your staff, and value your cooperation during the assessment audit.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

AUDIT SUMMARY

Results in brief

Based on the procedures performed, nothing came to our attention in the areas we reviewed that caused us to believe the Corporation was not in substantial compliance with applicable state laws, regulations, and its own policies, or had not provided adequate controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

About the assessment audit

This report contains the results of our independent audit of the Industrial Development Corporation of the Port of Port Angeles from January 1, 2025 through December 31, 2025.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives. State law (RCW 43.09.230) also requires local governments to prepare and submit certified annual reports to our Office summarizing such things as revenues received, collections made, amounts receivable or payable, expenditures made, and debt owed.

This assessment audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments at least once every three years. Assessment audits are risk-based, limited-scope reviews of small local governments, generally defined as local governments with less than $300,000 in annual revenues. To help minimize audit costs, our work for this engagement was conducted off-site primarily using financial and other information provided by the Corporation.

This assessment audit was limited to the following:

- Reviewing meeting minutes for compliance with the Open Public Meetings Act
- Verifying that annual reports submitted to our Office were complete and filed timely in compliance with state law
- Corroborating financial information reported by the Corporation by comparing it to third-party sources

INFORMATION ABOUT THE CORPORATION

In 1982 the Industrial Development Corporation (IDC) of the Port of Port Angeles was formed. The IDC is a separate municipal corporation which has the authority, under RCW 39.84 and IRS 103(b), to issue nonrecourse revenue bonds on behalf of private companies. Such bonds are restricted to financing industrial development anywhere (Port or non-Port property) within the port district. These bonds are referred to as Industrial Revenue Bonds (IRB's). They allow a private company to obtain tax-exempt financing, which carries a lower interest rate. Revenue bonds issued through the IDC are payable solely by the private company developing industrial facilities. The bonds are neither a liability nor a contingent liability of the IDC or the Port of Port Angeles. Bonds issued by the IDC must be approved by the Washington state tax exempt bond cap program which regulates total tax exempt bond issuances within the state.

The IDC board is composed of the three current Port commissioners; the board operates under a separate set of bylaws. The IDC has no employees; all IDC work is performed by Port staff under a reimbursement agreement between the Port and the IDC. The only sources of IDC revenue are bond issuance fees received when IDC bonds are actually issued. These fees, normally a few thousand dollars, are then transferred to Port accounts to reimburse the Port for time spent by Port staff on IDC issues.

Contact information related to this report	
Contact:	Jennifer Baker, Chief Finance & Administrative Officer
Telephone:	(360) 417-3362

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Industrial Development Corporation of the Port of Port Angeles at https://portal.sao.wa.gov//ReportSearch.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov

LETTER OF REPRESENTATION TO BE TYPED ON CLIENT LETTERHEAD

September 24, 2026

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your Financial Statement and Federal Single audits of Port of Port Angeles for the period from January 1, 2025 through December 31, 2025. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquires to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all relevant and requested information of which we are aware, including:
    a. Financial records and related data.
    b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
    c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
    d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
    e. Related party relationships and transactions.
    f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.

4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.

6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations, safeguarding of public resources, and financial reporting, including controls to prevent and detect fraud.

7. We have established adequate procedures and controls to provide reasonable assurance of compliance with applicable laws and regulations, safeguarding of public resources, and accurate financial reporting.

8. Except as reported to you in accordance with RCW 43.09.185, we have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.

9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

Additional representations related to the financial statements:

10. We acknowledge our responsibility for fair presentation of the financial statements and believe financial statements are fairly presented in accordance with the *Budgeting, Accounting and Reporting Standards Manual* (BARS Manual), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

11. The financial statements properly classify all funds and activities.

12. Revenues are appropriately classified by fund and account in accordance with the BARS Manual.

13. Expenses are appropriately classified by fund and account, and allocations have been made on a reasonable basis.

14. Ending cash and investments are properly classified as nonspendable, restricted, committed, assigned, and unassigned.

15. The methods, data and significant assumptions we used in making accounting estimates and related disclosures are appropriate and free from intentional bias.

