

LAKE CHELAN AIRPORT BOARD
AMENDED AGENDA
July 24, 2014

1. Call to Order
2. Approve Minutes of the July 10, 2014 Airport Board Meeting
3. Consent Agenda
 - A. Approve Claim & Payroll Warrants (Reviewed by Isenhart)
4. Action Items
 - A. RMK Holdings, LLC & Russ Keyes Lease Termination Lots 316, 317 and 318 2014A-09
 - B. Peterson Hildahl, LLC & Bates Lease Agreement for Lots 316, 317 and 318 2014A-10
 - C. Emergency Facilities and Land Use Agreement with DNR 2014A-11
 - D. Airport Manufactured Home Rental Agreement 2014A-12
5. Airport Manager Comments
6. Adjournment

MINUTES OF THE JULY 10, 2014
AIRPORT BOARD MEETING
Chelan City Hall, 135 East Johnson Street, Chelan, Washington

1. **CALL TO ORDER:**

The meeting was called to order at 7:16 p.m.

PRESENT:

Airport Board President Goedde, Members Cooney, Harper, Higgins, Isenhart, McCardle, Morehouse, Steele, Manager Schmidt, Secretary Gallucci, and Treasurer Grant.

2. **MINUTES:**

Ms. McCardle moved to approve the Minutes from the June 26, 2014 Airport Board Meeting. Second by Mr. Steele. Motion passed unanimously.

3. **CONSENT AGENDA:**

Ms. Isenhart moved to approve the consent agenda as follows. Second by Mr. Steele. Motion passed unanimously.

A. July 10, 2014 Claim Warrants No. 5888 - 5895 totaling \$766.82 and Payroll Warrants No. 2926 - 2931 totaling \$1,452.44.

4. **ACTION ITEMS:**

A. **RMK HOLDINGS, LLC & RUSS KEYS LEASE TERMINATION:** Mr. Schmidt stated this was a standard lease termination with RMK Holdings, LLC and Russell Keys for Airport Lot 319. There was no Board discussion.

Ms. McCardle moved to authorize the Airport Board President to sign the Lease Termination and Surrender of Tenancy Agreement with RMK Holdings, LLC and Russell Keys for Airport Lot 319. Second by Mr. Morehouse. Motion passed unanimously.

B. **LEASE AGREEMENT FOR LOT 319:** Mr. Schmidt said as evident in the previous agenda item, RMK Holdings and Russell Keys have terminated their lease agreement for Lot 319. Peterson Hildahl, LLC (Greg and Teresa Peterson) and Steve and Tracy Bates are requesting to lease Lot 319. This is standard airport lease agreement. There was no Board discussion.

Ms. McCardle moved to authorize the Airport Board President to sign the Lease Agreement with Petersen Hildahl, LLC and Steven and Tracy Bates for Airport Lot 319. Second by Mr. Steele. Motion passed unanimously.

5. **AIRPORT MANAGER COMMENTS:**

A. None.

6. ADJOURNMENT:

There being no further business, the meeting adjourned at 7:18 p.m.

Prepared by:

Attested to:

Date approved by Airport Board:

Peri Gallucci
Airport Board Secretary

Robert R. Goedde
Airport Board President

DRAFT

AGENDA BILL NO. 2014A-09

BUSINESS OF THE LAKE CHELAN AIRPORT BOARD
CHELAN, WASHINGTON

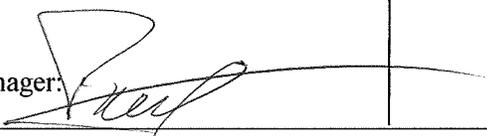
SUBJECT: Lease Termination – RMK Holdings, LLC & Russell Keyes Lot 316, 317 & 318

EXHIBITS
1. Lease Termination and Surrender of Tenancy Agreement

FOR AGENDA OF: July 24, 2014
Revised:

ORIGINATOR: Paul Schmidt
Airport Board Manager

APPROVED:
Airport Board Manager:



EXPENDITURE REQUIRED: Budget Line No.	AMOUNT BUDGETED:	APPROPRIATION REQUIRED:
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AUTHORITY: RCW 14.08.120. Specific powers of municipalities operating airports. "...a municipality that has established or may hereafter establish airports...may hereafter acquire or set apart real property for that purpose... (5) Acting through its governing body...the municipal airport commission may lease any airport property for aircraft landings, takeoffs, or related aeronautic purposes..."

***** SUMMARY STATEMENT/ISSUES *****

RMK Holdings, LLC and Russell Keyes are requesting to terminate the lease for Lots 316, 317, and 318 at the Lake Chelan Airport.

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- | | |
|--|--|
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Quasi-Judicial Matter |
| <input type="checkbox"/> Closed Record Appeal/Decision | <input checked="" type="checkbox"/> Legislative Matter |
| <input type="checkbox"/> Recommendation from Staff | <input type="checkbox"/> Other: _____ |

Suggested Motion:

I move to authorize the Airport Board President to sign the Lease Termination and Surrender of Tenancy Agreement with RMK Holdings, LLC & Russell Keyes for Airport Lots 316, 317 and 318.

RETURN ADDRESS:
Lake Chelan Airport
PO Box 1407
Chelan WA 98816

The information contained in this boxed section is for recording purposes only pursuant to RCW 36.18 and RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of or any warranty contained in the document itself.

Grantor(s): Lake Chelan Airport Board
Grantee(s): RMK Holdings, LLC and Russell Keyes
Reference Number(s) of Documents Assigned or Released: Chelan County Auditor's No. 2239125
Abbreviated Legal Description: Lake Chelan Airport Lots 316, 317, and 318, Chelan County, Washington
Complete or Additional Legal Description on Page 1 of Document.
Assessor's Parcel Number(s): 272304410100

**LEASE TERMINATION AND
SURRENDER OF TENANCY AGREEMENT**

THIS LEASE TERMINATION AND SURRENDER OF TENANCY AGREEMENT ("Agreement") made and entered into this date by and between Lake Chelan Airport Board ("Lessor") and RMK Holdings, LLC and Russell Keyes ("Lessee"), sometimes collectively referred to as the "Parties".

WHEREAS the Parties entered into a Lease Agreement ("Lease") on November 10, 2006 wherein Lessee rented Lots 316, 317, and 318 at the Lake Chelan Airport for a term commencing on the 10th day of November, 2006 through December 31, 2026; and

WHEREAS Lessee now desires to terminate said lease and has requested that Lessor approve a lease termination and surrender of tenancy;

NOW, THEREFORE, the parties agree as follows:

1. **Incorporation by Reference.** The Recitals set forth above are hereby incorporated in this Agreement by this reference and are hereby binding commitments and representations.

2. **Termination and Cancellation.** The Lease identified above is hereby cancelled and such termination shall be effective on June 26, 2014.

3. **Property Description.** The Lease identified above is for the following described real property located at the Lake Chelan Airport in Chelan County, Washington:

Lots 316, 317, and 318 as shown in that certain Binding Site Plan BSP-1997-01 CH and recorded under Auditor's No. 2323396, Chelan County, Washington.

4. **Surrender.** Lessee agrees to vacate and surrender the Premises to Lessor on or before the effective date hereof.

5. **Reimbursement.** Lessee is not entitled to any reimbursement of rent or other fees under the terms of the Lease.

6. **Attorney's Fees.** In the event it is necessary for either party to retain the services of an attorney to enforce the provisions of this Agreement, to pursue an unlawful detainer action, or in the event of litigation regarding the terms of this Agreement, the substantially prevailing party shall be entitled to recover from the other its costs and reasonable attorney's fees in addition to other relief.

DATED this _____ day of _____, _____.

LESSOR:

LESSEE(S):

LAKE CHELAN AIRPORT BOARD

By: _____
Robert R. Goedde
Airport Board President



Russell Keyes

STATE OF WASHINGTON)

)ss.

County of Chelan)

I certify that I know or have satisfactory evidence that Robert R. Goedde is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of the Lake Chelan Airport Board to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, _____.

NOTARY PUBLIC, State of Washington

My appointment expires _____

STATE OF WASHINGTON)

)ss

County of ~~Chelan~~ King)

I certify that I know or have satisfactory evidence that Russell Keyes is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it as his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 17th day of June 2014

Tracey Craig

NOTARY

PUBLIC,

State

of

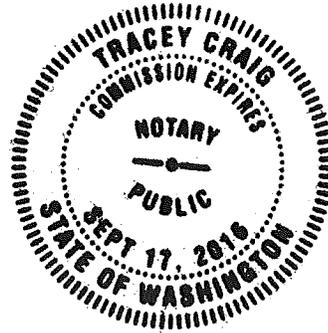
Washington

My appointment expires 9-17-2016

STATE OF WASHINGTON)

)ss.

