SPECIAL COMMISSION MEETING
Wednesday, November 4, 2026, at 9:00 am
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/

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF AGENDA

IV. SPECIAL AGENDA BUSINESS

Item for Consideration – Memorandum of Agreement and Cost Recovery Agreement with Port Angeles Composite, LLC 1-12

V. APPROVAL OF CONSENT AGENDA

No Items

VI. COMPLETION OF RECORDS

No items

VII. PLANNING AND CAPITAL PROJECTS

No items

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

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

B. November 17, 2026 – Special Commission Meeting (**Comm. Kidwell Excused Absence*)
[Close Public Hearing & Adopt 2027 Budget and Tax Levy]

C. November 24, 2026 – Regular Commission Meeting – **MEETING CANCELED**

D. December 8, 2026 – Regular Commission Meeting

E. December 22, 2026 – Regular Commission Meeting

XIX. UPCOMING EVENTS

A. November 19-21, 2026 – Pacific Marine Expo (Seattle, WA)

B. December 2-4, 2026 – International Workboat Show (New Orleans, LA)

C. December 9-11, 2026 – Washington Public Ports Association (WPPA) Annual Meeting (Vancouver, WA – Hilton Vancouver)

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

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RULES FOR ATTENDING A 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.

ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS
November 4, 2026

SUBJECT: **AUTHORIZATION TO EXECUTE MEMORANDUM OF AGREEMENT AND COST RECOVERY AGREEMENT WITH PORT ANGELES COMPOSITE, LLC**

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

ATTACHMENT: **Memorandum of Agreement and Cost Recovery Agreement**

RCW & POLICY REQUIREMENTS:

RCW 53.12.270(1) authorizes the Port Commission to delegate to the managing official of a port district such administrative powers and duties as the Commission deems appropriate for the efficient and proper management of Port District operations. The delegation must be authorized by Commission resolution establishing the guidelines and procedures under which the delegated authority may be exercised.

Consistent with RCW 53.12.270(1), the Commission adopted Resolution 26-1336, Delegation of Administrative Authority, conferring specified administrative authority upon the Chief Executive Officer. Commission action on this item will specifically authorize the Chief Executive Officer to execute the Memorandum of Agreement and Cost Recovery Agreement on behalf of the Port, substantially in the form presented, subject to the limitations stated in the recommended action.

BACKGROUND:

Port Angeles Composite, LLC (PAC) leases or plans to lease approximately 200,000 square feet of Port-owned industrial facilities at the Composite Manufacturing Campus. PAC uses the facilities to support advanced aerospace manufacturing operations and has requested that the Port undertake renovations, improvements, and future facility development to support PAC's continued operations and growth.

The Port and PAC have negotiated the attached Memorandum of Agreement and Cost Recovery Agreement (MOA). The MOA establishes a framework for project planning, design, funding, construction, cost recovery, and negotiation of an amendment to the existing lease or a successor long-term lease. The agreement recognizes that project scope, timing, funding sources, and estimated costs will continue to evolve as planning and development proceed.

ANALYSIS:

The MOA establishes the process through which the Port and PAC may evaluate, document, and approve improvements to existing facilities and the development of additional industrial facilities for PAC's use, and the cost recovery of same. Project Costs generally consist of reasonable, documented, and actually incurred third-party costs approved by PAC in advance or mutually ratified after they are incurred, subject to the inclusions and exclusions stated in the agreement.

The agreement establishes a continuing Project Approval Process through which authorized representatives of the Port and PAC will review project scope, schedule, funding opportunities, commitments, and Project Costs. The process includes written documentation of costs incurred or committed by the Port, costs approved by PAC for reimbursement, and requests for approval of additional Project Costs. PAC is expected to approve the Port’s Bond related costs through the Project

Approval Process concurrent with the Port's approval of the MOA. PAC also ratifies and approves for repayment to the Port the previously incurred Project Costs identified in Exhibit C to the MOA.

PAC will also reimburse the Port for approved Port-financed Project Costs through the future Long-Term Lease. Grants, legislative appropriations, incentives, and other third-party funding received for the Project Improvements will be credited dollar-for-dollar against the amount recoverable from PAC. The contemplated Long-Term Lease will have a term sufficient to allow recovery of approved Project Costs, financing costs, and a recovery fee not to exceed seven percent of Project Costs.

The MOA does not approve a final construction budget, financing package, or Long-Term Lease. Those matters remain subject to further development and any additional Commission review or authorization required by law, Port policy, or the Port's Delegation of Administrative Authority.