16. The following have been properly classified, reported and disclosed in the financial statements. as applicable:

    a. Interfund, internal, and intra-entity activity and balances.

    b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    c. Joint ventures and other related organizations.

    d. Guarantees under which the government is contingently liable.

    e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

    f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements and other loss contingencies.

17. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.

18. We acknowledge our responsibility to include all necessary and applicable disclosures required by the BARS Manual, including:

    a. Description of the basis of accounting, summary of significant accounting policies and how this differs from Generally Accepted Accounting Principles (GAAP).

    b. Disclosures similar to those required by GAAP to the extent they are applicable to items reported in the financial statements.

    c. Any additional disclosures beyond those specifically required by the BARS Manual that may be necessary for the statements to be fairly presented.

19. We acknowledge our responsibility for reporting supplementary information, such as the Schedule of Liabilities and the Schedule of Expenditures of Federal Awards, in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.

20. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.

21. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to the financial statements taken as a whole.

22. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information

referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.

Additional representations related to expenditures under federal grant programs:

23. We acknowledge our responsibility for complying, and have complied, with the requirements of 2 CFR § 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

24. With regards to your audit of federal grant programs, we have made available all relevant and requested information of which we are aware, including:
    a. All federal awards and related grant agreements (including amendments, if any), contracts with pass-through entities, service organizations and contractors, and correspondence.
    b. All communications from federal awarding agencies, contractors, service organizations or pass-through entities concerning possible noncompliance.
    c. All information regarding corrective actions taken and management decisions or follow-up work performed by federal or pass-through agencies on any findings reported in the past.
    d. All documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
    e. Interpretations or other support for any situations where compliance with requirements might be questionable or unclear.

25. We have identified and complied with all direct and material compliance requirements of federal awards.

26. Management is responsible for establishing effective internal control and has maintained sufficient control over federal programs to provide reasonable assurance that awards are managed in compliance with laws, regulations, contracts or grant agreements that could have a material effect on each of our federal awards.

27. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards.

28. Copies of federal program reports provided to you are true copies of the reports submitted, or electronically transmitted, to federal agencies or pass-through agencies, as applicable.

29. We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by the Uniform Guidance.

(Signature)	(Signature)
[Name and Title]	[Name and Title]
(Executive Officer)	(Finance Officer)

ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS

September 24, 2026

SUBJECT:	**RESOLUTION NO. 26-1351 AUTHORIZING THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS, 2026 (TAXABLE)**
PRESENTED BY:	**Paul Jarkiewicz, Chief Executive Officer; Jennifer Baker, Chief Finance and Administrative Officer**
ATTACHMENT:	**Draft Bond Resolution**

RCW & POLICY REQUIREMENTS:

The draft Resolution is prepared under applicable Washington law, including chapters 53.36, 53.40, 39.44, and 39.46 RCW. It authorizes the Port to issue non-voted limited tax general obligation bonds within the Port's statutory debt capacity and appoints the Chief Executive Officer as the Designated Representative to negotiate and recommend final terms within the parameters established by the Commission. Final pricing and sale of the Bonds will remain subject to subsequent approval by the Port Commission at an open public meeting.

BACKGROUND:

The Port is advancing additions and improvements to Port-owned properties at the Composite Manufacturing Campus at William R. Fairchild International Airport. The contemplated work includes renovating Buildings 1010 and 1050 and constructing and renovating connecting structures among Buildings 1010, 1020, 1030, and 1050. The improvements are intended to modernize and integrate existing manufacturing facilities, improve operational efficiency, and support long-term industrial and aerospace manufacturing activity at the campus.

The financing is structured as taxable limited tax general obligation bonds because a private-sector Port tenant is expected to use the improved facilities. Bond proceeds may also pay eligible financing and issuance costs and may include capitalized interest, subject to final transaction documents and market conditions.

ANALYSIS:

The Resolution establishes an authorization envelope rather than fixing the final borrowing terms on the date of adoption. This allows the Port to continue developing the financing structure and respond to market conditions without committing to a final borrowing amount today. Within that envelope, the Designated Representative may work with Port staff, Bond Counsel, the Municipal Advisor, the Underwriter, and other transaction professionals to develop and negotiate a proposed structure and sale. The final principal amount, interest rates, true interest cost, maturity schedule, redemption provisions, purchase price, and other material terms will be presented to the Port Commission for approval before the Bond Purchase Agreement is executed and the Bonds are sold. This two-step process allows the Port to respond to market conditions while preserving both the Commission-established limits and final Commission control over the transaction.

