
CED Committee Members:

Chair - Hoke Overland
Tony Binion
Kael Johnson

Support Staff:

Chris Pasinetti, CD Director
Chris Searcy, City Administrator

AGENDA

COMMUNITY & ECONOMIC DEVELOPMENT (CED) COMMITTEE

CITY OF ENUMCLAW – STEVENSON-YERXA

Monday, January 14, 2019

*******5:00PM*******

I. OLD BUSINESS

- A. Approval of meeting summary for November 26, 2018.

II. NEW BUSINESS

- A. 2019 Planning Commission/Community Development Work Plan
- B. Resolution No. 1642 Amended & Restated Expo Center Lease Agreement.

III. ADJOURNMENT

Next Scheduled Meeting: January 28, 2019 --- 5:00 p.m.

CSD Committee Members:
Chair – Hoke Overland
Tony Binion
Kael Johnson

Support Staff:
Chris Pasinetti, CD Director
Chris Searcy, City Administrator

CSD SUMMARY

COMMUNITY & ECONOMIC DEVELOPMENT (CED) COMMITTEE

CITY OF ENUMCLAW – CITY HALL
Monday, November 26, 2018

******* 5:00 p.m. *******

THE MEETING BEGAN AT 5:00 PM AND ENDED AT 6:30 PM. COUNCILMEMBERS BINION, OVERLAND AND JOHNSON WERE PRESENT, AS WELL AS STAFF MEMBER CHRIS PASINETTI.

I. OLD BUSINESS

- A. Agenda – Reviewed by the committee and approved, 3-0.
- B. Sign Code – Pasinetti discussed that the second reading and adoption of the sign code was happening later that evening and there was a small change that staff was going to suggest. An oversight in the review process for freestanding signs in the HCB district that is included in the current sign code was inadvertently missed in the revision. Staff is suggesting to include that within the code and pass ordinance for second reading.

II. ADJOURNMENT

- A. Meeting ended at 5:30 pm

<i>Downtown Pavilion Plan (included as part of the 2017 Budget)</i>	<i>Policy 9.6 Land Use Element</i>	<i>City of Enumclaw</i>	<i>Chris Pasinetti</i>	<i>Downtown Pavilion Plan to incorporate parks, mixed use, parking and other elements on city owned properties downtown.</i>	<i>Legislative Action</i>	
<u>Shoreline Master Program Review</u>	<u>Natural Environment Element Policy 7.2 Evaluate and update the City's Shoreline Master Program consistent with state mandated review cycles.</u>	<u>City of Enumclaw</u>	<u>Chris Pasinetti/ Consultant</u>	<u>State required review of the city's Shoreline Master Program adopted in 2012.</u>	<u>Legislative Action</u>	<u>June 28, 2019</u>

<p>Single Family Residential Design Standards</p>	<p>Policy 7.1 Land Use Element - Create and adopt design standards for new single family development that will ensure that new development fits into the character of existing neighborhoods in terms of scale, density and design.</p>	<p>City of Enumclaw</p>	<p>Chris Pasinetti/Dawn Moser</p>	<p>Amend the recently adopted design standards regarding garage setbacks, window coverage, 10% brick or stone façade, increased roof pitch, etc.</p> <p>These are minor amendments to allow variety. Explore incentives for one-story “Rambler” style housing</p>	<p>Legislative Action</p>	
<p>Open Space/Active Open Space and pocket parks required as part of the subdivision process</p>	<p>Park Element Policy 1.2 Neighborhood parks provided by individual developments to meet minimum levels of service should be owned and maintained by the applicable Homeowner’s association.</p>	<p>City of Enumclaw</p>	<p>Chris Pasinetti</p>	<p>Review the city’s subdivision code (Title 18) regarding open space for subdivisions to include open space/active open space and require these areas to be maintained by the homeowner’s associations</p>	<p>Legislative Action</p>	

Amend the municipal code to permit sidewalk cafes within title 18	Land Use Policy 9.4 – Promote a walkable tourist friendly environment in the Downtown by including but not limited to retails and restaurants uses at the street level of buildings....etc .	City of Enumclaw	Chris Pasinetti/Dawn Moser	Amend Title 18 to include sidewalk cafes as a permitted use.	Legislative Action	
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VERY DRAFT

