



**ARLINGTON MUNICIPAL AIRPORT
AIRPORT COMMISSION AGENDA
PUTNAM HALL - 18204 59th Avenue NE**

April 10, 2018

7:00 p.m.

1. Call To Order
2. Approval Of Minutes
 - 2.I. Commission Meeting - February 13, 2018

Documents:

[2018 FEBRUARY MINUTES \(002\).PDF](#)

- 2.II. Joint Meeting - Airport / PARC Commissions

Documents:

[WORKSHOP MINUTES.PDF](#)

3. Public Comment
For members of the public to speak to the Commission. Please limit remarks to three minutes.
4. New Business
 - 4.I. Arlington Sports Aviation Park (ASAP) Lease
Action Requested

Documents:

[ATTACHMENT A.PDF](#)

- 4.II. 2BRND Sale And Lease Lots 77 And 78A (Now Lot 77)
No Action Requested

Documents:

[ATTACHMENT B.PDF](#)

5. Information / Council Liaison Update
6. Executive Session
7. Adjournment

SPECIAL ACCOMMODATIONS: The City of Arlington strives to provide accessible meetings for

people with disabilities. Please contact the ADA Coordinator at (360) 403-3441 or 711 (TDD only) prior to the meeting date if special accommodations are required.

ARLINGTON MUNICIPAL AIRPORT

AIRPORT COMMISSION MINUTES

February 13, 2018

Chairperson Don Munson called the regular meeting of the Airport Commission to order at 7:00 PM.

Commissioners present included Chairperson Don Munson, Ruth Gonzales, Austin DeFreece, Dary Finck and Chris Raezer.

Commissioners absent include John Swizer and John Branthoover.

Staff present included Airport Director David Ryan, Marty Wray, Lorene Robinson and Mary Hine.

Visitors included Steve Peiffle, Paul Ellis, Duane Wilcoxon, Dan Burnell, Nick Palacios, Ron Moen, Neal Karman, Kim & Dave Bergemeier, Jan Schuette, Kevin Duncan, LeAlice and Kevin Miller, Luke Nichols, Rich Nichols and Brad Goldman.

Motion by Commissioner Finck, seconded by Commissioner DeFreece the minutes of January 9, 2018 were approved as written. Motion carries unanimously.

Motion by Commissioner DeFreece, seconded by Commissioner Finck the minutes of the Special Commission Meeting of January 23, 2018 were approved as written. Motion carries unanimously.

Motion by Commissioner DeFreece, seconded by Commissioner Finke the minutes of the Special Commission Meeting of January 30, 2018 were approved as written. Motion carries unanimously.

HANGAR 57B PROPOSAL

Dave introduced Steve Peiffle, City Attorney, who spoke to the Points of Order. Mr. Peiffle explained that the Request for Proposal for Hangar 57B set out certain criteria that must be met with the proposal. He also stated that one of the proposers has additional information that they would like the Commission to review before a final decision is made. Mr. Peiffle explained that the Commission could accept the additional information, but must give the other proposer the opportunity to respond with their own additional information. After discussion, the Commission decided not to accept any further information from the proposers.

Dave then addressed the Commission stating that the Commission held a Special Meeting on January 30th, 2018 to discuss two proposals received by the City of Arlington for Hangar 57B building purchase and renovation project. At that time the Commission was given a recommendation as well as a resolution to the City Council. Airport staff can only make a

judgement based on what was actually included in the written proposal with the bid price being the primary consideration.

A request was made to amend the resolution to show the higher dollar amount concerning the roof replacement cost.

Motion by Commissioner Finck, seconded by Commissioner DeFreece to approve the proposed resolution finding the KVA Electric proposal to be most responsive and request the City Council authorize staff to negotiate a purchase and sale agreement and proposed lease based on the terms of the KVA proposal. Motion carries with Commission Raezer abstaining.

INFORMATION / COUNCIL LIAISON UPDATE

After 13 months with the Growth Management Board, the Manufacturing Industrial Center (MIC) that Arlington and Marysville have been working on will be certified later this year.

A topic at the City Council retreat next month will be looking at all the options to pay for Fire services since the merger negotiations fell through with Marysville.

Dave welcomed Chris Raezer as the new Airport Commissioner.

Staff recently received another Public Records Request concerning NW Custom Aircraft Hangars.

Taxiway Charlie Lighting and Signage Project is ahead of schedule and will be wrapping up shortly.

We have had some break-ins here at the airport, particularly at the north end. One of our tenants took photos of a vehicle and with help from the airport cameras were able to identify the vehicle and occupants. The people have been arrested. To help with security, the gate code has been changed.

February 24 and 25 staff will be in Puyallup to attend the 2018 NW Aviation Conference and Trade Show. Commissioners are invited to come help man the booth.

Motion by Commissioner DeFreece, seconded by Commissioner Finck to adjourn the February 13, 2018 Airport Commission Meeting at 7:22pm. Motion carries unanimously.

