

# IMPORTANT NOTICE

Due to regulations pertaining to in-person meetings listed in the Governor's Open Public Meetings Act Proclamation(s), this meeting will be held remotely.

There are two options for viewing/listening to the meeting:

## 1. Live-Stream

View and listen through live streaming by using the following link –

<https://www.ci.chehalis.wa.us/citycouncil/live-streaming-and-demand-viewing-city-council-meetings>

or

## 2. Telephone

Dial: 1-253-215-8782

Meeting ID: 882 5769 2083

Passcode: 909296

Citizens wishing to provide public comments in general and on agenda items should submit comments by 4:00 pm on the day of the meeting. All comments received will be acknowledged by the Mayor under the Citizens Business portion of the meeting agenda. Please use the following form to submit comments – <https://www.ci.chehalis.wa.us/contact>. If you do not have computer access or would prefer to submit a comment verbally, please contact City Clerk Caryn Foley at 360-345-1042 or at [cfoley@ci.chehalis.wa.us](mailto:cfoley@ci.chehalis.wa.us). Citizens Business comments will be limited to five (5) minutes.

If you have any questions about live streaming the meeting or submitting a comment, please contact City Clerk Caryn Foley at [cfoley@ci.chehalis.wa.us](mailto:cfoley@ci.chehalis.wa.us) or 360-345-1042.

**The City truly appreciates the community's cooperation  
and patience during this challenging time.**

# CHEHALIS CITY COUNCIL AGENDA

CITY HALL  
350 N MARKET BLVD | CHEHALIS, WA 98532

Dennis L. Dawes, Position at Large Mayor		
Jerry Lord, District 1 Daryl J. Lund, District 2 Dr. Isaac S. Pope, District 4		Anthony E. Ketchum Sr., District 3 Chad E. Taylor, Position at Large, Mayor Pro Tem Robert J. Spahr, Position at Large

## Regular Meeting of Monday, December 14, 2020 5:00 p.m.

1. <u>Call to Order</u> . (Mayor)
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ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>PROCLAMATIONS / PRESENTATIONS</b>		
2. <u>Recognition of Barbara Lovelady, Fire Department Administrative Assistant</u> . (Mayor)		

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>SPECIAL BUSINESS</b>		
3. <u>Chehalis Community Renaissance Team Update</u> . (Annalee Tobey)		

<b>CITIZENS BUSINESS</b>
Citizens wishing to provide public comments in general and on agenda items should submit comments by 4:00 pm on the day of the meeting. All comments received will be acknowledged by the Mayor under Citizens Business of this meeting agenda. Please use the following form to submit comments – <a href="https://www.ci.chehalis.wa.us/contact">https://www.ci.chehalis.wa.us/contact</a> . If you do not have computer access or would prefer to submit a comment verbally, please contact City Clerk Caryn Foley at 360-345-1042 or at <a href="mailto:cfoley@ci.chehalis.wa.us">cfoley@ci.chehalis.wa.us</a> . Citizens Business comments will be limited to five (5) minutes.

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>CONSENT CALENDAR</b>		
4. <u>Minutes of the Regular City Council Meeting of November 23, 2020.</u> (City Clerk)	APPROVE	1
5. <u>Vouchers and Transfers – Accounts Payable in the Amount of \$1,209,739.17 Dated November 30, 2020.</u> (City Manager, Finance Director)	APPROVE	3
6. <u>Vouchers and Transfers – Payroll in the Amount of \$763,663.29 Dated November 30, 2020.</u> (City Manager, Finance Director)	APPROVE	4
7. <u>Acceptance and Closeout of the Shaw Aquatics Center Pool Resurfacing Project.</u> (City Manager, Recreation Manager, Parks & Facilities Manager)	APPROVE	5
8. <u>Resolution No. 13-2020, First and Final Reading – Declaring City Property to be Surplus.</u> (City Manager, City Clerk)	ADOPT	7
9. <u>Resolution No. 14-2020, First and Final Reading – Initiating the Process for Expansion of the City’s Urban Growth Area.</u> (City Manager, Planning & Building Manager).	ADOPT	15
10. <u>Consider Cancellation of the December 28 City Council Meeting.</u> (City Manager)	APPROVE	19

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>UNFINISHED BUSINESS</b>		
11. <u>Ordinance No. 1014-B, Second and Final Reading – Amending the 2020 Budget.</u> (City Manager, Finance Director)	PASS	20

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>NEW BUSINESS</b>		
12. <u>Consideration of Offer to Lease Tract 15 at 1715 NW Louisiana Avenue to Washington State Employees Credit Union.</u> (City Manager, Public Works Director, Airport Operations Coordinator)	APPROVE	32
13. <u>Ordinance No. 1015-B, First Reading – Amending CMC 17.78 Uses/Occupancy.</u> (City Manager, Planning & Building Manager)	PASS	68
14. <u>Resolution No. 15-2020, First and Final Reading – Waiving Competitive Bidding Due to the Existence of Special Market Conditions Related to the Purchase of a Mobile Structure and Funding Authorization to Proceed with the Purchase</u> (City Manager, Public Works Director)	ADOPT	75

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
<b>ADMINISTRATION AND CITY COUNCIL REPORTS</b>		
15. <u>Administration Reports.</u> a. City Manager Update. (City Manager)	INFORMATION ONLY	- - -
16. <u>Councilor Reports/Committee Updates.</u> (City Council)	INFORMATION ONLY	- - -

<b>EXECUTIVE SESSION</b>
17. Pursuant to RCW: a. 42.30.110(1)(c) – Sale/Lease of Real Estate b. 42.30.110(1)(i) – Litigation/Potential Litigation

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.  
NEXT REGULAR CITY COUNCIL MEETING IS MONDAY, JANUARY 11, 2021.**

November 23, 2020

The Chehalis city council met in regular session on Monday, November 23, 2020. Mayor Dennis Dawes (present in the council chambers) called the meeting to order at 5:00 pm with the following council members present via Zoom: Jerry Lord, Tony Ketchum, Daryl Lund, Dr. Isaac Pope, and Bob Spahr. Councilor Chad Taylor was absent (excused). Staff present included: Jill Anderson, City Manager; Tammy Baraconi, Planning & Building Manager (Zoom); Caryn Foley, City Clerk; Kiley Franz, City Manager's Administrative Assistant; Erin Hillier, City Attorney; Trent Lougheed, Public Works Director; and Chun Saul, Finance Director. Due to orders from the Governor's office relating to COVID-19, members of the public and the press were able to view the meeting via live streaming or via telephone through Zoom. The public was also provided a process for submitting comments prior to the meeting.

1. **Consent Calendar.** Councilor Spahr moved to approve the consent calendar comprised of the following:

- a. Minutes of the regular city council meeting of November 9, 2020;
- b. November 13, 2020 Claim Vouchers No. 130459 – 130561 and Electronic Funds Transfer Check Nos. 1008 – 1032, 1020205 and 1120200 in the amount of \$685,074.67;
- c. Appointments of Debbie Franz and Kristi Kaech to the Historic Preservation Commission for three-year terms expiring December 31, 2023; and
- d. Engineering and construction services agreement with Precision Approach Engineering for the Above-Ground Fuel Storage Project not to exceed \$134,000.

The motion was seconded by Councilor Lord and carried unanimously.

2. **Public Hearing – Proposed 2021 Revenue Sources/Property Taxes, and Levies.** Mayor Dawes recessed the regular meeting and opened the public hearing at 5:03 pm. Caryn Foley stated no public comments were received regarding the public hearing. There being no public comments, Mayor Dawes closed the public hearing and reopened the regular meeting at 5:04 pm.

3. **Public Hearing – Proposed 2021 Budget.** Mayor Dawes recessed the regular meeting and opened the public hearing at 5:04 pm. Caryn Foley stated no public comments were received regarding the public hearing. There being no public comments, Mayor Dawes closed the public hearing and reopened the regular meeting at 5:05 pm.

4. **Ordinance No. 1011-B, Second and Final Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2021 and Ordinance No. 1012-B, Second and Final Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2021.** Councilor Spahr moved to pass Ordinance No. 1011-B and Ordinance No. 1012-B on second and final readings. The motion was seconded by Councilor Pope and carried unanimously.

5. **Ordinance No. 1013-B, Second and Final Reading – Adopting the Proposed 2021 Budget.** Councilor Spahr moved to pass Ordinance No. 1013-B on second and final reading. The motion was seconded by Councilor Lord and carried unanimously.

6. **Review of Lodging Tax Advisory Committee Comments Regarding 2021 Funding Allocation Revisions.** City Manager Anderson summarized the process for this year's lodging tax allocations. The LTAC met and provided comment, which was being presented now for council consideration.

Mayor Dawes stated the council budget committee reviewed the LTAC's comments and recommended approval.

Councilor Lund moved to approve funding allocations for 2021 tourism funds consistent with the comments provided by the LTAC at its November 19, 2020 meeting: ARTrails \$0; Centralia-Chehalis Chamber \$38,550; Chehalis-Centralia Railroad & Museum (Marketing) \$35,000; Chehalis-Centralia Railroad & Museum (Personnel) \$0; Chehalis Community Renaissance \$32,900; City of Chehalis RV Park Restrooms \$0; City of Chehalis Youth Athletic Tournaments \$15,000; Lewis County Historical Museum \$35,000; and Veterans Memorial Museum \$28,550. The motion was seconded by Councilor Pope and carried unanimously.

November 23, 2020

7. **Flood Authority Update.** Commissioner Edna Fund provided an update from the recent Flood Authority meeting. There was a project in the Port of Chehalis for District 1 that was approved to be included into a package of projects that would require approval by the Legislature.

8. **Ordinance No. 1014-B, First Reading – Amending the 2020 Budget.** Chun Saul stated this was the third and final amendment to the 2020 budget, which included the Coronavirus Relief Fund (CARES Act) Grant; budgets for custodial activities; and other revenue and expenditure budget adjustments to reflect more to actual.

Councilor Spahr moved to pass Ordinance No. 1014-B on first reading. The motion was seconded by Councilor Lord and carried unanimously.

9. **Award Bid for Temporary Fire Station Site Preparation Project.** Trent Lougheed stated the purpose of the project was to prepare the site to move the temporary fire station on Arkansas Way to the newly purchased property on State Avenue that will house the new fire station. The project was designed to blend together with the future station. The Small Works Roster process was used to solicit bids and three bids were opened the morning of November 23, with the low bidder being Barcott Construction in the amount of \$223,718.18. The engineer's estimate was \$282,710.10. The work will be funded by the bond the council approved to purchase the site and prepare for temporary use, along with Transportation Benefit District funds for right-of-way improvements. Staff also requested a 15% contingency for unanticipated change orders.

Councilor Ketchum moved to award the Temporary Fire Station Site Preparation Project to Barcott Construction, LLC, in the amount of \$223,718.18; authorize an additional 15% contingency budget of \$33,560; and authorize the City Manager to execute change orders that do not exceed a total project cost of \$257,278.18. The motion was seconded by Councilor Pope and carried unanimously.

10. **Administration Reports.**

a. **City Manager Update.** City Manager Anderson stated the Santa Parade was suspended due to COVID restrictions. She wished everyone a Happy Thanksgiving.

11. **Councilor Reports/Committee Updates.**

a. **Councilor Lund.** Councilor Lund reported that Councilor Taylor was diagnosed with COVID and was currently in the hospital. Councilor Taylor asked Councilor Lund to remind everybody to follow the rules and wear a mask. He stated a story about Councilor Taylor's COVID experience would be in the newspaper.

b. **Mayor Dawes.** Mayor Dawes stated the Lewis County LEOFF Disability Board was looking for a city representative. Councilor Ketchum stated he was interested on serving on the board. A letter will be sent expressing Councilor Ketchum's interest.

12. **Executive Session.** Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.110(1)(i) – Litigation/Potential Litigation, not to exceed 6:10 pm and there would be no action following conclusion of the executive session. Mayor Dawes closed the regular meeting at 5:41 pm. The executive session began at 5:41 pm. Following conclusion of the executive session, the regular meeting was reopened at 6:10 pm and immediately adjourned.

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Dennis L. Dawes, Mayor

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Caryn Foley, City Clerk

Approved:

Initials: \_\_\_\_\_

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Chun Saul, Finance Director  
Michelle White, Accounting Tech II

**MEETING OF:** December 14, 2020

**SUBJECT:** Vouchers and Transfers – Accounts Payable in the Amount of \$1,209,739.17

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**ISSUE**

City Council approval is requested for Vouchers and Transfers dated November 30, 2020.

**DISCUSSION**

The November 30, 2020 claim vouchers have been reviewed by a committee of three councilors prior to the release of payments. The administration is requesting City Council approval for Claim Vouchers No. 130562 – 130668 and Electronic Funds Transfer Check Nos. 1033 - 1052, 1020206 and 1020207 in the amount of \$1,209,739.17 dated November 30, 2020 which includes the transfer of:

- \$ 224,377.51 from the General Fund
- \$ 7,858.24 from the Dedicated Street Fund – 4% Sales Tax
- \$ 16,636.06 from the Transportation Benefit District Fund
- \$ 3,610.62 from the LEOFF 1 OPEB Reserve Fund
- \$ 8,396.93 from the Public Facilities Reserve Fund
- \$ 531.20 from the Garbage Fund
- \$ 870,300.71 from the Wastewater Fund
- \$ 54,984.76 from the Water Fund
- \$ 660.01 from the Storm & Surface Water Utility Fund
- \$ 21,571.44 from the Airport Fund
- \$ 811.69 from the Firemen’s Pension Fund

**RECOMMENDATION**

It is recommended that the City Council approve the November 30, 2020 Claim Vouchers No. 130562 – 130668 and Electronic Funds Transfer Check Nos. 1033 – 1052, 1020206 and 1020207 in the amount of \$1,209,739.17.

**SUGGESTED MOTION**

I move that the City Council approve the November 30, 2020 Claim Vouchers No. 130562 – 130668 and Electronic Funds Transfer Check Nos. 1033 – 1052, 1020206 and 1020207 in the amount of \$1,209,739.17.

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Chun Saul, Finance Director  
Betty Brooks, Payroll Accountant

**MEETING OF:** December 14, 2020

**SUBJECT:** Vouchers and Transfers – Payroll in the Amount of \$763,663.29

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**ISSUE**

City Council approval is requested for Payroll Vouchers and Transfers dated November 30, 2020.

**DISCUSSION**

The administration requests City Council approval for Payroll Vouchers No. 41492-41518, Direct Deposit Payroll Vouchers No. 12800-12904, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 319-322 dated November 30, 2020 in the amount of \$763,663.29, which include the transfer of:

- \$502,517.12 from the General Fund
- \$5,533.14 from the Arterial Street Fund
- \$5,940.00 from the LEOFF1 OPEB Reserve Fund
- \$110,224.34 from the Wastewater Fund
- \$91,412.09 from the Water Fund
- \$16,687.84 from the Storm & Surface Water Utility Fund
- \$31,348.76 from the Airport Fund

**RECOMMENDATION**

It is recommended that the City Council approve the November 30, 2020 Payroll Vouchers No. 41492-41518, Direct Deposit Payroll Vouchers No. 12800-12904, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 319-322 in the amount of \$763,663.29.

**SUGGESTED MOTION**

I move that the City Council approve the November 30, 2020, Payroll Vouchers No. 41492-41518, Direct Deposit Payroll Vouchers No. 12800-12904, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 319-322 in the amount of \$763,663.29.



**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Lilly Wall, Recreation Manager  
Andrew Hunziker, Parks and Facilities Manager

**MEETING OF:** December 14, 2020

**SUBJECT:** Acceptance and Closeout of the Shaw Aquatics Center Pool Resurfacing Project

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**ISSUE**

The Shaw Aquatics Center Pool Resurfacing Project is now complete. It is recommended that the City Council accept the project as complete, and release retainage to Anderson Pool Works in the amount of \$15,827.29 after all the statutory requirements have been met.

**DISCUSSION**

On June 10, 2019 Anderson Pool Works was awarded the Shaw Aquatics Center Pool Resurfacing project in the amount of \$285,215.20. A five percent contingency of \$14,261 was approved by the City Council for a total budget of \$299,476.20. The project consisted of the demolition of the old pool surface and a new plaster surface applied with tiled waterline markers and tiled lane lines.

There were added expenses to this project after the demolition of the pool surface was completed. Change Orders 1 and 2 were within the 5% contingency and were signed by the City Manager on February 10, 2020. Change Order 3 exceeded the 5% contingency and was approved by City Council on May 11, 2020. The total cost of the three change orders brought the final cost of the project to \$319,114.51. Following is a summary of the approved change orders:

**CO1- \$5,054.94:** Tiled depth markers and no diving markers were installed on the existing pool deck.

**CO2- \$7,220.93:** Old steps were demolished and new steps installed; water return lines replaced, wall lights in deep end replaced.

**CO3- \$19,054:** A grout line was uncovered after demolition of the pool body that needed to be ground out and tiled over with new grout and additional tile.

**FISCAL IMPACT**

The Shaw Aquatics Center Pool Resurfacing Project was a planned project for 2019 - 2020 and was funded by:

1.	Lodging Tax funds	\$182,000.00
2.	Public Facilities Reserve Fund	\$116,497.69
3.	General Fund	\$ 20,616.82

**RECOMMENDATION**

It is recommended that the City Council accept the Shaw Aquatics Center Pool Resurfacing Project as complete and authorize the release of retainage in the amount of \$15,827.29 after all statutory requirements have been met.

**SUGGESTED MOTION**

I move that the City Council accept the Shaw Aquatics Center Pool Resurfacing Project as complete and authorize the release of retainage in the amount of \$15,827.29 after all statutory requirements have been met.

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Caryn Foley, City Clerk

**MEETING OF:** December 14, 2020

**SUBJECT:** Resolution No. 13-2020, First and Final Reading – Declaring City Property to be Surplus

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**ISSUE**

The Fire Department has property that is no longer needed. State law requires that property must first be declared surplus by the City Council before being sold, transferred, or disposed of.

**DISCUSSION**

The Fire Department has several Scott air packs that will have reached their maximum life of 15 years at the end of 2021. The department purchased new MSA air packs through a grant in 2019. The surplus equipment will be sold to the Oakville Fire Department for \$100 per pack, which includes the pack, bottle, spare bottle, and mask.

**FISCAL IMPACT**

Proceeds from items that are sold or auctioned will go to the Fire Department.

**RECOMMENDATION**

It is recommended that the City Council adopt Resolution No. 13-2020.

**SUGGESTED MOTION**

I move that the City Council adopt Resolution No. 13-2020 on first and final reading.

**RESOLUTION NO. 13-2020**

**A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON,  
DECLARING PERSONAL PROPERTY OF THE CITY OF CHEHALIS TO  
BE SURPLUS AND OF NO FURTHER USE TO THE CITY, AND  
DIRECTING THE DISPOSITION THEREOF.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO RESOLVE AS  
FOLLOWS:**

**Section 1.** The following described personal property of the city of Chehalis, Washington, a municipal corporation, shall be, and the same hereby is, declared to be surplus and no longer of necessary use.

