

CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BLVD | CHEHALIS, WA 98532

Anthony E. Ketchum, Sr., District 3
Mayor

Jerry Lord, District 1
Daryl J. Lund, District 2
Dr. Isaac S. Pope, District 4

Kate McDougall, Position at Large No. 1
Kevin Carns, Position at Large No. 2
Robert J. Spahr, Mayor Pro Tem, Position at Large No. 3

Regular Meeting of Monday, February 13, 2023

5:00 pm

To access this meeting via Zoom:

Meeting ID: 834 4212 6653

Pass Code: 674890

1. **Call to Order** (Mayor Ketchum)
2. **Pledge of Allegiance** (Mayor Ketchum)
3. **Approval of Agenda** (Mayor Ketchum)

PRESENTATIONS

4. **Chamber of Commerce Update – Cynthia Mudge, Executive Director**
5. **Recognition of WF West Girls Bowling Team – 2023 State Champions**
6. **LAND Presentation – Alex Dupey, MIG, Inc., Consultants to the Office of Chehalis Basin**

CONSENT CALENDAR

| | ADMINISTRATION RECOMMENDATION | PAGE |
|---|-------------------------------|------|
| 7. <u>Minutes of the Regular Meeting January 23, 2022</u> (City Clerk) | APPROVE | 1 |
| 8. <u>Vouchers and Transfers- Accounts Payable in the Amount of \$884,339.16</u> (Finance Director) | APPROVE | 5 |
| 9. <u>Vouchers and Transfers- Payroll in the Amount of \$983,854.33</u> (Finance Director) | APPROVE | 7 |
| 10. <u>Reclassifying the Recreation/Aquatics Manager Position of Parks and Recreation Director</u> (HR/Risk Manager) | APPROVE | 9 |
| 11. <u>Appointments and Residency Exemption of Mitch Moberg and John Six to the Historic Preservation Commission</u> (Planning and Building Manager) | APPROVE | 17 |

| PUBLIC HEARINGS | ADMINISTRATION RECOMMENDATION | PAGE |
|--|----------------------------------|------|
| <p>12. Petition to Vacate a Portion of Arkansas Way (Planning and Building Manager)</p> <p><i>Citizens may participate in person or submit comments for the public hearings by:</i></p> <ol style="list-style-type: none"> Submitting through the City website – https://www.ci.chehalis.wa.us/contact. Contacting City Clerk Kassi Mackie at 360-345-1042 or kmackie@ci.chehalis.wa.us to provide verbal comments or to sign up to log-in via Zoom to comment directly to the City Council. | CONDUCT PUBLIC HEARING | |

| CITIZENS BUSINESS (PUBLIC COMMENT) |
|--|
| <p>Individuals 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 – 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 Kassi Mackie at 360-345-1042 or at kmackie@ci.chehalis.wa.us. Public comments will be limited to five (5) minutes.</p> |

| NEW BUSINESS | ADMINISTRATION RECOMMENDATION | PAGE |
|--|----------------------------------|------|
| 13. First Reading of Ordinance No. 1062-B, Petition to Vacate a Portion of Arkansas Way and Ordinance No. 1063-B, Dedication of a Portion of Parcel No. 021612011001 as Arkansas Way Right of Way (Planning and Building Manager) | APPROVE | 19 |
| 14. Consideration of Offer to Lease Tract 18-A at 710 NW Arkansas Way to Panda Express, Inc. (Airport Director) | APPROVE | 45 |
| 15. 4th Quarter 2022 Financial Report (Finance Director) | APPROVE | 99 |

| ADMINISTRATION AND CITY COUNCIL REPORTS | ADMINISTRATION RECOMMENDATION | PAGE |
|---|----------------------------------|-------|
| <p>a. Administration Reports</p> <ul style="list-style-type: none"> City Manager Update <p>b. Councilor Reports/Committee Updates (City Council)</p> | INFORMATION ONLY | - - - |

| EXECUTIVE SESSION |
|--|
| <p>Pursuant to RCW:</p> <ol style="list-style-type: none"> 42.30.110(1)(c)- Minimum Price at Which Real Estate Will Be Offered for Sale/Lease 42.30.110(1)(i)- Discuss w/ Legal Counsel Matters Relating to Agency Enforcement Actions or Agency Litigation/ Potential Litigation 42.30.140(4)(b)- Collective Bargaining – Planning or adopting a strategy or position to be taken during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress. |

THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.

NEXT REGULAR CITY COUNCIL MEETINGS

MONDAY, FEBRUARY 27, 2023- 5:00 P.M.

MONDAY, MARCH 13, 2023- 5:00 P.M.

Chehalis City Council
Regular Meeting Minutes
January 23, 2023
5:00 p.m.

Council Present: Mayor Ketchum, Councilmember McDougall, Councilmember Spahr, Councilmember Pope, and Councilmember Lund (Virtual Attendance)

Council Absent: Councilmember Lord; Councilmember Carns

Staff Present: Jill Anderson, City Manager; Kassi Mackie, City Clerk; Glenn Schaffer, HR/Risk Manager; Kevin Nelson, City Attorney; Cassie Frazier, Administrative Assistant; Chun Saul, Finance Director; Tammy Baraconi, Building and Planning Manager; Justin Phelps, Wastewater Superintendent; Lilly Wall, Parks and Recreation Manager; Lance Bunker, Public Works Director; Randy Kaut, Police Chief

Public Present: Owen Sexton, Chronicle Reporter and Dave Luxenberg, Legal Counsel

1. **Call to Order:**
Mayor Ketchum called the meeting to order at 5:00 p.m.
2. **Pledge of Allegiance**
Councilmember Pope led the flag salute.
3. **Approval of Agenda**
The agenda was amended to change the executive session topic of Sale/Lease of Real Estate to Collective Bargaining.

A motion was made by Councilmember Spahr, seconded by Councilmember Pope, to approve the agenda as amended. Motion carried unanimously.

CONSENT CALENDAR

1. **Minutes of the Regular City Council Meeting of January 9, 2023** (City Clerk)
2. **Vouchers and Transfers- 2022 Accounts Payable in the Amount of \$372,160.00** (Finance Director)
3. **Vouchers and Transfers- 2023 Accounts Payable in the Amount of \$900,966.07** (Finance Director)
4. **Resolution No. 02-2023, Setting a Public Hearing Regarding Petition to Vacate a Portion of Arkansas Way** (Building and Planning Manager)
5. **Reclassification for Records Assistant/Evidence Technician to Records Technician/Evidence Technician** (Police Chief)

A motion was duly made and passed approving the items on the Consent Calendar as though acted on individually.

CITIZENS BUSINESS

None.

NEW BUSINESS

11. **Non-Represented Salary and Insurance Contribution Adjustment** (HR/Risk Manager)

HR/Risk Manager Glenn Schaffer presented.

A motion was made by Councilmember Spahr, seconded by Councilmember Pope, to approve a 7% base wage increase for 2023, an increase in 2024 of between 3.5% and 5% depending on the CPI. In addition, non-represented employees move from fixed amount contributions to their health care premiums to a percentage-based contribution of 5% in 2023, 5.5% in 2024 and 5.75% in 2025. Motion carried unanimously.

12. **Revisions to Attorney Retainer Agreement** (City Manager)

City Manager Jill Anderson presented.

A motion was made by Councilmember Spahr, seconded by Councilmember Pope, to approve the updated retainer agreement with Scheibmeir, Kelly, and Nelson, PS and authorize the City Manager to execute the document. Motion carried unanimously.

13. **Resolution No. 01-2023, Appointment of City Attorney and Assistant City Attorney** (City Manager)

A motion was made by Councilmember Spahr, seconded by Councilmember McDougall, to approve Resolution No. 01-2023 on first and final reading, to appoint Kevin Nelson as the City Attorney and to appoint Mark C. Scheibmeir, Brian L. Kelly and Rachel Hunt as Assistant City Attorneys. Motion carried unanimously.

ADMINISTRATION AND CITY COUNCIL REPORTS

City Manager Update

City Manager Anderson welcomed Justin Phelps to the City as the Wastewater Superintendent.

Letter of Support for Providence Staff

City Manager Anderson, Councilor Pope and Mayor Ketchum met with Providence Administrative staff to discuss the concerns brought to Council by Nursing Staff in December.

Councilor Reports/Committee Updates

Councilor Lund welcomed Justin Phelps and Kevin Nelson to the City.

Councilor Spahr reported on attendance at the Chamber Banquet and Planned Growth Committee Meeting and informed the council that revisions to the Comp Plan would be forthcoming.

Mayor Ketchum reported attendance at the Regional Transportation Committee Meeting, Flood Authority Meeting, and the Industrial Commissions annual meeting.

EXECUTIVE SESSION

Pursuant to RCW:

42.30.110(1)(c) – Sale/Lease of Real Estate

a) **42.30.110 (4)(b) Collective Bargaining**

Mayor Ketchum adjourned the regular meeting at 5:23 p.m. and convened the executive session for 20 minutes or until 5:40 p.m.

Mayor Ketchum adjourned the executive session at 5:40 p.m. and announced that more time was required. Mayor Ketchum reconvened the executive session for 20 minutes or until 6:00 p.m.

Mayor Ketchum adjourned the executive session at 6:00 p.m. and reconvened the regular meeting at 6:00 p.m.

ADJOURNMENT

Mayor Ketchum adjourned the meeting 6:01 p.m.

Anthony Ketchum, Sr., Mayor

Attest: Kassi Mackie, City Clerk

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director
Clare Roberts, Accounting Tech II

MEETING OF: February 13, 2023

SUBJECT: 2023 Vouchers and Transfers – Accounts Payable in the Amount of
\$884,339.16

ISSUE

City Council approval is requested for 2023 Vouchers and Transfers dated January 31, 2023.

DISCUSSION

The January 31, 2023, 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 including Electronic Funds Transfer Checks No. 2619 – 2641, 89 - 91 and Voucher Checks No. 135966 - 136054 in the amount of \$884,339.16 dated January 31, 2023, which included the transfer of:

- \$ 121,585.44 from the General Fund
- \$ 19,424.54 from the Street Fund
- \$ 526,368.74 from the Transportation Benefit District Fund
- \$ 10,655.18 from the LEOFF 1 OPEB Reserve Fund
- \$ 35,704.80 from the G.O. Bond Fund
- \$ 36,293.54 from the Public Facilities Reserve Fund
- \$ 14,382.70 from the Wastewater Fund
- \$ 18,511.49 from the Water Fund
- \$ 661.00 from the Storm & Surface Water Utility Fund
- \$ 6315.52 from the Airport Fund
- \$ 6.62 from the Wastewater Capital Fund
- \$ 73,921.72 from the Water Capital Fund
- \$17,559.15 from the Stormwater Capital Fund

- \$2,167.80 from the Airport Capital Fund
- \$ 654.92 from the Firemen’s Pension Fund
- \$ 126.00 from the Custodial Other Agency Fund

RECOMMENDATION

It is recommended that the City Council approve the Claim Vouchers including Electronic Funds Transfer No. 2619 – 2641, 89 - 91 and Voucher Checks No. 135966 - 136054 in the amount of \$884,339.16 dated January 31, 2023.

SUGGESTED MOTION

I move that the City Council approve the Claim Vouchers including Electronic Funds Transfer Checks No. 2619 – 2641, 89 - 91 and Voucher Checks No. 135966 - 136054 in the amount of \$884,339.16 dated January 31, 2023.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director
Deri-Lyn Stack, Payroll Accounting

MEETING OF: **February 13, 2023**

SUBJECT: Vouchers and Transfers – Payroll in the Amount of \$983,854.33

ISSUE

City Council approval is requested for Payroll Vouchers and Transfers dated January 31, 2023.

DISCUSSION

The administration requests City Council approval for Payroll Vouchers No. 42165-42185, Direct Deposit Payroll Vouchers No. 15854-15967, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 465-473 dated January 31, 2023, in the amount of \$983,854.33, which include the transfer of:

- \$660,136.39 from the General Fund
- \$29,453.21 from the Street Fund
- \$5,197.50 from the LEOFF1 OPEB Reserve Fund
- \$37,541.86 from the Federal Advance Grant Control
- \$101,179.53 from the Wastewater Fund
- \$95,645.56 from the Water Fund
- \$25,249.75 from the Storm & Surface Water Utility Fund
- \$29,450.53 from the Airport Fund

RECOMMENDATION

It is recommended that the City Council approve the January 31,2023, Payroll Vouchers No. 42165-42185, Direct Deposit Payroll Vouchers No. 15854-15967, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 465-473 in the amount of \$983,854.33.

SUGGESTED MOTION

I move that the City Council approve the January 31,2023, Payroll Vouchers No. 42165-42185, Direct Deposit Payroll Vouchers No. 15854-15967, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 465-473 in the amount of \$983,854.33.

I, THE UNDERSIGNED, OF THE CITY OF CHEHALIS WASHINGTON DO HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE PAYROLL-RELATED SERVICES HAVE BEEN RENDERED OR THE LABOR PERFORMED AS DESCRIBED HEREIN AND THAT THE CLAIM IS A JUST, DUE AND UNPAID OBLIGATION AGAINST THE CITY OF CHEHALIS, AND THAT I AM AUTHORIZED TO AUTHENTICATE AND CERTIFY TO SAID CLAIM.

PAYROLL OFFICER

FINANCE DIRECTOR

CHECK NOS. 42165 THROUGH 42185, DIRECT DEPOSIT CHECK NOS. 15854 THROUGH 15967, ELECTRONIC FEDERAL TAX AND DRS PENSION/DEFERRED COMP PAYMENTS NOS. 465-473 ARE HEREBY APPROVED FOR PAYMENT IN THE TOTAL AMOUNT OF \$983,854.33 THIS _____ DAY OF _____, 2023.

MAYOR

| | | |
|-----|---------------------------|------------------|
| 001 | GENERAL FUND | \$660,136.39 |
| 003 | STREET FUND | 29,453.21 |
| 115 | LEOFF1 OPEB | 5,197.50 |
| 199 | FREDRAL ADVANCE GRANT | 37,541.86 |
| 404 | WASTEWATER FUND | 101,179.53 |
| 405 | WATER FUND | 95,645.56 |
| 406 | STORM & SURFACE UTIL FUND | 25,249.75 |
| 407 | AIRPORT FUND | <u>29,450.53</u> |
| | TOTAL | \$983,854.33 |

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Glenn Schaffer, HR/Risk Manager

DATE: February 13, 2023

SUBJECT: Reclassifying the Recreation/Aquatics Manager Position to Parks and Recreation Director

ISSUE

The City currently has a Recreation/Aquatics Manager Position. In 2020, the Recreation/Aquatics Manager assumed additional responsibilities related to supervising the Property/Facilities Division, which includes the City's parks, buildings, and green spaces. It is proposed that the Recreation/Aquatics Manager be reclassified to the position of Parks and Recreation Director to reflect the expanded responsibilities. In order to do that, the position of Parks and Recreation Director needs to be established.

DISCUSSION

Lilly Wall was appointed as the Recreation/Aquatics Manager in August of 2016. In July of 2020, she was assigned the responsibility of supervising the Property/Facilities Division, which is also referred to as the Parks and Facilities Department. This change was made to reflect the critical connection between recreation programming and the maintenance and operation of the City's parks. By 2020, it became apparent that this connection would only increase with the opening of the renovated Sports Complex at Recreation Park.

The Recreation/Aquatics Manager position and the Property/Facilities Manager position are paid at the same rate on the City's salary schedule. To compensate the Recreation Manager for supervising the Facilities Manager, Lilly Wall has received 10% specialty pay in addition to her regular salary, consistent with City policy.

Combining the Recreation/Aquatics Division with the Property/Facilities Division has worked well over the past two and a half years. Therefore, it is proposed to create the position of Parks and Recreation Director and formally reclassify the Recreation/Aquatics Manager as the Parks and Recreation Director. A proposed job description is attached to this report. If approved the position would be added to the City's 2023 Salary Schedule at range 7N and Lilly Wall would be appointed to the position. The Recreation/Aquatics Manager position would then remain vacant, and the salary budgeted would be redirected to fund the Parks and Recreation Director position.

FISCAL IMPACT

The Adopted 2023 Budget includes funding for the Recreation/Aquatics Manager with specialty pay. The additional financial impact of establishing a new position at Salary Range 7N, including the recently approved 7% COLA, is approximately \$1,700.

RECOMMENDATION

It is recommended that the City Council approve the job description for the Parks and Recreation Director position and add the position to the 2023 City of Chehalis Salary Schedule at range 7N.

SUGGESTED MOTION

Move to approve the job description for the Parks and Recreation Director position and add the position to the 2023 City of Chehalis Salary Schedule at range 7N.

CITY OF CHEHALIS POSITION DESCRIPTION

Class Title: **Park Recreation and Facilities Director**

Department: Parks and Recreation

FLSA Status: Exempt

Union Status: Non-represented

Updated: February 6, 2023

NATURE OF POSITION:

The Parks, Recreation and Facilities Director manages and implements the day-to-day operations of the Recreation Department and oversees the leadership and administration of the Parks and Facilities Department.

SUPERVISION RECEIVED:

Works under the general supervision of, and reports to, the City Manager.

SUPERVISION EXERCISED:

Supervise Parks and Facilities Manager, full-time and seasonal Parks and Facilities Maintenance staff, full-time and part-time Administrative Assistant positions, twenty-five (25) seasonal aquatics staff, fifty (50) plus recreation service contracts/staff, oversee the Stan Hedwall RV Park and the Lintott/Alexander Park Caretaker and Lease Agreements and volunteers as retained.

RECREATION DEPARTMENT:

The Director is responsible for the operation of the Recreation Department. To plan, administer, implement, and evaluate a comprehensive, year-round recreation program for seniors, adults, and youth, including cultural arts, physical activities, special interest classes and special events. Manages a seasonal aquatics facility and multiple sport complexes.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

Manages and supervises assigned operations to achieve goals using available resources; plans and organizes workloads and staff assignments; selects, trains, and evaluates assigned staff; reviews progress and directs changes as needed.

Assures that assigned areas of responsibility are performed within budget; performs cost control activities, monitors revenues and expenditures in assigned area to assure sound fiscal control; prepares annual budget request; assures effective and efficient use of budget funds, personnel, materials, facilities, and time.

Provides leadership and direction in the development of short- and long-range plans; gathers, interprets, and prepares data for studies, reports, and recommendations; coordinates department activities with other departments and agencies as needed to create efficiencies.

Enforces appropriate federal, state, city regulations, and departmental rules, regulations, policies and procedures, and safety and health standards.

Responsible for hiring, discipline, training, recommending for promotion, and giving performance evaluations to division staff.

Establish rules and regulations for recreation programs and facilities.

Carry out supervisory responsibilities in accordance with the City of Chehalis policies and procedures.

Works with management, civic groups, and the public in the coordination and implementation of city related facility improvement projects.

Communicates official plans, policies, and procedures to staff and the public in assigned areas of responsibility.

Coordinates with community organizations and stakeholders to identify and address recreational needs and priorities.

Coordinates the development and implementation of recreation programs that meet the needs and interest of the community; reviews instruction, coaching, and training plans with instructors to ensure quality programming.

Administers seasonal outdoor aquatics facility (approximately four months per year). Provides leadership and direction; conduct staff training to teach emergency procedures and instill safety standards; responsible for facility and staff scheduling; maintain and update employee operation manual; develop, organize, and implement swim lesson program; assist in lifeguard training to meet the American Red Cross standards; daily operations; concessions; cleaning; work closely with parks and facility maintenance staff to meet the Washington State Department of Health, Water Recreation Facility Rules and Guidelines in the operation of a safe and sanitary aquatics center.

Determines work procedures and expedites workflow; studies and standardizes procedures to improve efficiency and effectiveness of operations.

Coordinates, schedules, and maintains related records and statistics for personnel, community groups, recreation, and aquatics programs.

Issues written and oral instructions; assigns duties and examines work for exactness, neatness, and conformance to policies and procedures.

Provides necessary supervision, direction, and assistance to staff while maintaining harmony among workers.

Deals tactfully and courteously with the public and maintains composure in difficult and/or stressful situations.

Responds promptly and professionally to public inquiries regarding Parks, Facilities and Recreation programs made by phone, email, written correspondence, or during public meetings.

Promotes interest and provides information regarding recreation programs, facilities, and special events through public service announcements, city's website, flyers, social media, local schools, community service groups, other city departments and program specific advertising sites with wide reaching capabilities.

Coordinates athletic leagues, tournaments, camps, and clinics. Collects fees, recruits program supervisors and staff, schedules facilities, purchases equipment/awards, acquires officials/referees and is responsible for all program correspondence.

Maintains good public relations with the Chehalis School District, community groups, service clubs, and organizations. Promotes partnerships to offer outstanding recreational, athletic, and cultural activities and to provide exceptional facilities for families in our community.

Maintains courteous working relationships with Chehalis non-profit youth sport leagues. Annually, administer a Recreational Service Agreement with each organization who use city facilities to offer community-based programs. Responsible for the scheduling of all city parks and athletic facilities.

PARKS AND FACILITIES:

The Director oversees the operation of the Parks and Facilities Department. Works closely with the Parks and Facilities Manager who is responsible for the planning, developing, scheduling, and managing of the department. The department is responsible for the maintenance, care, repair, and construction of all municipal properties and department equipment under the jurisdiction of the City of Chehalis. Duties include but are not restricted to:

Accountable for the efficient and effective performance of the department.

Plans, organizes, directs, and evaluates activities and assigned tasks to achieve goals within available resources; selects, assigns, develops, motivates, and evaluates department staff; reviews results and directs changes as needed.

Prepares and oversees department policies and standard operating procedures to ensure effective and efficient operations and records systems.

Promotes and maintains staff morale and discipline; guides and assists subordinates in performance of duties; responds to complaints and addresses grievances. Ensures compliance with department and city policies and procedures, collective bargaining agreements and legal requirements.

Provides leadership and direction in the development of long- and short-range department plans, goals, and objectives; gathers, interprets, and prepares data for studies, reports, and recommendations.

Regularly prepares and presents reports and makes recommendations to the City Manager and City Council regarding progress and results achieved related to city goals and department activities and issues.

Participates in the development of ordinances, resolutions and regulations for consideration by the City Council.

Responsible for the preparation and administration of the department budget based on staffing and resource requirements, cost estimates, departmental objectives and goals. Monitors and maintains expenditures within budget guidelines and assures bid procedures are followed.

Evaluates and plans for the acquisition and replacement of the department's vehicles, other capital equipment, facilities, and space.

Oversees grant application, research, development, and administration for the department.

Oversees bidding, contractor review and selection, and construction project inspection for the department.

Establishes and maintains effective working relationships with business and property owners, other agencies, co-workers, officials and the general public. Communicates with tact, discretion, courtesy and respect. Maintains required confidentiality and discretion.

OTHER JOB FUNCTIONS:

Stays current with recreation trends and aquatic health and safety requirements. Performs a variety of miscellaneous duties such as answering phone, typing correspondence, computer input, running errands, picking up activity supplies, setting up tables and chairs for classes, conducting children's arts/crafts activities and supervising community events.

DESIRED MINIMUM QUALIFICATIONS:

Education and Experience:

Graduation from a college or university with a bachelor's degree in Parks and Recreation Administration or a closely related field; and

Three (3) years' experience in public recreation, aquatics, program planning and facility management of which at least two years are supervisory level experience; or Any combination of education and experience which provides the applicant the desired skills, knowledge and ability required to perform the job.

Strong leadership and management skills with demonstrated knowledge of the fundamental and accepted practices and safety requirements in the fields of recreation, aquatics and facility maintenance operations and administration.

Experience in management, leadership, and supervision of staff.

Ability to assess goals and strategies and hold staff accountable to ensure successful implementation and completion of goals and objectives.

NECESSARY KNOWLEDGE, SKILLS, AND ABILITIES:

Extensive knowledge philosophy of recreation administration, operations, and ability to plan, organize and implement diverse, year-round community recreation programs.

First-hand knowledge of budgets, capital improvement projects, project management, alternative funding sources and grant writing and administration.

Considerable knowledge of a wide variety of recreational and cultural activities including methods, techniques, equipment, materials, and safety precautions used in the planning and implementation process.

Ability to communicate effectively both orally and in writing.

Ability to establish and maintain effective working relationships with supervisors, employees, private and public agencies, civic organizations, community leaders and the public.

Knowledge of safe working practices and procedures.

Knowledge of supervisory principles and practices.

Ability to select, train and supervise full-time, seasonal and part-time employees.

Ability to prepare and maintain detailed program records and reports.

Ability to develop and recommend program policies and procedures.

Ability to meet physical demands of job and perform the essential job functions.

Ability to perform the responsibilities of the position effectively and efficiently.

SPECIAL REQUIREMENTS:

Possession of a Washington State driver's license or ability to obtain one by start of employment, with good driving record.

Must be dependable.

Ability to successfully satisfy background investigation.

Ability to obtain a Lifeguard Certification and a first aid and Cardiopulmonary Resuscitation card.

Ability to work evenings, weekends, or other irregular hours as needed.

TOOLS AND EQUIPMENT USED:

Personal computer, telephone, typewriter, fax machine, copy machine, calculator, cash register, various equipment and supplies used to implement athletic and recreation programs.

PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to reach with hands and arms. The employee is regularly required to sit, stand, walk, kneel; and use hand to finger, handle, feel and operate objects, tools, controls and talk/hear. The employee is occasionally required to climb or balance, stoop, crouch, or crawl. Hand eye coordination is necessary to operate the equipment listed above.

The employee is occasionally required to reach with hands and arms and lift and/or move up to 25 pounds.

Specific vision abilities required by this job, close vision, and ability to adjust focus.

WORK ENVIRONMENT:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

While performing the duties of this job, the employee occasionally works in outside weather conditions. The employee is occasionally exposed to wet and/or humid conditions, toxic or caustic chemicals. The noise level in the work environment is usually quiet while in the office, and moderately loud while in the field.

SELECTION GUIDELINES:

Formal application; rating of education and experience; oral interview and reference check; and, results of job related test which may be required.

The duties listed above are intended only as illustrative of the various types that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between employer and the employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

City of Chehalis
1/2023

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Tammy Baraconi, Planning and Building Manager

MEETING OF: February 13, 2023

SUBJECT: Appointments to the City of Chehalis Historic Preservation Commission

ISSUE

The Historic Preservation Commission currently has two (2)) vacancies due to the resignations of Debbie Franz and Kristi Kaech. The vacancies were advertised in the local newspaper and publicized on the City’s website. After interviewing the applicants, the Mayor is requesting that the City Council approve the appointments of John Six and Mitch Moberg.

DISCUSSION

The Historic Preservation Commissions is currently operating without a full board, frequently making the requirement of meeting quorum difficult and reducing the variety of perspectives working with staff on historic preservation projects.

The City received four applications and the Mayor met with each applicant. After the interviews, the Mayor is asking the City Council to confirm his appointment of John Six and Mitch Moberg.

One of the two applicants, Mitch Moberg, resides outside the city limits. Therefore, it is recommended that the City Council make an exception to the residency requirement and affirm the appointment of John Six and Mitch Moberg, consistent with the CMC 2.66.050.

Applications are kept with the City Clerk and may be reviewed upon request. A summary of the candidates being recommended for confirmation by the City Council follows below.

- John Six lives in the West Side Historic District with his family and has a desire to preserve the local history while also recognizing future growth.

- Mitch Moberg is a downtown business owner and is able to bring representation to the Commission for the downtown business owners. Mr. Moberg owns commercial property on Market Street in downtown which was home to The Trading Post for more than five years and is now operated as Bigfoot Treasures. While Mr. Moberg owns property in Chehalis, he resides outside city limits.

FISCAL IMPACT

There is no fiscal impact associated with the appointments.

RECOMMENDATION

Based on the appointments recommended by Mayor Ketchum, it is recommended that the City Council:

- 1) Approve the exemption from the residency requirement for Mr. Moberg as allowed by CMC 2.66.050; and
- 2) Appoint John Six and Mitch Moberg to the Historic Preservation Commission.

SUGGESTED MOTION

I move that the City Council waive the residency requirement for Mitch Moberg, consistent with CMC 2.66.050, and appoint Mitch Moberg and John Six to the Historic Preservation Commission.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Tammy Baraconi, Planning and Building Manger

MEETING OF: February 13, 2023

SUBJECT: Ordinance No. 1062-B, First Reading – A Petition to Vacate a Portion of Arkansas Way; Authorize the City Manager to sign Binding Site Plan; Authorize the City Manager to sign a Boundary Line Agreement, and Ordinance No. 1063-B, First Reading – Dedication of Right of Way

ISSUE

On March 30, 2022, the City received a right of way vacation petition from Scott Blinks on behalf of HJP, Inc. for the entire portion of Arkansas Way directly east of Louisiana Avenue. (Exhibit A) This project was declared a complete application on January 10, 2023.

PROPOSED RIGHT-OF-WAY VACATION

On March 30, 2022, the City received a right of way vacation petition from Scott Blinks on behalf of HJP, Inc. for the entire portion of Arkansas Way east of Louisiana Avenue. After much discussion, an agreement was reached by staff and HJP, Inc. for a right of way vacation for a much smaller piece of Arkansas Way in exchange for a dedication for a piece of property that is currently part of the I-5 Toyota, owned by HJP, Inc., to become a part of Arkansas Way. On January 23, 2023, the City Council issued Resolution No. 02-2023 to establish a public hearing to take public comment on this proposal.

The original application from HJP, Inc was for the entirety of Arkansas Way east of Louisiana Avenue. After several meetings and much discussion, it was determined that it is not in the best interest of development in this area to vacate the entire section of Arkansas Way. Staff then began discussions with HJP, Inc. and Interstate Honda, which leases the property adjacent to this section of Arkansas Way to determine a solution that is best for the developers and public safety.

It was determined through this negotiation that the City would vacate a portion of Arkansas Way to HJP, Inc. in exchange for a portion of I-5 Toyota to be dedicated as Arkansas Way right of way. It was determined that Interstate Honda would perform the necessary upgrades to the intersection of Louisiana Avenue and Arkansas Way.

The amount of Arkansas Way that is being vacated is 8,430 sq feet. The amount of I-5 Toyota, parcel # 021612011001 that is being dedicated is 4,068 sq feet. This decision was reached based upon appraisals and conversations between the City and Scott Blinks, who is representing the applicant.

To accomplish this process, the City Council must take the following steps.

1. Vacate a portion of Arkansas Way. (Exhibit B)
2. Agree to the Boundary Line Agreement. (Exhibit C)
3. Approve the changes to the Binding Site Plan. (Exhibit D)
4. Dedicate a portion of I-5 Toyota as Arkansas Way. (Exhibit E)

All these steps are dependent upon the others. The denial of one step will result in all of these being denied. What follows is staff analysis of the applicable codes and recommendations.

Applicable Code:

CMC 12.32 Street and Alley Vacations
RCW 35.79 Streets – Vacation

Public Notice:

Public notice was sent to all property owners within 300 feet of the proposed vacations. The notice was emailed on January 24, 2023. A notice was posted in The Chronicle legal notices section on January 26, 2023. (Exhibit F) The comment period ends on February 13, 2023, at 4PM. No comments have been received as of the date of writing this staff report. If comments come in prior to the Council Hearing on February 13, 2023, staff will distribute them to the City Council and ensure that they become part of the record for these decisions.

SEPA and Environmental Constraints:

As per WAC 197-11-800 Categorical exemptions, the vacation process is not subject to the SEPA process. The right of way does not provide access to any bodies of water (RCW 35.79.035) that would prevent the vacation process from moving forward in a typical manner. All other environmental constraints such as soils have been reviewed at development.

Utilities:

There are no public utilities located beneath this section of Arkansas Way.

Access:

Both I-5 Toyota and Interstate Honda will access their site from Louisiana Avenue as well as Arkansas Way with a right in and right out of the round- a-bout.



STAFF ANALYSIS

The Planning Department has reviewed this proposal and as per CMC 12.32.060 Public hearing – Criteria for granting vacation and makes the following findings.

- A. That the vacation will provide a public benefit, and/or will be for a public purpose.

Vacation of right of way the subsequent dedication will allow for a more orderly and safer entrance into both I-5 Toyota and Interstate Honda.

- B. That the right-of-way vacation shall not adversely affect the street pattern or circulation of the immediate area or the community as a whole.

Staff finds that the vacation of the right of way of Arkansas Way will not adversely affect the street pattern or circulation of the immediate area or the community as a whole if the City dedicates the additional area on Arkansas Way.

- C. That the public need shall not be adversely affected.

Staff finds that the public need shall not be adversely affected with this vacation as long as the dedication occurs.

- D. That the right-of-way is not contemplated or needed for future public use, including utility routing or park or pedestrian/bike access.

Staff finds that the easterly portion of Arkansas Way is not currently developed and there is no right of way contemplated in this area including consideration for utilities, parks, or pedestrian/bike access.

E. That no abutting owner becomes land locked or his access will not be substantially impaired, i.e., there must be an alternative mode of ingress and egress by way of a city street or alley, even if less convenient; and

Staff finds that the dedication and improvements of the easterly intersection of Louisiana Avenue and Arkansas Way will not cause a landowner to lose access to their property.

F. That vacation of right-of-way shall not be in violation of RCW 35.79.035.

RCW 35.79.035 addresses right of ways that abut bodies of fresh and salt water. Staff finds there are no bodies of water abutting the proposed right of way vacations and therefore will not be in violation of RCW 35.79.035.

FISCAL IMPACT

An appraisal of the land has been conducted by Nadine Tauscher on behalf of the City. Ms. Tauscher's appraisals indicate that the area of Arkansas Way directly adjacent to I-5 is valued less than the developed property of I-5 Toyota. In other words, the property that the City would be receiving has been appraised for more than the property that the City would be giving up in the proposed exchange.

After many conversations the City Attorney and Scott Blinks, the representative for HJP, Inc. came to an equitable trade of 8,430 sq feet of Arkansas Way for 4,068 sq feet of I-5 Toyota. No exchange of funds is required to finalize this project.

RECOMMENDATION

1. Staff recommends that the City Council pass on first reading, Ordinance No. 1062-B, A Petition to Vacate Portions of Right-of-Way on Arkansas Way.
2. Staff recommends that the City Council authorize the City Manager to sign the Boundary Line Agreement, allowing a portion of right of way to become part of I-5 Toyota and a portion of I-5 Toyota become Arkansas Way right of way.
3. Staff recommends that the City Council authorize the City Manager to sign Binding Site Plan No. 6 for Twin City Town Center Binding Site Plan.
4. Staff recommends that the City Council pass on first reading Ordinance No. 1063-B, dedicating a portion of I-5 Toyota, parcel number 021612011001 as Arkansas Way right of way.

