

**City of Deer Park
City Council Agenda
October 21, 2020
7:00 p.m.**

This preliminary agenda is subject to change to conduct business in a timely manner.

**Councilmembers will not be physically present at this August 19th meeting per Proclamation 20-28 by the Governor Amending Proclamation 20-05.
To Access the Meeting by Phone Dial 1-669-224-3412 w/Access Code: 805-100-029#**

1. Call to Order

Roll Call:	Mayor Tim Verzal
Councilmember's:	Dee Cragun, Mary Babb, Richie Schut, Caleb Stapp and Ron Scholz
Community Services Director:	Roger Krieger
Clerk/Treasurer:	Deby Cragun

2. Invocation

3. Approval of Agenda

4. Approval of October 07, 2020 regular council meeting minutes

5. New Business

A.

6. Resolutions

A.

7. Ordinances

A.

8. Consent Agenda

A. Approval of Voucher Claim Check Nos. 38871 through 38905 in the amount of \$155,407.32 for the First Half of October 2020.

B. Deer Park Airport Lease Agreement ~ John Sheridan Smylie, Lot 15A

C. Deer Park Airport Lease Agreement ~ Tony Dulley, Lot #26

9. Report of Departments

10. Report of Officers

11. Adjournment

CITY OF DEER PARK
CLAIMS CERTIFICATION AND APPROVAL

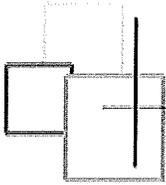
Auditing Officer's Certification

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the Claim is a just, due and unpaid obligation against the *City of Deer Park*, and that I am authorized to authenticate and certify said Claims Checks numbered **38871 through 38905 in the amount of \$155,407.32.**

City Clerk/Treasurer

Council Approval

We, the undersigned Council Members of the *City of Deer Park* approve the payment of Claims Checks **38871 through 38905 in the amount of \$155,407.32 this 21st day of October 2020.**



A/P Check Register

Fiscal: : 2020
 Period: : 2020 - October
 Council Date: : 2020 - October - October Manual Checks , 2020 - October - October
 Second Meeting

Number	Vendor Name	Account Description	Amount
38871	Schultz's Aviation, LLC	Management Contract	\$9,441.67
38872	New Health	Professional Services	\$185.00
38873	Spokane County Auditor	Professional Services	\$148.00
38874	American Linen	Central Services Supplies	\$392.73
		R & M All Bldgs	\$49.97
		Check Total:	\$442.70
38875	Anatek Labs	Professional Services	\$176.00
		Wastewater Testing Anatek	\$560.00
		Water Testing - Anatek	\$250.00
		Check Total:	\$986.00
38876	Avista Utilities	Avista Lower Lvl City Hall	\$21.97
		Professional Services	\$77.95
		Utilities	\$23,146.02
		Check Total:	\$23,245.94
38877	Centurylink	Communications	\$1,765.72
38878	City of Deer Park	Full Service Fuel Surcharge	\$1,895.95
		Professional Services	\$76.43
		Utilities	\$5,847.69
		Check Total:	\$7,820.07
38879	City Service Valcon, LLC	Fuel	\$1,315.23
		Professional Services	\$16.00
		Check Total:	\$1,331.23
38880	Code Publishing CO	Ordinance Codification	\$550.00
38881	Concrete Plus LLC	Repair & Maintenance	\$1,195.48
38882	Deer Park Ace Hardware	Supplies	\$241.46
38883	Deer Park Chamber of Commerce	Deer Park Chamber Assistance	\$700.00
		Visitor Information & Tourism Promotion	\$250.00
		Check Total:	\$950.00
38884	Economic Development NW	Economic Develop Contract	\$1,700.00
38885	Ferguson Waterworks	Supplies	\$372.78
38886	Fish Window Cleaning	R & M All Bldgs	\$598.00
38887	G and S Landscape	Perrins Park	\$6,791.62
38888	Inland Power And Light	Utilities	\$2,068.84
38889	Journal of Business	Ads And Legals	\$970.00
38890	Jub Engineers, Inc.	Professional Services	\$3,802.73
		Sixth Street Res Design	\$10,311.49
		SubdivisionHope Meadow Insp.	\$652.13
		Check Total:	\$14,766.35
38891	Lock Master Locksmith Services	Repair & Maintenance	\$265.72
38892	Napa Auto Parts	Fuel	\$33.13
		Supplies	\$1,363.89
		Check Total:	\$1,397.02
38893	Reliance Janitorial	Janitorial Services	\$535.00
38894	Schultz's Aviation, LLC	Full Service Fuel Surcharge	\$1,895.95
38895	Spokane County District Court	Professional Services	\$1,858.64
38896	Spokane County Title CO	North Cedar Road LID Project	\$108.90

Number	Vendor Name	Account Description	Amount
38897	Spokane County Treasurer	Spokane CO Jail Services	\$1,173.40
38898	Spokane County Treasurer's Office	Spok CO Law Enforc Contract	\$64,167.00
38899	Spokesman-Review	Ads And Legals	\$141.43
		Advertising	\$720.20
		Check Total:	\$861.63
38900	Spray Center Electronics Inc	Supplies	\$678.10
38901	Vision Municipal Solutions LLC	Vision Computer Upgrade	\$1,534.41
38902	Washington Trust Bank	Central Services Supplies	\$131.26
		Communications	\$563.04
		Professional Services	\$34.58
		Supplies	\$1,179.87
		Wastewater Testing Anatek	\$240.00
		Water Testing - Anatek	\$790.00
		Check Total:	\$2,938.75
38903	Waste Management	Professional Services	\$216.48
		Utilities	\$601.75
		Check Total:	\$818.23
38904	Western Glove, Inc	Supplies	\$244.52
38905	White Block	Repair & Maintenance	\$1,359.19
	Grand Total		\$155,407.32
	Total Accounts Payable for Checks #38871 Through #38905		

DEER PARK AIRPORT LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter sometimes referred to as "Lease" or "Agreement") is made and entered into by and between the City of Deer Park, State of Washington, hereinafter referred to as "City" and John Sheridan Smylie, hereinafter referred to as "Lessee."

WITNESS THAT

WHEREAS, THE CITY OF DEER PARK is the owner of certain described real estate, more fully described below; and

WHEREAS, THE LESSEE desires to lease the certain described property for the purpose described herein;

NOW, THEREFORE, for and in consideration of the premises provided herein and the mutual covenants and agreements hereinafter contained and other valuable consideration, the parties hereto agree, for themselves, their successors and assigns, as follows:

I. PREMISES

The City of Deer Park hereby leases to Lessee the parcel of land shown in **Exhibit A** and described as **LOT# 15A** located at Deer Park Municipal Airport as identified on the 2020 lease lot map (revision #5), Spokane County, Washington (hereinafter the "Premises" or "Leased Premises").

The City covenants and agrees that it is in lawful possession of the property, and has good and lawful authority to execute this Lease. The Lessee hereby warrants that it has inspected the Premises and City has not made any promises, warranties, or statements other than as contained herein. Lessee accepts the Premises as is.

The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance.

The City reserves the right but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

The City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Lessee from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

The City shall have the right to temporarily close the Airport or any of the facilities thereon for maintenance, improvement, or for the safety of the public.

It is understood and agreed to by Lessee that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right forbidden by the Airport

Development Act, 49 U.S.C. 47101. et.seq. and Section 308 of the Federal Aviation Act of 1958 as the same exist now or may hereafter be amended.

During the time of war or national emergency, the City shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use and, if such Lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the government, shall be modified to be consistent with the provisions of the lease to the government and may be fully suspended at the option of the City.

This Lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for development of the Airport, by the provisions of the Airport Improvement Program, and as the program may be amended, or any other federal act, deed, grant agreement, or program affecting the operation or maintenance of the Airport now or in the future; provided however, that the City shall, to the extent permitted by law, use its best efforts to cause any such agreements to include provisions protecting and preserving the rights of Lessee in and to the Premises and improvements thereon. Failure of the Lessee or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Lessee's rights hereunder.

