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THIS AMENDMENT TO LEASE is made and dated this 23<sup>rd</sup> day of February, 2011, by and between Kittitas County, a municipal corporation in the State of Washington, hereinafter referred to as the LESSOR, and CASCADE PALLET COMPANY hereinafter referred to as the LESSEE.

**WITNESSETH:**

**WHEREAS:** LESSOR and LESSEE entered into a Lease on February 12, 1998, a copy of which is attached hereto and by this reference incorporated herein; and

**WHEREAS:** LESSEE has come to the renegotiation date as of February 28, 2011 and per his lease must renegotiate his rental rate; and

**WHEREAS:** this lease is to be renegotiated every two years; the last negotiation was in 2009.

**WHEREAS:** the LESSEE is currently leasing Lot C-39 (3.02 acres) of the Kittitas County Airport Binding Site Plan. As of March 1, 2011, the LESSOR is increasing the rental rate by 10% or from \$ .043 per square foot to \$ .047 per square foot. This rental rate will be in effect as of March 1, 2011, through February 28, 2013. The rental rate schedule will run as follows:

3/01/2011 - 2/28/2012	\$ 6,182.90	Plus Leasehold Tax
3/01/2012 - 2/28/2013	\$ 6,182.90	Plus Leasehold Tax
3/01/2013 -	*****RENEGOTIATION*****	

**NOW, THEREFORE,** IT IS HEREBY AGREED by and between the parties on the above stated rental rate increase and schedule, and the aforementioned lease amended with the above modifications.

That all other terms and conditions of the aforementioned lease shall remain the same IN WITNESS WHEREOF, the Lessor and Lessee have signed their names and affixed their seals the day and year first above written.



*[Signature]*  
Clerk of the Board

LESSOR:

*[Signature]*

Paul Jewell, Chair

*[Signature]*

Alan Crankovich, Vice-Chair

*[Signature]*

Obie O'Brien, Commissioner

*[Signature]*

Kittitas County Prosecuting Atty.

WSBA# 40546

*I acknowledge and will pay that  
the increased rate but protest.*

LESSEE:

*[Signature]*

Cascade Pallet Company

Marty Haberman, President



KITTITAS COUNTY AIRPORT  
DEPARTMENT OF PUBLIC WORKS

LEASE

COPY

C-39

THIS LEASE made and dated this 12 day of February, 1998, is by and between the COUNTY OF KITTITAS, Washington, the Lessor hereinafter referred to as the "County", and CASCADE PALLET COMPANY, INC., a Washington corporation, the Lessee, hereinafter referred to as the "Lessee".

The County herewith agrees to let unto Lessee and Lessee herewith agrees to lease from the County the following described real property, situated in Kittitas County, Washington, to-wit:

Beginning at the northwest corner of Block 1800, Section 25, Township 18 North, Range 18 East., W.M., Kittitas County Airport, Kittitas County, Washington, thence North 88°12'30" East, a distance of 326.7 feet to the True Point of Beginning.

From the True Point of Beginning, thence North 88°12'33" East, a distance of 328.3 feet; thence South 1°47'30" East, a distance of 400 feet; thence South 88°12'30" West, a distance of 328.3 feet; thence North 1°47'30" West, a distance of 400 feet to the True Point of Beginning.

Containing 3.02 acres (131,551 sq ft) more or less.

This lease is made in accordance with the provisions of RCW 36.34.

TERM. The term of this lease shall be for twenty-five (25) years and will commence on the 1st day of March, 1998, and shall terminate on the last day of February, 2023. Lessee shall be allowed possession of the property upon the date of execution of the lease.

RENT. Rent shall be paid in advance on semi-annual basis and the rental for each year shall be as follows:

2/01/98 - 1/31/03	\$3,946.00	(3 cents per sq ft pr yr)
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*Lessee shall receive a credit of 1-1/2 cents per square foot rent credit upon completion of the improvements listed on Exhibit "A" attached hereto and by this reference incorporated herein. Said credit shall be effective the first of the following month of completion of said improvements and shall continue until January 31, 2003.*

ADJUSTMENT OF RENTAL. Beginning with February 1, 2003, the Lessor shall have the right to increase rental rates every two years; *provided that the annual rental rate shall not increase to more than 10% of the previous year's annual rental rate (for the year 2003 any increase of the rental rate shall be based upon the original 3 cents per square foot and will not include the rental credit).*

If the Lessee does not agree with the rental, the Lessee may request arbitration. If the Lessee elects to arbitrate, the Lessee shall select one arbitrator and the County shall select one arbitrator and the two so chosen shall select a third arbitrator. The arbitrators shall have the authority to increase the rent or continue the previous rental and both parties shall be bound by the decision of the arbitrators. The cost of arbitration shall be borne by the Lessee.