<b>Fire Department</b>	<b>Identifying Information</b>
Scott Air Packs with Bottles and Masks	See Attached Inventory
Scott Air Pack Spare Bottles	See Attached Inventory

**Section 2.** The personal property described herein shall be disposed of by the City Manager.

**ADOPTED** by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and content:

\_\_\_\_\_  
City Attorney

# PACKS

	BOX SERIAL NUMBER	SCBA SERIAL NUMBER	CITY #	PACK #	DATE IN SERVICE	ROPE BAG
1	115A0734006598	115S0734004540		1	1/7/2008	Y
2	115A0735000146	115S0734007100		2	1/7/2008	Y
3	115A0734006599	115S0734006285		3	1/7/2008	Y
4	115A0735000215	115S0734007096		4	1/7/2008	N
5	115A0734006603	115S0734007107		5	1/7/2008	Y
6	115A0734006608	115S0734007584		6	1/7/2008	Y
7	115A0734006607	115S0734007587		7	1/7/2008	N
8	115A0734006609	115S0734007586		8	1/7/2008	Y
9	115A0734006600	115S0734007588		9	1/7/2008	Y
10	115A0735000197	115S0734007088		10	1/7/2008	Y
11	115A0734006561	115S0734003540		11	1/7/2008	Y
12	115A0734006590	115S0734004687		12	1/7/2008	Y
13	115A0734006611	115S0734007106		13	1/7/2008	N
14	115A0734006586	115S0734004519		14	1/7/2008	N
15	115A0735000210	115S0734007103		15	1/7/2008	N
16	115A0734006612	115S0734007593		16	1/7/2008	N
17	115A0734006588	115S0734003555		17	1/7/2008	N
18	115A0734006604	115S0734007108		18	1/7/2008	N
19	115A0734006602	115S0734007118		19	1/7/2008	Y
20	115A0734006614	115S0734007581		20	1/7/2008	N
21	115A0734006601	115S0734007590		21	1/7/2008	Y
22	115A0734006610	115S0734004725		22	1/7/2008	N
23	115A0734006606	115S0734007591		23	1/7/2008	Y
24	115A0734006596	115S0734004523		24	1/7/2008	Y
25	115A0734006589	115S0734003484		25	1/7/2008	Y
26	115A0734006594	115S0734004688		26	1/7/2008	Y
27	115A0734006597	115S0734003482		27	1/7/2008	Y
28	115A0734006613	115S0734007595		28	1/7/2008	N
29	115A0734006605	115S0734007121		29	1/7/2008	Y/OLD
30	115A0734006592	115S0734004557		30	1/7/2008	Y

31	115A0734006587	115S0734004521		31	1/7/2008	
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# Bottles

CITY #	BOX SERIAL NUMBER	BOTTLE SERIAL #	DATE IN SERVICE	HYDRO
1	115S0734007406	OM34988		9/20/2012 48-1
2	115S0734007407	OM34768		9/20/2012 7 PACKS
3	115S0734007408	OM34981		5/1/2012 14 BOTTLES
4	115S0734007409	OM34760		5/23/2012
5	115S0734007410	OM34982		7/16/2012 48-2
6	115S0734007413	OM34990		5/23/2012 6 PACKS
7	115S0734007414	OM34989		9/20/2012 13 BOTTLES
8	115S0734007415	OM34763		9/20/2012
9	115S0734008555	OM34777		5/23/2012 T-48
10	115S0734008556	OM34793		5/1/2012 5 PACKS
11	115S0734008557	OM34788		9/20/2012 9 BOTTLES
12	115S0734008558	OM34776		7/6/2012
13	115S0734008559	OM34794		9/20/2012 A-48
14	115S0734008690	OM34924		9/20/2012 2 PACKS
15	115S0734008698	OM34904		7/6/2012 4 BOTTLES
16	115S0734008697	OM34941		9/20/2012
17	115S0734008696	OM34752		5/23/2012 48-4
18	115S0734008695	OM34922		5/1/2012 2 PACKS
19	115S0734008694	OM34928		9/20/2012 4 BOTTLES
20	115S0734008693	OM34845		7/6/2012
21	115S0734008692	OM34755		5/23/2012 4861
22	115S0734008691	OM34943		5/1/2012 1 PACK
23	115S0734008690	OM34716		5/23/2012
24	115S0734008689	OM34830		9/20/2012 STATION
25	115S0734008688	OM34709		9/20/2012 8 PACKS
26	115S0734008687	OM34694		9/20/2012
27	115S0734008686	OM34890		5/1/2012
28	115S0734008685	OM34817		9/20/2012
29	115S0734008684	OM34819		5/23/2012
30	115S0734008683	OM34824		5/1/2012

31	115S0734008682	OM34814		7/6/2012
	BOX SERIAL NUMBER	BOTTLE SERIAL #	DATE IN SERVICE	
32	115S0734008681	OM34821		5/1/2012
33	115S0734008680	MO34826		7/6/2012
34	115S0734008679	OM34721		7/6/2012
35	115S0734008678	OM34825		5/1/2012
36	115S0734008677	OM34923		9/20/2012
37	115S0734008676	OM43823		5/1/2012
38	115S0734008675	OM34773		9/20/2012
39	115S0734008674	OM34775		7/6/2012
40	115S0734008673	OM34782		7/6/2012
41	115S0734008672	OM34772		5/23/2012
42	115S0734008671	OM34774		7/6/2012
43	115S0734008670	OM34784		9/20/2012
44	115S0734008669	OM34800		9/20/2012
45	115S0734008668	OM34789		9/20/2012
46	115S0734008667	OM34781		9/20/2012
47	115S0734008666	OM34822		9/20/2012
48	115S0734008665	OM34790		7/6/2012
49	115S0734008664	OM34785		9/20/2012
50	115S0734008663	OM34796		9/20/2012
51	115S0734008662	OM34783		9/20/2012
52	115S0734008661	OM34787		5/23/2012
53	115S0734008700	OM34803		5/23/2012
54	115S0734008701	OM34946		7/6/2012
55	115S0734008702	OM34973		5/23/2012
56	115S0734008704	OM34813		9/20/2012
57	115S0734008705	OM34692		9/20/2012
58	115S0734008707	OM34799		9/20/2012
59	115S0734008710	OM34900		5/1/2012
60	115S0734008711	OM34801		5/1/2012



61	115S0734008714	OM34810		5/23/2012
62	115S0734008715	OM34717		5/1/2012

# MASKS

number	size	nosecone	name	voice box
481	M	L	COOLEY	
482	M		L-48	N
483	M		A-48	N
484	M		PAUL	N
485	M		48-1	N
486	M		48-3	Y-R
487	M		L-48	Y-R
488	M		L-48	Y-R
489	M		L-48	Y-R
4810	M		48-2	Y-R
4811	M		48-3	Y-R
4812	M		48-3	Y-R
4813	M		48-2	Y-R
4814	M		48-1	Y-R
4815	M		MEYER	Y-R
4816	M		48-3	Y-R
4817	M		48-2	Y-R
4818	M		GEBHART	
4819	M		L-48	Y-R
4820	M		A-48	Y-R
4821	M		48-3	Y-R
4822	M		48-2	Y-R
4823	M	L	TRAYLOR	
4824	L	L	BIRLEY	Y-R
4825	M	L	48-1	Y-R
4826	M	M	48-3	Y-R
4827	M	L	CARDINALE	Y-R
4828	L	L	48-1	Y-R
4829	L	L	T. McCARTY	Y-R
4830	L	L	REYNOLDS	Y-R
4831	M		48-2	Y-R
4832	L		T-BASKET	Y-R
4833	L		GILLIGAN	Y-R
4834	L		BECK	
4835	L		PEDERSEN	Y-R
4836	M		EMRICH	Y-R
4837	M		T-BASKET	Y-R
4838	S		SPARE	
4839			48-1	N
4840	XXXXX			

7/2/2012	APPARATUS	MASKS
	48-1	5
	48-2	5
	48-3	6
	T-48	5
	T-48 basket	2
	A-48	2
	MEMBERS	12

N=NO

PENNIE

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Tammy Baraconi, Building and Planning Manager

**MEETING OF:** December 14, 2020

**SUBJECT:** Resolution No. 14-2020, First and Final Reading – Initiating the Process for Expansion of the City’s Urban Growth Area

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**ISSUE**

Lewis County and the Lewis County Planned Growth Committee require notification of Urban Growth Area (UGA) expansions for 2021 by December 31, 2020.

**DISCUSSION**

The City of Chehalis has a request to expand the UGA in the Newaukum Golf Course area. An overview of the request was provided to the City Council’s Growth Management Committee, which recommended that the item be presented to the full City Council for consideration.

All UGA expansions require a modification to both the Lewis County Comprehensive Plan (comp plan) and the City of Chehalis Comprehensive Plan. The County requires that all requests to modify their comp plan be submitted by December 31, 2020. The County further requires that this request have the support of the majority of the City Council. A resolution is the most expedient way to provide the County this information.

It is important to note this is not an approval of the Newaukum Golf Course UGA expansion. This is merely notification to the County that the City Council is willing to allow the process to begin. The decision to approve or deny the request will be made by the City Council after the County and Department of Commerce have made their decisions to either approve or deny the request.

Because City Council is not approving the actual expansion and to keep the record clean, City Council is not being provided a map or details of the expansion at this time.

**FISCAL IMPACT**

None

**RECOMMENDATION**

It is recommended that the City Council adopt Resolution No. 14-2020 indicating its willingness to allow the UGA expansion process to move forward with Lewis County in 2021.

**SUGGESTED MOTION**

I move that the City Council adopt Resolution No. 14-2020 on first and final reading.

**RESOLUTION NO. 14-2020**

**A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON, AUTHORIZING THE CITY MANAGER TO SUBMIT REQUEST TO LEWIS COUNTY PLANNED GROWTH COMMITTEE FOR CONSIDERATION OF URBAN GROWTH AREA EXPANSION, AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.**

**WHEREAS**, the City of Chehalis works in a coordinated effort with the County of Lewis, Washington, for proposed expansions for the City Urban Growth Area (UGA) and to manage the development within the UGA pursuant to Interlocal Agreement executed on April 30, 2018; and

**WHEREAS**, to begin the process of consideration and initiate the coordination required for UGA expansion in the coming year, the City must submit a formal request to the Lewis County Planned Growth Management Committee no later than December 31, 2020; and

**WHEREAS**, as part of the formal request to the Lewis County Planned Growth Management Committee, Lewis County requires authorization by City Council to begin the process by request.

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The City Manager shall submit a formal request to the Lewis County Planned Growth Committee to initiate urban growth area expansion for consideration and coordination.

**Section 2.** The effective date of this Resolution shall be immediately upon its adoption.

**ADOPTED** by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and content:

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City Attorney

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council  
**FROM:** Jill Anderson, City Manager  
**BY:** Caryn Foley, City Clerk  
**MEETING OF:** December 14, 2020  
**SUBJECT:** Consider Cancellation of December 28 Council Meeting

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**ISSUE**

It is proposed that the City Council cancel the second meeting in December consistent with its tradition.

**DISCUSSION**

The City Council has historically cancelled the second meeting in December. In recognition of the City's tradition and the likelihood that most of the community will be focused on family and holiday festivities, the City Council is being asked to cancel the December 28 meeting. In the event that there is a need for the City Council to take action on a matter that is not anticipated at this time, a special meeting can be convened with 24-hour notice to the public.

**FISCAL IMPACT**

There is no fiscal impact associated with the proposed meeting cancellation.

**RECOMMENDATION**

It is recommended that the City Council cancel the December 28, 2020 City Council meeting.

**SUGGESTED MOTION**

I move that the City Council cancel the December 28, 2020 City Council meeting.

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Chun Saul, Finance Director

**MEETING OF:** December 14, 2020

**SUBJECT:** Ordinance No. 1014-B, Second and Final Reading – Amending the 2020 Budget

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**ISSUE**

Ordinance No. 1014-B amending the 2020 Budget, is hereby submitted to reflect the changes in estimates and actual activities of the City since the adoption of the 2020 Budget. This is the third and final amendment to the 2020 Budget.

There have been no changes since the first reading on November 23, 2020. This ordinance is presented for Council consideration on the second of the two required readings.

**DISCUSSION**

This proposed amendment to the 2020 Budget includes the following key items:

- 1) Grant revenues and expenditures for Corona Virus Relief Fund (CARES Act).
  - Increase revenue budget by \$230,300 for reimbursements that are expected to be received in 2020. *Grant reimbursements are received in the fund that incurred the eligible expenditures.*
  - Increase expenditure budget by \$125,000 for the amount dedicated for Chehalis CARES Community Program
- 2) Moving budgeted amounts related to custodial activities from individual funds that collect the receipts to designated fiduciary/custodial funds (633/634).
  - Custodial revenue (collections) budgeted \$298,505 being moved to custodial funds
  - Custodial expenditures (remittances) budgeted \$297,575 being moved to custodial funds

This budget adjustment was necessary to comply with the new financial reporting requirements related to custodial activities issued by the State Auditor's Office. Custodial activities include collection and remittance of sales and leasehold excise taxes, state portion of court revenues, and certain fees of other government entities. The City collects these monies on behalf of the other governmental agencies on a fiduciary capacity and must remit them to those agencies at the close of each month. These monies are not available for the City to use. Previously, custodial activities were budgeted in the funds that collect the fees. Starting fiscal year 2020, custodial activities are to be accounted for and reported in separate fund types. To implement



the new reporting requirements, we have created a new custodial fund and are reallocating current budget amounts between related funds.

- 3) Other budget adjustments in the General Fund and proprietary funds including utilities and Airport funds to reflect more to actual.

A 2020 Budget Summary for the proposed amendment, including beginning fund balances, revenues, transfers-in, expenditures, transfers-out, and estimated ending fund balances and a detailed spreadsheet of proposed budget amendment items are attached to the proposed Ordinance No. 1014-B as Exhibit "A" and Exhibit "A-1". The proposed budget amendments by fund are summarized as follows:

<b>Fund/Department</b>	<b>Revenues &amp; Transfers-in Budget Increase (Decrease)</b>	<b>Expenditures &amp; Transfers-out Budget Increase (Decrease)</b>	<b>Fund Balance Increase (Decrease)</b>
<b>General Fund:</b>			
CARES Act grant revenue	215,000		
Donations received for Police equipment	10,609		
Transfer from Fund 633	6,000		
Custodial receipts move to custodial fund	(107,025)		
Custodial receipts remittances move to custodial funds		(106,125)	
Chehalis CARES Program Expense Pass-thru awards		125,000	
Police department equipment purchase - WRAP		1,357	
Police department equipment purchase - Fingerprinting		9,252	
Planning department - increase for inspector services		20,000	
Planning department - salaries and wages		16,500	
City Manager department - salaries and wages		5,500	
Non-departmental - remove estimated C.O.L.A. budget		(23,150)	
<b>Total General Fund</b>	<b>124,584</b>	<b>48,334</b>	<b>76,250</b>
<b>Other Funds:</b>			
Garbage Fund	(290)	-	(290)
Wastewater	(96,040)	(600)	(95,440)
Water	(139,550)	(100)	(139,450)
Storm & Surface Water	(39,400)	(50)	(39,350)
Airport	26,484	158,251	(131,767)
Custodial Court Fund	(182,560)	(173,730)	(8,830)
Custodial Other Agency Fund	205,725	205,725	-
<b>Total City-Wide</b>	<b>(101,047)</b>	<b>237,830</b>	<b>(338,877)</b>

**General Fund:**

The proposed budget amendment increases the General Fund's revenues and transfers-in by \$124,584 and increases expenditures by \$48,334, resulting in a net increase in fund balance by \$76,250.

Total revenue budget increase of \$124,584 is consists of the following:

- \$215,000 increase for COVID-19 CARES Act grant reimbursement that is expected to be received in 2020.
- \$10,609 increase for donations received for purchase of certain police equipment.

- \$107,025 decrease for moving custodial receipts to separate custodial funds.
- \$6,000 transfer-in from the Custodial Fund (Municipal Court) for balance of court bail deposits.

Total expenditure budget increase of \$48,334 is net of the following items:

- \$125,000 increase for Chehalis CARES Community Program expenses. The City sub-awarded the CARES Act funds on a reimbursement basis to local non-profits that provide services to communities in response to the COVID-19 pandemic. The City will reimburse the non-profits and then submit a reimbursement request to the state Commerce.
- \$10,609 increase in Police Department for purchase of a fingerprinting equipment and the WRAP. The funding for the fingerprinting equipment was provided by The Chehalis Foundation, and funding for the WRAP was provided by a donation from the Dawes family.
- \$20,000 increase for contracted building inspection services in Planning and Building Department.
- \$22,000 increase for salaries and wages in the City Manager (\$5,500) and Planning and Building departments (\$16,500) due to cost-of-living increases approved and labor distribution allocation changes incurred during the year.
- \$23,150 decrease in Non-departmental suspense account that was budgeted for estimated COLA increases.
- \$106,125 decrease in various departments for custodial activities (move to custodial funds).

A summary of changes from 2020 current budget to the 2020 proposed amended budget is provided below:

<b>General Fund</b>	2020 Proposed		
	2020 Current Budget	Amended Budget	Increase (Decrease)
Revenues & Transfers-in	\$ 9,902,152	\$ 10,026,736	\$ 124,584
Expenditures & Transfers- out	10,274,462	10,322,796	48,334
Net Revenues Over (Under) Expenditures	(372,310)	(296,060)	76,250
Beginning Fund Balance	1,462,124	1,462,124	-
<b>Estimated Ending Fund Balance</b>	<b>\$ 1,089,814</b>	<b>\$ 1,166,064</b>	<b>\$ 76,250</b>
Estimated Ending Fund Balance % of Revenues	11.0%	11.6%	

**Garbage Fund:**

The proposed budget amendment decreases the Garbage Fund's revenues by \$290. This is due to moving sales tax receipts due to the state to a custodial fund.

**Wastewater Fund:**

The proposed budget amendment decreases the Wastewater Fund's revenues by \$96,040 and decreases the appropriations by \$600, resulting in a net decrease in fund balance by \$95,440. The budget projections for hookup/connection fees, late payment fees, and interest earnings are decreased by \$50,000, \$35,000, and \$15,000, respectively. Revenue for the COVID-19 CARES Act grant reimbursement is estimated at \$4,400. Revenues and expenditures budgets for custodial activities being moved to a custodial fund are \$440 and \$600, respectively.

**Water Fund:**

The proposed budget amendment decreases the Water Fund's revenues by \$139,550 and decreases the appropriations by \$100, resulting in a net decrease in fund balance by \$139,450. The budget projections

for hookup/connection fees, late payment fees, and interest earnings are decrease by \$70,000, \$25,000, and \$50,000, respectively. Revenue for the COVID-19 CARES Act grant reimbursement is estimated at \$5,500. Revenue and expenditure budgets for custodial activities being moved to a custodial fund are \$50 and \$100, respectively.

#### **Storm and Surface Water Fund:**

The proposed budget amendment decreases the Storm and Surface Water Fund's revenues by \$39,400 and decreases the appropriations by \$50, resulting in a net decrease in fund balance by \$39,350. The budget projections for hookup/connection fees, late payment fees, and interest earnings are decrease by \$25,000, \$4,500, and \$13,000, respectively. Revenue for the COVID-19 CARES Act grant reimbursement is estimated at \$3,100. Expenditure budget for custodial activities being moved to a custodial fund is \$50.

#### **Airport Fund:**

The proposed budget amendment increases the Airport Fund's revenues by \$26,484 and increases appropriations by \$158,251, resulting in a net decrease in fund balance by \$131,767.

The net total revenue budget increase of \$26,484 includes a \$2,300 COVID-19 CARES Act grant reimbursement, a \$60,000 increase for fuel sales, \$146,884 grant reimbursements requested in 2019 but received in 2020, an \$8,000 increase for interest earnings, and a \$190,700 decrease in custodial receipts budget (sales and leasehold excise tax) being moved to a custodial fund.

The net total expenditure budget increase of \$158,251 includes \$40,000 increase in fuel purchase, \$9,000 increase for insurance due to adding pollution policy, \$100,076 lease deposit refunded to Rich Development, \$199,875 capital improvement expenditure for site improvement at Arkansas Way for temporary fire station, and decrease (moving) of \$190,700 in custodial collection remittance budget to a custodial fund.

#### **Custodial Court Fund**

The proposed budget amendment decreases the Custodial Court Fund's revenues by \$182,560, decreases the expenditures budget by \$179,730, and increases transfers-out by \$6,000, resulting in a net decrease in fund balance by \$8,830. The amended budget represents only the estimated amounts for state portion of court revenue collections and remittances to the state.

#### **Custodial Other Agency Fund**

This is a new fund created with this budget amendment to comply with the State Auditor's new reporting guidance. The proposed budget amendment increases the Custodial Other Agency Fund's revenues by \$205,725 and increases the expenditures budget by \$205,725, with a net zero fund balance.

The amended budget represents the estimated state revenue collections for sales and leasehold taxes and other fees collected and remitted to the state and other agencies.

#### **City-Wide**

The proposed budget amendment revises the budgeted amount by a combined net total decrease in fund balance by \$338,877 as provided below:

<b>City-wide (All Funds)</b>	2020 Proposed		
	2020 Current Budget	Amended Budget	Increase (Decrease)
Revenues & Transfers-in	\$ 28,187,547	\$ 28,086,500	\$ (101,047)
Expenditures & Transfers-out	32,028,090	\$ 32,265,920	237,830
Net Revenues Over (Under) Expenditures	(3,840,543)	(4,179,420)	(338,877)
Beginning Fund Balance	23,401,490	23,401,490	-
Estimated Ending Fund Balance	\$ 19,560,947	\$ 19,222,070	\$ (338,877)

**RECOMMENDATION**

It is recommended that the City Council pass Ordinance No. 1014-B on second and final reading.

**SUGGESTED MOTION**

I move that the City Council pass Ordinance No. 1014-B on second and final reading.

**ORDINANCE NO. 1014-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, AMENDING THE 2020 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1003-B BY REVISING THE BUDGETED AMOUNTS BY A COMBINED TOTAL OF THREE HUNDRED THIRTY-EIGHT THOUSAND EIGHT HUNDRED SEVENTY-SEVEN DOLLARS (\$338,877) FOR THE GENERAL FUND, GARBAGE, WASTEWATER FUND, WATER FUND, STORM AND SURFACE WATER FUND, AIRPORT FUND, CUSTODIAL COURT FUND, AND CUSTODIAL OTHER AGENCY FUND AND DIRECTING THE FINANCE DIRECTOR TO EFFECT THE BUDGET AMENDMENTS HEREIN PROVIDED.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to increase the General Fund's revenues by \$118,584, increase transfers in by \$6,000, and increase appropriations by \$48,334.

**Section 2.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Garbage Fund's revenues by \$290.

**Section 3.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Wastewater Fund's revenues by \$96,040 and decrease appropriations by \$600.

**Section 4.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Water Fund's revenues by \$139,550 and decrease appropriations by \$100.

**Section 5.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Storm and Surface Water Fund's revenues by \$39,400 and decrease appropriations by \$50.

**Section 6.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to increase the Airport Fund's revenues by \$26,484 and increase appropriations by \$158,251.

**Section 7.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to decrease the Custodial Court Fund's revenues by \$182,560, decrease appropriations by \$179,790, and increase transfers-out by \$6,000.

**Section 8.** The annual budget of the city for the calendar year 2020 shall be, and the same hereby is, amended so as to increase the Custodial Other Agency Fund's revenues by \$205,725 and increase appropriations by \$205,725.

**Section 9.** Attached hereto and identified as Exhibit A, in summary form, is the total of estimated revenues, transfers-in, expenditures, and transfers-out for each separate fund and the aggregate totals for all such funds combined for the city for the amended 2020 budget which shows a total estimated ending fund balance of \$19,222,070.