County of King)



AGENDA BILL NO. 2014A-10

BUSINESS OF THE LAKE CHELAN AIRPORT BOARD
CHELAN, WASHINGTON

SUBJECT: Lease Agreement for Lots
316, 317 and 318

EXHIBITS
1. Lease Agreement

FOR AGENDA OF: July 24, 2014
Revised:

ORIGINATOR: Paul Schmidt
Airport Board Manager

APPROVED:
Airport Board Manager:



EXPENDITURE
REQUIRED:
Budget Line No.

AMOUNT
BUDGETED:

APPROPRIATION
REQUIRED:

AUTHORITY: RCW 14.08.120. Specific powers of municipalities operating airports. "...a municipality that has established or may hereafter establish airports...may hereafter acquire or set apart real property for that purpose... (5) Acting through its governing body...the municipal airport commission may lease any airport property for aircraft landings, takeoffs, or related aeronautic purposes..."

***** SUMMARY STATEMENT/ISSUES *****

RMK Holdings, LLC and Russell Keyes have terminated their lease agreement for Lot's 316, 317, and 318. Peter Hildahl, LLC (Greg and Teresa Peterson) and Steve and Tracy Bates are requesting to lease the lots.

☆☆☆☆☆

- Public Hearing
- Closed Record Appeal/Decision
- Recommendation from Staff
- Quasi-Judicial Matter
- Legislative Matter
- Other: _____

Suggested Motion:

I move to authorize the Airport Board President to sign the Lease Agreement with Peterson Hildahl, LLC and Steven and Tracy Bates for Lots 316, 317 and 318.

The information contained in this boxed section is for recording purposes only pursuant to RCW 36.18 and RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of or any warranty contained in the document itself.

Grantor:	Lake Chelan Airport Board
Grantee:	Petersen Hildahl, LLC, Greg & Teresa Petersen, Steven & Tracy Bates
Reference Number(s) of Documents Assigned or Released:	
Abbreviated Legal Description:	Lots 316, 317, 318, and 319, as shown in that certain Binding Site Plan BSP-1997-01 CH
Complete or Additional Legal Description on Page 1 of Document.	
Assessor's Parcel Number(s):	272304410100

LAKE CHELAN AIRPORT LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") made and entered into this date by and between Lake Chelan Airport Board ("Lessor") and Petersen Hildahl, LLC and Steven Bates and Tracy Bates ("Lessee"), and Greg Petersen and Teresa Petersen, husband and wife, and Steven Bates and Tracy Bates, husband and wife ("Guarantor"), sometimes collectively referred to as the "Parties".

The Parties agree as follows:

1. Premises.

1.1 Lots. Lessor hereby leases to Lessee, and Lessee leases from Lessor, upon the terms and conditions included in this lease, that certain parcel of unimproved real property located at the Lake Chelan Airport situated in Chelan County, Washington, referred to herein as the "premises" and more particularly described as follows:

Lots 316, 317, 318, and 319 as shown in that certain Binding Site Plan BSP-1997-01 CH as recorded under Auditor's No. 2019820, Book SP-15, Pages 33-37, Chelan County, Washington.

1.2 Common Areas. Lessee will have non-exclusive use of all common areas of the Lake Chelan Airport as designated by Lessor, including but not limited to common restroom facilities, landing field, roadways, runways, aprons, designated taxiways, floodlights, landing lights, beacons, control tower, signal radio aides. Lessee agrees to conform to Lessor's rules and regulations pertaining to the use of these common areas. When the context of this agreement calls for it, the use of the term "Leased Premises" includes the common areas.

Lessor has the right to modify the common areas so long as the Lessee continues to have reasonable access to the Leased Premises and reasonable use of the Lake Chelan Airport. Lessor shall not be subject to any liability and Lessee shall not be entitled to any compensation or abatement of rent and it shall not be deemed a constructive or actual eviction if the common areas or facilities are diminished or expanded.

In the event additional maintenance or clean-up to the Leased Premises or common areas beyond that provided for normal use is required as a result of the use by Lessee, its agents, employees or guests, which Lessee does not perform, Lessee shall immediately pay the Lessor the cost associated with the additional maintenance upon billing for such costs by the Lessor.

2. Term of Lease. The term of this Lease shall be for a period of twenty (20) years, commencing on the 11th day of July, 2014 through the 31st day of December, 2033, subject to the option to renew the Lease as provided in Paragraph 3 herein.

3. Option To Renew. Lessee shall have the option to renew this Lease for up to three (3) consecutive additional five (5) year terms ("Renewal Term"). Failure to exercise this renewal option terminates the lease at the end of the then existing term. Notice of the renewal shall be given, in writing, by Lessee to Lessor, not less than ninety (90) days prior to the end of the existing lease term. Lessor shall not be obligated to renew this Lease, if at the time of the exercise of the option, or at the time the renewal term is to begin, Lessee is in default under this Lease. Unless otherwise agreed to by the Parties, each renewal term shall be on the same terms and conditions as set forth in the Lease, except that rent shall be adjusted as set forth in Paragraph 5 below.

4. Rent.

4.1 Amount. Subject to the adjustments set out in Paragraph 5, Lessee shall pay to Lessor rent ("Rent"), excluding leasehold tax, for each calendar year in the amount of One Thousand Four Hundred Sixty-five Dollars & 04/100 (\$1465.04) (\$366.26 per lot). The Parties acknowledge the Rent per lot is based upon a lot size of One Thousand Two Hundred & Fifty (1250) square feet. The first rental year shall begin on July 11, 2014 and end on December 31, 2014, with Rent prorated for that period in the amount of Six Hundred Ninety-eight Dollars & 40/100 (\$698.40). Each rental year thereafter shall commence on January 1 and end on December 31 of the same year.

4.2 Due Date. Lessee shall pay the Rent on or before January 15 of each year during the Term of this Lease.

4.3 Late Charge and Costs. In the event Rent is not received within fifteen (15) days after the date it is due, Lessee shall pay a late charge of two percent (2%) of the Rent for each month the Rent remains unpaid. The late charge is due immediately and is in addition to all of Lessor's rights in this Lease.

4.4 Costs and Attorneys' Fees. Lessee shall pay Lessor's cost and attorneys' fees reasonably incurred in providing such notice of default in the payment of rent, and in otherwise enforcing the Lessor's rights under this Lease, in addition to the late charge and all other payments and obligations called for herein.

4.5 New Lease and Lease Transfer Fee. In addition to Rent, at the time of execution of this Lease, the Lessee shall pay to Lessor a "new lease fee" in an amount established by the Lessor, which fee is currently One Hundred Fifty and No/100 Dollars (\$150.00) plus all legal fees associated with the preparation of the lease.

4.6 Leasehold Tax. In addition to all other charges called for in this Lease, including Rent, Lessee shall pay to Lessor such sums as may be required by law for payment of leasehold tax as required by the State of Washington or other tax entity, as such laws now exist or as they may hereafter be amended, such leasehold tax currently being 12.84% of the Rent.

5. Rent Adjustments. The Rent set out above shall be subject to the following adjustments for changes in the Consumer Price Index and changes in Market Value, except that in no event shall Rent decrease as a result of an adjustment. When changes in the Consumer Price Index and Market Value are measured and applied in any year, the adjustment to the Rent shall be based on the larger of the two changes.

5.1 Adjustment Based on Changes in the Consumer Price Index. Subject to the Adjustment described in section 5.2, beginning with the first day of the second calendar year after the effective date of this Lease, and continuing on the first day of each calendar year thereafter, including each year of any renewal term if the Lease is renewed, the Rent shall be adjusted by the percentage change in the Consumer Price Index for the year ending September 30 immediately preceding the year for which Rent is being adjusted.

5.1.1 The Consumer Price Index. For purposes of this section, the "Consumer Price Index" shall be the Consumer Price Index prepared by the Bureau of Labor Statistics, for All Urban Consumers, "West - B/C (Dec. 1996 = 100)."

5.1.2 Calculation -- Illustration. For purposes of illustration, if the change in the Consumer Price Index for the year ending September 30 of the year prior to an adjustment was 2.3%, the adjusted Rent is the product of the Rent for the year previous, multiplied by 1.023.

5.1.3 Substitute. If the Bureau of Labor Statistics discontinues the determination of the Consumer Price Index, then another index generally recognized as authoritative as measuring the change in consumer prices in the Chelan, Washington area shall be substituted by the Lessor, upon notice to the Lessee.