SUGGESTED MOTION

1. I move that the City Council pass on first reading, Ordinance No. 1062-B, A Petition to Vacate a Portion of Right-of-Way on Arkansas Way east of Louisiana Avenue.

2. I move that the City Council approve the Boundary Line Agreement and authorize the City Manager to sign the required documents.
3. I move that the City Council approve the changes to the Twin City Town Center Binding Site Plan and authorize the City Manager to sign the required documents.
4. I move that the City Council pass on first reading, Ordinance No. 1063-B, an Ordinance Dedicating a Portion of I-5 Toyota, parcel number 021612011001 as Arkansas Way right of way.

CITY OF CHEHALIS

PETITION FOR RIGHT-OF-WAY VACATION

PETITION CONTACT Name: HJP Investments, LLC
 Address: Attn: Heidi Pehl
P.O. Box 98, Chehalis, WA 98532
 Phone: (360) 748-3355

We the undersigned property owner(s) with land abutting the public right-of-way in Chehalis, identified in the legal description below, do hereby petition the city to vacate said right-of-way in accordance with the city's Standard Operating Procedure for Vacation and do agree to compensate the city for the vacated land, as provided in RCW 35.79.030.

| Property Address | Property Owner(s) | |
|--|--|----------------------------|
| | Print | Sign |
| 1950 N.W. Louisiana Ave. Chehalis, WA 98532 | HJP Investments, LLC By: Heidi Pehl | <u>Heidi Pehl, Manager</u> |
| | | |
| | | |
| | | |
| | | |
| | | |

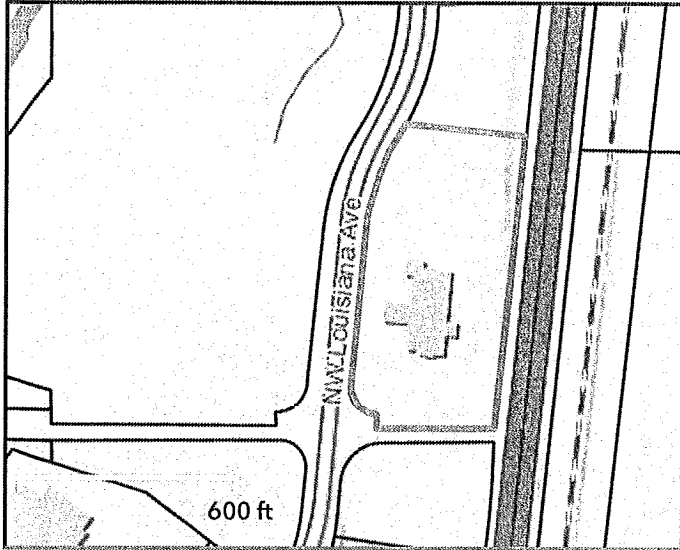
Legal description of right-of-way to be vacated, as prepared by licensed land surveyor or other qualified professional:
See attached survey map - detailing property exchange areas

Total area of right-of-way to be vacated: 6,137 square feet
 Total properties petitioning for vacation: 1 Total properties abutting right-of-way to be vacated: 1
 Ratio of properties petitioning vs. total properties: N/A - Property exchange
 (Note: A minimum 2/3 ratio of abutting property owners must petition for vacation before it will be considered.)

Attach map of right-of-way being petitioned for vacation and surrounding area, including identification of all streets, alleys, and abutting property owners.

Please submit this completed petition with attachments to: Development Review Committee
 (Attach additional sheets if necessary) 1321 S. Market Blvd.
 Chehalis, WA 98532
 phone 360.345.2229

| |
|---------------|
| date received |
|---------------|



Address 1950 NW Louisiana Ave, Chehalis
 Parcel Number **021612011001**
 Owner Hjp Investments Llc
 Account # 2197407

Assessed Value
 \$5,972,200

Taxes Owed
 \$28,501.03

General Information

Parcel Number 021612011001
 Address 1950 NW Louisiana Ave,
 Chehalis
 Use Code 55 Retail - Auto
 TCA (Tax Code Area) 020
 Current Use No
 Total Acres 7.200

Owner Hjp Investments Llc
 Po Box 98
 Chehalis, WA 98532-0098
 Tax Payer Hjp Investments Llc
 Po Box 98
 Chehalis, WA 98532-0098
 Partial Legal Description Section 19 Township 14N Range
 02W PT E2 E2 E2 LT 1 BLA
 3476732

BUSINESS INFORMATION

Business Name:

HJP INVESTMENTS, LLC

UBI Number:

602 343 865

Business Type:

WA LIMITED LIABILITY COMPANY

Business Status:

ACTIVE

Principal Office Street Address:

1950 NW LOUISIANA AVE, CHEHALIS, WA, 98532-1715, UNITED STATES

Principal Office Mailing Address:

PO BOX 1227, CHEHALIS, WA, 98532-0250, UNITED STATES

Expiration Date:

11/30/2022

Jurisdiction:

UNITED STATES, WASHINGTON

Formation/ Registration Date:

11/21/2003

Period of Duration:

PERPETUAL

Inactive Date:

Nature of Business:

REAL PROPERTY INVESTMENT

REGISTERED AGENT INFORMATION

Registered Agent Name:

SCOTT E BLINKS

Street Address:

345 NW PACIFIC AVE, CHEHALIS, WA, 98532-0000, UNITED STATES

Mailing Address:

PO BOX 867, CHEHALIS, WA, 98532-0000, UNITED STATES

GOVERNORS

| Title | Governors Type | Entity Name | First Name | Last Name |
|----------|----------------|-------------|------------|-----------|
| GOVERNOR | INDIVIDUAL | | ROBERT | PEHL |
| GOVERNOR | INDIVIDUAL | | HEIDI | PEHL |

EXHIBIT "A"

CITY OF CHEHALIS
NW ARKANSAS WAY

STREET VACATION AREA:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUATER OF SECTION 19,
TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE WILLAMETTE MERIDIAN, LEWIS COUNTY,
WASHINTON, DESCRIBED AS FOLLOWS:

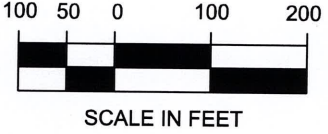
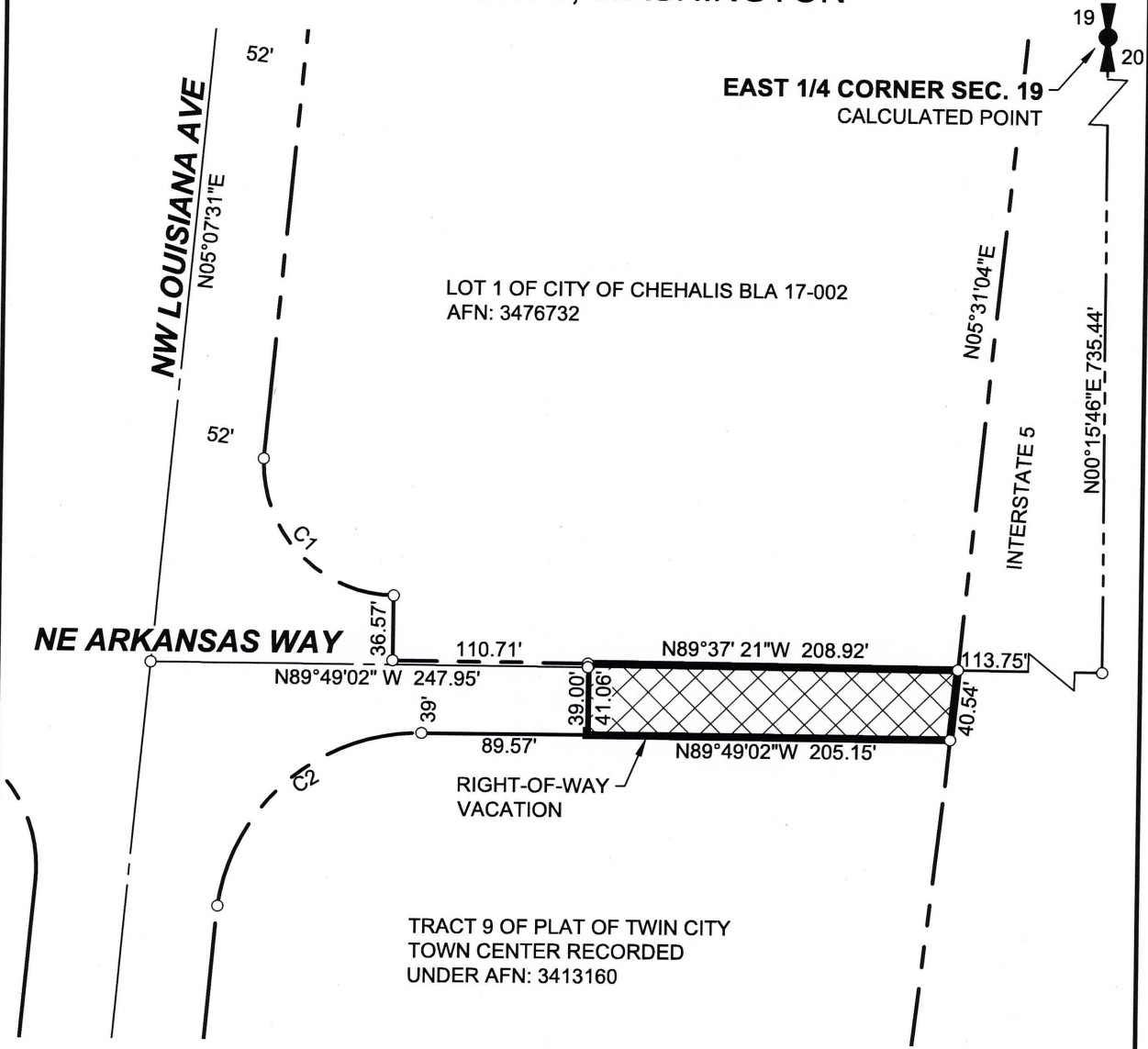
COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 19;
THENCE N00°15'46"W ALONG THE EAST LINE THEREOF A DISTANCE OF 188.45 FEET TO THE
NORTH LINE OF THE SOUTH 575.00 FEET OF SAID NORTHEAST QUARTER OF THE SOUTHEAST
QUARTER OF SECTION 19;
THENCE N89°37'31"W ALONG THE NORTH LINE THEREOF A DISTANCE OF 113.76 FEET TO THE
POINT OF BEGINNING, BEING ON THE WESTERLY MARGIN OF INTERSTATE NO. 5;
THENCE CONTINUING ALONG SAID NORTH LINE N89°37'31"W A DISTANCE OF 208.92 FEET;
THENCE S00°10'58"W A DISTANCE OF 41.06 FEET;
THENCE S89°49'02"E A DISTANCE OF 295.15 FEET TO THE WESTERLY MARGIN OF INTERSTATE
NO. 5;
THENCE N05°31'07"E ALONG SAID WESTERLY MARGIN A DISTANCE OF 40.54 FEET TO THE
POINT OF BEIGNNING.

CONTAINING AN AREA OF 8,430 SQ FEET, OR 0.19 ACRES MORE OR LESS.

EXHIBIT B

RIGHT-OF-WAY VACATION

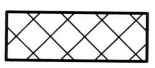
PORTION OF THE NE 1/4 NE 1/4, SEC 19, T 14 N, R 2 W, W.M.
LEWIS COUNTY, WASHINGTON



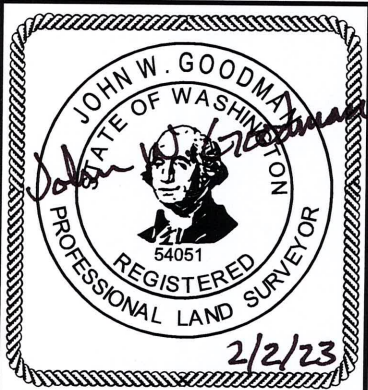
| LINE AND CURVE DATA | | | |
|---------------------|-----------|---------|---------|
| CURVE | DELTA | RADIUS | LENGTH |
| C1 | 94°56'36" | 75.00' | 124.28' |
| C2 | 85°03'24" | 115.00' | 170.72' |

LEGEND

- SECTION LINE
- - - CENTERLINE
- RIGHT-OF-WAY LINE
- LOT LINE
- - - EASEMENT LINE
- SITE BOUNDARY/ PARENT PARCEL



VACATION AREA = 8,430 SQFT



FORESIGHT
SURVEYING, INC.
PROFESSIONAL LAND SURVEYORS

1583 N NATIONAL AVE
CHEHALIS, WA 98532 OFFICE: (360) 748-4000

EXHIBIT B

JOB NO: 5207 DATE: 02/02/2023
CITY OF CHEHALIS, LEWIS COUNTY, WASHINGTON

AFTER RECORDING RETURN TO:

Kevin T. Nelson
Scheibmeir, Kelly & Nelson, P.S.
299 N.W. Center Street/P.O. Box 939
Chehalis, Washington 98532

BOUNDARY LINE AGREEMENT

REFERENCE NUMBERS:

XXXXXXXX, XXXXXXXXXXX

REAL PROPERTY OWNERS:

City of Chehalis;
HJP Investments LLC

LEGAL DESCRIPTION:

Ptn. NE1/4, SE1/4, S19, T14N, R2W, W.M.,
Lewis County, WA.

Complete legal descriptions listed on pages 2 - 4 of document

ASSESSOR’S TAX PARCEL NUMBER(S):

PTN of 005605082009; 021612011001

THIS AGREEMENT, is made and entered into this _____ day of _____,
2023, by and between **CITY OF CHEHALIS; HJP INVESTMENTS LLC, a Washington
Limited Liability Company; and O’Brien Auto Team, an Illinois corporation (“O’Brien”):**

WITNESSETH:

WHEREAS, each of the parties to this Agreement own property in Sections 19,
Township 14 North, Range 2 West, W.M., Lewis County, Washington, to-wit:
City of Chehalis owns that real property leased to O’Brien, more fully described as follows:

Tract 9 of City of Chehalis Twin City Town Center binding site plan recorded April 10,

2014, under Auditor's File No. 34131360, Amended binding site plans filed February 24, 2015, June 29, 2015, October 02, 2015, June 15, 2016, December 07, 2020 and September 27, 2021 under Auditor's File No. 3426967, 3432755, 3437806, 3449004, 3538510 and 3561353, Lewis County, Washington.

HJP Investments LLC own that real property more fully described as follows:

Lot 1 of City of Chehalis Boundary Line Adjustment No. BL-17-002 recorded December 15, 2017, under Lewis County Auditor's File Number 3476732, being located within a portion of the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter in Section 19, Township 14 North, Range 2 West, W.M., Lewis County, Washington.

and

WHEREAS, the land owned by the City of Chehalis is being leased to O'Brien, and O'Brien hereby waives any claims against HJP Investments LLC and the City of Chehalis arising out of this Agreement and O'Brien agrees that its lease will only be applicable to the land as owned by the City of Chehalis as described in the new legal description following this Agreement;

WHEREAS, as a result of that recent survey recorded _____, 2023, under Auditor's File No. _____, and by this reference incorporated herein, the parties have agreed to exchange a portion of properties owned by City of Chehalis and HJP Investment LLC;

WHEREAS, all parties are desirous of reaching an agreement whereby their boundary lines will be established correctly in relation to all other parties' boundary lines;

WHEREAS, this agreements contemplates a swap of land of equal value; and

WHEREAS, all parties are interested in reducing to writing their agreement, now, therefore,

FOR AND IN CONSIDERATION of the mutual conveyances set forth herein, the parties agree as follows:

1. All parties to this Agreement acknowledge that the correct legal description for the property owned by City of Chehalis is as follows:

Tract 9 as depicted on the CITY OF CHEHALIS TWIN CITY TOWN CENTER 6TH AMENDED BINDING SITE PLAN, filed XX-XX-2023 under Lewis County Auditor's File Number XXXXXXXXX, being a portion of the northeast quarter of the southeast quarter of Section 19, Township 14 North, Range 2 West, W.M., Lewis County, WA.

2. All parties to this Agreement acknowledge that the correct legal description for the property owned by HJP Investments LLC, a Washington Limited Liability Company, is as follows:

Lot 1 as depicted on the CITY OF CHEHALIS TWIN CITY TOWN CENTER 6TH AMENDED BINDING SITE PLAN, filed XX-XX-2023 under Lewis County Auditor's File Number XXXXXXXXX, being a portion of the northeast quarter of the southeast quarter of Section 19, Township 14 North, Range 2 West, W.M., Lewis County, WA.

3. All parties hereby transfer, convey, and quit claim any property to the appropriate adjoining property owner necessary to establish each parties' record ownership to coincide with the boundary lines of the City of Chehalis property described above and HJP Investments LLC property described above. The purpose of this Agreement is to establish each parties' boundary lines in relation to the City of Chehalis property and the HJP Investments LLC property.

4. To that end, the City of Chehalis transfers, conveys, and quit claims the following described real property to HJP Investments LLC, a Washington Limited Liability Company:

Lot 1 as depicted on the CITY OF CHEHALIS TWIN CITY TOWN CENTER 6TH AMENDED BINDING SITE PLAN, filed XX-XX-2023 under Lewis County Auditor's File Number XXXXXXXXX, being a portion of the northeast quarter of the southeast quarter of Section 19, Township 14 North, Range 2 West, W.M., Lewis County, WA.

5. HJP Investments LLC, a Washington Limited Liability Company transfers, conveys, and quit claims the following described real property to the City of Chehalis:

Tract 9 as depicted on the CITY OF CHEHALIS TWIN CITY TOWN CENTER 6TH AMENDED BINDING SITE PLAN, filed XX-XX-2023 under Lewis County Auditor's File Number XXXXXXXXX, being a portion of the northeast quarter of the southeast quarter of Section 19, Township 14 North, Range 2 West, W.M., Lewis County, WA.

6. O'Brien acknowledges that its lease covers the following described property only:

Tract 9 as depicted on the CITY OF CHEHALIS TWIN CITY TOWN CENTER 6TH AMENDED BINDING SITE PLAN, filed XX-XX-2023 under Lewis County Auditor's File Number XXXXXXXXX, being a portion of the northeast quarter of the southeast quarter of Section 19, Township 14 North, Range 2 West, W.M., Lewis County, WA.

IN WITNESS WHEREOF, the parties hereto have set their hands and official seal on the date and year first above written.

CITY OF CHEHALIS

By: _____

Name: _____,

Title: _____,

STATE OF WASHINGTON)

:ss

COUNTY OF)

On this ___ day of _____, 2023, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared **Jill Anderson as the City Manager of the City of Chehalis**, who was known to me as the person described in and who executed the foregoing instrument on behalf of said company, and who acknowledged that he/she help the position or title set forth in the instrument and certificate, he/she signed the instrument on behalf of the company by property authority, and the instrument was the act of the company for the purpose herein stated.

GIVEN under my hand and official seal this _____ day of _____,
2023.

Notary Public in and for the state of
Washington residing at _____
My name is (printed) _____
My appointment expires _____

DRAFT

**HJP INVESTMENTS, LLC, a Washington
limited liability company**

By: _____
Name: _____,
Title: _____

STATE OF WASHINGTON)
 :SS
COUNTY OF)

On this ____ day of _____, 2023, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared _____, as _____ of the HJP Investments, LLC., a Washington Limited liability company, who was known to me as the person described in and who executed the foregoing instrument on behalf of said company, and who acknowledged that he/she help the position or title set forth in the instrument and certificate, he/she signed the instrument on behalf of the company by property

GIVEN under my hand and official seal this _____ day of _____,

2023.

Notary Public in and for the state of
Washington residing at _____
My name is (printed) _____
My appointment expires _____

DRAFT

**CITY OF CHEHALIS
TWIN CITY TOWN CENTER
6TH AMENDED BINDING SITE PLAN**

AMENDED BSP
BOOK 8 OF PLAT PAGE 86 AFN 3413160 DATED 10TH APRIL 2014
1ST AMENDED BINDING SITE PLAN AFN 3426967 DATED 02/27/2015
2ND AMENDED BINDING SITE PLAN AFN 3432755 DATED 06/29/2015
3RD AMENDED BINDING SITE PLAN AFN 3437806 DATED 10/02/2015
4TH AMENDED BINDING SITE PLAN AFN 3449004 DATED 06/15/2016
5TH AMENDED BINDING SITE PLAN (REVISION TO TRACTS 8 AND 9) AFN 3538510
DATED 12/07/2020
AMENDMENT TO NW ARKANSAS WAY DEDICATION AND VACTION NORTH OF TRACT 9

APPROVALS

CITY OF CHEHALIS COMMUNITY DEVELOPMENT
EXAMINED AND APPROVED THIS _____DAY OF _____, AD, 20__

DATE: _____
CITY OF CHEHALIS, PLANNING AND BUILDING MANAGER

CITY OF CHEHALIS ENGINEER
EXAMINED AND APPROVED THIS _____DAY OF _____, AD, 20__

DATE: _____

ASSESSOR'S CERTIFICATE
EXAMINED AND APPROVED THIS ___ DAY OF _____, AD 20__.

LEWIS COUNTY ASSESSOR

TREASURER'S CERTIFICATE
I HEREBY CERTIFY THAT ALL STATE AND COUNTY TAXES HERETOFORE LEVIED AGAINST THE PROPERTY DESCRIBED HEREON, ACCORDING TO THE BOOKS AND RECORDS OF MY OFFICE, HAVE BEEN FULLY PAID AND DISCHARGED INCLUDING _____TAXES.

DATE: _____
LEWIS COUNTY TREASURER

AUDITOR'S CERTIFICATE
FILED FOR RECORD AT THE REQUEST OF THE CITY OF CHEHALIS THIS

____DAY OF _____, AD., 20__, AT _____ MINUTES PAST ____ O'CLOCK____ AND RECORDED UNDER AUDITOR'S FILE NO. _____ RECORDS OF LEWIS COUNTY, WASHINGTON.

LEWIS COUNTY AUDITOR

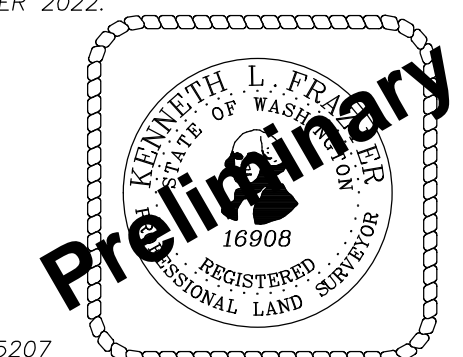
BY: _____ DEPUTY

JB 4235REV-4 PLAT.DWG

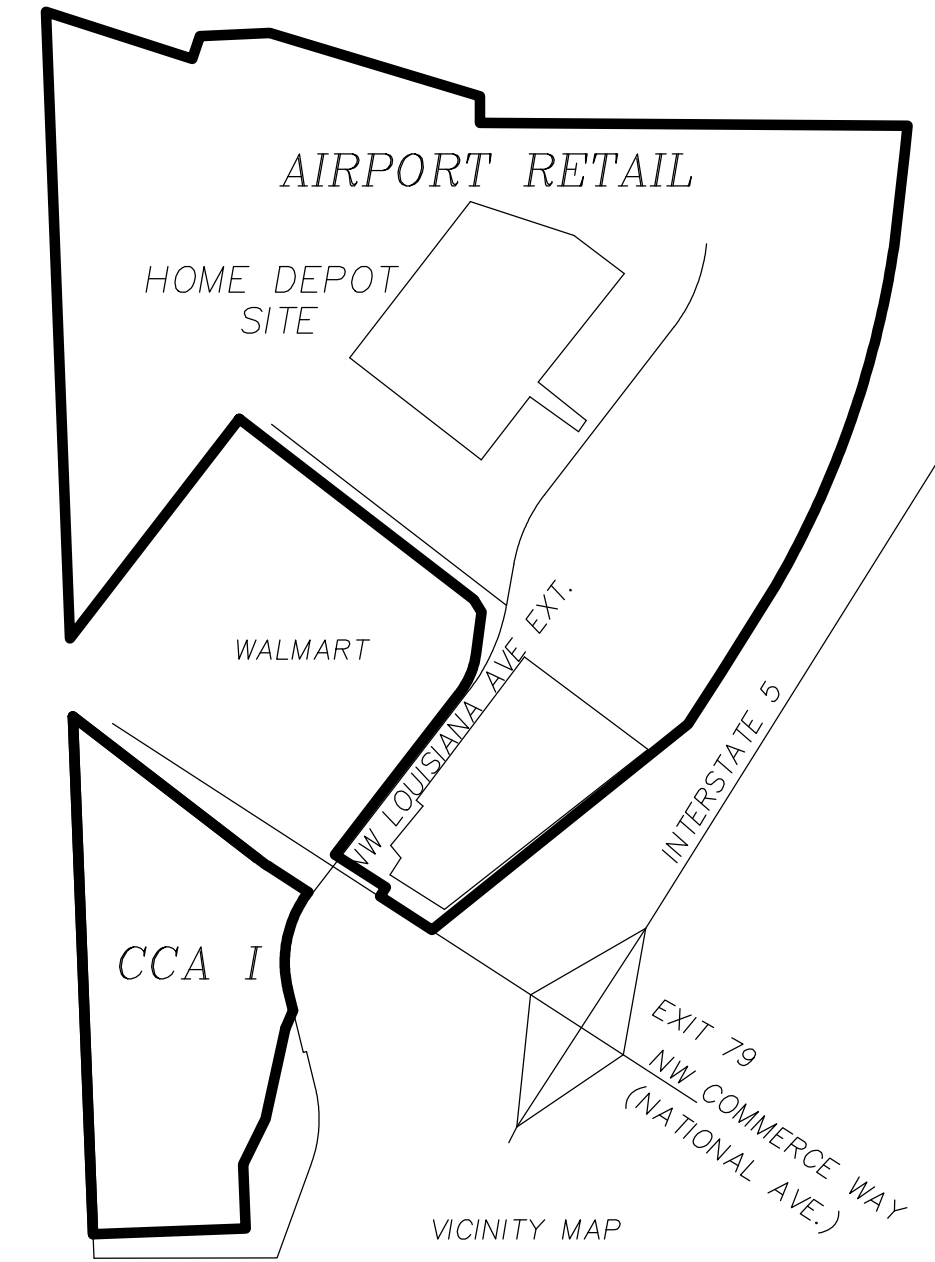


1583 N. NATIONAL AVE. CHEHALIS, WA 98532 Fax (360) 748-0873 Ph (360) 748-4000

SURVEYOR'S CERTIFICATE
THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE SURVEY RECORDING ACT AT THE REQUEST OF: CITY OF CHEHALIS IN DECEMBER 2022.



JOB NO. 5207



LAND DESCRIPTION:

TWIN CITY TOWN CENTER AMENDED BINDING SITE PLAN OF TRACT 9 AS FILED UNDER AUDITOR'S FILE NO. 3538510, DATED 12/07/2020

ALL DEVELOPMENT AND USE OF THE LAND DESCRIBED HEREIN SHALL BE IN ACCORDANCE WITH THIS BINDING SITE PLAN, AS IT MAY BE AMENDED WITH THE APPROVAL OF THE CITY, TOWN, OR COUNTY HAVING JURISDICTION OVER THE DEVELOPMENT OF SUCH LAND, AND IN ACCORDANCE WITH SUCH OTHER GOVERNMENTAL PERMITS, APPROVALS, REGULATIONS, REQUIREMENTS, AND RESTRICTIONS THAT MAY BE IMPOSED UPON SUCH LAND AND THE DEVELOPMENT AND USE THEREOF. UPON COMPLETION, THE IMPROVEMENTS ON THE LAND SHALL BE INCLUDED IN ONE OR MORE CONDOMINIUMS OR OWNED BY AN ASSOCIATION OR OTHER LEGAL ENTITY IN WHICH THE OWNERS OF UNITS THEREIN OR THEIR OWNERS' ASSOCIATIONS HAVE A MEMBERSHIP OR OTHER LEGAL OR BENEFICIAL INTEREST. THIS BINDING SITE PLAN SHALL BE BINDING UPON ALL NOW OR HEREAFTER HAVING ANY INTEREST IN THE LAND DESCRIBED HEREIN.

NOTES:

- 1) EASEMENTS, COVENANTS, AND RESTRICTIONS AFFECTING LAND, DATED FEBRUARY 14, 1994 AND RECORDED UNDER AUDITOR'S FILE NO. 9403529 OF LEWIS COUNTY, WASHINGTON. AMENDED WITH FIRST AMENDMENT DATED MAY 30, 2002 UNDER AUDITOR'S FILE NO. 3139919, AND THE SECOND AMENDMENT DATED JANUARY 22, 2003, UNDER AUDITOR'S FILE NO. 3158730, AND BY THE THIRD AMENDMENT DATED FEBRUARY 12, 2008 RECORDED UNDER AUDITOR'S FILE NO. 3299476
- 2) ALL ACCESS AND PARKING SHALL BE HELD IN COMMON WITH ALL TENANTS PER EASEMENT COVENANTS & RESTRICTIONS OF RECORD.
- 3) ALL EXISTING UTILITIES LOCATED WITHIN THE LAND DESCRIBED SHALL HAVE A 20 FOOT WIDE EASEMENT, LYING 10 FEET EACH SIDE OF THE UTILITY LINE, IF NOT DEFINED UNDER OTHER RECORD DOCUMENTS.
- 4) REFERENCE: RELINQUISHMENT OF ACCESS AND TO LIGHT, VIEW AND AIR UNDER TERMS OF CONVEYANCES TO THE STATE OF WASHINGTON FOR PRIMARY STATE HIGHWAY NO. 1, RECORDED UNDER AUDITOR'S FILE NO.'S 477427, 477429, 484119, 484120, 555672, 555673, 585345, 583346, 585392, 585393, 751624, 757544, 759389, 759795, 759794, 809467, 3272472, ALL RECORDS OF LEWIS COUNTY, WASHINGTON.
- 5) REFERENCE: BUILDING RESTRICTION LINES AND TRANSITION SLOPE SURFACE SET FORTH BY FAA REGULATION FOR RUNWAY 15/33 (NOW KNOWN AS 16/34) CHEHALIS-CENTRALIA AIRPORT ACTIVE RUNWAY.
- 6) LAND SUBJECT TO LATE COMERS REIMBURSEMENT AGREEMENT AND DEDICATION OF CONSTRUCTION IMPROVEMENTS DATED MAY 2, 2007 UNDER AUDITOR'S FILE NO. 3279097.
- 7) REFERENCE: STORMWATER AND ROAD MAINTENANCE DECLARATION DATED FEBRUARY 11, 2004 RECORDED UNDER AUDITOR'S FILE NO. 3189590.

DECLARATION

KNOW ALL MEN BY THESE PRESENTS THAT WE, THE CITY OF CHEHALIS, THE UNDERSIGNED OWNER, IN FEE SIMPLE OF THE LAND HEREIN, HEREBY DECLARE THIS BINDING SITE PLAN AND DEDICATED TO THE USE OF THE PUBLIC FOREVER ALL STREETS, AVENUES, PLACES, ALLEYS, AND EASEMENTS OR WHATEVER AND ALL PUBLIC PURPOSES NOT INCONSISTENT WITH THE USE THEREOF FOR PUBLIC HIGHWAY PURPOSES; ALSO, THE RIGHT TO MAKE ALL NECESSARY SLOPES FOR CUTS AND FILLS UPON LOTS, BLOCKS, TRACTS, ETC. SHOWN ON THIS BINDING SITE PLAN IN THE REASONABLE ORIGINAL GRADING OF ALL THE STREETS, AVENUES, PLACES, ALLEYS ETC. SHOWN THEREON.

SUBJECT TO EASEMENTS, COVENANTS, CONDITIONS, AND RESTRICTIONS OF RECORD AS FILED IN THE LEWIS COUNTY AUDITOR, LEWIS COUNTY, WASHINGTON.

IN WITNESS WHEREOF WE HAVE SET OUR HANDS THIS _____ DAY OF _____, AD., 20_____

CITY MANAGER, FOR THE CITY OF CHEHALIS

ACKNOWLEDGMENT

STATE OF WASHINGTON))
COUNTY OF LEWIS)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS ____DAY OF _____, 20__, BY _____, THE CITY MANAGER FOR FOR THE CITY OF CHEHALIS, FOR AND ON BEHALF OF THE CITY OF CHEHALIS, WASHINGTON.

GIVEN UNDER MY HAND A OFFICIAL SEAL THIS ____ DAY OF _____, 20__.