Resolution Parameters

Parameter	Authorized Limit / Term
Aggregate principal amount	Not to exceed $25,000,000
Interest rate on any Bond	Not to exceed 7.00%
True interest cost (TIC)	Not to exceed 6.90%
Final maturity	No later than December 31, 2056
Issue date	No later than two years after the Resolution becomes effective
Purchase price	Not less than 98% or more than 112% of stated principal
Sale method	Negotiated sale or private placement, as determined under the Resolution
Tax status	Taxable limited tax general obligation bonds

The Resolution pledges the Port's full faith, credit, and resources for payment of principal and interest and provides that the Bonds are payable from Port tax revenues and other lawfully available funds. The final par amount, maturity schedule, interest rates, redemption terms, and annual debt service will be established at pricing, provided that all final terms remain within the Commission-approved parameters.

The financing strategy contemplates that lease revenues associated with the improved facilities will support recovery of the Port's project and financing costs. The Bonds, however, will remain general obligations of the Port and will not be secured solely by tenant lease payments.

COMMISSION AUTHORIZATION:
Adoption of the Resolution will:

- Authorize the Port to proceed with one or more proposed series of taxable limited tax general obligation bonds in an aggregate principal amount not to exceed $25 million, subject to subsequent Commission approval of the final terms and sale;
- Authorize use of bond proceeds for additions and improvements to Port properties, related capital purposes, eligible capitalized interest, and costs of issuance;
- Appoint the Chief Executive Officer as the Port's Designated Representative and authorize negotiation and recommendation of final bond terms within the stated parameters;

- Authorize preparation and negotiation of a proposed negotiated sale or private placement and related financing documents, with execution of the Bond Purchase Agreement subject to subsequent Commission approval of the final terms and sale;
- Create or continue the Bond Fund and Project Fund and authorize the deposit, investment, and application of bond proceeds;
- Authorize preparation, approval, and distribution of the Preliminary and Final Official Statements; and
- Authorize a continuing disclosure undertaking if required under SEC Rule 15c2-12.

ENVIRONMENTAL IMPACT:

Adoption of the Financing Resolution does not itself authorize construction activity or create a direct environmental impact. Project design, permitting, procurement, and construction will remain subject to applicable environmental review and regulatory requirements.

FISCAL IMPACT:

The Resolution establishes a not-to-exceed authorization of $25 million for taxable limited tax general obligation bonds, subject to subsequent Commission approval of the final terms and sale. The final principal amount and debt service will depend on the final project funding requirement, transaction costs, market interest rates, maturity schedule, redemption provisions, and other pricing terms at the time of sale.

The Bonds will constitute a general obligation of the Port. The Port will be responsible for annual principal and interest payments over the life of the Bonds.

The Port intends to structure the related long-term tenant lease and cost-recovery arrangements to support repayment of project and financing costs.

Final lease terms, project costs, financing sources, and annual debt service will be presented and evaluated through the related project, lease, budget, and financing actions.

RISK AND GOVERNANCE CONSIDERATIONS:

- The Commission retains control through the not-to-exceed principal amount, maximum interest rate, maximum TIC, final maturity, and price parameters.
- The delegated authority may be exercised only within the Resolution’s parameters; terms outside those limits would require further Commission action.
- Actual borrowing may be less than the authorized amount based on final project scope, other funding sources, and market conditions.
- The Port’s general obligation pledge remains in effect regardless of the timing or amount of tenant lease payments.

- Final Commission approval will be required after the proposed final terms, principal amount, interest rates, true interest cost, maturity schedule, redemption provisions, purchase price, and other material terms have been established.
- The final terms will be presented at a subsequent regular or special open public meeting before the Bond Purchase Agreement is executed, and the Bonds are sold.
- Bond Counsel, the Municipal Advisor, the Underwriter, and Port finance staff will complete the legal, disclosure, pricing, and closing process before issuance.