ARLINGTON MUNICIPAL AIRPORT JOINT MEETING of the AIRPORT COMMISSION AND PARK, ARTS & RECREATION COMMISSION March 13, 2018

The Joint Meeting of the Airport Commission and Park, Arts & Recreation Commission was called to order at 6:00pm.

Airport Commissioners present included Ruth Gonzales, John Branthoover and Chris Raezer.

Park, Arts & Recreation Commissioners present included Brittany Kleinman, Tiffany AcAuslan, Jennifer Egger and Jessica Ronhaar.

Staff present included Airport Director Dave Ryan, Marty Wray, Lorene Robinson, Mary Hine, Sarah Lopez, Jay Downing and Paul Ellis.

Visitors present included Marilyn Oertle, Jan Schuette, Kevin Duncan and Neal Karman.

Dave gave a brief overview of the airport and how our funding works. The airport must be in compliance with not only the state auditor's office but must also follow all guidelines set in place by the FAA. The FAA requires all airport revenue be spent toward the preservation and upkeep of the airport. He also spoke to artistic benches, exercise stations, interpretive signs, and the observation area.

Ruth spoke to the roll and responsibilities of the Airport Commission.

Brittany talked about the role of the Park, Arts & Recreation Commission and how the two Commissions may work together on projects.

Lorene showed on the large airport map where community events are held, explained the types of events allowed and the cost associated with each area.

Discussion followed among Commissioners and staff concerning the need of a large building in the Arlington area where events such as weddings or conferences could be held.

The Joint Meeting of the Airport Commission and Park, Arts & Recreation Commission adjourned at 7:47pm.



Arlington Airport Commission Agenda Bill

Item A:

COMMISSION MEETING DATE:	
April 10, 2018	
SUBJECT:	
Arlington Sport Aviation Park (ASAP) Lease	
ATTACHMENTS:	
Letter	
DEPARTMENT OF ORIGIN	
Airport	
EXPENDITURES REQUESTED:	Legal
BUDGET CATEGORY:	Professional Services
LEGAL REVIEW:	Yes
DESCRIPTION:	
<p>The Arlington Sport Aviation Park (ASAP) lease is the area commonly known as the "ultra-light" area on the Northwest side of the airport. It is also home to the Arlington Fly-In headquarters and approx. 40 individual "open T" type stalls for these aircraft on two rows of hangars. The ASAP lease expires at the end of April 2018. The owner of the property has asked the airport to allow them to continue their operation on a month to month basis until such time as they can put together a plan to make improvements to that area. Initial discussions include a phased plan to demolish the existing hangars over a period of time and rebuild new "open T" type hangars with asphalt flooring and metal siding within the same footprint. They have asked for additional time to finalize those plans, obtain permitting and commission and City approval. The lease would remain on a month to month basis until those plans have been approved at which time the airport would enter into a new lease. Negotiations, including the term of the lease will be discussed with the Commission at that time.</p>	
HISTORY:	
<p>The Commission may recall that the former owner passed away and had defaulted on his lease terms to the City. The new owner agreed to absorb that debt and set up a "payback" account for that purpose. The balance of that amount will be paid by May of this year as per the agreement.</p>	



Arlington Airport Commission Agenda Bill

Item A:

ALTERNATIVES

Approve Staff's Recommendation
Deny Staff's Recommendation
Table Staff's Recommendation

RECOMMENDED MOTION:

I move to approve a month to month continuation of the existing lease payments for a period not to exceed six months at which time a new lease will be negotiated with the City of Arlington. Failure to reach an agreement at that time will result in termination of this lease.

David Ryan
Arlington Municipal Airport
18204 59th Ave NE
Arlington, Wa.

March 31, 2018

Re: Continuation of existing lease

David,

As you are aware, the current lease for the Arlington Sport Aviation park expires at the end of April. We are asking the Airport for a 120 day, month to month continuation of the existing lease to allow time for completion of a development proposal to build new open hangars to replace the ageing units that were built in the early 1980's for ultralight operations.

Light sport aircraft sales are currently outpacing general aviation by a ration of 4 to 1. This less costly route to aviation, coupled with our existing ultra-light and light sport tenants provides a sustainable long-term market for open "T" hangars. These hangars can be built at a low enough cost to allow affordable rents for these typically smaller aircraft.

One of the elements preserving the attractiveness and sustainability of Arlington as a general aviation airport is the rich mix of aircraft hangared here. On any given day, the variety of aircraft flying is unmatched anywhere on the west coast. Modernized open "T" hangars will continue to provide this airport with a range of size, amenities and cost allowing the continued diversity of aircraft and the economic benefits that brings.

The existing building and hangars, in addition to providing a home for a variety of light aircraft, also provides an operational base for the Arlington Fly-In. Planning and preparation for this annual airport and community event is now a year around operation. Part of the planning for the new "T" hangars involves providing space for continued operation of the Fly-In.

The 120-day lease continuation will provide time for project development, and the necessary City approvals.

Please let me know if you have any questions or need more information.

Thank you for your consideration of this matter.