LEASEHOLD TAX. The Lessee shall pay to the County, the leasehold tax as set forth by the State of Washington, in Chapter 61, Laws of 1976, Second Executive Session (RCW 82.29A) or as amended. The tax shall be due and payable at the same time the rental charged herein is due and payable.

FIRE PROTECTION ASSESSMENT. In addition to any rental herein provided, the Lessee shall pay a fee which shall be in lieu of taxes for fire protection services, a sum equal to \$1.00 (plus any special levies of the Fire District which has received voter approval) per \$1,000.00 of appraised value of land and improvements of the leased premises. The value of the leased premises shall be determined by the Kittitas County Assessor. This fee shall be due annually each and every year during the term and shall be due and payable on the 1st day of June of each year. In the event the premises are leased for only a portion of a year, the amount shall be prorated. Any rental payment and any fees paid in lieu of fire protection services which are past due shall accrue a delinquency fee of eighteen percent (18%) per annum.

MAINTENANCE. The Lessee covenants, promises, and agrees that it will perform all routine maintenance on said premises hereby demised so as to keep the same in as good as condition as the same now exists, or may hereafter be put, including all glass, electrical appliances, plumbing, sewer, and heating. Damage by fire, acts of God and reasonable wear, tear, and usage are excepted.

The Lessee further agrees that it will not commit waste, and that it will keep said premises and grounds, including those owned by the Lessee in a safe, sanitary and orderly condition and in general shall comply with all the applicable governmental rules, ordinances and regulations as may be required or imposed by such authorities on said premises hereby demised, and shall comply with any direction pursuant to law of any public officer or officers who shall be empowered to enforce all local, state, and federal rules, regulations and ordinances upon the Lessee with respect to the demised premises or the use, occupancy, or control thereof, or the conduct of any business therein, and shall not suffer any improper or offensive use of said premises.

The Lessee shall at all times comply with the rules and regulations relative to noxious weeds of the Weed District in which said leased premises is located. Lessee shall maintain the grounds in a neat and clean condition. This shall include mowing or spraying of grass and weeds. All herbicides or other materials used for the control or nurturing of grass and weeds shall be used in strict accordance with all federal, state and local statutes, rules and regulations.

The Lessee shall not construct any buildings nor alter any existing facilities without first having the written consent of the County herein, which consent shall not be unreasonably withheld.

PURPOSE. Lessee may use the premises for the following permitted uses:

Pallet construction / pallet repair business

RULES AND REGULATIONS. The Lessee agrees to comply with all the pertinent rules and regulations of the federal, state and local governments, as well as the rules, regulations, ordinances and the Minimum Standards for Aeronautical Activities at the Kittitas County Airport (Bowers Field) as are presently in effect and may in the future be adopted. The Lessee acknowledges receipt of the Minimum Standards for Aeronautical Activities approved by the Board of County Commissioners.

ENVIRONMENTAL PROTECTION. Lessee agrees to comply with all applicable federal, state, and local laws and regulations governing environmental pollution control in effect on the date of execution of this lease.

INSPECTION. Lessee agrees that the County and its employees have the right to make inspections any time during normal operating hours, without notice. If it is determined that Lessee has violated federal or state environmental control laws or regulations, upon ten (10) days written notice, must immediately commence and diligently pursue a permanent solution to the satisfaction of federal, state or local agencies, or vacate the premises (as specifically provided for in the Default Section herein). All costs required to remedy the problem shall be at the expense of the Lessee.

Lessee and Lessor have inspected the premises on February 6, 1998, and have noted the following conditions of the property prior to Lessee's possession. Said inspection is attached hereto as Exhibit "B" and by this reference incorporated herein.

UTILITIES. The Lessee shall pay for all utility services supplied or available to the premises.

LEASEHOLD IMPROVEMENTS. The existing improvements and any future improvements (except for fencing, surfacing, utility lines) upon the leased premises shall belong to Lessee and shall be removed within thirty (30) days at the expiration of the term or any subsequent term of this lease. Failure to so remove shall cause said improvements to become the property of the Lessor. Upon removal, the premises shall be left in a neat and orderly condition, without debris and shall be graded level.

Should the Lessee desire to construct any new improvements on the above described parcel, Lessee agrees that he shall submit to the Lessor and the Kittitas County Building Inspector for approval, detailed plans and specifications for all of the proposed leasehold improvements. Lessor agrees that it shall either approve the plans and specifications as submitted, or transmit proposed revisions to Lessee within thirty (30) calendar days of receipt of the plans and specifications from the Lessee.