5.2 Adjustment Based on Changes in Market Value. In addition to the Adjustment described in section 5.1, beginning January 1 of 2019 (the 5th calendar year after the inception of the Lease), 2024 (the 10th calendar year after the inception of the Lease), 2029 (the 15th calendar year after the inception of the Lease), and at the beginning of each renewal term if the Lease is renewed, the Rent shall be adjusted so that it reflects the fair market value of the Premises, determined by an appraiser experienced in the valuation of property similar to the Premises, and without taking into account the value that may be contributed by the completion of improvements on the Premises by the Lessee.

5.3 No Waiver. Failure to calculate and apply the rental increase for one year shall not be considered a waiver of this Paragraph for any succeeding year.

6. Improvements.

6.1 The Lessee has constructed or will within one year from the date of execution of this Lease construct improvements on the Leased Premises for the purpose specified herein, otherwise this Lease shall, at the discretion of the Airport Board, immediately terminate. The design and type of new construction of improvements placed upon the property shall be in accordance with the Lake Chelan Municipal Airport Master Plan and the Lake Chelan Airport Rules and Regulations and must be approved in writing by the Lessor prior to Lessee's commencement of construction.

6.2 Any alterations or improvements made shall not affect the Lessee's obligation to pay rent. In making alterations, improvements and changes, and in performing other work on the premises, Lessee shall comply with all then applicable laws, ordinances, rules, and regulations of any proper authority including, but not limited to, the Lessor and shall indemnify and hold Lessor harmless from damage, loss, or expense incurred as a result of such work.

6.3 "Improvements" shall include, but are not limited to any permanent additions or fixtures upon the Leased Premises.

6.4 All improvements and fixtures constructed by Lessee on the Leased Premises shall remain on the property of Lessee throughout the term of this Lease, any extended period thereof and upon expiration of this Lease, subject to the terms and conditions of this Lease and as set forth hereinafter.

7. Termination. Upon the expiration of the initial or renewal term of this Lease, or upon sooner termination, unless Lessor has exercised its option to purchase as set forth in Paragraph 8, Lessee shall remove any improvements from the Leased Premises and restore the Leased Premises to the condition existing prior to the construction of any such improvements. Lessee's failure to remove any improvements prior to expiration of this Lease or any extension thereof, or upon sooner termination for any reason, shall vest title and ownership of those improvements in the Lessor. If this occurs, Lessor at its sole option may use the improvements for its own purposes or remove the same and restore the Leased Premises to its pre-lease condition and charge the costs of such activity to Lessee. Lessee shall pay the costs of removal activity, plus interest on this sum at the rate of 12% per annum from the date of the removal activity completion, together with any costs for collection of such sums from Lessee, including Lessor's reasonable attorney's fees.

8. First Right of Refusal. In the event Lessor determines to Lease the Leased Premises for airport hangar purposes upon the expiration of the term of this Lease or any renewal term, Lessor grants Lessee the first right to lease the Leased Premises on such terms as Lessor will be offering to Lease to third persons. In the event this Lease is terminated prior to expiration of the initial term or any renewal terms of the Lease, this right of first refusal shall terminate. This right of first refusal shall not be effective if Lessor intends to use the Leased Premises for purposes other than hangar purposes or as part of a project including other lands and other improvements on Lessor's other property, with the Leased Premises being only part of the whole. In the event Lessor determines to lease the Leased Premises for airport hangar purposes upon the expiration of the initial term or any renewal term thereof of this Lease, ninety (90) days prior to expiration of the initial term or any renewal term of this Lease, Lessor shall give Lessee written notice of the proposed terms and conditions for any new lease and Lessee shall have thirty (30) days following receipt of such notice to accept the terms and conditions as offered.

In the event Lessee is in default upon the expiration of the initial term or any renewal term of this Lease, Lessee shall not be entitled to a first right of refusal.

9. Option to Purchase. Upon written notice from Lessor to Lessee within one hundred twenty (120) days prior to the expiration of this Lease or expiration of any renewal term, the Lessor at its sole discretion shall have the option to purchase the existing improvements on the Leased Premises from the Lessee at their fair market value at the time of termination. Such fair market value shall be negotiated in good faith between the Parties and if agreement cannot be reached as to value, the Lessor has no obligation to purchase. If agreement can be reached as to purchase price, the purchase shall be closed by payment of the fair market value as specified herein within thirty (30) days of such value determination at the nearest office of Transamerica Title, or other closing agent agreed to by the Parties.

10. Use.

10.1 Unless otherwise agreed in writing by Lessor, Lessee shall use the premises primarily for an aircraft hangar facility.

10.2 The Lessee shall not use or permit the use of the Leased Premises for any unlawful or immoral activity, nor suffer nor permit on the property any nuisance or offensive object, matter or activity. Lessee shall maintain the Leased Premises in a neat and attractive condition.

11. Rules and Regulations.

11.1 The parties agree to be bound by all applicable ordinances, codes, laws, rules and regulations of the Lessor and applicable County, State and Federal Governments pertaining to the Leased Premises.

11.2 Lessee agrees to comply with all reasonable rules, regulations and protective covenants enacted by the Lessor, from and after the date of adoption, including but not limited to, restrictions as to storage, noise, and enclosure of the premises.

11.3 In regard to the Leased Premises, Lessee, at Lessee's sole expense, shall comply with all laws, orders and regulations of Federal, State and Municipal Authorities, and shall specifically comply with all health and safety codes applicable to the use of said leased property, and shall comply with any direction of any public officer, pursuant to law, which shall impose any duty upon the Lessor or the Lessee with respect to the Leased Premises. The Lessee, at Lessee's sole expense, shall obtain all licenses or permits which may be required for the conduct of Lessee's business within the terms of this Lease, or for the making of repairs, alterations, improvements, or additions, and the Lessor, at Lessee's expense and when necessary, will join the Lessee in applying for all such permits or licenses.

12. Lessee's Acceptance. At the commencement of the term, Lessee shall and hereby does accept the Leased Premises in its existing condition. No representation, statement or warranty, express or implied, has been made by or on behalf of the Lessor as to such condition. In no event shall the Lessor be liable for any defect in such property.

13. Right of Entry. The Lessor and its representatives may enter the Leased Premises, at a mutually agreeable time upon providing reasonable notice to Lessee, for the purpose of inspecting the Leased Premises, performing any work which the Lessor elects to undertake made necessary by reason of the Lessee's default under the terms of this Lease, exhibiting the Leased Premises for sale, lease or mortgage financing, or posting notices of non-responsibility under any mechanic's lien law. In the event the parties cannot agree, the Lessor may enter the Leased Premises upon providing reasonable notice to Lessee.

In case of emergency or fire, Lessor may enter the Leased Premises at any time without notice to Lessee.

14. Utilities. Unless otherwise specified herein, Lessor shall not be required to furnish to Lessee any facilities or services of any kind. Lessee shall be solely responsible for the cost of all utilities and shall hold the Lessor harmless therefrom, including, without limitation, costs for installation and maintenance of appropriate sewage, water and electrical services.

15. Repair and Maintenance.

15.1 The Lessee shall, at its own expense, maintain the Leased Premises and any improvements thereon in accordance with all applicable zoning ordinances and restrictive covenants, and make all necessary repairs and replacements to the Leased Premises. Lessee shall keep the premises in a safe and well-maintained condition, and in conformity with the overall development of the Leased Premises and surrounding property.

15.2 Such repairs and replacements shall be made promptly as and when necessary. On default of the Lessee in making such repairs or replacements, Lessor may, but shall not be required to, make such repairs and replacements on the Lessee's account, and the expense thereof shall constitute and be collectible as additional rent. In the alternative, Lessor can declare Lessee to be in default of this Lease, and have its rights and remedies provided for herein.

15.3 Maintenance provided by Lessor shall include the following:

1. Snow removal for designated taxiways.
2. Lawn maintenance.
3. Common restroom facility upkeep.
4. Common area upkeep.

15.4 In the event snow removal maintenance of non-designated taxiways is necessary, Lessee may perform such maintenance. However, such maintenance shall be performed pursuant to rules and regulations adopted by the Lessor and subject to the hold harmless and indemnity provisions specified in Paragraph 19 herein.

16. Lessor's Rights. If the Leased Premises shall be deserted or vacated, or if proceedings are commenced against the Lessee in any court under the Bankruptcy Act or for the appointment of a trustee or receiver of the Lessee's property either before or after the commencement of the lease term, or if there shall be a default in payment of rent or any part thereof for more than ten (10) days after written notice of such default by Lessor, or if there shall be a default in the performance of any other covenant, agreement, condition, rule or regulation herein contained or hereafter established on the part of the Lessor for more than twenty (20) days after written notice of such default by the Lessor, this Lease (if the Lessor so elects) shall thereupon become null and void, and the Lessor shall have the right to re-enter or repossess the Leased Premises, either by force, summary proceedings, surrender or otherwise, and dispossess and remove therefrom the Lessee, or other occupants thereof, and their effects, without being

liable for any prosecution therefor. Improvements placed on the Leased Premises shall at Lessor's option become the property of Lessor if such default occurs. Otherwise Lessor may remove the improvements and collect costs of removal as set forth in Paragraph 7 herein.