(SEAL AND EXP. DATE)

NOTARY PUBLIC

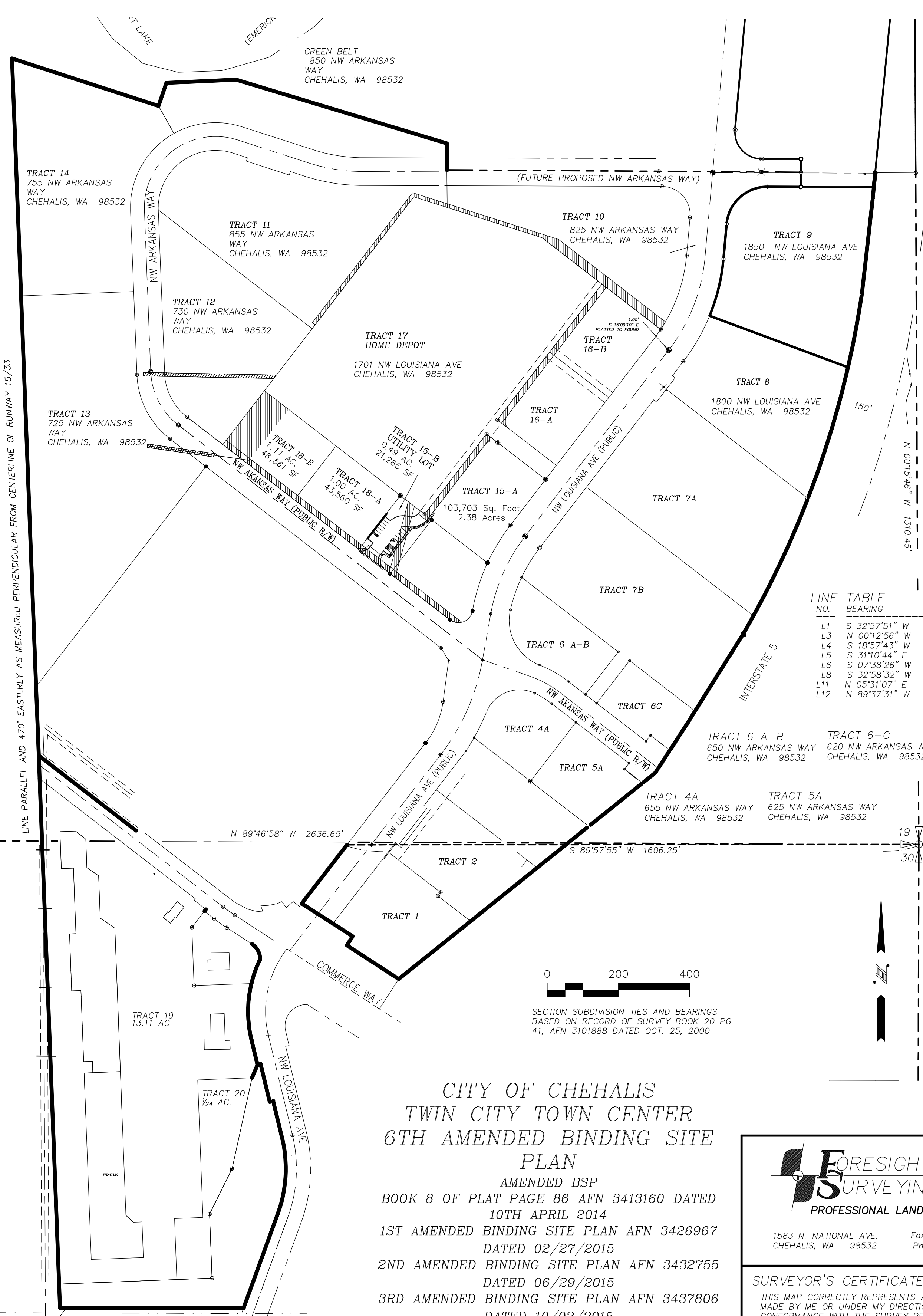
RESIDING IN _____

MY COMMISSION EXPIRES _____

THIS BINDING SITE PLAN WILL BE DEVELOPED BASED ON THE MASTER DEVELOPMENT PLAN SUBMITTED TO THE CHEHALIS-CENTRALIA AIRPORT BOARD BY CCA RETAIL TWO, LLC, AS PREPARED BY DCI ENGINEERS, 10900 NE 45H STREET, SUITE 1200, BELLEVUE, WA 98004, DATED DECEMBER 2004.

AUDITOR'S INDEX:

PAGE 1 OF 3 SE4, SEC19 & NE4, SEC. 30, T14N, R2W, W.M.



LINE TABLE

| NO. | BEARING | DISTANCE |
|-----|---------------|----------|
| L1 | S 32°57'51" W | 30.11 |
| L3 | N 00°12'56" W | 74.33 |
| L4 | S 18°57'43" W | 68.23 |
| L5 | S 31°10'44" E | 41.52 |
| L6 | S 07°38'26" W | 116.65 |
| L8 | S 32°58'32" W | 14.85 |
| L11 | N 05°31'07" E | 72.03 |
| L12 | N 89°37'31" W | 113.71 |

SECTION SUBDIVISION TIES AND BEARINGS
BASED ON RECORD OF SURVEY BOOK 20 PG
41, AFN 3101888 DATED OCT. 25, 2000

CITY OF CHEHALIS
TWIN CITY TOWN CENTER
6TH AMENDED BINDING SITE
PLAN

- AMENDED BSP
BOOK 8 OF PLAT PAGE 86 AFN 3413160 DATED
10TH APRIL 2014
1ST AMENDED BINDING SITE PLAN AFN 3426967
DATED 02/27/2015
2ND AMENDED BINDING SITE PLAN AFN 3432755
DATED 06/29/2015
3RD AMENDED BINDING SITE PLAN AFN 3437806
DATED 10/02/2015
4TH AMENDED BINDING SITE PLAN AFN 3449004
DATED 06/15/2016
5TH AMENDED BINDING SITE PLAN
REVISION TO TRACTS 8 & 9 AFN 3538510

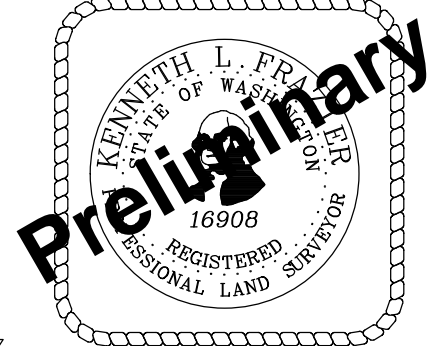
GENERAL SITE PLAN
PAGE 2 OF 3

AUDITORS' INDEX:
SE4, SEC19 & NE4, SEC. 30, T14N, R2W, W.M.

FORESIGHT
SURVEYING, INC.
PROFESSIONAL LAND SURVEYORS

1583 N. NATIONAL AVE. CHEHALIS, WA 98532 Fax (360) 748-0873 Ph (360) 748-4000

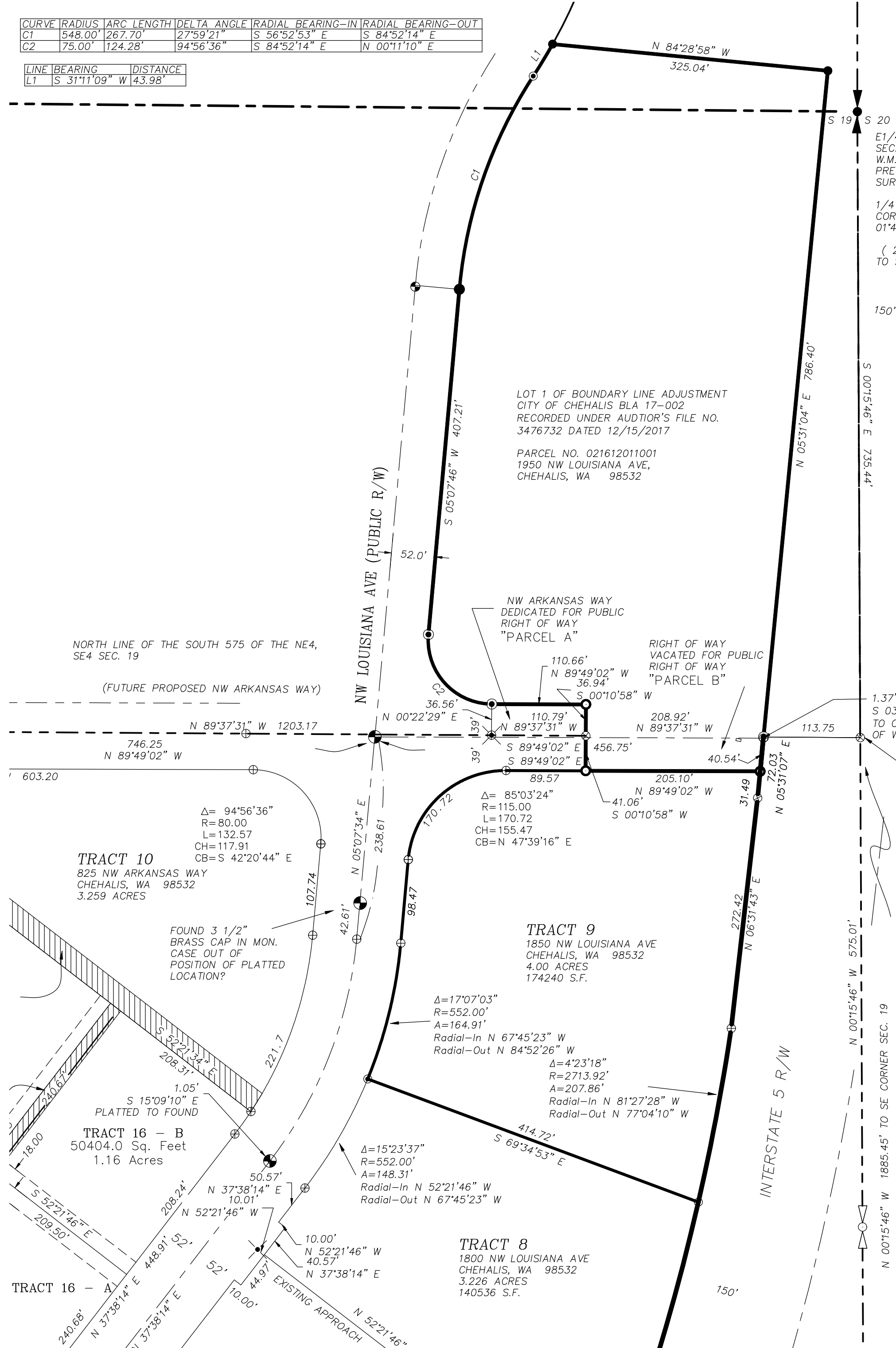
SURVEYOR'S CERTIFICATE
THIS MAP CORRECTLY REPRESENTS A SURVEY
MADE BY ME OR UNDER MY DIRECTION IN
CONFORMANCE WITH THE SURVEY RECORDING
ACT AT THE REQUEST OF: CITY OF CHEHALIS IN
DECEMBER 2022.



JOB NO. 5207

| CURVE | RADIUS | ARC LENGTH | DELTA ANGLE | RADIAL BEARING-IN | RADIAL BEARING-OUT |
|-------|---------|------------|-------------|-------------------|--------------------|
| C1 | 548.00' | 267.70' | 27°59'21" | S 56°52'53" E | S 84°52'14" E |
| C2 | 75.00' | 124.28' | 94°56'36" | S 84°52'14" E | N 00°11'10" E |

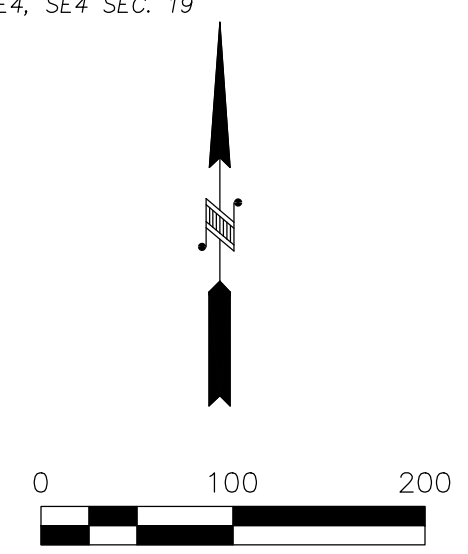
| LINE | BEARING | DISTANCE |
|------|---------------|----------|
| L1 | S 31°11'09" W | 43.98' |



E1/4 CORNER OF SEC. 19, T14N, R2W W.M. BASED ON PREVIOUS REF. SURVEYS
 1/4 CORNER TO NE CORNER SECTION 19 N 01°45'11" E 2650.34
 (2620.96 1/4 COR. TO SE COR SEC. 19)

LEGEND

- These standard symbols will be found in the drawing.
- CONCRETE R/W MONUMENT FOUND
 - ⊙ SET 2" X 2" WOOD HUB AND LATH
 - ⊕ CENTERLINE MONUMENTS
 - ⊗ CALCULATED POSITIONS
 - ⊙ SET 5/8" X 24" REBAR AND CAP, KLF LS 16908
 - ⊗ SET MAG NAIL AND ALUMINUM WASHER KLF LS 16908
 - ⊙ SET 1/2" X 24" REBAR AND CAP, KLF LS 16908



SECTION SUBDIVISION TIES AND BEARINGS BASED ON RECORD OF SURVEY BOOK 20 BG 41, AFN 3101888 DATED OCT. 25, 2000

TRACT 10
 825 NW ARKANSAS WAY
 CHEHALIS, WA 98532
 3.259 ACRES

TRACT 9
 1850 NW LOUISIANA AVE
 CHEHALIS, WA 98532
 4.00 ACRES
 174240 S.F.

TRACT 8
 1800 NW LOUISIANA AVE
 CHEHALIS, WA 98532
 3.226 ACRES
 140536 S.F.

TRACT 16 - B
 50404.0 Sq. Feet
 1.16 Acres

TRACT 16 - A

LEGAL DESCRIPTIONS FOR PARCELS A AND B:

PARCEL A:
 THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE WILLAMETTE MERIDIAN, LEWIS COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
 COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 19; THENCE NORTH 00°15'46" WEST 1885.45 FEET ALONG THE EAST LINE THEREOF TO THE NORTH LINE OF THE SOUTH 575.00 FEET OF SAID NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19; THENCE NORTH 89°37'31" WEST ALONG THE NORTH LINE THERE OF 113.75 FEET, TO THE WESTERLY RIGHT OF WAY ON INTERSTATE NO. 5; THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°37'31" WEST 208.92 FEET; TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°37'31" WEST 110.79 FEET; THENCE NORTH 00°22'29" EAST 36.57 FEET; THENCE SOUTH 89°49'02" EAST 110.66 FEET; THENCE SOUTH 00°10'58" WEST 36.94 FEET, TO THE POINT OF BEGINNING. CONTAINING AN AREA OF 4,069 SQ. FEET OR 0.09 ACRES.

PARCEL B:
 THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE WILLAMETTE MERIDIAN, LEWIS COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
 COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 19; THENCE NORTH 00°15'46" WEST 1885.45 FEET ALONG THE EAST LINE THEREOF TO THE NORTH LINE OF THE SOUTH 575.00 FEET OF SAID NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19; THENCE NORTH 89°37'31" WEST ALONG THE NORTH LINE THERE OF 113.75 FEET, TO THE POINT OF BEGINNING ON THE WESTERLY RIGHT OF WAY ON INTERSTATE NO. 5; THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°37'31" WEST 208.92 FEET; THENCE SOUTH 00°10'58" WEST 41.06 FEET; THENCE SOUTH 89°49'02" EAST 205.15 FEET, TO THE WESTERLY RIGHT OF WAY LINE OF INTERSTATE 5; THENCE NORTH 05°31'07" EAST 40.54 FEET, ALONG SAID EAST LINE TO THE POINT OF BEGINNING. CONTAINING A AREA OF 8,428 SQ FEET, OR 0.19 ACRES.

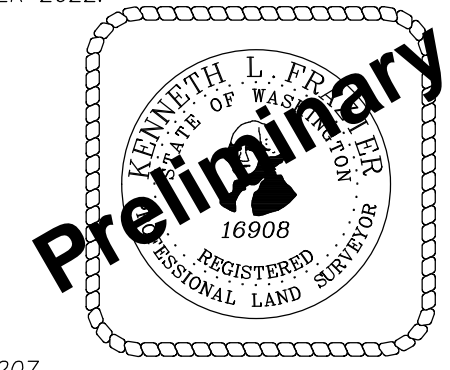
6TH AMENDED BINDING SITE PLAN
 PAGE 3 OF 3
 VACATION OF PORTION AND ESTABLISHMENT OF NW ARKANSAS NEW BOUNDARY LINES.

FORESIGHT SURVEYING, INC.
 PROFESSIONAL LAND SURVEYORS

1583 N. NATIONAL AVE. CHEHALIS, WA 98532
 Fax (360) 748-0873 Ph (360) 748-4000

SURVEYOR'S CERTIFICATE

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE SURVEY RECORDING ACT AT THE REQUEST OF: CITY OF CHEHALIS IN DECEMBER 2022.



JOB NO. 5207

EXHIBIT “A”

HJP INVESTMENTS, LLC
PIN: 021612011001

GRANTOR’S ENTIRE PARCEL:

LOT 1 OF CITY OF CHEHALIS BOUNDARY LINE ADJUSTMENT 17-002 RECORDED DECEMBER 15,
2017, UNDER AUDITOR’S FILE NO. 3476732.

EXHIBIT "B"

HJP INVESTMENTS, LLC
PIN: 021612011001

RIGHT-OF-WAY DEDICATION AREA:

THAT PORTION OF GRANTOR'S PARCEL, (DEFINED IN EXHIBIT A), DESCRIBED AS FOLLOWS:

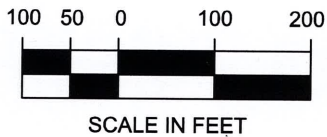
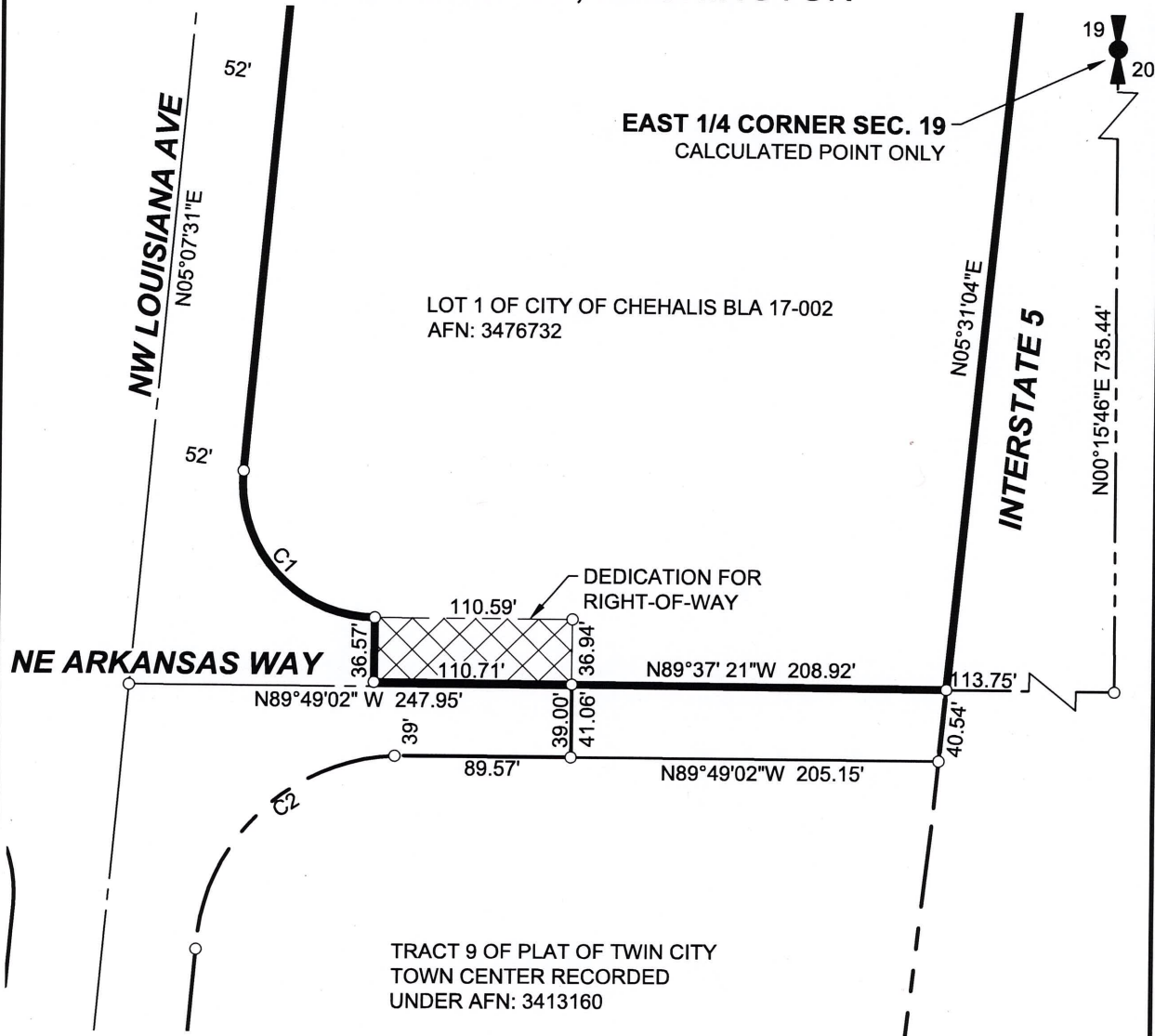
COMMENCING AT THE SOUTHEAST CORNER OF GRANTOR'S PARCEL, BEING ON THE WESTERLY MARGIN OF INTERSTATE NO. 5;
THENCE N89°37'31"W ALONG THE SOUTH LINE OF GRANTOR'S PARCEL A DISTANCE OF 208.92 FEET, TO THE **POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID SOUTH LINE N89°37'31"W A DISTANCE OF 110.71 FEET;
THENCE N00°22'29"E A DISTANCE OF 36.57 FEET;
THENCE S89°49'02"E A DISTANCE OF 110.59 FEET;
THENCE S00°10'58"W A DISTANCE OF 36.94 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 4,068 SQ. FEET OR 0.09 ACRES MORE OR LESS.

EXHIBIT C

RIGHT-OF-WAY DEDICATION

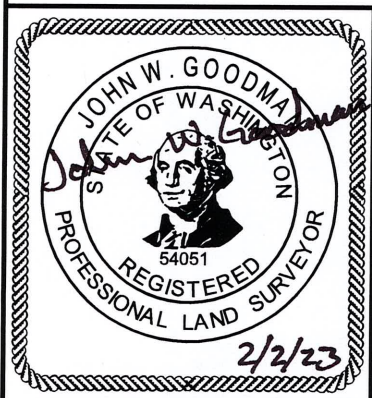
PORTION OF THE NE 1/4 NE 1/4, SEC 19, T 14 N, R 2 W, W.M.
LEWIS COUNTY, WASHINGTON



| LINE AND CURVE DATA | | | |
|---------------------|-----------|---------|---------|
| CURVE | DELTA | RADIUS | LENGTH |
| C1 | 94°56'36" | 75.00' | 124.28' |
| C2 | 85°03'24" | 115.00' | 170.72' |

LEGEND

- SECTION LINE
- CENTERLINE
- RIGHT-OF-WAY LINE
- LOT LINE
- SITE BOUNDARY/ PARENT PARCEL
- DEDICATION AREA = 4,068 SQFT



FORESIGHT
SURVEYING, INC.

PROFESSIONAL LAND SURVEYORS

1583 N NATIONAL AVE
CHEHALIS, WA 98532 OFFICE: (360) 748-4000

EXHIBIT C

JOB NO: 5207 DATE: 02/02/2023

CITY OF CHEHALIS, LEWIS COUNTY, WASHINGTON

**AFFIDAVIT
OF PUBLICATION
STATE OF WASHINGTON
COUNTY OF LEWIS**

Cindy Thayer, and/or Sarah Burdick, and/or Ronda Pogorelc and/or Cheyenne Denman says that she is the legal clerk of

The
Chronicle

a semi-weekly newspaper, which has been established, published in the English language, and circulated continuously as a semi-weekly newspaper in the City of Centralia, and in Lewis County, Washington, general circulation in Lewis County for more than six (6) months prior to the date of the first publication of the notice hereto attached, and that the said Chronicle was on the 7th day of July 1941, approved as a legal newspaper by the Superior Court of said Lewis County. And that the attached is a true copy and was published in regular issues (and not in supplement form) of said newspaper as LEGAL # 125110 RE: Notice of Public Hearing Vacate-22-001

once each day for a period of 1 day

commencing on 01/26/2023 and ending on 01/26/2023

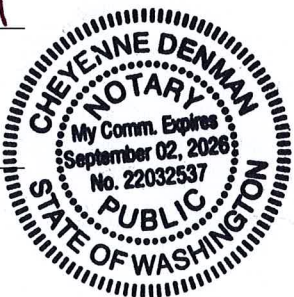
and both regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is the sum of \$ 148.00

Ronda Pogorelc
Subscribed and sworn to before me 01/26/2023

Cheyenne Denman

Notary Public in and for the State of Washington,
residing at

Centralia



125110 Notice of Public Hearing Vacate-22-001

**NOTICE OF
PUBLIC HEARING
City Council
Permit #Vacate-22-001**

TOPIC: Applicant has requested a section of Arkansas Avenue between I-5 Toyota and the new Honda Dealership, at the easterly corner of Louisiana Avenue and Arkansas Avenue.

DATE, TIME and PLACE: February 13, 2023 at 5:00 PM Chehalis City Hall, Council Chambers 350 N. Market Blvd Chehalis, WA

CONTACT: To view the proposed changes during regular business hours or to request a copy, contact:

Tammy Baraconi, Planning and Building Manager 1321 S. Market Blvd Chehalis, WA 98532 360.345.2229 or via email at tbaraconi@ci.chehalis.wa.us

Anyone interested may appear and be heard. The decision of the City Council will be mailed to all those who submit comments, testify at the hearing or request the decision in writing. Any aggrieved party of record can file an appeal with Lewis County Superior Court.

Written public comment can be accepted until 4:30 PM on February 13, 2023

Published: The Chronicle January 26, 2023

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Brandon Rakes, Airport Director

DATE: February 13, 2023

SUBJECT: Consideration of Offer to Lease Tract 18-A at 710 NW Arkansas Way, to Panda Express, Inc., a California corporation

ISSUE

The Chehalis-Centralia Airport has received an offer to lease Tract 18-A by the Panda Express, Inc., a California corporation, to construct a restaurant. This parcel is located on the Airport's property at 710 NW Arkansas Way between Home Depot and Walmart.

INTRODUCTION

Panda Express is a family-owned business that began in 1983. There are approximately 1,700 locations. They employ nearly 25,000 people and have close to \$2B in annual revenue. They are the largest American Chinese restaurant concept in the world.

In April of 2022, the Chehalis-Centralia Airport was approached by Ryan Amos on behalf of Panda Express about leasing approximately 1 acre of non-aeronautical Airport property. Since that time, the Chehalis-Centralia Airport has been working with Panda Express to draft an agreement acceptable to both parties.

KEY TERMS OF THE PROPOSAL

Multiple determinations of market rent from the immediate area have been used to negotiate the final Lease submitted for consideration at this time. Panda Express has agreed to the current Offer to Lease, which includes provisions for the following:

- ***Effective Date (Effectiveness):*** The date upon which both Landlord and Tenant have signed this Lease. The last party to execute this Lease must return a fully executed original of this Lease to the other party within ten (10) days from the date executed.
- ***Deposit:*** The City will receive the amount of \$40,000 which, shall be credited towards the payment of rent and any applicable taxes as described in Section 14 of the proposed Lease.
- ***Inspection:*** One hundred and twenty (120 days) following the Lease effective date for the developer to complete due diligence work described in Section 15.4 of the proposed Lease.
- ***Delivery Date:*** The delivery date will be July 1, 2023. This provides enough time for Panda Express to complete all inspections and due diligence before taking delivery of the premises.

- **Rent:** Amount of rent and rent commencement date as described in Section 14 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:** The length of the lease term is 20 years with 7 additional 5-year optional terms.
- **Commission Agreement:** Non-exclusive lease commission agreement with Colliers, 2600 Cordova Street, Suite 205, Anchorage, Alaska 99503, Attention: Elisha Martin/Ryan Amos in the amount of \$22,753.73 for broker provided services to execute Lease with Panda Express.

The Lease also includes indemnity clauses and any 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 former City Attorney, Erin Hillier, was involved in the negotiations. Since Erin's departure Assistant City Attorney, Brian Kelly, 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 \$43,500 annually that would be restricted for the operation of the Chehalis-Centralia Airport. This initial amount will increase as prescribed by the lease agreement.

RECOMMENDATION

It is recommended that the City Council approve acceptance of the Lease for Tract 18-A at 710 NW Arkansas Way for Panda Express, Inc., and authorize the City Manager to execute all necessary documents.

SUGGESTED MOTION

I move that the City Council approve acceptance of the Lease for Tract 18-A at 710 NW Arkansas Way for Panda Express, Inc., and authorize the City Manager to execute all necessary documents.



PANDA EXPRESS® GROUND LEASE

for

Northwest Louisiana Avenue and Northwest Arkansas Way
Chehalis, Washington 98532

By and between

CITY OF CHEHALIS,
a municipal corporation
(as Landlord)

and

PANDA EXPRESS, INC.,
a California corporation
(as Tenant)

GROUND LEASE

**NW Louisiana Avenue and NW Arkansas Way
Chehalis, Washington 98532**

THIS GROUND LEASE (“Lease”) is made by and between Landlord and **PANDA EXPRESS, INC.**, a California corporation (“Tenant”). Definitions in this Lease are set forth in boldface.

BASIC LEASE PROVISIONS

1. **Effective Date:** February ___, 2022 (see **Section 15.1** of the Basic Lease Provisions).
2. **Landlord:** City of Chehalis, a municipal corporation.
3. **Landlord’s federal tax identification number:** [TBD].
4. **Landlord’s Notice and payment address:** With a copy to:

City of Chehalis
Chehalis-Centralia Airport
P.O. Box 1344
Chehalis, Washington 98532
Phone: [TBD]
Registered e-mail: [TBD]

5. **Tenant’s Notice and payment address:**

Notice: Panda Express, Inc.
 c/o Panda Restaurant Group, Inc.
 1683 Walnut Grove Avenue
 Rosemead, CA 91770
 Attn: Real Estate Legal Department
 Phone: (626) 799-9898
 Registered e-mail: RELegal@PandaRG.com

Invoice: Panda Express, Inc.
 1683 Walnut Grove Ave
 Rosemead CA 91770
 Attn: Lease Accounting Department (Store#[TBD])
 Phone: (626) 799-9898
 For Registered e-mail: LeaseAccounting@PandaRG.com

6. **Premises street address:** 710 NW Arkansas Way, Chehalis, Washington 98532.

7. **Premises' tax identification number / assessor's parcel number:** 00560-508-2018.

Commented [EH1]: Be sure to check after Short Plat completed.

8. **Square Feet in the Premises:** Approximately 43,560 square feet, which represents the number of square feet of land area within the Premises.

9. **Restrictions:** Landlord is subject to the rules and restrictions which have been recorded against the Premises. From and after the Effective Date, Landlord shall not allow the Restrictions to be amended in any manner which adversely affects this Lease or Tenant's rights hereunder without Tenant's written consent. Tenants shall not allow any Restrictions to be added against or on the Premises without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed.

10. **Building:** A building and related on-site improvements with underground on-site Utilities constructed by Tenant on the Premises (collectively, the "Tenant Improvements") following the issuance of all Permits (as hereinafter defined). The Building is to include approximately 2,600 square feet of Floor Area.

11. **Floor Area:** The total floor area within a building as measured from the exterior of exterior building walls but excluding mezzanine and basement spaces which are not used for the sale or display of merchandise and common corridors and vestibules, if any.

12. **Initial Term:** Twenty (20) Lease Years.

13. **Options:** Seven (7) options for five (5) years each, if Tenant is not in default, beyond any applicable cure period, then seven (7) options.

14. **Base Rent:**

On the Effective Date of this Lease, Tenant shall pay Landlord a deposit (by payment to the Chehalis-Centralia Airport) of a Forty Thousand Dollars (\$40,000.00), which deposit shall be allocated towards payment of rent and any applicable taxes as described herein. The Tenant deposit balance is refundable if this Lease is terminated as a result of breach by the Landlord, if this Lease is mutually terminated, and/or if Tenant does not waive its Inspection Period and Permitting Period as provided in this Lease. The Tenant deposit balance shall not be refunded if the Lease is terminated as a result of breach by the Tenant. This provision shall not be construed as a liquidated damages clause, but shall be considered cumulatively with all other relief and remedies available to the parties as discussed herein.

| <u>Lease Year</u> | <u>Monthly Rent</u> | <u>Annual Rent</u> |
|-------------------|---------------------|--------------------|
| 1-5 | \$3,625.00 | \$43,500.00 |

| | | |
|-------|------------|-------------|
| 6-10 | \$3,987.50 | \$47,850.00 |
| 11-15 | \$4,386.25 | \$52,635.00 |
| 16-20 | \$4,824.88 | \$57,898.50 |

Tenants shall pay leasehold excise tax now or hereafter required by law. Said tax shall be paid to Landlord monthly with the Base Rent and is currently 12.84% of the contract monthly rent; provided, however, the actual amount of the excise tax paid monthly by Tenant shall be based on actual amount charged to Landlord for the Premises.

The Base Rent for the first, five-year Option shall be the greater of the fair market rent (i.e., comparable rent paid for a similarly-sized space within the submarket in which the Premises is located) then existing at the end of the Twentieth Lease Year or an amount equal to thirteen percent (13%) above the Base Rent paid by Tenant at the end of the Twentieth Lease Year. If the parties are unable to agree upon the fair market rent for the Premises for the Option within thirty (30) days after Tenant exercises its Option, fair market rent for said period shall be determined as set forth in **Exhibit "G"**.

The Base Rent for the second, third, and fourth five-year Option shall be at an amount equal to ten percent (10%) above the Base Rent paid by Tenant at the end of the last Lease Year of the prior Option.

The Base Rent for the fifth, five-year Option shall be the greater of the fair market rent (i.e., comparable rent paid for a similarly-sized space within the submarket in which the Premises is located) then existing at the end of the Fortieth Lease Year or an amount equal to thirteen percent (13%) above the Base Rent paid by Tenant at the end of the Fortieth Lease Year. If the parties are unable to agree upon the fair market rent for the Premises for the Option within thirty (30) days after Tenant exercises its Option, fair market rent for said period shall be determined as set forth in **Exhibit "G"**.

The Base Rent for the sixth and seventh five-year Option shall be at an amount equal to ten percent (10%) above the Base Rent paid by Tenant at the end of the last Lease Year of the prior Option.

15. Important Dates:

15.1. **Effective Date:** The date upon which both Landlord and Tenant have signed this Lease. The last party to execute this Lease must return a fully-executed original of this Lease to the other party within ten (10) days from the date executed.

15.2. **Estimated Delivery Date:** The date upon which Landlord delivers physical and vacant possession of the Premises and otherwise in the condition called for in this Lease. The **"Estimated Delivery Date"** July 1, 2023. Notwithstanding the foregoing, Tenant shall not be required to accept delivery of the Premises between October 15, 2023, and March 15, 2024.

15.3. **Rent Commencement Date:** Subject to **Section 32** and delays not within Tenant's control, the date which is the earlier of (i) the date upon which Tenant opens for business from the Premises or (ii) eighteen (18) months from the Effective Date.

15.4. **Inspection Period:** Tenant will commence inspection of the Property on the Effective Date, in order to determine: (i) form and nature of fill to be required and allowed, whether pilings and related improvements will be needed before fill and constructing the remaining Improvements; and (ii) to inspect the condition of the Premises (including, without limitation, title, access, soil, and the environment thereof) and may obtain corporate approval of this transaction. Tenant has one hundred twenty (120) days during which to complete that inspection (the last day of that inspection period defined herein to be the "Inspection Completion Date"). In the event that Tenant shall determine within its sole discretion prior to the Inspection Completion Date that the Property does not satisfy subsection (i) and/or (ii) described above, then Tenant shall give such notice to Landlord and this Lease shall terminate.