II. TERM

A. The Term of this Lease shall be for a period of 30 years commencing from the First day of October, 2020, and ending the Thirtieth day of September 2050, unless otherwise terminated or canceled as provided in this document.

B. At the end of the term of this Lease, Lessee shall have the option to apply for a new lease at the then current terms for new leases. The Lessee shall be eligible for a new lease agreement on the Leased Premises provided Lessee is in compliance with all terms, covenants, and conditions of this Lease and any amendments thereto.

III. HOLDING OVER

If Lessee, without the written consent of the City, shall hold over after the termination date or earlier termination of this Lease, Lessee shall be deemed to be occupying the Premises as a month-to-month tenant whose tenancy may be terminated as provided by the laws of the State of Washington. During any such tenancy, Lessee agrees to be bound by all of the terms, covenants, and conditions of this Lease, as far as they are applicable to a month-to-month tenancy and to pay monthly rent in the amounts designated by the City.

IV. USE OF PREMISES

A. Lessee agrees that the use of the Premises shall be limited to those airport-related activities authorized by the Federal Aviation Administration, City of Deer Park Zoning Regulations, Airport Minimum Business Standards and Airport Rules and Regulations as are presently in effect and may in the future be adopted, or as may otherwise be agreed to by the parties.

B. Lessee shall provide proof of aircraft registration (or intent to register) with the State of Washington in accordance with RCW 47.68.250, as the same exists now or may hereafter be amended. The City is obligated by law to report to the Washington State Department of Transportation, Aviation Division the aircraft "N" number and owner name and address of those not yet registered.

C. It is clearly understood by the Lessee that no right or privilege has been granted which would prevent any person, firm, corporation, or entity operating aircraft on the airport from performing any service on its own aircraft with its own employees (including, but not limited to, maintenance and repair) that it may choose to perform.

V. FINANCIAL OBLIGATION

A. Commencing on the effective date of this Lease, Lessee agrees to pay rent to the City as calculated below:

Rent Rate	Sq. Ft.	Rent	Leasehold Tax	Total Due	Semi Annual
\$ 0.20	9799.24	\$ 1,959.85	\$ 251.64	\$ 2,211.49	\$ 1,115.75

The rental payment amount for any partial calendar months included in the Lease term shall be prorated on a daily basis. Annual payments, in advance, are preferred. Semi-annual payments shall be assessed an administrative fee of \$10 per payment. Rent not paid by the 10th of the month due shall be deemed delinquent, and a penalty of 10% of the amount due at that time shall be assessed against each delinquent installment.

B. No demand for rent need at any time be given, but it shall be the duty of the Lessee to pay rentals, fees, charges, and billings as required under the provisions of this Lease.

C. Lease rates for the Leased Premises shall be adjusted annually. Adjustment shall be based upon the most immediate complete full previous year Consumer Price Index, Pacific Cities, West-B/C (Dec. 1996=100 for All Urban Consumers (CPI-U). City shall issue notice of intent to adjust the rental rates at least (30) days prior to the initiation of a rate increase. In the event this Consumer Price Index is no longer produced, then the next most geographically similar All Urban Consumers Index (CPI-U) shall be selected and applied by the City.

D. Lessee shall keep all rental payments free from all claims, demands, or set-offs, of any nature, or by any person, corporation, or entity.

E. Installation, hook-up, and payment for utilities shall be the responsibility of the Lessee. Utilities are to be installed to the City's specifications and those of the utility service provider.

VI. FAILURE TO COMPLY WITH FINANCIAL OBLIGATION

Failure to pay amounts due or comply with any other of the financial obligations to the City under this Agreement shall entitle the City to re-enter and take possession of the Premises upon giving Lessee ninety (90) days advance notice of intent to do so, if said monetary default has not been remedied within the ninety (90) day period after notice is sent.

VII. DISPOSITION OF BUILDINGS AND IMPROVEMENTS UPON LEASE EXPIRATION

At least one hundred eighty (180) days prior to the expiration of this Lease, Lessee shall notify the City regarding Lessee's intent with respect to lease renewal or disposition of buildings and improvements on the Leased Premises. Upon termination for reasons other than default, the City and Lessee shall agree upon one of the following three courses of action with respect to the disposition of Lessee's buildings and improvements located at the Premises:

1. In the event that the Lessee desires to continue occupying the Leased Premises, the Lessee may request that the City grant a new lease agreement. If the City desires to continue to lease the Leased Premises with the existing improvements, the City may concur with this request. Any such request concurred with by the City must be accompanied by the lease renewal application fee then in effect. In the event the City concurs with the Lessee's request to lease the Leased Premises, then the Lessee shall be eligible for a new lease agreement for the Leased Premises provided the following conditions are met by the Lessee:

- Good Repair: The Leased Premises and all improvements are in a state of good repair, including, without limitation, exterior paint, walls, roofs, doors, and any other items including those which are structural and/or aesthetic in nature.
- Lessee is in compliance with all terms, covenants, and conditions of this Lease. The terms of the new lease agreement are subject to negotiation between the City and Lessee. OR

2. At the end of the term of this Lease, the Lessee may peacefully surrender the Leased Premises in a fully restored condition, including the removal of all improvements. Restoration of Leased Premises shall also include fine grading to allow for proper drainage into the appropriate drainage system. All components of the improvement removed from the Leased Premises shall be completely removed from the site and disposed of off airport at the sole cost of Lessee. Removal of improvements and restoration of the Leased Premises shall be complete no later than thirty (30) calendar days after the expiration date of this Lease, unless the City agrees to an extension. OR

3. The City may agree to purchase the improvements from Lessee at a price to be determined by the City and Lessee. The City and Lessee may agree to have an appraisal of the improvements completed to aid the City and Lessee in their efforts to agree upon a purchase price. In the event the City and Lessee are unable to agree upon a purchase price, the City may require Lessee to comply with Option 2 above.

If the City and Lessee are unable to agree upon any of the above three options, then option 2 shall, by default, apply upon termination of the Lease term.

Personal property left on the Leased Premises shall, at the option of the City, become exclusive property of the City, without liability for payment, if said personal property remains on the Leased Premises thirty (30) days after the termination of the Lease for any reason.

City, at its discretion, may extend the time period for resolution of these options. Lessee shall be deemed to be occupying the Premises as a month-to-month tenant during any such extended period as per Article III of this Lease.

VIII. INDEMNIFICATION AND INSURANCE BY LESSEE

The Lessee shall indemnify the City, its employees, the Airport Manager and its employees, and City elected and appointed officers from and against any and all claims, demands, cause of actions, suits 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.** This provision and waiver was specifically negotiated.

City shall indemnify Lessee, its members, employees, and agents from and against any and all claims, demands, causes of action, suites or judgments, including attorney fees, costs and expenses incurred in connection therewith and in enforcing the indemnity, for death or injury to persons or for loss of or damage to property caused by the City's breach of any term of this Lease or the negligence of the City.

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

Lessee, as a material part of the consideration to be tendered to City, waives all claims against City 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, or invitees in or about the Leased Premises from any cause arising at any time, other than for City's sole negligence or willful misconduct.

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 bodily 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 City as an additional insured. Before taking possession of the Leased Premises, the Lessee shall furnish the City with a certificate evidencing the aforesaid insurance coverage.

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

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

The Lessee agrees that if Lessee does not purchase and maintain such insurance, City 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%) administrative charge, payable upon demand.

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 Leased Premises and the remaining insurance proceeds shall be the property of Lessee.

Lessee's construction contractor shall provide at least \$1,000,000 general liability insurance naming the City of Deer Park as an additional insured.