**PASSED** by the City Council of the City of Chehalis, Washington, and **APPROVED** on its first reading at a regularly scheduled open public meeting thereof this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and content:

\_\_\_\_\_  
City Attorney

**CITY OF CHEHALIS "THIRD" AMENDED 2020 BUDGET  
2020 BUDGET SUMMARY REVISED WITH ORDINANCE NO. 1014-B**

FUND NO.	FUND NAME	BEGINNING FUND BALANCE 01/01/2020	REVENUES	TRANSFERS IN	EXPENDITURES	TRANSFERS OUT	ESTIMATED ENDING FUND BALANCE 12/31/2020	INCREASE (DECREASE) IN FUND BALANCE
001	General Fund	\$ 1,462,124	\$ 9,975,736	\$ 51,000	\$ 10,077,464	\$ 245,332	\$ 1,166,064	\$ (296,060)
003	Dedicated Street Fund	222,014	1,250	47,050	201,520	-	68,794	(153,220)
004	Building Abatement Fund	103,032	1,600	-	7,000	45,000	52,632	(50,400)
102	Arterial Street Fund	121,703	137,199	-	166,019	-	92,883	(28,820)
103	Transportation Benefit District Fund	2,166,644	2,260,601	-	2,417,881	-	2,009,364	(157,280)
107	Tourism Fund	420,501	195,130	-	317,087	245,396	53,148	(367,353)
110	Compensated Absences Reserve Fund	196,908	3,640	-	-	-	200,548	3,640
115	LEOFF 1 OPEB Reserve Fund	-	-	233,549	223,500	-	10,049	10,049
195	Community Development Block Grant Fund	24,454	480	-	1,000	-	23,934	(520)
197	HUD Block Grant Fund	87,927	1,720	-	2,000	-	87,647	(280)
200	General Obligation Bond Fund	1	-	160,914	160,915	-	-	(1)
301	Public Facilities Reserve Fund	1,066,995	2,343,824	189,853	3,346,556	-	254,116	(812,879)
302	Automotive/Equipment Reserve Fund	240,631	3,640	-	202,083	-	42,188	(198,443)
305	First Quarter REET Fund	136,249	112,980	-	-	39,982	209,247	72,998
306	Second Quarter REET Fund	152,571	113,300	-	-	33,156	232,715	80,144
402	Garbage Fund	8,002	6,440	-	6,610	-	7,832	(170)
404	Wastewater Fund	5,374,991	5,484,355	-	6,122,746	-	4,736,600	(638,391)
405	Water Fund	7,967,916	3,068,730	-	4,891,126	-	6,145,520	(1,822,396)
406	Storm and Surface Water Fund	1,460,054	696,295	-	691,283	-	1,465,066	5,012
407	Airport Fund	1,169,630	2,666,334	-	2,437,489	-	1,398,475	228,845
611	Firemen's Pension Fund	1,013,143	32,375	-	12,770	67,500	965,248	(47,895)
633*	Custodial Court Fund	6,000	92,780	-	92,780	6,000	-	(6,000)
634*	Custodial Other Agency Fund	-	205,725	-	205,725	-	-	-
<b>TOTALS</b>		<b>\$ 23,401,490</b>	<b>\$ 27,404,134</b>	<b>\$ 682,366</b>	<b>\$ 31,583,554</b>	<b>\$ 682,366</b>	<b>\$ 19,222,070</b>	<b>\$ (4,179,420)</b>

\*Custodial fund which the city holds funds as a custodian for a period of time. This money does not belong to the City.

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
<b>Fund 001 - General Fund</b>									
<b>Revenues:</b>									
001.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	215,000	-	-	-	215,000	215,000
001.367.011.21	Private Donations - for Police	Private Donations for Police Equipment	-	10,609	-	-	-	10,609	10,609
001.389.030.XX	Due to State - various agencies	Collections for other agencies. Move to fiduciary funds (new SAO guidance)	107,025	(107,025)	-	-	-	(107,025)	(107,025)
001.397.000.63	Transfer in - Fund 633	Balance of municipal court bail bond deposit from fund 633	-	6,000	-	-	-	6,000	6,000
Total General Fund Revenues & Transfers In			9,902,152	118,584	6,000	-	-	124,584	10,026,736
<b>Expenditures:</b>									
001.C1.589.030.00.XX	Due to State - various	Court remittance to state, moved to a fiduciary fund (new SAO guidance)	92,780	-	-	(92,780)	-	(92,780)	(92,780)
<b>subtotal for Municipal Court</b>			92,780	-	-	(92,780)	-	(92,780)	(92,780)
001.D1.513.010.11.00	Salaries and Wages	Adjust for COLA increase	148,524	-	-	4,500	-	4,500	153,024
001.D1.513.010.11.02	Salaries and Wages	Adjust to reflect more to actual	44,678	-	-	1,000	-	1,000	45,678
<b>subtotal for City Manager</b>			193,581	-	-	5,500	-	5,500	199,081
001.F2.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state. Move to fiduciary fund (new SAO guidance)	2,000	(2,000)	-	(2,000)	-	(2,000)	(2,000)
001.F2.589.030.00.06	Due to State - LET	Leasehold tax remittance to state. Move to fiduciary fund (new SAO guidance)	1,030	(1,030)	-	(1,030)	-	(1,030)	(1,030)
001.F2.589.030.00.14	Due to State - Hotel/Motel Tax	Hotel/motel tax remittance to state. Move to fiduciary fund (new SAO guidance)	540	(540)	-	(540)	-	(540)	(540)
<b>subtotal for Parks &amp; Facilities</b>			9,902,152	(3,570)	-	(3,570)	-	(3,570)	(3,570)
001.G1.518.063.40.20	General Grants Path-thru, CARES	New Chehalis CARES Community Program Funding	-	-	-	125,000	-	125,000	125,000
001.G1.589.090.00.00	Suspense/Clearing Account	Estimated COLA for non-uniform & non-rep updated in payroll budget	23,150	-	-	(23,150)	-	(23,150)	-
<b>subtotal for Non-Departmental</b>			13,850	-	-	101,850	-	101,850	101,850
001.H1.521.022.35.00	Small Tools & Minor Equipment	Purchase of WRAP with Dawes family donation	13,850	-	-	1,357	-	1,357	15,207
001.H1.584.021.64.00	Machinery and Equipment	Purchase of new fingerprinting equipment with Chehalis Foundation Donation	3,327,132	-	-	9,252	-	9,252	3,337,741
<b>subtotal for Police</b>			22,040	-	-	4,000	-	4,000	26,040
001.P2.524.011.11.00	Salaries and Wages	Adjust to reflect more to actual	43,542	-	-	12,500	-	12,500	56,042
001.P2.524.011.41.00	Prof. Service- Inspection	Adjust to reflect more to actual	35,100	-	-	20,000	-	20,000	55,100
001.P2.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	10	(10)	-	(10)	-	(10)	-
001.P2.589.030.00.24	Due to State - State Bldg. Code Fees	State bldg. code fee remittance to state move to fiduciary fund	100	(100)	-	(100)	-	(100)	-
<b>subtotal for Planning &amp; Building</b>			9,665	-	-	36,390	-	36,390	36,390
001.R1.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	9,665	(9,665)	-	(9,665)	-	(9,665)	-
<b>subtotal for Recreation</b>			10,274,462	-	-	48,334	-	48,334	10,322,796
Total General Fund Expenditures & Transfers Out			118,584	6,000	48,334	-	-	76,250	-
<b>Total for General Fund</b>			290	(290)	-	(290)	-	(290)	-
<b>Fund 402 - Garbage Fund</b>									
<b>Revenues:</b>									
402.389.030.04	Due to State - Sales Tax	Sales tax collection move to fiduciary fund (SAO new guidance)	6,730	(290)	-	-	-	(290)	6,440
Total Garbage Fund Revenues & Transfers In			6,730	(290)	-	-	-	(290)	6,440
<b>Total Garbage Fund</b>			-	(290)	-	-	-	(290)	-
<b>Fund 404 - Wastewater Fund</b>									
<b>Revenues:</b>									
404.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	4,400	-	-	-	4,400	4,400
404.343.050.30	Hookup/Connection Fees	Reflect more to actual	107,920	(50,000)	-	-	-	(50,000)	57,920
404.359.000.00	Late Payment Fees	Reflect more to actual (due to COVID-19 measures)	50,450	(35,000)	-	-	-	(35,000)	15,450
404.361.011.00	Interest Earnings	Reflect more to actual	82,250	(15,000)	-	-	-	(15,000)	67,250
404.389.030.06	Leasehold Excise Tax Liability	Leasehold tax collection move to fiduciary fund (SAO new guidance)	440	(440)	-	-	-	(440)	-
Total Wastewater Revenues & Transfers In			5,580,395	(96,040)	-	-	-	(96,040)	5,484,355
<b>Expenditures:</b>									
404.11.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	100	(100)	-	-	-	(100)	-
404.11.589.030.00.06	Leasehold Excise Tax Liability	Leasehold tax remittance to state move to fiduciary fund (SAO new guidance)	500	(500)	-	-	-	(500)	-
Total Wastewater Fund Expenditures			6,123,346	(600)	-	-	-	(600)	6,122,746
<b>Total Wastewater Fund</b>			(96,040)	(600)	-	-	-	(96,440)	-
<b>Fund 405 - Water Fund</b>									
<b>Revenues:</b>									



Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
<b>Fund 405 - Storm &amp; Surface Water Fund</b>									
405.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	5,500	-	-	-	5,500	5,500
405.343.040.30	Hookup/Connection Fees	Reflect more to actual	131,770	(70,000)	-	-	-	(70,000)	61,770
405.359.000.00	Late Payment Fees	Reflect more to actual (due to COVID-19 measures)	32,820	(25,000)	-	-	-	(25,000)	7,820
405.361.011.00	Interest Earnings	Reflect more to actual	105,000	(90,000)	-	-	-	(50,000)	55,000
405.389.030.04	Due to State - Sales Tax	Sales tax collection move to fiduciary fund (SAO new guidance)	50	(50)	-	-	-	(50)	-
Total Water Fund Revenues & Transfers In			3,208,280	(139,550)	-	-	-	(139,550)	3,068,730
<b>Expenditures:</b>									
405.10.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	100	-	-	(100)	-	(100)	-
Total Water Fund Expenditures			4,891,226	-	-	(100)	-	(100)	4,891,126
Total for Water Fund				(139,550)	-	(100)	-	(139,450)	
<b>Fund 406 - Storm &amp; Surface Water Fund</b>									
<b>Revenues:</b>									
406.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement from Commerce	-	3,100	-	-	-	3,100	3,100
406.343.010.30	Hookup/Connection Fees	Reflect more to actual	29,750	(25,000)	-	-	-	(25,000)	4,750
406.359.000.00	Late Payment Fees	Reflect more to actual (due to COVID-19 measures)	6,700	(4,500)	-	-	-	(4,500)	2,200
406.361.011.00	Interest Earnings	Reflect more to actual	22,230	(13,000)	-	-	-	(13,000)	9,230
Total Storm Water Fund Revenues & Transfers In			735,695	(39,400)	-	-	-	(39,400)	696,295
<b>Expenditures:</b>									
406.05.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state move to fiduciary fund (SAO new guidance)	50	-	-	(50)	-	(50)	-
Total Stormwater Fund Expenditures			691,333	-	-	(50)	-	(50)	691,283
Total Stormwater Fund				(39,400)	-	(50)	-	(39,350)	
<b>Fund 407 - Airport Fund</b>									
<b>Revenues:</b>									
407.333.021.01	Federal Indirect-US Treas CARES/Comm	CARES Act Grant Reimbursement thru Commerce	-	2,300	-	-	-	2,300	2,300
407.344.050.00	Fuel Sales	Reflect more to actual	615,000	60,000	-	-	-	60,000	675,000
407.334.003.60	State DOT Grants	2019 grant reimbursement requested received in 2020	-	139,184	-	-	-	139,184	139,184
407.337.009.38	Local Grant-Distressed County	2019 grant reimbursement requested received in 2020	-	7,700	-	-	-	7,700	7,700
407.361.011.00	Interest Earnings	To reflect more to actual	1,750	8,000	-	-	-	8,000	9,750
407.389.030.00	Rental Car Sales Tax	Rental Car Tax collection. Move to a fiduciary fund (new SAO guidance)	30	(30)	-	-	-	(30)	-
407.389.030.04	Due to State - Sales Tax	Sales tax collection. Move to a fiduciary fund (new SAO guidance)	43,950	(43,950)	-	-	-	(43,950)	-
407.389.030.06	Leasehold Excise Tax Liability	Leasehold tax collection. Move to a fiduciary fund (new SAO guidance)	146,720	(146,720)	-	-	-	(146,720)	-
Total Airport Fund Revenues & Transfers In			2,639,850	26,484	-	-	-	26,484	2,666,334
<b>Expenditures:</b>									
407.09.546.010.33.00	Fuel Purchased for Resale	Reflect more to actual	505,000	-	-	40,000	-	40,000	545,000
407.09.546.010.46.00	Insurance	Increase related to pollution policy	33,640	-	-	9,000	-	9,000	42,640
407.09.582.010.01.00	Refund of Deposit	Refund of lease escrow deposit to Rich Development not budgeted	-	43,950	-	100,076	-	100,076	100,076
407.09.589.030.00.04	Due to State - Sales Tax	Sales tax remittance to state. Move to a fiduciary fund (new SAO guidance)	-	(43,950)	-	(43,950)	-	(43,950)	-
407.09.589.030.00.06	Leasehold Excise Tax	Leasehold tax remittance to state. Move to a fiduciary fund (new SAO guidance)	146,720	-	-	(146,720)	-	(146,720)	-
407.09.589.030.00.10	Rental Car Sales Tax	Rental car tax remittance to state. Move to a fiduciary fund (new SAO guidance)	30	-	-	(30)	-	(30)	-
407.09.594.046.63.00	Other Improvements	Site improvement for temporary fire station not budgeted	116,000	-	-	199,875	-	199,875	315,875
Total Airport Fund Expenditures			2,279,238	-	-	158,251	-	158,251	2,437,489
Total for Airport Fund				26,484	-	158,251	-	(131,767)	
<b>Fund 633 - Custodial Court Fund</b>									
<b>Revenues:</b>									
633.389.030.00	Misc. Court Deposits/PrePmt Rec'd	Move to new BARS account (new SAO guidance)	-	(275,340)	-	-	-	(275,340)	-
633.386.000.10	Due to State - Auto Theft Prev	Move from the General Fund (new SAO guidance)	275,340	2,820	-	-	-	2,820	2,820
633.386.000.11	Due to State - Access Comm/Multitrans	Move from the General Fund (new SAO guidance)	-	90	-	-	-	90	90
633.386.000.12	Due to Other Govt Unit-Crime Victims	Move from the General Fund (new SAO guidance)	-	2,020	-	-	-	2,020	2,020
633.386.000.20	Due to State - Distracted Driving Prev	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-
633.386.000.82	Due to State - Vehicle License Fraud	Move from the General Fund (new SAO guidance)	-	40	-	-	-	40	40
633.386.000.83	Due to State - Trauma Care	Move from the General Fund (new SAO guidance)	-	1,980	-	-	-	1,980	1,980
633.386.000.89	Due to State - IT/MC Safety	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
633.386.000.90	Due to State - Domestic Violence Prev	Move from the General Fund (new SAO guidance)	-	100	-	-	-	100	100
633.386.000.91	Due to State - PSEA 1	Move from the General Fund (new SAO guidance)	-	46,060	-	-	-	46,060	46,060
633.386.000.92	Due to State - PSEA 2	Move from the General Fund (new SAO guidance)	-	21,720	-	-	-	21,720	21,720
633.386.000.94	Due to State - Hiwy Safety	Move from the General Fund (new SAO guidance)	-	950	-	-	-	950	950
633.386.000.96	Due to State - Lab/Blood Breath	Move from the General Fund (new SAO guidance)	-	2,440	-	-	-	2,440	2,440
633.386.000.97	Due to State - JIS	Move from the General Fund (new SAO guidance)	-	14,050	-	-	-	14,050	14,050
633.386.000.98	Due to State - DNA Database Acct	Move from the General Fund (new SAO guidance)	-	80	-	-	-	80	80
633.386.000.99	Due to State - School Zone Safety	Move from the General Fund (new SAO guidance)	-	430	-	-	-	430	430
Total Custodial Court Fund Revenues & Transfers In			275,340	(182,560)	-	-	-	(182,560)	92,780
<b>Expenditures:</b>									
633.00.586.000.00.10	Due to State - Auto Theft Prev	Move from the General Fund (new SAO guidance)	-	-	-	2,820	-	2,820	2,820
633.00.586.000.00.11	Due to State - Access Comm/Multitrans	Move from the General Fund (new SAO guidance)	-	-	-	90	-	90	90
633.00.586.000.00.12	Due to State - Distracted Driving Prev	Move from the General Fund (new SAO guidance)	-	-	-	2,020	-	2,020	2,020
633.00.586.000.00.82	Due to State - Vehicle License Fraud	Move from the General Fund (new SAO guidance)	-	-	-	40	-	40	40
633.00.586.000.00.83	Due to State - Trauma Care	Move from the General Fund (new SAO guidance)	-	-	-	1,980	-	1,980	1,980
633.00.586.000.00.89	Due to State - IT MC Safety	Move from the General Fund (new SAO guidance)	-	-	-	-	-	-	-
633.00.586.000.00.90	Due to State - Domestic Violence Prev	Move from the General Fund (new SAO guidance)	-	-	-	100	-	100	100
633.00.586.000.00.91	Due to State - PSEA 1	Move from the General Fund (new SAO guidance)	-	-	-	46,060	-	46,060	46,060
633.00.586.000.00.92	Due to State - PSEA 2	Move from the General Fund (new SAO guidance)	-	-	-	21,720	-	21,720	21,720
633.00.586.000.00.94	Due to State - Hiwy Safety	Move from the General Fund (new SAO guidance)	-	-	-	950	-	950	950
633.00.586.000.00.96	Due to State - Lab/Blood Breath	Move from the General Fund (new SAO guidance)	-	-	-	2,440	-	2,440	2,440
633.00.586.000.00.97	Due to State - JIS	Move from the General Fund (new SAO guidance)	-	-	-	14,050	-	14,050	14,050
633.00.586.000.00.98	Due to State - DNA Database Acct	Move from the General Fund (new SAO guidance)	-	-	-	80	-	80	80
633.00.586.000.00.99	Due to State - School Zone Safety	Move from the General Fund (new SAO guidance)	-	-	-	430	-	430	430
633.00.589.030.00.00	Due to other entities	New BARS Account	272,510	-	-	(272,510)	-	(272,510)	-
633.00.597.000.05.01	Transfer Out - Fund 001	Balance of municipal court bail bond deposit to the General Fund	-	-	6,000	-	6,000	6,000	6,000
Total Custodial Court Fund Expenditures			272,510	-	(179,730)	6,000	-	(179,730)	92,780
<b>Total for Custodial - Court Fund</b>			<b>272,510</b>	<b>(182,560)</b>	<b>-</b>	<b>(179,730)</b>	<b>6,000</b>	<b>(8,830)</b>	<b>-</b>

Fund 634 - Custodial Other Agency Fund	Revenues:	Expenditures:
634.389.030.00	Due to State - WSP (BKG INV)	634.01.589.030.00.00
634.389.030.01	Due to State - DOL (CPL)	634.01.589.030.00.01
634.389.030.01	Due to State - Sales Tax (001)	634.01.589.030.00.04
634.389.030.01	Due to State - Leasehold Excise Tax (001)	634.01.589.030.00.06
634.389.030.14	Due to State - Hotel/Motel Tax	634.01.589.030.00.07
634.389.030.24	Due to State - ST Bldg. Code Fees	634.01.589.030.00.10
634.389.030.43	Due to State - Sales Tax (003)	634.01.589.030.00.14
634.389.030.42	Due to State - Sales Tax (402)	634.01.589.030.00.24
634.389.030.44	Due to State - Sales Tax (404)	
634.389.030.64	Due to State - Leasehold Excise Tax (404)	
634.389.030.45	Due to State - Sales Tax (405)	
634.389.030.46	Due to State - Sales Tax (406)	
634.389.030.07	Due to State - Rental Car Tax (407)	
634.389.030.47	Due to State - Sale Tax (407)	
634.389.030.67	Due to State - Leasehold Excise Tax (407)	
Total Custodial Other Agency Fund Revenues & Transfers-In		
634.01.589.030.00.00	Due to State - WSP (BKG INV)	634.01.589.030.00.00
634.01.589.030.00.01	Due to State - DOL (CPL)	634.01.589.030.00.04
634.01.589.030.00.04	Due to State - Sales Tax	634.01.589.030.00.06
634.01.589.030.00.06	Due to State - Leasehold Excise Tax	634.01.589.030.00.07
634.01.589.030.00.07	Due to Other - Special Events	634.01.589.030.00.10
634.01.589.030.00.10	Due to State - Rental car tax	634.01.589.030.00.14
634.01.589.030.00.14	Due to State - Hotel/Motel tax	
634.01.589.030.00.24	Due to State - ST Bldg Code Fees	
Total Custodial Other Agency Fund Expenditures		
634.01.589.030.00.00	Remittance to other agency. Moved from other funds (new SAO guidance)	634.01.589.030.00.00
634.01.589.030.00.01	Remittance to other agency. Moved from other funds (new SAO guidance)	634.01.589.030.00.04
634.01.589.030.00.04	Remittance to other agency. Moved from other funds (new SAO guidance)	634.01.589.030.00.06
634.01.589.030.00.06	Remittance to other agency. Moved from other funds (new SAO guidance)	634.01.589.030.00.07
634.01.589.030.00.07	Remittance to other agency. Moved from other funds (new SAO guidance)	634.01.589.030.00.10
634.01.589.030.00.10	Remittance to other agency. Moved from other funds (new SAO guidance)	634.01.589.030.00.14
634.01.589.030.00.14	Remittance to other agency. Moved from other funds (new SAO guidance)	
634.01.589.030.00.24	Remittance to other agency. Moved from other funds (new SAO guidance)	
Total Custodial Other Agency Fund Revenues & Transfers-In		
205,725	-	205,725
210	-	210
11,665	-	11,665
1,020	-	1,020
550	-	550
800	-	800
290	-	290
440	-	440
50	-	50
30	-	30
43,950	-	43,950
146,720	-	146,720
205,725	-	205,725
210	-	210
55,955	-	55,955
148,180	-	148,180
30	-	30
550	-	550
800	-	800
205,725	-	205,725

Fund No. and Name	Account Name	Reason for Amendment	2020 Amended Budget	Revenue Increase (Decrease)	Transfers In	Expenditures Increase (Decrease)	Transfers Out	Ending Fund Balance Increase (Decrease)	Proposed Amended Budget
<b>Total for Custodial - Other Agency Fund</b>				206,725	-	206,725	-	-	
<b>Total Amendment for City-wide All Funds</b>				(107,047)	6,000	231,830	6,000	(338,877)	

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Trent Lougheed, Public Works Director  
Brandon Rakes, Airport Operations Coordinator

**DATE:** December 14, 2020

**SUBJECT:** Consideration of Offer to Lease Tract 15 at 1715 NW Louisiana Avenue to Washington State Employees Credit Union

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**ISSUE**

The Chehalis-Centralia Airport has received an offer to lease Tract 15 by the Washington State Employees Credit Union (WSECU) to construct a credit union branch. This parcel is located on the airport's property at 1715 NW Louisiana Avenue between Taco Bell and Walmart.