Bruce Angell



Arlington Airport Commission Agenda Bill

Item B:

COMMISSION MEETING DATE:	
April 10, 2018	
SUBJECT:	
2BRND Sale and Lease Lots 77 and 78 A (Now Lot 77)	
ATTACHMENTS:	
Asset Purchase Agreement, Quit Claim Deed, New Lease, and Exhibit	
DEPARTMENT OF ORIGIN	
Airport	
EXPENDITURES REQUESTED:	Legal
BUDGET CATEGORY:	Professional Services
LEGAL REVIEW:	Yes
DESCRIPTION:	
<p>The Commission agreed in August to the purchase and sale of the "TriB" area (Lots 77 and 78A) property and to provide a 50 year land lease to 2BRND, subject to the completion of an environmental review. 2BRND completed all the environmental review and have signed the purchase and sale agreement and the sale closed on March 30, 2018. Attached are copies of the lease and the quit claim deed. You will notice a new lease description and lease exhibit for the new Lot 77 which encompasses both of the old lots.</p>	
HISTORY:	
<p>The Commission accepted the one and (only) bidder on the Request for Proposals for the properties formerly known as Manning Truck Center or the "Tri-B area" (Lots 77 and 78A) at the October 2017 Airport Commission meeting. The sale price of \$150,000 includes all three buildings (two of which will be demolished) to make room for an approx. \$3 million manufacturing and office building. The remaining building will remain for approximately two years and will be controlled by 2BRND.</p>	
ALTERNATIVES	
<p>Approve Staff's Recommendation Deny Staff's Recommendation Table Staff's Recommendation</p>	
RECOMMENDED MOTION:	
Informational only for the Commission – already approved.	

ASSET PURCHASE AGREEMENT

This agreement is made and entered into on _____, 2018, by and between the CITY OF ARLINGTON, a Washington municipal corporation ("Seller"), and 2BRND LLC, a Washington limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Buyer desires to buy and Seller desires to sell to Buyer, a certain building for the purchase price and upon the terms and conditions set forth;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants hereinafter stated, the parties agree as follows:

1. DESCRIPTION. The Seller shall sell, assign and transfer to the Buyer the Seller's entire interest in the buildings commonly known as "Building 77A, Building 77B and Building 78" located at the Arlington Municipal Airport at 19221 59th Avenue NE, Arlington, WA 988823; 19321 59th Avenue NE, Arlington, WA 98223; and 6001 192nd St. NE, Arlington, WA 98223 (aka "The Assets").

2. PURCHASE PRICE

a. The purchase price for the Assets shall be One Hundred Fifty Thousand Dollars, payable all cash at closing.

3. EXCLUSIONS. This sale does not include any other asset or other property of Seller. Specifically excluded is the land upon which the buildings sit, which shall be leased by Buyer from Seller pursuant to a separate agreement.

4. CLOSING DATE. The Closing shall take place at 9:30 a.m. on _____, 2018, or at any other time the parties agree upon, at the offices of Olympic Escrow ("Closing Agent"), 427 North Olympic Avenue, Arlington, WA 98223.

5. INSTRUMENTS OF CONVEYANCE; ESCROW. Upon delivery to Escrow of all the properly signed documents required hereunder, Seller shall sign and deliver to Escrow a standard form Quit Claim Deed to the building substantially in the form of Exhibit "A" attached hereto. The parties shall equally divide the costs of escrow which shall be paid at the time of closing. Washington state taxes, whether characterized as sales tax or real estate excise tax, shall be paid by Seller at the time of closing.

6. TITLE INSURANCE. Seller authorizes Agent, at Seller's expense, to apply for a preliminary commitment for a STANDARD form Buyer's policy of title insurance, with homeowner's additional protection and inflation protection endorsements, if applicable and available at no additional cost, to be issued by Chicago Title Insurance or such other insurance company agreed to by the parties. Said policy of title insurance shall be provided to Buyer at closing. Buyer should be aware that additional coverage may be available, if desired, at Buyer's expense. The preliminary commitment shall be delivered to Buyer as soon as practicable after Buyer and Seller have signed this Agreement.

Said preliminary commitment, and title policy to be issued, shall contain no exceptions other than those provided for in such standard form and encumbrances. If title cannot be made so insurable prior to the closing date called for herein, this Agreement shall be terminated and the earnest money shall be refunded to Buyer, less any costs incurred or advances made by Agent for Buyer, unless Buyer elects to waive such defects or encumbrances. Buyer shall conclusively be deemed to have accepted the condition of title unless Agent receives written notice of Buyer's objections within three (3) business days after the preliminary commitment for title insurance is made available to Buyer.

7. SELLER'S COVENANTS, REPRESENTATIONS AND WARRANTIES. Seller hereby represents and warrants to Buyer as follows:

a. Seller is a municipal corporation of the state of Washington, duly organized and existing and in good standing under the laws of the State of Washington.

b. Seller is the sole owner of and has good and marketable title to the Assets, free and clear of all liens and encumbrances.