IX. DAMAGE OR DESTRUCTION

If the improvements on the Premises are partially or totally damaged by fire or other casualty, the Lessee will repair or replace the damaged improvements (or similar) to meet existing building code at its sole expense within a reasonable period of time (not to exceed ninety (90) days from casualty or as weather and the permit process allow). All such construction shall be subject to the covenants, restrictions, and approval procedures as defined in the Airport Site Development Guidelines and City of Deer Park Building Department.

In the event Lessee decides not to rebuild within a reasonable time, Lessee shall restore the Leased Premises to a good and usable condition in conformity with the then current usage within ninety (90) days from the date that written notice to restore is received from the City.

City may, at its discretion, extend the period for rebuilding. Lessee shall remain responsible for payment of rent and leasehold tax and shall comply with all terms and conditions of this Lease during this extended period.

If the Lessee opts not to rebuild, upon payment of the remainder of the rent due under the Lease and removal of all improvements and restoration of the Leased Premises to the condition the Leased Premises were in at the time of commencement of this Lease, the City will agree to terminate the Lease.

X. UTILITIES AND MAINTENANCE OF PREMISES

Lessee shall pay all charges for utility services furnished to the Premises, including, but not limited to, electricity, gas, telephone, water, sewage, garbage disposal, and janitorial services throughout the term of this Lease.

Lessee shall, at its sole expense, keep and maintain the Premises in good repair and tidy condition. While not all inclusive, particular attention shall be focused on foundations, structural components, roofs, wall systems, doors, and electrical and water systems. Roofs and

walls should be maintained to be free from leaks and damage and should be painted as necessary to maintain a tidy appearance.

In addition, Lessee shall:

- (a) Not allow trash, garbage, rubbish or refuse to collect on the exterior of any building on the Premises;
- (b) Mow vegetation on Premises;
- (c) Keep Premises around building free from inoperable and junk equipment;
- (d) Not use Premises around hangar as long-term parking for vehicles or parking of equipment not then being used for the operation of aircraft or maintenance of Premises.

XI. ADVERTISING, LIGHTING, AND TRANSMISSIONS

A. The Lessee shall submit plans and obtain approval of the City before erecting, installing, or operating signs or other advertisements upon any portion of the Premises herein demised.

B. The installation or use on the Premises of any floodlights, neon lights, colored lights, or other means of lighting shall be subject to the express written approval of the Airport Manager. Any use of lighting or signage that may potentially impair a pilot's ability to distinguish between airport lights and other light, or that creates glare or distraction affecting pilot vision is prohibited. All lighting shall be shielded downward.

C. Any use that creates or causes interference with the operations of radio or electronic facilities at the airport or with radio or electronic communications shall be prohibited.

XII. CITY'S RIGHT OF CANCELLATION

In addition to any conditions as specified herein and all other remedies available to the "City," this agreement shall be subject to cancellation by the City should any one or more of the following occur:

A. If Lessee shall file a voluntary petition in bankruptcy or proceedings in bankruptcy instituted against the Lessee are thereafter adjudicated, a bankruptcy pursuant to such proceedings, or a court shall take jurisdiction of the Lessee's property and its assets pursuant to proceedings brought under the provision of the Federal Reorganization or Bankruptcy Act, or a receiver for the Lessee's assets is appointed, or the Lessee is divested of its rights, powers, and privileges under this Lease by other operation of law.

B. If Lessee shall default, fail to perform, or breach any covenants, terms, or conditions of this Lease, the Lessee shall be given written notice to correct or cure such default, failure to perform, or breach. If, within ninety days (90) from the date of such notice, the default, breach, or complaint shall not have been corrected in a manner satisfactory to the City, the City shall have the right to immediately declare this Lease terminated and to proceed to evict Lessee

and may require Lessee to remove all improvements to the Leased Premises or at the City's option keep or dispose of the improvements.

XIII. LESSEE'S RIGHT OF CANCELLATION

In addition to all other remedies available to the Lessee, this Lease shall be subject to cancellation by Lessee should any one or more of the following occur:

A. The permanent abandonment or discontinuance in use of the Airport as an airport.

B. The issuance of any order, rule or regulation by the Federal Aviation Administration or any other federal agency or by any court of competent jurisdiction of an injunction, materially restricting for a period of at least ninety (90) days, the use of the Airport for air transportation by Lessee.

C. The breach by the City of any covenants, terms, or conditions of this Lease to be kept, performed and observed by the City and the failure to remedy such breach for a period of ninety (90) days after written notice from Lessee of the existence of such breach.

D. The assumption of the United States Government, or any authorized agent of the same, of the operation, control or use of the Airport and its facilities in such manner as to substantially restrict the Lessee from conducting its business or activity, if such restriction be continued for a period of (90) continuous days or more.

E. The occurrence of any event or events beyond the reasonable control of the Lessee, including, but not limited to, any act of God or other supervening event which precludes the Lessee from the use of the property for the purposes enumerated herein, or from the use of the airport facilities.

XIV. ASSIGNMENT & SUBLETTING

A. ASSIGNMENT: Except in the event of the death, disability, or incompetency adjudication of Lessee (including both husband and wife, if Lessee is a marital community), there shall be no right to assign this Lease. Any assignment of this Lease permitted by this provision shall contain a provision acknowledging that Lessee or Lessees' estate shall remain liable to the City for compliance with all of the terms and conditions of this Lease for the Term of this Lease.

B. SUBLETTING: Lessee shall have the right to sublease the subject Premises, with prior approval of the City as to proposed sublessee and proposed use, which approval shall not be unreasonably withheld. Lessee shall submit a copy of sublease agreement to the City. Any such sublease agreement shall not conflict with the terms and provisions of this Lease and Lessee shall provide to the City notice of any intent to sublease at least thirty days prior to such sublease. Any sublease shall not relieve the Lessee of any responsibility to perform any provisions of this Lease in the event Lessee's sub lessee fails to perform said provisions.

XV. NON-DISCRIMINATION

During the term of this Lease, Lessee, for itself, its personal representatives, and successors in interest, as a part of the consideration hereof, do hereby covenant and agree as follows:

A. No person, on the grounds of race, color, religion, sex, age, marital status, handicap, or national origin, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination by Lessee in the Lessee's occupation, use, or construction upon the Leased Premises.

B. Lessee shall use the Premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Environmental Protection Agency, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

XVI. PAYMENT OF TAXES AND FEES

Lessee shall pay all license, excise fees, permits, and taxes covering the business conducted on the Premises, and any taxes on the leasehold interest created by this Lease. Lessee shall also be responsible for payment of any other statutory tax or other fiscal obligations imposed by applicable local, state, or federal law with respect to the Lessee's agents, employees, property, or activities on the Premises.

XVII. RIGHT TO ENTER PREMISES

The City reserves the right to inspect the Premises and any improvements at any reasonable time for the purpose of ensuring compliance with rules and regulations governing the use of the Premises. The City shall make reasonable attempts to contact Lessee first by telephone, and if no answer, by certified mail (according to the current information provided by the Lessee) to arrange a convenient time for inspection. When immediate entry is deemed necessary for emergency purposes, if Lessee is not present to permit such entry, the City, its agents and employees shall be permitted to enter the Premises and any improvements. The City's agents or employees shall not be liable for any civil or criminal claim or cause of action for damages because of entering the Premises or improvements at reasonable times and in a reasonable manner.

XVIII. LEGAL CLAIMS

Lessee shall promptly report to the City any claim or suit against Lessee arising out of or in connection with the operation of Lessee's business or activities at the airport. Lessee is an independent contractor in every respect and not an agent of the "City."

XIX. LIENS AND ENCUMBRANCES

Lessee agrees that it shall pay, or cause to be paid, all costs and expenses for work done and materials delivered to the Premises and improvements, during the Term, for improvement to the Premises. Lessee shall keep the Premises free and clear of all liens. Lessee agrees to and shall indemnify, defend, and hold the City harmless from any liability, loss, damage, cost, attorney's fees, and all other expenses on account of claims of lien of

laborers or material men, or others, for work performed or materials or supplies furnished to Lessee for use on the Premises.