15.5. **Permitting Period:** The period between the end of the Inspection Period and one hundred eighty (180) days thereafter, subject to extension or early expiration as set forth herein, during which Tenant shall obtain all of the Permits (i.e., all final, without right of appeal, permits and approvals (including, but not limited to, governmental authorizations, business licenses, building permits, re-zoning approvals or variances) necessary for Tenant's construction, use and Tenant's Permitted Use of the Premises, including a drive-thru (collectively, the "**Permits**"), provided Tenant diligently pursues such Permits. In the event Tenant encounters an issue related to an environmental condition of the Premises which would prevent or delay Tenant's receipt of a permit for the construction or operation of Tenant's business on the Premises ("**Landowner Issue**"), and after using commercially reasonable efforts, Landlord cannot reasonably resolve the Landowner Issue within thirty (30) days from Tenant's notice thereof, then, at Tenant's option, (i) Tenant shall give Landlord notice of the same and the Permitting Period shall be deemed extended day-for-day up to ninety (90) days (after which this Lease will be deemed terminated) until such issues are resolved to Tenant's satisfaction, or (ii) Tenant may terminate this Lease within thirty (30) days from Tenant's notice thereof. Tenant hereby agrees that it shall diligently seek to obtain its Permits during the Permitting Period and shall provide Landlord with periodic updates regarding the same.

Tenant's Permitted Use: Tenant shall have the right to use the Premises for any restaurant, (including use of a drive-thru). Landlord represents and warrants to Tenant that as of the Effective Date, Tenant may lawfully use the Premises for the intended use contemplated by this Lease and that the consent of no other owner, tenant, or occupant of the Shopping Center is required for Tenant to operate the Premises for such use. In no event will Tenant be bound by any exclusive uses granted by Landlord to any other party or occupant after the Effective Date without Tenant's prior consent, which may be granted or withheld in Tenant's sole and absolute discretion. When the Premises is used as a restaurant and if permitted by applicable law, Tenant shall have the right to offer food samples within the Premises. Tenant shall open for business within the Premises on such days and hours as Tenant determines are appropriate, and in no event shall Tenant fail to operate for one hundred eighty (180) days. Tenant's failure to continuously operate, subject to Permitted Closures, for one hundred eighty (180) days or operate during a minimum number of

scheduled days and/or hours shall constitute an Event of Default under this Lease and shall trigger Landlord's right to terminate this Lease. The term "Permitted Closures" shall mean: (a) any good faith discontinuance occasioned by a Force Majeure event; (b) cessation of operations in connection with governmental laws, rules, or regulations, or with a casualty or condemnation; and/or (c) any discontinuance not to exceed sixty (60) days in connection with a remodeling, assignment or sublet, or the taking of inventory.

16. **Electric Vehicle Charging Stations:** Landlord may elect to construct approximately forty (40) electric vehicle charging stations adjacent to the Premises ("**Charging Stations**"). Tenant shall not have any approval rights over Landlord's construction of the Charging Stations, or any other improvements on the adjoining Premises; provided, however, Landlord shall endeavor to consult and coordinate with Tenant as to the timing, construction, and location of the Charging Stations. In no event, however, shall Landlord's construction of said Charging Stations materially interfere with operations upon, access to, or visibility of the Premises, including the Building and Tenant's signage, or Tenant's parking.

©

Landlord's Real Estate Broker: Intentionally Deleted

17. .

Tenant's Real Estate Broker: COLLIERS, 2600 Cordova Street, Suite 205, Anchorage, Alaska 99503, Attention: Elisha Martin (Elisha.Martin@Colliers.com) / Ryan Amos (Ryan.Amos@Colliers.com).

- 18.

19. **Brokers.** Landlord hereby agrees to pay to Tenant's Real Estate Broker on the Effective Date an amount equal to Twenty-Two Thousand Seven Hundred Fifty-Three Dollars and 76/100 (\$22,753.76). Landlord and Tenant hereby represent that they have not engaged any real estate broker or finder, and that no commissions or finder's fees are due in connection with this Lease other than to Tenant's Real Estate Broker, which shall be paid on the Effective Date by Landlord. The above-referenced figure is based on the following formula: (a) an amount equal to five percent (5%) of the total Rent paid for the first five years of the Initial Term; and (b) an amount equal to one and one-half percent (1.5%) of the total Rent paid for the remaining fifteen years of the Initial Term. .

20. **Exhibits:**

- Exhibit "A" – Legal Description of the Premises
- Exhibit "B" – Improvements Constructed by Tenant
- Exhibit "C" – Intentionally Deleted
- Exhibit "D" – Tenant's Signage
- Exhibit "E" – Subordination, Nondisturbance and Attornment Agreement
- Exhibit "F" -- Estoppel Certificate
- Exhibit "G" – Determination of Fair Market Rent

Commented [PA2]: Note: I edited Section 18 (slightly) to address this point.

Exhibit "H" - Compliance with Federal Aviation Administration Requirements

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Commented [EH3]: We must add back in the Exhibit G, as standard for all aeronautical and non-aeronautical parcels within the Chehalis Airport Property.

GENERAL PROVISIONS

1. **LEASE.** Upon and subject to the terms of this Lease, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord the Premises for and during the Term.

2. **DESCRIPTION OF PREMISES.** The subject property, described in **Exhibit "A"**, including (a) all rights, easements and appurtenances belonging or appertaining thereto, including, without limitation, cross-access easements, and easements for Utilities throughout the property; (b) all right, title and interest of Landlord in and to any and all roads, streets, alleys and ways bounding such property; and (c) all buildings and other improvements thereon (collectively, the "**Premises**"), is described in the Basic Lease Provisions by street address and more specifically described as attached hereto on **Exhibit "A"**, but subject to those encumbrances and exceptions which have been approved by Tenant including any Restrictions.

3. **TERM; OPTIONS.**

(a) **Initial Term.** The Initial Term of this Lease is set forth in the Basic Lease Provisions above. "**Lease Year**" shall mean each whole year during the Term, such that the first Lease Year shall commence on the Rent Commencement Date and end on the last day of the calendar month in which the first anniversary of the day immediately preceding the Rent Commencement Date occurs. Upon expiration or earlier termination of this Lease, Landlord may prepare and deliver to Tenant, and Tenant shall sign, a Notice of termination of lease in recordable form that Landlord may record at Landlord's expense. Once the Rent Commencement Date is established, Landlord and Tenant shall, at the other's written request, execute a statement in recordable form setting forth the Rent Commencement Date, as well as any other applicable date within the Lease reasonably requested by either party. Each succeeding Lease Year shall be each successive twelve (12) month period.

(b) **Options.** Tenant shall have the option of extending the Initial Term for the number of Options set forth above in the Basic Lease Provisions, commencing at midnight on the date upon which the Initial Term or any Option expires (collectively as extended, the "**Term**"). Unless Tenant provides Landlord at least one hundred eighty (180) days prior Notice of Tenant's intent not to exercise any such option, or Tenant is in default herein, each option shall be deemed exercised automatically by Tenant without giving Landlord Notice to so extend the Term. In the event of an Option, the Term shall continue for such option period, subject, however, to earlier termination as set forth herein. Tenant may extend the Term for all (or fewer) of such Option and each such Option shall be exercised independently, in succession, and only for the period set forth in the Basic Lease Provisions.

4. **REPRESENTATIONS AND WARRANTIES.**

(a) **Landlord's Representations.** Landlord represents and warrants, upon which warranties and representations Tenant has relied in the negotiation and execution of this Lease, as follows:

A. Landlord is the owner of or otherwise has an interest in the Premises and has full right and authority to enter into this Lease and to perform Landlord's obligations under this Lease for the Term, in the manner, and upon the conditions and provisions herein contained, and no additional signatories or consents are required to make the Lease binding and fully enforceable.

B. To Landlord's knowledge, after reasonable inquiry:

- (1) There are no impending condemnation plans, proposed tax assessments, current or pending litigation or other adverse conditions relating to the Premises and both are free and clear of all adverse claims, encumbrances or liens, except easements of record; provided, however, that none of the same prohibit or interfere with Tenant's Permitted Use of the Premises;
- (2) The Premises is free and clear of all Hazardous Materials;
- (3) There are no legal impediments (including, but not limited to, regulations, restrictions or covenants) preventing the construction of the Tenant Improvements or Tenant's Permitted Use of the Premises (including a drive-thru, if applicable), and the zoning classification allows for such construction and operation;
- (4) The Premises is not subject to any easements, restrictions, zoning ordinances or similar governmental regulations which will prevent their use for restaurant purposes;
- (5) There is sufficient parking for the use of the Premises as a restaurant (with a drive-thru, if applicable), as required by all applicable codes;
- (6) The Premises is not located in a Special Flood Hazard Area on United States Department of Housing and Urban Development "Special Flood Zone Area Maps";
- (7) The Premises is not located in a Special Studies Zone as designated under the Alquist-Priolo Earthquake Fault Zone Act or any similar law, ordinance, rule, regulation or order of any applicable governmental authority; and
- (8) There are no provisions in any Restrictions or elsewhere which adversely affect the construction of the Tenant Improvements or Tenant's Permitted Use (including, by way of example only, restrictions against the sale of chicken, noodles or tea-based beverages from the Premises).

The failure of any representation or warranty in this Lease to be true when deemed given hereunder shall constitute a default by Landlord. Landlord shall indemnify and hold Tenant harmless from and against all claims, losses, and liabilities, including liens, demands, judgments, damages, penalties, fines, costs or expenses incurred by Tenant if the preceding representations and warranties prove to be untrue.

(b) Tenant's Representations. Tenant represents and warrants, upon which warranties and representations Landlord has relied in the negotiation and execution of this Lease that Tenant has the full right and authority to enter into this Lease and to perform Tenant's obligations under this Lease for the Term, in the manner, and upon the conditions and provisions

herein contained, and no additional signatories or consents are required to make the Lease binding and fully enforceable. Tenant is authorized to do business in Washington. Tenant shall indemnify and hold Landlord harmless if the preceding representation and warranty proves to be untrue.

(c) **Brokers.** Landlord and Tenant represent and warrant to each other that they have not engaged or dealt with any broker or agent with respect to the Premises other than the brokers referenced in **Sections 18** and **19** of the Basic Lease Provisions, as to whom Landlord shall pay a commission pursuant to a separate agreement between Landlord and such brokers. Landlord and Tenant shall each indemnify, defend and hold the other harmless from and against all claims, losses and liabilities incurred by the indemnified party in connection with any claim or demand by any person or entity for any broker's, finder's or other fee or compensation in connection with the indemnifying party's execution and delivery of this Lease.

5. **RENT.** Tenant hereby covenants and agrees to pay rent to Landlord for the use and occupancy of the Premises in the form of Base Rent and Additional Payments (collectively, "**Rent**"). The payment of Rent shall begin on the Rent Commencement Date. Rent and all other sums payable by Tenant under this Lease shall be paid when due in lawful currency of the United States of America. All Rent shall be paid by Tenant to Landlord at Landlord's address set forth in the Basic Lease Provisions or to such payee or at such other place as Landlord may from time to time designate by at least thirty (30) days prior Notice to Tenant. In the event that the Rent Commencement Date falls on a day other than the first day of a calendar month, the Rent for the first month of the Lease shall be prorated. There is no percentage rent applicable to this Lease.

(a) **Base Rent.** Tenant agrees to pay Landlord the Base Rent set forth above in the Basic Lease Provisions. Base Rent is payable in equal monthly installments in advance without prior demand and without setoff or deduction (except as otherwise expressly provided herein) on the first day of each calendar month during the Term.

(b) **Additional Payments.** Tenant shall pay all other sums or money or charges of any nature required to be paid by Tenant to Landlord under this Lease (collectively, "**Additional Payments.**")

(c) **Delinquent Payments.** If, more than twice in any Lease Year, Tenant shall fail to pay Rent within five (5) days following Notice from Landlord specifying such amounts that Tenant has failed to pay when due, Landlord may assess a late charge of One Hundred Dollars (\$100.00) which shall be paid by Tenant upon demand as Additional Payment.

6. **LEGAL COMPLIANCE.** In connection with its use and occupancy of the Premises, Tenant shall comply with all laws, ordinances, rules, regulations and orders of any governmental authority having jurisdiction over Tenant or the Premises as well as any Restrictions.

7. **DELIVERY; IMPROVEMENTS AND ALTERATIONS.**

(a) **Delivery.** As of the Delivery Date, Tenant shall take possession of the Premises excluding latent and patent defects, free and clear of any rights of occupancy or possession of any other party, and free and clear of all Hazardous Materials. In the event that Landlord does not deliver physical and vacant possession of the Premises substantially complete as to Landlord's Work, and in the condition called for in this Lease by the Estimated Delivery Date, Tenant shall be entitled to a Base Rent credit equal to two (2) days of Rent for each day after the

Estimated Delivery Date that said work is not completed and possession, in accordance herewith, is not delivered to Tenant. The Delivery Date and satisfaction of the aforesaid conditions shall be evidenced by Landlord's delivery to Tenant of Delivery Notice and Tenant's written approval thereof. Irrespective of Force Majeure and delays not within Landlord's control, in the event Landlord has not delivered the Premises within one (1) year following the Estimated Delivery Date, then Tenant shall have the right to terminate the Lease.

(b) Tenant Alterations. Subject to the terms of this Lease, Tenant shall have the right to construct the Tenant Improvements upon the Premises and to alter, renovate, add, remodel, modify and/or change the Tenant Improvements upon the Premises, as Tenant may deem desirable. Construction and maintenance of any improvements on the Premises shall be performed in a good and workmanlike manner and in accordance with all applicable laws, statutes, ordinances, rules and regulations and in compliance with any Restrictions.

(c) Title to Personal Property. The Tenant Improvements upon the Premises shall be and remain the property of Tenant during the Term, and upon expiration of the Term, or earlier termination of this Lease, title to all such Tenant Improvements except as provided herein, shall become vested in Landlord. Notwithstanding that the Tenant Improvements constructed on the Premises by Tenant shall become the property of Landlord upon expiration or earlier termination of this Lease, Tenant shall retain title to, regardless of how it is affixed to the Premises, and, at the expiration or earlier termination of this Lease, shall remove from the Premises, Tenant's proprietary items, trade fixtures, business equipment, inventory, trademarked items, branded items, signs, decorative soffits, counters, shelving, showcases, mirrors, signs, small wares and Tenant's other personal property; provided, Tenant shall not be obligated to remove any of Tenant's personal property which is attached to the realty or which would require structural repairs to the Premises upon such removal. Tenant shall repair all damage caused by removal of any of its personal property from the Premises, excluding reasonable wear and tear. All items not so removed within one (1) month of expiration or earlier termination of this Lease, at Landlord's option, shall be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without Notice to Tenant and without any obligation to account for any such items.

8. MEMORANDUM OF LEASE. Intentionally Deleted.

9. INSPECTION PERIOD. Tenant's obligation to perform hereunder is made expressly contingent upon the satisfaction or waiver of the Contingencies within the Inspection Period.

(a) Contingencies. "**Contingencies**" are defined as items that confirm Tenant may develop and use the Premises for Tenant's Permitted Use based upon receipt of or determination that it will be able to obtain in a form reasonably satisfactory to Tenant, the following: (i) if not already obtained, duly effective corporate approval of the entire lease transaction; (ii) an environmental analysis (Phase I) and soil test; (iii) an ALTA survey of the Premises; (iv) an acceptable title commitment indicating the satisfactory condition of title; (v) a determination that water, gas, electricity, sanitary sewers, storm sewers and other necessary public utilities (collectively, "**Utilities**") are immediately on or contiguous to the Premises and are adequate for Tenant's Permitted Use; (vi) receipt of a commercially reasonable non-disturbance agreement in the form of Exhibit "E" from every applicable mortgagee and trustee under trust deeds or mortgages; (vii) receipt of a commercially reasonable non-disturbance agreement from any ground lessor under any ground lease pursuant to the terms and provisions set forth in Section

20(a); and (viii) any other detailed plans and drawings (or CAD disks) reasonably necessary for Tenant to commence its work on the Premises. Corporate approval of the Premises shall encompass, without limitation, due diligence, the amount and type of tenant improvement work to be performed by Landlord and Tenant under this Lease and the size and location of the Premises. Tenant shall use commercially reasonable efforts to promptly satisfy all of the Contingencies. In the event Tenant reasonably determines that a Phase II environmental analysis is required, Landlord shall, at its sole cost and expense, conduct such Phase II analysis.

(b) **Investigations; Access.** Commencing on the Effective Date, Tenant and its agents, contractors, engineers and other duly authorized representatives shall have the right to enter upon the Premises and, at Tenant's sole cost and expense, perform such economic, surveying, engineering, topographic, environmental, marketing and other tests, studies and investigations (collectively, "**Tenant's Investigations**") as Tenant reasonably deems appropriate; provided, all Tenant's Investigations shall be conducted in a manner that minimizes any disruption to the Premises and the activities of Landlord and, if any, Landlord's other tenants and the customers thereof. In the event this Lease is terminated, Tenant shall promptly (i) restore the Premises to substantially the same condition existing as of the date that Tenant or its agents, contractors, engineers and other duly authorized representatives first entered upon the Premises, and (ii) vacate the Premises (including, without limitation, removal from the Premises of all equipment, debris and waste brought upon the Premises by Tenant or its agents, contractors, engineers and other duly authorized representatives). Tenant shall hold Landlord harmless and indemnify Landlord from and against any and all liens, claims, demands, judgments, damages, penalties, fines, costs, losses or expenses that may arise as a result of Tenant's Investigations and/or entry on to the Premises during the Inspection Period by Tenant or its employees, agents, contractors, engineers or other duly authorized representatives. Tenant's obligations and indemnity as set forth in this **Section 9** shall survive the termination of this Lease for a period of three (3) years.

(c) **Landlord Information.** To the extent that Landlord has not done so already, Landlord shall provide Tenant with all available information and documents concerning the Premises as Tenant may reasonably request.

(d) **Landlord's Cure Period.** If, in Tenant's reasonable judgment, within the Inspection Period, Tenant is not satisfied with the results of any of the Contingencies, then, prior to the expiration of the Inspection Period, Tenant shall notify Landlord in writing ("**Tenant's Objection Letter**") specifying any such objections and defects. Landlord shall use commercially reasonable efforts to cure such objections and defects within thirty (30) days after receipt of Tenant's Objection Letter. If Landlord fails to correct Tenant's objections to Tenant's satisfaction, Tenant may, in addition to any other rights or remedies it may have, elect to: (a) terminate this Lease, (b) waive the objection, or (c) extend the time for Landlord's correction (in which event the Inspection Period shall be extended for the additional time for the duration of such extension, not to exceed sixty (60) days, after which the Lease is terminated).

10. **PERMITTING PERIOD.** Tenant's obligation to perform hereunder is made expressly contingent upon Tenant obtaining within the Permitting Period, at Tenant's sole cost and expense, all of the final Permits, without right of appeal. Landlord shall cooperate with Tenant and shall execute any necessary documents related to such Permits at nominal or no out-of-pocket cost to Landlord. In the event Tenant is not able to obtain all the necessary Permits within the Permitting Period, despite using commercially reasonable efforts, Tenant shall have the right to terminate this Lease by giving Notice of such termination to Landlord prior to the expiration of the Permitting Period. Provided Tenant is using commercially reasonable efforts during the Permitting Period,

Landlord agrees to extend the Permitting Period for two (2) additional thirty (30) day periods at the request of Tenant.

11. **TAXES.**

11.1 **Leasehold Taxes.** During the Term of this Lease commencing on the Rent Commencement Date, Tenant shall pay to Landlord, at the time Rent payments are made hereunder, the lease hold tax established and defined in Chapter 82.29A, Revised Code of Washington ("Leasehold Tax"). 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.

11.2 **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.

11.3 **Failure to Pay.** In the event Tenant fails to pay any of the expenses or amounts specific in this Section, 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 maximum rate allowed by law. 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. 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 bear interest at ten percent (10%) per annum until paid and be a material default hereunder by Tenant, and such default (subject to the notice provisions hereof and all cure rights hereunder) shall entitle Landlord to pursue all remedies specified in this Lease.

(a) **Payment.** Tenant shall be liable for all real estate taxes and special assessments, including any future Local Improvement District, applicable to the Premises (the "**Real Estate Taxes**"). Landlord shall use commercially reasonable efforts to create a separate tax parcel for the Premises. If the Premises is separately assessed, Tenant shall pay the Real Estate Taxes imposed during the Term directly to the taxing authority before such taxes become delinquent, and shall provide proof of such payment to Landlord upon Landlord's written request. If the Premises is separately assessed but Tenant is not permitted to pay Real Estate Taxes directly to the taxing authority, Landlord shall, upon receipt of any applicable bill for Real Estate Taxes, forward such documentation to Tenant, and Tenant shall pay the same within thirty (30) days of Tenant's receipt of the bill for such Real Estate Taxes from Landlord. If the Premises is not separately assessed, Tenant shall pay, within thirty (30) days of Tenant's receipt of the bill for Real Estate Taxes from Landlord, Tenant's proportionate share of such Real Estate Taxes directly to Landlord. Regardless of whether the Premises is or is not separately assessed, Tenant shall timely pay, before delinquent, the personal property taxes, use taxes, sales taxes and other such taxes which could be levied as a lien against the personal property or fixtures of Tenant or the Premises. Except as hereinafter provided to the contrary, nothing herein contained shall require Tenant to pay corporation, franchise, income, estate, gift and inheritance taxes, late fees not caused by Tenant's delay in paying applicable Real Estate Taxes, or charges imposed on rent or

other similar taxes, charges, betterments of any kind, including Mello-Roos, any transfer taxes, any tax payable by Landlord on rents or impositions which may be levied or assessed against Landlord, the fee owner, or their successor(s) in title.

(b) Failure to Pay. In the event Tenant fails to pay the Real Estate Taxes within the time provided, Landlord may, after fifteen (15) days' Notice from Landlord to Tenant, pay the same, in which event Tenant shall remain liable to and obligated to repay Landlord the amount so advanced. In the event any Real Estate Taxes may be payable in installments, Tenant shall have the right to pay the same as such installments fall due. Tenant shall pay all penalties and interest incurred as a result of a delinquent payment of Real Estate Taxes by Tenant. Real Estate Taxes for the year in which the Term shall begin and the year in which the Term shall terminate shall be prorated so that Tenant shall pay only those portions thereof which correspond with the portion of said years as are within the Term.

(c) Contesting Taxes. Tenant shall have the right, at its own cost and expense, to initiate and prosecute any proceedings permitted by law for the purpose of obtaining an abatement of or otherwise contesting the validity or amount of Real Estate Taxes assessed or levied upon the Premises, the Tenant Improvements constructed on the Premises by Tenant. If required by law, Tenant may take such action in the name of Landlord who shall cooperate with Tenant to such extent as Tenant may reasonably require; provided, however, Tenant shall indemnify, defend and save Landlord harmless from all claims, liabilities, obligations, losses, costs, damages and expenses, including, without limitation, penalties and interest, incurred by Landlord as a result thereof, and further provided Tenant shall, at Landlord's request, escrow the full amount of the Real Estate Taxes claimed pending resolution of such proceedings.

(d) Proration. 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.

12. INSURANCE.

(a) Tenant's Insurance. Tenant shall maintain property insurance with endorsements for all perils covering all Tenant's acts or omissions and Improvements on the Premises, including those acts or omissions during the Inspection Period and Permitting Period. Tenant shall maintain commercial general liability insurance against claims for personal injury, death and property damage occurring on the Premises in amounts of One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate. Landlord shall be named as an additional insured on all such policies.

(b) Policies. The liability insurance shall contain endorsements for cross liability and for assumed contractual liability for liabilities assumed by Tenant under this Lease. Upon Landlord's written request, Tenant shall deliver to Landlord copies of original certificates of insurance evidencing and confirming the insurance coverage to be maintained by Tenant hereunder. Any insurance required to be maintained by Tenant under this Lease may be provided through blanket or umbrella policies maintained by Tenant, or Tenant may self-insure against any of the risks for which insurance is required under the Lease.

(c) Landlord's Insurance. Landlord shall maintain comprehensive general liability insurance with combined single limit coverage in an amount not less than Three Million Dollars (\$3,000,000.00). The liability insurance shall contain endorsements for cross liability and for assumed contractual liability for liabilities assumed by Landlord under this Lease, and shall provide coverage against claims for bodily injury, personal injury, death and property damage occurring in, on or about the Premises.

13. MUTUAL WAIVER OF SUBROGATION. Landlord and Tenant hereby waive any rights each may have against the other, on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, or to their respective property, the Premises or its contents arising from any loss generally covered by property insurance; and the parties each, on behalf of their respective insurance companies insuring the property of either Landlord or Tenant against any such loss, waive any right of subrogation that such insurer or insurers may have against Landlord or Tenant, as the case may be. The foregoing mutual waivers of subrogation shall be mutually operative only so long as available in the state in which the Premises is situated and provided further that no such policy is invalidated thereby.

14. QUIET ENJOYMENT. Landlord agrees that Tenant, upon paying Rent and performing the covenants and conditions of this Lease, may quietly have, hold and enjoy the Premises during the Term without hindrance or interruption by Landlord or any other person claiming by, through or under Landlord, subject, however, to the provisions of this Lease and any mortgages, ground or underlying leases, agreements and encumbrances to which this Lease is subordinate. Landlord represents and warrants to Tenant that such mortgages, ground or underlying leases, agreements, and encumbrances, as any of the foregoing may be amended from time to time, shall not increase Tenant's obligations nor decrease Tenant's rights under this Lease, Covenants, Conditions and Restrictions (CC&R), if any, or any other documents of record. Landlord further represents and warrants that it has good title, full power and lawful authority to enter into this Lease for the Term. In all events, Landlord shall not, or permit any other party to materially interfere with operations upon, access to, or visibility of the Premises, including the Building and Tenant's signage, or Tenant's parking.

15. INDEMNIFICATION. Notwithstanding any provision to the contrary in this Lease, Tenant covenants to indemnify, defend, protect and save Landlord harmless from and against any and all claims, actions, damages, liability and expense, including reasonable attorneys' fees, in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence, within the Premises or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants or licensees, except for loss or damage resulting from the negligence, contributory negligence, or intentional acts or omissions of Landlord, its agents, contractors, employees, servants or licensees, or Landlord's failure to discharge its obligations pursuant to the Lease.

Notwithstanding any provision to the contrary in this Lease, Landlord covenants to indemnify, defend, protect and save Tenant harmless from and against any and all claims, actions, damages, liability and expense, including reasonable attorneys' fees for Tenant's counsel of choice, in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence, within the Premises or any part thereof, occasioned wholly by any act or omission of Landlord, its agents, contractors, employees, servants or licensees, except for loss or damage resulting from the negligence, contributory negligence, or intentional acts or omissions

of Tenant, its agents, contractors, employees, servants or licensees, or Tenant's failure to discharge its obligations pursuant to the Lease.

16. **SIGNAGE.** Tenant, at its sole cost and expense, shall be permitted to place the maximum size and amount of its standard signage, awnings, trellises and trade dress ("**Signage**"), on, in and around the Building and the Premises, including the Signage provided in **Exhibit "D"**, which has heretofore been reviewed and approved by Landlord. Tenant shall receive the maximum amount of monument or pylon signage available throughout the Term on the Premises, subject to requirements of governmental authorities and the Restrictions. Tenant shall be solely responsible for all maintenance of Tenant's Signage and sign panels. Subject to laws and restrictions, Tenant shall also have the right to place two (2) quality designed banners (of not more than thirty-six (36) square feet in size) in the window, in the patio or on the exterior walls of the Building and/or an inflatable panda bear in the patio of the Building to assist the store in its promotion and marketing efforts. Subject to laws and restrictions, Tenant shall also have the right to place: (i) quality designed "Grand Opening" banners as well as "Coming Soon" banners (of not more than thirty-six (36) square feet in size) on the exterior walls of the Building, for at least two (2) weeks before and after the time of the Premises' opening or re-opening, and (ii) quality designed "Now Hiring" banners (of not more than thirty-six (36) square feet in size) on the exterior walls of the Building on an as needed basis.

17. **MAINTENANCE OF PREMISES.**

(a) **Generally.** Tenant shall maintain and repair, at its expense, the Tenant Improvements, including paving, slabs, curbs, driveways, perimeter walls, storm drains, sewers, utility lines and landscaping on the Premises, in a state of good condition and repair, ordinary wear and tear excepted. Landlord shall have no duty to perform maintenance and repair on the Premises.

(b) **Utilities Interruption.** Tenant shall have the right to abate Rent from the period of utility interruption to continuous restoration if (i) Landlord causes such interruption through its negligence or willful conduct, and (ii) such interruption lasts longer than twenty-four (24) hours.

18. **DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS.**

(a) **Notice of Damage or Destruction.** Tenant shall give Notice to Landlord of all occurrences in, on or around the Premises that result in any damage or destruction to the Premises or any part thereof, generally describing the nature and extent of the damage or destruction.

(b) **Obligation to Restore.** If the Premises shall be damaged or destroyed by any cause covered by insurance, Tenant shall promptly restore the Building and other improvements on the Premises, fixtures, equipment and personal property and reopen for business (the "**Restoration**"), subject to **Section 18(c)**.

21. (c) **Tenant's Rights to Terminate for Damage to the Premises.** If any part or portion of the Premises shall be damaged or destroyed and (i) Tenant reasonably estimates that the damage or destruction cannot be restored within one hundred eighty (180) days of the event of damage or destruction or such property is not, after using commercially reasonable efforts, restored within one hundred eighty (180) days of the event of damage or destruction, or (ii) the damage or destruction occurs during the last three (3) years of the Term, Tenant shall

have the right to terminate this Lease by giving Notice to Landlord, and Tenant shall not be required to repair, restore, replace or rebuild as provided in this **Section 18**. If Tenant exercises its right to terminate in this Section 18, it shall promptly remove all debris and fire damaged material from the Premises, at its expense, before Lease termination; provided, however, Tenant shall not be required to demolish and/or remove any remaining portion of the Building and/or Tenant Improvements.

(d) **Abatement**. From the date of any material damage or destruction caused by the negligence, omission or willful misconduct of Landlord or its agents, employees or contractors, Rent shall abate in proportion to the extent to which Tenant's Permitted Use of the Premises and/or the business, access to the Premises, or parking for the Premises is adversely affected or disrupted thereby during any period of Restoration by either Landlord or Tenant, as the case may be, up to the date this Lease expires or is terminated.

(e) **Continuation of Lease**. Except as expressly provided herein to the contrary, the provisions of this Lease shall be unaffected by any damage or destruction, whether or not covered by insurance.

(f) **Cooperation in Connection With Proceedings or Actions**. Landlord and Tenant shall cooperate with each other, to such extent as such other party may reasonably require, in connection with the prosecution or defense of any action or proceeding arising out of, or for the collection of, any insurance proceeds that may be due in the event of any loss, and each party will execute, acknowledge and deliver to the other such instruments as may be reasonably required to facilitate the recovery of any insurance proceeds.

(g) **Tenant's Insurance Proceeds**. Tenant shall be entitled to all proceeds of Tenant's insurance and rights of recovery against insurers on policies covering such damage or destruction.

19. **LIENS**. Landlord and Tenant each covenant with the other not to permit any judgment, attachment and/or lien to be filed against the Premises except for any liens permitted pursuant to this Lease. Should any judgment, attachment and/or lien of any nature be filed against the Premises (except pursuant to this Lease) and Tenant's Legal Department receives Notice thereof, the party from whose fault or alleged debt such lien arises shall diligently pursue the removal (by substitution of collateral or otherwise) of such judgment, attachment and/or lien. Notwithstanding any provision to the contrary in this Lease, Tenant may contest any such judgment, attachment and/or lien and such contest on the part of Tenant and any failure to pay or perform the matter under contest, shall not be or become a breach or default under this Lease so long as the contest is conducted diligently, in compliance with applicable law, and by proceedings sufficient to prevent enforcement of the matter under contest and Tenant shall pay any amount adjudged by a court of competent jurisdiction to be due, with all costs, interest and penalties thereon, before the judgment becomes subject to execution against the Premises.

20. **SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT.**

(a) **Subordination of Lease**. Thirty (30) days after Tenant's receipt of written request of Landlord or any mortgagee, Tenant shall subordinate its rights hereunder to the lien of any mortgage encumbering Landlord's interests in and to the Premises, and to all advances made or hereafter to be made upon the security thereof and interest thereon, and all modifications,

consolidations, renewals, replacements and Options thereof. For a fee of Seven Hundred Fifty Dollars (\$750.00), Tenant will expedite its subordination. Tenant also agrees that any such mortgagee may elect to have this Lease prior to the lien of its mortgage, and in the event of such election and upon notification by such mortgagee to Tenant to that effect, this Lease shall be deemed prior in lien to said mortgage, whether this Lease is dated prior to or subsequent to the date of said mortgage. Notwithstanding any provision of this **Section 20** to the contrary, and so long as there is not then an Event of Default hereunder, this Lease shall remain in full force and effect for the full Term. As a condition to such subordination, Landlord shall execute and obtain from the mortgagee and trustee under trust deeds or mortgages and/or the ground lessor under any ground lease (collectively, "Lender") a satisfactory and commercially reasonable subordination and non-disturbance agreement in the form of **Exhibit "E"** (or in such other form and substance satisfactory to Tenant), which shall be by its terms binding upon its successors and assigns including any purchaser or transferee at a foreclosure sale or sale of transfer in lieu of foreclosure and shall provide, among other things, that Lender consents to the Lease and that, in the event of foreclosure of said mortgage or trust deed, as the case may be, or in the event Lender comes into possession or acquires title to the Premises as a result of the enforcement or foreclosure of the mortgage, trust deed, trust deed note or termination of the ground lease or as a result of any other means, Lender agrees to recognize Tenant and further agrees that Tenant shall not be disturbed in its possession of the Premises for any reason other than an Event of Default which would entitle Landlord to terminate the Lease under its terms. Said agreement shall further provide that Lender and Tenant shall be bound each to the other under all of the terms, covenants and conditions of the Lease for the balance of the Term, with the same force and effect as if they were the original Landlord and Tenant, respectively, under the Lease. Should the Lender or any purchaser or transferee at a foreclosure sale or sale or transfer in lieu of foreclosure or any other person who may come into possession of or acquire title to the Premises as a result of the enforcement or foreclosure of such mortgage, trust deed, trust deed note or ground lease fail or refuse to recognize and assume this Lease and recognize the rights of Tenant hereunder and agree not to disturb Tenant as aforesaid, this Lease shall be deemed prior and superior to the lien of any such trust deed or mortgage or ground lease.