COMMISSION AUTHORIZATION:

Approval of the proposed action will:

- Approve the Memorandum of Agreement and Cost Recovery Agreement substantially in the form presented;
- Authorize the Chief Executive Officer to execute the MOA on behalf of the Port, conditioned upon PAC's approval of the Port's Bond related costs through the Project Approval Process;
- Establish a binding framework for project planning, approval, funding, construction, and cost recovery;
- Confirm PAC's reimbursement responsibility for approved Port-financed Project Costs;
- Provide that grants and other third-party funding will reduce the Project Costs recoverable from PAC;
- Establish the basis for negotiating an amendment to the existing lease or a successor Long-Term Lease;
- Preserve Port ownership of all Project Improvements; and
- Authorize minor modifications made in consultation with Port Legal Counsel, provided the modifications do not materially alter the terms approved by the Commission.

ENVIRONMENTAL IMPACT:

Approval and execution of the MOA do not, by themselves, authorize construction activity or create a direct environmental impact. Project design, permitting, procurement, and construction will remain subject to applicable environmental review, regulatory requirements, and subsequent project approvals.

FISCAL IMPACT:

Execution of the MOA establishes the contractual mechanism under which the Port may incur approved Project Costs and recover approved Port-financed Project Costs from PAC. The MOA does not establish a final project budget or authorize a specific amount of Port financing. Future financial commitments will depend upon the approved project scope, available grants and third-party funding, financing costs, project schedule, and the terms of the future Long-Term Lease.

If PAC elects not to proceed or terminates the MOA after the Port has incurred or committed approved Project Costs or entered into approved project-related commitments, PAC remains responsible for

reimbursement of approved and documented Project Costs and other costs recoverable under the MOA, to the extent those amounts are not otherwise recovered.

RISK AND GOVERNANCE CONSIDERATIONS:

- The MOA establishes a binding Project Cost approval and recapture process but does not approve the final construction budget, financing structure, or Long-Term Lease.
- PAC is responsible only for Project Costs approved or ratified in accordance with the agreement.
- Grants and other third-party funding must be credited against the amount recoverable from PAC.
- The Port will own all Project Improvements constructed on Port property.
- Any future Port financing, final project authorization, and Long-Term Lease approval will be returned to the Commission when required.

RECOMMENDED ACTION:

Move to authorize the Chief Executive Officer to execute the Memorandum of Agreement and Cost Recovery Agreement between the Port of Port Angeles and Port Angeles Composite, LLC, substantially in the form presented, conditioned upon PAC's approval of the Port's Bond related costs through the Project Approval Process, and to make minor modifications as necessary in consultation with Port Legal Counsel, provided that such modifications do not materially alter the terms approved by the Commission.

Memorandum of Agreement and Cost Recovery Agreement
Between
PORT OF PORT ANGELES
And
PORT ANGELES COMPOSITE, LLC

RECITALS

A. The Port of Port Angeles owns and operates industrial and airport-adjacent facilities that support economic development, aerospace-related manufacturing, a composite campus, and advanced industrial activity within the Port district.

B. Port Angeles Composite, LLC leases certain Port-owned facilities for aerospace parts manufacturing. PAC has made significant investments in relocation to the Port Angeles location, and in equipment, staffing, and operations.

C. Port Angeles Composite, LLC desires that the Port undertake certain renovations, improvements, and future facility development to support PAC's continued operations and growth.

D. The Port of Port Angeles is willing to evaluate and undertake such improvements, subject to Port Commission approval, available funding, applicable law, and a cost recovery structure that protects the Port and its public assets.

E. The parties desire to establish a framework for project development, funding, cost recovery, and to commit to future good faith negotiation of definitive agreements.

I. PURPOSE

This Memorandum of Agreement ("**MOA**") establishes the Parties' mutual intent, understanding, and agreement regarding the design, funding, construction, and leasing of new industrial facilities and renovation and improvement of existing industrial facilities to be leased from the Port of Port Angeles, a Washington state public port district ("**Port**"), by Port Angeles Composite, LLC, a Foreign Limited Liability Company, registered to do business in the state of Washington, with

principal office street address of 2138 W 18TH STREET, Port Angeles, WA, 98363, United States ("**PAC**")**.** The Port and PAC are referred to collectively as the "**Parties**" and individually as a "**Party**."

II. PROJECT DESCRIPTION

The Port currently leases or plans to lease to PAC certain Port-owned facilities consisting of a total existing leased area of 168,000 SF, ("**Existing Facilities**") under the Parties' existing lease agreement ("**Existing Lease**") as follows:

a. Building 1010/1050 – 93,000 SF – $0.60/SF/month
b. Building 1020 – 25,000 SF – $0.39/SF/month
c. Building 1030 – 25,000 SF – $0.39/SF/month
d. Building 1040 – 25,000 SF – $0.39/SF/month

The location of the Existing Facilities is legally described in **Exhibit A** attached hereto. The location of the Future Facilities is legally described in **Exhibit B** attached hereto.

The Port intends to undertake substantial improvements for the benefit of PAC ("**Project Improvements**"). The Project Improvements will support PAC's business of advanced aerospace manufacturing.