XX. LAWS, REGULATIONS, AND PERMITS

Lessee agrees that the use of the Premises, including construction thereon, shall conform at all times to any applicable federal, state, county, municipal laws, statutes, ordinances, or regulations, which may affect said property or the use thereof.

XXI. HAZARDOUS SUBSTANCES

A. Presence and Use of Hazardous Substances

Lessee shall identify and manage all hazardous substances and/or wastes according to The Washington State Department of Ecology Hazardous Wastes and Toxics Reduction Program (See Exhibit B). With respect to any such Hazardous Substances, Lessee shall:

1. Comply promptly, timely, and completely with all governmental requirements for reporting, keeping, and submitting manifests, and obtaining and keeping current identification numbers;
2. Submit to the City true and correct copies of all reports, manifests, and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities;
3. Within five (5) days of the City's request, submit written reports to the City regarding Lessee use, storage, treatment, transportation, generation, disposal, or sale of Hazardous Substances and provide evidence satisfactory to the City of Lessee compliance with the applicable government regulations;
4. Allow the City or the City's agent or representative to come on the Premises, pursuant to Article, XVII to check Lessee compliance with all applicable governmental regulations regarding Hazardous Substances;
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 Premises, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease); and
6. Comply with all applicable governmental rules, regulations, and requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances.

Any and all costs incurred by the City and associated with the City's inspection of Lessee Premises and the City's monitoring of Lessee compliance with this Article, including the City's attorneys' fees and costs, shall be additional rent and shall be due and payable to the City immediately upon demand by the City.

B. Cleanup Costs, Default, and Indemnification

1. Lessee shall be fully and completely liable to the City and/or other regulatory agencies for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Lessee use, disposal, transportation, generation, and/or sale of Hazardous Substances, in or about the Premises.

2. Lessee shall indemnify, defend, and hold the City harmless from any and all of the costs, fees, penalties, and charges assessed against, imposed upon, or incurred by the City (including but not limited to the City's actual attorneys' fees and costs) as a result of Lessee use, disposal, transportation, generation, and/or sale of Hazardous Substances.

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

a. At the City's option, to terminate this Lease immediately; and/or

b. To recover any and all damages associated with the default, including, but not limited to, cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by the City and tenants of the airport, any and all damages claims asserted by third parties and the City's actual attorneys' fees and costs.

XXII. SEVERABILITY

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.

XXIII. SUCCESSORS

This Lease is binding upon and benefits the heirs and successors of the Lessee.

XXIV. TIME IS OF THE ESSENCE

It is mutually agreed that time is of the essence in this Lease.

XXV. CONFLICT RESOLUTION

All claims, disputes and other matters in controversy (herein called "dispute") arising directly or indirectly out of or related to this Lease, or the breach thereof, whether contractual or non-contractual, and whether during the term of or after the termination of this Lease, shall be resolved exclusively according to the procedures set forth in this Article XXV.

Mediation.

Neither party shall commence an arbitration proceeding pursuant to the provisions of this Article XXV unless such party shall first give a written notice (a "Dispute Notice") to the other party in the same manner otherwise provided for notice in this Lease, setting forth with

reasonable specificity the nature of the dispute. The Dispute Notice shall constitute a notice and demand for mediation. The parties shall attempt in good faith to resolve the dispute by non-binding mediation. If the parties cannot agree on the selection of a mediator within fifteen (15) days after delivery of the Dispute Notice, the Seattle, Washington office of JAMS shall select the mediator. If the dispute has not been resolved by mediation within sixty (60) days after delivery of the Dispute Notice, then the dispute shall be determined by arbitration in accordance with the provisions of this Article XXV below.

Arbitration.

Any dispute that is not settled by mediation as provided in Section 8.1 shall be resolved by arbitration in the City of Spokane, State of Washington in accordance with the JAMS Arbitration Rules in effect on the date of the Dispute Notice, by an arbitrator appointed by the Seattle, Washington office of JAMS. The judgment on the arbitration shall be entered in Spokane County Superior Court.

The arbitrator shall issue an award in writing specifying its findings of fact and conclusions of law. Each party shall pay one-half of the fees and costs of the arbitrator.

Upon the application by either party to Spokane County Superior Court for an order confirming, modifying or vacating the award, the court shall have the power to review whether, as a matter of law based on the findings of fact determined by the arbitrator, the award should be confirmed, or should be modified or vacated in order to correct any errors of the law that may have been made by the arbitrator. In order to effectuate such judicial review limited to issues of law, the parties agree (and shall stipulate to the court) that the findings of fact made by the arbitrator shall be final and binding on the parties and shall serve as the facts to be submitted to and relied on by the court in determining the extent to which the award should be confirmed, modified or vacated.

Costs and Attorneys' Fees.

Except as otherwise specifically provided in this Lease, each party shall pay its own costs and attorney's fees incurred in any mediation, arbitration or any Spokane County Superior court hearing or further appeal or other litigation relating to or arising out of the existence of this Lease.

JAMS.

References in this Lease to the Seattle, Washington office of JAMS shall be considered references to the Spokane office of JAMS in the event a Spokane office is available on the date of the Dispute Notice. In the event there is no Seattle or Spokane office of JAMS on the date of the Dispute Notice, the Spokane County Superior Court shall appoint the mediator referred to in the Mediation provisions of this Article XXV and the arbitration provisions shall be interpreted as eliminated and stricken from this Lease and either party may only resolve disputes through commencement of litigation in Spokane County Superior Court.

XXVI. VENUE

It is hereby agreed and understood by both parties that the venue for any legal or equitable action arising out of the existence of this Lease shall be in the Superior Court of Spokane County, State of Washington.

XXVII. ENTIRE AGREEMENT

This Lease constitutes the entire agreement of the parties, including Exhibits "A and B" (and any addendum). No other written or oral statements shall be a part of this Lease. This Lease may only be modified by an agreement in writing signed by both parties.

XXVIII. NOTICES

All notices required herein shall be deemed to be properly served if hand delivered, or if sent by U.S. mail, postage prepaid, to the last address previously furnished by the parties hereto. Lessee is obligated to notify the City of current address and phone numbers. Until hereafter changed by the parties in writing, notices shall be addressed as follows:

City: City of Deer Park
Attn: Airport Manager
E. 316 Crawford PO Box F
Deer Park, WA 99006
(509)276-8802

Lessee: John Sheridan Smylie
5315 E. Silver Spur Lane
Spokane WA. 99217
(307) 220-1525
jssmylie@gmail.com

Date of service of such notice shall be the date of postmark by the U. S. Post Office service.

XXIX. ENCUMBRANCE OF LESSEE'S INTEREST

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.

The City will cooperate in a timely manner with any reasonable requests of Lessee involving an attempt by the Lessee to encumber Lessee's leasehold interest and/or estate in the Leased Premises.

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

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 City herein.

XXX. INTERPRETATION

This Lease 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 and Section headings are for convenience only and shall not be considered when interpreting this Lease. 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.

XXXI. NON-WAIVER OF COVENANTS

Either party's failure to insist upon the strict performance of any provision of this Lease shall not be construed as depriving either party the right to insist on strict performance of such provision in the future. The subsequent payment of rent by the Lessee or acceptance of rent by the City, whether full or partial payment, shall not be deemed a waiver of any preceding breach by either party 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 either party's knowledge of the preceding breach at the time of the acceptance of that part of the rent.

XXXII. COUNTERPARTS

This Lease may be signed in counterparts, each of which shall be an original but all of which shall constitute one and the same document. Signatures transmitted by facsimile or electronically shall be deemed valid execution of this Lease, binding on the parties.

The parties hereto by their respective authorized signatures below approve and enter into this Lease effective the First day of October, 2020.