(b) **Tenant's Attornment.** In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale or lease termination under any mortgage, Tenant shall attorn to the purchaser or mortgagee upon any such foreclosure, sale or lease termination and recognize such purchaser or mortgagee as Landlord under this Lease, provided that the purchaser or mortgagee shall acquire and accept the Premises subject to this Lease and such purchaser or mortgagee acknowledges in writing the privity of contract between it, as Landlord, and Tenant.

(c) **Estoppel Certificate.** In the event of any sale or exchange of Landlord's interest in the Premises by Landlord and assignment by Landlord of this Lease, Landlord shall be freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the Premises or this Lease occurring after the consummation of such sale or exchange and assignment, provided any such successor shall expressly in writing assume all obligations of Landlord thereafter accruing. Landlord understands and agrees that it is a material consideration to the execution and the performance of this Lease by Tenant that Landlord require any purchaser or transferee of Landlord's interest in the Premises and any assignee of Landlord's interest in this Lease to assume all of Landlord's obligations under this Lease and that said purchaser, transferee or assignee in fact so assumes said obligations. Tenant shall at any time and from time to time

within thirty (30) days of Tenant's receipt of Notice from Landlord execute, acknowledge and deliver to Landlord and to such other addressees as Landlord may designate, a certificate in the form of **Exhibit "F"** or in such other form and substance satisfactory to Landlord and Tenant which certifies such matters as may be reasonably requested by Landlord and indicates thereon any exceptions thereto which may exist at that time. For a fee of Seven Hundred Fifty Dollars (\$750.00), Tenant will expedite its delivery of the certificate.

(d) **Further Instruments.** Provided the same are reasonably acceptable to Landlord and Tenant, the party so requested shall, whenever and as often as it shall be required so to do by the other party and in accordance with this Lease, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all further instruments and documents as may be reasonably required in order to complete any and all transactions or to accomplish any and all matters and things as provided in this Lease; provided that the same shall not increase either Landlord's or Tenant's obligations nor decrease Tenant's or Landlord's rights under this Lease.

21. **WAIVER OF LANDLORD'S LIEN.** If Tenant is not in default herein, and except as provided herein to the contrary, within thirty (30) days of Tenant's written request, Landlord shall execute and deliver to Tenant any commercially reasonable document necessary to waive or subordinate any claim of right, title, lien or interest in the Tenant Improvements, personal property and Tenant's leasehold estate in the Premises. Such waiver shall be in favor of the party requiring Tenant to obtain such waiver and may require Landlord to grant to such party a license to enter the Premises in order to assemble, inventory or remove the items covered by the lien waiver, provided that such party agrees to repair any damage caused by such assembly or removal.

22. **LEASEHOLD MORTGAGE.**

22.1 **Leasehold Mortgages Authorized.** Landlord, subject to the provisions of this Lease, consents to Tenant encumbering Tenant's leasehold estate to a Leasehold Mortgagee (as hereinafter defined) under one or more Leasehold Mortgages (as hereinafter defined). This Lease may be assigned by Tenant as security for under one or more Leasehold Mortgage(s) from time to time pursuant to this Section 22. Except as specifically authorized in this Section 20 with respect to such Leasehold Mortgage(s), Tenant shall not collaterally assign, hypothecate, mortgage, or otherwise pledge the leasehold estate created hereby without Landlord's express written consent, which shall not be unreasonably withheld. If a mortgage, Tenant shall provide to Landlord the required information per Section 22.2(a) below as a precondition to its written consent.

22.2 **Notice to Landlord.**

(a) If Tenant shall mortgage Tenant's leasehold estate to a Leasehold Mortgagee under this Section 22 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 Leasehold Mortgagee, Landlord and Tenant agree that, following receipt of such notice to Landlord, the provisions of this Section 22 shall apply in respect to each such Leasehold Mortgage. In addition to the foregoing requirements, any 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 (which also requires Landlord's prior written consent, which shall not be unreasonably withheld) 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.

Landlord shall promptly, upon receipt of a communication purporting to constitute the notice provided for by Section 22.2(a) above, acknowledge by an instrument prepared and delivered by Tenant in recordable form receipt of such communication as constituting the notice provided by Section 22.2(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 22.2(a), and specify the specific basis of such rejection.

(c) After Landlord has received the notice provided for by Section 22.2(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.

(d) Tenant's default in an obligation to Leasehold Mortgagee shall be a default herein.

22.3 Definitions.

(a) The term "Leasehold Mortgage" as used in this Section 22 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.

(b) The term "Leasehold Mortgagee" as used in this Section 22 refers to the holder of a Leasehold Mortgage in respect to which the notice provided for by Section 22.2(a) has been given and received and as to which the provisions of this Section 22 are applicable.

22.4 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 22.4 shall limit or derogate from Landlord's rights to terminate this Lease in accordance with the provisions of this Section 22.

22.5 Default Notice. Landlord, upon providing Tenant any notice of: (i) default under this Lease beyond any applicable cure period, or (ii) a termination of this Lease, or (iii) demand to remedy a claimed default, 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 default 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 22.6 and 22.7 to remedy, commence remedying, or cause to be remedied the defaults 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.

22.6 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 known 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 22 shall be deemed properly addressed if sent to the Leasehold Mortgagee who served the notice referred to in Section 22.2(a) unless notice of change or mortgage ownership has been given to Landlord pursuant to Section 22.2(b).

22.7 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 22.6(a), 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, provided, however, Leasehold Mortgagee continues its best efforts to timely cure nonmonetary obligations; 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 22.7(a), this Lease shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue up to an additional six (6) months so long as such Leasehold Mortgagee continues to comply with the provisions of Section 22.7(a) above, and is enjoined or stayed and thereafter as such Leasehold Mortgagee promptly 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 22.7(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. Notwithstanding anything herein to the contrary, the total extended time in this Section 22.7 shall not exceed eighteen (18) months.

(c) If a Leasehold Mortgagee is complying with Section 22.7(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 be subject to the Landlord's prior written consent (which not be unreasonably withheld) and such party agrees in writing to assume all obligations of Tenant hereunder, subject to the provisions of this Section 22.

(d) Except as provided herein to the contrary, for the purposes of this Section 22, 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 Mortgagee, 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 22, 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, which is subject to Landlord's prior written consent, which will not be unreasonably withheld, and 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) Subject to Landlord's prior written consent, which will not be unreasonably withheld, 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 herein. Upon any sale or transfer, after the transfer is completed, Tenant is relieved from any and all obligations.

22.8 Intentionally omitted.

22.9 Intentionally Omitted.

22.10 Intentionally Omitted.

22.11 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 Mortgage.

22.12 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.

22.13 Arbitration/Legal Proceedings. Landlord shall give each known 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 22 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.

22.14 No Merger. Except as otherwise provided here, 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.

22.15 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 thirty (30) days after written request of Tenant to do so, certify by written instrument duly executed and acknowledged to any Leasehold Mortgagee or proposed Leasehold Mortgagee, 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 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.

22.16 Notices. Notices from Landlord to the Leasehold Mortgagee shall be mailed to the address furnished Landlord pursuant to Section 22.2, and those from the Leasehold Mortgagee to Landlord shall be mailed to the address designated pursuant to the provisions hereof. Such notices, demands, and requests shall be given in the manner described in Section 22 and shall in all respects be governed by the provisions herein.

22.17 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.

23. TENANT DEFAULT. Any of the following shall constitute an event of default under this Lease by Tenant ("**Event of Default**"):

(a) Tenant shall fail to pay any installment of Rent or any other charges under this Lease (excluding a good faith dispute between Landlord and Tenant regarding Additional Payments), and such failure shall continue for a period of five (5) days after payment is due; or

(b) Tenant shall fail to perform, comply with or observe any covenant, condition or agreement of this Lease other than a payment failure as provided in **Section 23(a)** above, and Tenant shall fail to cure such failure within thirty (30) days following receipt of Notice from Landlord; provided if the nature of the Event of Default is such that it cannot reasonably be cured within such thirty (30) day period, so long as Tenant has commenced the cure within such thirty (30) day period and diligently pursues the same, the cure period shall be extended for such period as may reasonably be required to cure the Event of Default.

The parties agree that any cure period set forth in this Lease shall run concurrently with any statutory cure period as provided by the applicable laws for the jurisdiction in which the Premises are located.

24. REMEDIES.

(a) **Generally.** If any Event of Default occurs, Landlord may, at its option and in addition to any and all other rights or remedies provided Landlord in this Lease or at law or equity, immediately, or at any time thereafter, and without further demand or Notice (except as provided herein):

A. Without waiving such Event of Default, apply thereto any overpayment of Rents to curing the Event of Default in lieu of refunding or crediting the same to Tenant;

B. If the Event of Default pertains to work or other obligations (other than the payment of Rents) to be performed by Tenant, without waiving such Event of Default, enter upon the Premises and perform such work or other obligation, or cause such work or other obligation to be performed, for the account of Tenant, and Tenant shall on demand

pay to Landlord the cost of performing such work or other obligation plus ten percent (10%) thereof as administrative costs; or

C. Terminate this Lease by Notice to Tenant.

(b) Fair Market. Notwithstanding any termination of this Lease or termination of Tenant's rights to possession, whether by summary proceedings or otherwise, Tenant shall pay and be liable for (on the days originally fixed herein for the payment thereof) the several installments of Rent as if this Lease had not been terminated and as if Landlord had not entered, but in the event the Premises is relet by Landlord, Tenant shall be entitled to a credit in the net sum of Rents received by Landlord in reletting after deduction of all reasonable expenses incurred in reletting the Premises, and in collecting such Rents. In the event that Landlord relets the Premises, such reletting shall be at the reasonable fair market value of the Premises.

(c) Reletting Expenses. In the event of a reletting, Landlord may apply the rent therefrom first to the payment of Landlord's reasonable expenses including but not limited to reasonable outside attorneys' fees incurred, expense of reletting, reasonable repairs, brokerage fees, commercially reasonably required renovation or alteration of the Premises, and then to the payment of Rent and all other sums due from Tenant hereunder, and Tenant shall remain liable for any deficiency.

(d) Mitigation; No Acceleration of Rent. With respect to any Event of Default by Tenant under the Lease, Landlord shall use commercially reasonable efforts to mitigate any damages caused thereby. In no event may Landlord accelerate any Rent due under this Lease, provided, however, future Rent shall presently be considered as an element of damages upon Tenant's breach.

(e) Additional Provisions. The remedies given to Landlord in this **Section 24** are not exclusive and are cumulative, and shall be in addition and supplemental to all other rights or remedies which Landlord may have under laws then in force. The waiver by Landlord of any breach of any term, covenant or condition herein contained, or Landlord's failure to exercise any remedy herein, shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained.

25. **LANDLORD DEFAULT**. Landlord shall in no event be charged with default in the performance of any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days after Notice has been given by Tenant to Landlord specifying wherein Landlord has failed to perform any such obligation; provided, so long as Landlord has commenced the cure within such thirty (30) day period and diligently pursues the same, the cure period shall be extended for such period as may reasonably be required to cure the default, up to but not exceeding, sixty (60) days following Tenant's original Notice of default. In the event of Landlord's default or breach, Tenant, at its option, without further Notice or demand, shall have the right to any one or more of the following remedies in addition to any other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including attorneys' fees) plus interest calculated at ten percent (10%) per annum from the installments of Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to pursue injunctive relief; (iv) to seek damages for loss arising from Landlord's failure to discharge its obligations under the Lease; and (v) to terminate the Lease. Tenant's right to damages, pursuant to the preceding, shall be derived from, but not limited to, any rents, issues, profits, other income and equity from Landlord's interest in the Premises.

Nothing herein contained shall relieve Landlord from its obligations hereunder, be construed to waive any claim by Tenant for damages or other relief, or obligate Tenant to perform Landlord's obligations.

26. **CONDEMNATION.** If the whole of the Property shall be taken or condemned by any competent authority for any public use or purpose under any statute or by right of eminent domain, or by a private purchase in lieu thereof under threat of such eminent domain proceedings, then in either of such events, this Lease shall expire on the date when the Property shall be so taken and the rent shall be prorated as of that date. In the event that part of the Property shall be taken or condemned and the part so taken shall include any portion of a building(s) on the Property or the part so taken shall remove or separate ten percent (10%) or more of the front footage of the Property or the part so taken shall remove or separate twenty percent (20%) of the total parking area constructed on the Property or such partial taking shall result in cutting off or severely impairing direct access from the Property to any adjoining street or highway, then, and in any such event, Tenant, at its sole option, may elect to terminate this Lease as of the date possession shall be taken by such authority. Such notice of election to terminate shall be given in writing to Landlord within ninety (90) days after official notice to Tenant of the portion to be taken. In the event Tenant shall not execute such option to terminate this Lease, or if part of the Property shall be taken or condemned under circumstances whereby Tenant does not have such option, then, and in either of such events, the rental for the balance of the term of this Lease shall be abated and adjusted in an equitable manner. Both Landlord and Tenant shall independently pursue their respective claim for condemnation damages against the condemning authority.

27. **ASSIGNMENTS OR TRANSFER.** Tenant shall have the right to sublease the Premises or assign the Lease with the prior written consent of Landlord, which shall not be unreasonably withheld. Without limiting the foregoing, Tenant may have the right to assign, sublet or transfer any or all of its rights and privileges under the Lease and/or the Premises with Notice to or the prior written consent of Landlord, which shall not be unreasonably withheld, to (a) any corporation, limited liability company or partnership that owns or controls, is owned or controlled by, or is in common ownership or control with, Tenant, Tenant's parent company or any subsidiary thereof (each, a "**Corporate Affiliate**"); (b) any franchisee/licensee of Tenant or a franchisee/licensee of a Corporate Affiliate; (c) any corporation or other business entity as a result of merger, consolidation or other corporate reorganization with Tenant or a Corporate Affiliate; or (d) any corporation or other business entity which acquires all or substantially all of the assets of Tenant's freestanding locations provided Tenant remains liable under the terms of this Lease. No assignment, sublease or transfer shall operate to relieve Tenant of its obligations under the Lease, including the payment of Rent. Landlord shall not be entitled to all or any portion of the consideration Tenant may receive with respect to any assignment or subletting permitted herein. Notwithstanding the foregoing, none of the following shall constitute an assignment of the Lease or a subletting of the Premises requiring Notice to Landlord or Landlord's consent: (x) the transfer of shares of stock of Tenant among the members of the immediate family of any shareholder, to a living trust for estate planning purposes or by will or intestacy, or to existing shareholders of Tenant or to Tenant; (y) the sale, issuance or transfer of the stock of Tenant pursuant to a public offering or the public trading of Tenant's stock; or (z) a hypothecation of shares of Tenant's stock unless and until the person to whom said shares have been hypothecated either (1) obtains the right to vote said shares for directors of Tenant prior to any foreclosure of its security interest in said shares, or (2) acquires all right, title and interest of the hypothecator in said shares. In the event that any sublessee or assignee to whom this Lease has been assigned or to whom the Premises has been sublet defaults in the performance of its obligations under this Lease, then

Tenant shall have the right, without the consent of Landlord, to re-enter the Premises and continue the operation of the business permitted in the Premises, provided that Tenant first cures any and all defaults of said sublessee or assignee under this Lease in accordance with the terms of this Lease. Landlord's consent to a sublease or an assignment shall not discharge Tenant, who will remain obligated under the terms of this Lease.

28. **ENVIRONMENTAL MATTERS.** Tenant shall not cause or permit to occur the use, generation, manufacture, release, discharge, storage, disposal or transportation of any hazardous Materials on, under, in, above, to or from the Premises other than as may be required as a normal activity arising from Tenant's Permitted Use of the Premises or construction of the Tenant Improvements (or as specifically disclosed in writing by Tenant to Landlord), and in strict compliance with all applicable federal, state, and local laws, regulations and orders. For purposes of this Lease, "**Hazardous Materials**" shall refer to any substances, materials and wastes that are regulated as hazardous or toxic substances under any applicable local, state or federal law, regulation, or order including, without limitation, flammable, explosive or radioactive materials, asbestos, polychlorinated biphenyls (PCBs), mold, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products or fractions thereof. Tenant shall indemnify, defend and hold Landlord harmless from and against any loss, cost, expense, claim, fines, suits, demands or liability arising out of any investigation, monitoring, clean-up, containment, removal, storage or restoration work (collectively, "**Remedial Work**") (including reasonable attorneys' fees) necessarily incurred by Landlord arising out of a default of the obligations of Tenant set forth above. In the event any such Tenant-caused Remedial Work is so required under any applicable federal, state or local law, Tenant shall perform or cause to be performed the Remedial Work in compliance with such law, regulation or order. All Remedial Work shall be performed by one or more contractors under the supervision of a consulting engineer, each selected by Tenant and reasonably approved in advance in writing by Landlord. In the event Tenant shall fail to prosecute diligently the Remedial Work arising out of its default of the obligations set forth above to completion, Landlord may, but shall not be required to, cause the Remedial Work to be performed.

Landlord warrants and covenants that neither it nor its agents, employees or contractors have caused or will cause or permit the presence, use, generation, manufacture, release, discharge, storage, disposal or transport of any Hazardous Materials on, under, in, above, to or from the Premises. Landlord shall indemnify, defend, protect and hold Tenant harmless from and against any loss, cost, expense, claim, fines, suits, demands or liability arising out of any Remedial Work (including reasonable attorneys' fees for Tenant's counsel of choice) necessarily incurred by Tenant in connection with the presence, use, generation, manufacture, release, discharge, migration, storage, disposal or transportation of any Hazardous Materials on, under, in, about, above, to or from the Premises either (i) existing prior to the Delivery Date or (ii) not due to Tenant's acts or omissions. Notwithstanding any provision to the contrary in this Lease, in the event any Remedial Work is performed as a result of Hazardous Materials either (i) existing on the Premises prior to the delivery of the Premises to Tenant as provided herein or (ii) caused by Landlord or its agents, employees or contractors, Rent shall be proportionally abated for the period during which such Remedial Work becomes required until the date such Remedial Work is completed and the reasonable time, if any, thereafter it takes Tenant to reopen for Tenant's Permitted Use. In addition, if such Remedial Work is not completed within one hundred eighty (180) days after the date such Remedial Work becomes required, Tenant may, upon Notice to Landlord, terminate this Lease and Landlord shall reimburse Tenant for the Unamortized Cost of Tenant Improvements within thirty (30) days of invoicing for same by Tenant.

29. **NOTICES.** All notices required or permitted hereunder shall be in writing and shall be deemed to be delivered when actually received if personally delivered or if sent by registered e-mail service such as R-Post, or within forty-eight (48) hours after deposit with a nationally recognized courier or delivery service, or within three (3) days after deposit in the United States Mail, postage prepaid, registered or certified mail, return receipt requested ("**Notice**"), addressed to Landlord or Tenant, to their respective Notice addresses as set forth in the Basic Lease Provisions. Either party hereto may change the address for Notice specified above by giving the other party five (5) business days advance Notice of such change of address.

30. **MISCELLANEOUS.**

(a) **Entire Agreement.** The Lease contains the entire agreement between the parties, and this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, agreements and understandings, if any, between the parties with respect to the subject matter hereto. No rights are conferred upon Landlord or Tenant until both parties have executed the Lease.

(b) **Interpretation; Headings.** All terms and words used in the Lease, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of the Lease or any portion of the Lease may require, the same as if such words had been fully and properly written in the number and gender. The headings to the sections of the Lease are inserted only as a matter of convenience and for reference, and in no way confine, limit or proscribe the scope or intent of any section of the Lease, nor in any way affect the Lease.

(c) **Counterparts.** The Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed original, but such counterparts together shall constitute but one and the same instrument.

(d) **No Joint Venture; No Partnership.** Landlord and Tenant are not and shall not be considered joint venturers or partners and neither shall have power to bind or obligate the other.

(e) **Holdover Rent.** In the event Tenant, or any party under Tenant, continues to occupy the Premises after the expiration of the Term, and Landlord elects to accept Rent thereafter, a tenancy from month-to-month only shall be created. Tenant shall reimburse Landlord for, and indemnify, defend and hold Landlord harmless against, any and all damages incurred by Landlord as a result of any non-consented delay by Tenant in vacating the Premises upon the expiration or earlier termination of the Lease. Base Rent during any holdover period shall be increased to an amount which is one hundred twenty-five percent (125%) of the Base Rent in effect on the expiration or termination of the Lease; provided, however, if Landlord and Tenant are engaged in diligent, good faith negotiations to renew the Lease, Base Rent shall not increase. This **Section 30(e)** shall not be construed as Landlord's consent for Tenant to holdover or extend the Lease except pursuant to an Option.

(f) **Severability.** If any provision of the Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of the Lease, or the application of such term or provision to persons whose circumstances are other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

(g) Modification; Amendment. No modification, alteration or amendment of the Lease shall be binding unless in writing and executed by the parties.

(h) Successors and Assigns. Subject to the provisions of **Section 27**, and elsewhere, the Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

(i) Dates and Times; Force Majeure. Reference to days in this Lease means consecutive calendar days including weekends and holidays. In the event any time period provided for in this Lease expires on a weekend or legal holiday (being defined as any holiday recognized by the United States Postal Service), the time period shall be automatically extended to the next business day. Unless otherwise specified herein, any period less than five (5) days will be considered business days. Any prevention, delay or stoppage due to strike, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, failure of power, governmental restrictions, governmental approvals, judicial orders, riots, insurrection, enemy or hostile governmental action, terrorism, civil commotion, fire or other casualty, and other reason of a similar or dissimilar nature beyond the reasonable control of the party obligated to perform ("**Force Majeure**"), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage and the period for the performance of any act shall be extended for the period of the delay. Force Majeure shall excuse the performance by that party for a period equal to the prevention, delay or stoppage; provided the party prevented, delayed or stopped shall have given the other party written notice thereof within ten (10) days of such event causing the prevention, delay or stoppage, together with a reasonable estimate of the time period of such delay. The provisions of this **Section 30(i)** shall not, at the option of the affected party, operate to extend the Term. The Rent Commencement Date shall be subject to the provisions of this **Section 30(i)**. Delays or failure to perform resulting from lack of funds or financial inability shall not be deemed delays beyond the reasonable control of a party. No extension of time for or excuse for a delay in the delivery of the Premises by Landlord to Tenant will be granted for rain, snow, wind, cold temperatures, flood or other natural phenomena of normal intensity for the locality where the Premises are located. Otherwise, TIME IS OF THE ESSENCE OF THIS LEASE AND EACH AND EVERY PROVISION HEREOF.

(j) Attorneys' Fees. Should either party commence any legal proceeding to enforce any provision of this Lease, the prevailing party shall be entitled to recover from the other its costs and expenses, including reasonable attorneys' fees.

(k) Self-Help. Without limiting the generality of any other provisions of this Lease, Tenant shall have the right, but not the obligation, to self-help in the event that Landlord's breach or failure causes an emergency, health or safety situation, or a common area maintenance problem, and such breach or failure is not cured within twenty-four (24) hours following Notice from Tenant specifying such breach or failure (or, if such breach or failure shall reasonably take more than twenty-four (24) hours to cure, Landlord shall have failed to commence to cure the same within the twenty-four (24) hour period and thereafter diligently prosecuted the same to completion). Tenant's remedies for any Landlord breach or failure to perform as stated herein shall include, at Tenant's option, in addition to any and all other rights and remedies of Tenant under this Lease or at law or in equity and without waiving any claim for damages or other relief, the right to make any payment or perform any obligation of Landlord which underlies Landlord's default or breach for and on behalf of the account of Landlord. Any amount paid or cost or liability incurred by Tenant in so doing, together with interest at the lesser of (i) ten percent (10%) per annum or (ii) the highest allowable interest in the state where the Premises is located, shall be

reimbursed to Tenant within ten (10) days after demand by Tenant and Landlord shall save Tenant harmless therefrom. In the event that Landlord does not reimburse Tenant within ten (10) days as provided herein, Tenant may deduct the same plus accrued interest from Rent next coming due until such amount is fully recouped.

(l) Transfer of Landlord's Interest. Landlord shall promptly notify Tenant in writing of any change in the ownership of the Premises by (i) giving the name and address of the new owner and instructions regarding the payment of Rent and (ii) a reconciliation of the Additional Rent up to the effective date of the transfer. Notwithstanding any provision to the contrary in this Lease, in the event of any change in or transfer of Landlord's title in and to the Premises, or any part thereof (whether voluntary or involuntary, by act of Landlord, or by operation of law), Tenant shall not be deemed delinquent in the payment of Rent or other charges thereafter accruing until Tenant shall have been notified in writing of such change in title and shall have received the reconciliation statement as provided in (ii) above; provided, in no event shall Tenant be relieved of its obligation to pay Rent and such other charges in accordance with this Lease. If Landlord transfers the Premises by sale or exchange, such sale or exchange shall be made expressly subject to this Lease. Upon such transfer, the transferring Landlord shall be released by Tenant from all liabilities, obligations and responsibilities as Landlord hereunder which accrue after the date of transfer. Upon request by the successor Landlord, Tenant shall attorn to the successor landlord if the successor agrees in writing that Tenant's rights under this Lease shall be recognized and not disturbed so long as Tenant is not in default. Any additional costs incurred or work required as the result of the transfer, subdivision or replatting of the Premises or the parcel of land containing the Premises, including, but not limited to, the cost of installing additional utility lines or meters serving the Premises, shall be Landlord's responsibility.

(m) Confidentiality. Subject to Washington state law, which includes public disclosure laws, the parties shall maintain all Confidential Information in confidence and shall not disclose such information to any other party without written consent. "**Confidential Information**" includes the terms of this Lease and any and all other information, whether oral or written, communicated by either party relating to the proposed development of the Premises, including without limitation, financial information, plans, specifications, site plans or drawings (regardless of whether such information is labeled "confidential"). Confidential Information may be released only (i) to such employees, partners, consultants, attorneys and lenders who have a reasonable need for such Confidential Information, provided that such persons agree to maintain the confidential nature of such information, (ii) as compelled by law, (iii) as such information becomes public knowledge, or (iv) upon the date this Lease expires or is terminated.

(n) Consents. Unless otherwise specified herein, whenever a party is asked to provide consent under this Lease, such party shall not unreasonably withhold, condition or delay giving the consent requested. In the event of failure to give any such consent, the party seeking it shall be entitled to specific performance at law and shall have such other remedies as are reserved to it under this Lease or at law or equity. Furthermore, whenever this Lease grants a party the right to take action, exercise discretion, establish rules and regulations, or make allocations or other determinations, such party shall act reasonably and in good faith.

(o) Applicable Law. The laws of the state in which the Premises is located shall govern the validity, performance and enforcement of this Lease. This Lease shall not be construed either for or against Landlord or Tenant, but this Lease shall be interpreted in accordance with the general tenor of the language in an effort to reach an equitable result. If either party institutes legal suit or action for enforcement of any obligation contained herein, it is agreed that the venue

of such suit or action shall be the county in which the Premises is located or the Court having jurisdiction over such county.

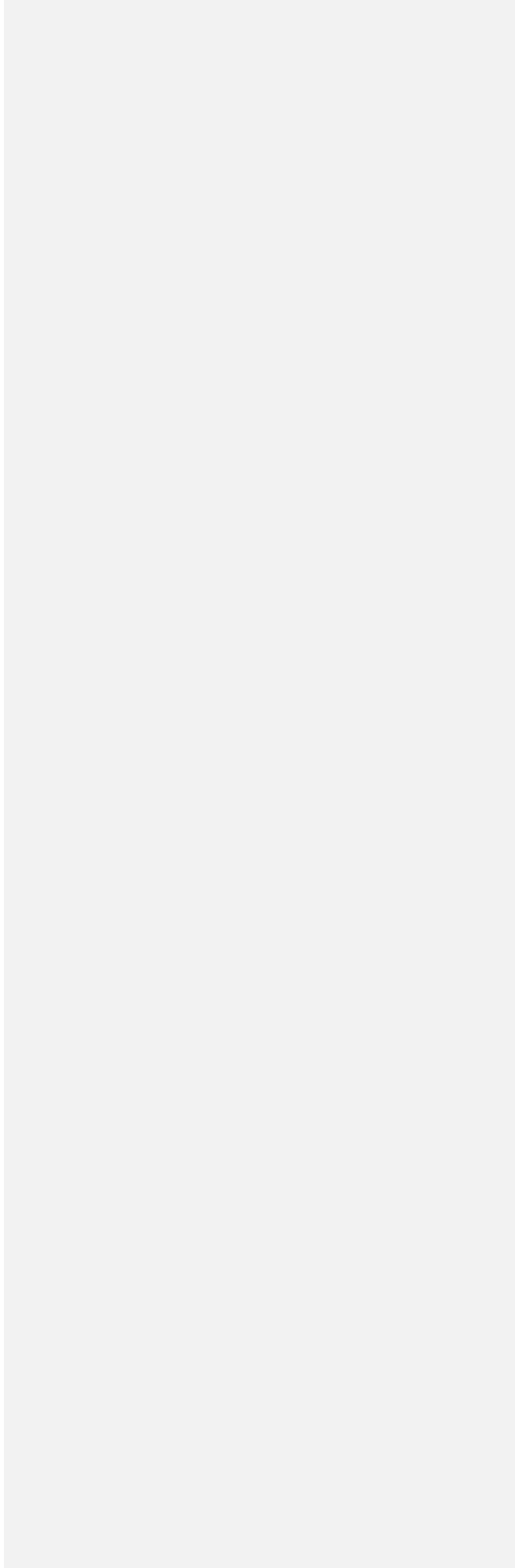
(p) Payment and Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other, or as to any work to be performed by either of them under this Lease, then the party against whom the obligation to pay the money or to perform the work is asserted shall have the right to make payment or to perform the work "under protest" and such payment shall not be regarded as a voluntary payment or performance, and such party shall thereafter have the right to institute suit for the recovery of such sum or for the recovery of the costs of such work. If it shall be adjudged or determined that there was no legal obligation to pay such sum or perform such work or any part thereof, then the party paying such sum or performing such work shall be entitled to recover from the other party such sum or the costs of such work or so much thereof as it was not required to pay or perform.

(q) Mitigation. With respect to any defaults by a party under this Lease, the other party shall use commercially reasonable efforts to mitigate any damages caused thereby.

(r) Waiver of Jury Trial. Each party with knowledge of its rights, voluntarily waives all rights to trial by jury in all proceedings for which a trial by jury would otherwise be available or required and which involve any matter arising out of or connected with rights or duties under, or enforcement, or interpretation of, this Lease.

31. RIGHT OF FIRST REFUSAL. If Landlord receives a bona fide offer from a third party ("**Offer**") at any time during the Term for the acquisition of fee simple title to all of Landlord's interest in the Premises or the larger parcel of which the Premises is a part ("**Right of First Refusal Property**") and Landlord wishes to accept the Offer, Landlord shall, subject to the limitations provided hereinafter, give Tenant Notice thereof ("**Right of First Refusal Notice**"). The Right of First Refusal Notice shall include the acquisition price, all other consideration to be paid, and all other material terms of the Offer. Subject to the limitations set forth hereinafter, Tenant shall, for a period of forty-five (45) days from the date of its receipt of the Right of First Refusal Notice, have the right ("**Right of First Refusal**") to acquire the Right of First Refusal Property on the same terms and conditions as set forth in the Offer. If the Tenant elects to acquire the Right of First Refusal Property by exercising its rights provided in this **Section 31**, it shall so notify Landlord within the above stated forty-five (45) day period. If Tenant does not respond to Landlord in writing within such forty-five (45) day period, Tenant shall be deemed to have relinquished its Right of First Refusal to acquire the Right of First Refusal Property pursuant to such Offer. If Tenant fails to exercise its right to acquire the Right of First Refusal Property within the time period required hereunder, Landlord shall be free to accept such Offer and transfer the Right of First Refusal Property to the party making such Offer, in accordance with the terms specified in the Offer. If Tenant exercises its Right of First Refusal, Landlord's and Tenant's rights and obligations for the Right of First Refusal Property shall be upon the same terms and conditions as set forth in the Offer as to be embodied in a written agreement prepared by Landlord and setting forth all of the provisions of such acquisition in accordance with such Offer, which agreement Landlord and Tenant shall execute and deliver, each to the other, with commercially reasonable efforts promptly after Tenant's exercise of its Right of First Refusal. Notwithstanding any provision to the contrary in this Lease, the Right of First Refusal shall not apply to any of the following transfers: (i) transfer from Landlord to an entity in which any of the members of Landlord are a principal, (ii) transfer under any will or applicable law of descent, or (ii) transfers to family members or entities of family members of Landlord.

[SIGNATURES ON THE FOLLOWING PAGE]



IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease to be effective as of the Effective Date.

Witnesses:

Printed Name: _____

Printed Name: _____

Witnesses:

Printed Name: _____

Printed Name: _____

LANDLORD:

CITY OF CHEHALIS,
a municipal corporation

By: _____

Printed Name: _____

Title: _____

TENANT:

PANDA EXPRESS, INC.,
a California corporation

By: _____

Printed Name: _____

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PREMISES

Tract 18-A of City of Chehalis Short Plat No. SP-22-004, as recorded November 28, 2022 under Auditor's File No. 3586738 being a portion of the Southeast quarter of Section 19, Township 14 North, Range 2 West, W.M., In Lewis County, Washington

EXHIBIT "B"

IMPROVEMENTS CONSTRUCTED BY TENANT

1 Construction. Tenant intends during the Term of this Lease, and, subject to the approvals, is authorized by Landlord, to construct and renovate Improvements on the Property consisting of a food establishment and related and ancillary uses. 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, so long as such changes and alterations are in compliance with the then-applicable building and design codes. In addition, such initial construction of the Project shall further be subject to the following:

a. The plans or specifications including amendments of such plans or specifications, shall be submitted to Landlord for its approval, which approval shall not be unreasonably withheld, delayed or conditioned, 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.

c. If required by applicable law,(but not by Landlord), Tenant shall provide Landlord, at Tenant's expense, with a performance and payment bond, pursuant to Section 16.3 below, in an amount not less than the projected cost of such construction. No construction shall be undertaken until Tenant shall have procured and paid for all required permits, licenses, and authorizations. All construction 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.