17. Lessor's Cure of Lessee's Default. If the Lessee shall be in default hereunder, the Lessor may cure such default on behalf of the Lessee, in which event the Lessee shall reimburse the Lessor for all sums paid to affect such cure, together with interest at the rate of twelve percent (12%) per annum and reasonable attorney's fees. In order to collect such reimbursement the Lessor shall have all the remedies available under this Lease for a default in the payment of rent.

18. Damage or Destruction.

18.1 Subject to Paragraph 18.2 the provisions relating to hazardous and/or dangerous conditions, if the Leased Premises or any building or improvement thereon are destroyed or damaged by fire or any other casualty, the Lessee shall within a reasonable period of time not exceeding one (1) year, at Lessee's option:

18.1.1 Restore the Leased Premises to the condition the premises were in at the time of commencement of this Lease and provide written notice to Lessor of Lessee's intent to terminate this Lease; or

18.1.2 Repair the damage to the Leased Premises or improvements and continue to occupy the Leased Premises subject to the terms of this Lease as if no such fire or other casualty had occurred.

18.2 Any hazardous and/or dangerous condition occurring after said destruction or damage by fire or any other casualty, shall be mitigated by Lessee as soon as practicable and to the satisfaction of the City of Chelan Building Official. For example, such measures may include but are not limited to removal of dangerous debris and fencing dangerous areas. In the event Lessee fails to mitigate such dangerous or hazardous conditions, the Lessor may, but is not obligated to do so, and Lessee shall pay all mitigating costs. Said payment shall be made pursuant to the 10-day notice requirement, interest accrual provision and collection procedures including attorney's fees set forth in Paragraph 18.3 herein.

18.3 In the event the Lessee fails to select option 18.1.1 or 18.1.2 set forth above within a reasonable time not exceeding one (1) year of the occurrence of the damage, Lessor may terminate this Lease upon ten (10) days written notice to Lessee and at Lessor's option, either restore the Leased Premises to the condition existing on the date of commencement of this Lease or make whatever improvements deemed necessary by Lessor to repair the damage. In either event, the lesser amount of restoration of the premises to the original condition or repair of the damages to the premises shall be paid for by Lessee. In the event Lessee fails to pay such amount within ten (10) days of the written demand of the Lessor, such amount shall accrue with interest

at the rate of twelve percent (12%) per annum from the date Lessor provided Lessee written notice of such amount. In addition, Lessee shall pay Lessor all of Lessor's costs of collection, including but not limited to, reasonable attorney's fees.

19. Hold Harmless Indemnity and Insurance.

19.1 The Lessee shall indemnify the Lessor from and against any and all claims, demands, cause of actions, suit or judgments, including attorney's fees, costs and expenses incurred in connection therewith and in enforcing the indemnity, for deaths or injuries to persons or for loss of or damage to property arising out of or in connection with the condition, use occupancy or Lessee's maintenance of the Leased Premises or common areas or any improvements thereon; or by Lessee's non-observance or non-performance of any law, ordinance or regulation applicable to the Leased Premises; or incurred in obtaining possession of the Leased Premises after a default by the Lessee, or after the Lessee's default in surrendering possession upon expiration or earlier termination of the term of the Lease, or enforcement of any covenants in this Lease. This includes, without limitation, any liability for injury to the person or property of Lessee, its agents, officers, employees, or invitees. The Lessee specifically waives any immunity provided by Washington's Industrial Insurance Act. This indemnification covers claims by Lessee's own employees.

19.2 In the event of any claims made to, or suits filed against Lessor, for which the above indemnity applies, Lessor shall give Lessee prompt written notice thereof and Lessee shall defend or settle the same.

19.3 Lessee, as a material part of the consideration to be tendered to Lessor, waives all claims against Lessor for damages to goods, wares, merchandise and loss of business, in, upon or about the Leased Premises and for injury to Lessee, its agents, employees, invitees or their persons in or about the Leased Premises from any cause arising at any time, other than for Lessor's sole negligence or willful misconduct.

19.4 From and after the commencement date of the initial term of this Lease and continuing for the initial term and any extension of this Lease, Lessee shall insure the Leased Premises, at its sole cost and expense, against claims for personal injury and property damage under a policy of general liability insurance, with aggregate limits of \$1,000,000 for bodily injury and property damage. Such policy shall name Lessor as an additional insured. Before taking possession of the Leased Premises, the Lessee shall furnish the Lessor with a certificate evidencing the aforesaid insurance coverage.

19.5 The aforementioned minimum limits of policies shall in no event limit the liability of Lessee hereunder. No policy of Lessee's insurance shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor by

the insurer. Lessee shall, at least thirty (30) days prior to the expiration of the policies, furnish Lessor with renewals or binders.

19.6 The insurance required shall be issued by carriers acceptable to the Lessor, and Lessor's approval shall not be unreasonably withheld.

19.7 The Lessee agrees that if Lessee does not purchase and maintain such insurance, Lessor may, but shall not be required to, procure such insurance on Lessee's behalf and charge Lessee the premiums together with a five percent (5%) handling charge, payable upon demand.

19.8 In the event a fire or other casualty loss results in destruction of the building to the extent that Lessee determines not to use insurance proceeds to repair or rebuild the hangar building, the proceeds of any insurance payment available to Lessee shall first be used to restore the premises to the condition they were in prior to construction of a building on the premises and the remaining insurance proceeds shall be the property of Lessee.

20. Encumbrance of Lessee's Interest.

20.1 The Lessee may encumber, by Mortgage, Deed of Trust, or other proper instrument, its leasehold interest and estate in the Leased Premises, together with all improvements placed thereon by Lessee, as security for any indebtedness of Lessee.

20.2 The execution of any such Mortgage, Deed of Trust, or other instrument, or the foreclosure or other proceedings thereunder, shall not relieve the Lessee from its liability and obligations under this Lease.

20.3 Any holder of Lessee's interest herein acquired through foreclosure or other proceedings shall acquire and possess only the rights and interests of Lessee herein and shall be subject and subordinate to the rights and interest of Lessor herein.

21. Right to Assign. The Lessee shall not assign or sublet the Leased Premises or any part thereof, without the prior written consent of the Lessor. Consent to assignment shall not be unreasonably withheld by Lessor, and is to be based upon the Lessor's determination the proposed assignee may adequately perform the duties of the Lessee herein. Any such assignment shall be subject to the adjustment of the Rent to the fair market rent for the premises, as set out in section 5.2. Upon receipt of the written consent of Lessor to assignment or subletting of the Leased Premises, Lessee may sell any improvements placed on the premises to the assignee or sub-tenant, but any assignee or sub-tenant to this Lease shall be subject to all terms and conditions of this Lease as if said assignee or sub-tenant were the original Lessee.

22. Presence and Use of Hazardous Substances.

22.1 All hazardous substances shall be stored in accordance with all legal regulations regarding storage of hazardous substances and Lessee shall store on or around the Leased Premises only those amounts of hazardous substances that are necessary for maintenance and operation of aircraft and in no case in amounts greater than permitted by any legal regulation. "Hazardous substances" shall include those substances designated as, or containing components designated as, hazardous, dangerous, toxic or harmful and/or which are subject to regulation by any federal, state or local law, regulation, statute or ordinance. For purposes of this Lease, all aircraft fuels shall be considered hazardous substances.

22.2 Hazardous substance. With respect to any hazardous substance, Lessee shall:

22.2.1 Comply promptly, timely and completely with all governmental requirements for reporting, keeping and submitting manifest, and obtaining and keeping current identification numbers;

22.2.2 Submit to Lessor true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and are submitted to the appropriate governmental authorities;

22.2.3 Within five (5) days of Lessor's request, submit written reports to Lessor regarding Lessee's use, storage, treatment, transportation, generation, disposal or sale of hazardous substances and provide evidence satisfactory to Lessor of Lessee's compliance with the applicable governmental regulations;

22.2.4 Allow Lessor or Lessor's agents or representatives to enter the Leased Premises, after reasonable notice, to check Lessee's compliance with all applicable governmental regulations regarding hazardous substances;

22.2.5 Comply with minimum levels, standards or other performance standards or requirements which may be set forth or established for certain hazardous substances (if minimum standards or levels are applicable to hazardous substances present on the Leased Premises, these levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth as an addendum to this Lease);

22.2.6 Comply with all governmental rules, regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances.

22.2.7 Lessor shall have the right, at reasonable times and upon reasonable notice to Lessee, to inspect the Leased Premises to monitor Lessee's compliance with this section. Lessee shall reimburse Lessor for any costs or expenses paid by Lessor to third parties (non-Lessor employees, including Lessor's retained inspectors or representatives of government entities). If an inspection reveals the use or presence of hazardous substances requiring clean-up

or other action, then Lessee shall pay, as part of the clean-up costs incorporated in Paragraph 22.3 below, Lessor's actual costs, including reasonable attorney's fees and costs, incurred in making or providing for the clean-up required and any follow-up inspections.