**INTRODUCTION**

Cramer Foster, First Vice President, Shareholder of Kidder Mathews, approached the Chehalis-Centralia Airport on behalf of his client, WSECU, in March of this year to potentially lease property for development, and ultimately submitted an offer to lease Tract 15. This tract totals approximately 2.74 gross acres of land.

WSECU currently operates a branch in Chehalis and several other locations. WSECU is the second-largest credit union in the state of Washington. They were founded in 1957 and have assets of roughly \$3.74 billion.

**TERMS OF THE PROPOSAL**

A Determination of Market Rent was ordered in July of this year. This information was used to negotiate the final Lease submitted for consideration at this time. WSECU has agreed to the current Offer to Lease, which includes provisions for the following:

- ***Effective Date (Effectiveness):*** Section 21.19 establishes the effective date as the day that both parties sign and notarize the Lease.
- ***Deposit:*** The City will receive the amount of \$13,750 which shall be credited towards payment of rent described in Section 4.1a of the proposed lease.
- ***Inspection:*** One hundred eighty (180) days following the lease effective date for the developer to complete due diligence work described in Section 8.2 of the proposed lease.
- ***Rent:*** Amount of rent and rent commencement date as described in Section 4 of the proposed lease. Rent will begin when the Tenant commences retail commercial use of any portion of the property, but ***no later than 18 months*** following the Effective Date, which is the Mutual Lease Execution.
- ***Term:*** Length of lease term is 20 years with 6 additional 5-year optional terms; with additional extension clauses described in Section 3.1 of the proposed lease.

- **Commission Agreement:** Non-exclusive lease commission agreement with Cramer Foster of Kidder Mathews in the amount of \$27,500 for broker provided services to execute lease with WSECU.

The lease also includes indemnity clauses and other legal provisions that set forth the rights of both parties during the course of the lease term. When the Lease is executed by both parties will guide both parties in the process of developing the property.

The City Attorney has carefully reviewed the agreement and made modifications as needed to protect the rights of the City.

#### **FISCAL IMPACT**

If the proposed lease is accepted, the City will receive lease revenue in the amount of \$55,000 annually that would be restricted for the operation of the Chehalis-Centralia Airport and sales tax revenue from any retail activity that would be used to fund the City's general operations, including the provision of police and fire services.

#### **RECOMMENDATION**

It is recommended that the City Council approve acceptance of the Lease for Tract 15 at 1715 NW Louisiana Avenue by the Washington State Employees Credit Union and the non-exclusive lease commission agreement with Cramer Foster of Kidder Mathews and authorize the City Manager to execute the documents.

#### **SUGGESTED MOTION**

I move that the City Council approve acceptance of the Lease for Tract 15 at 1715 NW Louisiana Avenue by the Washington State Employees Credit Union and the non-exclusive lease commission agreement with Cramer Foster of Kidder Mathews and authorize the City Manager to execute the documents.

**AFTER RECORDING RETURN TO:**

Mr. Brandon L. Rakes  
Chehalis-Centralia Airport  
PO Box 1344  
Chehalis, WA 98532

**Parcel Number: 005605082015**

**GROUND LEASE  
(Chehalis, Washington)**

**THIS GROUND LEASE** ("Lease") is made and entered into as of the effective date set forth in Section I by and between **CITY OF CHEHALIS, operator of the Chehalis-Centralia Airport ("Landlord")**, and **WSECU (Washington State Employees Credit Union) ("Tenant")**. Landlord and Tenant are sometimes hereinafter each singularly referred to as a "Party" and collectively referred to as the "Parties."

**SECTION 1 - FUNDAMENTAL LEASE TERMS**

For convenience, this Section I summarizes certain fundamental economic and business terms of this Lease. If these fundamental terms conflict with the balance of the Lease, the latter shall control.

- Effective Date:** \_\_\_\_\_, 20\_\_
- Landlord:** City of Chehalis  
Chehalis-Centralia Airport  
P.O. Box 1344  
Chehalis, Washington 98532
- Tenant:** WSECU (Washington State Employees Credit Union) and/or assigns.
- Lease Term:** Twenty (20) years with six (6) five (5) year option periods, as stated in Section 3.1
- Rent:** See Section 4
- Title Insurance Liability Amount:** Five Hundred Fifty Thousand Dollars (\$550,000.00) to be increased at the request of Tenant upon Reappraisal of the Property as provided in Section 4.3.
- Deposit:** \$13,750 by cashier's check, upon execution of this document as provided in Section 4.1a, below

**SECTION 2 - DEMISE OF PROPERTY**

**2.1 Property.** For and in consideration of Tenant's covenant to pay the rental and other sums for which provision is made in this Lease, and the performance of the other obligations of Tenant hereunder Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property consisting of 119,668 square feet more or less, which real property is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference for Tenant, its customers, invitees, and employees, but not including any mineral rights, water rights, or any other right to excavate or withdraw minerals, gas, oil,

or other material, except as specially granted herein; subject to easements and encumbrances of record as of the date hereof as noted in the records of Lewis County, Washington. Said property and rights leased hereby are hereinafter referred to as the "Property". The Property and planned development as prepared by Tenant's engineer or architect are depicted on the mutually approved site plan attached hereto as Exhibit "B" and incorporated herein by this reference ("Site Plan"). Prior to commencement of construction, the Site Plan may be updated and amended by Tenant with the prior written consent of Landlord, not to be unreasonably withheld.

## **2.2 Removed**

**2.3 Development.** Tenant is authorized to fill the Property and to construct one or more structures (herein, "Improvements") on the Property, provided that (a) any such improvement is within the Building Areas of the Site Plan, (b) each improvement is constructed in compliance with all applicable codes, and (c) Landlord has approved in writing all plans and schematic drawings for the Improvements, and all filling and grading plans, 100 year Flood Plain mitigation plans; drainage plans, location of utilities, access and traffic circulation routes, such approvals not to be unreasonably withheld. Tenant's failure to submit said plans to Landlord for its written approval shall constitute a breach of this Lease and Landlord may, in addition to other remedies provided herein, discontinue all Tenant's work under this Lease until Tenant has provided plans for Landlord's review and written approval. Tenant shall not meet the obligations of this subsection by submitting plans to governmental bodies but shall separately submit said plans to Landlord prior to submitting to governmental agencies. Tenant shall have no claim against Landlord for any such work stoppage that occurs due to Tenant not submitting the plans required herein.

**2.4 Tenant's Work.** Tenant shall plan, design and perform its development work in accordance with civil engineering standards established and required by the City of Chehalis for each development action including but not limited to filling and grading plans, 100 year flood mitigation plans, plans for streets, utilities, building and other improvements and shall obtain all required governmental permits, inspections and approvals. Tenant shall pay all costs associated with said development action.

**2.5 Landlord's Work.** Landlord has partially filled and graded the Property. Landlord represents and warrants to Tenant that said work was completed in accordance with all applicable laws, codes and regulations and that all such work performed at the request of Landlord was paid for in full when due.

## **SECTION 3 - LEASE TERM**

**3.1 Term.** This Lease shall become legally binding on the Effective Date (as defined in Section 21.19 hereof) and shall expire on the last day of the twentieth (20<sup>th</sup>) Lease Year, subject to rights to extend. Tenant shall have the right to extend the lease for six (6) additional five (5) year terms by giving Landlord notice of extension not more than one (1) year prior to the end of the then-existing term, and not less than ten (10) days prior to the end of the then-existing term. For purposes of this Lease, the term "Lease Year" shall mean each twelve (12)-month period commencing on the Effective Date and each anniversary thereof. In the event that Tenant has at least one option period available for exercise, but Landlord has not received an option exercise notice thirty (30) days prior to the then current Lease expiration date, then Landlord shall promptly deliver notice to Tenant stating in all caps that: THE LEASE WILL EXPIRE IF TENANT FAILS TO EXERCISE AN OPTION TO RENEW BY THE LATER OF THE THEN CURRENT EXPIRATION DATE OR SUCH DATE THAT IS FIFTEEN (15) BUSINESS DAYS AFTER TENANT'S RECEIPT OF SAID NOTICE FROM LANDLORD. Provided Tenant has options left to exercise, Tenant's tenancy shall not be extinguished prior to delivery of said notice from Landlord.

## **SECTION 4 – RENT**

**4.1a Tenant Deposit.** On the Effective Date of this Lease, as defined herein, Tenant shall pay Landlord by payment of a cashier's check (or WSECU check) payable to Chehalis-Centralia Airport for Thirteen Thousand Seven Hundred and Fifty Dollars (\$13,750.00) deposit which shall be credited towards payment of rent as described in Section 4.2.

**4.1b Rent.** For each Lease Year, on the monthly basis described herein, Tenant shall pay to Landlord at P. O. Box 1344, Chehalis, Washington, 98532, or such other place as Landlord shall designate in writing, in United States dollars, the annual amount ("Rent"), as described in Sections 4.2, 4.3 and 4.4 hereof.

**4.2 Payment of Rent.** Commencing on the date Tenant commences retail commercial use of any portion of the Property ("retail commercial use" defined as selling products on or from the Property), but not later than eighteen (18) months following Mutual Lease Execution. Tenant shall pay on the first day of each calendar month the monthly amounts of Rent set forth herein subject to Reappraisal and Escalation of Rent after Appraisal as set forth in subsections 4.3 and 4.4 of this Lease. If payment is not received by the tenth day of the month for which that rent is due, a late fee of ten percent (10%) will be assessed to the balance owing.

**\$55,000 / 12 months = \$4,583.33 per month, plus Leasehold Excise Tax**

**4.3 Reappraisal.** On each twentieth anniversary of the Effective Date of this Lease the Rent will be adjusted to fair market rental value, which annual Rent is deemed to be a sum equal to Ten Percent (10%) of the fair market value of the Property, as determined by appraisal. It is understood and agreed by both parties that the appraisal will be based upon fair rental for vacant unimproved land exclusive of all Tenant owned improvements made to the Property after the Effective Date of this Lease. Landlord shall engage an independent appraiser (MAI) to appraise the Property. If Tenant disagrees with the value of Landlord's appraiser, Tenant may, at its expense, obtain a separate independent appraisal (MAI) for Landlord's consideration. If Landlord and Tenant cannot agree on the fair market value of the Property, the appraisers shall select a third independent appraiser (MAI) to review the two appraisals and set the fair market value for the Property, to set the new annual rental for this Lease, which shall be binding upon both parties to this Lease, provided that the rent so determined shall not be less than \$55,000.00 per year. The cost of a third appraiser shall be borne equally by the two parties.

**4.4 Escalation of Rent After Appraisal.** The Rent shall, commencing on the fifth (5<sup>th</sup>) anniversary of the Effective Date hereof, and again on the tenth (10<sup>th</sup>) anniversary of the Effective Date hereof, and again on the fifteenth (15<sup>th</sup>) anniversary of the Effective Date hereof, be increased by ten percent (10%) of the Rent then in effect. Then, after the Rent is determined by appraisal pursuant to the procedures set forth in Section 4.3 above on the twentieth (20<sup>th</sup>) anniversary of the Effective Date hereof, on the twenty fifth (25<sup>th</sup>) anniversary of the Effective Date hereof, and on the thirtieth (30<sup>th</sup>) anniversary of the Effective Date hereof, and on the thirty fifth (35<sup>th</sup>) anniversary of the Effective Date hereof, be increased by ten percent (10%) of the Rent then in effect. Then, after the Rent is determined by appraisal pursuant to the procedures set forth in Section 4.3 above on the fortieth (40<sup>th</sup>) anniversary of the Effective Date, on the forty fifth (45<sup>th</sup>) anniversary of the Effective Date hereof, and on the fiftieth (50<sup>th</sup>) anniversary of the Effective Date hereof be increased by ten percent (10%) of the Rent then in effect.

## **SECTION 5 - TAXES**

**5.1 Leasehold Taxes.** Tenant shall pay to Landlord, at the time Rent payments are made hereunder, the Leasehold Tax established and defined in Chapter 82.29A, Revised Code of Washington. Any delinquent taxes shall be a debt to Landlord, and in the event any penalties or interest are due because of the failure of Tenant to timely pay the Leasehold Tax, such penalties and/or interest shall be payable by Tenant to Landlord.

### **5.2 Taxes and Assessments.**

(a) The term "Taxes" as used herein shall mean all taxes and other governmental charges, general and special, ordinary and extraordinary, of any kind whatsoever, applicable or attributable to the Property and Tenant's use and enjoyment thereof, including Assessments as defined below. Tenant shall pay when due its prorated share of all Taxes commencing with the Rent Commencement Date and continuing throughout the Term. Nothing in this Lease shall prevent Tenant from protesting, contesting, seeking modification, or adjudicating the imposition of any "Taxes" as defined herein. Notwithstanding the



foregoing, the parties agree that Tenant is required to pay Leasehold Tax pursuant to Section 5.1, in lieu of paying Real Property Taxes on the Property, and for so long as Tenant is required to pay the Leasehold Tax, Tenant will not be required to pay any Real Property Taxes for the Property.

(b) On or prior to the Rent Commencement Date, Landlord shall pay all then-outstanding Assessments levied or imposed against the Property. The term "Assessments" as used herein shall mean all assessments for public improvements or benefits which heretofore or shall during the Term be assessed, levied, imposed upon, or become due and payable, or a lien upon the Property, any improvements constructed thereon, the leasehold estate created hereby, or any part thereof. Neither Party shall cause nor suffer the imposition of any Assessment upon the Property without the prior written consent of the other. In the event any Assessment is proposed which affects the Property, Tenant shall promptly notify Landlord of such proposal after Tenant has knowledge or receives notice thereof. Tenant shall pay its prorated portion of the total amount of all Assessments levied with respect to the Property and the leasehold estate created hereby. In no event shall Landlord be obligated to pay any Assessment or any portion thereof levied or created during the Term, irrespective of whether such Assessment or any portion thereof was specifically allocated to the Property or Landlord's reversionary interest therein. Assessments may be paid in installments as permitted by the terms of the Assessments.

**5.3 Payment Date and Proof.** All payments to Landlord by Tenant (except Leasehold Tax which shall be paid at the time each rental payment is made hereunder) for Taxes and/or Assessments shall be made by Tenant on or before five (5) days before the last day on which such payments or any installments thereof permitted hereunder may be made without penalty or interest. Tenant shall furnish to Landlord receipts or other appropriate evidence establishing the payment of such amounts. Tenant may comply with this requirement by retaining a tax service to notify Landlord when the Taxes have been paid.

**5.4 Failure to Pay.** In the event Tenant fails to pay any of the expenses or amounts specific in this Section 5, Landlord may, but shall not be obligated to do so, pay any such amount, and the amounts so paid shall immediately be due and payable by Tenant to Landlord and shall thereafter bear interest at the lesser of, twelve percent (12%) per annum or the maximum rate allowed by law and shall be deemed additional rent. Landlord shall provide Tenant with not less than ten (10) days notice of Landlord's intent to pay unpaid amounts as authorized by this Section prior to making any such payment. Such notice shall disclose the rate of interest to be applied by Landlord against the unpaid amounts. Any failure to pay any expense or amount specified or any other amount to be paid by Tenant under the terms of this Lease shall be a material breach hereunder by Tenant.

**5.5 Personal Property Taxes.** Tenant shall pay all personal property taxes assessed on Tenant's personal property on the Property. If Landlord has paid any such tax as required by the applicable taxing authority, Tenant shall reimburse Landlord upon Tenant's receipt of paid invoices for such taxes, provided Landlord shall use reasonable efforts to give Tenant notice of any such tax prior to paying same.

**5.6 Proration of Taxes.**

(a) Tenant shall reimburse Landlord within thirty (30) days after Tenant receives from Landlord an invoice for the amount of all Real Estate Tax payments made by Landlord for which Tenant is liable pursuant to Section 5.0 hereof. Each invoice shall be accompanied by a computation of the amount payable.

(b) If the Term shall expire on any date other than the last day of a tax fiscal year, the amount payable by Tenant during the tax fiscal year in which such termination occurs shall be prorated on the basis which the number of days from the commencement of said tax fiscal year to and including said termination date bears to 365. A similar proration shall be made for the tax fiscal year in which the Term commences.

**SECTION 6 - SUBLEASES**

**6.1 Subleases.** It is understood between the parties that Tenant may be subleasing a portion of the Property as the Property is developed. All subleases shall conform to and shall be subject to the terms and conditions of this master Ground Lease, and shall conform to and be subject to the Easements, Covenant, and Restrictions as in effect the Effective Date of this Lease ("ECR"). To the extent required by

the FAA, all subleases are subject to FAA requirements. Appropriate attornment and non disturbance agreements must be executed by the parties prior to occupancy by any subtenant. Tenant shall provide Landlord with a copy of its proposed sublease for approval to ensure the proposed sublease is consistent with this Master Lease. Each sublease shall include language stating that any conflict between the language in a sublease and the Master Lease shall be decided on the language of the Master Lease. Tenant shall immediately provide Landlord copies of all subleases as they are executed. Failure of Tenant to provide such copies shall constitute a material breach of this lease.

## SECTION 7 - UTILITIES

**7.1 Utility Usage.** Tenant shall pay the applicable utility companies or governmental agencies directly for all utilities consumed on the Property by Tenant. If Landlord's assistance is required for procurement of utility installations or connections, Landlord shall, upon written request from Tenant, provide reasonable assistance at no cost or expense to Landlord. Landlord shall not take, or permit any person claiming under Landlord or any such occupant to take, any action which shall interrupt or interfere with any electric, water, sewage, or telephone service to the Property and hold Landlord harmless therefrom.

## SECTION 8 - POSSESSION AND USE

**8.1 Date.** Tenant shall have possession of the Property upon the Effective Date.

**8.2 Inspection.**

Tenant shall have One Hundred and Eighty (180) days after the Effective Date ("Feasibility Period") of this Lease to perform inspections of the Property and to determine whether Tenant's planned development of the Property, as generally described in the Site Plan, is feasible, including the feasibility of matter such as title, environmental condition, plan approval, permitting, signage, drive lanes, parking adequacy, budget compliance, construction timing, and any other matter of importance to Tenant in Tenant's sole discretion. Tenant shall diligently pursue all inspections and reviews necessary for Tenant's feasibility determination during the Feasibility Period. Upon written request from Tenant, Landlord shall at no expense to Landlord, offer reasonable assistance with Tenant's inspections and reviews. In the event that Tenant shall determine within its sole discretion prior to the last day of the Feasibility Period that Tenant's Improvements and Tenant's plans for the Property are for any reason not feasible, then Tenant shall give such notice to Landlord and this Lease shall terminate, and the Tenant deposit described in Section 4.1(a) shall be returned to Tenant. If Tenant does not so terminate the Lease, then the Lease shall continue in full force and effect.

**8.3 Permitted Use.** The Property is leased to Tenant for the sole purpose of constructing, maintaining, and operating the Improvements referred to in Section 10 below, in the location generally depicted on the Site Plan as shown in Exhibit "B", attached and incorporated herein. The Improvements on the Property may be used for any lawful use, subject to ECR and the prohibited uses stated therein.

## SECTION 9 - ASSIGNMENT

**9.1 Assignment.** Unless otherwise provided herein, Tenant shall not assign, transfer, nor otherwise alienate this Lease, or any interest therein without Landlord's prior written consent, and such consent shall not be unreasonably withheld. Any assignee or subtenant shall be bound by the terms of this Lease. Tenant shall also not hypothecate or mortgage Tenant's interest in this Lease, except as authorized by Section 20 below.