Amend the municipal code regarding lot sizes in the R-2 Zone	Economic Development Policy 3.1 3.1 “Upper Middle Income Housing” Develop incentives to encourage development of large homes on large lots attractive to upper middle income families. Incentives such as reduction in building fees, construction sales taxes and other incentives should be developed for homes.	City of Enumclaw	Chris Pasinetti	Amend Title 18 regarding lot sizes in the R-2 zone	Legislative Action	
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<p>Bed & Breakfast Amendments</p>	<p>Economic Development Element – 4.2 “Bed and Breakfast Zoning Code Amendment” to make Bed and Breakfasts easier to establish which will increase availability and diversity of hospitality.</p>	<p>City of Enumclaw</p>	<p>Chris Pasinetti/Dawn Moser</p>	<p>Review and update the municipal code regarding Bed & Breakfasts to allow for AirBnB or VRBO type businesses within the Residential Zones</p>	<p>Legislative Action</p>	
<p>Comprehensive Stormwater Plan</p>	<p>Capital Facilities Element Goal CF-3 Facilitate the development of public services concurrently with the growth that is anticipated to occur in Enumclaw.</p>	<p>City of Enumclaw</p>	<p>Jeff Lincoln</p>	<p>Adopt Stormwater Comprehensive Plan</p>	<p>Legislative Action</p>	

<p>Revised Design Standards for Wireless Communication Facilities</p>	<p>Policy 1.6 Avoid the proliferation of telecommunication towers and reduce the visual impact of telecommunications equipment.</p>	<p>City of Enumclaw</p>	<p>Chris Pasinetti/Dawn Moser</p>	<p>Include provisions for cell phone towers to have screening/appearance to look like trees</p>	<p>Legislative Action</p>	
<p>Commercial Design Standards for SR 410</p>	<p>Policy 11.3 Land Use Element - Design review and development standards shall include provisions for height, setbacks, landscaping, signage, building and parking design to ensure an attractive commercial setting.</p>	<p>City of Enumclaw</p>	<p>Chris Pasinetti/Dawn Moser</p>	<p>Revise design standards for properties along SR 410 to include stone, brock or cedar/pine façade.</p>	<p>Legislative Action</p>	

Underground Power Ordinance	Policy 7.1 Land Use Element - Create and adopt design standards for new single family development that will ensure that new development fits into the character of existing neighborhoods in terms of scale, density and design.	City of Enumclaw	Chris Pasinetti/Dawn Moser	Adopt regulations to require undergrounding power along existing city roadways.	Legislative Action	
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VERY DRAFT



STAFF REPORT

ADMINISTRATION DEPARTMENT

TO: City Council

FROM: Chris Searcy / City Administrator

DATE: January 9, 2019

SUBJECT: Resolution No. 1642 – Amended & Restated Expo Center Lease Agreement

BACKGROUND:

The City and Enumclaw Expo & Events Association (EEEE), a 501c3 non-profit corporation, are parties to a lease agreement for the Enumclaw Expo Center that was originally executed in 2015. Since then the EEEA has several new board members and most recently, new General Manager Rene’ Popke. Administration and EEEA desire to amend the terms of the lease agreement to reflect certain changes in circumstance since the original lease was negotiated and operational experience of EEEA.

ANALYSIS:

The current lease agreement term is a rolling five-year period. This was desired by a former EEEA board member to address concerns that if EEEA developed a profitable operation, the City could take it back after an initial five-year term. Amending the term to a fixed five-year term beginning in 2019 with a 5-year extension upon mutual agreement is preferred.

The original lease had no compensation other than an amount equal to the WCIA casualty insurance premium for the structures, or about \$17,000 per year. It was believed that state leasehold excise tax (LET) would not apply as there was not any net compensation. A review completed by the state Department of Revenue in 2017 determined that LET was applicable and a negotiated amount of eight percent of Expo gross revenue would be subject to the 12.84% LET.

Administration and EEEA are in agreement that the City should pay the casualty insurance while EEEA pays the LET. The City’s implementation of a stormwater utility results in annual stormwater charges to EEEA of \$13,000 that was not anticipated when EEEA took over operations in 2015. The net effect is the City’s cost increase is \$17k annually while EEEA’s net increase is \$6k.

There has been confusion since 2015 about the definition of “maintenance” as the Lessee’s responsibility. The amendments proposed would eliminate any requirement for EEEA to “replace” major capital asset components such as roofs, exterior walls, flooring, carpeting, etc. as it is impractical to expect EEEA to do such given its current financial condition. A threshold of \$5,000 is proposed in which EEEA would fix or replace items such as furnaces, water heaters, plumbing fixtures, gutters, downspouts, etc. The City, as Lessor, would agree to accept responsibility for major maintenance items

exceeding the threshold until such time that EEEA has established adequate reserves as described below.