22.3 Clean-up Costs, Default and Indemnification. With respect to any cleanup costs, default and indemnification, Lessee shall:

22.3.1 Be fully and completely liable to Lessor for any and all clean-up costs and any and all charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances, in or about the Leased Premises.

22.3.2 Indemnify, defend and hold Lessor harmless from any and all costs, fees, penalties and charges assessed against or imposed upon Lessor including Lessor's reasonable attorney's fees and costs as a result of Lessee's use, disposal, transportation, generation and/or sale of hazardous substances.

22.3.3 Upon Lessee's default under this Article, in addition to the rights and remedies set forth elsewhere in this Lease, Lessor shall be entitled to the following rights and remedies.

22.3.3.1 At Lessor's option, to terminate this Lease immediately; and

22.3.3.2 To recover any and all damages associated with the default, including, but not limited to, clean-up costs and charges; civil and criminal penalties and fees; and loss of business, sales and rents by Lessor and any and all damages and claims asserted by third parties together with reasonable attorney's fees and costs.

23. Holdover. In the event the Lessee shall remain in possession of the Premises at the end of the Term of Lease, the Lessee shall pay the Lessor the following amounts:

23.1 Holdover with Lessor's Consent. If Lessee, with the implied or expressed consent of Lessor, shall holdover after the expiration of the term of this Lease or any renewal term, Lessee shall remain bound by all the terms and conditions of this Lease, except that the Rent shall be increased by fifty percent (50%) over the Rent for the last year of the immediately preceding term. For example, if Rent for the last year of the immediately preceding Term was \$200, then the Rent for the holdover Term shall be \$300 ($\$200 + (\$200 \times 50\% = \$100) = \300).

23.2 Holdover without Lessor's Consent. If the Lessee holds over beyond the term of this Lease or any renewal thereof without the Lessor's consent, the Lessee shall pay in liquidated damages a sum equal to 15% of the amount of the Rent for the last year of the immediately preceding Term, for each month the Lessee holds over without Lessee's consent.

23.3 No Waiver. This paragraph shall not affect any of the Lessor's right to terminate the Lease Agreement and declare a forfeiture or to otherwise take possession of the premises.

24. Guaranty. Based on full and adequate consideration, the Guarantor unconditionally guarantees the full and prompt payment of all obligations of the Lessee pursuant to this Lease. The Guarantor declares that any forbearance by the Airport in making any demand or enforcing its rights under this Lease shall not constitute a waiver of the Airport's rights or the Guarantor's obligations under this Guaranty.

25. Successors and Assigns. The covenants and conditions herein contained, including the provision as to assignments, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

26. Attorney's Fees. In the event it is necessary for either party to retain the services of an attorney to enforce the provisions of this contract, to pursue an unlawful detainer action, or in the event of litigation regarding the terms of this contract, the substantially prevailing party shall be entitled to recover from the other its costs and reasonable attorney's fees in addition to other relief.

27. Notices.

27.1 Notices from Lessor to Lessee of Lessor's intent to inspect the premises as provided in this Lease may be oral or in writing.

27.2 Any other notice under this Lease must be in writing and must be sent by registered or certified mail to the last known address of the party to whom the notice is to be given, as designated by such party in writing. The Lessor and Lessee hereby designate their addresses as follows:

Lessor: Lake Chelan Airport Board
c/o City of Chelan Administrator
P.O. Box 1669
Chelan, WA 98816

Lessee: Petersen Hildahl, LLC
2105 112th NE #102
Bellevue, WA 98004

Steven & Tracy Bates
9228 112th Ave. NE
Kirkland, WA 98033

Guarantor: Greg Petersen & Teresa Petersen
3192 S Lakeshore Rd.
Chelan, WA 98816

Steven Bates & Tracy Bates
9228 112th Ave. NE
Kirkland, WA 98033

28. TIME. TIME IS OF THE ESSENCE IN THIS LEASE.

29. Interpretation. This contract has been submitted to the scrutiny of all parties and their counsel, if desired, and it shall be given a fair and reasonable interpretation in accordance with its words, without consideration to or weight given to its being drafted by any party or its counsel. Paragraph headings are for convenience only and shall not be considered when interpreting this contract. All words used in the singular shall include the plural; the present tense shall include the future tense; and the masculine gender shall include the feminine and neuter genders.

30. Non-Waiver of Covenants. The Lessor's failure to insist upon the strict performance of any provision of this Lease shall not be construed as depriving the Lessor the right to insist on strict performance of such provision in the future. The subsequent acceptance of rent, whether full or partial payment, by the Lessor shall not be deemed a waiver of any preceding breach by the Lessee of any term, covenant, or condition of this Lease, other than the failure of the Lessee to pay the particular part of the rent accepted, regardless of the Lessor's knowledge of the proceeding breach at the time of the acceptance of that part of the rent.

31. Savings. Nothing in this Lease shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions of this Lease and any statute, law, public regulation or ordinance, the latter shall prevail, but in such event, the provisions of this Lease affected shall be curtailed and limited only to the extent necessary to bring it within legal requirements.

32. Incorporation. This agreement represents the entire agreement of the parties. Unless set forth herein in writing, neither party shall be bound by any statements or representations made and each agrees that there are no such statements or representations being relied upon in making this Lease.

33. Non-Discrimination. The Lessee shall not discriminate against any person on the basis of race, creed, political ideology, color, national origin, sex, marital status, sexual orientation, age, or the presence of any sensory, mental or physical handicap or on any other basis prohibited by law.

34. Governing Law. This Lease shall be governed by the law of the State of Washington and venue for any action arising from this Lease shall be Chelan County, Washington.

35. Modifications. No alteration, changes or amendments to this Lease will be binding upon either party unless the same are written and executed by the parties.

DATED this 11 day of July, 2014.

LESSOR:

LAKE CHELAN AIRPORT BOARD

By



Robert R. Goedde, President

LESSEE(S):

Petersen Hildahl, LLC
Steven Bates & Tracy Bates

GUARANTORS:

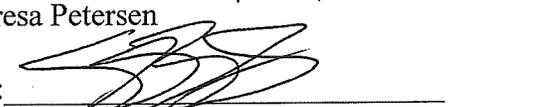
By


Greg Petersen

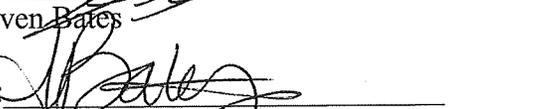
By


Teresa Petersen

By


Steven Bates

By


Tracy Bates

I certify that I know or have satisfactory evidence that ROBERT R. GOEDDE is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of the Lake Chelan Airport Board to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 7/11/2014

Signature of Notary: Peri S. Gallucci Peri S. Gallucci

My Appointment Expires: 5/4/2015

State of Washington
County of Chelan

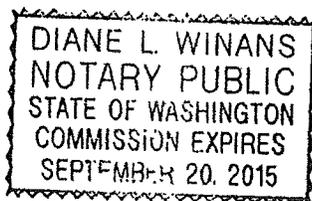
I certify that I know or have satisfactory evidence that **Greg Petersen** is the person who appeared before me and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: July 2, 2014

Signature of Notary: *Diane L. Winans*

My appointment expires: September 20, 2015

State of Washington
County of Chelan



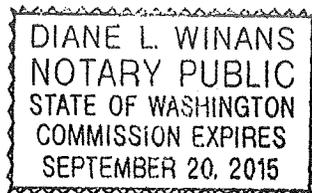
I certify that I know or have satisfactory evidence that **Teresa Petersen** is the person who appeared before me and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: July 2, 2014

Signature of Notary: *Diane L. Winans*

My appointment expires: September 20, 2015

State of Washington
County of Chelan

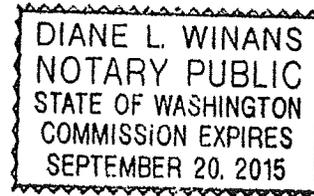


I certify that I know or have satisfactory evidence that **Steven Bates** is the person who appeared before me and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: July 7, 2014

Signature of Notary: Diane Lucci

My appointment expires: Sept 20, 2015



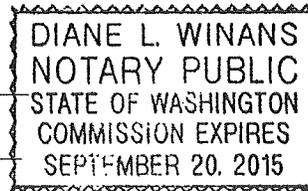
State of Washington
County of Chelan

I certify that I know or have satisfactory evidence that **Tracy Bates** is the person who appeared before me and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: July 7, 2014

Signature of Notary: Diane Lucci

My appointment expires: Sept 20, 2015



State of Washington
County of Chelan

AGENDA BILL NO. 2014A-11

BUSINESS OF THE LAKE CHELAN AIRPORT BOARD
CHELAN, WASHINGTON

SUBJECT: Emergency Facilities and
Land Use Agreement

EXHIBITS

- 1. Emergency Facilities & Land Use Agreement

FOR AGENDA OF: July 24, 2014
Revised:

ORIGINATOR: Paul Schmidt
Airport Board Manager

APPROVED:
Airport Board Manager:



EXPENDITURE
REQUIRED:
Budget Line No.