8. BUYER'S COVENANTS, REPRESENTATIONS, AND WARRANTIES. Buyer covenants, represents and warrants to Seller as follows:

a. Buyer is a limited liability company duly organized and existing and in good standing under the laws of the State of Washington.

b. Buyer has all requisite power and authority to enter into and perform the terms of this Agreement. The signing, delivery, and consummation of this Agreement by Buyer and the transactions contemplated herein have been duly authorized by all necessary company action.

c. This Agreement and all supporting documentation constitute valid and legally binding obligations of Buyer, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally.

d. The execution, delivery and performance of this Agreement by Buyer does not require the consent of any third party and neither conflicts with, results in a breach of, or constitutes a default under any applicable law, judgment, order, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality, or the Operating or other agreements of Buyer, nor does it conflict with, constitute grounds for termination or, result in a breach of, or constitute a default under any agreement, instrument, license or permit to which Buyer is now subject.

e. There is no broker, finder or other person who has any valid claim against the Seller for commission, finder's fee, or brokerage fee in connection

with this Agreement or the transactions contemplated herein as a result of any actions taken by Buyer.

9. SURVIVAL OF WARRANTIES. Seller and Buyer represent to each other that all of the representations, warranties, covenants, and terms contained in this Agreement made by one to the other, and in any documents, certificates, or other instruments delivered by or on behalf of Seller and Buyer pursuant hereto or in connection with the transactions contemplated herein, are true now, will be true at the Closing, and will survive the Closing. No investigation by or on behalf of any party shall constitute a waiver as to enforcement of any representation or warranty contained herein, or a waiver as to any indemnification to which a party may be entitled under this Agreement.

10. CLOSING CONTINGENCIES. The obligations of Buyer and Seller hereunder are expressly made contingent upon the conditions that, on the Closing Date:

a. The representations and warranties of Seller shall be true and correct in all material respects.

b. Seller shall in all material respects have met all conditions and performed all obligations to be met or performed by Seller hereunder.

c. Buyer and Seller shall have agreed in all material respects to the terms of a Lease for the land on which the referenced Building site.

11. RISK OF LOSS. Risk of loss to the Assets prior to Closing shall remain on Seller.

12. MODIFICATION OR WAIVER. No modification of this Agreement shall be deemed effective unless it is in writing and is signed by the parties, and waiver granted shall not be deemed effective unless it is in writing, signed by the party against whom enforcement of the waiver is sought.

13. THIRD PARTY BENEFICIARIES. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of the Agreement on any persons other than the parties to it, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement.

14. AMENDMENT. This Agreement may be amended only by a written Agreement signed by all of the parties.

15. ARBITRATION. If any controversy or dispute arises out of or relating to this Agreement or the breach hereof, the parties shall mutually agree upon an arbitrator within twenty days after a party notifies the others in writing that there is a dispute or controversy existing. If the parties fail to select an arbitrator within twenty days as required herein, the then Presiding Judge of the Snohomish County, Washington, Court shall appoint an arbitrator. The arbitrator shall render a decision within sixty days after his appointment and shall conduct all proceedings pursuant to RCWA Chapter 7.04A

then existing, to the extent that the rules are not inconsistent with the Statutes and this Agreement. Judgment upon the award rendered under arbitration may be entered in any court having jurisdiction. The cost of the arbitration procedure shall be borne by the losing party or, if the decision is not clearly in favor of one party or the other, then the costs shall be borne as determined by the arbitration proceeding. The arbitration procedure provided herein shall be the sole and exclusive remedy to resolve any controversy or dispute arising hereunder.

16. VENUE. The proper venue for any proceeding at law or in equity or under the provisions for arbitration shall be Snohomish County, Washington, and the parties waive any right to object to the venue.

17. ATTORNEY FEES. If any arbitration proceeding or action shall be brought to recover any amount under this Agreement, or on account of any breach or, to enforce or interpret any of the terms, covenants, or conditions of this agreement, the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorney fees and actual costs, including experts' fees, the amount of which shall be fixed by the arbitrators or by the court, and shall be made a part of any award or judgment rendered.

18. EFFECT OF AGREEMENT. This Agreement and the exhibits attached hereto embody the entire Agreement and understanding of the parties and supersede any and all prior agreements, arrangements and understandings relating to matters provided for herein. No amendment, waiver or compliance with any provision or condition hereof, or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the parties. The captions are for convenience only and shall not control or affect the meaning or construction of the provisions of this Agreement.

19. NOTICES. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered on the date of personal delivery or on the date of mailing if mailed by registered or certified mail, postage prepaid and return receipt requested to the following addresses, or to such other address as any party may request in writing all of the other parties to this Agreement.

TO SELLER: City of Arlington
238 N. Olympic Avenue
Arlington, WA 98223

With a Copy To: Steven Peiffle, City Attorney
P. O. Box 188
Arlington, WA 98223

TO BUYER:

2BRND, LLC
19132 59TH DR NE
ARLINGTON, WA 98223

With a Copy To:

20. REPRESENTATION BY COUNSEL. Each of the parties has been represented by or has had the opportunity to be represented by legal counsel of his own choice. The parties acknowledge that the Law firm of Bailey, Duskin & Peiffle, P.S., has acted as attorneys for the Seller in this transaction, although the same law firm has acted as corporate counsel for the Buyer on other occasions. This Agreement has been negotiated among the parties and if there is any ambiguity, no presumption construing the Agreement against a party shall be imposed because counsel prepared this Agreement for the party or counsel for another party.