In the event that Lessor requires revisions of the original plans and specifications, Lessee shall have thirty (30) calendar days from the date of receipt of the proposed revisions to resubmit the plans and specifications will not be withheld unreasonably.

No construction shall commence until written approval is received from the Kittitas County Director of Public Works and the Kittitas County Building Inspector.

Upon receiving final County approval of the plans and specifications, Lessee shall engage one or more qualified individuals to begin the improvements as proposed. Construction shall commence within sixty (60) calendar days of Lessee's receipt of Lessor's final approval of the plans and specifications and shall be scheduled for completion not later than one year after commencement of improvements. Any work anticipated on the leased premises shall be in accordance with the current Uniform Building, Plumbing and Electrical Codes as administered by the Kittitas County Building Inspector's Office. It will be the Lessee's responsibility to obtain all necessary building permits and licenses to perform any work anticipated on the leased premises.

COUNTY'S LIABILITY. The County shall not be liable for any damage occasioned by failure to keep said premises in good repair and shall not be liable for any damage done or occasioned in or above or on or about said buildings or premises, nor for damage occasioned by water, snow, wind, ice or natural disaster, nor for any damage arising from the accident or neglect of the Lessee or any of its members or any Lessees or occupants of adjacent or continuous property.

ASSIGNMENT. The Lessee shall not assign this lease nor any portion thereof nor sublet the premises nor any portion thereof, without the written consent of the County, however, the County shall not unreasonably withhold such consent.

HOLD HARMLESS. The Lessee shall indemnify and save the County, its officers and employees harmless from all loss, damage, liability, or expense (including expense of litigation) arising out of or resulting from the actual injury to, or death of, any person, or from any actual loss of or damage to property belonging to any person upon or incident to the leased premises.

INSURANCE. The Lessee shall carry and maintain for the mutual benefit of the County and the Lessee, general public liability insurance against claims for bodily injury, death, or property damage occurring on, in or about the premises hereinabove described, or as hereinafter amended by resolution by the Board of County Commissioners.



The limits of liability of said premises liability coverage in an amount not less than \$100,000.00 - bodily injury; \$300,000.00 - property damage; \$300,000.00 - each occurrence, or as amended by resolution of the Board of County Commissioners, throughout the term of this lease. The County shall also be named as additional insured. The Lessee shall provide the County a certificate of insurance as evidence of proper insurance coverage at the time of the execution of this lease, and upon each anniversary date of any insurance coverage. The County shall be notified not less than thirty (30) days in advance by a written notice of cancellation, or any change in the insurance policy.

DESTRUCTION BY FIRE. In the event that the demised premises shall be damaged by fire or other casualty to such an extent that the same are untenable, then this lease shall, at the option of either the County or the Lessee, be immediately terminated and shall be of no further force and effect; provided, however, that the rental shall be prorated for the portion of the time that the Lessee is able to occupy the premises and all unused rent paid in advance shall be returned.

INSPECTION. At all times during the term of this lease or any extension thereof, the County shall have the right to enter into and upon the demised premises during reasonable business hours for the purpose of examining and inspecting the same and determining whether the Lessee shall have complied with all of its obligations hereunder in respect to the care and maintenance of the premises and all other terms and conditions thereof.

AIRPORT TRAFFIC. It is understood and agreed that the Lessee's use of the leased premises shall not in any manner interfere or restrict the use of aircraft landings, takeoffs, or storage of aircraft as presently constructed. Lessee shall comply with all rules and regulations of the Federal Aviation Administration and the Minimum Standards for Aeronautical Activities of Kittitas County.

RIGHT OF U.S. GOVERNMENT. The County holds title to the property herein leased, partially by virtue of a deed from the United States Government. A copy of said deed is available for inspection at the office of the Kittitas County Department of Public Works, hereto and made a part of this instrument as though fully set forth herein. Lessee agrees that it will do nothing which will cause the Lessor to be in violation of the terms of said deed. Lessee



further agrees that it has had ample opportunity to review said deed and is aware of all of the terms and conditions therein.

BANKRUPTCY. It is further agreed and understood that in case of the insolvency or bankruptcy of the Lessee or any assignment for the benefit of creditors or the appointment of a receiver for the Lessee, this lease shall be immediately forfeited and shall be of no further force and effect and that the Trustee in Bankruptcy, Receiver, or Assignee for the benefit of creditors shall not have any rights whatsoever in the demised premises.