**9.2 Permitted Assignments.** Notwithstanding Section 9.1 or Section 20.1, Tenant shall have the right to assign, transfer, or otherwise alienate this Lease or any interest therein to another financial institution and/or insurance provider without Landlord's consent.

## SECTION 10 - IMPROVEMENTS CONSTRUCTED BY TENANT AND OPERATION

**10.1 Construction.** During the Term of this Lease, Tenant, subject to the approvals stated in Section 2.2 above, is authorized by Landlord, to construct and renovate Improvements on the Property. The entirety of the Improvements to be constructed by Tenant is referred to herein as the "Project". At any time and from time to time during the Term, Tenant may make, at its sole cost and expense, changes and alterations to the Project or any part thereof, with the prior written consent of Landlord, which consent shall not be unreasonably withheld so long as such changes and alterations are in compliance with the then-effective building and design code. Such changes and alteration to the Project shall further be subject to the following:

a. The plans or specifications for such initial construction, changes or alterations, including amendments of such plans or specifications, shall be submitted to Landlord for its approval, which approval shall not be unreasonably withheld if the plans and specifications are in compliance with the then-effective building and design code.

b. Tenant, at Tenant's expense, must contract with appropriate civil engineering firms for construction monitoring inspections of filling and grading activities, utility installation, and pavement. All engineering visits must be logged and provided monthly in report format with findings to the Landlord. In addition, Landlord shall be copied on all other civil engineering reports the Tenant receives.

c. If required by applicable law, and not by Landlord in Landlord's discretion, Tenant shall provide Landlord, at Tenant's expense, with a performance and payment bond, pursuant to Section 10.3 below, in an amount not less than the projected cost of such construction, changes or alterations. No change or alteration shall be undertaken until Tenant shall have procured and paid for all required permits, licenses, and authorizations. All changes and alterations shall be made in a good and workmanlike manner and in compliance with all applicable building and zoning codes and other legal requirements. Tenant shall furnish to Landlord a complete set of "as built" plans for the Project upon completion of construction. In the event Tenant fails to provide Landlord with said "as built" plans, Landlord may contract for any services necessary to accomplish the same and Tenant shall reimburse Landlord for the costs thereof including Landlord's administrative costs, such reimbursement to be made within thirty (30) days of Tenant's receipt of Landlord's billing. Tenant's failure to pay said costs shall constitute a breach under this Lease.

#### **10.2 Fixtures and Equipment.**

a. **Project.** In constructing the Project upon the Property, Tenant may place or install in the Project such personal property, trade fixtures, signage, electric vehicle charging stations for customers, business equipment and furnishings (the "Business Equipment") as Tenant shall deem desirable for the conduct of business therein. The Business Equipment used in the conduct of business by Tenant (as distinguished from fixtures and equipment used in connection with the operation and maintenance of the Property, including plumbing fixtures, electrical fixtures, lighting, cabling, flooring, the foregoing the "Building Fixtures") placed by Tenant on or in the Project shall not become part of the realty, even if nailed, screwed, or otherwise fastened to the Improvements or buildings of the Project, but shall retain their status as personal property and may be removed by the Tenant at any time so long as Tenant is not in Default under this Lease. Notwithstanding Subsection 10.7 below, the Building Fixtures constructed or installed upon the Property shall be deemed to become part of the real property and, upon the Termination Date shall become the sole and exclusive property of Landlord, free of any and all claims of Tenant or any person or entity claiming by or through the Tenant. In the event Tenant does not remove its personal property and the Business Equipment which it is permitted by this Subsection 10.2 to remove from the Project within ninety (90) days following the Termination Date, the Landlord may treat said Business Equipment as abandoned and (i) retain the Business Equipment and treat the trade fixtures as part of the Property, or (ii) have the Business Equipment and trade fixtures removed and disposed of at Tenant's expense. Tenant shall promptly reimburse the Landlord for any damage caused to the Property by the removal of personal property and trade fixtures whether removal is by the Tenant or the Landlord.

b. **Tenant's Work.** Tenant may perform such work as necessary, subject to the terms of this Lease and ECR, to prepare the Property as Tenant deems appropriate..

c. Signage. Tenant may install signage on the Property and on any shopping center pylon and/or on a Pylon located on the Property by Tenant and exclusively for Tenant's use, in a form acceptable to Tenant, subject to the ECR and Federal Aviation Administration (FAA) requirements.

### **10.3 Mechanics and Labor Liens.**

a. Tenant agrees that it will not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Property for work or materials furnished to Tenant in connection with any construction, improvements, maintenance, or repair thereof made by Tenant or its agents upon the Property. Tenant shall cause any such claim or lien to be fully discharged within thirty (30) days after Tenant receives notice of the filing thereof; provided, however, that in the event Tenant, in good faith, disputes the validity or amount of any such claim of lien, and if Tenant shall bond the lien off title or give to Landlord such security as Landlord may reasonably require to ensure payment thereof and prevent any sale, foreclosure, or forfeiture of the Property or any portion thereof by reason of such nonpayment, then Tenant shall not be deemed to be in breach of this Subsection 10.3, so long as Tenant is diligently pursuing a resolution of such dispute. Upon entry of final judgment resolving the dispute if litigation or arbitration results therefrom, Tenant shall discharge said lien within the time limits specified above.

b. Upon written request by Landlord, Tenant shall provide Landlord with evidence of Tenant's financial ability to complete the construction of any improvement and to pay in full claims of all persons for work performed in or materials furnished for construction. If required by law, Tenant shall also post a surety bond issued by a corporate surety acceptable to the Landlord in an amount equal to the cost of each improvement, said bond to be deposited with Landlord and to remain in effect until said improvement shall have been constructed and insured as provided in this Lease, and the entire cost of the improvement shall have been paid in full, free from all liens and claims of contractors, subcontractors, mechanics, laborers, and materialmen.

**10.4 Development Rights.** Tenant shall not undertake any development of the Property other than to construct the Project and the changes and alterations thereto approved by Landlord in accordance with Subsection 10.1 above. Tenant shall not represent to any person, governmental body, or other entity that Tenant is the owner of the Property, nor shall Tenant execute any petition, application, permit, plat, or other document on behalf of Landlord as the "owner" of the Property without Landlord's express written consent, which consent shall not be unreasonably withheld. Landlord shall join in and/or execute any petition, application, permit, plat, and other land use document requested by Tenant and which is reasonably necessary for the development of the Property. Tenant shall notify the Landlord in writing of any pending governmental action of which Tenant becomes aware which materially affects the Property, its zoning, or the right to develop the Property for any future use, unless such governmental action is initiated by Landlord. Tenant's project shall conform with the requirements of this Lease and shall cooperate with Landlord on any coordinated development effort such as, but not be limited to, infrastructure development, security requirements, access, surface water runoff, and access to all facilities. No development of Tenant shall conflict FAA requirements for setback and height restrictions in addition to FAA requirements described in Exhibit "E", by this reference incorporated herein.

**10.5 Hold Harmless.** Tenant shall indemnify, protect, and hold harmless Landlord, its agent, contractor, representative and the Property from and against all claims and liabilities arising by virtue of Tenant's failure to pay when due any financial obligations incurred by Tenant in connection with the construction of the Project or repairs made at any time to the Project (including repairs, restoration, and rebuilding). Tenant shall regularly and timely pay any and all amounts properly payable to third parties with respect to such work and will maintain its books and records in the state of Washington, with respect to all aspects of such work and materials, and will make them available for inspection by Landlord or its representatives as requested.

**10.6 Permits and Compliance With Codes.** All building and other permits, licenses, permissions, consents and approvals required to be obtained from governmental agencies or third parties in connection

with construction of the Project and any subsequent improvements, repairs, replacements or renewals to the Property or Project shall be acquired as required by applicable laws, ordinances or regulations by and at the sole cost and expense of Tenant. Tenant shall cause all work on the Property during the Term to be performed in accordance with all applicable laws, ordinances and regulations of all governmental agencies having jurisdiction. Tenant, in addition to the requirements herein to comply with all laws, regulations and ordinances as provided in this Lease, shall also be responsible to comply with City of Chehalis Ordinances 817-B and 818-B which create special benefit areas and establish costs to be paid to the City prior to the issuance of any development permits. Tenant's responsibility to comply shall include the assumption and payment of all costs incurred to comply with said Ordinances and Landlord shall have no responsibility thereto. Tenant shall comply with the overall development plans of Airport property.

**10.7 Ownership of Improvements.** During the Term of this Lease, the Project and all other Improvements constructed by Tenant, including, without limitation, all additions, alterations, and improvements thereto or replacements thereof and all appurtenant fixtures, machinery, and equipment installed therein, shall be the property of Tenant. At the expiration or earlier Termination of this Lease, and subject to terms of Section 10.2(a) to the contrary, the Project and all improvements, additions, alterations, and improvements thereon and thereto or replacements thereof, and all appurtenant fixtures, machinery, and equipment installed therein, shall then become the property of Landlord.

**10.8 Control and Indemnification.** During the Term of this Lease, Tenant shall have exclusive control and possession of the Property. So long as Tenant is not in Default of the Lease, and except as provided to the contrary in Section 11.1, Landlord shall not enter upon the Property or Project without the prior written consent of Tenant and shall not disturb Tenant's quiet enjoyment thereof. In performing any obligations or exercising any rights of Landlord herein, and while conducting any activities on or about the Property, Landlord and Landlord's agents and employees shall comply with applicable laws, codes and regulations. Other than in the case of a Landlord breach of the express terms and conditions of this lease, Landlord shall have no liabilities, obligations or responsibilities whatsoever with respect to the Property or Project or with respect to any plans or specifications submitted to Landlord pursuant to this Lease. Landlord's approval of any such plans and specifications shall not render Landlord liable therefore, and Tenant hereby covenants and agrees to indemnify, defend, and hold the Landlord harmless from and against any and all claims arising out of or from the use of such plans and specifications.

**10.9 Landlord's Reservation to Withhold Additional Leases from Tenant.** Landlord reserves the right to withhold the negotiation of any additional leases with Tenant if Tenant is not in compliance with all the terms and conditions of this Lease or in compliance with the codes of governmental authorities as provided in paragraph 10.6 above. Landlord shall not unreasonably withhold the negotiation of or the entering into additional leases with Tenant but shall not be obligated to commit any other property for development to Tenant if, at its sole discretion, determines Tenant is not in compliance to Landlord's reasonable interpretation of the requirements of this Lease or governmental requirements.

## **SECTION 11 – MAINTENANCE AND REPAIRS**

**11.1 Maintenance.** Tenant covenants it shall maintain the Property and Improvements thereon, including common areas of the Property, during the Term of this Lease at its sole cost and expense. Tenant may, by sublease or other agreement with subtenants, assign or otherwise transfer this responsibility, or may contract with reputable firms for maintenance, but in the event subtenants or contractors do not meet this obligation Tenant shall perform the maintenance or cause it to be performed. Notwithstanding the provisions of this Lease for Default by Tenant, in the event Tenant fails to maintain the Property and Improvements thereon, Landlord reserves the right at any time after written notice to Tenant, to cause the maintenance to be performed and recover the costs thereof from Tenant within thirty (30) days of incurring the expense thereof. The term "Maintenance" as used in this lease shall include but not be limited to: maintaining landscape and lawn areas by replacement of beauty bark, plants, mowing, weed control and fertilization, parking area markings and parking surfaces, lighting, replacement of pavement, application of pavement sealant, pavement striping; regularly removing trash and debris from the Property whether such trash and debris occurs in public access areas or behind the building improvements at dumpster locations, loading ramps or along the fill slopes of the Property; and maintenance shall include, without limitation, the

neat and orderly organization of equipment parking, staging and storage and the temporary storage of construction materials, soil and construction debris, whether or not Tenant may intend to use such material at a later time during or after construction, to convey a pleasing landscape of neatness and orderliness. The maintenance of Improvements shall include periodic inspections by qualified persons to determine and perform needed repair or replacement of heating, ventilating and air conditioning facilities; exterior paint, signage, plate glass, gutters, drains and electrical fixtures and facilities.

## **SECTION 12 - TENANT'S INDEMNITY; LIABILITY AND CASUALTY INSURANCE**

**12.1 Indemnity.** Landlord shall have no responsibility or control with respect to any aspect of the Property or any activity conducted thereon from and after the Effective Date. Tenant shall indemnify and hold harmless Landlord from any and all liability, damage, expense, cause of action, suits, claims, or judgments by any reason whatsoever caused, arising out of the use, occupation, and control of the Property by Tenant and Tenant's agents or employees, except as may arise out of the willful or negligent act of Landlord or Landlord's agents or employees.

**12.2 Acquisition of Insurance Policies.** Tenant shall, at its sole cost and expense, procure and maintain, or cause to be procured and maintained, from and after the commencement of any construction on the Property, the insurance described in this section (or its then available equivalent), issued by an insurance company or companies licensed to do business in the state of Washington covering and protecting Tenant.

**12.3 Types of Required Insurance.** Tenant shall procure and maintain the following:

(a) **Commercial General Liability Insurance.** Commercial general liability insurance covering claims with respect to injuries or damages to persons or property sustained in or on the Property and the Project, with limits of liability no less than the following:

Bodily injury and property damage liability: One Million and no/100 Dollars (\$1,000,000.00) each occurrence, Two Million and no/100 Dollars (\$2,000,000.00) aggregate.

Such limits may be achieved through the use of umbrella liability insurance sufficient to meet the requirements of this Section 12 for the Property and the Project.

(b) **Physical Property Damage Insurance.** Physical damage insurance covering all real and personal property, excluding property paid for by sublessees or paid for by Tenant for which sublessees have reimbursed Tenant, located on or in, or constituting a part of, the Property (including but not limited to the Project) in an amount equal to at least one hundred percent (100%) of replacement value of all such property. Such insurance shall afford coverage for damages resulting from (i) fire; (ii) perils covered by extended coverage insurance as embraced in the Standard Bureau form used in the state of Washington; (iii) explosion of steam and pressure boilers and similar apparatus located in the Project; and (iv) flood damage if the Property is located within a flood plain. Tenant shall not be required to maintain insurance for war risks; provided, however, if Tenant shall obtain any such coverage then, for as long as such insurance is maintained by Tenant, Landlord shall be entitled to the benefits of (i) the first sentence of Section 12.4 hereof, and (ii) Paragraph (c) of Section 12.4.

(c) **Builder's Risk Insurance.** During construction of the Project and during any subsequent restorations, alterations, or changes in the Project that may be made by Tenant at a cost in excess of Ten Thousand and no/100 Dollars (\$10,000.00) per job, contingent liability and all builder's risk insurance in an amount reasonably satisfactory to Landlord. The Tenant may elect to provide the Builder's Risk Insurance described in this Section 12.3(c) or such coverage may be provided by the Tenant's contractor, at the Tenant's option.

(d) Workmen's Compensation Insurance. Workmen's compensation and employer's liability insurance with respect to any work by employees of Tenant on or about the Property.

**12.4 Terms of Insurance.** The policies required under Section 12.3(a) shall name Landlord as additional insured and Tenant shall provide to Landlord certificates of insurance and copies of policies obtained by Tenant hereunder promptly upon the request of Landlord. Further, all policies of insurance described in Section 12.3 shall:

(a) Be written as primary policies not contributing with and not in excess of coverage that Landlord may carry.

(b) Contain an endorsement providing that such insurance may not be canceled with respect to Landlord, except after thirty (30) days' prior written notice from insurance company to Landlord.

(c) Contain an endorsement of express waiver of any right of subrogation by the insurance company against Landlord and Landlord's elected or appointed officials, agents, contractor, representative, and employees.

**12.5 Landlord's Acquisition of Insurance.** If Tenant at any time from and after the commencement of construction fails to procure or maintain such insurance or to pay the premiums therefore, Landlord shall have the right to procure substitute insurance as Landlord deems appropriate and to pay any and all premiums thereon, and Tenant shall pay to Landlord upon demand the full amount so paid and expended by Landlord, together with interest thereon at the rate provided herein from the date of such expenditure by Landlord until repayment thereof by Tenant. Any policies of insurance obtained by Landlord covering physical damage to the Property or Project shall contain a waiver of subrogation against Tenant. Within thirty (30) days after notice from Landlord, Tenant shall pay to Landlord on demand any reasonable and customary additional costs, if any, incurred in obtaining such waiver.

**12.6 Application of Proceeds of Physical Damage Insurance.** In case of any insurance policies as described in Section 12.3 (Physical Property Damage Insurance), the application of insurance proceeds from damage or loss to property shall be determined in accordance with this Lease and, in the event of any repair, replacement, restoration, or rebuilding, the proceeds of the insurance collected shall be applied to the cost of such work upon certificate of progress and/or completion by the licensed architect or engineer in charge of the work. Any amounts payable to Tenant or any affiliate of Tenant for work or services performed or materials provided as part of any such repair, replacements, restoration, or rebuilding shall not exceed competitive rates for such services or materials, and Tenant shall, upon request of Landlord, make available to Landlord and its representatives at Landlord's offices all books and records of Tenant relating to such work, services, and materials.

**12.9 Insurance Surveyor.** The determinations required herein shall be made by an independent qualified insurance surveyor selected by the parties, whose decision shall not be subject to arbitration. If the parties cannot agree on the insurance surveyor within thirty (30) days after the date of such damage or destruction, then the same shall be appointed by the Presiding Judge of the Superior Court of Lewis County, Washington, upon the application of either party.

## SECTION 13 - DAMAGE OR DESTRUCTION

### **13.1 Effect of Damage or Destruction.**

(a) In the event of any damage to or destruction of the Property or any Improvements thereon from any cause whatsoever, Tenant shall promptly give written notice thereof to Landlord. Subject to applicable legal requirements, upon receipt of insurance proceeds, Tenant shall promptly repair or restore the Property as nearly as possible to its condition immediately prior to such damage or destruction unless Landlord and Tenant mutually agree in writing that such repair and restoration are not feasible. All such repair and restoration shall be performed in accordance with the requirements herein. Unless this Lease is terminated

by mutual agreement, there shall be no abatement or reduction in rent during such repair and restoration. Any insurance proceeds payable by reason of such damage or destruction shall be made available to Tenant; provided, however, in the event Tenant is in Default under the terms of this Lease beyond any applicable notice and cure period and has abandoned the Property at the time such damage or destruction occurs, Landlord may elect to terminate this Lease and Landlord shall thereafter have the right to retain all insurance proceeds payable as a result of such damage or destruction as Landlord's sole recourse against Tenant.

(b) In the event such damage or destruction occurs within the last ten (10) years of the Term of this Lease, and if such damage or destruction cannot be substantially repaired within one hundred eighty (180) days, Tenant may elect by written notice to Landlord, not more than ninety (90) days after the date of such damage or destruction, to either (i) terminate this Lease, or (ii) repair or restore the Property as nearly as possible to its condition immediately prior to such damage or destruction or construct thereon such other improvements as may be approved by Landlord. In the event Tenant fails to provide such notice to Landlord, this Lease shall continue in full force and effect. In the event Tenant elects to terminate this Lease, the Term of this Lease shall terminate on a date specified in such notice, and in such event any insurance proceeds payable shall be allocated between Landlord and Tenant pro-rata based upon the unexpired Term of the Lease as specified herein, provided that 100% of business interruption insurance proceeds shall belong to Tenant. In the event Tenant elects to restore the Property or to construct thereon such other improvements as may be approved by Landlord, all insurance proceeds payable by reason of such damage or destruction shall be made available solely to Tenant.

## SECTION 14 - CONDEMNATION

**14.1 Total Taking.** If all the Property is taken by the power of eminent domain exercised by any governmental or quasi-governmental authority, this Lease shall terminate as of the date Tenant is required to vacate the Property, and all minimum rent, adjustments, and other rentals and charges due hereunder shall be paid to that date. The term "eminent domain" shall include the taking or damaging of property by, through, or under any governmental or quasi-governmental authority by judgment or settlement in lieu of judgment and any purchase or acquisition in lieu thereof. Notwithstanding the foregoing, Landlord covenants and agrees to contest any condemnation actions and to not enter into any voluntary settlement or sale in lieu of condemnation with a condemning authority during the Term of this Lease.

**14.2 Partial Taking.** If more than ten percent (10%) of the Property shall be taken or appropriated, this Lease may, at the option of Tenant, be terminated by written notice given to Landlord not more than thirty (30) days after Landlord and Tenant receive notice of the taking or appropriation, and such termination shall be effective as of the date when Tenant is required to vacate the portion of the Property so taken. If this Lease is so terminated, all adjustments and other charges due hereunder shall be paid to the date of termination. Whenever any portion of the Property is taken by eminent domain and this Lease is not terminated, Tenant shall at its expense proceed with all reasonable dispatch to restore, to the extent that it is reasonably prudent to do so, the remainder of the Property to the condition it was in immediately prior to such taking, and Tenant shall at its expense proceed with all reasonable dispatch to restore its fixtures, furniture, furnishings, leasehold improvements, floor coverings, and equipment to the same condition they were in immediately prior to such taking. From the date Tenant is required to vacate that portion of the Property taken, the Ground Rent payable hereunder shall be reduced in the same proportion that area taken bears to the total area of the Property prior to taking.