21. PRONOUNS. Whenever the pronoun "he" or "his" is used herein, it is understood that the usage is the common gender and refers to masculine, feminine, and neuter genders and also singular and plural.

21. SEVERABILITY. If any one or more of the provisions of this Agreement shall be held or found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

23. BINDING UPON HEIRS. This Agreement shall be binding upon the parties, their heirs, legal representatives, successors, and assigns.

24. GOVERNING LAW. This Agreement and all amendments hereto are to be governed by the laws of the State of Washington.

In Witness Whereof, the undersigned have signed this Agreement as of the day and year first above written.

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CITY OF ARLINGTON

By _____
Mayor Barbara Tolbert

ATTEST:

Kristin Banfield, City Clerk

BUYER:

2BRND, LLC

By: _____
Brent Barker, Member

By: _____
Brad Stuczynski, Member

FILED FOR RECORD AT THE REQUEST OF:

WHEN RECORDED RETURN TO:

BAILEY, DUSKIN & PEIFFLE, P.S.
P.O. Box 188
Arlington, WA 98223

Our File No. 27-715

QUIT CLAIM DEED

TAX PARCEL:

The Grantor, the City of Arlington, a municipal corporation of the state of Washington for and in consideration of ten dollars and other consideration in hand paid, conveys and quit claims to 2BRND, LLC, a Washington limited liability company, the following described real estate, situate in the County of Snohomish, State of Washington, together with all after acquired title of the Grantor(s) herein:

Building # 77A: That certain building only known as Building 77A, being an approximately _____ square foot building currently situate on real property owned by the City of Arlington, which property is commonly known as 19221 - 59th Avenue NE, Arlington, WA, and situated on real property legally described on the attached Exhibit "A".

Building # 77B: That certain building only known as Building 77B, being an approximately _____ square foot building currently situate on real property owned by the City of Arlington, which property is commonly known as 19321 - 59th Avenue NE, Arlington, WA, and situated on real property legally described on the attached Exhibit "A".

Building # 78: That certain building only known as Building 78, being an approximately _____ square foot building currently situate on real property owned by the City of Arlington, which property is commonly known as 6001 – 192nd St. NE, Arlington, WA, and situated on real property legally described on the attached Exhibit "A".

DATED THIS _____ day of _____, 2018.

CITY OF ARLINGTON, WA

By: _____
Barbara Tolbert, Mayor

STATE OF WASHINGTON)
 : ss
COUNTY OF SNOHOMISH)

On this _____ day of _____, 2018 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Barbara Tolbert, to me known to be the Mayor of the City of Arlington, the municipal corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes herein mentioned, and on oath stated that she is authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said municipal corporation.

GIVEN under my hand and official seal this _____ day of _____, 2018.

NOTARY PUBLIC in and for the
State of Washington, residing
at _____.
My commission expires: _____
Name: _____

LEASE

LOT 77—2BRND, LLC

The parties hereto are the CITY OF ARLINGTON, a municipal corporation of the State of Washington, (hereinafter "Arlington"), and 2BRND, LLC, a Washington limited liability company, (hereinafter "Lessee").

FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained, there parties agree as follows:

1. **LEASE AND DESCRIPTION.** Upon the terms and conditions hereinafter set forth, Arlington does hereby lease to Lessee and the Lessee does hereby lease from City those certain premises situated in the City of Arlington, County of Snohomish, State of Washington, being a part of the Arlington Municipal Airport, according to the map thereof filed with the City's Clerk, said airport being situated in Sections 15, 16, 21 and 22 Township 31 North, Range 5 East, W.M., and being described as follows:

See legal description and map attached hereto as Exhibit "A" which is incorporated herein by reference, hereinafter called "premises."

2. **BUSINESS PURPOSE.** The premises are to be used for industrial and warehousing purposes only; provided that no use may be made of the premises which can or does interfere with use of the airport by aircraft by reasons of electrical, electronic, or smoke emanations, lighting conditions, height of any structure or appurtenance, or any use which may attract birds. Unauthorized development of residential living quarters, whether by Lessee or any subtenant, is prohibited and may be declared an event of default under the lease. Arlington Municipal Airport may declare any noncomplying subleases null and void under this provision.
3. **TERM.** The term of this lease shall be for fifty (50) years, commencing April 1, 2018, and ending at midnight on March 31, 2068, subject to the provisions of paragraph 7, below.
4. **RENTAL.** The annual rental for the period from April 1, 2018 through December 31, 2019, shall be paid in advance on the first day of each rental period, commencing April 1, 2018, and shall be mailed or hand delivered to the Airport Office at 18204 59th Drive N.E., Arlington, Washington 98223, and shall be in the following amounts:

First Rental Period: (April 1, 2018 to September 30, 2019 the annual sum of \$ -0- (18 month grace period for building construction).