City of Deer Park

Timothy Verzal, Mayor

Attest:

By: _____
Deby Cragun, City Clerk/Treasurer

LESSEE:

By: _____

STATE OF _____)
County of _____) ss

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

Dated _____

(SIGNATURE)

(TYPED OR PRINTED NAME)
Notary Public in and for the State of _____,
residing in _____
My Commission Expires: _____

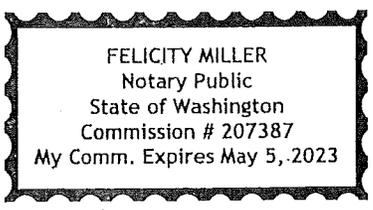
LESSEE:

By: [Signature]
John Smylie

STATE OF Washington)
County of Spothane) ss

I certify that I know or have satisfactory evidence that John Smylie is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it as the Lessee or authorized signatory for the Lessee identified in this instrument, to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

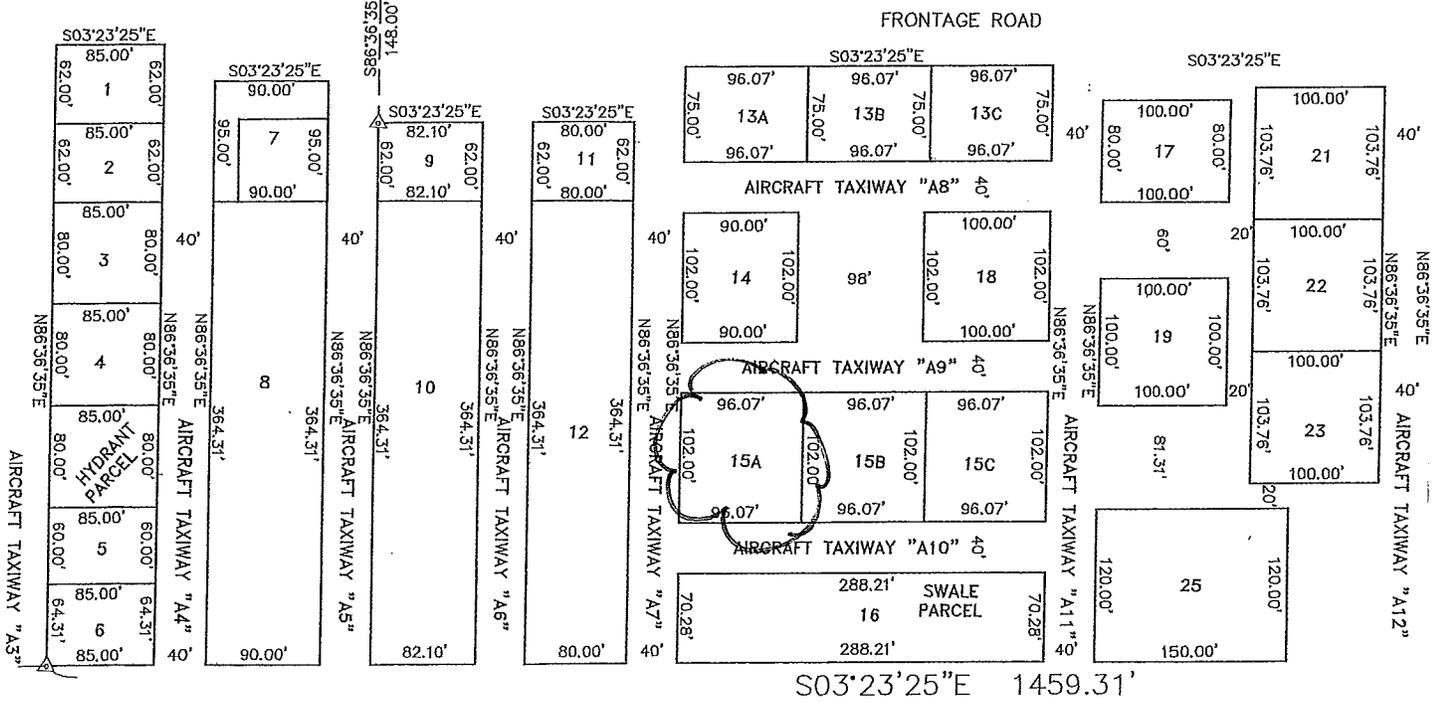
Dated 8/25/2020



[Signature]
(SIGNATURE)
Felicity Miller
(TYPED OR PRINTED NAME)
Notary Public in and for the State of
Washington, residing in Spothane WA
My Commission Expires: 5/5/2023

2639.62' S03°23'25"E

1118.97'



S03°23'25"E 1459.31'

DEER PARK AIRPORT LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter sometimes referred to as "Lease" or "Agreement") is made and entered into by and between the City of Deer Park, State of Washington, hereinafter referred to as "City" and Tony Dulley, hereinafter referred to as "Lessee."

WITNESS THAT

WHEREAS, THE CITY OF DEER PARK is the owner of certain described real estate, more fully described below; and

WHEREAS, THE LESSEE desires to lease the certain described property for the purpose described herein;

NOW, THEREFORE, for and in consideration of the premises provided herein and the mutual covenants and agreements hereinafter contained and other valuable consideration, the parties hereto agree, for themselves, their successors and assigns, as follows:

I. PREMISES

The City of Deer Park hereby leases to Lessee the parcel of land shown in the Deer Park Municipal Airport Lease Lot Map 2020 (revision #5) Deer Park Municipal Airport, Spokane County, Washington (hereinafter the "Premises" or "Leased Premises") and identified as Lot #26.

The City covenants and agrees that it is in lawful possession of the property, and has good and lawful authority to execute this Lease. The Lessee hereby warrants that it has inspected the Premises and City has not made any promises, warranties, or statements other than as contained herein. Lessee accepts the Premises as is.

The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance.

The City reserves the right but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

The City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Lessee from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

The City shall have the right to temporarily close the Airport or any of the facilities thereon for maintenance, improvement, or for the safety of the public.

It is understood and agreed to by Lessee that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right forbidden by the Airport

Development Act, 49 U.S.C. 47101. et.seq. and Section 308 of the Federal Aviation Act of 1958 as the same exist now or may hereafter be amended.

During the time of war or national emergency, the City shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use and, if such Lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the government, shall be modified to be consistent with the provisions of the lease to the government and may be fully suspended at the option of the City.

This Lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for development of the Airport, by the provisions of the Airport Improvement Program, and as the program may be amended, or any other federal act, deed, grant agreement, or program affecting the operation or maintenance of the Airport now or in the future; provided however, that the City shall, to the extent permitted by law, use its best efforts to cause any such agreements to include provisions protecting and preserving the rights of Lessee in and to the Premises and improvements thereon. Failure of the Lessee or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Lessee's rights hereunder.

II. TERM

A. The Term of this Lease shall be for a period of 30 years commencing from the First day of November, 2020 and ending the Thirty First day of October 2050, unless otherwise terminated or canceled as provided in this document.

B. At the end of the term of this Lease, Lessee shall have the option to apply for a new lease at the then current terms for new leases. The Lessee shall be eligible for a new lease agreement on the Leased Premises provided Lessee is in compliance with all terms, covenants, and conditions of this Lease and any amendments thereto.

III. HOLDING OVER

If Lessee, without the written consent of the City, shall hold over after the termination date or earlier termination of this Lease, Lessee shall be deemed to be occupying the Premises as a month-to-month tenant whose tenancy may be terminated as provided by the laws of the State of Washington. During any such tenancy, Lessee agrees to be bound by all of the terms, covenants, and conditions of this Lease, as far as they are applicable to a month-to-month tenancy and to pay monthly rent in the amounts designated by the City.

IV. USE OF PREMISES

A. Lessee agrees that the use of the Premises shall be limited to those airport-related activities authorized by the Federal Aviation Administration, City of Deer Park Zoning Regulations, Airport Minimum Business Standards and Airport Rules and Regulations as are presently in effect and may in the future be adopted, or as may otherwise be agreed to by the parties.

