

TWISP MUNICIPAL AIRPORT GROUND LEASE

THIS TWISP MUNICIPAL AIRPORT GROUND LEASE (hereinafter “Ground Lease”) is made and entered into this ____ day of _____, 20____, by and between the TOWN OF TWISP, a municipal corporation, herein “TOWN”, and _____ herein “LESSEE”.

WITNESSETH:

For and in consideration of the rental fees herein agreed to be paid, and in further consideration of the following promises, covenants and agreements, the TOWN hereby leases, lets and demises unto the LESSEE the following property consisting of a tract of land approximately 50 ft. x 50 ft. located at the Twisp Municipal Airport, said tract being designated upon the map of the hangar area of the Twisp Municipal Airport (the “Hangar Map”), attached hereto and incorporated herein, as hangar space number __ (the “Premises”):

1. **TERM:** The term of this Ground Lease shall be for a period of thirty (30) years, commencing on the 1st day of _____, 20____ and terminating on the ____ day of _____, 20____.

2. **RENTAL FEE:** LESSEE agrees to pay to the TOWN, and TOWN acknowledges receipt of, an initial annual rental fee of Three Hundred Ninety-Five Dollars (\$395.00) at the time of execution of this Ground Lease. Thereafter, LESSEE shall pay annual rent to the TOWN on or before the first day of _____ of each year for the duration of Ground Lease. The rental fee is subject to an annual review and possible increase by the Town Council, PROVIDED THAT the Town Council may not increase the annual rental fee in any given year by more than the maximum 12-month percent change of the Consumer Price Index for All Urban Consumers in the West Region during the preceding calendar year. In the event that the Town Council increases the annual rental as provided in this paragraph, the TOWN shall give LESSEE written notice of any such increase, including the effective date of such increase, no less than ninety (90) days prior to the rental fee’s annual due date, and such increase shall continue during the remainder of this Ground Lease’s term unless increased in the future as provided in this paragraph.

3. **USE AND CARE OF PREMISES:** The Premises shall be used by LESSEE primarily for the erection, maintenance, use and enjoyment of an aircraft hangar to house, garage, or store aircraft and necessary tools and equipment for the repair of such aircraft. Incidental non-aviation personal property storage uses are permitted provided that such uses do not interfere with aviation activities at the Twisp Municipal Airport and are not otherwise prohibited by any law or ordinance.

Hazardous or flammable materials may not be used or stored on the Premises, except for the following: (i) the fuel, oils and other hazardous materials stored in aircraft tanks; (ii) up to 70 gallons of such other fuels, oils and other hazardous materials as are reasonably needed for personal aircraft maintenance, so long as the containers are labeled, regardless of size, with the name of the substance, the words “hazardous waste” or “dangerous waste”, the major risk (i.e. flammable or toxic), and the accumulation start date. LESSEE shall not store any other hazardous or flammable materials on the Premises unless LESSEE obtains and maintains accidental pollution liability insurance as provided in paragraph 5 herein.

LESSEE is allowed to engage in aviation business uses if proper permits and licenses are obtained and LESSEE secures general liability insurance as specified in paragraph 5 below. If an aviation business requires the storage hazardous or flammable materials in quantities greater than those authorized in the paragraph above, LESSEE shall also secure accidental pollution liability insurance as specified in paragraph 5 below.

LESSEE understands and agrees that all personal property, including constructed aircraft hangars, placed upon said Premises shall be at the sole risk of LESSEE and not at the risk of the TOWN, except as otherwise provided in paragraph 12 of this Ground Lease.

LESSEE agrees to keep the Premises, aircraft hangar, and all personal property stored outside the aircraft hangar in a neat, clean, and sanitary condition.

LESSEE also agrees to comply with all current and future federal, state and local laws, rules and regulations, and ordinances regarding the maintenance, use, and operation of all personal property and aircraft hangars on the Premises.

4. **RIGHT OF INSPECTION:** TOWN shall be allowed to inspect the Premises, including the interior of any aircraft hangar, if TOWN receives reliable reports or reasonably suspects that LESSEE is in violation of this Ground Lease, provided written notice of any such inspection is mailed to LESSEE no less than thirty (30) days prior to inspection. It shall be the responsibility of the LESSEE to provide access to the Premises, including interior aircraft hangar space, on the date specified by TOWN on the written notice, or at such time as otherwise agreed between the parties.

In the event of an emergency, as reasonably determined by the Town Police Chief, Fire Chief, or Public Works Director, TOWN shall have the right to immediately access the Premises, including interior aircraft hangar space, and may take such steps as are necessary to take immediate emergency action. In such event, the Town will attempt to make contact with the LESSEE as soon as possible after the determination of an

emergency, and will provide written notice to the LESSEE within three (3) days of entering the Premises. Such written notice will advise the LESSEE of the emergency conditions that required immediate access to the Premises and any resulting actions taken by the TOWN.

5. TAXES/INSURANCE: LESSEE agrees to pay, prior to delinquency, all personal property taxes, leasehold excise taxes or other taxes lawfully levied or assessed against the Premises.