AFFIRMATIVE ACTION. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E., to insure that no person shall, on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurance to the County that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E., to the same effect.

DEFAULT. In the event that the Lessee shall violate this lease, or any of its conditions or terms as herein stated, the Lessor may terminate this lease by giving thirty (30) days written notice of the conditions or terms being violated and if said violations are not corrected within the thirty-day period, the lease may be canceled, and the County shall be entitled to peaceably retake possession of the premises, provided the Lessee shall have the right to remove improvements as herein provided.

NOTICES. Any notice given by one party to the other in connection with this agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, as follows:

1. If to Lessor, addressed to: Kittitas County Department of Public Works, 205 West 5th, Room 108, Ellensburg, WA 98926, Attention: Airport Manager.
2. If to Lessee, addressed to: P.O. Box 1505, Ellensburg, Washington 98926.

Notice shall be deemed to have been received on the date of receipt as shown on the return receipt.

ATTORNEY FEES. In case Lessor shall bring suit to recover any rent due hereunder, or for breach of any provision of this lease, or to recover possession of the leased premises, or if Lessee shall bring any action for any relief against Lessor, declaratory or otherwise, arising out of this lease, the prevailing party shall recover reasonable attorney's fees which shall be determined and taxed by the court as part of the costs of such action. That all covenants, agreements, terms and conditions contained in this lease shall apply to and be binding upon Lessor and Lessee and their respective heirs, executors, administrators, successors and assigns.

LEASE TERMINATION: It is understood and agreed between the Lessor and the Lessee herein that the Lessor reserves the right to terminate this lease if the Board of County Commissioners deems it necessary to use the property for any public use or purpose or that a different use is desirable for the subject real property. In recognition of these facts, Lessee and Lessor agree that Lessor may, at Lessor's sole option, may cancel the unexpired portion of this lease and re-letting the property to another tenant, all as Lessor shall in Lessor's sole discretion deem to be in the best interest of Kittitas County. In the event that Lessor elects to terminate the lease, all rents shall be pro-rated to the date Lessee shall have restored the premises to the Lessor.

In the event Lessor shall elect to terminate this lease, Lessor shall do so only upon 120 days written notice, notifying Lessee, at Lessee's address of record, that the lease to which this applied is being so terminated. The Lessor and Lessee shall negotiate any undepreciated improvements upon the property in the case of early termination of the lease by Lessor. If the Lessee does not agree with the amount, the Lessee may request arbitration. If the Lessee elects to arbitrate, the Lessee shall select one arbitrator and the County shall select one arbitrator and the two so chosen shall select a third arbitrator. The arbitrators shall have the authority to set the value of the undepreciated improvements to the property and both parties shall be bound by the decision of the arbitrators. The cost of arbitration shall be borne by the Lessee.

VENUE. In the event there is any litigation between lessor and lessee arising out of this lease, the venue for such action shall lie in Kittitas County, notwithstanding any contrary provision of the Revised Code of Washington.

IN WITNESS WHEREOF, the Lessor and Lessee have signed their names and affixed their seals the day and year first above written.

LESSOR

BOARD OF COUNTY COMMISSIONERS

Mary Seabert

Chair



LESSEE

CASCADE PALLET COMPANY, INC.

[Signature]

Title: President

Telephone: 509 962 4213

Tax ID: 91-1650900

## EXHIBIT "A"

## MINIMUM IMPROVEMENTS UNDER RENTAL CREDIT

Excavation / drainage / lot leveling	\$15,000.00
Rock & fill	\$35,000.00

Lessee will provide as-builts and estimates of the improvements.

## EXHIBIT "B"

*Inspection of property on February 6, 1998  
Marty Haberman, lessee  
Marla Parsel, Administrative Assistant*

Property was formerly used as a sawmill. Sawdust, bark and wood chips remain as part of the fill of the lot.

Former tenant Bret Calaway used the site as a truck repair shop. During a visit to the property prior to the inspection two sites were noted where oil has been dumped on the ground, possibly to start previous burn piles during previous clean up by Calaway. During Calaway's clean-up of the property the ground was disturbed. Due to snow coverage the property cannot be completely inspected. Lessee will identify all sites on property by April 1, 1998, and said map and disposition of said sites shall be attached as Exhibit "C" to this lease.

Public Works' survey crew have noted prior irrigation delivery ditches on the property. Lessee will work with prior lessee, Victor Strand to identify the delivery system formerly used by tenants of agricultural leases.

Drainage ditches are in poor condition at the site. Lessee will perform maintenance on existing drainage ditches.