The City's dedicated Expo capital reserves have been exhausted through the Activity Hall Roof & Restroom projects. Moving forward both parties are agreeable to lease language that guides EEEA to work toward establishing cash reserves for:

- Resiliency – In case a major contract rental such as Scottish Highland Games left
- General Maintenance of \$75,000
- Capital improvements to accrue at 5% annual profit once above reserves have been met

Finally, limitations are proposed for the RV Park, a maximum stay of 14 days for May-October and 30 days for the remainder of the year.

Several other housekeeping edits are also included as some transitional language no longer applies.

RECOMMENDATION:

Staff recommends approval.

RESOLUTION NO. 1642

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ENUMCLAW, KING COUNTY, WASHINGTON AUTHORIZING THE MAYOR TO EXECUTE AN AMENDED AND RESTATED COMMERCIAL LEASE AGREEMENT FOR OPERATING THE ENUMCLAW EXPO CENTER BY AND BETWEEN THE CITY AND ENUMCLAW EXPO AND EVENTS ASSOCIATION, A NON-PROFIT CORPORATION.

Whereas, Enumclaw Expo and Events Association (EEEE) and the City of Enumclaw are parties to a commercial lease agreement for the Enumclaw Expo Center, formerly known as to the King County Fairgrounds, and

Whereas, EEEA has a new General Manager and many of the EEEA board members have changed since the original lease agreement was executed in 2015, including the board member who negotiated the original lease terms, and

Whereas, since the lease has no compensation other than grounds and building maintenance, leasehold excise tax was assumed to not be applicable, and

Whereas, the state Department of Revenue has since determined that leasehold excise tax does apply based on a percentage of gross revenues for the Expo Center, and

Whereas, the City has since implemented a stormwater utility, resulting in annual charges to EEEA of approximately \$13,000 that were not originally anticipated, and

Whereas, the parties desire to amend certain terms of the agreement and restate the remaining terms.

Now, therefore, the City Council of the City of Enumclaw, King County, Washington do hereby resolve as follows:

Section 1: That the Mayor is authorized to enter into the Amended and Restated Enumclaw Expo Center Commercial Lease Agreement dated January 8, 2019, by and between the City of Enumclaw and Enumclaw Expo and Events Association, a non-profit corporation, attached hereto and incorporated by reference as if set out in full as Exhibit "A".

Section 2: If any provision of this Resolution and/or the attached Exhibit "A" is determined to be invalid or unenforceable for any reason, the remaining provisions of this Resolution and/or the attached Exhibit "A" shall remain in force and effect.

DONE IN REGULAR AND OPEN SESSION this 28TH day of January, 2019.

Mayor Jan Molinaro

INTRODUCED _____
PASSED _____
APPROVED _____

Attested:

Maureen Burwell
City Clerk

Approved as to form:

Michael J. Reynolds
City Attorney

Resolution No. 1642 – Exhibit A

AMENDED AND RESTATED

**ENUMCLAW EXPO CENTER
COMMERCIAL LEASE AGREEMENT**

THIS LEASE AGREEMENT made this 1st day of July, 2015, by and between the *City of Enumclaw*, a municipal corporation, organized under Title 35A RCW, Optional Municipal Code, hereinafter referred to as “City” and “Lessor; and Enumclaw Expo and Events Association, a Washington State Not for Profit Corporation, hereinafter referred to as “Lessee”.

WHEREAS, the City owns real estate, structures and improvements commonly known as the Enumclaw Expo Center, and parking lots used in conjunction with the Expo Center, legally described on the attached Exhibit 1, incorporated by reference as if set out in full, and

WHEREAS, the City ~~has been~~ was operating the Expo Center and ~~has had~~ entered into agreements with third parties for events and activities at the Expo Center, of which all agreements will expire by the end of 2018, and

WHEREAS, the City has entered into a long term agreement with the Enumclaw School District for the use of the football field, stadium and locker rooms located at the Fieldhouse, and

WHEREAS, the City has sought proposals from any interested groups in leasing and operating the Expo Center, and

WHEREAS, Lessee has responded to the City's request for proposals and has formed a Not for Profit Washington State Corporation and has as its members of the Board of Directors, persons with expertise that would be beneficial in the successful operation of the Expo Center, and