Second Rental Period: (October 1, 2019 to December 31, 2019) the sum of \$9,396.75 plus leasehold excise tax of \$1,206.54.

Future Rental Periods: An annual sum to be determined by Arlington based upon a reappraisal of land at the Arlington Municipal Airport (including the lease premises) by an MAI appraiser employed by Arlington for that purpose. Said sum shall be computed by the following formula:

$$R=LRR \times N$$

Where: R= annual rental sum;

LRR = Land Rental Rate, the rate per acre fixed by the most current appraisal of land at Arlington Municipal Airport. Appraisal to be conducted by an MAI appraiser employed by Arlington for valuation of land every 5 years;

N= number of acres in parcel leased by Lessee.

- (a) **FUTURE REAPPRAISALS.** Arlington anticipates having a professional reappraisal of the airport land conducted every five years. The reappraisal shall provide the basis for computation of the rents for the five-year period thereafter, using the formula as set forth above.
- (b) **READJUSTMENT AND ARBITARATION**
 1. The rental sums for the remaining years of the term of this lease shall be readjusted at the commencement of each five-year term thereof, if written request for readjustment is given by either party to the other at least 30 days prior to the commencement of the five-year period concerning which readjustment is requested. If the parties cannot agree upon the Land Rental Rate for the five-year period, the Land Rental Rate for the subsequent five-year Rental Period shall be established by binding arbitration as provided by RCW 14.08.120 (5), as now enacted or subsequently amended. The only issue subject to arbitration is the Land Rental Rate (LRR) that Arlington has established.
 2. Within fifteen (15) days after Lessee's written objection to the proposed adjusted rent, Lessee and Arlington will each select one arbitrator. The two selected arbitrators will select a third arbitrator. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the last selection of the two, either Lessee or Arlington will apply to the presiding judge of the Superior Court of Snohomish County for the appointment of a third arbitrator. Each arbitrator will

hold the MAI designation (or equivalent) with at least five (5) years commercial, industrial, and /or business park appraisal experience and will be a Washington State Certified Appraiser. The three arbitrators will determine the Land Rental Rate (LRR) thereon, and no other matter. The decision of a majority of the arbitrators will bind both Lessee and Arlington. At the conclusion of the arbitration, the arbitrators will submit a written report to Lessee and Arlington containing their decision. The costs of the arbitration will be divided equally between Lessee and Arlington. Each party shall otherwise be responsible for their own legal, consulting, and other costs.

3. In the event resolution of the rental adjustment is not completed prior to the commencement of the Rental Period being considered, Lessee shall, pending resolution of such rental adjustment, continue to pay Arlington the Rent then in effect and Arlington, at its option, may elect to require that interest in the amount of twelve percent (12%) per annum be payable on any sum due as a result of a retroactive rental increase determined under the terms of this lease.

(c) LEASEHOLD EXCISE TAX/PERSONAL PROPERTY TAX. In addition to the rent, the lessee shall pay to Arlington at the same time the rent is paid such leasehold excise tax or other taxes as shall have been or may be lawfully levied by the State of Washington or Snohomish County, which leasehold excise tax or other tax may rise or fall as rentals increase or decrease, or as applicable laws may change.

(d) LEASEHOLD EXCISE TAX PROVISIONS. In the event that the Lessee does not own the improvements as would be stated in the section 1 of the General Lease Terms and Conditions of this lease, then for the purpose of compliance with the State of Washington leasehold excise tax law, the Lessee shall within five days after demand of Arlington furnish to Arlington all information as to the actual cost of any improvements placed on the premises by the Lessee (and at least annually during the term of the Lease to furnish all information as to the actual cost of any improvements placed on the premises following construction of the building placed thereon), and if demanded, such information shall be in the form of a sworn affidavit. It is understood that said information may be furnished to the Washington State Department of Revenue for the purpose of auditing and regulating the payment or collection of such tax, and the tax may be based upon the information furnished. If Arlington shall in the future determine that it must adopt some other or different method of securing information to enable it to

comply with said law, the Lessee agrees to cooperate fully and promptly in such manner and to furnish all information demanded of it, including but not limited to depreciation schedules used for federal income tax purposes.

- (e) LATE CHARGES. There shall be assessed and the Lessee shall pay upon any installment of rent or portion thereof not paid within 10 days after such rent installment is due and payable, a late charge penalty for each month or fraction thereof the rent or portion thereof is not paid equal to five percent (5%) of the amount of such rent or portion thereof (plus accrued late charge penalties, if any) due and payable. The amount of such late charge penalty shall be added to the amount due each month, and total thereof shall be subject to a late charge for each succeeding month or fraction thereof in the amount of five percent (5%) of the total.