LESSEE shall, at LESSEE's expense, maintain premises liability insurance covering liability arising from LESSEE's use of the Premises against any and all claims for injury to or death of persons, and loss or damage of property occurring on, in, or about the Premises. Coverage shall be written on a form approved by the Town. This insurance policy shall name the TOWN by endorsement, or blanket policy language, as an additional insured. LESSEE agrees to maintain said insurance at all times during the term herein, with limits of not less than \$1,000,000.00 per occurrence.

LESSEE shall also maintain, at LESSEE's expense, property casualty insurance with extended coverage on any aircraft hangar located on the Premises, in the amount of the replacement value of such aircraft hangar. This policy, or a separate property casualty insurance policy, shall include the TOWN as a loss payee for the TOWN's insurable interest for cleanup and restoration of the Premises after any loss or damage.

In the event of a partial loss or damage to the aircraft hangar, LESSEE shall apply any property casualty insurance proceeds to the restoration or reconstruction of the aircraft hangar, and such restoration or reconstruction shall be completed within one hundred twenty (120) days of such loss, or by such other date as agreed to in writing by the parties.

In the event of a total loss of the aircraft hangar, LESSEE may in LESSEE's sole discretion choose to replace the aircraft hangar or vacate the Premises. In the event that LESSEE chooses to replace the aircraft hangar, LESSEE shall apply any insurance proceeds to such replacement, and such replacement shall be completed within three hundred (300) days of the loss, or by such other date as agreed to writing by the parties. In the event that LESSEE chooses to vacate the Premises, LESSEE may retain all insurance proceeds relating to the replacement or repair of the aircraft hangar and terminate this Ground Lease upon thirty (30) days written notice to the TOWN, provided that LESSEE shall within one hundred twenty (120) days of the date of such loss, or by such other date as agreed to in writing by the parties, clean-up and restore the Premises to the condition prior to the aircraft hangar's construction.

All insurance payments relating to the cleanup or repair of the Premises will be paid by the insurer directly to the contractors or individuals actually performing the cleanup or repair work. If cleanup and restoration is not completed by the LESSEE as required herein, then the TOWN may conduct such cleanup and restoration, and the insurance payments relating to the cleanup or repair of the Premises shall be paid by the insurer directly to the TOWN.

If LESSEE uses the Premises for any aviation business use and stores any hazardous or flammable materials on the Premises beyond the exempt quantities as defined in paragraph 3 of this Ground Lease, LESSEE shall also maintain, at LESSEE's expense, accidental pollution liability insurance, written on an occurrence basis, in an adequate quantity to protect against legal liability arising out of such use or storage by LESSEE. The pollution liability insurance may be either a separate policy or an endorsement on the LESSEE's general liability insurance policy. Pollution liability insurance shall be not less than \$1,000,000 per occurrence.

Other than in connection with any termination of this Ground Lease, any insurance policies required in this Section may not be cancelled without 30 days written notice to the TOWN. LESSEE shall provide proof of all insurance policies required in this paragraph on or before the initial commencement date of this Ground Lease and once a year within thirty (30) days of any written request by TOWN made prior to each annual due date of the rental fees required herein. In the event that TOWN believes the LESSEE's insurance coverage does not comply with the requirements of this Ground Lease, TOWN shall provide LESSEE a written list specifically identifying any coverage issues and LESSEE shall have thirty (30) days from receipt of such written list to either secure the changes requested or dispute them.

The LESSEE's insurance shall be primary, written by a company that has a current A.M. Best rating of at least "A VII" or better, and issued by an insurer licensed to do business in the State of Washington.

The LESSEE'S insurance coverage shall be primary insurance as respect the TOWN. Any insurance, self-insurance, or insurance pool coverage maintained by the TOWN shall be excess of the LESSEE's insurance and shall not contribute with it.

The TOWN shall not waive the TOWN's right to subrogation against the LESSEE's insurance coverage.

If any coverage is written on a “claims made” basis, then a minimum of a three (3) year extended reporting period shall be included with the claims made policy, and proof of this extended reporting period provided to the TOWN.

6. CONSTRUCTION: LESSEE shall apply for a building permit for the construction of an aircraft hangar on the Premises within twelve (12) months of the commencement date of this Ground Lease if no aircraft hangar is currently located on the Premises. LESSEE shall also apply for a building permit for any remodeling, restoration, or reconstruction of an existing aircraft hangar. Construction, remodeling, restoration or reconstruction of the aircraft hangar must be completed within the timeframe of such building permit or extensions thereof.

LESSEE shall erect all aircraft hangars at LESSEE's expense and not at the expense of TOWN, and shall not permit any cost or expense of such aircraft hangar construction to remain unpaid or become delinquent, or for a lien to be placed upon the Premises. LESSEE shall erect the aircraft hangar in a style and manner of construction compatible with existing aircraft hangars, shall comply with all applicable building and construction codes, and shall obtain, at LESSEE's expense, all permits required for such construction project. Any aircraft hangar shall have a minimum size of 30 feet by 30 feet, and the exterior must be completely sheeted with an approved material, with doors that close. The style, manner of construction, color and type of material used for sheeting must be approved by the TOWN Public Works Director in writing prior to construction, provided that such approval shall not unreasonably be withheld.