RECOMMENDED ACTION:

Introduce Resolution No. 26-1351 establishing parameters for the proposed issuance and sale of the Port of Port Angeles Limited Tax General Obligation Bonds, 2026 (Taxable), in an aggregate principal amount not to exceed $25,000,000, appointing the Chief Executive Officer as the Designated Representative to negotiate and recommend final terms, and reserving final approval of the terms and sale to the Port Commission.

If introduction of the Resolution is unanimous, make a motion to adopt Resolution No. 26-1351 establishing the parameters and related preliminary authority for the proposed Bonds substantially in the form presented, provided that the final terms and sale of the Bonds must return to the Port Commission for approval at a subsequent open public meeting.

PORT OF PORT ANGELES, WASHINGTON

RESOLUTION NO. 26-1351

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PORTION OF THE COST OF CONSTRUCTING ADDITIONS AND IMPROVEMENTS TO PORT PROPERTIES FOR PORT TENANTS AND OTHER PROJECTS OF THE PORT AND TO PAY THE COSTS OF ISSUANCE AND SALE OF THE BONDS; FIXING OR SETTING PARAMETERS FOR CERTAIN TERMS AND COVENANTS OF THE BONDS; APPOINTING THE PORT'S DESIGNATED REPRESENTATIVE TO APPROVE THE FINAL TERMS OF THE ISSUANCE AND SALE OF THE BONDS; AND PROVIDING FOR OTHER RELATED MATTERS.

Passed Xxxxxxx XX, 2026

This document prepared by:

Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400

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**The cover page, table of contents and section headings of this resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this resolution.*

PORT OF PORT ANGELES, WASHINGTON

RESOLUTION NO. 26-1351

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PORTION OF THE COST OF CONSTRUCTING ADDITIONS AND IMPROVEMENTS TO PORT PROPERTIES FOR PORT TENANTS AND OTHER PROJECTS OF THE PORT AND TO PAY THE COSTS OF ISSUANCE AND SALE OF THE BONDS; FIXING OR SETTING PARAMETERS FOR CERTAIN TERMS AND COVENANTS OF THE BONDS; APPOINTING THE PORT'S DESIGNATED REPRESENTATIVE TO APPROVE THE FINAL TERMS OF THE ISSUANCE AND SALE OF THE BONDS; AND PROVIDING FOR OTHER RELATED MATTERS.

BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF PORT ANGELES, WASHINGTON, as follows:

<u>Section 1</u>. <u>Definitions</u>. As used in this resolution, the following capitalized terms shall have the following meanings:

(a) "*Authorized Denomination*" means, unless otherwise specified in the Bond Purchase Agreement, $5,000 or any integral multiple thereof within a maturity of a Series.

(b) "*Beneficial Owner*" means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(c) "*Bond*" means each bond issued pursuant to and for the purposes provided in this resolution.

(d) "*Bond Counsel*" means the firm of Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the Port with a nationally recognized standing as bond counsel in the field of municipal finance.

(e) "*Bond Fund*" means the fund, account, subaccount or combined account or subaccount of the Port created for the payment of the principal of and interest on the Bonds.

(f) "*Bond Purchase Agreement*" means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the Port, if consistent with this resolution.

(g) "*Bond Register*" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(h) "*Bond Registrar*" means the Fiscal Agent, or any successor bond registrar selected by the Port for a Series of Bonds sold by negotiated sale, and means the Fiscal Agent or the Treasurer as determined by the Designated Representative for a Series of Bonds sold by private placement.

(i) "*Chief Executive Officer*" means the Chief Executive Officer of the Port, or any other officer who succeeds to substantially all of the responsibilities of that office.

(j) "*Code*" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(k) "*Commission*" means the governing body of the Port, as duly and regularly constituted from time to time.

(l) "*DTC*" means The Depository Trust Company, New York, New York, or its nominee.

(m) "*Designated Representative*" means the officer of the Port appointed in Section 4 of this resolution to serve as the Port's designated representative in accordance with RCW 39.46.040(2).