AMOUNT
BUDGETED:

APPROPRIATION
REQUIRED:

AUTHORITY: RCW 39.34.080 Contracts to perform governmental activities which each contracting agency is authorized to perform. "Any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized to perform PROVIDED, That such contract shall be authorized by the governing body of each party to the contract. Such contract shall set forth fully the purposes, powers, rights, objectives, and responsibilities of the contract party".

***** SUMMARY STATEMENT/ISSUES *****

Lake Chelan Airport was approached by the Federal Forest Service to use portions of the Airport for staging emergency operations to fight the Carlton Complex Fire. Attached is a draft "Use Agreement" which will allow the Forest Service to use irrigation water for tanker trucks, grey water disposal and land area to use for equipment storage and helicopter landings. We arrived at a reimbursement cost of \$150 per day (\$25 for pilot lounge use, \$75 for staging area use, \$25 for irrigation water and \$25 for grey water disposal).

This agreement would begin on July 19, 2014 and end when services are complete.

☆☆☆☆☆

- Public Hearing
- Closed Record Appeal/Decision
- Recommendation from Staff
- Quasi-Judicial Matter
- Legislative Matter
- Other: _____

Suggested Motion:

I move to authorize the Lake Chelan Airport President sign the "Emergency Facilities & Land Use Agreement" with the Forest Service Agency/Department of Natural Resources as presented.

EMERGENCY FACILITIES & LAND USE AGREEMENT

INCIDENT AGENCY (name, address, phone number)

DNR NE Region Office
225 S. Silkie Road
Colville, WA 99114-9369

AGREEMENT NUMBER MUST APPEAR ON ALL PAPERS
RELATING TO THIS AGREEMENT
AGREEMENT NUMBER
AG-05GG-D-14-6901

EFFECTIVE DATES

a. beginning 7/19/2014

b. ending end of incident

OWNER (name, address, phone number-include day/night/cell/fax)

City of Chelan
PO Box 1669
135 E. Johnson Ave.
Chelan, WA 98816

INCIDENT NAME: Carlton Complex

INCIDENT NUMBER: WA-NES-000534

RESOURCE ORDER NUMBER:

JOB CODE (P#) AND OVERRIDE: PNH8HC 1502

DUNS:

EIN/SSN:

PAYMENT ADDRESS:[] Same as above, or

TYPE OF CONTRACTOR ("X" APPROPRIATE BOXES)

SMALL BUSINESS LARGE BUSINESS SMALL DISADVANTAGED OWNED WOMEN OWNED HUBZONE SERVICE DISABLED VETERAN PUBLIC ENTITY

(Pursuant to FAR 31.6 & OMB Cir.A-87)

The owner of the property described herein, or the duly appointed representative of the owner, agrees to furnish the land/facilities for use as

DESCRIPTION OF LAND/FACILITIES: Specific location is the Lake Chelan Airport located at 28 Airport Way in the City of Chelan, WA 98816. If street or highway address is unavailable, use distance from nearest city, crossroads, or other significant landmark. The local description of how to get to the land/facilities is also acceptable. Use of Lake Chelan Airport for equipment staging and helicopter staging. Use of city water and grey water disposal.

County: Chelan State: WA Township: _____ Range: _____ Section: _____

ORDINARY WEAR AND TEAR: Ordinary wear and tear is based on the customary use of the land/facilities, and not the use resulting from the incident.

RATE: For each month that the land/facilities are used, the Government will pay the rate of \$150 per day. Ordinary wear and tear is included in the rate. The minimum amount guaranteed to be paid under this agreement shall be \$0, regardless of the length of use. Payment shall be in accordance with the incident Agency payment procedures. Payment for a lesser period shall be prorated based on a month being 30 days and rounded to the nearest dollar.

UTILITIES AND SERVICES: (check only one)

The above rate includes utility charges for the following: GAS ELECTRICITY WATER TOILET SUPPLIES

JANITORIAL SERVICES & SUPPLIES TRASH REMOVAL SEPTIC SERVICE EXISTING TELECOMMUNICATIONS

The above rate excludes utility charges. The Government will pay to the owner the sum determined due by the Contracting Officer based on: _____

RESTORATION: Restoration beyond ordinary wear and tear. (check only one)

The above sum includes Government restoration of land/facilities. Restoration shall be performed to the extent reasonably practical.

Restoration work includes: _____

The above sum excludes restoration of land/facilities. Reasonable costs incurred by the owner in restoring land/facilities to their prior condition shall be submitted to the Contracting Officer.

ALTERATIONS: The Government may make alterations, attach fixtures or signs, erect temporary structures in or upon the land/facilities, install temporary culverts, trenching for utilities, which shall be the property of the Government. Alterations will be removed by the Government after the termination of the emergency use, unless otherwise agreed.

ORAL STATEMENTS: Oral statements or commitments supplementary or contrary to any provisions of this Agreement shall not be considered as modifying or affecting the provisions of this Agreement.

CONDITION REPORTS: A joint pre and post-use physical inspection report of the land/facilities shall be made and signed by the parties; the purpose of the inspections shall be to reflect the existing site condition. Refer to attached Checklists.

OTHER: Describe in detail: _____

TERMS AND CONDITIONS: See attachment.

CHECKLIST(s): See attachment.

Fill in the following drawing showing the land/facilities under agreement. Include buildings, roads, paved areas, utility lines, fences, ditches, landscaping and any other physical features which help describe the area.

A map is not available. Airport land includes bare land west of the runway for equipment staging and bare land on the south-east for helicopter staging. Airport pilot lounge and restroom also included.

ADDITIONAL CLAUSES:

The Attached Federal Acquisition Regulation (FAR) Clauses apply to this agreement.

OWNER / OWNER'S AGENT SIGNATURE:	DATE:	CONTRACTING OFFICER'S SIGNATURE:	DATE:
PRINT NAME AND TITLE:		PRINT NAME AND TITLE: DONALD TINSLEY, Contracting Officer	
PHONE NUMBER (if different from Owner's)		PHONE NUMBER: 530 310-3590	

FEDERAL ACQUISITION REGULATION (FAR) CLAUSES EMERGENCY FACILITIES AND LAND USE AGREEMENT

52.213-4 TERMS AND CONDITIONS—SIMPLIFIED ACQUISITIONS (OTHER THAN COMMERCIAL ITEMS) (MAY 2014)

(a) The Contractor shall comply with the following Federal Acquisition Regulation (FAR) clauses that are incorporated by reference:

(1) The clauses listed below implement provisions of law or Executive order:

- (i) [52.222-3](#), Convict Labor (June 2003) (E.O. 11755).
- (ii) [52.222-21](#), Prohibition of Segregated Facilities (Feb 1999) (E.O. 11246).
- (iii) [52.222-26](#), Equal Opportunity (Mar 2007) (E.O. 11246).
- (iv) [52.222-50](#), Combating Trafficking in Persons (Feb 2009) ([22 U.S.C. 7104\(g\)](#)).
- (v) [52.225-13](#), Restrictions on Certain Foreign Purchases (June 2008) (E.o.s, proclamations, and statutes administered by the Office of Foreign Assets Control of the Department of the Treasury).
- (vi) [52.233-3](#), Protest After Award (Aug 1996) ([31 U.S.C. 3553](#)).
- (vii) [52.233-4](#), Applicable Law for Breach of Contract Claim (OCT 2004) (Pub. L. 108-77, 108-78 ([19 U.S.C. 3805 note](#))).