III. RECOVERY FRAMEWORK FOR PROJECT COSTS

The Parties anticipate that PAC will repay through the Parties' Long-Term Lease, as that term is defined herein below, the Project Costs incurred by the Port for the Project Improvements. "**Project Costs**" including but are not limited to, reasonable, documented and actually incurred third-party costs, each as approved by PAC in advance, or mutually ratified after Project Costs are incurred relating to the design, funding, construction, and leasing of new industrial facilities and renovation and improvement of existing industrial facilities, along with associated engineering, permitting, environmental review, legal, survey, geotechnical, consultant costs, construction management, owner's representative costs, offsite utilities, bonding/financing costs, change orders approved in accordance with the Parties' Project Approval Process as that term is defined herein below, Project Costs exclude internal Port overhead or labor, markups, profit, duplicative charges, costs allocable to other Port property or tenants, avoidable delay costs, penalties, late fees, correction of defective work, and costs attributable to the Port's or its contractors' negligence, willful misconduct, breach, or failure to comply with

applicable law or the approved plans and specifications. The Parties acknowledge that, but for PAC's intended lease of the Project Improvements, the Port would not be undertaking Project Improvements construction and improvements.

Although the Port expects to fund the Project Costs through various funding sources, PAC shall reimburse the Port for all Port-financed Project Costs. Any grants, legislative appropriations, incentives, or other third-party funding or payments obtained by the Port for the Project Improvements shall be credited dollar for dollar in determining the amount of Project Costs recoverable from PAC under the Parties' Long-Term Lease. The Port shall not recover the same cost more than once or add a markup, profit component, or financing charge not expressly approved in writing by PAC.

IV. PROJECT GOVERNANCE AND APPROVAL PROCESS

The Parties acknowledge that the scope, timing, funding sources, and estimated costs associated with the Project Improvements will continue to evolve throughout the planning and development process. Before the Port incurs or commits any Project Cost, other than those approved through the Project Approval Process described herein below, the Parties shall approve in writing an itemized project budget identifying the scope, estimated cost, contingency, funding source, and responsible vendor or contractor, provided however, PAC acknowledges that the Port has incurred Project Costs to date, and ratifies those costs in the amount identified in **Exhibit C.**

The Parties have and will continue to conduct a weekly or more frequent project process update ("**Project Approval Process**") for designated representatives from each Party authorized to review and approve project scope, schedule, funding opportunities and commitments, and Project Costs. The Project Approval Process has and shall continue to include a shared written recap of (i) a running then-current total of Project Costs which the Port has incurred or is legally obligated to pay as of that date, (ii) a running then-current total of Project Costs which have been approved by PAC for reimbursement, and (iii) any applicable request for additional Port costs which the Port is then requesting for PAC to approve as additional Project Costs, together with reasonably detailed supporting documentation.

The Parties agree to cooperate in good faith regarding project planning, budgeting, financing, grant opportunities, design development, and construction activities. Any material expansion of project scope or commitment of significant additional Project

Costs beyond previously reviewed project plans shall be discussed and approved in writing by PAC through the Parties' Project Approval Process e prior to implementation.

The Parties acknowledge that restatement of the funding obligations, reimbursement mechanisms, and cost recovery provisions as stated herein shall be included within the Parties' Long-Term Lease, as defined below. Until the Parties execute the Parties' Long-Term Lease or another written agreement addressing Project Costs or otherwise develop an itemized project budget, neither Party shall incur or commit the other Party to any Project Cost except as expressly approved in writing by authorized representatives of both Parties during and as part of the Parties' Project Approval Process.

V. LEASE STRUCTURE

The Parties anticipate entering into either an amendment to the Existing Lease or a successor long-term lease ("**Parties' Long-term Lease**") covering the Existing Facilities and Project Improvements, with a term sufficient to allow the Port to recover Project Costs, financing costs, and a recovery fee, not to exceed 7% applied to Project Costs to reflect the Port's effort and risk in arranging the facilities and improvements.

The final term and rate structure of the Parties' Long-term Lease shall be determined based on known or estimated Project Costs, financing costs, project scope, and funding sources.

The Parties' Long-Term Lease shall establish objective completion and acceptance criteria for the Project Improvements, procedures for inspection and correction of deficiencies, responsibility for latent defects and warranty claims, insurance requirements during design and construction, and allocation of risk of loss before PAC accepts possession of the Project Improvements.

VI. EXPENSES

The Parties agree to pay and be responsible for their own expenses, including any legal or professional fees that may result from due diligence proceedings or any other matter associated with this MOA, except as otherwise provided herein.

VII. OWNERSHIP

All Project Improvements shall be owned by the Port. PAC shall have those leasehold rights designated in the Parties' Long-Term Lease.

