

After Recording Mail To:

City of Chewelah
P.O. Box 258
Chewelah, WA 99109

LEASE

LESSOR: City of Chewelah
LESSEE: DONALD W. MORSE

Legal Description:

A portion of the parcel bearing Stevens County Assessor Parcel No. 0294399, legally described as a portion of the E ½ of Section 34, Township 33 North, Range 40 East, W.M., lying East of the airport runway and designated as Space T2, consisting of 18550 sf, Private Aviation Section.

THE CITY OF CHEWELAH, a municipal corporation of the State of Washington, of Chewelah, Washington, hereinafter referred to as “LESSOR,” and DONALD W. MORSE, hereinafter referred to as “LESSEE,” agree as follows:

1. **TERM AND DESCRIPTION:** The LESSOR does lease unto the LESSEE the following described tract of property in Stevens County, Washington:

A portion of the E1/2 of Section 34, Township 33 North, Range 40 East, W.M., lying East of the airport runway and designated as Space 2, Private Aviation Section

for a term of 40 years commencing on January 1, 2021 and ending on December 31, 2060.

2. **RENTAL:** The annual rental fee at the commencement of this Lease shall be calculated As follows: \$0.22473/sf for the first 4,200 sf, \$0.20235/sf for the next 6,400 sf and \$0.18211/sf for the remaining 7,950 sf for a total annual rental fee of \$3,686.68, payable on

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February 1st of each year of this Lease. LESSEE shall pay any leasehold excise tax charged thereon by the State of Washington **in addition to the annual rental fee.** LESSOR will invoice the rental fee and leasehold excise tax annually in January of each year, and the total amount shall be due to LESSOR no later than the first day of February of each year.

The rental fee charged hereunder shall be subject to adjustment on the first day of each year. For the purpose of determining the adjustment, the annual rent in place at the date of adjustment shall be multiplied by a fraction which shall have as its numerator the most recent (as of the date of calculation) available Bureau of Labor Statistics Consumer Price Index for all urban consumers (CPI-U) for the U.S. City average of all items, and which shall have as its denominator the same index from one year prior to the date for the numerator. Should the Consumer Price Index base change, appropriate adjustment will be made. In the event the Consumer Price Index ceases to be published, the LESSOR may substitute such other comparable cost of living index as may then be in publication by a comparable governmental agency. However, in no event shall the rent in any lease year be less than that established for the previous year.

Payment. All payments required to be made by LESSEE under this Lease shall be made payable to LESSOR, and shall be made either by credit/debit card (by phone or in person – convenience fees apply) or delivered or mailed to the address below:

City of Chewelah
301 E. Clay Avenue STE 104
PO Box 258
Chewelah, WA 99109
509-935-8311

Penalty for Late Payment. A cumulative late penalty of \$20 per month shall accrue on the last day of each month during which LESSEE fails to remit full payment due after the payment due date described above. Further, failure to provide timely payment of the annual rental fee and all leasehold excise tax due thereon to LESSOR as described above together with any and all late fees that may accumulate shall constitute default under this Lease, and so long as LESSEE remains in default, LESSOR may, at its option, pursue any and all remedies available to it under Section 18 below.

3. **EASEMENTS, AGREEMENTS, OR ENCUMBRANCES:** The parties shall be bound by all existing easements, agreements, and encumbrances of record relating to the leased premises, and LESSOR shall not be liable to LESSEE for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

4. **QUIET ENJOYMENT:** LESSOR warrants that LESSEE shall be granted peaceable and quiet enjoyment of the leased premises free from any eviction or interference by LESSOR so long as LESSEE pays the rental fee and other charges provided herein, and otherwise fully and punctually performs the terms and conditions imposed on LESSEE.

5. **REPRESENTATIONS BY LESSOR:** At the commencement of the term of this Lease LESSEE shall accept the buildings and improvements and any equipment in their existing condition and state of repair, and LESSEE agrees that no representations, statements, or warranties, express or implied, have been made by or on behalf of LESSOR in respect thereto except as contained in the provisions of this Lease, and LESSOR shall in no event be liable for any latent defects.

6. **LESSEE'S OBLIGATIONS:** The LESSEE shall be fully responsible for the installation of all sewage and sanitation facilities as may be required by Stevens County Health officials. The LESSEE shall be further fully responsible for and shall pay all water connection fees and installation fees charged by the LESSOR and shall pay, at the going rate, the water charges of the LESSOR. It is acknowledged that electricity will be supplied by Avista and that the cost of said electricity shall be paid by LESSEE. The LESSEE shall pay all utility charges when due and shall further permit no lien of any kind to be justly filed against the leased premises during the term of this Lease or any extension hereof.