**14.3 Damages.** In the event of a partial taking which does not result in the termination of this Lease and which does result in a "single award" (defined below), the award shall first be made available to Tenant to enable Tenant to restore the Property and the improvements, fixtures, furnishings, etc., located thereon, and the excess award shall be divided among Tenant and Landlord in the manner described below with respect to a total taking. In the event of a total taking, or a partial taking that does result in termination of the Lease, if the judgment, order, or decree entered in such condemnation proceeding shall not yield separate awards to Landlord and Tenant but rather shall provide for the payment of a lump sum with respect



to the Property (herein called "single award") as compensation for the respective interests of Landlord and Tenant, then the single award shall be divided between Landlord and Tenant in the ratio as nearly practicable, which (a) the then fair market value of Landlord's interest in the Property, exclusive of improvements made by Tenant, to (b) the then fair market value of Tenant's interest in the remainder of the Term of this Lease (including extension options) and the improvements made by Tenant. Tenant shall also have the right to claim from the condemning authority all compensation that may be recoverable by Tenant on account of any loss incurred by Tenant in removing Tenant's merchandise, furniture, trade fixtures, and equipment or for damage to Tenant's business; however, Tenant may claim such damages only if they are awarded separately in the eminent domain proceeding and not as part of Landlord's damages.

## SECTION 15 - SELF HELP

**15.1 Self Help.** If either Party breaches its obligations (including obligations to reimburse or pay money hereunder) imposed on it by this Lease and does not cure such breach within twenty (20) days after written notice from the other Party specifying the breach (or if such Party does not within said period commence and diligently proceed to cure such breach other than an obligation to pay money), the other Party, without waiver of or prejudice to any other right or remedy it may have, shall have the right, at any time thereafter, to cure such breach for the account of the breaching Party, if applicable, and the breaching Party shall reimburse the other party upon invoice for any amount paid and any expense or contractual liability so incurred (which, in the case of a monetary breach, shall be the amount of money owed by the breaching Party). If Landlord is the breaching Party and fails to reimburse Tenant within ten (10) days after invoice Tenant shall have the right to offset the amount due thereunder, together with Default Interest, against Rent and other charges due from Tenant to Landlord under this Lease until Tenant has been completely reimbursed for its expenses.

In emergencies, or where necessary to prevent injury to persons or damage to property, either Party may cure a breach by the other before the expiration of the prescribed notice period, but after giving such written or oral notice to the other Party as is practical under the circumstances.

If Tenant exercises its right of set-off as set forth in this Lease, and a court of competent jurisdiction issues a final, non-appealable order pursuant to which Landlord is found not to have been in breach hereunder, then Tenant shall not be in breach or default hereunder but shall have sixty (60) days from the date of such final, non-appealable order in which to pay to Landlord those funds determined by the court to have been inappropriately set-off.

## SECTION 16 - DEFAULT

### **16.1 Breach by Tenant.**

(a) **Breach and Default.** In the event of any breach of any provision of this Lease by Tenant, the breach shall be deemed a "Default" entitling Landlord to the remedies hereinafter set forth after Landlord has delivered to Tenant notice of the alleged breach and a demand that the same be remedied immediately, provided that (i) if the breach pertains to Tenant's obligation to pay rent, as described in Section 4.2, Tenant shall not be in Default after receipt of the notice if Tenant shall promptly pay the past-due amount to Landlord within ten (10) days after receipt of Landlord's notice, and (ii) if the breach pertains to a matter other than payment of rent, as described in Section 4.2, Tenant shall not be in Default after receipt of the notice if Tenant shall promptly commence to cure the breach and shall cure the breach within ninety (90) days after receipt of the notice; provided, further, if such breach is nonmonetary in nature and is not reasonably susceptible of being cured in said ninety (90) days, Tenant shall commence to cure such breach within said period and diligently pursue such action to completion. If a breach has been cured within the grace periods permitted by this Section, it shall not constitute a Default.

(b) **Right of Re-entry.** In the event of a Tenant Default, Landlord, in addition to any other rights or remedies that it may have, shall, subject to the terms of Section 16.1(d) herein below, and compliance with applicable laws, have the immediate right of re-entry. Should Landlord elect to re-enter or take possession of the leased Property, it may either terminate this Lease or, from time to time, without terminating this

Lease, relet the leased Property or any part thereof for the account of Tenant or otherwise, for any such Term or terms and conditions as Landlord in its sole discretion may deem advisable with the right to complete construction of or make alterations and repairs to the Improvements. Tenant shall pay to Landlord, as soon as ascertained, the cost and expenses incurred by Landlord in such reletting, completion of construction, or in making such alterations and repairs. Rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness, other than rent, due hereunder from Tenant to Landlord; second, to the payment of rent due and unpaid hereunder and to any other payments required to be made by Tenant hereunder and the residue, if any, shall be held by Landlord and applied in payment of future rent or damages in the event of termination as the same may become due and payable hereunder, and the balance, if any, at the end of the Term of this Lease shall be paid to Tenant. Should such rentals received from time to time from such reletting during any period be less than that agreed to be paid during that period by Tenant hereunder, Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid for that period..

(c) Reletting. No such reletting of the Property by Landlord shall be construed as an election on its part to terminate this Lease unless a notice of such intention to be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach, provided that it has not been cured. Should Landlord at any time terminate this Lease for any breach, in addition to any other remedy it may have, it may recover from Tenant all damages it may incur by reason of such Default.

(d) Second Notice. Notwithstanding anything to the contrary herein or at law, following a Tenant Default, and prior to terminating the Lease or retaking possession of the Property, Landlord shall: (1) comply with the provisions of Section 20 herein below, including Section 20.6, if Tenant has mortgaged all or a part of its interest in the Lease, or (2) if Tenant has not mortgaged all or a portion of its interest in the Lease, Landlord shall provide Tenant with a second notice and opportunity to cure on the same general terms and timelines as are described in Section 20.6 herein below and pursuant to a notice that specifies in all capital letters that Landlord may terminate the Lease if Tenant does not cure an existing default. The parties acknowledge that the value of the Project would be a substantial forfeiture by Tenant following Default and agree that the second opportunity for notice and cure provided for in this Section 16.1 is mutually acceptable.

**16.2 Remedies Upon Landlord's Default.** In the event Landlord shall at any time be in breach in the observance or performance of any of the covenants and agreements required to be performed and observed by Landlord hereunder and any such breach shall continue for a period of thirty (30) days after written notice to Landlord, or if such breach is incapable of being cured in a reasonable manner within thirty (30) days, if Landlord has not commenced to cure the same within said thirty (30)-day period or does not thereafter diligently prosecute the same to completion, Landlord shall be in "Default" and Tenant shall be entitled, at its election, to exercise, concurrently or successively, any one or more of the following rights, in addition to all remedies otherwise provided in this Lease and otherwise available at law or in equity under the laws of the United States or the state of Washington:

(a) To bring suit for the collection of any amounts for which Landlord may be in Default, or for the performance of any other covenant or agreement devolving upon Landlord, without terminating this Lease; and/or

(b) To terminate this Lease upon thirty (30) days' written notice to Landlord, without waiving Tenant's rights to damages for Landlord's failure to perform its obligations hereunder. In the event Tenant elects to terminate this Lease as aforesaid, all rights and obligations of Tenant, and of any successors or assigns, shall cease and terminate, except that Tenant shall have and retain full right to sue for and collect all amounts for the payment of which Landlord shall then be in Default and all damages to Tenant by reason of any such breach.

In the event that either Landlord or Tenant commences any suit for the collection of any amounts for which the other may be in Default or for the performance of any other covenant or agreement hereunder, each

Party shall be responsible for its own respective costs and expenses, including, but not limited to, all attorneys' fees and expenses incurred in enforcing such obligations and/or collecting such amounts. All remedies of Tenant herein created or remedies otherwise existing at law or in equity are cumulative, and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as Tenant shall deem necessary.

**16.3 Remedies Cumulative.** All remedies of Landlord or Tenant herein created or remedies otherwise existing at law or in equity are cumulative, and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other, provided that in no event shall Landlord have the right to (a) be awarded consequential damages for Tenant's Default or (b) accelerate rental reserved hereunder without offsetting against such amount the present value of the fair market rental value of the Property for the balance of the Term. Except as limited herein above, all rights and remedies may be exercised and enforced concurrently and whenever and as often as Landlord or Tenant shall deem necessary.

## **SECTION 17 - QUIET POSSESSION**

**17.1 Quiet Possession.** Landlord covenants that it has full right, power, and authority to make this Lease. Landlord covenants that Tenant, so long as Tenant is not in Default hereunder and subject to the provisions of this Lease, shall have quiet and peaceful possession of the Property during the entire Term of this Lease.

## **SECTION 18 - SUBORDINATION**

**18.1 Landlord's Right to Mortgage.** Landlord may mortgage its interest in the Property, provided such mortgage expressly provides that the rights and interests of the mortgagee thereunder are subject and subordinate to the rights and interests of Tenant hereunder and to the rights of any Leasehold Mortgagee under any Leasehold Mortgage then or thereafter existing. Should Landlord sell, convey, or transfer its interest in the Property, or should any mortgagee of Landlord succeed to Landlord's interest through foreclosure or deed in lieu thereof, Tenant shall attorn to such succeeding party as its landlord under this Lease promptly upon any such succession, provided such succeeding party assumes all of Landlord's duties and obligations under this Lease, including without limitation the covenant of quiet enjoyment. Such succeeding party shall not be liable for any of Landlord's obligations and duties hereunder prior to its assumption of Landlord's duties and obligations hereunder, except that Tenant shall be entitled to any offsets or defense which may have arisen prior to such succeeding party's assumption, which such offsets or defenses are specifically provided herein or are otherwise permitted by law.

## **SECTION 19 - RESERVED**

## **SECTION 20 - LEASEHOLD MORTGAGES**

**20.1 Leasehold Mortgages Authorized.** Landlord, subject to the provisions of this Lease, consents to Tenant receiving a Purchase Money Leasehold Mortgage upon a sale and assignment of the leasehold estate created by this Lease or the mortgaging or otherwise encumbering Tenant's leasehold estate to an Institutional Investor (as hereinafter defined) under one or more leasehold mortgages. This Lease may be assigned as security for such Purchase Money Leasehold Mortgage(s) or Institutional Investor Leasehold Mortgage(s). Except as specifically authorized in this Section 20 with respect to Purchase Money Leasehold Mortgage(s), and Institutional Investor Leasehold Mortgage(s), Tenant shall not have the right to collaterally assign, hypothecate, mortgage, or otherwise pledge the leasehold estate created hereby without Landlord's express written consent, which consent may be withheld by Landlord in the exercise of its reasonable business judgment.

### **20.2 Notice to Landlord.**

(a) If upon a sale and assignment of the leasehold estate Tenant may, on one or more occasions, take back a Purchase Money Leasehold Mortgage for a Term not beyond the Termination Date for so long

as Tenant holds such instrument; or if Tenant shall mortgage Tenant's leasehold estate to an Institutional Investor for a Term not beyond the Termination Date and if the holder of such Leasehold Mortgage shall provide Landlord with notice of such Leasehold Mortgage, together with a true copy of such Leasehold Mortgage and the name and address of the mortgagee, Landlord and Tenant agree that, following receipt of such notice to Landlord, the provisions of this Section 20 shall apply in respect to each such Purchase Money Leasehold Mortgage or such Leasehold Mortgage held by an Institutional Investor. In addition to the foregoing requirements, any Purchase Money Leasehold Mortgage or Institutional Investor Leasehold Mortgage shall contain a statement which disclaims any interest or lien against Landlord's fee interest in the Property and which states that Landlord shall have no personal liability whatsoever in connection with said mortgage or the instruments and obligations secured thereby.

(b) In the event of any assignment of a Leasehold Mortgage or in the event of a change of address of a Leasehold Mortgagee or of an assignment of such mortgage, notice of the new name and address shall be provided to Landlord; provided, however, any such assignee shall be an Institutional Investor as defined herein.

(c) Landlord shall promptly, upon receipt of a communication purporting to constitute the notice provided for by Section 20.2(a) above, acknowledge by an instrument in recordable form receipt of such communication as constituting the notice provided by Section 20.2(a) above, or, in the alternative, notify Tenant and the Leasehold Mortgagee of the rejection of such communication as not conforming with the provisions of Section 20.2(a), and specify the specific basis of such rejection.

(d) After Landlord has received the notice provided for by Section 20.2(a) above, Tenant shall, with reasonable promptness, provide Landlord with copies of the note or other obligation secured by such Leasehold Mortgage and any other documents pertinent to the Leasehold Mortgage as specified by Landlord. Tenant shall thereafter, in a like manner, also provide Landlord from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents shall be accompanied by the appropriate certification of the appropriate official of the recording office as to their authenticity as true and correct copies of official records, and all nonrecorded documents shall be accompanied by a certification by Tenant that such documents are true and correct copies of the originals. From time to time upon being requested to do so by Landlord, Tenant shall also notify Landlord of the date and place of recording and other pertinent recording data with respect to such instruments as have been recorded.

### **20.3 Definitions.**

(a) The term "Institutional Investor" as used in this Section 20 shall refer to any reputable and solvent (i) savings bank; (ii) commercial bank; (iii) trust company; (iv) credit union; (v) insurance company; (vi) petroleum company; (vii) college; (viii) university; (ix) real estate investment trust; or (x) pension fund. The term "Institutional Investor" shall also include other reputable and solvent lenders of substance which perform functions similar to any of the foregoing and which have assets in excess of Fifty Million and no/100 Dollars (\$50,000,000.00) at the time the Leasehold Mortgage loan is made.

(b) The term "Leasehold Mortgage" as used in this Section 20 shall include a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Tenant's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation which is held by an Institutional Investor.

(c) The term "Leasehold Mortgagee" as used in this Section 20 refers to the Institutional Investor which is the holder of a Leasehold Mortgage in respect to which the notice provided for by Section 20.2(a) has been given and received and as to which the provisions of this Section 20 are applicable.

**20.4 Consent of Leasehold Mortgagee Required.** No cancellation, surrender, or modification of this Lease shall be effective as to any Leasehold Mortgage unless consented to in writing by such Leasehold Mortgagee; provided, however, that nothing in this Section 20.4 shall limit or derogate from Landlord's rights to terminate this Lease in accordance with the provisions of this Section 20.

**20.5 Default Notice.** Landlord, upon providing Tenant any notice of: (i) breach or Default under this Lease, or (ii) a termination of this Lease, or (iii) demand to remedy a claimed breach, shall contemporaneously provide a copy of such notice to every Leasehold Mortgagee. From and after such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any breach or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance the additional periods of time specific in Sections 20.6 and 20.7 to remedy, commence remedying, or cause to be remedied the breaches specified in any such notice. Landlord shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes each Leasehold Mortgagee to take any such action at such Leasehold Mortgagee's option, and does hereby authorize entry upon the Property by the Leasehold Mortgagee for such purpose.

**20.6 Notice to Leasehold Mortgagee.**

(a) Anything contained in this Lease to the contrary, notwithstanding if any Default shall occur which entitled Landlord to terminate this Lease, Landlord shall have no right to terminate this Lease unless Landlord shall notify every Leasehold Mortgagee of Landlord's intent to so terminate at least forty-five (45) days in advance of the proposed effective date of such termination if such Default is capable of being cured by the payment of money, and at least sixty (60) days in advance of the proposed effective date of such termination if such Default is not capable of being cured by the payment of money. The provisions hereof shall apply if, during such 45-day or 60-day Termination Notice Period, any Leasehold Mortgagee shall:

- (1) Notify Landlord of such Leasehold Mortgagee's desire to nullify such notice; and
- (2) Pay or cause to be paid all rent, additional rent, and other payments then due and in arrears as specified in the Termination Notice to such Leasehold Mortgagee and which may become due during such 45-day or 60-day period; and
- (3) Comply with all nonmonetary requirements of this Lease then in Default and reasonably susceptible of being complied with by such Leasehold Mortgagee; provided, however, that such Leasehold Mortgagee shall not be required during such 60-day period to cure or commence to cure any Default consisting of Tenant's failure to satisfy and discharge any lien, charge, or encumbrance against Tenant's interest in this Lease or the Property junior in priority to the lien of the mortgage held by such Leasehold Mortgagee.

(b) Any notice to be given by Landlord to a Leasehold Mortgagee pursuant to any provision of this Section 20 shall be deemed properly addressed if sent to the Leasehold Mortgagee who served the notice referred to in Section 20.2(a) unless notice of change or mortgage ownership has been given to Landlord pursuant to Section 20.2(b).

**20.7 Procedure on Default.**

(a) If Landlord shall elect to terminate this Lease by reason of any Default of Tenant, and a Leasehold Mortgagee shall have proceeded in the manner provided for by Section 20.6, the specified date for the termination of this Lease as fixed by Landlord in its Termination Notice shall be extended for a period of six (6) months, provided that such Leasehold Mortgagee shall, during such six-month period:

- (1) Pay or cause to be paid the minimum rent, percentage rent, and other monetary obligations of Tenant under this Lease as the same become due, and continue to perform all of Tenant's other obligations under this Lease, excepting (i) obligations of Tenant to satisfy or otherwise discharge any lien, charge, or encumbrance against Tenant's interest in this Lease or the Project junior in priority to the lien of the mortgage held by such Leasehold Mortgagee, and (ii) past nonmonetary obligations then in Default and not reasonably susceptible of being cured by such Leasehold Mortgagee; and

- (2) If not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence. If such Leasehold Mortgagee is enjoined or stayed from taking such steps, the Leasehold Mortgagee shall use its best efforts to seek relief from such injunction or stay.

(b) If at the end of such six-month period such Leasehold Mortgagee is complying with Section 20.7(a), this Lease shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee continues to comply with the provisions of Section 20.7(a) above, and is enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgagee or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 20.7(b), however, shall be construed to extend this Lease beyond the original Term, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the Default has been cured. If the Default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not Defaulted under this Lease.

(c) If a Leasehold Mortgagee is complying with Section 20.7(a) upon (i) the acquisition of Tenant's estate herein by such Leasehold Mortgagee or any other purchasers at a foreclosure sale or otherwise, and (ii) the discharge of any lien, charge, or encumbrance against Tenant's interest in this Lease or the Property which is junior in priority to the lien of the Leasehold Mortgagee held by such Leasehold Mortgagee and which Tenant is obligated to satisfy and discharge by reason of the terms of this Lease, this Lease shall continue in full force and effect as if Tenant had not Defaulted under this Lease; provided, however, that such Leasehold Mortgagee or its designee or any other such party acquiring Tenant's leasehold estate created hereby shall agree in writing to assume all obligations of Tenant hereunder, subject to the provisions of this Section 20.

(d) For the purposes of this Section 20, the making of a Leasehold Mortgage shall not be deemed to constitute a complete assignment or transfer of this Lease or of the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or of the leasehold estate hereby created. The Leasehold Mortgagee prior to foreclosure of the Leasehold Mortgage or other entry into possession of the leasehold estate shall not be obligated to assume the performance of any of the terms, covenants, or conditions on the part of Tenant to be performed hereunder. The purchaser (including any Leasehold Mortgagee) at any sale of this Lease and the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee (including the Leasehold Mortgagee) of this Lease and the leasehold estate hereby created under any instrument of assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage shall be deemed to be an assignee or transferee within the meaning of this Section 20, and shall be deemed to have agreed to perform all of the terms, covenants, and conditions on the part of Tenant to be performed hereunder from and after the date of such purchase and assignment.

(e) Any Leasehold Mortgagee of the leasehold estate of Tenant pursuant to foreclosure, assignment in lieu of foreclosure, or other proceedings may, upon acquiring Tenant's leasehold estate, without further consent of Landlord, sell and assign the leasehold estate on such terms and to such persons and organizations as are acceptable to such Mortgagee; provided, that such assignee has delivered to Landlord its written agreement to be bound by all of the provisions of this Lease and the assignee has previously been approved in writing by Landlord, which approval shall not be unreasonably withheld.

(f) Notwithstanding any other provisions of this Lease, any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or transfer of this Lease and of the leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage, shall be deemed to be a permitted sale, transfer, or assignment of this Lease and of the leasehold estate hereby created.

(g) Tenant shall not transfer, sell, or assign any redemption right from any foreclosure sale to any person which is not approved by the Landlord in accordance with the provisions of Section 9 above. Upon

any sale or transfer, after the transfer is completed, Tenant is relieved from any and all obligations.

**20.8 New Lease.** In the event of the Termination of this Lease as a result of Tenant's Default, Landlord shall, if such Leasehold Mortgagee shall have waived in writing its rights under Sections 20.6 and 20.7 within thirty (30) days after such Leasehold Mortgagee's receipt of notice required by Section 20.6, provide each Leasehold Mortgagee with written notice that this Lease has been terminated, together with a statement of all sums which would at that time be due under this Lease but for such termination, and of all other breaches or Defaults, if any, then known to Landlord. Landlord agrees to enter into a new lease ("New Lease") of the Property with such Leasehold Mortgagee for the remainder of the Term of this Lease, effective as of the date of Termination, at the rent and upon the terms, covenants, and conditions (including all escalations of rent, but excluding requirements which are not applicable or which have already been fulfilled) of this Lease, provided:

(a) Such Leasehold Mortgagee shall make written request upon Landlord for such New Lease within sixty (60) days after the date such Leasehold Mortgagee receives Landlord's Notice of Termination of this Lease given pursuant to this Section 20.8.