- 5. GENERAL TERMS AND CONDITION/INCORPORATION BY REFERENCE. Attached hereto as Exhibit "B" and incorporated herein by this reference is that document entitled "Arlington Municipal Airport General Lease Terms and Conditions" (hereinafter "the General Terms and Conditions"). Compliance with said document is a material element of Lessee's performance under and obligations under this Lease. Minimum Standards for Commercial Aeronautical Activity shall also apply for those leases providing these services.
- 6. ENVIRONMENTAL STATUS. Lessee accepts the property in its present condition. For purposes of determining the Lessee's compliance with environmental laws as set forth in paragraph 13 of the General Terms and Conditions, Lessee warrants that: (a) it has had the opportunity to inspect the premises and conduct at its expense any and all studies, environmental audits, or other examinations of the property; and (b) that no contamination of the soil or other violations of environmental law exists on the site at the commencement of this Lease.
- 7. MODIFICATIONS. This lease constitutes the entire agreement between the parties, and may not be changed or modified except by a written agreement signed by both parties.
- 8. SEVERABILITY. If any term or provision of this lease or the application of any term or provision to any person or circumstance is declared invalid or unenforceable, the remainder of this Lease, or the application of the term or provision to persons or circumstances other than those as to whom it is held invalid or unenforceable, shall not be affected and will continue in full force and effect.

/

IN WITNESS WHEREOF the parties hereto have executed this Lease on the
____ day of _____, 2018.

CITY OF ARLINGTON

By _____
Mayor Barbara Tolbert

ATTEST:

Kristin Banfield, City Clerk

LESSEE:

2BRND, LLC

By _____
Brent Barker, Member

By _____
Danielle Barker, Member

By _____
Brad Stuczynski, Member

By _____
Roxanna Stuczynski, Member

STATE OF WASHINGTON)

: ss

COUNTY OF SNOHOMISH)

On this ____ day of _____, 2018 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Barbara Tolbert and Kristin Banfield, to me known to be the Mayor and City Clerk, respectively, of the City of Arlington, the municipal corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes herein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said municipal corporation.

GIVEN under my hand and official seal this ____ day of _____, 2018.

NOTARY PUBLIC in and for the
State of Washington, residing
at _____.
My commission expires: _____
Name: _____

STATE OF WASHINGTON)

:ss

COUNTY OF SNOHOMISH)

On this _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, to me BRENT BARKER and DANIELLE BARKER, known to be members of 2BRND, LLC, the limited liability company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes herein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of said limited liability company.

GIVEN under my hand and official seal this _____ day of _____, 2018.

NOTARY PUBLIC in and for the
State of Washington, residing
at _____.
My commission expires: _____
Name: _____

STATE OF WASHINGTON)

:ss

COUNTY OF SNOHOMISH)

On this _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, to me BRAD STUCZYNSKI and ROXANNA STUCZYNSKI, known to be members of 2BRND, LLC, the limited liability company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes herein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of said limited liability company.

GIVEN under my hand and official seal this _____ day of _____, 2018.

NOTARY PUBLIC in and for the
State of Washington, residing
at _____.
My commission expires: _____
Name: _____

PERSONAL GUARANTY

FOR AND IN CONSIDERATION of financial accommodations given to 2BRND, LLC, a Washington limited liability company, by the City of Arlington ("City"), and in consideration of the City agreeing to deal with the entity, the undersigned hereby jointly and severally guarantees payment to the City of all obligations of the foregoing lease, as more particularly described above.

The City shall not be bound to exhaust its recourses or take any action against the entities or other parties before being entitled to payment by the undersigned of all amounts hereby guaranteed, but may make such demand and take such actions as it deems advisable.

Notice of default on the part of the entities is hereby waived and the undersigned jointly and severally agree to remain bound, notwithstanding any extension or renewals of any indebtedness or any liabilities hereby guaranteed or any part thereof, and consent is hereby given to 2BRND, LLC, to make such renewals and extensions as the company, at its option, may choose to grant or accept.

The undersigned guarantee and represent that they are a members of or are financially interested in 2BRND, LLC.

Brent Barker

Danielle Barker

Brad Stuczynski

Roxanna Stuczynski

STATE OF WASHINGTON)

:ss

COUNTY OF SNOHOMISH)

On this day personally appeared before me BRENT BARKER and DANIELLE BARKER, to me known to be the individuals that executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2018.

NOTARY PUBLIC in and for the
State of Washington, residing
at _____.
My commission expires: _____
Name: _____

STATE OF WASHINGTON)