(n) "*Final Terms*" means the terms and conditions for the issuance and sale of a Series of the Bonds, including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption or prepayment rights, tax status, price, and other terms or covenants.

(o) "*Finance Officer*" means the Port's Chief Finance and Administrative Officer or such other officer of the Port who succeeds to substantially all of the responsibilities of that office.

(p) "*Fiscal Agent*" means the fiscal agent of the State, as the same may be designated by the State from time to time.

(q) "*Government Obligations*" has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(r) "*Issue Date*" means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(s) "*Letter of Representations*" means the Blanket Issuer Letter of Representations between the Port and DTC, dated June 10, 1997, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(t) "*MSRB*" means the Municipal Securities Rulemaking Board.

(u) *"Official Statement"* means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(v) "*Owner*" means, without distinction, the Registered Owner and the Beneficial Owner.

(w) "*Port*" means the Port of Port Angeles, Washington, a municipal corporation duly organized and existing under the laws of the State.

(x) "*Project*" means additions and improvements to Port properties for Port tenants, and other capital purposes as deemed necessary and advisable by the Port. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project. The Project includes acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances, and capitalized interest for up to six months after completion of construction. The term "land" includes all real property and all appurtenant improvements, structures and interests therein.

(y) "*Project Fund*" means the fund or account designated or created by the Finance Officer for the purpose of carrying out the Project.

(z) "*Purchaser*" means Piper Sandler & Co., or such other corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale of any Series of the Bonds.

(aa) "*Rating Agency*" means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the Port.

(bb) "*Record Date*" means, unless otherwise specified in the Bond Purchase Agreement, the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption or prepayment of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar provides the notice of redemption or prepayment in accordance with Section 9.

(cc) "*Registered Owner*" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the Port utilizes the book-entry only system for the Bonds under the Letter of Representations, the Registered Owner shall mean the Securities Depository.

(dd) "*Rule 15c2-12*" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(ee) "*SEC*" means the United States Securities and Exchange Commission.

(ff) "*Securities Depository*" means DTC, any successor thereto, any substitute securities depository selected by the Port that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(gg) "*Series of the Bonds*" or "*Series*" means a series of the Bonds issued pursuant to this resolution.

(hh) "*State*" means the State of Washington.

(ii) "*Tax-Exempt Bond*" means any Bond which, as of the Issue Date, the Port intends that interest on such Bond to be excluded from gross income for federal income tax purposes.

(jj) "*Term Bond*" means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement.

(kk) "*Treasurer*" means the Finance Officer of the Port, or any other officer who succeeds to substantially all of the responsibilities of that office.

(ll) "*Undertaking*" means the undertaking to provide continuing disclosure entered into pursuant to Section 15 of this resolution.

Section 2. Findings and Determinations. The Commission takes note of the following facts and makes the following findings and determinations:

(a) *Authority and Description of Project*. Pursuant to applicable law, including chapter 53.40 RCW, the Port is authorized to carry out the Project.

(b) *Plan of Financing*. It is in the best interests of the Port to carry out the Project. The estimated cost of carrying out the Project is $xx,x00,000 (excluding any Bond-related costs). Pursuant to applicable law, including chapters 53.36, 39.44, and 39.46 RCW, the Port is authorized to issue general obligation bonds to pay the cost of carrying out the Project.

(c) *Debt Capacity*. The maximum amount of indebtedness authorized by this resolution is $xx,x00,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the Port for general municipal purposes without a vote:

(1) The assessed valuation of the taxable property within the Port as ascertained by the last preceding assessment for Port purposes for collection in the calendar year 2026 is $17,256,940,521.

(2) As of June 30, 2026, the Port had limited tax general obligation indebtedness, consisting of bonds and loans outstanding in the principal amount of $1,584,247, which is incurred within the limit of up to ¼ of 1% of the value of the taxable property within the Port permitted for general municipal purposes without a vote.

(3) As of June 30, 2026, the Port had no unlimited tax general obligation indebtedness.

(d) *The Bonds*. For the purpose of providing the funds necessary to carry out the Project and to pay the costs of issuance and sale of the Bonds, the Port Commission finds that it is in the best interests of the Port and its taxpayers to issue and sell the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the Port's Designated Representative consistent with this resolution.