B. Lessee shall provide proof of aircraft registration (or intent to register) with the State of Washington in accordance with RCW 47.68.250, as the same exists now or may hereafter be amended. The City is obligated by law to report to the Washington State Department of Transportation, Aviation Division the aircraft "N" number and owner name and address of those not yet registered.

C. It is clearly understood by the Lessee that no right or privilege has been granted which would prevent any person, firm, corporation, or entity operating aircraft on the airport from performing any service on its own aircraft with its own employees (including, but not limited to, maintenance and repair) that it may choose to perform.

V. FINANCIAL OBLIGATION

A. Commencing on the effective date of this Lease, Lessee agrees to pay rent to the City as calculated below:

Rent Rate	Sq. Ft.	Rent	Leasehold Tax	Total Due	Semi Annual
\$ 0.20	10000	\$ 2,000.00	\$ 256.80	\$ 2,256.80	\$ 1,138.40

The rental payment amount for any partial calendar months included in the Lease term shall be prorated on a daily basis. Annual payments, in advance, are preferred. Semi-annual payments shall be assessed an administrative fee of \$10 per payment. Rent not paid by the 10th of the month due shall be deemed delinquent, and a penalty of 10% of the amount due at that time shall be assessed against each delinquent installment.

B. No demand for rent need at any time be given, but it shall be the duty of the Lessee to pay rentals, fees, charges, and billings as required under the provisions of this Lease.

C. Lease rates for the Leased Premises shall be adjusted annually. Adjustment shall be based upon the most immediate complete full previous year Consumer Price Index, Pacific Cities, West-B/C (Dec. 1996=100 for All Urban Consumers (CPI-U). City shall issue notice of intent to adjust the rental rates at least (30) days prior to the initiation of a rate increase. In the event this Consumer Price Index is no longer produced, then the next most geographically similar All Urban Consumers Index (CPI-U) shall be selected and applied by the City.

D. Lessee shall keep all rental payments free from all claims, demands, or set-offs, of any nature, or by any person, corporation, or entity.

E. Installation, hook-up, and payment for utilities shall be the responsibility of the Lessee. Utilities are to be installed to the City's specifications and those of the utility service provider.

VI. FAILURE TO COMPLY WITH FINANCIAL OBLIGATION

Failure to pay amounts due or comply with any other of the financial obligations to the City under this Agreement shall entitle the City to re-enter and take possession of the Premises upon giving Lessee ninety (90) days advance notice of intent to do so, if said monetary default has not been remedied within the ninety (90) day period after notice is sent.

VII. DISPOSITION OF BUILDINGS AND IMPROVEMENTS UPON LEASE EXPIRATION

At least one hundred eighty (180) days prior to the expiration of this Lease, Lessee shall notify the City regarding Lessee's intent with respect to lease renewal or disposition of buildings and improvements on the Leased Premises. Upon termination for reasons other than default, the City and Lessee shall agree upon one of the following three courses of action with respect to the disposition of Lessee's buildings and improvements located at the Premises:

1. In the event that the Lessee desires to continue occupying the Leased Premises, the Lessee may request that the City grant a new lease agreement. If the City desires to continue to lease the Leased Premises with the existing improvements, the City may concur with this request. Any such request concurred with by the City must be accompanied by the lease renewal application fee then in effect. In the event the City concurs with the Lessee's request to lease the Leased Premises, then the Lessee shall be eligible for a new lease agreement for the Leased Premises provided the following conditions are met by the Lessee:

- **Good Repair:** The Leased Premises and all improvements are in a state of good repair, including, without limitation, exterior paint, walls, roofs, doors, and any other items including those which are structural and/or aesthetic in nature.

- Lessee is in compliance with all terms, covenants, and conditions of this Lease. The terms of the new lease agreement are subject to negotiation between the City and Lessee. OR

2. At the end of the term of this Lease, the Lessee may peacefully surrender the Leased Premises in a fully restored condition, including the removal of all improvements. Restoration of Leased Premises shall also include fine grading to allow for proper drainage into the appropriate drainage system. All components of the improvement removed from the Leased Premises shall be completely removed from the site and disposed of off airport at the sole cost of Lessee. Removal of improvements and restoration of the Leased Premises shall be complete no later than thirty (30) calendar days after the expiration date of this Lease, unless the City agrees to an extension. OR

3. The City may agree to purchase the improvements from Lessee at a price to be determined by the City and Lessee. The City and Lessee may agree to have an appraisal of the improvements completed to aid the City and Lessee in their efforts to agree upon a purchase price. In the event the City and Lessee are unable to agree upon a purchase price, the City may require Lessee to comply with Option 2 above.

If the City and Lessee are unable to agree upon any of the above three options, then option 2 shall, by default, apply upon termination of the Lease term.

Personal property left on the Leased Premises shall, at the option of the City, become exclusive property of the City, without liability for payment, if said personal property remains on the Leased Premises thirty (30) days after the termination of the Lease for any reason.

City, at its discretion, may extend the time period for resolution of these options. Lessee shall be deemed to be occupying the Premises as a month-to-month tenant during any such extended period as per Article III of this Lease.

VIII. INDEMNIFICATION AND INSURANCE BY LESSEE

The Lessee shall indemnify the City, its employees, the Airport Manager and its employees, and City elected and appointed officers from and against any and all claims, demands, cause of actions, suits 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.** This provision and waiver was specifically negotiated.

City shall indemnify Lessee, its members, employees, and agents from and against any and all claims, demands, causes of action, suites or judgments, including attorney fees, costs and expenses incurred in connection therewith and in enforcing the indemnity, for death or injury to persons or for loss of or damage to property caused by the City's breach of any term of this Lease or the negligence of the City.

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

Lessee, as a material part of the consideration to be tendered to City, waives all claims against City 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, or invitees in or about the Leased Premises from any cause arising at any time, other than for City's sole negligence or willful misconduct.

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 bodily 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 City as an additional insured. Before taking possession of the Leased Premises, the Lessee shall furnish the City with a certificate evidencing the aforesaid insurance coverage.

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

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

The Lessee agrees that if Lessee does not purchase and maintain such insurance, City 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%) administrative charge, payable upon demand.

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 Leased Premises and the remaining insurance proceeds shall be the property of Lessee.

Lessee's construction contractor shall provide at least \$1,000,000 general liability insurance naming the City of Deer Park as an additional insured.

IX. DAMAGE OR DESTRUCTION

If the improvements on the Premises are partially or totally damaged by fire or other casualty, the Lessee will repair or replace the damaged improvements (or similar) to meet existing building code at its sole expense within a reasonable period of time (not to exceed ninety (90) days from casualty or as weather and the permit process allow). All such construction shall be subject to the covenants, restrictions, and approval procedures as defined in the Airport Site Development Guidelines and City of Deer Park Building Department.

In the event Lessee decides not to rebuild within a reasonable time, Lessee shall restore the Leased Premises to a good and usable condition in conformity with the then current usage within ninety (90) days from the date that written notice to restore is received from the City.

City may, at its discretion, extend the period for rebuilding. Lessee shall remain responsible for payment of rent and leasehold tax and shall comply with all terms and conditions of this Lease during this extended period.

If the Lessee opts not to rebuild, upon payment of the remainder of the rent due under the Lease and removal of all improvements and restoration of the Leased Premises to the condition the Leased Premises were in at the time of commencement of this Lease, the City will agree to terminate the Lease.

X. UTILITIES AND MAINTENANCE OF PREMISES

Lessee shall pay all charges for utility services furnished to the Premises, including, but not limited to, electricity, gas, telephone, water, sewage, garbage disposal, and janitorial services throughout the term of this Lease.

Lessee shall, at its sole expense, keep and maintain the Premises in good repair and tidy condition. While not all inclusive, particular attention shall be focused on foundations, structural components, roofs, wall systems, doors, and electrical and water systems. Roofs and

walls should be maintained to be free from leaks and damage and should be painted as necessary to maintain a tidy appearance.