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, 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 real property, 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. Notwithstanding Subsection 16.7 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 16.2 to remove from the Property 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 stored at Tenant's expense.

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

c. **Signage.** Tenant may install signage on the Property and on any pylon, in a form acceptable to Tenant, subject to restriction of record and Federal Aviation Administration (FAA) requirements.

3 Mechanics and Labor Liens. 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 the date of filing thereof; unless Tenant, in good faith, disputes the validity or amount of any such claim of lien. Tenant shall not be deemed to be in breach of this Subsection 16.3, 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.

4 Development Rights. Tenant shall not undertake any initial development of the Property other than to construct the Project as approved by Landlord in accordance with Subsection 16.1 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 proposed or pending governmental action of which Tenant becomes aware which 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 with FAA requirements for setback and height restrictions in addition to FAA requirements described in Exhibit "G", by this reference incorporated herein.

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 or relating to construction of the Project or repairs made at any time to the Project (including repairs, restoration, and rebuilding).

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, directions and regulations of all governmental agencies and representatives of such agencies having jurisdiction.

7 Ownership of Improvements. During the Term of this Lease, all improvements on the Property, including, without limitation, the Project and all additions, alterations, and improvements thereto or replacements thereof and all appurtenant fixtures, shall be the sole property of Tenant. At the expiration or earlier termination of this Lease, the Project and all improvements, additions, alterations, and improvements thereon and thereto or replacements thereof, and all appurtenant fixtures, shall then become the property of Landlord.

8 Control and Indemnification. During the Term of this Lease, Tenant shall have exclusive control and possession of the Property, and Landlord shall have no liabilities, obligations or responsibilities whatsoever with respect thereto 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.

19 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 16.6 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.

EXHIBIT "C"
MEMORANDUM OF LEASE

Intentionally Deleted

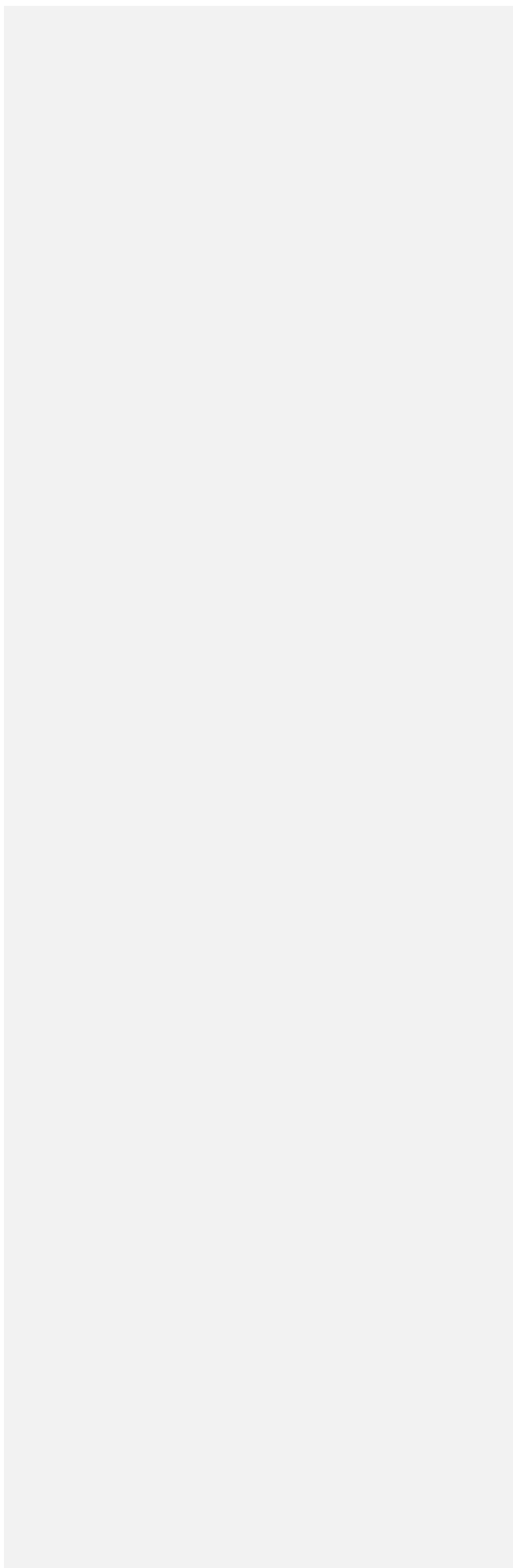


EXHIBIT "D"

TENANT'S SIGNAGE

[Attached immediately following this Exhibit cover page]

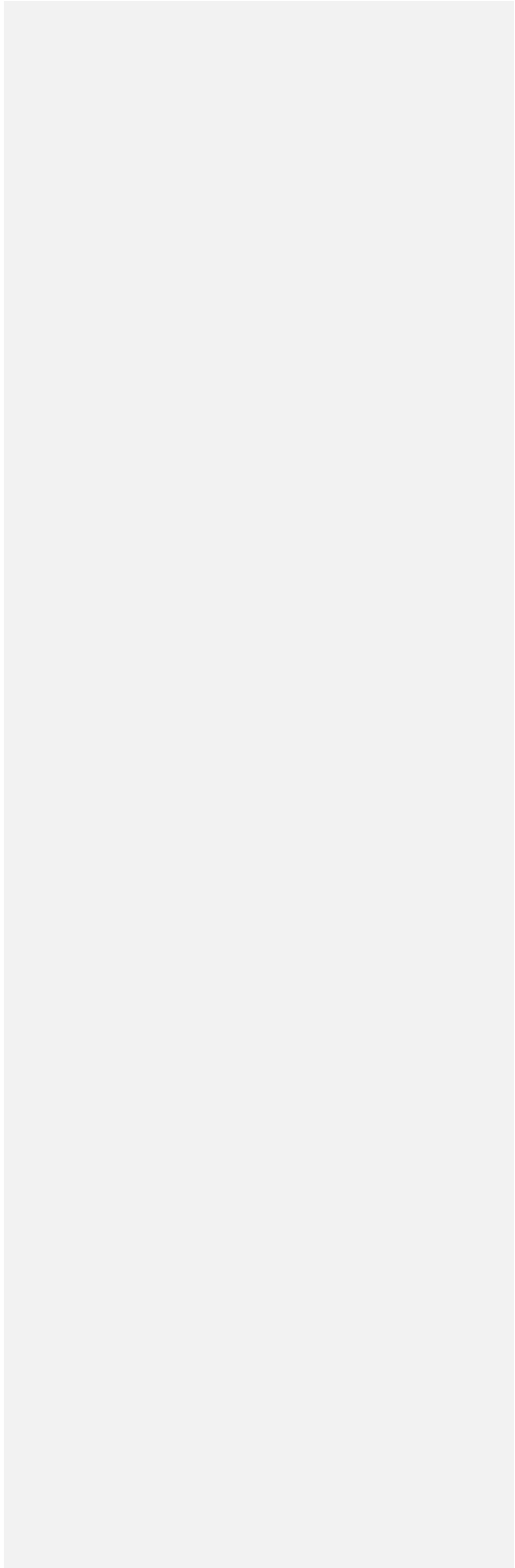


EXHIBIT "E"

SUBORDINATION, NONDISTURBANCE AND ATTORNMENMENT AGREEMENT

[Attached immediately following this Exhibit cover page]

WHEN RECORDED, RETURN TO:

Panda Restaurant Group, Inc.
Real Estate Legal Department
1683 Walnut Grove Avenue
Rosemead, CA 91770
Attn: _____

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (the "Agreement") is made as of the ____ day _____, 2022, by and between _____ ("Lender") and Panda Express, Inc., a California corporation ("Tenant").

RECITALS:

A. Tenant is the holder of a leasehold estate in a portion of the property known as _____, as more particularly described on **Exhibit "A"** (the "Premises") under and pursuant to the provisions of that certain lease dated _____, by and between Tenant or its predecessors in interest and _____, a _____ ("Landlord") or its predecessors in interest (such lease, as amended through the date hereof, the "Lease");

B. The Premises is or is to be encumbered by one or more mortgages, deeds of trust, deeds to secure debt or similar security agreements (collectively, the "Security Instrument") from Landlord, or its successor in interest, in favor of Lender; and

C. Tenant has agreed to subordinate the Lease to the Security Instrument and to the lien thereof and Lender has agreed to grant non-disturbance to Tenant under the Lease on the terms and conditions hereinafter set forth.

AGREEMENT:

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Subordination. The Lease shall be subject and subordinate in all respects to the lien and terms of the Security Instrument, to any and all advances to be made thereunder and to all renewals, modifications, consolidations, replacements and extensions thereof.

2. Non-disturbance. So long as Tenant pays all rents and other charges as specified in the Lease and is not otherwise in default (beyond applicable notice and cure periods) of any of its obligations and covenants pursuant to the Lease, Lender agrees for itself and its successors in interest and for any other person acquiring title to the Premises (an "Acquiring Party"), that Tenant's possession of the Premises as described in the Lease will not be disturbed during the term of the Lease, as said term may be extended pursuant to the terms of the Lease or as said Premises may be expanded as specified in the Lease, by reason of a foreclosure. For purposes of this agreement, a "foreclosure" shall include (but not be limited to) a sheriff's or trustee's sale under the power of sale contained in the Security Instrument, the termination of any superior lease of the Premises, and any other transfer of Landlord's interest in the Premises under peril of

foreclosure, including, without limitation to the generality of the foregoing, an assignment or sale in lieu of foreclosure. Lender (and any Acquiring Party) and Tenant shall be bound each to the other under all of the terms, covenants and conditions of the Lease for the balance of the term of the Lease, with the same force and effect as if they were the original landlord and tenant, respectively, under the Lease. Should the Lender or any Acquiring Party fail or refuse to recognize and assume the Lease and recognize the rights of Tenant under the Lease and agree not to disturb Tenant, this Lease shall be deemed prior and superior to the lien and terms of the Security Instrument.

3. Attornment. Tenant agrees to attorn to, accept and recognize any Acquiring Party as the landlord under the Lease pursuant to the provisions expressly set forth therein for the then remaining balance of the term of the Lease, and any extensions thereof as made pursuant to the Lease. The foregoing provision shall be self-operative and shall not require the execution of any further instrument or agreement by Tenant as a condition to its effectiveness. Tenant agrees, however, to execute and deliver, at any time and from time to time, upon the request of the Lender or any Acquiring Party any reasonable instrument which may be necessary or appropriate to evidence such attornment.

4. No Liability. Notwithstanding any provision to the contrary in this Lease, it is specifically understood and agreed that neither the Lender, any receiver nor any Acquiring Party shall be:

(a) liable for any act, omission, negligence or default of any prior landlord (other than to cure defaults of a continuing nature); provided, however, that any Acquiring Party shall be liable and responsible for the performance of all covenants and obligations of Landlord under the Lease which they expressly assume in writing or which accrue from and after the date that it takes title to the Premises;

(b) except as set forth in (a) above, liable for any failure of any prior landlord to construct any improvements;

(c) subject to any offsets, credits, claims or defenses which Tenant might have against any prior landlord (excluding any overpayment of prepaid Additional Rent);

(d) bound by any rent or additional rent which is payable on a monthly basis and which Tenant might have paid for more than one (1) month in advance to any prior landlord, unless such prepayment is required by the terms of the Lease;

(e) be liable to Tenant hereunder or under the terms of the Lease beyond its interest in the Shopping Center and the issues therefrom; or

(f) liable or responsible for or with respect to the retention, application and or/return to Tenant of any security deposit paid to Landlord or any prior landlord, unless and until Lender or such Acquiring Party has actually received for its own account as landlord the full amount of such security deposit or has expressly assumed the obligation therefor in writing.

Notwithstanding the foregoing, Tenant reserves its rights to any and all claims or causes of action against such prior landlord for prior losses or damages and against the successor landlord for all losses or damages arising from and after the date that such successor landlord takes title to the Premises.

5. Rent. Tenant has notice that the Lease and the rents and all other sums due thereunder have been assigned to Lender as security for the loan secured by the Security Instrument. In the event Lender notifies Tenant of the occurrence of a default under the Security Instrument and demands that Tenant pay its rents and all other sums due or to become due under the Lease directly to Lender, Tenant shall honor such demand and pay its rent and all other sums due under the Lease directly to Lender or as otherwise authorized in writing by Lender. Landlord hereby irrevocably authorizes Tenant to make the foregoing payments to Lender upon such notice and demand.

6. Lender to Receive Notices. Tenant shall simultaneously notify Lender of any default by Landlord under the Lease which would entitle Tenant to cancel the Lease, and agrees that Lender shall have the same time period to cure any such default as is provided to Landlord in the Lease.

7. Notices. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person with receipt acknowledged by the recipient thereof, (ii) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed to the receiving party at its address set forth above, and:

If to Tenant: Panda Express, Inc.
Attn: Real Estate Legal Department
1683 Walnut Grove Avenue
Rosemead, California 91770

If to Lender:

Attention:

or addressed as such party may from time to time designate by written notice to the other parties. For purposes of this **Section 7**, the term "Business Day" shall mean any day other than Saturday, Sunday or any other day on which banks are required or authorized to close in _____.

8. Successors. The obligations and rights of the parties pursuant to this Agreement shall bind and inure to the benefit of the successors, assigns, heirs and legal representatives of the respective parties. In addition, Tenant acknowledges that all references herein to Landlord shall mean the owner of Landlord's interest in the Lease, even if said owner shall be different than the Landlord named in the recitals herein.

9. Duplicate Originals; Counterparts. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. Landlord or Lender must return a fully-executed original of this Agreement to Tenant within ninety (90) days from the date Tenant has executed the same, and if Landlord and Lender fail to return a fully-executed original of this Agreement to Tenant within such ninety (90) day period, Tenant, at its option, may deem this Agreement lapsed and terminated. This Agreement may be

executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Agreement.

IN WITNESS WHEREOF, Lender and Tenant have duly executed this Agreement as of the date first above written.

LENDER:

_____, a _____ corporation

By: _____
Name: _____
Title: _____

TENANT:

PANDA EXPRESS, INC., a California corporation

By: _____
Name: _____
Title: _____

The undersigned as the Landlord named in the recitals herein or as successor thereto hereby accepts and agrees to be bound by the provisions of this Agreement.

LANDLORD:

_____, a _____

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)
COUNTY OF _____) ss.

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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 signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under the PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my name and official seal.

Notary Public in and for the
State of _____
My commission expires: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)
COUNTY OF _____) ss.

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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 signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under the PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my name and official seal.

Notary Public in and for the
State of _____
My commission expires: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)
COUNTY OF _____) ss.

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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 signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under the PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my name and official seal.

Notary Public in and for the
State of _____
My commission expires: _____

EXHIBIT "F"

TENANT'S CERTIFICATE

(Addressee)

Ladies and Gentlemen:

It is the understanding of the undersigned that you have committed to loan or invest a substantial sum of money in reliance upon this certification by the undersigned, or that you intend to take some other action in reliance upon this certification. The undersigned, as "Tenant" under that certain Lease (the "Lease"), dated _____, 20____ made and entered into between _____ ("Landlord"), and the undersigned, hereby certifies that:

(1) Check (a) or (b):

(a) The Premises has been delivered pursuant to **Exhibit "A"** of the Lease and the undersigned has accepted possession and entered into occupancy of the same, or

(b) The Premises will be delivered on _____ and the undersigned will accept possession and enter into occupancy thereof on such date;

(2) The Floor Area in the Premises is _____ square feet;

(3) The Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as set forth in Schedule 1 hereto;

(4) The Lease represents the entire agreement between the parties as to such leasing;

(5) Tenant opened for business on _____;

(6) The Rent Commencement Date of the Lease is _____;

(7) The expiration date of the Lease is _____;

(8) To Tenant's knowledge, all conditions of the Lease to be performed by Landlord and necessary to the enforceability of the Lease have been satisfied, except as set forth in Schedule 1 hereto;

(9) To Tenant's knowledge, there are no defaults by either Landlord or Tenant under the Lease, or failures to perform under the Lease by either Landlord or Tenant;

(10) Rent has been paid through the month of _____, and no Rent has been prepaid, other than as provided in this Lease; and

(11) To Tenant's knowledge, on this date there are no existing defenses or offsets which the undersigned has against the enforcement of the Lease by Landlord.

All capitalized terms used herein which are defined in the Lease shall have the same meaning when used herein.

EXECUTED this _____ day of _____, 20 ____

TENANT:

By: _____

Title: _____

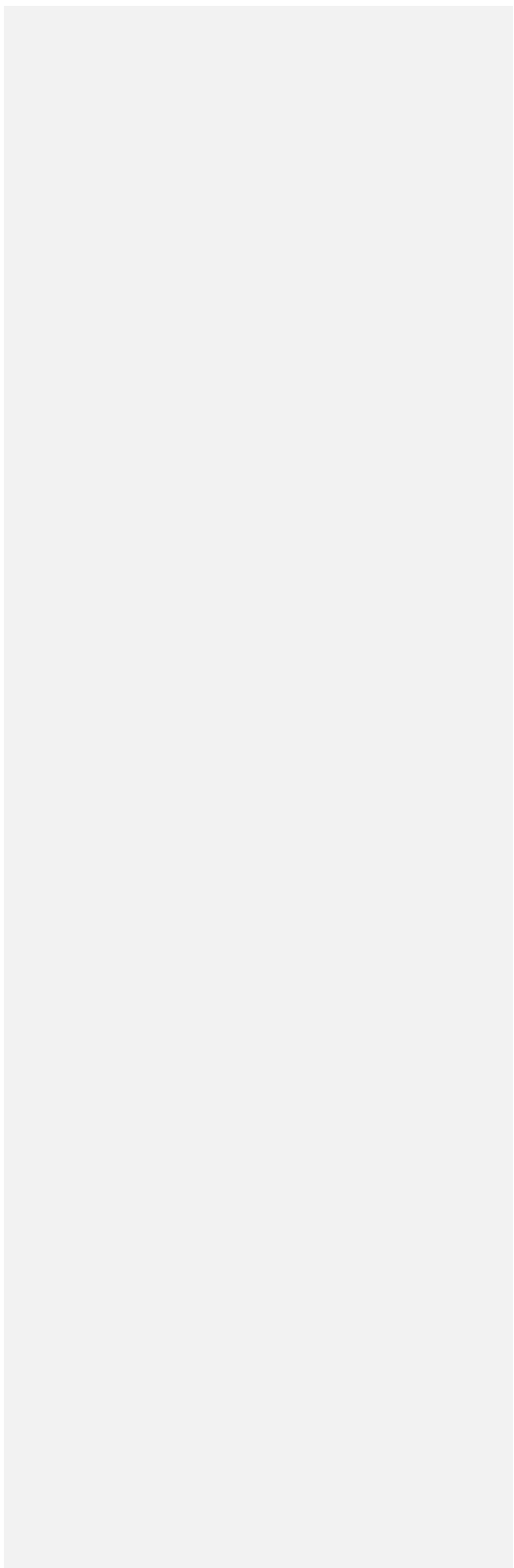


EXHIBIT "G"

Commented [PA4]: NOTE: Reconcile with first draft of ground lease.

DETERMINATION OF FAIR MARKET RENT AND ESCALATION

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 the fair market value for vacant unimproved land exclusive of all improvements made to the Property (including fill) 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 the rent payable prior to an Appraisal Date. The cost of a third appraiser shall be borne equally by the two parties.

Escalation of Rent After Appraisal. The Rent shall, commencing on the tenth (10th) anniversary of the Effective Date hereof, and again on the fifteenth (15th) anniversary of the Effective Date hereof, be increased by seven and a half percent (10%) of the Rent then in effect. Then, after the Rent is determined by appraisal pursuant to the procedures set forth in Section above, on the twentieth (20th) anniversary of the Effective Date hereof, and on the twenty fifth (25th) anniversary of the Effective Date hereof, and on the thirtieth (30th) anniversary of the Effective Date hereof, and on the thirty fifth (35th) 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 above on the fortieth (40th) anniversary of the Effective Date, on the on the forty fifth (45th) anniversary of the Effective Date hereof, and on the fiftieth (50th) anniversary of the Effective Date hereof, and again on the fifty fifth (55) 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 above on the sixtieth (60th) anniversary of the Effective Date, on the on the sixty fifth (65th) anniversary of the Effective Date hereof be increased ten percent (10%) of the Rent then in effect.

Commented [EH5]: This section does not necessarily jive with the escalation of rent contemplated in Section 14 of Base Rent. We need to determine agreed terms.

EXHIBIT "H"

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; and (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.

**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: February 13, 2023

SUBJECT: **2022 Fourth Quarter Financial Status Report**

DISCUSSION

This document provides a summary review of the City’s financial activities and status for the fourth quarter 2022.

The attached financial statements includes 1) a summary of all City funds with their beginning cash balances, total revenues and transfers in, total expenditures and transfers out, changes in fund balances during the year, and estimated ending cash balances 2) Two-year comparative financial statements for the General Fund and the major enterprise funds.

The financial statements have been formatted to be consistent with the budget for ease of comparison and review of information. Comparisons and variances shown are based on straight line projections. **YTD target for December is 100% (12 of 12 months).**

CITY-WIDE ALL FUNDS COMBINED - OVERVIEW

For citywide all funds combined, year-to-date through December 31, 2022, total revenues is \$30,678,908, total expenditures is \$25,040,711, and the ending fund balance as of 12/31/2022 is \$32,347,983, which is about 17.2% or \$4,758,523 over the 2022 budget.

**City of Chehalis
Revenues, Expenditures/Expenses and Changes in Fund Balance
City-wide, All Funds Combined - Budget to Actual
For the Period Ending December 31, 2022**

| | 2022 Amended Budget | YTD Actual 12/31/2022 | 2022 Budget Balance | YTD % of Budget | YTD Variance Actual to Target Positive (Negative) |
|---|------------------------|--------------------------|------------------------|--------------------|---|
| City-Wide, All Funds Combined | | | | | |
| Revenues | \$ 30,749,041 | \$ 30,678,908 | \$ 70,133 | 99.8% | \$ (70,133) |
| Transfers In | 15,141,084 | 14,985,987 | 155,097 | 99.0% | (155,097) |
| Total Revenues & Transfers in | 45,890,125 | 45,664,895 | 225,230 | 99.5% | (225,230) |
| Expenditures | 29,869,180 | 25,040,711 | 4,828,469 | 83.8% | (4,828,469) |
| Transfers Out | 15,141,084 | 14,985,987 | 155,097 | 99.0% | (155,097) |
| Total Expenditures & Transfers Out | 45,010,264 | 40,026,698 | 4,983,566 | 88.9% | (4,983,566) |
| Excess Revenues Over Expenditures | 879,861 | 5,638,197 | | 640.8% | 4,758,336 |
| Beginning Fund Balance | 26,709,599 | 26,709,786 | | 100.0% | 187 |
| Ending Fund Balance | \$ 27,589,460 | \$ 32,347,983 | | 117.2% | \$ 4,758,523 |

Other than the General Fund, all other funds are restricted or reserved funds that are used to account for specific revenues or resources that are legally restricted or designated to finance particular activities of the City, such as transportation benefit district (TBD), lodging tax, utilities, and Airport funds.

Total revenues and transfers in through December 31, 2022, is about 0.5% or \$225,230 below the 2022 budget. While the intergovernmental revenues and interfund transfers in through December 31, 2022, were below the budget projection, all other city revenues, including tax revenues, exceeded the 2022 budget projection.

- The 2022 intergovernmental revenues includes state and federal government grants. Total grant revenue budgeted was \$5,366,163, but only \$2,997,046 was actually received in 2022. All of the grants are reimbursement basis, which means that as the eligible project costs are incurred, the City submits a payment to the grantor for a reimbursement. Overall, about 60% of the 2022 capital project budget was spent in 2022. The first 2023 budget amendment may carryover the 2022 capital budget balance. The grant funded projects includes the following:
 - General Fund – State Recreation and Conservation Office (RCO) grant of \$233,425 for the Flood Storage Master Plan project was budgeted but nothing was received in 2022.
 - TBD Fund – State Transportation Improvement Board (TIB) grant of \$3,025,000 for three transportation projects was budgeted but only \$982,622 was received in 2022.
 - Airport Fund – Federal Aviation Administration (FAA) grant of \$906,613 was budgeted but only \$804,441 was received in 2022. This grant is for the Airfield Pavement Rehabilitation project which was completed in 2022. The remaining grant balance is expected to be received in early 2023.
- The 2022 total tax revenues exceed the 2022 budget by 7.5% or \$883,992. \$611,527 (about 69%) of the total positive variance is contributed by the sales and use tax, including the transportation benefit district sales tax, which exceed the 2022 budget by 8.2%.
- Licenses and permits fee revenues exceed the 2022 budget by 21.3% or \$100,484.
- Charges for goods and services revenue exceed the 2022 budget by 8.4% or \$982,614. This category includes, but not limited to, the services provided by the municipal court, law enforcement & fire, planning and plan reviews, recreation programs, utilities, and the airport fuel sales and leases.
- Miscellaneous revenues includes facility rentals, investment interests, insurance recoveries, private donations, etc. Total miscellaneous revenues exceed the 2022 budget by \$315,763. \$290,255 of the total positive variance is contributed by the investment interest earnings.
- Total 2022 revenues, excluding interfund transfers, increased by about 13% or \$3,497,957 over 2021 revenues.

The below table provides additional information for 2022 revenues compared with the 2022 budget and with the 2021 actual revenues by major sources:

City of Chehalis
Revenues by Source - City-wide, All Funds Combined
For the Year Ending December 31, 2022

| Revenues by Source - All Funds | 2022 Amended Budget | YTD Actual 12/31/2022 | 2022 Budget Balance | Percent Received | YTD Actual 12/31/2021 | Change 2021- 2022 | % |
|---------------------------------------|------------------------|--------------------------|------------------------|---------------------|--------------------------|----------------------|--------------|
| Property Tax | \$ 2,137,200 | \$ 2,160,879 | \$ (23,679) | 101.1% | \$ 1,987,256 | \$ 173,623 | 8.7% |
| Retail Sales Tax | 6,028,900 | 6,528,513 | (499,613) | 108.3% | 6,039,307 | 489,206 | 8.1% |
| Utility Business Tax | 1,663,700 | 1,745,079 | (81,379) | 104.9% | 1,685,146 | 59,933 | 3.6% |
| Leasehold Tax | 61,800 | 53,163 | 8,637 | 86.0% | 51,379 | 1,784 | 3.5% |
| TBD Sales Tax | 1,365,100 | 1,477,014 | (111,914) | 108.2% | 1,365,827 | 111,187 | 8.1% |
| Hotel/Motel Tax | 235,000 | 320,926 | (85,926) | 136.6% | 272,466 | 48,460 | 17.8% |
| Real Estate Excise Tax | 252,400 | 342,518 | (90,118) | 135.7% | 402,817 | (60,299) | -15.0% |
| Total Tax Revenues | 11,744,100 | 12,628,092 | (883,992) | 107.5% | 11,804,198 | 823,894 | 7.0% |
| Licenses & Permits | 471,900 | 572,384 | (100,484) | 121.3% | 410,375 | 162,009 | 39.5% |
| Intergovernmental | 5,802,196 | 3,447,885 | 2,354,311 | 59.4% | 2,319,538 | 1,128,347 | 48.6% |
| Charges for Goods & Services | 11,696,998 | 12,679,639 | (982,641) | 108.4% | 11,834,668 | 844,971 | 7.1% |
| Fines and Forfeits | 192,270 | 195,836 | (3,566) | 101.9% | 105,472 | 90,364 | 85.7% |
| Miscellaneous | 416,335 | 732,098 | (315,763) | 175.8% | 235,293 | 496,805 | 211.1% |
| Non-Revenues | 194,755 | 190,140 | 4,615 | 97.6% | 238,573 | (48,433) | -20.3% |
| Other Financing Sources | 15,371,571 | 15,218,823 | 152,748 | 99.0% | 2,244,434 | 12,974,389 | 578.1% |
| Total Revenues | \$ 45,890,125 | \$ 45,664,897 | \$ 225,228 | 99.5% | \$ 29,192,551 | \$ 16,472,346 | 56.4% |
| Total excluding transfers in | \$ 30,518,554 | \$ 30,446,074 | \$ 72,480 | 99.8% | \$ 26,948,117 | \$ 3,497,957 | 13.0% |

Total expenditures and transfers out through December 31, 2022, is about 11.1% or \$4,983,566 below the 2022 budget. About 74.4% or \$3.7 million of the total variance is related to payroll and capital outlay expenditures.

- Total payroll expenditures through December 31, 2022, is about 9.8% or \$1,176,804 below the 2022 budget. Several budgeted positions were vacant a whole or a part of the year due to hiring delays and temporary vacancies from employment turn overs.
- Total capital outlay expenditures through December 31, 2022, is about 39.9% or \$2,531,738 below the 2022 budget. As mentioned earlier, the progress of the 2022 budgeted projects will be reviewed and the 2022 budget balances may be carried over to 2023 through the 2023 budget amendment process.
- Total 2022 operating and debt service expenditures increased by about 5% or \$1,002,402 when compared to 2021 expenditures.

The below table provides addition information on the 2022 expenditures compared with the 2022 budget and the 2022 actual compared with the 2021 actual by major categories:

| City-wide Expenditures by Categories | 2022 Amended Budget | YTD Actual 12/31/2022 | 2022 Budget Balance | Percent Used | YTD Actual 12/31/2021 | Change 2021-2022 | % Change |
|--------------------------------------|----------------------|-----------------------|---------------------|--------------|-----------------------|----------------------|--------------|
| Salaries (10) | \$ 8,063,210 | \$ 7,335,629 | \$ 727,581 | 91.0% | \$ 7,293,911 | \$ 41,718 | 0.6% |
| Benefits (20) | 3,892,710 | 3,443,487 | 449,223 | 88.5% | 3,261,443 | 182,044 | 5.6% |
| Subtotal for payroll | 11,955,920 | 10,779,116 | 1,176,804 | 90.2% | 10,555,354 | 223,762 | 2.1% |
| Supplies (30) | 2,610,271 | 2,312,416 | 297,855 | 88.6% | 1,854,146 | 458,270 | 24.7% |
| Services (40) | 6,203,712 | 5,430,384 | 773,328 | 87.5% | 4,966,763 | 463,621 | 9.3% |
| Capital Outlay (60) | 6,348,847 | 3,817,109 | 2,531,738 | 60.1% | 5,943,204 | (2,126,095) | -35.8% |
| Debt Service (70,80) | 2,657,430 | 2,612,840 | 44,590 | 98.3% | 2,762,832 | (149,992) | -5.4% |
| Other non-expenditures | 93,000 | 88,846 | 4,154 | 95.5% | 82,105 | 6,741 | 8.2% |
| Transfers out (00, 50) | 15,141,084 | 14,985,987 | 155,097 | 99.0% | 1,463,439 | 13,522,548 | 924.0% |
| Total | \$ 45,010,264 | \$ 40,026,698 | \$ 4,983,566 | 88.9% | \$ 27,627,843 | \$ 12,398,855 | 44.9% |
| Total operating & debt service | \$ 23,520,333 | \$ 21,223,602 | \$ 2,296,731 | 90.2% | \$ 20,221,200 | \$ 1,002,402 | 5.0% |
| Total excluding transfers out | \$ 29,869,180 | \$ 25,040,711 | \$ 4,828,469 | 83.8% | \$ 26,164,404 | \$ (1,123,693) | -4.3% |

Additional information on the revenue and expenditure variances for the General Fund and the major enterprise funds are explained in more detail in the fund overview section below.

Bottom Line: The City operated within normal budget parameters.

GENERAL FUND OVERVIEW

The General Fund's year-to-date revenue and transfers in is \$12,776,348, total expenditures and transfers out is \$11,903,841, and the ending fund balance as of 12/31/2022 is \$3,586,011, which is about 217.2% or \$1,935,153 over the 2022 budget.

City of Chehalis
Revenues, Expenditures, Changes in Fund Balance
General Fund - Budget to Actual
For the Period Ending December 31, 2022

| | 2022 Amended Budget | YTD Actual 12/31/2022 | 2022 Budget Balance | YTD % of Budget | YTD Variance Actual to Target Positive (Negative) |
|---------------------------------------|---------------------|-----------------------|---------------------|-----------------|---|
| General Fund Summary | | | | | |
| Revenues | \$ 11,957,383 | \$ 12,506,061 | \$ (548,678) | 104.6% | \$ 548,678 |
| Transfers-In | 457,340 | 270,287 | 187,053 | 59.1% | (187,053) |
| Revenues and Transfers in | 12,414,723 | 12,776,348 | (361,625) | 102.9% | 361,625 |
| Expenditures | 11,495,848 | 9,884,666 | 1,611,182 | 86.0% | 1,611,182 |
| Transfers-out | 1,987,219 | 2,019,175 | \$ (31,956) | 101.6% | (31,956) |
| Expenditures and Transfers Out | 13,483,067 | 11,903,841 | 1,579,226 | 88.3% | 1,579,226 |
| Revenues Over (Under) Expenditures | (1,068,344) | 872,507 | | -81.7% | 1,940,851 |
| Beginning Fund Balance | 2,719,202 | 2,713,504 | | 99.8% | (5,698) |
| Ending Fund Balance | \$ 1,650,858 | \$ 3,586,011 | | 217.2% | \$ 1,935,153 |
| Ending Fund Balance % of Revenue | 13.8% | 30.0% | | | |

General Fund Revenues:

Total revenues and transfers in through December 31, 2022, is about 2.9% or \$361,625 over the 2022 budget. Total revenues exceeded the budget by \$548,687, whereas total transfers in is 59.1% of the 2022 budget or \$187,053 below the 2022 budget.

Total year-to-date tax revenues exceed the 2022 budget by 6.0% or \$596,035. \$499,613 of the total budget to actual variance is from sales and use tax. Utility business tax revenue exceed the 2022 budget by 4.9% or \$81,380.

Property Tax: Total received in 2022 is \$2,160,879, which is about 1.1% or \$23,679 over the 2022 budget. Typically, about 98.7% of tax is collected in the current levy year, with the remaining balance collected in the later year(s). About 99.3% of the 2022 tax levy was collected in 2022. 2022 property tax revenue has a \$173,623 increase from 2021. Most of the increase is due to the renewal of the Chehalis EMS levy in 2022.