(b) Such Leasehold Mortgagee shall pay or cause to be paid to Landlord at the time of the execution and delivery of such New Lease any and all sums which would at the time of execution and delivery thereof be due pursuant to this Lease but for such Termination, and in addition thereto, all reasonable expenses which Landlord shall have incurred by reason of such Termination and the execution and delivery of the New Lease, and which have not otherwise been received by Landlord from Tenant or other party-in-interest under Tenant. Upon the execution of such New Lease, Landlord shall allow to the Tenant named therein as an offset against the sums otherwise due under this Section 20.8 or under the New Lease an amount equal to the net income derived by Landlord from the Property during the period from the date of Termination of this Lease to the date of the beginning of the Lease Term of such New Lease. In the event of a controversy as to the amount to be paid to Landlord pursuant to this Section 20.8, the payment obligation shall be satisfied if Landlord shall be paid the amount not in controversy, and the Leasehold Mortgagee or its designee shall agree to pay any additional sum ultimately determined to be due plus interest as allowed by law, and such obligation shall be adequately secured.

(c) Such Leasehold Mortgagee or its designee shall agree to remedy any of Tenant's breaches or Defaults of which said Leasehold Mortgagee was notified by Landlord's Notice of Termination and which are reasonably susceptible of being so cured by Leasehold Mortgagee or its designee.

**20.9 New Lease Priorities.** If more than one Leasehold Mortgagee shall request a New Lease pursuant to Section 20.8, Landlord shall enter into such New Lease with the Leasehold Mortgagee whose mortgage is prior in lien, or with the designee of such Leasehold Mortgagee. Landlord, without liability to Tenant or any Leasehold Mortgagee with an adverse claim may rely upon a mortgagee's title insurance policy or preliminary commitment therefore, issued by a reasonable title insurance company doing business within the state of Washington as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such New Lease.

**20.10 Leasehold Mortgagee Need Not Cure Specified Default.** Nothing herein contained shall require any Leasehold Mortgagee or its designee as a condition to its exercise of right hereunder to cure any breach or Default of Tenant not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee, including but not limited to the breach or Default referred to in Section 16 hereof, in order to comply with the provisions of Sections 20.6 or 20.7 or as a condition of entering into a New Lease provided for by Section 20.8 above.

**20.11 Eminent Domain.** Tenant's share, as provided in this Lease, of the proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions this Lease, be disposed of as provided for by any Leasehold Mortgagee.

**20.12 Casualty Loss.** A standard mortgagee clause naming each Leasehold Mortgagee may be added to any and all insurance policies required to be carried by Tenant hereunder on condition that the

insurance proceeds are to be applied in the manner specified in this Lease and the Leasehold Mortgage shall so provide; except that the Leasehold Mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to Tenant pursuant to the provisions of this Lease.

**20.13 Arbitration/Legal Proceedings.** Landlord shall give each Leasehold Mortgagee prompt notice of any arbitration or legal proceedings between Landlord and Tenant involving obligations under this Lease. Each Leasehold Mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and the Parties hereto do hereby consent to such intervention. In the event any Leasehold Mortgagee shall not elect to intervene or become a party to any such proceedings, Landlord shall give the Leasehold Mortgagee notice of, and a copy of, any award or decision made in any such proceedings, which shall be binding on all Leasehold Mortgagees not intervening after receipt of notice of arbitration. In the event Tenant shall fail to appoint an arbitrator after notice from Landlord as provided in Section 20 hereof, a Leasehold Mortgagee (in order of seniority if there be more than one) shall have an additional period of thirty (30) days after notice by Landlord that Tenant has failed to appoint such arbitrator to make such appointment, and the arbitrator so appointed shall thereupon be recognized in all respects as if he had been appointed by Tenant. In the event a Leasehold Mortgagee commences any judicial or nonjudicial action to foreclose its Leasehold Mortgage or otherwise realize upon its security granted therein, written notice of such proceeding shall be provided to Landlord at the same time notice thereof is given to Tenant.

**20.14 No Merger.** So long as any Leasehold Mortgage is in existence, unless all Leasehold Mortgagees shall otherwise expressly consent in writing, the fee title to the Property and the leasehold estate of Tenant therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord, by Tenant, or by a third party, by purchase or otherwise.

**20.15 Estoppel Certificate.** Landlord shall, without charge, any time and from time to time hereafter, but not more frequently than twice in any one-year period (or more frequently if such request is made in connection with any sale or mortgaging of Tenant's leasehold interest or permitted subletting by Tenant), within fifteen (15) days after written request of Tenant to do so, certify by written instrument duly executed and acknowledged to any Mortgagee or purchaser, or proposed Mortgagee or proposed purchaser, or any other person, firm, or corporation specified in such request: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to whether the Lease remains in full force and effect; (iii) as to the existence of any breach or Default hereunder; (iv) as to the existence of any offsets, counterclaims, or defenses hereto on the part of Tenant; and (v) as to the commencement and expiration dates of the Occupancy Period of this Lease. Any Leasehold Mortgagee and any other holder of any indebtedness secured by Tenant's leasehold estate shall provide Landlord, upon Landlord's written request, a statement as to (i) the current amount secured by the Leasehold Mortgage held by such Leasehold Mortgagee, (ii) whether any default exists under said Leasehold Mortgage, and (iii) whether there exist any offsets, claims, or disputes with respect to said Leasehold Mortgage and the instruments secured thereby.

**20.16 Notices.** Notices from Landlord to the Leasehold Mortgagee shall be mailed to the address furnished Landlord pursuant to Section 20.2, and those from the Leasehold Mortgagee to Landlord shall be mailed to the address designated pursuant to the provisions of Section 21 hereof. Such notices, demands, and requests shall be given in the manner described in Section 20 and Section 21 and shall in all respects be governed by the provisions of those Sections. Landlord shall deliver to Tenant a copy of any notice sent to Leasehold Mortgagee, at the Tenant address designated pursuant to the provisions of Section 21 herein.

**20.17 Erroneous Payments.** No payment made to Landlord by a Leasehold Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease; and a Leasehold Mortgagee having made any payment to Landlord pursuant to Landlord's wrongful, improper, or mistaken notice or demand shall be entitled to the return of any such payment or portion thereof, provided it shall have made demand therefore not later than one (1) year after the date of its payment.

## SECTION 21 – MISCELLANEOUS



**21.1 Holding Over.** In the event of Tenant's continued occupancy of the Property after the expiration of the Term, or any earlier termination provided or permitted by this Lease, such tenancy shall be deemed a month-to-month tenancy at the same monthly Rent as during the last month of the Term which ended just prior to such holding over. All other covenants, provisions, obligations, and conditions of this Lease shall remain in full force and effect during such month-to-month tenancy.

**21.2 Non-Waiver of Default.** No acquiescence by either Party to any breach or Default by the other Party shall operate as a waiver of its rights with respect to the same or any other breach or Default, whether of the same or any other covenant or condition. No waiver shall be effective unless it is in writing and signed by the Party giving the waiver.

**21.3 Recording.** This Lease shall not be recorded. The parties shall execute, acknowledge, and deliver to each other duplicate originals of a short form or memorandum of this Lease ("Memorandum of Lease") in substantially the form of Exhibit "C" attached hereto and incorporated herein, describing the Property and setting forth the Term of this Lease. The Memorandum of Lease shall be recorded at Landlord's expense.

**21.4 Notice.** Any notice, request, offer, approval, consent, or other communication required or permitted to be given by or on behalf of either Party to the other shall be given or communicated in writing by personal delivery, reputable overnight courier service which keeps receipts of deliveries (i.e., Federal Express), or United States certified mail (return receipt requested with postage fully prepaid) or express mail service addressed to the other Party as follows:

If to Tenant: WSECU  
Attention: Scott Liljedahl LEED-GA, FMP  
V.P. of Facility Services WSECU  
Real Estate | Facility Management | Security  
PO Box WSECU  
Olympia, WA 98507

Copy to: Cairncross & Hempelmann  
Attention: Ryan McFarland  
524 Second Ave, Suite 500  
Seattle, WA 98104

If to Landlord: Chehalis-Centralia Airport  
Attention: Brandon Rakes  
P.O. Box 1344  
Chehalis, Washington 98532

Copy to: Hillier, Scheibmeir, Kelly & Satterfield, P.S.  
Attention: Erin L. Hillier  
P.O. Box 939  
Chehalis, Washington 98532

or at such other address as may be specified from time to time in writing by either Party. All such notices hereunder shall be delivered via hand delivery, by nationally recognized overnight delivery company or by US postal service certified mail. Notices shall be deemed to have been given on the date personally delivered or the next business day after delivery via overnight mail, or four (4) business days after delivery by certified mail to the addresses specified herein. Either party may update its notice address information by sending a notice of change to the other party pursuant to the requirements of this section and such change of notice address shall be effective ten (10) days after receipt.

**21.5 Successors and Assigns.** All covenants, promises, conditions, representations, and agreements herein contained shall be binding upon and shall inure to the benefit of the Parties hereto and

their respective heirs, executors, administrators, successors (including subtenants), and assigns.

**21.6 Partial Invalidity.** If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be held invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

**21.7 Interpretation.** In interpreting this Lease in its entirety, any additions written or typed thereon shall be given equal weight, and there shall be no inference, by operation of law or otherwise, that any provision of this Lease shall be construed against either Party hereto. This Lease shall be construed without regard to any presumption or other rule requiring construction against the drafting Party. This Lease, along with all documents referenced herein, shall constitute the entire agreement between the parties and any amendments must be in writing signed by both parties.

**21.8 Headings, Captions, and References.** The section captions contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The use of the terms "hereof", "hereunder", and "herein" shall refer to this Lease as a whole, inclusive of the Exhibits, except when noted otherwise. The terms "Include", "Includes", and "Including" incorporate the concept that such inclusion is "without limitation". The use of the masculine or neuter genders herein shall include the masculine, feminine, and neuter genders, and the singular form shall include the plural when the context so requires.

**21.9 Brokerage Commissions.** Each Party shall indemnify the other with respect to compensation, commissions, fees, or other sums claimed to be due or owing with respect to the representations made by Landlord or Tenant, as applicable. Cramer Foster of Kidder Mathews represented the Tenant. Landlord will pay a commission in accordance with a separate Non-Exclusive Lease Commission Agreement.

**21.10 Insolvency.** If (i) a receiver or trustee is appointed to take possession of all or substantially all of the assets of Tenant, or if (ii) any action is taken or suffered by Tenant pursuant to an insolvency, bankruptcy, or reorganization act, or if (iii) Tenant makes a general assignment for the benefit of its creditors, and if such appointment or assignment continues for a period of thirty (30) days, it shall, at Landlord's option, constitute a material breach by Tenant.

**21.11 Governing Law.** This Lease shall be construed under the laws of the state of Washington. Venue for any dispute shall be in Lewis County, Washington.

**21.12 No Diminution of Value.** To the extent that any sublease between Tenant and a sublessee provides for the establishment of one or more view corridors for the benefit of a sublessee or Tenant which restricts or burdens the Property or other real property owned by Landlord, such restrictions or burdens shall not be taken into account in connection with any appraisal of the Property or other real property owned by Landlord and shall not result in a diminution of fair market value or fair market rental value for purposes of establishing a rent to be paid by Tenant or the adjustment of rent to be paid by Tenant.

**21.13 Execution of Documents.** Landlord and Tenant shall each cooperate with the other and execute such documents as the other Party may reasonably require or request so as to enable it to conduct its operations, so long as the requested conduct or execution of documents does not derogate from or alter the powers, rights, duties, and responsibilities of the respective Parties. However, should Landlord request Tenant to provide an estoppel certificate ("Estoppel Certificate") in a form other than as provided as Exhibit "D", Landlord shall pay Tenant's reasonable attorneys' fees incurred. Nothing herein shall be deemed to imply a requirement that Tenant execute an Estoppel Certificate different from Exhibit "D".

**21.14 Conditions Subsequent.** Tenant's obligations hereunder are conditioned upon satisfaction of the following conditions subsequent as and when specified below:

(a) Title Insurance. Landlord shall provide Tenant a leasehold title policy (1975 Form), issued by Title Guarantee Company of Lewis County, insuring Tenant's leasehold interest in the amount specified in Article I on an ALTA form acceptable to Tenant and showing only the Permitted Exceptions, which title insurance policy must be issued on or before the date which is thirty (30) days after the Effective Date. Landlord shall furnish Tenant, prior to or during the Feasibility Period, a commitment for title insurance, as hereinafter defined. The title insurance commitment shall provide for deletion of the standard printed exceptions and shall provide such other coverage as Tenant shall request to insure to Tenant's satisfaction against title defects revealed in the commitment, whether or not such matters are Permitted Exceptions. The cost of the title insurance policy, including the extended coverage and corrective endorsements, shall be paid by Landlord. Tenant shall have until the later of the end of the Feasibility Period, or thirty (30) days after receipt of the title insurance commitment ("Title Review Period") together with legible copies of all documents referred to in the commitment (either as exceptions or requirements), and the Survey (as hereinafter defined), within which to review the commitment, the Survey, and such title documents and to advise Landlord of any objections to title. If Tenant's title objections are not resolved to Tenant's satisfaction during the Title Review Period, then Tenant shall have the right to terminate this Lease upon written notice to Landlord, and the Parties shall be relieved of all further obligations or liabilities hereunder.

**21.15 Hazardous, Toxic, or Harmful Substances.** Tenant shall not cause or permit any hazardous material (as hereinafter defined) to be brought upon, kept, or used in or about the Property by Tenant, its agents, employees, contractors, or invitees, without the prior written consent of Landlord, except such materials that are normally used or sold in the course of Tenant's business. Tenant agrees that handling and storage of such materials and substances shall occur safely and in compliance with all applicable federal, state, and local laws and regulations. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of hazardous material on the Property caused or permitted by Tenant results in contamination of the Property or any adjacent property, then Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Property and/or adjacent property, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Property and/or adjacent property, damages arising from any adverse impact on marketing of the Property and/or adjacent property, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise during or after the commencement of construction on the Property as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision because of hazardous material present in the soil or ground water on or under the Property and/or adjacent property. Without limiting the foregoing, if the presence of any hazardous material on the Property caused or permitted by Tenant results in any contamination of the Property and/or adjacent property, Tenant shall promptly take all actions at its sole expense as are necessary to return the Property and/or adjacent property to the condition existing prior to the introduction of any such hazardous material to the Property and/or adjacent property, provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property and/or adjacent property. As used herein, the term "hazardous material" means any hazardous or toxic substance, material or waste which is or becomes regulated by local governmental authority, the state of Washington or the United States government. Upon expiration or earlier Termination of this Lease, Tenant shall duly execute and deliver to Landlord a certificate (the "Hazardous Waste Certificate") in a form approved by Landlord. Nothing contained herein shall be deemed or construed to limit the liability of Tenant to Landlord hereunder for the breach of any covenant of Tenant under this Section. Notwithstanding anything to the contrary herein, as owner of the Property Landlord, and not Tenant shall be responsible for any and all costs and expenses resulting from the presence of hazardous materials on or under the Property prior to the Lease Effective Date, and shall defend and hold Tenant harmless from and against same. The provisions of this Section shall survive the expiration or earlier Termination of this Lease and Tenant's surrender of the Property to Landlord.

**21.16 Force Majeure.** Whenever a party is required to perform an act under this Lease by a certain time, said time shall be deemed extended (unless specifically provided elsewhere in this Lease) so as to take into account events of "Force Majeure." "Force Majeure" is any of the following events that prevents,

delays, retards or hinders a Party's performance of its duties hereunder: Act of God; fire; earthquake; flood; war; explosion; invasion; insurrection; riot; mob violence; pandemic; sabotage; vandalism; inability to procure or general shortage of labor, equipment, facilities, materials or supplies in the open market; transportation failure; strikes; lockouts; condemnation; requisition; acts of governmental, civil, military or naval authorities or any other cause, whether similar or dissimilar to the foregoing, not within such Party's control. Notwithstanding, anything in this Lease to the contrary. Force Majeure shall not include a Party's lack of, or inability to procure, moneys to fulfill its commitments and obligations under this Lease.

**21.17 Estoppel Certificate.** Tenant agrees within a reasonable period of time after request therefore from Landlord to execute in recordable form and deliver to Landlord the Estoppel Certificate. Landlord agrees to give Tenant a comparable estoppel certificate within a reasonable period of time after request therefore from Tenant.

**21.18 Approval.** Any approval required from Landlord hereunder shall not be unreasonably withheld, or conditioned, and shall be timely delivered. Any request by Tenant for approval shall be sent by certified mail, return receipt requested or via recognized overnight courier, and shall be deemed approved unless Landlord within ten (10) days of receipt provides written notice to Tenant of the disapproval of the request, together with the reasons therefore.

**21.19 Effectiveness.** This Lease shall not be deemed effective for any purpose or binding on either Party hereto unless and until the date this Lease is signed and notarized by both Parties.

**21.20 Right of First Refusal.** In the event of any offer acceptable to Landlord at any time or times during the original or extended term hereof, for the sale of the Property the Landlord, prior to acceptance thereof, shall give the Tenant, with respect to each such offer, written notice thereof and a copy of said offer including the name and address of the proposed purchaser; and Tenant, shall have the option and right of first refusal for sixty (60) days after receipt of such notice within which to elect to purchase or lease the Property, as the case may be, on the terms of said offer. If Tenant shall elect to purchase the Property pursuant to the option and first refusal herein granted, it shall give notice of such election within such sixty (60) day period. Tenant's failure at any time to exercise its option under this paragraph shall not affect this lease and the continuance of Lessee's rights and options under this and any other paragraph herein.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, this Lease has been executed as of the Effective Date.

**LANDLORD:**

**CITY OF CHEHALIS**

By \_\_\_\_\_  
Name: Jill Anderson  
Its: City Manager  
Date: \_\_\_\_\_

**TENANT:**

**WSECU (Washington State Employees Credit Union)**

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

**DRAFT**

**Acknowledgments**

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_ before me \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_ [ ] personally known to me, or [ ] proved to me on the basis of satisfactory evidence, to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

\_\_\_\_\_

Notary Public

**My Commission Expires:** \_\_\_\_\_

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_ before me \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_ [ ] personally known to me, or [ ] proved to me on the basis of satisfactory evidence, to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

\_\_\_\_\_

Notary Public

**My Commission Expires:** \_\_\_\_\_

## LIST OF EXHIBITS

Exhibit A	Legal Description of Property
Exhibit B	Site Plan
Exhibit C	Memorandum of Lease
Exhibit D	Estoppel Certificate
Exhibit E	Compliance with Federal Aviation Administration (FAA) Requirements

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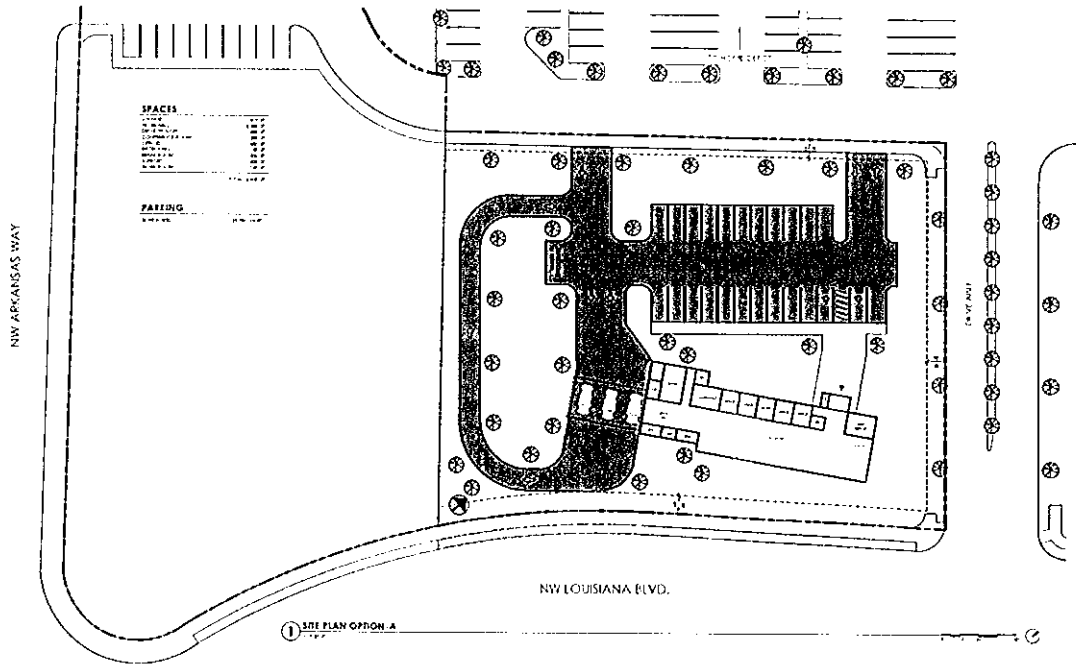
**EXHIBIT "A"**  
**Legal Description of Property**

Tract 15 of City of Chehalis Twin City Town Center 4th Amended Binding Site Plan recorded on June 15, 2016, under Lewis County Auditor's File No. 3449004.

DRAFT



**EXHIBIT "B"  
SITE PLAN**



**WSECU CHEHALIS BRANCH**  
CHEHALIS, WA  
CONCEPT DESIGN | 12/04/2020

**A101-B**  
OFFICE - SIDE PLAN



**DRAFT**

**EXHIBIT "C"**  
**Memorandum of Lease**

WHEN RECORDED RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reference Numbers of Related Documents: \_\_\_\_\_  
Grantor: \_\_\_\_\_  
Grantee: \_\_\_\_\_  
Abbreviated  
Legal  
Description: \_\_\_\_\_  
Full legal description in Exhibit A  
Assessor's  
Tax parcel No.: \_\_\_\_\_

This Memorandum of Lease (this "Memorandum") dated effective \_\_\_\_\_, 2020, is entered into by \_\_\_\_\_ ("Lessor"), and \_\_\_\_\_ ("Lessee").