In addition, Lessee shall:

- (a) Not allow trash, garbage, rubbish or refuse to collect on the exterior of any building on the Premises;
- (b) Mow vegetation on Premises;
- (c) Keep Premises around building free from inoperable and junk equipment;
- (d) Not use Premises around hangar as long-term parking for vehicles or parking of equipment not then being used for the operation of aircraft or maintenance of Premises.

XI. ADVERTISING, LIGHTING, AND TRANSMISSIONS

A. The Lessee shall submit plans and obtain approval of the City before erecting, installing, or operating signs or other advertisements upon any portion of the Premises herein demised.

B. The installation or use on the Premises of any floodlights, neon lights, colored lights, or other means of lighting shall be subject to the express written approval of the Airport Manager. Any use of lighting or signage that may potentially impair a pilot's ability to distinguish between airport lights and other light, or that creates glare or distraction affecting pilot vision is prohibited. All lighting shall be shielded downward.

C. Any use that creates or causes interference with the operations of radio or electronic facilities at the airport or with radio or electronic communications shall be prohibited.

XII. CITY'S RIGHT OF CANCELLATION

In addition to any conditions as specified herein and all other remedies available to the "City," this agreement shall be subject to cancellation by the City should any one or more of the following occur:

A. If Lessee shall file a voluntary petition in bankruptcy or proceedings in bankruptcy instituted against the Lessee are thereafter adjudicated, a bankruptcy pursuant to such proceedings, or a court shall take jurisdiction of the Lessee's property and its assets pursuant to proceedings brought under the provision of the Federal Reorganization or Bankruptcy Act, or a receiver for the Lessee's assets is appointed, or the Lessee is divested of its rights, powers, and privileges under this Lease by other operation of law.

B. If Lessee shall default, fail to perform, or breach any covenants, terms, or conditions of this Lease, the Lessee shall be given written notice to correct or cure such default, failure to perform, or breach. If, within ninety days (90) from the date of such notice, the default, breach, or complaint shall not have been corrected in a manner satisfactory to the City, the City shall have the right to immediately declare this Lease terminated and to proceed to evict Lessee

and may require Lessee to remove all improvements to the Leased Premises or at the City's option keep or dispose of the improvements.

XIII. LESSEE'S RIGHT OF CANCELLATION

In addition to all other remedies available to the Lessee, this Lease shall be subject to cancellation by Lessee should any one or more of the following occur:

A. The permanent abandonment or discontinuance in use of the Airport as an airport.

B. The issuance of any order, rule or regulation by the Federal Aviation Administration or any other federal agency or by any court of competent jurisdiction of an injunction, materially restricting for a period of at least ninety (90) days, the use of the Airport for air transportation by Lessee.

C. The breach by the City of any covenants, terms, or conditions of this Lease to be kept, performed and observed by the City and the failure to remedy such breach for a period of ninety (90) days after written notice from Lessee of the existence of such breach.

D. The assumption of the United States Government, or any authorized agent of the same, of the operation, control or use of the Airport and its facilities in such manner as to substantially restrict the Lessee from conducting its business or activity, if such restriction be continued for a period of (90) continuous days or more.

E. The occurrence of any event or events beyond the reasonable control of the Lessee, including, but not limited to, any act of God or other supervening event which precludes the Lessee from the use of the property for the purposes enumerated herein, or from the use of the airport facilities.

XIV. ASSIGNMENT & SUBLETTING

A. ASSIGNMENT: Except in the event of the death, disability, or incompetency adjudication of Lessee (including both husband and wife, if Lessee is a marital community), there shall be no right to assign this Lease. Any assignment of this Lease permitted by this provision shall contain a provision acknowledging that Lessee or Lessees' estate shall remain liable to the City for compliance with all of the terms and conditions of this Lease for the Term of this Lease.

B. SUBLETTING: Lessee shall have the right to sublease the subject Premises, with prior approval of the City as to proposed sublessee and proposed use, which approval shall not be unreasonably withheld. Lessee shall submit a copy of sublease agreement to the City. Any such sublease agreement shall not conflict with the terms and provisions of this Lease and Lessee shall provide to the City notice of any intent to sublease at least thirty days prior to such sublease. Any sublease shall not relieve the Lessee of any responsibility to perform any provisions of this Lease in the event Lessee's sub lessee fails to perform said provisions.

XV. NON-DISCRIMINATION

During the term of this Lease, Lessee, for itself, its personal representatives, and successors in interest, as a part of the consideration hereof, do hereby covenant and agree as follows:

A. No person, on the grounds of race, color, religion, sex, age, marital status, handicap, or national origin, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination by Lessee in the Lessee's occupation, use, or construction upon the Leased Premises.

B. Lessee shall use the Premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Environmental Protection Agency, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

XVI. PAYMENT OF TAXES AND FEES

Lessee shall pay all license, excise fees, permits, and taxes covering the business conducted on the Premises, and any taxes on the leasehold interest created by this Lease. Lessee shall also be responsible for payment of any other statutory tax or other fiscal obligations imposed by applicable local, state, or federal law with respect to the Lessee's agents, employees, property, or activities on the Premises.

XVII. RIGHT TO ENTER PREMISES

The City reserves the right to inspect the Premises and any improvements at any reasonable time for the purpose of ensuring compliance with rules and regulations governing the use of the Premises. The City shall make reasonable attempts to contact Lessee first by telephone, and if no answer, by certified mail (according to the current information provided by the Lessee) to arrange a convenient time for inspection. When immediate entry is deemed necessary for emergency purposes, if Lessee is not present to permit such entry, the City, its agents and employees shall be permitted to enter the Premises and any improvements. The City's agents or employees shall not be liable for any civil or criminal claim or cause of action for damages because of entering the Premises or improvements at reasonable times and in a reasonable manner.

XVIII. LEGAL CLAIMS

Lessee shall promptly report to the City any claim or suit against Lessee arising out of or in connection with the operation of Lessee's business or activities at the airport. Lessee is an independent contractor in every respect and not an agent of the "City."

XIX. LIENS AND ENCUMBRANCES

Lessee agrees that it shall pay, or cause to be paid, all costs and expenses for work done and materials delivered to the Premises and improvements, during the Term, for improvement to the Premises. Lessee shall keep the Premises free and clear of all liens. Lessee agrees to and shall indemnify, defend, and hold the City harmless from any liability, loss, damage, cost, attorney's fees, and all other expenses on account of claims of lien of

laborers or material men, or others, for work performed or materials or supplies furnished to Lessee for use on the Premises.

XX. LAWS, REGULATIONS, AND PERMITS

Lessee agrees that the use of the Premises, including construction thereon, shall conform at all times to any applicable federal, state, county, municipal laws, statutes, ordinances, or regulations, which may affect said property or the use thereof.

XXI. HAZARDOUS SUBSTANCES

A. Presence and Use of Hazardous Substances

Lessee shall identify and manage all hazardous substances and/or wastes according to The Washington State Department of Ecology Hazardous Wastes and Toxics Reduction Program (See Exhibit B). With respect to any such Hazardous Substances, Lessee shall:

1. Comply promptly, timely, and completely with all governmental requirements for reporting, keeping, and submitting manifests, and obtaining and keeping current identification numbers;
2. Submit to the City true and correct copies of all reports, manifests, and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities;
3. Within five (5) days of the City's request, submit written reports to the City regarding Lessee use, storage, treatment, transportation, generation, disposal, or sale of Hazardous Substances and provide evidence satisfactory to the City of Lessee compliance with the applicable government regulations;
4. Allow the City or the City's agent or representative to come on the Premises, pursuant to Article, XVII to check Lessee compliance with all applicable governmental regulations regarding Hazardous Substances;
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 Premises, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease); and
6. Comply with all applicable governmental rules, regulations, and requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances.

Any and all costs incurred by the City and associated with the City's inspection of Lessee Premises and the City's monitoring of Lessee compliance with this Article, including the City's attorneys' fees and costs, shall be additional rent and shall be due and payable to the City immediately upon demand by the City.