WHEREAS, the City desires that the Expo Center be run as an event center that would attract people to the City, and

WHEREAS, a consideration for the City, as the Lessor, would be quality events being booked into the Expo Center which would result in an opportunity for the patrons of the Expo Center to experience the City, purchase goods and services, and have an overall favorable taxation impact to the City, and

WHEREAS, Lessee shall maintain the Expo Center in the standards set forth in this Agreement and more generally to maintain all buildings, roofs, ~~foundations~~, HVAC systems, utilities, utility lines, landscaping and grass areas in such a manner that the Expo Center would be aesthetically pleasing and be viewed as a well maintained sanitary and picturesque location for events, and

WHEREAS, a Lessee adhering to the maintenance standards and attracting quality events to the Expo Center would be of benefit to the health, safety and welfare of the citizens of the City.

WHEREAS, Lessor and Lessee desire to amend and restate the original agreement to address matters unforeseen at the time of original execution and matters that have become apparent through Lessee's operation of the Enumclaw Expo Center since July 2015, and

WHEREAS, the effective date of this amended and restated agreement will be January 1, 2019, and

NOW, THEREFORE, based upon mutual covenants to be derived the parties agree as follows:

1. **Premises:** Lessor does hereby lease to Lessee those certain lands and improvements legally described in Exhibit 1, attached hereto and incorporated by reference as if set out in full, commonly known as the Enumclaw Expo Center and its adjacent parking lots. Lessee shall have the exclusive right to operate and maintain the Enumclaw Expo Center including but not limited to the Fieldhouse, Fieldhouse parking lots, joint use of the athletic facility with Enumclaw School District, building and structures located on Enumclaw Expo Center, adjacent parking lots.

2. **Term:** The term of this lease shall be for five (5) years commencing the 1st day of January, 2015 and ending the 31st day of December, 2019. The Lessee shall have the option to renew for an additional five (5) year period, provided all the terms and conditions of this lease have been met, and further provided that there is mutual agreement for the exercise of the option by both Lessee and Lessor. Either Lessee or Lessor may elect to not renew at their sole option without the necessity of any cause given. In the event the parties elect to exercise the option for an additional ~~one (1) year extension~~ five (5) years they may, by mutual agreement, change the terms and conditions of the lease agreement, including the length of the renewal period. In the event the Lessee desires not to execute its option to renew, it shall provide the Lessor with six (6) months advanced notice in writing, which shall occur on or before June 1, 2019.

3. **Consideration:** ~~Lessee shall honor all events currently booked by City,~~ Lessee shall undertake a marketing campaign to attract new events to the Expo Center and shall manage all events in a manner to minimize the impact to surrounding neighbors, eliminate all illegal activities, book events that would be recognized as family events, comply with all rules and regulations regarding the consumption of alcoholic beverages, monitor the activities of all participants at the events to assure the conduct has no adverse impact upon the community. Lessee agrees to not book rentals or conduct or market any events related to marijuana use or consumption such as HempFest, Cannabis Cup, etc. provided that such exclusion is legally enforceable. Lessee shall provide Lessor with a listing of all booked events upon request quarterly.

~~3.1~~ **Rental Deposits**

~~Lessor and Lessee agree to equally (50/50) split all deposits held on June 30, 2015 for rentals occurring between July 1, 2015 and December 31, 2015. Lessor shall provide payment of Lessee's share of deposits within 15 days of the effective date of this agreement.~~

~~3.2~~ **King County Fair**

~~Lessor agrees to transfer to Lessee the gross revenue received for the King County Fair (\$26,072 as of 06/12/15), less direct expenses related to the fair (\$11,526 as of 6/12/15), as of June 30, 2015. Lessor shall provide payment to Lessee within 15 days of the effective date of this agreement.~~

3.3.1 Maintenance Performed by Lessee

In addition to the requirement of the events as set forth above, the Lessee shall at Lessee's expense maintain the entire Expo Center, including but not limited to its buildings, infrastructure, roofs, ~~foundations~~, parking lots, lawns, landscaping. The Lessee

shall maintain an ongoing continuous maintenance schedule which shall include but not be limited to the following Maintenance Standards:

- A. Painting of all currently painted structures, at such intervals that all worn, chipped, bare areas are covered to protect the structure and provide an attractive appearance.
- B. Maintain all HVAC units by conducting semi-annual maintenance and filter changes and replace any malfunctioning systems.
- C. Maintain all plumbing by repairing any broken lines, remove any obstructions, repair or replace broken or defective sinks, toilets and other plumbing and/or restroom fixtures.
- D. Maintain all electrical, replace any damaged or malfunctioning fixtures, and replace any non functioning bulbs.
- E. Maintain all developed grass areas with continuous mowing such that no grass area exceeds 4 inches in height, fertilize all grass areas that are located between and around structures, remove all weeds from lawn areas and landscape. Apply bark to all flowers and shrub areas annually. Replace any dead or dying trees, shrubs and/or plants. Maintain all existing irrigation systems, piping and heads.
- F. Maintain all gutters and downspouts to allow free flow of water.
- G. Maintain all parking lots by grading to remove any pot holes and add crush rock to maintain surface.
- H. Maintain all concrete and asphalt areas and seal and patch to eliminate any holes and/or cracks.
- I. Repair and/or replace any broken glass; including the replacement of any glass in Fieldhouse to retain the historical status of the structure.
- J. Coordinate with Enumclaw School District on the repair of the parking area jointly used by the School District for athletic events.
- K. Keep the entire premises neat, clean, sanitary by promptly removing any debris and garbage.
- L. Repair and/or replace roofing, exterior walls, interior walls, flooring, carpeting, ~~foundations~~ if required.

Lessee acknowledges that the Premises are accepted as-is and Lessor acknowledges that some of the structures have deficiencies in paint, roofing, etc. and that Lessee shall have a reasonable period of time to address Lessor's deferred maintenance but is expected to perform any maintenance necessary to prevent further deterioration of the Premises. Lessee shall notify Lessor of major maintenance items greater than \$5,000 that would be expected to be completed by Lessor until such time Lessee has developed adequate capital reserves, which is not anticipated to occur during the initial 5-year lease term of this amended agreement.

~~3.4~~ **Maintenance Performed by Lessor**

~~For the remainder of 2015 at the request of Lessee, Lessor agrees to provide a two-person mowing crew, one day each week during the growing season at a cost of two hundred forty-five dollars (\$245.00) per week. Lessee may request, on an annual basis, Lessor to provide similar services for future years. Lessee and Lessor shall agree on a cost for such future services no later than March 31st of any year in which the services are to be provided.~~

~~3.5~~ **Fire and Casualty Insurance**

~~Beginning January 1, 2016 the Lessee shall make a monthly lease payment to Lessor equal to one twelfth (1/12) of the Lessor's annual premium for property casualty insurance for the structures located on the premises, plus any applicable leasehold excise tax. Said payment shall be submitted by the fifteenth (15th) day of each month. Lessor shall provide notice to Lessee within fifteen (15) days of receiving notice of any premium increases for the following calendar year. For 2015 the total annual premium was \$16,996.00.~~

4. **King County Fair:** Lessee shall be required to conduct the King County Fair during the month of July for each year of this lease. Lessor and Lessee agree to execute all documents necessary to apply for and obtain funding available from other agencies for the purpose of conducting said fair. Lessor makes no assurances or guarantees regarding the availability or amount of such funds. Lessee agrees to comply with any and all conditions of said funding such as advertising, statistical and/or financial reporting, etc. Lessee agrees to make continual improvement to the King County Fair a priority for its business model.

5. **Utilities And Fees:** Lessee agrees to pay all charges for electricity, heat, natural gas, sewer, ~~septic tank pumping,~~ garbage, storm drainage and all other utilities and services to the premises; and all license fees and other governmental charges including, but not limited to, leasehold excise tax and indemnify and hold Lessor, City, harmless. ~~Waste Management has the right to provide solid waste collection services until May 11, 2016, after which the City of Enumclaw has the authority to provide such services.~~

6. **Indemnification/Hold Harmless and Insurance:** Lessor or its agents, employees, or officials shall not be liable for any injury or damage to persons or property sustained by Lessee or any others, in or about the premises. Lessee shall defend, indemnify and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Lessee's use of Premises, or from the conduct of Lessee's business, or from any activity, work or thing done, permitted, or suffered by Lessee in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City.

6.1 Insurance - The Lessee shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Lessee's operation and use of the leased Premises.