Section 3. Authorization of Bonds. The Project is included in the Port's capital plan. The Project shall be carried out in accordance with the plans and specifications therefor prepared by the Port's engineers and consulting engineers. The Commission may modify the details of the Project where, in its judgment, it appears advisable if such modifications do not substantially alter the purposes of the Project. The cost of the Project shall be paid from the proceeds of the Bonds and from other money available for the Project.

The Port is authorized to borrow money and issue limited tax general obligation bonds evidencing indebtedness in one or more Series to provide funds necessary to carry out the Project. Proceeds of the Bonds may also be used to pay the costs of the issuance and sale of the Bonds.

Section 4. Description of Bonds; Appointment of the Designated Representative. The Chief Executive Officer is appointed as the Designated Representative of the Port and is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the Port, and to approve the Final Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, consistent with the following parameters:

(a) *Principal Amount*. The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of $xx,x00,000.

(b) *Date or Dates*. Each Series of Bonds shall be dated as of its date of delivery to the Purchaser, which date may not be later than two years from the effective date of this resolution.

(c) *Denominations, Series Designation, etc*. The Bonds must be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(d) *Interest Rate(s)*. The Bonds shall bear interest at fixed rates per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds, provided that no rate of interest for any Bond may exceed 7.00%, and the true interest cost to the Port for a Series of Bonds may not exceed 6.90%.

(e) *Payment Dates*. Interest must be payable at fixed rates semiannually on such dates as are acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a payment date acceptable to the Designated Representative and must be payable at maturity or in mandatory redemption installments on such dates as are acceptable to the Designated Representative.

(f) *Redemption Rights*. In such officer's discretion, the Designated Representative may approve provisions for the optional and mandatory redemption of Bonds, as follows:

(1) Optional Redemption. Any Bond or Series of Bonds may be designated as being (A) subject to redemption or prepayment at the option of the Port prior to its maturity date, including by make-whole redemption, on the dates and at the prices as determined by the Designated Representative or (B) not subject to redemption prior to its maturity date.

(2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts as determined by the Designated Representative.

(g) *Final Maturity*. The Bonds shall mature no later than December 31, 2056.

(h) *Price*. The purchase price for any Series of Bonds may not be less than 98% or more than 112% of the stated principal amount of that Series.

(i) *Other Terms and Conditions*.

(1) The Bonds may be sold in accordance with Section 13 of this resolution.

(2) The Designated Representative may determine whether it is in the Port's best interest to provide for bond insurance, and may accept such additional terms, conditions and covenants as such officer may determine are in the best interests of the Port, consistent with this resolution.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds*. Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties*. Unless otherwise specified in the Bond Purchase Agreement, the Fiscal Agent is appointed as initial Bond Registrar for any Series of the Bonds sold by negotiated sale. The Designated Representative will designate the Bond Registrar for any Series of the Bonds sold by private placement. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the Port at all times. The Bond Registrar is authorized, on behalf of the Port, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the Port's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange*. The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption or prepayment date.

(d) *Securities Depository; Book-Entry Only Form*. If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the Port; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the Port, the Port may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the Port does not appoint a substitute Securities Depository, or (ii) the Port terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this resolution.

Neither the Port nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the Port nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

<u>Section 6</u>. <u>Form and Execution of Bonds</u>.

(a) *Form of Bonds; Signatures*. Each Bond shall be prepared in a form consistent with the provisions of this resolution and State law. Each Bond shall be signed by the President and Secretary of the Commission, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the Port authorized to sign bonds before the Bond bearing such officer's manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the Port, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Port as though that person had continued to be an officer of the Port authorized to sign bonds. Any Bond also may be signed on behalf of the Port by any person who, on the actual date of signing of the Bond, is an officer of the Port authorized to sign bonds, although such officer did not hold the required office on its Issue Date.