Sales Tax: Total received in 2022 is \$6,528,513. This is 8.3% or \$499,613 above the 2022 budget. This total includes the 1.0% local regular and optional sales tax, 0.1% county imposed criminal justice sales tax that is shared with cities and brokered natural gas sales tax, less the state administrative fees deducted from the remittance. 2022 total sales and use tax revenue increased by \$489,207 from 2021. About 51% or \$249,711 of the increase is contributed by the aggregated construction sales tax.

Utility Business Tax: Total received in 2022 is \$1,745,080. This is 4.9% or \$81,380 over the 2022 budget. Gas, garbage, water, and sewer utility taxes show moderate increase from 2021; however, telephone utility tax revenue continues to decline over the recent years.

Licenses and Permits: Total received in 2022 is \$572,384. This is 22.6% or \$105,484 over the 2022 budget. This amount includes business licenses fees, franchise fees, building permit fees, and other permit fees. (i.e., animal licenses and gun permits). Total 2022 license and permit revenues increased by \$162,009 from 2021. Most of the increase is from the building permit fees.

Intergovernmental Revenue: Total received in 2022 is \$443,779 or 68.8% of the 2022 budget. This is \$201,188 below the 2022 budget. This category includes intergovernmental grants, state shared revenues, and the Main Street B&O Tax Credit. The key contributing factor for the YTD revenue being below the budget amount is the state RCO grant for the flood storage master plan project. A \$233,425 grant revenue was included in the 2022 budget, but none was received in 2022. A grant payment of \$62,504 was received in January 2023.

Charges for Goods and Services: Total received in 2022 is \$504,025 or 102.4% of the 2022 budget. This category includes charges for fire and police services, plan check review fees, and recreation program fees, and the pool operations. Total 2022 charges for goods and services revenue increased by \$42,074 from 2021. This increase is mostly contributable to the pool revenues (pool admissions and swim lessons). In 2021, the pool was open for a fewer number of days due to the COVID-19 pandemic restrictions.

Miscellaneous: Total received in 2022 is \$111,233 which exceeds the 2022 budget by 59.4% or \$41,441. This category includes park facilities and downtown parking rental fees, drug seizure funds disbursed to the City from the Lewis County Joint Enforcement Team (JNET), and investment interests. Substantially all of the budget to actual variance is contributable to the investment interest earnings.

Transfers In: Total year-to-date transfers-in is 59.1% of the 2022 budget. This total includes the transfers from the Federal Grant control funds to reimburse the payroll costs for one police and two firefighter positions and a purchase of police body cameras. The body camera purchase has been postponed to 2023. Two of the three positions (1 police and 2 firefighters) were filled in April and June whereas the reimbursement budget was for the full year.

The below table provides additional information for 2022 revenues compared with the 2022 budget and with the 2021 actual by major revenue sources:

2022 total revenues, excluding interfund transfers, increased 10.7% or \$1,208,321 from year 2021.

| General Fund Revenues | 2022 Amended | YTD Actual 12/31/2022 | 2022 Budget Balance | Percent Received | YTD Actual 12/31/2021 | Change 2021-2022 | % Change |
|--|----------------------|-----------------------|---------------------|------------------|-----------------------|---------------------|--------------|
| Property Taxes | \$ 2,137,200 | \$ 2,160,879 | \$ (23,679) | 101.1% | \$ 1,987,256 | \$ 173,623 | 8.7% |
| Sales and Use Taxes | 6,028,900 | 6,528,513 | (499,613) | 108.3% | 6,039,306 | 489,207 | 8.1% |
| Utility Business Taxes | 1,663,700 | 1,745,080 | (81,380) | 104.9% | 1,685,147 | 59,933 | 3.6% |
| Other Taxes | 61,800 | 53,163 | 8,637 | 86.0% | 51,379 | 1,784 | 3.5% |
| Subtotal for Tax Revenues | 9,891,600 | 10,487,635 | (596,035) | 106.0% | 9,763,088 | 724,547 | 7.4% |
| Licenses and Permits | 466,900 | 572,384 | (105,484) | 122.6% | 410,375 | 162,009 | 39.5% |
| Intergovernmental | 644,967 | 443,779 | 201,188 | 68.8% | 394,552 | 49,227 | 12.5% |
| Charges for Goods & Services | 492,000 | 504,025 | (12,025) | 102.4% | 461,951 | 42,074 | 9.1% |
| Fines and Forfeitures | 120,100 | 87,854 | 32,246 | 73.2% | 103,481 | (15,627) | -15.1% |
| Intereste earnings | 31,700 | 57,793 | (26,093) | 182.3% | 12,477 | 45,316 | 363.2% |
| Rents | 152,000 | 144,389 | 7,611 | 95.0% | 75,245 | 69,144 | 91.9% |
| Miscellaneous other | 69,792 | 111,233 | (41,441) | 159.4% | 49,642 | 61,591 | 124.1% |
| Subtotal for Non-Tax Revenues | 1,977,459 | 1,921,457 | 56,002 | 97.2% | 1,507,723 | 413,734 | 27.4% |
| Other Funding Source | 88,324 | 96,969 | (8,645) | 109.8% | 26,929 | 70,040 | 260.1% |
| Transfers-in | 457,340 | 270,287 | 187,053 | 59.1% | - | 270,287 | 0.0% |
| Total Revenues | \$ 12,414,723 | \$ 12,776,348 | \$ (361,625) | 102.9% | \$ 11,297,740 | \$ 1,478,608 | 13.1% |
| Total revenues, excluding transfers in | \$ 11,957,383 | \$ 12,506,061 | \$ (548,678) | 104.6% | \$ 11,297,740 | \$ 1,208,321 | 10.7% |

General Fund Expenditures and Transfers-out

Total General Fund's expenditures and transfers out through December 31, 2022, is about 11.7% or \$1,579,226 below the 2022 budget. About 61.1% or \$964,845 of the total variance is related to payroll and capital outlay expenditures.

- Total payroll expenditures through December 31, 2022, is \$7,070,649. This is a 9.3% or \$725,951 below the 2022 budget. Several budgeted positions, including police officers and Financial Analyst, were vacant a whole or a part of the year due to hiring delays and temporary vacancies from employee turn overs.
- Total services expenditures through December 31, 2022, is \$2,771,084. This is a 14.7% or \$478,454 below the 2022 budget. The services budget includes various vendor provided services and consultant services for plan review, inspection and economic development, and the Flood Storage Master Plan grant project. Substantially all of the unspent services budget is related to these consultant services.
- Total capital outlays budget includes \$120,000 for police body camera and \$65,800 for one fire brush truck. Both of these purchases are postponed to 2023. The first 2023 budget amendment may include a carryover of the 2022 unused capital budget.
- 2022 total expenditures and interfund transfers-out increased 10.0% or \$1,078,866 when compared with year 2021.

The below table provides addition information on the 2022 expenditures compared with the 2022 budget and the 2022 actual compared with the 2021 actual by major expenditure categories:

| General Fund Expenditures by Categories | 2022 Amended Budget | 2022 YTD Actual | 2022 Budget Balance | Percent Used | 2021 YTD Actual | Change 2021-2022 | % Change |
|---|----------------------|----------------------|---------------------|--------------|----------------------|---------------------|--------------|
| Salaries | \$ 5,302,130 | \$ 4,913,288 | \$ 388,842 | 92.7% | \$ 4,962,942 | \$ (49,654) | -1.0% |
| Benefits | 2,494,470 | 2,157,361 | 337,109 | 86.5% | 2,057,160 | 100,201 | 4.9% |
| Subtotal for Payroll | 7,796,600 | 7,070,649 | 725,951 | 90.7% | 7,020,102 | 50,547 | 0.7% |
| Supplies | 448,645 | 447,499 | 1,146 | 99.7% | 411,400 | 36,099 | 8.8% |
| Services | 3,249,538 | 2,771,084 | 478,454 | 85.3% | 2,404,461 | 366,623 | 15.2% |
| Capital Outlay | 373,332 | 134,438 | 238,894 | 36.0% | 68,736 | 65,702 | 95.6% |
| Debt Service | 67,933 | 69,252 | (1,319) | 101.9% | 128,685 | (59,433) | -46.2% |
| Non-expense | 6,000 | 5,428 | 572 | 90.5% | 41,617 | (36,189) | -87.0% |
| Transfers-out | 1,987,219 | 2,019,175 | (31,956) | 101.6% | 1,186,550 | 832,625 | 70.2% |
| Subtotal for Other | 6,132,667 | 5,446,876 | 685,791 | 88.8% | 4,241,449 | 1,205,427 | 56.6% |
| Interfund Charges | (446,200) | (613,684) | 167,484 | 137.5% | (436,576) | (177,108) | 40.6% |
| Total | \$ 13,483,067 | \$ 11,903,841 | \$ 1,579,226 | 88.3% | \$ 10,824,975 | \$ 1,078,866 | 10.0% |
| Total excluding transfers-out | \$ 11,495,848 | \$ 9,884,666 | \$ 1,611,182 | 86.0% | \$ 9,638,425 | \$ 246,241 | 2.6% |

Bottom Line: Overall, the general fund operated within the budget parameters.

FEDERAL ADVANCE GRANT CONROL FUND

This fund accounts for the American Rescue Plan Act (ARPA) grants. The City received a total of \$2,138,686 in ARPA grant in two trenches. The City Council has committed a total of \$1,204,170 for specific purposes, including providing payroll costs for one police officer and two fighters for three years (2022, 2023, and 2024), purchase of police body cameras, and 1/3 purchase cost of a Vactor truck. The remaining \$934,516 has not been committed. A total of \$243,776.13 has been expensed through December 31, 2022. The unused ARPA funds is invested and earns interests. Total ending fund balance as of December 31, 2022, is \$1,920,670. ARPA funds must be spent by December 31, 2024.

ENTERPRISE FUND OVERVIEW

Wastewater Fund

Total 2022 operating revenues received in 2022 is \$6,087,852. This is 9.6% or \$534,652 above the 2022 budget. Total charges for services is 5.2% or 262,937 over the 2022 budget. Total hookup/connection fee revenue is 198.6% or \$198,952 over the 2022 budget. Investment earnings is 83.2% or \$23,715 over the 2022 budget. Overall, 2022 total revenues increased by 6.7% or \$381,087 when compared with year 2021.

Total 2022 operating expenditures is \$3,401,638 which is 6.9% or \$251,982 below the 2022 budget. Total 2022 debt service expenditure was \$1,882,250. A total of \$2,146,300 was transferred to the Wastewater Capital Fund during 2022.

Total 2022 revenues exceeded total operating, capital, and debt service expenditures by \$791,313.

Total 2022 expenditures and transfers out exceeded total revenues by \$1,354,987 due to the one-time transfers out to the Wastewater Capital Fund.

The ending fund balance as of December 31, 2022, is \$4,113,864, which includes the required annual debt service reserve of \$1,882,250 and the remaining \$2,231,614 for operating reserves.

Wastewater Capital Fund

2022 total revenues includes \$2,146,300 transfers in from the Wastewater Fund and investment interest earnings of \$12,995. A total of \$542,000 capital outlay was budgeted but only 5.8% or \$31,593 was spent in 2022. Total ending fund balance as of December 31, 2022, is \$2,127,689.

Water Fund

Total operating revenues received in 2022 is \$3,530,355. This is 12.1% or \$381,309 over the 2022 budget. Charges for services is 5.9% or \$173,858 over the 2022 budget. Total hookup/connection fee revenue received in 2022 is 161.2% or \$176,034 over the 2022 budget. Overall, 2022 total revenues increased by 11.4% or \$378,295 when compared with year 2021.

Total 2022 operating and debt service expenditures is \$2,648,983. This is about 4% or \$112,826 below the 2022 budget. A total of \$6,751,600 was transferred to the Water Capital Fund during 2022.

Total 2022 operating revenues exceeded total operating and debt service expenditures by \$881,372.

Total 2022 expenditures and transfers out exceeded total revenues by \$5,774,802 due to the one-time transfers out to the Water Capital Fund.

The ending fund balance as of December 31, 2022, is \$2,091,324, which includes the annual debt service reserve of \$235,649 and the remaining \$1,855,675 for operating reserves.

Water Capital Fund

2022 total revenues includes \$6,751,600 transfers in from the Water Fund and investment interest earnings of \$54,395. The 2022 capital outlays budget was \$999,500 but only 58.3% or \$582,754 was spent in 2022. Total ending fund balance as of December 31, 2022, is \$6,223,241.

Storm & Surface Water Fund

Total operating revenues received in 2022 is \$745,568. This is 3.7% or \$26,498 over the 2022 budget. Charges for services is 4.1% or \$28,769 over the 2022 budget. Total hookup/connection fee is \$11,264 below the 2022 budget.

Total operating and debt service expenditures is \$471,516. This is about 18.8% or \$109,504 below the 2022 budget. A total of \$1,429,700 was transferred to the Storm & Surface Water Capital Fund.

Total 2022 operating revenues exceeded total operating and debt services expenditure by \$274,052.

Total 2022 expenditures and transfers out exceed total revenues by \$1,155,648 due to the one-time transfers out to the Storm & Surface Water Capital Fund.

The ending fund balance as of December 31, 2022, is \$361,034.

Storm & Surface Water Capital Fund

2022 total revenues includes \$1,429,700 transfers in from the Storm & Surface Water Fund and investment interest earnings of \$18,401. The 2022 capital outlays budget is \$70,805 and 62.6% of the budget was spent in 2022. Total ending fund balance as of December 31, 2022, is \$1,403,757.

Airport Fund

Total operating revenues received in 2022 is \$2,055,480. This is 5.6% or \$108,320 over the 2022 budget. Total 2022 revenues increased by 14.8% or \$264,830 when compared to year 2021. Total fuel sales and lease revenues increase by 16.2% or \$98,639 and 13.4% or \$158,319, respectively.

Total 2022 operating and debt service expenditures is \$1,436,030. This is 7.3% or \$113,393 below the 2022 budget. A total of \$1,823,000 was transferred to the Airport Capital Fund during 2022.

Total 2022 revenues exceed total operating and debt service expenditures by \$619,450.

Total expenditures and transfer out exceeded total revenues by \$1,203,550 due to the one-time transfers out to the Airport Capital Funds during 2022.

Total ending fund balance as of December 31, 2022, is \$340,200.

Airport Capital Fund

2022 total revenues is \$2,798,899 which includes \$1,823,000 transfers in from the Airport Fund, FAA grant reimbursement of \$804,441, CARB loan proceeds for the Above Ground Fuel Tank project, and investment interest earnings of \$24,295. The 2022 capital outlays budget was \$682,210 but actual expenditures is \$824,774 which exceeds the 2022 budget by 20.9% or \$142,564. Total ending fund balance as of December 31, 2022, is \$1,974,125.

TREASURER’S REPORT – CASH AND INVESTMENTS

The City’s total cash, deposits, and investments as of December 31, 2022, is \$32,347,981. About 90% of the City’s cash is invested and earns interests. The remaining 10% is deposited in checking accounts to cover on-going cash flow needs.

Note: Only 11.1% or \$3,586,011 of the total cash and investments belongs to the General Fund. Other than the General Fund, all other funds are restricted funds which account for specific revenues or resources that are legally restricted or designated to finance particular activities of the city, such as transportation benefit district, lodging tax, federal grant fund, utilities, and Airport funds.

A summary of cash funds and investment types are as follows:

| City of Chehalis Cash, Deposits & Investments - Total Combined All Funds | | |
|--|--------------------|------------|
| Account Type | Balance 12/31/2022 | % of Total |
| Checking & Revolving Cash Fund | \$ 3,223,616 | 10.0% |
| Local Government Investment Pool (LGIP) | 23,077,865 | 71.3% |
| US Govt Agency Securities (Bonds) | 6,046,501 | 18.7% |
| Total | \$ 32,347,981 | 100.0% |

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| | | |
|--|--|--|

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| | | |
| Note: Other than the General Fund, all other funds are | | |
| restricted or designated to finance particular activities | | |
| of the City. | | |
| | | |
| | | |
| | | |

As of December 31, 2022, the City also holds an additional \$109 in the City’s checking account for custodial funds for moneys to be disbursed to other agencies (i.e., sales and leasehold taxes and state court revenues).

Total YTD investment interest earnings through December 31, 2022, totaled \$399,192. The LGIP net earnings rates increased from 0.09009% in January 2022 to 4.1205% in December 2022. The LGIP average net earnings rate for year 2022 was 1.6565%.

FISCAL IMPACT

As shown.

RECOMMENDATION

It is recommended that the City Council review this information and let staff know if there are any questions.

SUGGESTED MOTION

N/A

City of Chehalis



Quarterly Council Financial Report Fourth Quarter 2022

For the Period Ending
December 31, 2022
(January through December)

The City of Chehalis, Washington

City of Chehalis
Revenues, Expenditures, and Fund Balances - Budget to Actual
2022 Fourth Quarter Financial Statements - All Funds
As of December 31, 2022

| Fund Type/Name | Beginning Fund Balance | | Revenues & Transfers | | | | Expenditures & Transfers | | | | Changes in Fund Balance | | Ending Fund Balance | |
|---|------------------------|----------------------|----------------------|-----------------------|--------------------|-----------------|--------------------------|-----------------------|---------------------|-----------------|-------------------------|-----------------------|----------------------|-----------------------|
| | 2022 Amended Budget | Actual 1/1/2022 | 2022 Amended Budget | YTD 12/31/2022 Actual | Balance | YTD % of Budget | 2022 Amended Budget | YTD 12/31/2022 Actual | Balance | YTD % of Budget | 2022 Amended Budget | YTD 12/31/2022 Actual | 2022 Amended Budget | YTD 12/31/2022 Actual |
| General Fund & Sub-Funds: | | | | | | | | | | | | | | |
| General Fund | \$ 2,713,504 | \$ 2,713,504 | \$ 12,414,723 | \$ 12,776,348 | \$ (361,625) | 102.9% | \$ 13,483,067 | \$ 11,903,841 | \$ 1,579,226 | 88.3% | \$ (1,068,344) | \$ 872,507 | 1,645,160 | \$ 3,586,011 |
| Sub-funds: | | | | | | | | | | | | | | |
| Street Fund | 287,980 | 287,980 | 1,075,701 | 1,090,708 | (15,007) | 101.4% | 1,079,576 | 906,570 | 173,006 | 84.0% | (3,875) | 184,138 | 284,105 | 472,118 |
| Building Abatement Fund | 51,659 | 51,659 | 50 | 740 | (690) | 1480.0% | - | - | - | 0.0% | 50 | 740 | 51,709 | 52,399 |
| Total General Fund and Sub-Funds | 3,053,143 | 3,053,143 | 13,490,474 | 13,867,796 | (377,322) | 544.4% | 14,562,643 | 12,810,411 | 1,752,232 | 364.4% | (1,072,169) | 1,057,385 | 1,980,974 | 4,110,528 |
| Special Revenue Funds: | | | | | | | | | | | | | | |
| Arterial Street Fund | 96,855 | 96,855 | - | - | - | 0.0% | 90,828 | 90,828 | - | 100.0% | (90,828) | (90,828) | 6,027 | 6,027 |
| Transportation Benefit Dist. Fund | 3,071,696 | 3,071,696 | 4,401,100 | 2,504,139 | 1,896,961 | 56.9% | 3,242,300 | 1,941,070 | 1,301,230 | 59.9% | 1,158,800 | 563,069 | 4,230,496 | 3,634,765 |
| Tourism Fund | 140,104 | 140,104 | 235,070 | 323,856 | (88,786) | 137.8% | 257,986 | 249,350 | 8,636 | 96.7% | (22,916) | 74,506 | 117,188 | 214,610 |
| Compensated Absences Fund | 247,014 | 247,201 | 240 | 3,001 | (2,761) | 1250.4% | 61,700 | 38,110 | 23,590 | 61.8% | (61,460) | (35,109) | 185,554 | 212,092 |
| LEOFF 1 OPEB Reserve Fund | 66,077 | 66,077 | 205,900 | 215,612 | (9,712) | 104.7% | 156,700 | 131,135 | 25,565 | 83.7% | 49,200 | 84,477 | 115,277 | 150,554 |
| Community Block Grant Fund | 24,613 | 24,613 | 25 | 1,185 | (1,160) | 4740.0% | 1,000 | - | 1,000 | 0.0% | (975) | 1,185 | 23,638 | 25,798 |
| HUD Block Grant Fund | 88,501 | 88,501 | 85 | 1,268 | (1,183) | 1491.8% | 2,000 | - | 2,000 | 0.0% | (1,915) | 1,268 | 86,586 | 89,769 |
| Federal Advance Grant Fund | 1,068,806 | 1,068,806 | 1,075,593 | 1,095,640 | (20,047) | 101.9% | 430,830 | 243,776 | 187,054 | 56.6% | 644,763 | 851,864 | 1,713,569 | 1,920,670 |
| Total Special Revenue Funds | 4,803,666 | 4,803,853 | 5,918,013 | 4,144,701 | 1,773,312 | 70.0% | 4,243,344 | 2,694,269 | 1,549,075 | 63.5% | 1,674,669 | 1,450,432 | 6,478,335 | 6,254,285 |
| Debt Service Funds: | | | | | | | | | | | | | | |
| G.O. Bond Fund | 5 | 5 | 299,516 | 299,516 | - | 100.0% | 299,515 | 299,458 | 57 | 100.0% | 1 | 58 | 6 | 63 |
| Total Debt Service Fund | 5 | 5 | 299,516 | 299,516 | - | 100.0% | 299,515 | 299,458 | 57 | 100.0% | 1 | 58 | 6 | 63 |
| Capital Project Funds: | | | | | | | | | | | | | | |
| Public Facilities Reserve Fund | 477,066 | 477,066 | 485,250 | 493,305 | (8,055) | 101.7% | 605,000 | 368,443 | 236,557 | 60.9% | (119,750) | 124,862 | 357,316 | 601,928 |
| Automotive/Equip. Reserve Fund | 283,253 | 283,253 | 450,100 | 459,716 | (9,616) | 102.1% | - | - | - | 0.0% | 450,100 | 459,716 | 733,353 | 742,969 |
| Park Improvement Fund | - | - | 200,750 | 202,423 | (1,673) | 100.8% | 114,850 | 70,705 | 44,145 | 61.6% | 85,900 | 131,718 | 85,900 | 131,718 |
| First Quarter REET Fund | 288,772 | 288,772 | 126,400 | 175,568 | (49,168) | 138.9% | 130,494 | 130,494 | - | 100.0% | (4,094) | 45,074 | 284,678 | 333,846 |
| Second Quarter REET Fund | 367,156 | 367,156 | 126,475 | 177,520 | (51,045) | 140.4% | 73,257 | 73,256 | 1 | 100.0% | 53,218 | 104,264 | 420,374 | 471,420 |
| Total Capital Project Funds | 1,416,247 | 1,416,247 | 1,388,975 | 1,508,532 | (119,557) | 108.6% | 923,601 | 642,898 | 280,703 | 69.6% | 465,374 | 865,634 | 1,881,621 | 2,281,881 |
| Proprietary Funds: | | | | | | | | | | | | | | |
| Garbage Fund | 8,449 | 8,449 | 6,110 | 5,199 | 911 | 85.1% | 7,000 | 5,378 | 1,622 | 76.8% | (890) | (179) | 7,559 | 8,270 |
| Wastewater Fund | 5,468,851 | 5,468,851 | 5,553,200 | 6,087,852 | (534,652) | 109.6% | 7,682,794 | 7,442,839 | 239,955 | 96.9% | (2,129,594) | (1,354,987) | 3,339,257 | 4,113,864 |
| Water Fund | 7,866,126 | 7,866,126 | 3,338,801 | 3,709,199 | (370,398) | 111.1% | 9,600,409 | 9,484,001 | 116,408 | 98.8% | (6,261,608) | (5,774,802) | 1,604,518 | 2,091,324 |
| Storm & Surface Water Fund | 1,516,682 | 1,516,682 | 719,070 | 745,568 | (26,498) | 103.7% | 2,010,720 | 1,901,216 | 109,504 | 94.6% | (1,291,650) | (1,155,648) | 225,032 | 361,034 |
| Airport Fund | 1,543,750 | 1,543,750 | 1,947,160 | 2,055,480 | (108,320) | 105.6% | 3,372,423 | 3,259,030 | 113,393 | 96.6% | (1,425,263) | (1,203,550) | 118,487 | 340,200 |
| Wastewater Capital Fund | - | - | 2,147,800 | 2,159,294 | (11,494) | 100.5% | 542,000 | 31,606 | 510,394 | 5.8% | 1,605,800 | 2,127,688 | 1,605,800 | 2,127,688 |
| Water Capital Fund | - | - | 6,757,600 | 6,805,995 | (48,395) | 100.7% | 999,500 | 582,754 | 416,746 | 58.3% | 5,758,100 | 6,223,241 | 5,758,100 | 6,223,241 |
| Storm & Surface Water Capital Fund | - | - | 1,430,400 | 1,448,101 | (17,701) | 101.2% | 70,805 | 44,343 | 26,462 | 62.6% | 1,359,595 | 1,403,758 | 1,359,595 | 1,403,758 |
| Airport Capital Fund | - | - | 2,877,526 | 2,798,899 | 78,627 | 97.3% | 682,210 | 824,774 | (142,564) | 120.9% | 2,195,316 | 1,974,125 | 2,195,316 | 1,974,125 |
| Total Proprietary Funds | 16,403,858 | 16,403,858 | 24,777,667 | 25,815,587 | (1,037,920) | 104.2% | 24,967,861 | 23,575,941 | 1,391,920 | 94.4% | (190,194) | 2,239,646 | 16,213,664 | 18,643,504 |
| Fiduciary Funds: (Exclude Custodial Funds) | | | | | | | | | | | | | | |
| Firemen's' Pension Fund | 1,032,680 | 1,032,680 | 15,480 | 28,763 | (13,283) | 185.8% | 13,300 | 3,721 | 9,579 | 28.0% | 2,180 | 25,042 | 1,034,860 | 1,057,722 |
| Total Fiduciary Funds | 1,032,680 | 1,032,680 | 15,480 | 28,763 | (13,283) | 185.8% | 13,300 | 3,721 | 9,579 | 28.0% | 2,180 | 25,042 | 1,034,860 | 1,057,722 |
| TOTAL ALL CITY FUNDS | \$ 26,709,599 | \$ 26,709,786 | \$ 45,890,125 | \$ 45,664,895 | \$ 225,230 | 99.5% | \$ 45,010,264 | \$ 40,026,698 | \$ 4,983,566 | 88.9% | \$ 879,861 | \$ 5,638,197 | \$ 27,589,460 | \$ 32,347,983 |

Note: May contain rounding differences of +/-1

City of Chehalis
Comparative Revenues, Expenditures, and Fund Balances - Budget to Actual
December 2022 and 2021
General Fund

| | | | | | YTD Target % * 100.00% | | | |
|-------------------------------------|----------------------|----------------------|-----------------|-----------------------|------------------------|-----------------|---------------------|---------------------|
| GENERAL FUND (#001) | 2021 | YTD Actual | 2021 | 2022 | YTD Actual | 2022 YTD | YTD Target | Change YTD |
| | Amended | 12/31/2021 | YTD % of | Amended | 12/31/2022 | % of | vs. Actual | Actual |
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes | \$ 1,980,859 | \$ 1,987,256 | 100.3% | \$ 2,137,200 | \$ 2,160,879 | 101.1% | \$ 23,679 | \$ 173,623 |
| Sales and Use Taxes | 5,905,300 | 6,039,306 | 102.3% | 6,028,900 | \$ 6,528,513 | 108.3% | 499,613 | 489,207 |
| Utility Taxes | 1,667,380 | 1,685,147 | 101.1% | 1,663,700 | \$ 1,745,080 | 104.9% | 81,380 | 59,933 |
| Other Taxes | 54,700 | 51,379 | 93.9% | 61,800 | \$ 53,163 | 86.0% | (8,637) | 1,784 |
| Total Taxes | 9,608,239 | 9,763,088 | 101.6% | 9,891,600 | \$ 10,487,635 | 106.0% | 596,035 | 724,547 |
| Non-Tax Revenues: | | | | | | | | |
| Licenses and Permits | 397,710 | 410,375 | 103.2% | 466,900 | \$ 572,384 | 122.6% | 105,484 | 162,009 |
| Intergovernmental Revenues | 430,356 | 394,552 | 91.7% | 644,967 | \$ 443,779 | 68.8% | (201,188) | 49,227 |
| Charges for Goods & Services | 467,185 | 461,951 | 98.9% | 492,000 | \$ 504,025 | 102.4% | 12,025 | 42,074 |
| Fines and Forfeitures | 112,705 | 103,481 | 91.8% | 120,100 | \$ 87,854 | 73.2% | (32,246) | (15,627) |
| Intereste earnings | 16,600 | 12,477 | 75.2% | 31,700 | \$ 57,793 | 182.3% | 26,093 | 45,316 |
| Rents | 74,050 | 75,245 | 101.6% | 152,000 | \$ 144,389 | 95.0% | (7,611) | 69,144 |
| Miscellaneous other | 51,183 | 49,642 | 97.0% | 69,792 | \$ 111,233 | 159.4% | 41,441 | 61,591 |
| Total Non-Tax Revenues | 1,549,789 | 1,507,723 | 97.3% | 1,977,459 | \$ 1,921,457 | 97.2% | (56,002) | 413,734 |
| Other Funding Sources: | | | | | | | | |
| Proceeds from Debt Issuance | - | - | 0.0% | - | \$ - | 0.0% | - | - |
| Other Funding Sources | 5,000 | 26,929 | 538.6% | 88,324 | \$ 96,969 | 109.8% | 8,645 | 70,040 |
| Transfers-in | - | - | 0.0% | 457,340 | \$ 270,287 | 59.1% | (187,053) | 270,287 |
| Total Other Funding Sources | 5,000 | 26,929 | 538.6% | 545,664 | \$ 367,256 | 67.3% | (178,408) | 340,327 |
| Total Revenues | \$ 11,163,028 | \$ 11,297,740 | 101.2% | \$ 12,414,723 | \$ 12,776,348 | 102.9% | \$ 361,625 | \$ 1,478,608 |
| Expenditures | | | | | | | | |
| Expenditures by Department: | | | | | | | | |
| City Council | \$ 62,430 | \$ 60,709 | 97.2% | \$ 113,300 | \$ 69,214 | 61.1% | \$ 44,086 | \$ 8,505 |
| Municipal Court | 403,316 | 392,287 | 97.3% | 353,400 | \$ 311,263 | 88.1% | 42,137 | (81,024) |
| City Manager | 206,015 | 189,591 | 92.0% | 233,870 | \$ 193,965 | 82.9% | 39,905 | 4,374 |
| Finance | 305,635 | 262,410 | 85.9% | 351,300 | \$ 254,803 | 72.5% | 96,497 | (7,607) |
| City Clerk | 65,776 | 63,490 | 96.5% | 67,000 | \$ 71,021 | 106.0% | (4,021) | 7,531 |
| Legal Service | 94,700 | 80,030 | 84.5% | 76,700 | \$ 65,190 | 85.0% | 11,510 | (14,840) |
| Facilities and Parks | 1,307,686 | 1,299,784 | 99.4% | 1,519,962 | \$ 1,512,280 | 99.5% | 7,682 | 212,496 |
| Non-Departmental | 1,427,917 | 1,394,676 | 97.7% | 2,281,316 | \$ 2,308,861 | 101.2% | (27,545) | 914,185 |
| Human Resources | 99,750 | 99,017 | 99.3% | 247,720 | \$ 175,810 | 71.0% | 71,910 | 76,793 |
| Police | 3,274,610 | 3,063,190 | 93.5% | 3,795,380 | \$ 3,208,840 | 84.5% | 586,540 | 145,650 |
| Fire | 2,318,815 | 2,155,074 | 92.9% | 2,628,274 | \$ 2,362,096 | 89.9% | 266,178 | 207,022 |
| Public Works - Streets | 606,257 | 564,224 | 93.1% | - | \$ - | 0.0% | - | (564,224) |
| Planning & Building | 810,340 | 858,659 | 106.0% | 1,323,650 | \$ 902,235 | 68.2% | 421,415 | 43,576 |
| Recreation | 381,550 | 341,834 | 89.6% | 491,195 | \$ 468,263 | 95.3% | 22,932 | 126,429 |
| Total Expenditures | 11,364,797 | 10,824,975 | 95.3% | 13,483,067 | \$ 11,903,841 | 88.3% | 1,579,226 | 1,078,866 |
| Excess Revenues Over (Under) | \$ (201,769) | \$ 472,765 | -234.3% | \$ (1,068,344) | \$ 872,507 | -81.7% | 1,940,851 | \$ 399,742 |
| Beginning Fund Balance | 2,240,739 | 2,240,739 | 100.0% | 2,719,202 | \$ 2,713,504 | 99.8% | - | 472,765 |
| Ending Fund Balance | \$ 2,038,970 | \$ 2,713,504 | 133.1% | \$ 1,650,858 | \$ 3,586,011 | 217.2% | \$ 1,940,851 | \$ 872,507 |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
Expenditures by Category - Budget to Actual
December 2022 and 2021
General Fund

| GENERAL FUND (#001) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | YTD Target % * 100.00% | | 2022 YTD % of | ^Variance YTD Target vs. Actual | Change YTD Actual |
|----------------------------------|-------------------|--------------------------|------------------|------------------------|--------------------------|------------------|---------------------------------------|----------------------|
| | | | | 2022 Amended | YTD Actual 12/31/2022 | | | |
| Expenditures by Category: | | | | | | | | |
| Salaries | \$ 5,078,950 | \$ 4,962,942 | 97.7% | \$ 5,302,130 | \$ 4,913,288 | 92.7% | \$ 388,842 | \$ (49,654) |
| Benefits | 2,150,133 | 2,057,160 | 95.7% | 2,494,470 | 2,157,361 | 86.5% | 337,109 | 100,201 |
| Subtotal for Payroll | 7,229,083 | 7,020,102 | 97.1% | 7,796,600 | 7,070,649 | 90.7% | 725,951 | 50,547 |
| Supplies | 491,229 | 411,400 | 83.7% | 448,645 | 447,499 | 99.7% | 1,146 | 36,099 |
| Services | 2,665,622 | 2,404,461 | 90.2% | 3,249,538 | 2,771,084 | 85.3% | 478,454 | 366,623 |
| Capital Outlay | 78,610 | 68,736 | 87.4% | 373,332 | 134,438 | 36.0% | 238,894 | 65,702 |
| Debt Service | 114,836 | 128,685 | 112.1% | 67,933 | 69,252 | 101.9% | (1,319) | (59,433) |
| Non-expense (582.589.*.00) | 38,243 | 41,617 | 108.8% | 6,000 | 5,428 | 90.5% | 572 | (36,189) |
| Transfers-out | 1,193,374 | 1,186,550 | 99.4% | 1,987,219 | 2,019,175 | 101.6% | (31,956) | 832,625 |
| Interfund Charges | (446,200) | (436,576) | 97.8% | (446,200) | (613,684) | 137.5% | 167,484 | (177,108) |
| Total Expenditures | 11,364,797 | 10,824,975 | 95.3% | 13,483,067 | \$ 11,903,841 | 88.3% | 1,579,226 | 1,078,866 |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 December 2022 and 2021
 Wastewater Fund