(2) Listed below are additional clauses that apply:

- (i) [52.232-1](#), Payments (Apr 1984).
- (ii) [52.232-8](#), Discounts for Prompt Payment (Feb 2002).
- (iii) [52.232-11](#), Extras (Apr 1984).
- (iv) [52.232-25](#), Prompt Payment (Jul 2013).
- (v) [52.232-39](#), Unenforceability of Unauthorized Obligations (Jun 2013).
- (vi) [52.232-40](#), Providing Accelerated Payments to Small Business Subcontractors (Dec 2013)
- (vii) [52.233-1](#), Disputes (May 2014).
- (viii) [52.244-6](#), Subcontracts for Commercial Items (May 2014).
- (ix) [52.253-1](#), Computer Generated Forms (Jan 1991).

(b) The Contractor shall comply with the following FAR clauses, incorporated by reference, unless the circumstances do not apply:

(1) The clauses listed below implement provisions of law or Executive order:

- (i) [52.204-10](#), Reporting Executive Compensation and First-Tier Subcontract Awards (JUL 2013) (Pub. L. 109-282) ([31 U.S.C. 6101 note](#)) (Applies to contracts valued at \$25,000 or more).
- (ii) [52.222-19](#), Child Labor—Cooperation with Authorities and Remedies (Jan 2014) (E.O. 13126). (Applies to contracts for supplies exceeding the micro-purchase threshold.)
- (iii) [52.222-20](#), Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000 (May 2014) ([41 U.S.C. chapter 65](#)) (Applies to supply contracts over \$15,000 in the United States, Puerto Rico, or the U.S. Virgin Islands).
- (iv) [52.222-35](#), Equal Opportunity for Veterans (Sep 2010) ([38 U.S.C. 4212](#)) (applies to contracts of \$100,000 or more).
- (v) [52.222-36](#), Affirmative Action for Workers with Disabilities (Oct 2010) ([29 U.S.C. 793](#)). (Applies to contracts over \$15,000, unless the work is to be performed outside the United States by employees recruited outside the United States.) (For purposes of this clause, *United States* includes the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.)
- (vi) [52.222-37](#), Employment Reports on Veterans (Sep 2010) ([38 U.S.C. 4212](#)) (applies to contracts of \$100,000 or more).

(vii) [52.222-41](#), Service Contract Labor Standards (May 2014) ([41 U.S.C. chapter 67](#)) (Applies to service contracts over \$2,500 that are subject to the Service Contract Labor Standards statute and will be performed in the United States, District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, Johnston Island, Wake Island, or the outer Continental Shelf.)

(viii) [52.223-5](#), Pollution Prevention and Right-to-Know Information (MAY 2011) (E.O. 13423) (Applies to services performed on Federal facilities).

(ix) [52.223-15](#), Energy Efficiency in Energy-Consuming Products (DEC 2007) ([42 U.S.C. 8259b](#)) (Unless exempt pursuant to [23.204](#), applies to contracts when energy-consuming products listed in the ENERGY STAR® Program or Federal Energy Management Program (FEMP) will be—

- (A) Delivered;
- (B) Acquired by the Contractor for use in performing services at a Federally-controlled facility;
- (C) Furnished by the Contractor for use by the Government; or
- (D) Specified in the design of a building or work, or incorporated during its construction, renovation, or maintenance.)

(x) [52.225-1](#), Buy American—Supplies (May 2014) ([41 U.S.C. chapter 67](#)) (Applies to contracts for supplies, and to contracts for services involving the furnishing of supplies, for use in the United States or its outlying areas, if the value of the supply contract or supply portion of a service contract exceeds the micro-purchase threshold and the acquisition—

- (A) Is set aside for small business concerns; or
- (B) Cannot be set aside for small business concerns (see [19.502-2](#)), and does not exceed \$25,000).

(xi) [52.226-6](#), Promoting Excess Food Donation to Nonprofit Organizations (May 2014) ([42 U.S.C. 1792](#)) (Applies to contracts greater than \$25,000 that provide for the provision, the service, or the sale of food in the United States.)

(xii) [52.232-33](#), Payment by Electronic Funds Transfer—System for Award Management (Jul 2013). (Applies when the payment will be made by electronic funds transfer (EFT) and the payment office uses the System for Award Management (SAM) database as its source of EFT information.)

(xiii) [52.232-34](#), Payment by Electronic Funds Transfer—Other than System for Award Management (JUL 2013). (Applies when the payment will be made by EFT and the payment office does not use the SAM database as its source of EFT information.)

(xiv) [52.247-64](#), Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) ([46 U.S.C. App. 1241](#)). (Applies to supplies transported by ocean vessels (except for the types of subcontracts listed at [47.504\(d\)](#).)

(2) Listed below are additional clauses that may apply:

(i) [52.209-6](#), Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (AUG 2013) (Applies to contracts over \$30,000).

(ii) [52.211-17](#), Delivery of Excess Quantities (Sept 1989) (Applies to fixed-price supplies).

(iii) [52.247-29](#), F.o.b. Origin (Feb 2006) (Applies to supplies if delivery is f.o.b. origin).

(iv) [52.247-34](#), F.o.b. Destination (Nov 1991) (Applies to supplies if delivery is f.o.b. destination).

(c) FAR [52.252-2](#), *Clauses Incorporated by Reference* (Feb 1998). This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address: <http://www.acquisition.gov/far/>

(d) *Inspection/Acceptance*. The Contractor shall tender for acceptance only those items that conform to the requirements of this contract. The Government reserves the right to inspect or test any supplies or services that have been tendered for acceptance. The Government may require repair or replacement of nonconforming supplies or reperformance of nonconforming services at no increase in contract price. The Government must exercise its postacceptance rights—

(1) Within a reasonable period of time after the defect was discovered or should have been discovered; and

(2) Before any substantial change occurs in the condition of the item, unless the change is due to the defect in the item.

(e) *Excusable delays.* The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence, such as acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence.

(f) *Termination for the Government's convenience.* The Government reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the Contractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this contract, the Contractor shall be paid a percentage of the contract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges that the Contractor can demonstrate to the satisfaction of the Government, using its standard record keeping system, have resulted from the termination. The Contractor shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. This paragraph does not give the Government any right to audit the Contractor's records. The Contractor shall not be paid for any work performed or costs incurred that reasonably could have been avoided.

(g) *Termination for cause.* The Government may terminate this contract, or any part hereof, for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Government, upon request, with adequate assurances of future performance. In the event of termination for cause, the Government shall not be liable to the Contractor for any amount for supplies or services not accepted, and the Contractor shall be liable to the Government for any and all rights and remedies provided by law. If it is determined that the Government improperly terminated this contract for default, such termination shall be deemed a termination for convenience.

(h) *Warranty.* The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.

(FAC 2005-75)

AGENDA BILL NO. 2014A-12

BUSINESS OF THE LAKE CHELAN AIRPORT BOARD
CHELAN, WASHINGTON

<p>SUBJECT: Airport Manufactured Home Rental Agreement</p> <p>FOR AGENDA OF: July 24, 2014 Revised:</p> <p>ORIGINATOR: Paul Schmidt Airport Board Manager</p> <p>APPROVED:  Airport Board Manager</p>	<p>EXHIBITS</p> <p>1. Proposed Rental Agreement</p>
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EXPENDITURE REQUIRED: <u>Budget Line No.</u>	AMOUNT BUDGETED:	APPROPRIATION REQUIRED:
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AUTHORITY: RCW 35A.11.020 Powers vested in legislative bodies of noncharter and charter code cities. "...The legislative body of each code city shall have power to organize and regulate its internal affairs within the provisions of this title..."

***** SUMMARY STATEMENT/ISSUES *****

Immediate past Airport Maintenance Manager Dick Swinford lived at the Lake Chelan Airport for a number of years in a manufactured home provided by the Airport. This arrangement was provided as an exchange for Mr. Swinford providing on-site management and over-site services to the Airport during evenings and weekends. In recent meetings with Lake Chelan aviators, it has been conveyed to the Lake Chelan Airport Manager that having on-site personnel during off-hours is a significant benefit to the Airport and to the users of the Airport.

Subsequently, Staff has prepared an updated "Rental Agreement" with an Exhibit "A" that generally describes the airport service duties required. The market rate for the rental has been determined to be \$960 per month, with an exchange rate of \$12 per hour for after-hours on-site duties. We are actively negotiating with a party that qualifies for this work and is willing to take on the challenge. Currently we have daytime airport duties covered with part-time management and maintenance workers. This proposal would cover our airport for the evenings and weekends.

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- | | |
|--|--|
| <p><input type="checkbox"/> Public Hearing</p> <p><input type="checkbox"/> Closed Record Appeal/Decision</p> <p><input type="checkbox"/> Recommendation from Staff</p> | <p><input type="checkbox"/> Quasi-Judicial Matter</p> <p><input checked="" type="checkbox"/> Legislative Matter</p> <p><input type="checkbox"/> Other: _____</p> |
|--|--|

Suggested Motion:
I move to authorize the Airport Board President to sign the Airport Manufactured Home Rental Agreement as presented.