(b) *Authentication*. Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate of Authentication. This Bond is one of the fully registered Port of Port Angeles, Washington, Limited Tax General Obligation Bonds, 2026, described in the Bond Resolution." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

<u>Section 7</u>. <u>Payment of Bonds</u>. Principal of and premium, if any, and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Bond registered in the name of the Securities Depository is payable in

the manner set forth in the Letter of Representations. Unless otherwise specified in the Bond Purchase Agreement, principal of and premium, if any, and interest on each Bond not registered in the name of the Securities Depository are payable by electronic transfer on the payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the Port is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Funds and Accounts; Deposit of Proceeds.

(a) *Bond Fund*. The Bond Fund is created as a special fund of the Port for the sole purpose of paying principal of and interest on the Bonds. Bond proceeds in excess of the amounts needed to pay the costs of the Project and the costs of issuance, if any, shall be deposited into the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Fund. Until needed for that purpose, the Port may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that fund.

(b) *Project Fund*. The Project Fund is created or continued as a fund of the Port for the purpose of paying the costs of the Project. Proceeds received from the sale and delivery of the Bonds shall be deposited into the Project Fund and used to pay the costs of the Project and costs of issuance of the Bonds. Until needed to pay such costs, the Port may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that fund.

Section 9. Redemption/Prepayment Provisions and Purchase of Bonds.

(a) *Optional Redemption*. The Bonds shall be subject to redemption or prepayment at the option of the Port on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Section 4.

(b) *Mandatory Redemption*. Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, consistent with the parameters set forth in Section 4 and except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Agreement.

(c) *Selection of Bonds for Redemption; Partial Redemption*. If fewer than all of the outstanding Bonds are to be redeemed or prepaid at the option of the Port, the Port shall select the Series and maturities to be redeemed or prepaid. If less than all of the outstanding Bonds of a maturity of a Series are to be redeemed or prepaid, the particular Bonds or portions thereof to be redeemed or prepaid shall be selected on a pro rata pass-through distribution of principal basis in accordance with the DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the Letter of Representations and operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Bond Registrar pursuant to DTC operational arrangements. If the Bond Registrar does not provide the necessary information and identify redemption on a pro rata pass-through distribution of principal basis or if DTC's operational arrangements no longer provide for selection on a pro rata basis, the Bonds will be selected for redemption in accordance with DTC procedures by lot. All or a portion of the principal amount of any Bond that is to be redeemed or prepaid may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed or prepaid, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption*. Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption or prepayment of each other Bond, unless waived by the Registered Owner or otherwise specified in the Bond Purchase Agreement, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Officer shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice*. In the case of an optional redemption or prepayment, the notice of redemption may state that the Port retains the right to rescind the redemption notice and the redemption or prepayment by giving a notice of rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption or prepayment that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption or prepayment has been rescinded shall remain outstanding.

(f) *Effect of Redemption*. Interest on each Bond called for redemption or prepayment shall cease to accrue on the date fixed for redemption or prepayment, unless either the notice of optional redemption or prepayment is rescinded as set forth above, or money sufficient to effect such redemption or prepayment is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds*. The Port reserves the right to purchase any or all of the Bonds offered to the Port or in the open market at any time at any price acceptable to the Port plus accrued interest to the date of purchase.

<u>Section 10</u>. <u>Failure to Pay Bonds</u>. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption or prepayment, the Port

shall, unless otherwise provided in the Bond Purchase Agreement, be obligated to pay (but only from the sources pledged in this resolution), interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption or prepayment until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 11. Pledge of Taxes. The Bonds constitute a general indebtedness of the Port and are payable from tax revenues of the Port and such other money as is lawfully available and pledged by the Port for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the Port irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the Port are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the Port.

Section 12. Tax Matters.

(a) *Preservation of Tax Exemption for Interest on Tax-Exempt Bonds*. The Port covenants that it will take all actions necessary to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Tax-Exempt Bonds or other funds of the Port treated as proceeds of the Tax-Exempt Bonds that will cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The Port also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Bonds.