Each aircraft hangar may include one (1) bathroom, consisting of a stool and sink, if adequate water and sewer services are legally available. Any living quarters, beds or furniture used for sleeping are prohibited.

7. TERMINATION: At the termination of this Ground Lease, whether by expiration of the term, by written notice after a total loss as provided in paragraph 5 above, or through default (collectively, “Termination”), the TOWN shall take full possession of the Premises and any aircraft hangar erected thereon, provided that the LESSEE shall have the right to remove all personal property and any aircraft hangar from the Premises as provided in Paragraph 8 below.
8. REMOVAL OF AIRCRAFT HANGAR AND PERSONAL PROPERTY: After Termination, LESSEE shall have the right within one hundred and twenty (120) days to remove any personal property and aircraft hangar placed on the Premises by LESSEE, excepting any concrete slabs or paving, provided that such personal property and/or aircraft hangar can be removed without damage or injury to the real property. Any

personal property or aircraft hangar not removed from the Premises within one hundred and twenty (120) days of Termination shall revert to and become the property of the TOWN.

9. **DEFAULT:** If LESSEE fails to pay the rental fee, or fails to pay any tax lawfully assessed against the Premises prior to delinquency thereof, or fails to keep and/or perform any other promise, covenant or agreement in this Ground Lease, the TOWN shall provide written notice to LESSEE by certified mail specifying the default or delinquency. If LESSEE fails to cure the default within thirty (30) days of the notice having been provided, TOWN may thereafter enter and take possession of the Premises in the manner provided by law. Upon taking possession of the Premises by TOWN as provided for under this paragraph, this Ground Lease shall be considered terminated and LESSEE shall within one hundred and twenty (120) days remove any personal property and aircraft hangar placed on the Premises under Paragraph 8 of this Ground Lease. In addition, the Town may exercise any legal remedies available to it as a result of such default.
10. **ASSIGNMENT:** No assignment of this Ground Lease is permitted without the prior written consent of TOWN, which consent shall not be unreasonably withheld.
11. **SUBLETTING:** Neither the Premises, nor any aircraft hangar upon the Premises, may be sublet without the prior written consent of TOWN, which consent shall not be unreasonably withheld. Subletting will be permitted for aviation uses only. As a condition of allowing the LESSEE to sublet the Premises, any subletting party shall agree in writing to comply with the terms and conditions of this Ground Lease. At the LESSEE's choice, either LESSEE shall continue to provide the insurance required hereunder and add the subletting party as an additional insured on all policies, or the subletting party shall secure the required insurance coverage directly. Any subletting party shall provide TOWN with a copy of its written agreement to comply with the terms and conditions of the Ground Lease and proof of compliance with the insurance requirements prior to taking possession of the Premises.
12. **INDEMNIFICATION AND HOLD HARMLESS:** LESSEE agrees to indemnify and hold TOWN, its officers, agents, employees and elected officials, harmless from any claims, causes of action, suits, damages, injuries or judgments, including attorney's fees, that may be claimed or accrued by reason of the use, occupancy, or improvement of the Premises or aircraft hangar by LESSEE, its officers, agents, employees, guests and invitees, or caused by the act or neglect of LESSEE, its officers, agents, employees, guests and invitees, provided that such claims, causes of action, suits, damages, injuries or judgments do not arise out of any negligent actions by TOWN, its employees or

agents. TOWN may, at its option, require the LESSEE to resist or defend any action or proceeding covered under this paragraph at the LESSEE's cost and expense by counsel reasonably satisfactory to the TOWN.

13. LEGAL EXPENSE: In the event any suit, action, or proceeding at law or equity shall be instituted by either party arising out of or in connection with this Ground Lease, the prevailing party shall be entitled to recover all costs, expenses and reasonable attorney's fees incurred in such action.

14. NOTICES: For the purpose of this Lease, all required notices shall be in writing and shall be personally delivered or sent by registered mail, return receipt requested, with postage prepaid, to the parties' addresses as follows:

TOWN:

LESSEE:

Each party shall be required to ensure that the other party is informed of any change to its notice address. Either party may change the notice address by providing a written notice of the updated address to the other party as provided herein. All notices that are properly addressed and paid for shall be deemed effective when personally delivered or, if mailed, three days after the date of the deposit thereof in the US mail and irrespective of actual receipt of such notice by the addressee.

15. CHOICE OF LAW AND VENUE: This contract shall be governed and interpreted in accordance with the laws of the State of Washington and the venue of any action brought to interpret or enforce any provision of this contract shall be laid in Okanogan County.

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IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first hereinabove written.

TOWN OF TWISP, WASHINGTON

BY: _____
Mayor

ATTEST: _____
Town Clerk

LESSEE: _____
Signature

Printed name _____

Address _____

STATE OF WASHINGTON)

ss:

County of Okanogan)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature

Title: _____

My appointment expires: _____