Lake Chelan Airport Housing
Rental Agreement

1. **Parties:** The parties to this Agreement are:

The Lake Chelan Airport, (Landlord): PO Box 1407, Chelan, WA 98816; phone# (509) 682-8014

The tenant:

Name: _____

Address: _____

City/State/Zip: _____ phone# _____

2. **Premises:** As part of the provision of Airport Management Services provided by the Tenant set out in Exhibit "A", the Landlord rents to Tenant Premises, constituting a dwelling located at the Lake Chelan Airport at 28 Airport Way, Chelan, WA, 98816.

3. **The term** of this lease shall be one year commencing on August 11, 2014, until August 10, 2015, or unless terminated earlier by the Landlord. This lease shall automatically self-extend under the same terms and conditions as the initial lease and shall continue in full force and effect from month- to -month unless and until otherwise terminated.

4. **The rent** shall be \$ 960/per month payable per the attached Exhibit "A".

5. **The following appliances and furniture:** Stove, refrigerator, and automatic dishwasher are provided by the Lake Chelan Airport.

6. **Security Deposit:** The Tenant shall deposit with Landlord the sum of Five hundred Dollars (\$ 500.00), no later than October 30, 2014, as security for any damage caused to the Premises during the term of this Agreement. Such deposit shall be returned to the Tenant after the termination of this Agreement and a satisfactory survey of the Premises by the Lake Chelan Airport verifying no damages to the Premises beyond normal wear and tear.

7. **Occupants:** The Tenant shall be the only occupant of the Premises. The Tenant shall not permit the Premises to be occupied for longer than a temporary visit by anyone except the individuals listed below and except any children born to or adopted by such individuals during the term of this Agreement; however the Lake Chelan Airport reserves the right to terminate this Agreement if the additional occupants would render the dwelling overcrowded by the City of Chelan.

8. **Notices** All notices shall be in writing and shall be given to the Tenant at the Premises; all rents and all notices, which shall be in writing, shall be given to the Lake Chelan Airport, PO Box 1407, Chelan WA 98816. In case of emergency, Tenant shall contact the City Administrator of the City of Chelan, 135 E. Johnson Ave., Chelan WA.

9. **Utilities:** S hall be paid by the party indicated on the following chart:

	LANDLORD	TENANT	MUNICIPALITY
Electricity	_____	X	_____
Water	X	_____	_____
Heat*	_____	X	_____
Garbage Collection	X	_____	_____
Trash Removal	_____	_____	_____
Hot Water*	_____	X	_____
Telephone/telecommunications	_____	X	_____

- The Landlord will provide the facilities for the provision of heat and hot water.

7. Use of Premises: Tenant shall use the Premises for residential purposes only. Tenant, and Tenant's guests, invitees or agents shall not engage in any unlawful use of the Premises, common areas or grounds.
8. Notice of Absence from Premises: Tenant shall notify the Landlord in writing if the Premises will be left unoccupied for a period of longer than 30 days, and shall advise the Lake Chelan Airport how to contact Provider during such period.
9. Provider's Duty to Maintain Premises: The Tenant shall maintain the Premises in a clean and neat condition and at all times comply with the obligations of a tenant under the Residential Landlord-Tenant Act, RCW 59.18.130.
10. Waste of Utilities: Tenant shall make every reasonable effort to conserve the use of utilities supplied and paid for by the Landlord and shall not waste the same.
11. Damage: Tenant shall use all appliances, fixtures and equipment in a safe manner and only for the purposes for which they are intended and shall not litter, destroy, deface, damage or remove any part of the Premises, common areas or grounds. Tenant shall pay amounts due for repairs for property damage, reasonable wear and tear excepted, caused by the intentional or negligent conduct of Tenant, a member of the Tenant's household, relatives, invitees, guests or agents upon receipt of a bill from Landlord. The written bill shall include items of damage, the corrective action taken and the cost thereof.
12. Alterations: No substantial alterations, additions or improvements shall be made by Tenant in or to the Premises without the permission of Landlord in writing. Such consent shall not be unreasonably withheld, but may include the Tenant's agreeing to restore the Premises to its prior condition before moving out.
13. Locks: Tenant shall not change, alter, replace or add new locks without written consent of Landlord. Any locks so permitted to be installed shall become property of the Landlord and shall not be removed by Tenant. The Tenant shall promptly give a duplicate key to any such changed, altered, replaced or new lock to Landlord.
14. Noise: Tenant agrees not to allow on the Premises any excessive noise or other activity which disturbs the peace and quiet of other tenants in the building.
15. Assignment: This Agreement is personal to the Tenant. The Tenant shall not assign this Agreement or sublet the Premises. This paragraph shall not prevent Tenant from having guests for reasonably short periods of time.
16. Termination: This Agreement will terminate upon termination of the agreement between the Landlord and the Tenant for the Tenant's provision of Airport Management Services, or upon the Tenant's default of its obligations toward the Premises pursuant to this Agreement after ten (10) days' written notice by the Landlord. Upon such termination Tenant shall vacate the Premises, remove all personal property belonging to him/her and leave the Premises as clean as she/he found them, normal wear and tear and damage by unavoidable casualty excepted, and return all keys to Landlord immediately upon vacating. The Tenant agrees that any personal property left in or about the Premises after the Tenant has vacated shall be considered abandoned property, and the Landlord may sell or otherwise dispose of same without liability to the Tenant.
17. Permission for Landlord to Enter Premises: Landlord or its agents may enter the Premises upon reasonable advance notice in order to inspect the Premises or to make repairs or conduct maintenance Landlord may also enter the Premises without prior consent if it appears to have been abandoned by the Tenant or in case of emergency, and as otherwise permitted by law or court order.
18. Maintenance of Premises: Except for the Tenant's obligations to maintain the Premises, the Landlord shall maintain the Premises in a habitable condition, pursuant to the requirements set out in the Residential Landlord-Tenant Act, RCW 59.18.060.
19. Destruction of Premises: If the Premises are rendered uninhabitable by fire, flood or other natural disaster during the term of this Agreement, this Agreement shall be thereupon terminated.
20. Entire Agreement. This Agreement and the attachments initialed by the Parties represent the entire agreement between the Parties. No changes or additions to this Agreement shall be made except by written agreement between the Parties.

LANDLORDS

TENANTS

(signature)

(date of signature)

- Tenant is encouraged to carry renters insurance on personal belongings

DRAFT

EXHIBIT "A"

Rental Exchange for Airport Management Services

1. Airport Management Services. The Tenant will provide the following Airport Management Services.

Qualifications and work duties for airport management services tenant:

- Must have at least 2 years' experience as licensed aircraft pilot, or 4 years' experience with aviation services.
- Must be willing to be "on-call" for evenings and weekends.
- Must be willing to assist airport users for minor and typical calls for assistance during evening hours and weekends.
- Must be able to work with aviators and represent the Lake Chelan Airport in a professional manner.
- Must be willing to provide information and recommendations to the Lake Chelan Airport Manager for operation and facility improvements.
- Must be able to manage and perform airport duties such as:
 - (a) Reporting requirements (take-off/landings, tie-down payments, fuel dispensing reporting, complete fuel orders, monitor and other duties as assigned).
 - (b) Provide on-site monitoring services for the general well-being and operation of the Lake Chelan Airport to assure all facilities are working properly.
 - (c) Assist with operating airport fueling station when requested.
 - (d) Monitor various airport activities such as hangar use, airport runway use and grounds use.
 - (e) Prepare and provide reports necessary for airport needs, airport user needs and/or any recommendations for facility improvements.
 - (f) Provide back-up airport management services for the weekday airport maintenance manager.

2. Housing Unit. The Landlord will provide the housing unit (800 square feet manufactured unit) at 28 Airport Way
3. Rental of Housing Unit. The housing unit has a market rental value of \$960 per month, including water, sewer and solid waste services. The Airport Management Services are valued at \$12 per hour. The Tenant shall pay rent for the Premises on or before the fifth (5th) day of the month following the month of tenancy. The Tenant shall receive a credit of \$12 per hour for every hour the Tenant provides Airport Management Services. Therefore, the Tenant must provide at least 80 hours per month to receive full credit for the rent of the Premises.
4. Accounting and reporting for Airport management services. The Tenant shall keep a daily log of the Airport Management Services provided by the Tenant, and shall submit a copy thereof on or before the fifth (5th) day of the month following.
5. Relationship between the Parties. The Provider is an independent contractor of the Lake Chelan Airport.