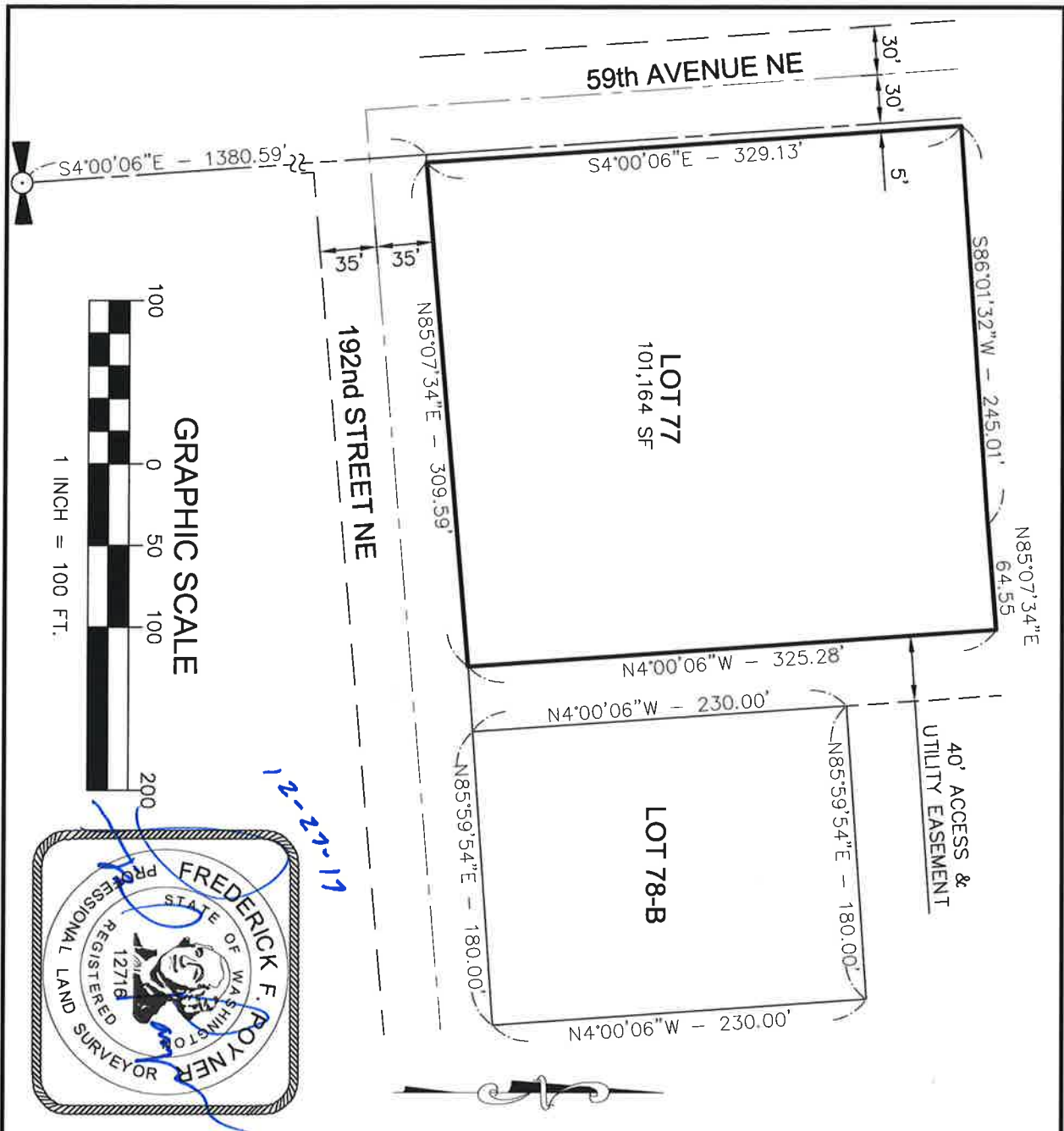
:ss

COUNTY OF SNOHOMISH)

On this day personally appeared before me BRAD STUCZYNSKI and ROXANNA STUCZYNSKI, to me known to be the individuals that executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2018.

NOTARY PUBLIC in and for the
State of Washington, residing
at _____.
My commission expires: _____
Name: _____



V:\21664\DWG\CONSTRUCTION\21664 SITE PLAN.DWG (SKETCH)12/19/2017 9:47 AM

JOB NO.: 21664	DATE: 12/18/2017	DWN. BY: TAA
PORT'N SEC.15, TWP.31N, RGE.5E, W.M.		
SKETCH FOR: <h1>ARLINGTON AIRPORT</h1> <h2>LOT 77</h2>		
CASCADE SURVEYING AND ENGINEERING, Inc. P.O. BOX 326 ARLINGTON, WA (360) 435-5551		

Lot 77

That portion of the Northwest quarter of the Southeast quarter of Section 15, Township 31 North, Range 5 East, WM more particularly described as follows:

Commencing at the Southwest corner of the Southeast quarter of Section 15, Township 31 North, Range 5 East, WM; thence North 4° 00' 06" West along the west line of said subdivision a distance of 1380.59 feet; thence North 85° 07' 34" East a distance of 5.00 feet to the point of intersection of the north boundary of 192nd street Northeast, a 70 foot wide road, and the east boundary 59th avenue Northeast, a 65 foot wide road and the true point of beginning; thence continue North 85° 07' 34" East along the north margin of 192nd street Northeast a distance of 309.59 feet; thence North 4° 00' 06" West a distance of 325.28 feet; thence South 85° 07' 34" West a distance of 64.55 feet; thence South 86° 01' 32" West a distance of 245.01 feet to the east margin of 59th avenue Northeast; thence South 4° 00' 06" East along said east margin a distance of 329.13 feet to the true point of beginning.

Subject to and together with all easements, covenants, conditions, reservations, and restrictions of record, if any.

Situate in the county of Snohomish, state of Washington.

Containing 2.3224 acres