B. Cleanup Costs, Default, and Indemnification

1. Lessee shall be fully and completely liable to the City and/or other regulatory agencies for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Lessee use, disposal, transportation, generation, and/or sale of Hazardous Substances, in or about the Premises.

2. Lessee shall indemnify, defend, and hold the City harmless from any and all of the costs, fees, penalties, and charges assessed against, imposed upon, or incurred by the City (including but not limited to the City's actual attorneys' fees and costs) as a result of Lessee use, disposal, transportation, generation, and/or sale of Hazardous Substances.

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

a. At the City's option, to terminate this Lease immediately;
and/or

b. To recover any and all damages associated with the default, including, but not limited to, cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by the City and tenants of the airport, any and all damages claims asserted by third parties and the City's actual attorneys' fees and costs.

XXII. SEVERABILITY

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.

XXIII. SUCCESSORS

This Lease is binding upon and benefits the heirs and successors of the Lessee.

XXIV. TIME IS OF THE ESSENCE

It is mutually agreed that time is of the essence in this Lease.

XXV. CONFLICT RESOLUTION

All claims, disputes and other matters in controversy (herein called "dispute") arising directly or indirectly out of or related to this Lease, or the breach thereof, whether contractual or non-contractual, and whether during the term of or after the termination of this Lease, shall be resolved exclusively according to the procedures set forth in this Article XXV.

Mediation.

Neither party shall commence an arbitration proceeding pursuant to the provisions of this Article XXV unless such party shall first give a written notice (a "Dispute Notice") to the other party in the same manner otherwise provided for notice in this Lease, setting forth with

reasonable specificity the nature of the dispute. The Dispute Notice shall constitute a notice and demand for mediation. The parties shall attempt in good faith to resolve the dispute by non-binding mediation. If the parties cannot agree on the selection of a mediator within fifteen (15) days after delivery of the Dispute Notice, the Seattle, Washington office of JAMS shall select the mediator. If the dispute has not been resolved by mediation within sixty (60) days after delivery of the Dispute Notice, then the dispute shall be determined by arbitration in accordance with the provisions of this Article XXV below.

Arbitration.

Any dispute that is not settled by mediation as provided in Section 8.1 shall be resolved by arbitration in the City of Spokane, State of Washington in accordance with the JAMS Arbitration Rules in effect on the date of the Dispute Notice, by an arbitrator appointed by the Seattle, Washington office of JAMS. The judgment on the arbitration shall be entered in Spokane County Superior Court.

The arbitrator shall issue an award in writing specifying its findings of fact and conclusions of law. Each party shall pay one-half of the fees and costs of the arbitrator.

Upon the application by either party to Spokane County Superior Court for an order confirming, modifying or vacating the award, the court shall have the power to review whether, as a matter of law based on the findings of fact determined by the arbitrator, the award should be confirmed, or should be modified or vacated in order to correct any errors of the law that may have been made by the arbitrator. In order to effectuate such judicial review limited to issues of law, the parties agree (and shall stipulate to the court) that the findings of fact made by the arbitrator shall be final and binding on the parties and shall serve as the facts to be submitted to and relied on by the court in determining the extent to which the award should be confirmed, modified or vacated.

Costs and Attorneys' Fees.

Except as otherwise specifically provided in this Lease, each party shall pay its own costs and attorneys fees incurred in any mediation, arbitration or any Spokane County Superior court hearing or further appeal or other litigation relating to or arising out of the existence of this Lease.

JAMS.

References in this Lease to the Seattle, Washington office of JAMS shall be considered references to the Spokane office of JAMS in the event a Spokane office is available on the date of the Dispute Notice. In the event there is no Seattle or Spokane office of JAMS on the date of the Dispute Notice, the Spokane County Superior Court shall appoint the mediator referred to in the Mediation provisions of this Article XXV and the arbitration provisions shall be interpreted as eliminated and stricken from this Lease and either party may only resolve disputes through commencement of litigation in Spokane County Superior Court.

XXVI. VENUE

It is hereby agreed and understood by both parties that the venue for any legal or equitable action arising out of the existence of this Lease shall be in the Superior Court of Spokane County, State of Washington.

XXVII. ENTIRE AGREEMENT

This Lease constitutes the entire agreement of the parties, including Exhibits "A and B" (and any addendum). No other written or oral statements shall be a part of this Lease. This Lease may only be modified by an agreement in writing signed by both parties.

XXVIII. NOTICES

All notices required herein shall be deemed to be properly served if hand delivered, or if sent by U.S. mail, postage prepaid, to the last address previously furnished by the parties hereto. Lessee is obligated to notify the City of current address and phone numbers. Until hereafter changed by the parties in writing, notices shall be addressed as follows:

City: City of Deer Park
Attn: Airport Manager
E. 316 Crawford, PO Box F
Deer Park, WA 99006
(509)276-8802

Lessee: Tony Dulley
16813 N. Dean Rd.
Nine Mile Falls, WA. 99026
(509) 714-0478
flymy182@aol.com

Date of service of such notice shall be the date of postmark by the U. S. Post Office service.

XXIX. ENCUMBRANCE OF LESSEE'S INTEREST

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.

The City will cooperate in a timely manner with any reasonable requests of Lessee involving an attempt by the Lessee to encumber Lessee's leasehold interest and/or estate in the Leased Premises.

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

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 City herein.

XXX. INTERPRETATION

This Lease 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 and Section headings are for convenience only and shall not be considered when interpreting this Lease. 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.

XXXI. NON-WAIVER OF COVENANTS

Either party's failure to insist upon the strict performance of any provision of this Lease shall not be construed as depriving either party the right to insist on strict performance of such provision in the future. The subsequent payment of rent by the Lessee or acceptance of rent by the City, whether full or partial payment, shall not be deemed a waiver of any preceding breach by either party 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 either party's knowledge of the preceding breach at the time of the acceptance of that part of the rent.

XXXII. COUNTERPARTS

This Lease may be signed in counterparts, each of which shall be an original but all of which shall constitute one and the same document. Signatures transmitted by facsimile or electronically shall be deemed valid execution of this Lease, binding on the parties.

The parties hereto by their respective authorized signatures below approve and enter into this Lease effective the First day of November, 2020.

City of Deer Park

, Mayor

Attest:

By: _____
City Clerk/Treasurer

LESSEE:

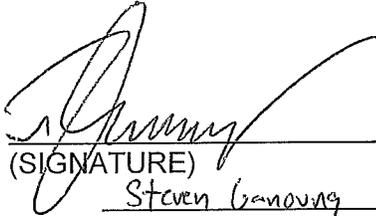
By: 

STATE OF WA)
County of Spokane) ss

I certify that I know or have satisfactory evidence that Tony Pulley is the person who appeared before me, and said person acknowledged that he/she signed this

instrument and acknowledged it as the Lessee or authorized signatory for the Lessee identified in this instrument, to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

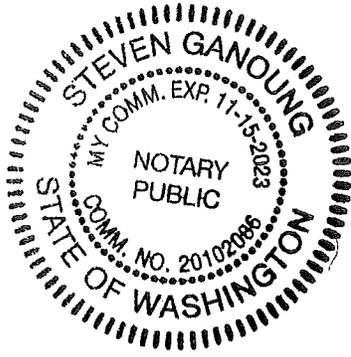
Dated 10-2-2020



(SIGNATURE)

Steven Ganoung
(TYPED OR PRINTED NAME)

Notary Public in and for the State of
WA, residing in Spokane County
My Commission Expires: 11-15-2023



DEER PARK MUNICIPAL AIRPORT LEASE PLAN

E SW 1/4 AND THE NW 1/4 OF SECTION 31, AND THE SW 1/4 SECTION 30, TOWNSHIP 29 NORTH, RANGE 43 EAST, WILLAMETTE MERIDIAN, SPOKANE COUNTY, WASHINGTON