7. **ASSIGNMENT AND SUBLETTING:** Neither LESSEE nor its successors or proper assigns shall assign, mortgage, pledge, or encumber this Lease or sublet the leased premises in whole or in part, or permit the premises to be used or occupied by others, nor shall this Lease be assigned or transferred by operation of law, without the prior consent in writing of LESSOR in each instance. Whenever LESSEE may request such consent in writing, LESSOR shall not unreasonably withhold such consent.

8. **RENEWAL OF LEASE:** This Lease shall terminate on the date specified herein

and may be renewed by mutual agreement between the parties hereto in writing at least sixty (60) calendar days prior to the expiration of the term hereof, such renewal to be subject to rates, terms and conditions then in effect.

9. **SURRENDER OF PREMISES:** Upon expiration of the term of this Lease or upon its earlier termination as herein provided, LESSEE agrees to and shall deliver quiet and peaceable possession of the premises in the same condition as it is at the time of entry into this Lease, less reasonable wear and tear.

10. **BUSINESS OF LESSEE:** It is acknowledged between the parties that the LESSEE will construct upon the premises a private aircraft hangar, and the premises are leased for the purposes associated with said private aircraft hangar, including parking purposes and all other uses normally attendant to the construction, maintenance and operation of an aircraft hangar.

11. **ALTERATIONS AND MODIFICATIONS:** LESSEE shall obtain the written approval of LESSOR, and of LESSOR's assignee, prior to making any alterations or modifications to the premises or to any equipment thereof and included in this Lease. LESSOR may not unreasonably withhold such consent when requested by LESSEE. All approved and completed alterations or modifications shall become part of the leased premises and title thereto shall vest in LESSOR. Any and all alterations or modifications undertaken by LESSEE shall be performed and completed in a workman-like manner.

12. **REPAIRS:** LESSEE shall at all times during the Lease and at its own cost and expense, repair, replace and maintain in a good, safe, and substantial condition, all buildings and any improvements, additions and alterations thereto, on the leased premises, and shall use all reasonable precaution to prevent waste, damage or injury to the leased premises.

13. **UNLAWFUL OR DANGEROUS ACTIVITY:** LESSEE shall neither use nor occupy the premises or any part thereof for any unlawful or ultrahazardous purpose or allow any nuisance of any kind on the premises.

14. **INDEMNITY:** LESSEE shall fully and completely indemnify LESSOR against all expenses, liabilities and claims of every kind, including reasonable counsel fees, by or on behalf of any person or entity arising out of any circumstance involving the premises, including:

(1) a failure by LESSEE to perform any of the terms or conditions of this Lease, (2) any injury or damage happening on or about the premises, (3) failure to comply with any law of any governmental authority, or (4) any mechanic's lien or security interest filed against the leased premises or equipment, materials, or alterations of buildings or improvements thereon.

15. **TAXES AND INSURANCE**: The LESSEE shall pay when due all assessments and taxes (including the leasehold excise tax) that are due at the time of signing or may be charged in the future to the land or the improvements thereon.

LESSEE shall keep all buildings and improvements now or hereafter located on the premises and any personal property thereon which may be included within the terms of this Lease insured against loss or damage resulting from fire, windstorm, and other hazards, including extended coverage, vandalism and malicious mischief endorsements, and against such other hazards and in such amounts as may be required from time to time by LESSOR but in any case for not less than the full replacement cost thereon, and shall keep all such policies of insurance of whatever nature constantly assigned, pledged and delivered to LESSOR with the premiums thereon fully paid.

LESSEE shall maintain comprehensive public liability and property damage liability insurance protecting LESSEE against claims (including all costs and expenses of defending the same), for personal injury, sickness, disease or death or from damage or injury to or destruction of property (including loss of use thereof) occurring in, or about the premises providing for \$1,000,000.00 in liability coverage per occurrence LESSEE shall provide proof of coverage to LESSOR, with the LESSOR named as additional insured, and shall provide annual proof of renewal of said coverage. **Initial proof of insurance shall be provided within thirty (30) calendar days of the commencement date of this lease.**

All policies of insurance to be furnished hereunder shall be in forms, companies and amounts satisfactory to LESSOR including a provision requiring that the coverage evidenced thereby shall not be canceled, reduced or materially modified within the (10) days prior written notice to LESSOR. LESSEE shall deliver the originals of all policies, including additional and renewal policies, to LESSOR, and, in the case of insurance about to expire, shall deliver renewal policies not less than ten (10) days prior to their respective dates of expiration.

LESSEE shall provide and keep in force other insurance in amounts that may from time to time be required by LESSOR against other insurable hazards as are commonly insured against for the type of business activity that LESSEE will conduct.