VIII. CONSTRUCTION & TIMING REQUIREMENTS

The Port will construct the Project Improvements per PAC's design criteria, prototype drawings, and prototype composite drawings, including all necessary campus and road frontage improvements, which shall be subject to the Port's reasonable approval.

The Port will construct the Project Improvements in compliance with all applicable legal requirements.

The timing of the Project Improvements' renovation and construction in total or sequentially will be accomplished in a commercially reasonable timeframe and in accordance with the project schedule established through the Parties' project governance process.

IX. NATURE OF THIS MOA

The Parties acknowledge that, but for PAC's intended lease of the Project Improvements, the Port would not be undertaking the construction and renovation of the Project Improvements.

The Parties agree this Memorandum of Agreement constitutes a legally binding and enforceable contract, governing their relationship as described herein.

This MOA may be amended only by a written instrument signed by authorized representatives of both Parties. This MOA, including its exhibits, constitutes the entire agreement of the Parties concerning its subject matter and supersedes all prior or contemporaneous oral and written communications concerning that subject matter.

Following the Parties' execution of the Parties' Long-Term Lease, such lease will supersede and replace this MOA, which shall be of no further force or effect except as described herein. This MOA shall remain in effect until terminated by either Party upon thirty (30) days' prior written notice to the other Party, at the address set forth herein. Upon termination, neither Party shall have any further obligations under this MOA except for obligations expressly approved in writing through the

Project Approval Process prior to the effective date of termination and as described herein. Following notice of termination, the Port shall not incur additional Project Costs for which PAC may be responsible, and PAC shall be liable only for Project Costs previously approved in writing by PAC. provided however, PAC further agrees that in the event that PAC elects not to proceed with the Project Improvements or terminates this MOA after (i) issuance of any bonds or other financing by the Port, (ii) execution of any financing documents or other binding commitments by the Port, (iii) incurrence or commitment of Project Costs by the Port, or (iv) commencement of design, permitting, development, procurement, or construction activities undertaken in reliance upon this MOA, PAC shall reimburse the Port for all approved and documented Project Costs incurred or committed by the Port in reliance upon this MOA through the effective date of such cancellation or termination, together with any additional reasonable and documented costs necessarily incurred by the Port as a direct result of such cancellation or termination. Such reimbursement shall include, without limitation, unrecovered Project Costs, and costs associated with terminating or satisfying Project-related contracts and commitments, in each case to the extent not otherwise recovered through grants, third-party funding, insurance, or other sources.

The reimbursement obligations set forth in this MOA and approved through the Parties' Project Approval Process, including those which pre-date the execution of this MOA shall survive termination of this MOA.

X. AUTHORITY TO ENTER INTO MOA

The Port and PAC each covenant and warrant that their respective representative signers hereto have full right, power and authority to enter into this MOA and to bind the Parties hereto.

PORT OF PORT ANGELES, a Washington State public port district	PORT ANGELES COMPOSITE, LLC, a Foreign Limited Liability Company
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: Authorized Signatory
Date signed: _____	Date signed: _____

EXHIBIT A

Legal Description of The location of the Existing Facilities

(TBP)

Exhibit B

Legal description the location of the Future Facilities

(TBP)

EXHIBIT C - - Project Costs To Date

Date	Charges	Description	Fund Source	Base Rates	Addition to Lease Rate
6/11/2026	$30,148.00	Design Fees 1	Port Capital	$.60, $.39, $.39, $.39	$ 0.0009
7/02/2026	$48,404.28	Design Fees 1	Port Capital	$.60, $.39, $.39, $.39	$ 0.0014
7/15/2026	$34,574.75	Design Fees 1	Port Capital	$.60, $.39, $.39, $.39	$ 0.0010
8/13/2026	$35,023.75	Design Fees 1	Port Capital	$.60, $.39, $.39, $.39	$ 0.0010
9/16/2026	$19,691.45	Design Fees 1	Port Capital	$.60, $.39, $.39, $.39	$ 0.0006
9/16/2026	$41,354.10	Design Fees 1A	Port Capital	$.60, $.39, $.39, $.39	$ 0.0012
10/16/2026	$41,590.63	Design Fees 1A	Port Capital	$.60, $.39, $.39, $.39	$ 0.0012
10/29/2023	$2,161,770.00	PEMB Purchase	Port Capital	$.60, $.39, $.39, $.39	$ 0.0639
Total	$2,412,556.90				$ 0.0714

Notes

- Estimated lease rates, cost recovery amounts, financing assumptions, and amortization schedules are illustrative only and do not constitute proposed or final business terms.
- Current base lease rates are $0.60 per square foot per month for Buildings 1010/1050 and $0.39 per square foot per month for Buildings 1020, 1030, and 2230.
- Incremental lease rates are calculated by amortizing eligible project costs over a 30-year period using an assumed 4.0% financing rate.
- Financing rate in light of current bond market to be discussed.