YTD Target % * 100.00%

| Wastewater Fund (#404 & #414) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | 2022 Amended | YTD Actual 12/31/2022 | 2022 YTD % of | ^Variance | |
|--|---------------------|--------------------------|------------------|-----------------------|--------------------------|------------------|--------------------------|-----------------------|
| | | | | | | | YTD Target vs. Actual | Change YTD Actual |
| Revenues: | | | | | | | | |
| Operating Revenues: | | | | | | | | |
| Intergovernmental Revenues | \$ 36,211 | \$ 38,211 | 105.5% | \$ - | \$ - | 0.0% | \$ - | \$ (38,211) |
| Charges for Services | 5,082,600 | 5,270,489 | 103.7% | 5,100,200 | 5,363,137 | 105.2% | 262,937 | 92,648 |
| Hookup/Connection Fee | 119,200 | 144,405 | 121.1% | 100,200 | 299,152 | 298.6% | 198,952 | 154,747 |
| Capacity Charge (Cost Share) | 277,400 | 242,706 | 87.5% | 277,400 | 312,051 | 112.5% | 34,651 | 69,345 |
| Late Payment Fees | 1,200 | 360 | 30.0% | 42,200 | 56,662 | 134.3% | 14,462 | 56,302 |
| Interest Earnings | 10,000 | 6,813 | 68.1% | 28,500 | 52,215 | 183.2% | 23,715 | 45,402 |
| Miscellaneous other | 5,100 | 3,781 | 74.1% | 4,700 | 4,635 | 98.6% | (65) | 854 |
| Total Operating Revenues | 5,531,711 | 5,706,765 | 103.2% | 5,553,200 | 6,087,852 | 109.6% | 534,652 | 381,087 |
| Other Fund Sources: | | | | | | | | |
| Debt Issue Proceeds | - | - | 0.0% | - | - | 0.0% | - | - |
| Interfund Transfers in from Operating | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Fund Source | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Revenues & Fund Sources | \$ 5,531,711 | \$ 5,706,765 | 103.2% | \$ 5,553,200 | \$ 6,087,852 | 109.6% | \$ 534,652 | \$ 381,087 |
| Expenditures: | | | | | | | | |
| Operating Expenditures: | | | | | | | | |
| Wages | \$ 1,090,100 | \$ 1,021,675 | 93.7% | \$ 1,123,520 | \$ 980,706 | 87.3% | \$ 142,814 | \$ (40,969) |
| Benefits | 561,200 | 487,182 | 86.8% | 548,400 | 469,110 | 85.5% | 79,290 | (18,072) |
| Supplies | 460,666 | 553,416 | 120.1% | 573,836 | 586,179 | 102.2% | (12,343) | 32,763 |
| Services | 1,309,434 | 1,191,062 | 91.0% | 1,407,864 | 1,365,643 | 97.0% | 42,221 | 174,581 |
| Total Operating Expenditures: | 3,421,400 | 3,253,335 | 95.1% | 3,653,620 | 3,401,638 | 93.1% | 251,982 | 148,303 |
| Other Expenditures: | | | | | | | | |
| Capital Outlays | 508,300 | 470,046 | 92.5% | - | 12,651 | 0.0% | (12,651) | (457,395) |
| Debt Service & Long-Term Lease | 1,882,870 | 1,882,896 | 100.0% | 1,882,874 | 1,882,250 | 100.0% | 624 | (646) |
| Custodial Activities | - | - | 0.0% | - | - | 0.0% | - | - |
| Interfund Loan Disbursements | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Expenditures | 2,391,170 | 2,352,942 | 98.4% | 1,882,874 | 1,894,901 | 100.6% | (12,027) | (458,041) |
| Other Funding Use | | | | | | | | |
| Interfund Transfers Out to Capital | - | - | 0.0% | 2,146,300 | 2,146,300 | 100.0% | - | 2,146,300 |
| Total Other Funding Use | - | - | 0.0% | 2,146,300 | 2,146,300 | 100.0% | - | 2,146,300 |
| Total Expenditures | \$ 5,812,570 | \$ 5,606,277 | 96.5% | \$ 7,682,794 | \$ 7,442,839 | 96.9% | \$ 239,955 | \$ 1,836,562 |
| Excess Revenues Over (Under) Expenditures | \$ (638,391) | \$ 100,488 | -15.7% | \$ (2,129,594) | \$ (1,354,987) | 63.6% | \$ 774,607 | \$ (1,455,475) |
| Beginning Fund Balance | 5,368,364 | 5,368,364 | 100.0% | 5,468,851 | 5,468,851 | 100.0% | - | 100,487 |
| Ending Fund Balance | \$4,729,973 | \$5,468,852 | 115.6% | \$ 3,339,257 | \$ 4,113,864 | 123.2% | \$ 774,607 | \$(1,354,988) |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 December 2022 and 2021
 Wastewater Capital Fund

YTD Target % * 100.00%

| Wastewater Fund (#404 & #414) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | 2022 Amended | YTD Actual 12/31/2022 | 2022 YTD % of | ^Variance | |
|--|-----------------|--------------------------|------------------|---------------------|--------------------------|------------------|--------------------------|----------------------|
| | | | | | | | YTD Target vs. Actual | Change YTD Actual |
| Revenues: | | | | | | | | |
| Operating Revenues: | | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - |
| Charges for Services | - | - | 0.0% | - | - | 0.0% | - | - |
| Hookup/Connection Fee | - | - | 0.0% | - | - | 0.0% | - | - |
| Capacity Charge (Cost Share) | - | - | 0.0% | - | - | 0.0% | - | - |
| Late Payment Fees | - | - | 0.0% | - | - | 0.0% | - | - |
| Interest Earnings | - | - | 0.0% | 1,500 | 12,995 | 866.3% | 11,495 | 12,995 |
| Miscellaneous other | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Operating Revenues | - | - | 0.0% | 1,500 | 12,995 | 866.3% | 11,495 | 12,995 |
| Other Fund Sources: | | | | | | | | |
| Debt Issue Proceeds | - | - | 0.0% | - | - | 0.0% | - | - |
| Interfund Transfers in from Operating | - | - | 0.0% | 2,146,300 | 2,146,300 | 100.0% | - | 2,146,300 |
| Total Other Fund Source | - | - | 0.0% | 2,146,300 | 2,146,300 | 100.0% | - | 2,146,300 |
| Total Revenues & Fund Sources | \$ - | \$ - | 0.0% | \$ 2,147,800 | \$ 2,159,295 | 100.5% | \$ 11,495 | \$ 2,159,295 |
| Expenditures: | | | | | | | | |
| Operating Expenditures: | | | | | | | | |
| Wages | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - |
| Benefits | - | - | 0.0% | - | - | 0.0% | - | - |
| Supplies | - | - | 0.0% | - | - | 0.0% | - | - |
| Services | - | - | 0.0% | - | 13 | 0.0% | (13) | 13 |
| Total Operating Expenditures: | - | - | 0.0% | - | 13 | 0.0% | (13) | 13 |
| Other Expenditures: | | | | | | | | |
| Capital Outlays | - | - | 0.0% | 542,000 | 31,593 | 5.8% | 510,407 | 31,593 |
| Interfund Loan Disbursements | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Expenditures | - | - | 0.0% | 542,000 | 31,593 | 5.8% | 510,407 | 31,593 |
| Other Funding Use | | | | | | | | |
| Interfund Transfers Out to Capital | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Funding Use | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Expenditures | \$ - | \$ - | 0.0% | \$ 542,000 | \$ 31,606 | 5.8% | \$ 510,394 | \$ 31,606 |
| Excess Revenues Over (Under) Expenditures | \$ - | \$ - | 0.0% | \$ 1,605,800 | \$ 2,127,689 | 132.5% | \$ 521,889 | \$ 2,127,689 |
| Beginning Fund Balance | - | - | 0.0% | - | - | 0.0% | - | - |
| Ending Fund Balance | \$ - | \$ - | 0.0% | \$ 1,605,800 | \$ 2,127,689 | 132.5% | \$ 521,889 | \$ 2,127,689 |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
Comparative Revenues and Expenditures - Budget to Actual
December 2022 and 2021
Water Fund

| | | | | | YTD Target % * | 100.00% | ^Variance | |
|--|---------------------|------------------------------|----------------------|-----------------------|------------------------------|----------------------|------------------------------|--------------------------|
| WATER FUND (#405 & #415) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | 2022 Amended | YTD Actual 12/31/2022 | 2022 YTD % of | YTD Target vs. Actual | Change YTD Actual |
| Revenues: | | | | | | | | |
| Operating Revenues: | | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ 61 | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ (61) |
| Charges for Services | 2,930,290 | 3,081,137 | 105.1% | 2,961,090 | 3,134,948 | 105.9% | 173,858 | 53,811 |
| Hookup/Connection Fee | 120,300 | 120,121 | 99.9% | 109,200 | 285,234 | 261.2% | 176,034 | 165,113 |
| Late Payment Fees | 800 | 1,601 | 200.1% | 23,900 | 41,613 | 174.1% | 17,713 | 40,012 |
| Interest Earnings | 13,876 | 14,148 | 102.0% | 27,456 | 43,560 | 158.7% | 16,104 | 29,412 |
| Miscellaneous other | 3,200 | 4,011 | 125.3% | 27,400 | 25,000 | 91.2% | (2,400) | 20,989 |
| Total Operating Revenues | 3,068,466 | 3,221,079 | 105.0% | 3,149,046 | 3,530,355 | 112.1% | 381,309 | 309,276 |
| Other Funding Source | | | | | | | | |
| Interfund Loan Repayment | 70,911 | 70,911 | 100.0% | 54,135 | 54,135 | 100.0% | - | (16,776) |
| Customer Deposits | 98,120 | 30,546 | 31.1% | 134,620 | 123,994 | 92.1% | (10,626) | 93,448 |
| Debt Proceeds | - | - | 0.0% | - | - | 0.0% | - | - |
| Other proceeds | 1,100 | 8,368 | 760.7% | 1,000 | 715 | 71.5% | (285) | (7,653) |
| Interfund Transfers in from Operating | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Fund Source | 170,131 | 109,825 | 64.6% | 189,755 | 178,844 | 94.2% | (10,911) | 69,019 |
| Total Revenues & Fund Sources | \$ 3,238,597 | \$ 3,330,904 | 102.9% | \$ 3,338,801 | \$ 3,709,199 | 111.1% | \$ 370,398 | \$ 378,295 |
| Expenditures | | | | | | | | |
| Operating Expenditures | | | | | | | | |
| Wages | \$ 906,720 | \$ 847,153 | 93.4% | \$ 916,260 | \$ 850,742 | 92.8% | 65,518 | 3,589 |
| Benefits | 445,900 | 386,733 | 86.7% | 386,930 | 423,882 | 109.6% | (36,952) | 37,149 |
| Supplies | 336,136 | 211,829 | 63.0% | 336,750 | 309,928 | 92.0% | 26,822 | 98,099 |
| Services | 862,499 | 831,897 | 96.5% | 885,525 | 828,782 | 93.6% | 56,743 | (3,115) |
| Total Operating Expenditures | 2,551,255 | 2,277,612 | 89.3% | 2,525,465 | 2,413,334 | 95.6% | 112,131 | 135,722 |
| Other Expenditures | | | | | | | | |
| Capital Outlays | 1,176,200 | 891,046 | 75.8% | - | - | 0.0% | - | (891,046) |
| Debt Service & Long-Term Lease | 238,852 | 245,755 | 102.9% | 236,344 | 235,649 | 99.7% | 695 | (10,106) |
| Interfund Loan Disbursements | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Expenditures | 1,415,052 | 1,136,801 | 80.3% | 236,344 | 235,649 | 99.7% | 695 | (901,152) |
| Other Funding Use | | | | | | | | |
| Refunds of Deposits | 81,000 | 40,488 | 50.0% | 87,000 | 83,418 | 95.9% | 3,582 | 42,930 |
| Interfund Transfers Out to Capital | - | - | 0.0% | 6,751,600 | 6,751,600 | 100.0% | - | 6,751,600 |
| Total Other Funding Use | 81,000 | 40,488 | 50.0% | 6,838,600 | 6,835,018 | 99.9% | 3,582 | 6,794,530 |
| Total Expenditures | \$ 4,047,307 | \$ 3,454,901 | 85.4% | \$ 9,600,409 | \$ 9,484,001 | 98.8% | \$ 116,408 | \$ 6,029,100 |
| Excess Revenues Over (Under) Expenditures | \$ (808,710) | \$ (123,997) | 15.3% | \$ (6,261,608) | \$ (5,774,802) | 92.2% | \$ 253,990 | \$ (5,650,805) |
| Beginning Fund Balance | 7,990,124 | 7,990,124 | 100.0% | 7,866,126 | 7,866,126 | 100.0% | - | (123,998) |
| Ending Fund Balance | \$ 7,181,414 | \$ 7,866,127 | 109.5% | \$ 1,604,518 | \$ 2,091,324 | 130.3% | \$ 253,990 | \$ (5,774,803) |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 December 2022 and 2021
 Water Capital Fund

| | | | | | YTD Target % * | 100.00% | ^Variance | |
|--|---------------------|-----------------------|---------------|---------------------|-----------------------|---------------|-----------------------|-----------------------|
| WATER FUND (#405 & #415) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | 2022 Amended | YTD Actual 12/31/2022 | 2022 YTD % of | YTD Target vs. Actual | Change YTD Actual |
| Revenues: | | | | | | | | |
| Operating Revenues: | | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ 61 | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ (61) |
| Charges for Services | 2,930,290 | 3,081,137 | 105.1% | - | - | 0.0% | - | (3,081,137) |
| Hookup/Connection Fee | 120,300 | 120,121 | 99.9% | - | - | 0.0% | - | (120,121) |
| Late Payment Fees | 800 | 1,601 | 200.1% | - | - | 0.0% | - | (1,601) |
| Interest Earnings | 13,876 | 14,148 | 102.0% | 6,000 | 54,395 | 906.6% | 48,395 | 40,247 |
| Miscellaneous other | 3,200 | 4,011 | 125.3% | - | - | 0.0% | - | (4,011) |
| Total Operating Revenues | 3,068,466 | 3,221,079 | 105.0% | 6,000 | 54,395 | 906.6% | 48,395 | (3,166,684) |
| Other Funding Source | | | | | | | | |
| Interfund Loan Repayment | 70,911 | 70,911 | 100.0% | - | - | 0.0% | - | (70,911) |
| Customer Deposits | 98,120 | 30,546 | 31.1% | - | - | 0.0% | - | (30,546) |
| Debt Proceeds | - | - | 0.0% | - | - | 0.0% | - | - |
| Other proceeds | 1,100 | 8,368 | 760.7% | - | - | 0.0% | - | (8,368) |
| Inerfund Transfers in from Operating | - | - | 0.0% | 6,751,600 | 6,751,600 | 100.0% | - | 6,751,600 |
| Total Other Fund Source | 170,131 | 109,825 | 64.6% | 6,751,600 | 6,751,600 | 100.0% | - | 6,641,775 |
| Total Revenues & Fund Sources | \$ 3,238,597 | \$ 3,330,904 | 102.9% | \$ 6,757,600 | \$ 6,805,995 | 100.7% | \$ 48,395 | \$ 3,475,091 |
| Expenditures | | | | | | | | |
| Operating Expenditures | | | | | | | | |
| Wages | \$ 906,720 | \$ 847,153 | 93.4% | \$ - | \$ - | 0.0% | - | (847,153) |
| Benefits | 445,900 | 386,733 | 86.7% | - | - | 0.0% | - | (386,733) |
| Supplies | 336,136 | 211,829 | 63.0% | - | - | 0.0% | - | (211,829) |
| Services | 862,499 | 831,897 | 96.5% | - | - | 0.0% | - | (831,897) |
| Total Operating Expenditures | 2,551,255 | 2,277,612 | 89.3% | - | - | 0.0% | - | (2,277,612) |
| Other Expenditures | | | | | | | | |
| Capital Outlays | 1,176,200 | 891,046 | 75.8% | 999,500 | 582,754 | 58.3% | 416,746 | (308,292) |
| Debt Service & Long-Term Lease | 238,852 | 245,755 | 102.9% | - | - | 0.0% | - | (245,755) |
| Interfund Loan Disbursements | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Expenditures | 1,415,052 | 1,136,801 | 80.3% | 999,500 | 582,754 | 58.3% | 416,746 | (554,047) |
| Other Funding Use | | | | | | | | |
| Refunds of Deposits | 81,000 | 40,488 | 50.0% | - | - | 0.0% | - | (40,488) |
| Interfund Transfers Out to Capital | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Funding Use | 81,000 | 40,488 | 50.0% | - | - | 0.0% | - | (40,488) |
| Total Expenditures | \$ 4,047,307 | \$ 3,454,901 | 85.4% | \$ 999,500 | \$ 582,754 | 58.3% | \$ 416,746 | \$ (2,872,147) |
| Excess Revenues Over (Under) Expenditures | \$ (808,710) | \$ (123,997) | 15.3% | \$ 5,758,100 | \$ 6,223,241 | 108.1% | \$ (368,351) | \$ 6,347,238 |
| Beginning Fund Balance | 7,990,124 | 7,990,124 | 100.0% | - | - | 0.0% | - | (7,990,124) |
| Ending Fund Balance | \$ 7,181,414 | \$ 7,866,127 | 109.5% | \$ 5,758,100 | \$ 6,223,241 | 108.1% | \$ (368,351) | \$ (1,642,886) |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 December 2022 and 2021
 Storm & Surface Water Fund

| | | | | | YTD Target % * | | 100.00% | | | |
|--|---------------------|---------------------|---------------|----------------------|----------------------|---------------|--------------------|----------------------|--------------------|----------------------|
| | 2021 | YTD Actual | 2021 YTD | 2022 | YTD Actual | 2022 YTD | ^Variance | | | |
| Storm Water Fund (#406 & #416) | Amended | 12/31/2021 | % of | Amended | 12/31/2022 | % of | YTD Target | Change | YTD | Actual |
| Revenues: | | | | | | | | | | |
| Operating Revenues: | | | | | | | | | | |
| Intergovernmental Revenue | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | \$ - |
| Charges for Goods & Services | 677,015 | 712,213 | 105.2% | 698,100 | 726,869 | 104.1% | 28,769 | 14,656 | 28,769 | 14,656 |
| Hookup/Connection Fee | 29,750 | 8,240 | 27.7% | 14,100 | 2,836 | 20.1% | (11,264) | (5,404) | (11,264) | (5,404) |
| Late Payment Fees | - | 1 | 0.0% | 6,070 | 9,707 | 159.9% | 3,637 | 9,706 | 3,637 | 9,706 |
| Interest Earnings | 3,000 | 1,500 | 50.0% | 800 | 6,156 | 769.5% | 5,356 | 4,656 | 5,356 | 4,656 |
| Miscellaneous other | - | 343 | 0.0% | - | - | 0.0% | - | (343) | - | (343) |
| Total Operating Revenues | 709,765 | 722,297 | 101.8% | 719,070 | 745,568 | 103.7% | 26,498 | 23,271 | 26,498 | 23,271 |
| Other Fund Sources: | | | | | | | | | | |
| Capital Grants | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Debt Proceeds | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Interfund Transfers in from Operating | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Other Fund Sources | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Revenues & Fund Sources | \$ 709,765 | \$ 722,297 | 101.8% | \$ 719,070 | \$ 745,568 | 103.7% | \$ 26,498 | \$ 23,271 | \$ 26,498 | \$ 23,271 |
| Expenditures: | | | | | | | | | | |
| Operating Expenditures: | | | | | | | | | | |
| Wages | \$ 266,350 | \$ 191,327 | 71.8% | \$ 269,800 | \$ 226,060 | 83.8% | \$ 43,740 | \$ 34,733 | \$ 43,740 | \$ 34,733 |
| Benefits | 147,710 | 110,803 | 75.0% | 122,960 | 120,835 | 98.3% | 2,125 | 10,032 | 2,125 | 10,032 |
| Supplies | 66,284 | 23,933 | 36.1% | 111,200 | 41,970 | 37.7% | 69,230 | 18,037 | 69,230 | 18,037 |
| Services | 73,854 | 62,948 | 85.2% | 76,640 | 81,585 | 106.5% | (4,945) | 18,637 | (4,945) | 18,637 |
| Total Operating Expenditures | 554,198 | 389,011 | 70.2% | 580,600 | 470,450 | 81.0% | 110,150 | 81,439 | 110,150 | 81,439 |
| Other Expenditures: | | | | | | | | | | |
| Capital Outlays | 393,498 | 515,318 | 131.0% | - | - | 0.0% | - | (515,318) | - | (515,318) |
| Debt Service & Long-Term Lease | 404 | 404 | 100.0% | 420 | 1,066 | 253.8% | (646) | 662 | (646) | 662 |
| Total Other Expenditures | 393,902 | 515,722 | 130.9% | 420 | 1,066 | 253.8% | (646) | (514,656) | (646) | (514,656) |
| Other Funding Use | | | | | | | | | | |
| Interfund Transfers Out to Capital | - | - | 0.0% | 1,429,700 | 1,429,700 | 100.0% | - | 1,429,700 | - | 1,429,700 |
| Total Other Funding Use | - | - | 0.0% | 1,429,700 | 1,429,700 | 100.0% | - | 1,429,700 | - | 1,429,700 |
| Total Expenditures | 948,100 | 904,733 | 95.4% | 2,010,720 | 1,901,216 | 94.6% | 109,504 | 996,483 | 109,504 | 996,483 |
| Excess Revenues Over (Under) Expenditures | \$ (238,335) | \$ (182,436) | 76.5% | \$(1,291,650) | \$(1,155,648) | 89.5% | \$ (83,006) | \$ (973,212) | \$ (83,006) | \$ (973,212) |
| Beginning Fund Balance | 1,699,119 | 1,699,119 | 100.0% | 1,516,682 | 1,516,682 | 100.0% | - | (182,437) | - | (182,437) |
| Ending Fund Balance | \$ 1,460,784 | \$ 1,516,683 | 103.8% | \$ 225,032 | \$ 361,034 | 160.4% | \$ (83,006) | \$(1,155,649) | \$ (83,006) | \$(1,155,649) |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 December 2022 and 2021
 Storm & Surface Water Capital Fund

| | | | | YTD Target % * | | | | 100.00% | | |
|--|-------------|-------------|-------------|---------------------|---------------------|----------------|-------------------|---------------------|---------------------|---------------------|
| Storm Water Fund (#406 & #416) | 2021 | YTD Actual | 2021 YTD | 2022 | YTD Actual | 2022 YTD | YTD Target | Change | YTD | |
| | Amended | 12/31/2021 | % of | Amended | 12/31/2022 | % of | vs. Actual | Actual | | |
| | | | | | | | | | | |
| Revenues: | | | | | | | | | | |
| Operating Revenues: | | | | | | | | | | |
| Intergovernmental Revenue | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - | - | - |
| Charges for Goods & Services | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Hookup/Connection Fee | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Late Payment Fees | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Interest Earnings | - | - | 0.0% | 700 | 18,401 | 2628.7% | 17,701 | 18,401 | 18,401 | 18,401 |
| Miscellaneous other | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Operating Revenues | - | - | 0.0% | 700 | 18,401 | 2628.7% | 17,701 | 18,401 | 18,401 | 18,401 |
| Other Fund Sources: | | | | | | | | | | |
| Capital Grants | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Debt Proceeds | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Interfund Transfers in from Operating | - | - | 0.0% | 1,429,700 | 1,429,700 | 100.0% | - | 1,429,700 | 1,429,700 | 1,429,700 |
| Total Other Fund Sources | - | - | 0.0% | 1,429,700 | 1,429,700 | 100.0% | - | 1,429,700 | 1,429,700 | 1,429,700 |
| Total Revenues & Fund Sources | \$ - | \$ - | 0.0% | \$ 1,430,400 | \$ 1,448,101 | 101.2% | \$ 17,701 | \$ 1,448,101 | \$ 1,448,101 | \$ 1,448,101 |
| Expenditures: | | | | | | | | | | |
| Operating Expenditures: | | | | | | | | | | |
| Wages | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - | - | - |
| Benefits | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Supplies | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Services | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Operating Expenditures | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Other Expenditures: | | | | | | | | | | |
| Capital Outlays | - | - | 0.0% | 70,805 | 44,344 | 62.6% | 26,461 | 44,344 | 44,344 | 44,344 |
| Debt Service & Long-Term Lease | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Custodial Activities | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Other Expenditures | - | - | 0.0% | 70,805 | 44,344 | 62.6% | 26,461 | 44,344 | 44,344 | 44,344 |
| Other Funding Use | | | | | | | | | | |
| Interfund Transfers Out to Capital | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Other Funding Use | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Total Expenditures | - | - | 0.0% | 70,805 | 44,344 | 62.6% | 26,461 | 44,344 | 44,344 | 44,344 |
| Excess Revenues Over (Under) Expenditures | \$ - | \$ - | 0.0% | \$ 1,359,595 | \$ 1,403,757 | 103.2% | \$ (8,760) | \$ 1,403,757 | \$ 1,403,757 | \$ 1,403,757 |
| Beginning Fund Balance | - | - | 0.0% | - | - | 0.0% | - | - | - | - |
| Ending Fund Balance | \$ - | \$ - | 0.0% | \$ 1,359,595 | \$ 1,403,757 | 103.2% | \$ (8,760) | \$ 1,403,757 | \$ 1,403,757 | \$ 1,403,757 |

Foot Note:

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
Comparative Revenues and Expenditures - Budget to Actual
December 2022 and 2021
Airport Fund

| | | | YTD Target % * | | 100.00% | | | |
|--|---------------------|--------------------------|------------------|----------------------|--------------------------|------------------|---------------------------------------|----------------------|
| Airport Fund (#407 & #417) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | 2022 Amended | YTD Actual 12/31/2022 | 2022 YTD % of | ^Variance YTD Target vs. Actual | Change YTD Actual |
| Revenues: | | | | | | | | |
| Operating Revenues: | | | | | | | | |
| Fuel sales | \$ 650,000 | \$ 610,549 | 93.9% | \$ 707,500 | \$ 709,188 | 100.2% | \$ 1,688 | \$ 98,639 |
| Rents & Leases | 1,198,611 | 1,177,984 | 98.3% | 1,230,108 | 1,336,303 | 108.6% | 106,195 | 158,319 |
| Interest Earnings | 3,000 | 1,592 | 53.1% | 8,252 | 9,839 | 119.2% | 1,587 | 8,247 |
| Miscellaneous other | 1,300 | 525 | 40.4% | 1,300 | 150 | 11.5% | (1,150) | (375) |
| Total Operating Revenues | 1,852,911 | 1,790,650 | 96.6% | 1,947,160 | 2,055,480 | 105.6% | 108,320 | 264,830 |
| Other Fund Sources: | | | | | | | | |
| Intergovernmental - Capital Grants | 1,475,447 | 531,071 | 36.0% | - | - | 0.0% | - | (531,071) |
| Refundable Deposits | 128,100 | 128,090 | 100.0% | - | - | 0.0% | - | (128,090) |
| Proceeds from Sale of Capital Assets | - | - | 0.0% | - | - | 0.0% | - | - |
| Debt Proceeds (Bonds/Loans) | 750,000 | 602,837 | 80.4% | - | - | 0.0% | - | (602,837) |
| Interfund Transfers in from Operating | - | - | 0.0% | - | - | 0.0% | - | - |
| Total Other Fund Sources | 2,353,547 | 1,261,998 | 53.6% | - | - | 0.0% | - | (1,261,998) |
| Total Revenues & Fund Sources | \$ 4,206,458 | \$ 3,052,648 | 72.6% | \$ 1,947,160 | \$ 2,055,480 | 105.6% | \$ 108,320 | \$ (997,168) |
| Expenditures: | | | | | | | | |
| Wages | \$ 340,700 | \$ 333,642 | 97.9% | \$ 296,340 | \$ 290,381 | 98.0% | \$ 5,959 | \$ (43,261) |
| Benefits | 157,800 | 158,005 | 100.1% | 144,990 | 144,613 | 99.7% | 377 | (13,392) |
| Supplies | 576,600 | 542,945 | 94.2% | 688,200 | 692,093 | 100.6% | (3,893) | 149,148 |
| Services | 226,269 | 232,159 | 102.6% | 292,750 | 227,664 | 77.8% | 65,086 | (4,495) |
| Total Operating Expenditures | 1,301,369 | 1,266,751 | 97.3% | 1,422,280 | 1,354,751 | 95.3% | 67,529 | 88,000 |
| Other Expenditures: | | | | | | | | |
| Capital Outlays | 2,118,930 | 1,452,225 | 68.5% | - | - | 0.0% | - | (1,452,225) |
| Debt Service | 110,559 | 110,736 | 100.2% | 73,008 | 27,144 | 37.2% | 45,864 | (83,592) |
| Custodial Activities | - | - | 0.0% | - | - | 0.0% | - | - |
| Interfund Loan Payment | 70,911 | 70,911 | 100.0% | 54,135 | 54,135 | 100.0% | - | (16,776) |
| Total Other Expenditures | 2,300,400 | 1,633,872 | 71.0% | 127,143 | 81,279 | 63.9% | 45,864 | (1,552,593) |
| Other Funding Use | | | | | | | | |
| Interfund Transfers out to Capital | - | - | 0.0% | 1,823,000 | 1,823,000 | 100.0% | - | 1,823,000 |
| Total Other Funding Use | - | - | 0.0% | 1,823,000 | 1,823,000 | 100.0% | - | 1,823,000 |
| Total Expenditures | \$ 3,601,769 | \$ 2,900,623 | 80.5% | \$ 3,372,423 | \$ 3,259,030 | 96.6% | \$ 113,393 | \$ 358,407 |
| Excess Revenues Over (Under) Expenditures | \$ 604,689 | \$ 152,025 | 25.1% | \$(1,425,263) | \$(1,203,550) | 84.4% | \$ (5,073) | \$(1,355,575) |
| Beginning Fund Balance | 1,391,726 | 1,391,726 | 100.0% | 1,543,750 | 1,543,750 | 100.0% | - | 152,024 |
| Ending Fund Balance | \$ 1,996,415 | \$ 1,543,751 | 77.3% | \$ 118,487 | \$ 340,200 | 287.1% | \$ (5,073) | \$(1,203,551) |

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 December 2022 and 2021
 Airport Capital Fund

| | | | | YTD Target % * | | | | 100.00% | | |
|--|---------------------|------------------------------|----------------------|---------------------|------------------------------|----------------------|--|---------------------|---------------------|--|
| Airport Fund (#407 & #417) | 2021 Amended | YTD Actual 12/31/2021 | 2021 YTD % of | 2022 Amended | YTD Actual 12/31/2022 | 2022 YTD % of | ^Variance YTD Target vs. Actual | Change YTD | Actual | |
| Revenues: | | | | | | | | | | |
| Operating Revenues: | | | | | | | | | | |
| Fuel sales | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | |
| Rents & Leases | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Interest Earnings | - | - | 0.0% | 750 | 24,295 | 3239.3% | 23,545 | 24,295 | 24,295 | |
| Miscellaneous other | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Total Operating Revenues | - | - | 0.0% | 750 | 24,295 | 3239.3% | 23,545 | 24,295 | 24,295 | |
| Other Fund Sources: | | | | | | | | | | |
| Intergovernmental - Capital Grants | - | - | 0.0% | 906,613 | 804,441 | 88.7% | (102,172) | 804,441 | 804,441 | |
| Refundable Deposits | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Proceeds from Sale of Capital Assets | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Debt Proceeds (Bonds/Loans) | - | - | 0.0% | 147,163 | 147,163 | 100.0% | - | 147,163 | 147,163 | |
| Interfund Transfers in from Operating | - | - | 0.0% | 1,823,000 | 1,823,000 | 100.0% | - | 1,823,000 | 1,823,000 | |
| Total Other Fund Sources | - | - | 0.0% | 2,876,776 | 2,774,604 | 96.4% | (102,172) | 2,774,604 | 2,774,604 | |
| Total Revenues & Fund Sources | \$ - | \$ - | 0.0% | \$ 2,877,526 | \$ 2,798,899 | 97.3% | \$ (78,627) | \$ 2,798,899 | \$ 2,798,899 | |
| Expenditures: | | | | | | | | | | |
| Operating Expenditures: | | | | | | | | | | |
| Wages | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | |
| Benefits | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Supplies | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Services | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Total Operating Expenditures | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Other Expenditures: | | | | | | | | | | |
| Capital Outlays | - | - | 0.0% | 682,210 | 824,774 | 120.9% | (142,564) | 824,774 | 824,774 | |
| Debt Service | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Custodial Activities | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Interfund Loan Payment | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Total Other Expenditures | - | - | 0.0% | 682,210 | 824,774 | 120.9% | (142,564) | 824,774 | 824,774 | |
| Other Funding Use | | | | | | | | | | |
| Interfund Transfers out to Capital | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Total Other Funding Use | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Total Expenditures | \$ - | \$ - | 0.0% | \$ 682,210 | \$ 824,774 | 120.9% | (142,564) | \$ 824,774 | \$ 824,774 | |
| Excess Revenues Over (Under) Expenditures | \$ - | \$ - | 0.0% | \$ 2,195,316 | \$ 1,974,125 | 89.9% | \$ 63,937 | \$ 1,974,125 | \$ 1,974,125 | |
| Beginning Fund Balance | - | - | 0.0% | - | - | 0.0% | - | - | - | |
| Ending Fund Balance | \$ - | \$ - | 0.0% | \$ 2,195,316 | \$ 1,974,125 | 89.9% | \$ 63,937 | \$ 1,974,125 | \$ 1,974,125 | |

* The target percentage of budget is calculated as the month of reporting (12 for December) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.