16. **TERMINATION**: If the LESSEE becomes insolvent or bankrupt, has a receiver appointed, or has its interest transferred by operation of law by reason of insolvency, LESSOR may cancel this Lease at its option. Insolvency, as used herein, means the inability of LESSEE to fulfill any obligation under this Lease (default), including the payment of rental fee and leasehold excise taxes when due.

Upon termination of this Lease by any reason, so long as the LESSEE is current in all rental obligations, the LESSEE may request permission to remove any improvements from the premises. LESSOR shall not unreasonably withhold such permission.

Should either party wish to terminate this agreement for any other reason, written notice must be given not less than (60) sixty calendar days in advance of the date of proposed termination. Notice shall be delivered as stipulated in Section 20 of this Lease.

17. **MAINTENANCE**: During the time of this Lease or any extension thereof, the LESSEE shall maintain said premises in a neat, clean and presentable manner at all times and shall further maintain said premises in such a manner as to prevent the spread of any noxious weeds, or the accumulation of any debris or other materials which may detract from the appearance of said premises or present any manner of foreign object damage (FOD) hazard to aircraft operating anywhere upon the airport premises.

18. **DEFAULT**: Any failure to provide payment of rental fee and leasehold excise taxes or to comply with any other provision of this agreement shall constitute default and shall subject the LESSEE to the provisions of RCW 59.12 or as amended.

19. **WAIVERS**: The failure of LESSOR to insist on a strict performance of any of the terms and conditions hereof shall be deemed a waiver of the rights or remedies that LESSOR may have regarding that specific instance only and shall not be deemed a waiver of any subsequent breach or default in any terms and conditions.

20. **NOTICE**: All notices or demands to be given with respect to this Lease shall be in writing. Each notice or demand shall be delivered or sent by certified mail, postage prepaid

and return-receipt requested, to the party to be notified at the address set forth herein or at such other address as either party may from time to time designate in writing.

Lessor: City of Chewelah
301 E. Clay Avenue, Room 104
PO Box 258
Chewelah, WA 99109

Lessee: Don Morse
154 Richmond Lane
Chewelah, WA 99109

Every notice or demand shall be deemed to have been given at the time it shall be deposited in the United States mail in the manner prescribed herein. Nothing contained herein shall be construed to preclude personal service of any notice or demand in the manner prescribed for personal service of a summons or other legal process

21. **TOTAL AGREEMENT AND BINDING EFFECT:** This Lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto. This Lease shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto, EXCEPT THAT no assignment or transfer of any interest shall be effective without the written approval of the LESSOR In accordance with Section 7, above.

22. **APPLICABLE LAW:** This agreement shall be governed by and construed in accordance with the laws of the State of Washington.

23. **ATTORNEY'S FEES:** If any action is commenced to enforce any of the provisions of this Lease, the prevailing party shall, in addition to its other remedies, be entitled to recover its reasonable attorney's fees and costs, all costs and fees to be fixed by the Court.

24. **GENERAL PROVISIONS:**

a. Paragraph Headings for Convenience Only. The headings of the paragraphs and subparagraphs herein contained are for convenience only and do not define, limit, nor construe the contents thereof.

b. Genders and Plurals. As used in this Lease, the singular includes the plural and

vice versa, and words of any gender used in this Lease shall be held and construed to include any gender.

c. Severability. Should any portion of this Lease, or the application thereof to any person or circumstance, ever be adjudicated invalid or unenforceable, all several provisions hereof, and the application of all provisions to a person or circumstance other than those ruled invalid shall remain enforceable and binding.

d. Time is of the Essence: Time is of the essence in each and every covenant, contract, and provision of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this _____ day of _____.

LESSEE:

DONALD W. MORSE

BY: _____

LESSOR:

CITY OF CHEWELAH

BY: _____

Mayor Dorothy L. Knauss

ATTEST:

BY: _____

Deputy Clerk Catherine Konzal

STATE OF WASHINGTON)
) ss.

COUNTY OF STEVENS)

Hangar Lease, Space T2 – Donald Morse 1/1/2021 to 12/31/2060

On this ____ day of _____, _____, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Dorothy L. Knauss and Pamela McCart, to me known to be the Mayor and Clerk/Treasurer, respectively, of the City of Chewelah, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and state upon oath that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of the corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of
Washington, residing at _____
My commission expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF STEVENS)

On this ____ day of _____, 20____, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Donald Morse, to me known to be the individual who executed the instrument and acknowledged it to be the free and voluntary act and deed for the uses and purposes therein mentioned.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of
Washington, residing at _____
My commission expires: _____