(b) *Post-Issuance Compliance*. If necessary, the Finance Officer is authorized and directed to review and update the Port's written procedures to facilitate compliance by the Port with the covenants in this resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

(c) *Designation of Tax-Exempt Bonds as "Qualified Tax-Exempt Obligations."* A Series of the Tax-Exempt Bonds may be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(1) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code;

(2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the Port and any entity subordinate to the Port (including any entity that the Port controls, that derives its authority to issue tax-exempt obligations from the Port, or that issues tax-exempt

obligations on behalf of the Port) will issue during the calendar year in which the Series is issued will not exceed $10,000,000; and

(3) the amount of tax-exempt obligations, including the Series, designated by the Port as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed $10,000,000.

<u>Section 13</u>. <u>Refunding or Defeasance of the Bonds</u>. The Port may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming or prepaying the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the Port sets aside in a special trust fund or escrow account irrevocably pledged to that redemption, prepayment or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, prepay, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the Port may apply money remaining in any fund or account (other than the trust account) established for the payment, redemption or prepayment of the defeased Bonds to any lawful purpose.

Unless otherwise specified by the Port in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this resolution for the redemption or prepayment of Bonds.

<u>Section 14</u>. <u>Sale and Delivery of the Bonds</u>.

(a) *Manner of Sale of Bonds; Delivery of Bonds*. The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement based on the assessment of the Designated Representative of market conditions, in consultation with appropriate Port officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the Port. The Designated Representative is authorized and directed to execute and deliver agreements with such advisors as the Designated Representative deems to be in the best interest of the Port in selling each Series of the Bonds, including engaging financial advisors, Bond Counsel, the Purchaser, the Bond Registrar, rating agencies, printers and electronic distribution platforms. The Commission ratifies and confirms the execution and delivery of any such agreement prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution.

(b) *Procedure for Negotiated Sale or Private Placement*. If the Designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for each Series of the Bonds shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the Port, so long as the Final Terms provided therein are consistent with the parameters set forth in Section 4.

(c) *Preparation, Execution and Delivery of the Bonds*. The Bonds shall be prepared at the expense of the Port and shall be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 15. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final*. The Designated Representative or Finance Officer shall review and, if acceptable to such officer, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative or Finance Officer is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The Port approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement*. The Port approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative or Finance Officer deems necessary or desirable, and further authorizes the Designated Representative or Finance Officer to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12 or the Bond Purchase Agreement. The Port authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure*. If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a participating underwriter for a Series, the Finance Officer is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of the Series. The Finance Officer is authorized to review, update, and implement the Port's written procedures to facilitate compliance by the Port with the provisions of this section and the applicable requirements of the Undertaking and Rule 15c2-12.

Section 16. Supplemental and Amendatory Resolutions. The Port may supplement or amend this resolution for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the Port.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this resolution in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

Section 17. General Authorization and Ratification. This resolution may be executed in tangible medium, manual, facsimile, or electronic form under any security procedure or platform, and notwithstanding any other resolution, rule, policy, or procedure of the Port, or in any other manner evidencing its adoption. The President and Secretary of the Commission, the Designated Representative, Finance Officer, Treasurer, their respective designees, and each other appropriate officer of the Port are each individually authorized to take such actions and to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records, and signatures under any security procedure or platform, and notwithstanding any other resolution, rule, policy, or procedure of the Port, as in their judgment may be necessary or desirable to carry out the terms of and transactions contemplated by this resolution and each Bond Purchase Agreement, including everything necessary for the prompt delivery of each Series to the Purchaser thereof and for the proper application, use, and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 18. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 19. Effective Date. This resolution shall take effect and be in force immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Port Angeles, Washington, at a regular open public meeting thereof this 22nd day of September, 2026, the following Commissioners being present and voting.

PORT OF PORT ANGELES, WASHINGTON

____
Commission President

____
Commission Vice President

____
Commission Secretary

CERTIFICATION

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Port Angeles, Washington (the "Port"), hereby certify as follows:

1. The attached copy of Resolution No. ____ (the "Resolution") is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Commission held at the regular meeting place thereof on September 22, 2026, as that resolution appears on the minute book of the Port; and the Resolution is now in full force and effect;

2. An opportunity for public comment at or before the meeting was duly provided, a quorum of the members of the Commission was present throughout the meeting, and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of September, 2026.

PORT OF PORT ANGELES, WASHINGTON

____

Secretary, Port Commission