1. Lease of Property. Lessors have leased to Lessee, and Lessee leases from Lessors, the real property described in Exhibit A attached hereto (the "Premises") pursuant to that certain Lease of even date herewith between Lessor and Lessee.
2. Lease Term and Certain Other Provisions. The Lease is effective on the date hereof. The primary term of the Lease is \_\_\_\_\_ years. The Lease includes \_\_\_\_\_ consecutive option terms of \_\_\_\_\_ years each.
3. Right of First Refusal. The Lease grants Lessee a right of first refusal to purchase the property comprising the Lease Premises.
4. Purpose of Memorandum; Conflicting Provisions. The purpose of this Memorandum is to make the Lease a matter of public record. If a provision in this Memorandum conflicts with a provision in the Lease, the provision in the Lease will control.
5. Counterparts. The parties may sign this Memorandum in counterparts. The signature pages from the counterparts may be attached to one counterpart to form a single document, which may be recorded.

[Signatures and Acknowledgements follow.]

This Memorandum of Lease is dated as of the date first above written.

LESSOR:

---

By:  
Its:

LESSEE:

---

By:  
Its:

DRAFT

[Acknowledgements follow.]

**Acknowledgments**

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_ before me \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_ [ ] personally known to me, or [ ] proved to me on the basis of satisfactory evidence, to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

\_\_\_\_\_  
Notary Public

**My Commission Expires:** \_\_\_\_\_

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_ before me \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_ [ ] personally known to me, or [ ] proved to me on the basis of satisfactory evidence, to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

\_\_\_\_\_  
Notary Public

**My Commission Expires:** \_\_\_\_\_

**EXHIBIT "D"**  
**Estoppel Certificate**

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

TO: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CHEHALIS-CENTRALIA AIRPORT GOVERNING BOARD ("Landlord"), and WSECU and/or assigns. ("Tenant") are parties to that certain Lease dated \_\_\_\_\_, 20\_\_\_\_, ("Lease") for certain real property consisting of land and Improvements ("Property") located in the city of Chehalis, county of Lewis, state of Washington, and more fully described on Exhibit "1" attached hereto.

Tenant certifies that to the best of the actual knowledge of the undersigned, the following statements are true and correct as of the date hereof:

Tenant has entered into occupancy of the Property described in the Lease and \_\_\_ has or \_\_\_ has not (check one) opened for business to the public thereon;

The Lease is in full force and effect and has not been assigned, modified, supplemented, or amended in any way, except as follows:

The Rent Commencement Date of the Lease is \_\_\_\_\_, 20\_\_\_\_;

The Lease Term shall expire on \_\_\_\_\_, 20\_\_\_\_; provided, however, that Tenant may have additional options to extend the Lease Term as provided in the Lease;

Current annual Rent is \_\_\_\_\_ (specify base rent and leasehold excise tax);

All conditions precedent of Tenant's obligations as set forth in the Lease have been satisfied or waived;

Tenant has not received notice of, and has no actual knowledge of the existence of, any defaults under the Lease by either Landlord or Tenant;

No rents have been paid in advance of (1) month except \_\_\_\_\_;

Tenant has not assigned or mortgaged its interest in the Lease, in whole or in part, or sublet all or part of the Property except \_\_\_\_\_; and

EXECUTED as of the date first written above.

TENANT

\_\_\_\_\_

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT "E"**  
**COMPLIANCE WITH FEDERAL AVIATION ADMINISTRATION REQUIREMENTS**

The Tenant, for itself, its successors-in-interest and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any Improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) that the Tenant shall use the Property in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

DRAFT

9933163v3



## NON-EXCLUSIVE COMMISSION AGREEMENT

Reference is made to the Lease dated December 2020 for Approximately 119,668 square feet of real property located at Twin City Town Center, Chehalis, WA – Tract 15 – Lewis County, WA Parcel Number 005605082015 where the undersigned Landlord is Owner of the Property.

In the event that the property is leased to Washington State Employees Credit Union dba WSECU (Tenant), represented by Kidder Mathews (Cramer Foster), then the undersigned Landlord agrees to pay Kidder Mathews a commission in the amount of Twenty-Seven Thousand Five Hundred Dollars (\$27,500). The Commission shall be paid ½ upon Mutual Lease Execution and Tenant Removal of any Contingencies and ½ upon Lease Commencement.

The undersigned represents that they are authorized to sign this Non-Exclusive Commission Agreement.

If either party employs an attorney to enforce any of the terms of this Commission Agreement, and is successful either in whole or part, whether by trial or otherwise, the non-prevailing party agrees to pay the reasonable attorneys' fees and costs incurred by the prevailing party.

**Agent:**

Kidder Mathews  
Cramer Foster  
1201 Pacific Avenue  
Suite 1400  
Tacoma, WA 98402

**Landlord:**

City of Chehalis  
Chehalis-Centralia Airport  
PO Box 1344  
Chehalis, WA 98532  
Attn: Brandon Rakes

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

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

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

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



**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Tammy S. Baraconi, Planning and Building Manager

**MEETING OF:** December 14, 2020

**SUBJECT:** Ordinance No. 1015-B, First Reading – Amending CMC 17.78 Uses/Occupancy

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**ISSUE**

Proposed amendments to the Chehalis Municipal Code to address concerns regarding congregate housing as defined in CMC 17.78 Uses/Occupancy.

**DISCUSSION**

In December 2019, the Hearing Examiner heard a request for congregate housing in the downtown. Many of the speakers presented concerns over the lack of long-term oversight for this type of use.

Staff took the topic to the Planning Commission for discussion. That discussion resulted in the proposal to prohibit congregate housing in the City and create a minimum dwelling size and definition.

On November 10, 2020 the Planning Commission held a public hearing to take public testimony on the proposed changes to CMC 17.78 Uses/Occupancy. Having no members of the public present to make comment, the Planning Commission, after careful deliberation made a unanimous recommendation to the City Council to approve the proposed changes to CMC 17.78 Uses/Occupancy. Those changes are outlined below.

- Prohibit congregate housing.
- Establish a minimum dwelling unit size of 310 square feet and further define a dwelling unit having an individual kitchen, bathroom, and closet as defined in the International Building Code and the International Residential Code.

CMC 17.78 has remained on the City's website and open for public comment. Because of restraints enacted by the Governor on public meetings, staff recommends leaving it open until the second reading of the ordinance to allow the public time to review and comment.

A SEPA determination will be issued between the first and second reading of the ordinance to allow for any changes the City Council may require to be included in that review.

**FISCAL IMPACT**

There is no fiscal impact for these updates.

**RECOMMENDATION**

It is recommended that the City Council pass Ordinance No. 1015-B to adopt the proposed changes to CMC 17.78 Uses/Occupancy as presented.

**SUGGESTED MOTION**

I move that the City Council pass Ordinance No. 1015-B on first reading.

**ORDINANCE NO. 1015-B**

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON,  
AMENDING SECTION 17.78.020, TO RESTRICT CONGREGATE  
RESIDENCE OCCUPANCY AND TO ESTABLISH SQUARE  
FOOTAGE REQUIREMENTS FOR ALL RESIDENTIAL DWELLINGS;  
AND ESTABLISHING THE EFFECTIVE DATE HEREOF.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN AS  
FOLLOWS:**

**Section 1.** Section 17.78.020 of the Chehalis Municipal Code, shall be, and the same hereby is, amended to read as follows:

**“17.78.020 Use chart adopted.**

**USE CHART – Sorted Alphabetically within the RESIDENTIAL Occupancy Group  
(See Appendix Chapter F for Definitions)**

CODE	USE OR OCCUPANCY	PARKING	R-1	R-2	R-UGA	R-3	R-4	EPF	C-O	C-N	C-G	C-F	CBD	I-L	I-H
R310	Accessory dwelling unit*	2	A	A	C	P	P	C			A3		A3	P	P
R312	Accessory living quarters (single-family dwelling)*	1	A	A	A	A	A	A	A	X	A	A	A	A	A
R341	Adult family home	2 + 1 per guest room	P	P	P	P	P		X	X	X	X	X	X	X
R141	Adult family residence	2 + 1 per guest room	C	C	P	P	P		X	X	X	X	X	X	X
R121	Apartment house	2 per du	X	X	C	P	P		4	X		X	3	X	X
R161	Bed and breakfast	2 + 1 per guest room	12	12	P	C	P		P		P		C	X	X
R010	Backyard wildlife habitat	none	A	A	A	A	A	A	A	A	A	A	A	X	X
R142	Children’s family home	1 per 3 occupants	X	X	P	P	P	P	X	X	X	X	X	X	X
R313	Condominium*	2	P	P	P	P	P		X	X	X	X	3	X	X
R140	Congregate Residence	1 per occupant	X	X	X	X	X	X	X	X	X	X	X	X	X
R143	Convalescent center	1 per occupant	X	X	P	P	P	P				X	X	X	X
R321	Dwelling, duplex*	4	5	5	C	P	P		X	X	X	X	X	X	X
R122	Dwelling, multiple-unit*	2 per du	X	X	C	P	P		4	X		X	3	X	X
R311	Dwelling, single-family*	2	P	P	P	10	10		X	X	X	X	X	X	X
R314	Dwelling, special care	1	C	C	C	A	A		X	X	X	X	X	X	X
R144	Group care facility	1 per occupant		13		C	C	P		X		X	X	X	X
R009	Home occupation (see Chapter	8	A	A	A	A	A	A	A		A		A		

CODE	USE OR OCCUPANCY	PARKING	R-1	R-2	R-UGA	R-3	R-4	EPF	C-O	C-N	C-G	C-F	CBD	I-L	I-H
	17.90 CMC)														
R111	Hotel	1 per guest room	X	X	X	X	X			X	P	P	C	X	X
R112	Inn	1 per guest room	X	X	X	X	X			X	P	P	C	X	X
R331	Lodging house	1 per guest room	X	X	C	P	P		X	X				X	X
R315	Manufactured home (single-family dwelling) 7*	2	C	P	P	10	10		X	X	X	X	X	X	X
R316	Mobile home (single-wide)	-	X	X	X	X	X	X	X	X	X	X	X	X	X
R317	Modular home (single-family dwelling)*	2	P	P	P	10	10		X	X	X	X	X	X	X
R113	Motel	1 per guest room	X	X	X	X	X			X	P	P	C	X	X
R013	Recreational vehicle park (campground)	1 per space	X	X	X	13	13	A	13	X	P	P	X	A	A
R145	Rehabilitation center (halfway house)	1 per occupant	X	X	9,13	9,13	9,13	9,13		X	X	X	X	X	X
R146	Rehabilitation center (Oxford house)	1 per occupant	X	9,13	9,13	9,13	9,13	9,13		X	X	X	X	X	X
R401	Residential group care facility for 6 to 16 persons	1/bed	X	X		X	C		C	X	X	X	X	X	X
R012	Retirement center	8	X	X	C	P	P			X		X	X	X	X
R151	Retirement home	1 per occupant			P	P	P			X	X	X	X	X	X
R147	Shelter, family homeless	1/3 beds	X	X		C	C		C	C			X	X	X
R148	Shelter, transient homeless	1/3 beds	X	X	X	X		9,13	X	X	X	X	X	X	X

**NOTES**

\* The minimum size for any dwelling unit is 310 square feet and must comply with the currently adopted International Building Code and the International Residential Code, as applicable.

A. P=Permitted use; A=Accessory use; C=Conditional use; T=Temporary use (one year or less); X=Prohibited use; Blank=Conditional use (see CMC 17.09.115(B)(2) and the .010 sections of Division V of this title)

B. An X use is not applicable to any approved use complying with Chapter 17.90 CMC, Home Occupation

1=None if transfer station only; otherwise 1/4 occupants

2=Permitted if underground; conditional if above grade

3=Permitted if located above a commercial ground floor; otherwise X

4=Conditional if located above a commercial ground floor; otherwise X

5=P if the lot size or each development portion of the lot is 10,000 square feet or larger and

- the lot is adjacent to an arterial street; otherwise C (see also CMC 17.42.100 or 17.45.100)
- 6=T if associated with a regular subdivision (10 or more lots); otherwise X
- 7=See Chapter 17.81 CMC for RV provisions
- 8=As required for the individual occupancies
- 9=If approved, shall be located more than 1,000 feet from any school, park, playground, day care and other like facility
- 10=P if the lot size allows only one unit under the density calculation; otherwise C
- 11=See also WAC 197.11.800(27) for “personal communications antenna”
- 12=C if located in a historic district (see CMC 17.33.120) and approved by the historic commission; otherwise X
- 13=C if the lot is adjacent to an arterial street or associated with an approved use; otherwise X
- 14=P if owner/grower; otherwise T
- 15=The facility must comply with any and all state requirements.
- 16=The facility must comply with city restrictions regarding control of odor so that no odor can be detected outside the facility. Every applicant (before commencing business) must conduct their operations in a manner that results in no detectable odor outside of the facility. All facilities must provide an odor control plan identifying locations and model numbers of all odor control systems as well as sizing calculations for the proprietary devices to be installed. If at any time the city determines that the odor control system is not sufficient, the facility must upgrade their odor control plan and implement identified upgrades within 30 days of a written notice from the city. During operation, if the building official detects odor problems, the business shall be immediately shut down and will not be allowed to operate until the odor issue is resolved to the city manager or designee’s satisfaction.
- 17=Outdoor production facilities shall be prohibited.
- 18=The number of cannabis retail facilities shall be limited to two within the city limits of Chehalis.
- 19=The number of production, processing and growing facilities shall be limited to one within the city limits of Chehalis.
- 20=Even though this city ordinance limits production and processing facilities to one operation, the city recognizes the following business applicants as being vested to operate in the city subject to state and municipal regulations. These businesses are:

Washington State Producers, LLC  
355 N.W. State Avenue  
Chehalis, Washington 98532

CBD Management, LLC/Loaded  
Soda  
420 N.E. Alaska Way  
Chehalis, Washington 98532

Chiliwist Creek Farms  
1132 N.W. State Avenue  
Chehalis, Washington 98532

Wild Mint, LLC  
1132 N.W. State Avenue  
Chehalis, Washington 98532

Doc Croc  
1132 N.W. State Avenue  
Chehalis, Washington 98532

**PASSED** by the city council of the city of Chehalis, Washington, and **APPROVED** by its mayor, at a regularly scheduled open public meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Mayor

Attest:

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City Clerk

Approved as to form and content:

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City Attorney

**CHEHALIS CITY COUNCIL MEETING  
AGENDA REPORT**

**TO:** The Honorable Mayor and City Council

**FROM:** Jill Anderson, City Manager

**BY:** Trent Lougheed, Public Works Director

**MEETING OF:** December 14, 2020

**SUBJECT:** Resolution No. 15-2020 Waiving Competitive Bidding Due to the Existence of Special Market Conditions Related to the Purchase of a Mobile Structure (First and Final Reading) and Funding Authorization to Proceed with the Purchase

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**INTRODUCTION**

The City plans to relocate the Emergency Temporary Fire Station (currently located on Arkansas Way between Home Depot and Walmart) to the property the City recently purchased for the City's next fire station at the southeast corner of Chamber Way and State Avenue. A portion of the property, which has been the home of Cascade Trader, is being prepared for use as a long-term interim station while the permanent fire station can be designed, funded, and constructed.

The City has been presented the opportunity to purchase the existing Cascade Trader office building, which is a pre-manufactured home, for considerably less money than purchasing a new structure. The mobile structure is the ideal size and layout for use by the Fire Department as interim administrative offices and living quarters for firefighters.

The unique circumstances surrounding the potential purchase of the mobile structure from Cascade Trader create special market conditions that allow the City to consider waiving the competitive bidding requirements so that the purchase of the mobile structure can potentially be negotiated with the owners before they move it to another location. A resolution declaring that special market conditions exist for the purchase of the mobile structure has been prepared for consideration by the City Council.

**DESCRIPTION OF MOBILE STRUCTURE**

The previous owner of the property (Richard Lennox) that the City recently purchased the property from for the new Headquarters Fire Station Building has indicated that he is willing to sell the existing structure to the City for use as living and administrative quarters for the



temporary station. The mobile structure is approximately 1620 square feet and includes the following amenities:

- 4 Bedrooms that have been converted into 5 offices
  - The separate rooms can be used for offices or sleeping quarters
- Kitchen area
- 2 Bathrooms
- An area to create a laundry room
- An administrative reception and office area



Chief Hendershot has toured the building and believes that it could work very well for the Fire Department as an Interim Office and Living Area. The City has also purchased a pre-manufactured building (pole building) that will be constructed to house the fire engines and other department vehicles; as well as equipment.

The mobile structure is being offered to the city for a price of \$39,500, which is considerably less than the cost of new pre-manufactured structures. It is also less than the assessed value for the improvements on the property, which are almost exclusively associated with the pre-manufactured home/mobile structure.

Earlier this year the City researched options for the purchase of a manufactured home and found that the cost range varied based on size and quality from approximately \$122,000 to \$220,000 (including installation). The estimated time it would take to construct, deliver, and install a new manufactured structure was four to six months.

Due to the size of the existing structure, it will be necessary to disassemble the structure to relocate it elsewhere on the site to provide sufficient room for the construction of the new fire station to occur.

Based on the consultation with the company that installed the structure at its current site, it is estimated that the cost to move it to the area identified for the interim station will be \$12,000 to \$15,000.

The ability to purchase a mobile structure that is readily available and only needs to be relocated from one part of the property to another is a very cost effective and timely opportunity for the City.

### **RESOLUTION**

RCW 39.04.280(1)(b), competitive bidding requirements may be waived for purchases involving *special facilities or market conditions*. The City's Special Legal Counsel, Allen Unzelman, has drafted the attached resolution which includes the following declarations:

- The mobile structure being considered for purchase is a *special facility* that is unique to the fire station's current needs for a temporary fire station; and
- The mobile structure being considered for purchase is currently situated on the City of Chehalis property which causes its purchase price to be favorable to the City and much more economic than comparable options; and
- The City's ability to consider purchasing the mobile structure results from a prior land purchase transaction which created the City's current opportunity
- The circumstances create a special market condition in which a special facility is available to the City at a favorable price and competitive bidding requirements should be waived so that the City may undertake negotiation for this purchase while this special market condition exists

If the City Council authorizes proceeding with the purchase, Mr. Unzelman will prepare a draft purchase and sale agreement to set for the terms of the sale.

### **FISCAL IMPACT**

The City would utilize funds acquired from the bond that Council previously approved to purchase the property and prepare it for temporary/interim use. It is expected that the purchase price will be \$39,500 plus taxes and applicable fees with some potential credits from the seller to the City depending on the timing of the potential sale. These credits relate to the lease of the mobile structure to the City for use of the building from January 1 to June 30, 2021; as well as the lease of a portion of the property now owned by the City for use by Cascade Trader until they complete the move to their new property.

Assuming the sale goes through, an additional amount will also be needed to pay for the relocation of the mobile structure to the portion of the property designated for the interim station. The cost is estimated to be \$12,000 to \$15,000 based on a consultation with the company that installed the mobile structure in its current location. In addition, plans to install it on the property using permanent footings are being costed out. It is expected that the interim station will be used by the Fire Department for a minimum of 5 years while the permanent fire station is designed, funded, and constructed. This could also create an opportunity to use the mobile structure for compatible uses, such as AMR housing/offices, after the Fire Department moves to the permanent station.

Installation of permanent footings for the mobile structure once relocated are estimated to be between \$4,400 and \$6,000. A 15% contingency budget for unanticipated change orders arising during the relocation and installation of mobile structure and the footings is also recommended.

<i>Item</i>	<i>Estimated Expense</i>
Mobile Structure	\$39,500
Relocation and Installations	15,000
Permanent Footings	6,000
Contingency	3,150
<b>TOTAL</b>	<b>\$63,650</b>

The bond issue includes \$150,000 for the purchase of a manufactured home for use as an interim fire station (living and administrative quarters). If the City can purchase the previously used mobile structure now available, it would be a significant savings. The money not used for the mobile structure could then be used to pay for the next phase of the architectural design and engineering work for the permanent station.

**RECOMMENDATION**

It is recommended that the City Council:

- Authorize the City Manager to negotiate the purchase the existing pre-manufactured/mobile structure from the previous property owner in an amount not to exceed \$39,500 plus taxes and applicable fees
- Authorize the expenditure of up to \$15,000 for the relocation of the building to serve as the interim station
- Authorize up to \$6,000 for the cost of using permanent footings in the installation process

- Authorize an additional contingency of \$3,150, which is 15% of the cost of the relocation, installation and footings
- Authorize the City Manager to execute the documents related to the purchase, relocation and installation of the mobile structure, including change orders
- Waive the City requirement for a second reading of a resolution and adopt on first and final reading

### **SUGGESTED MOTION**

I move that the City Council:

- Authorize the City Manager to purchase the existing pre-manufactured structure from the previous property owner in the amount not to exceed \$39,500 plus applicable taxes, fees, and licenses, including City permits
- Authorize the expenditure of up to \$15,000 for the relocation of the building to serve as the interim station
- Authorize up to \$6,000 for the cost of using permanent footings in the installation process
- Authorize an additional contingency of \$3,150, which is 15% of the cost of the relocation, installation and footings
- Authorize the City Manager to execute the documents related to the purchase, relocation and installation of the mobile structure, including change orders
- Waive the City requirement for a second reading of a resolution and adopt on first and final reading

Exhibit A