6.2 No Limitation - Lessee's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Lessee to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

6.3 Minimum Scope of Insurance - Lessee shall obtain insurance of the types described below:

1. Commercial General Liability insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover premises and contractual liability. The City shall be named as an insured on Lessee's Commercial General Liability insurance policy using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 11 or a substitute endorsement providing equivalent coverage.
2. Property insurance shall be written on an all risk basis.
3. Umbrella Liability and Excess Liability coverage over various primary liability policies, such as the auto liability and the commercial general liability policy shall be provided.

6.4 Minimum Amounts of Insurance - Lessee shall maintain the following insurance limits:

1. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.

2. Property insurance shall be written covering the full value of Lessee's property and improvements with no coinsurance provisions.
3. Umbrella Liability and Excess Liability shall be written with limits no less than \$3,000,000 each occurrence, \$5,000,000 aggregate.

6.5 **Other Insurance Provisions** - The Lessee's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Lessee's insurance and shall not contribute with it.

6.6 **Acceptability of Insurers** - Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

6.7 **Verification of Coverage** - Lessee shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Lessee.

6.8 **Waiver of Subrogation** - Lessee and City hereby release and discharge each other from all claims, losses and liabilities arising from or caused by any hazard covered by property insurance on or in connection with the premises or said building. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.

6.9 **City's Property Insurance** - City shall purchase and maintain during the term of the lease all-risk property insurance covering the Buildings for their full replacement value without any coinsurance provisions.

6.10 **Notice of Cancellation** - The Lessee shall provide the City with written notice of any policy cancellation, within two business days of their receipt of such notice.

6.11 **Failure to Maintain Insurance** - Failure on the part of the Lessee to maintain the insurance as required shall constitute a material breach of lease, upon which the City may, after giving five business days notice to the Lessee to correct the breach, terminate the Lease or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.

7. **Use:** Lessee shall use the premises for the purposes of operating an Event Center and recreational vehicle park.

7.1 ~~Vehicles and Equipment~~ and Tools

Lease includes certain ~~vehicles and~~ equipment and tools for Lessee's use in operating the Expo Center. Lessee shall provide all routine maintenance and will be responsible for all operating costs associated with their use. ~~Lessee is responsible for auto liability insurance.~~ Said ~~vehicles,~~ equipment and tools remain the property of Lessor and shall remain exclusively at the Premises and be surrendered to Lessor at the end of the term in like condition, normal wear and tear excepted. A listing of these is included as Exhibit 3.

7.2 **Information Technology (IT)**

Lessor agrees to allow Lessee to utilize all existing IT equipment (desktop/laptop computers, monitors, printers, copiers, phones (except cellular) during the term of the lease or until the useful life has been reached. ~~Lessor agrees to provide IT support for the remainder of 2015.~~ ~~Lessor agrees to Lessee's use of all software in use at the Premises as of the effective date of this agreement, providing such use is consistent with Lessor's licensing agreements,~~

~~through the remainder of 2015. Lessee agree to require all of its employees and agents accessing Lessor's IT system to adhere to Lessor's Acceptable Use Policy.~~

8. **Liens and Insolvency:** Lessee shall keep the premises free from any liens or claims of any kind arising out of any work performed for, materials furnished to, or obligations incurred by Lessee and shall hold Lessor harmless against the same. In the event Lessee becomes insolvent, bankrupt, or if a receiver, assignee or other liquidating officer is appointed and not dismissed within thirty (30) days for the business of Lessee, Lessor may cancel this lease at its sole option. In addition, Lessor reserves the right, upon its review of Lessee's financial statements that, in Lessor's opinion, there is a possibility of insolvency, being the possibility that the Lessee cannot pay current accounts payable, and in such case, Lessor may terminate this lease, at its option. Lessee agrees to provide all financial statements to Lessor within thirty (30) days of Lessor's request.

9. **Subletting or Assignment:** Except as to events less than 7 days, Lessee shall not sublet the whole or any part of the premises, nor assign the lease or sublease, without written consent of Lessor. Lessor reserves the right to review information on the party to which is to be a sub lessee or assignee, and Lessor may, at its sole discretion, reject the sublease and/or assignment.

9.1 RV Park customers may stay 14 days or less during May through October. From November through April the maximum stay may be extended up to 30 days.

10. **Access:** Lessor, its agents, employees or officers, shall have the right, at any time, to enter the premises for the purposes of inspection.

10.1 As part of the Lessor's right of access, shall include the right to enter to show to a prospective new lessee which shall include the financial information of Lessee.

10.2 Lessee acknowledges Lessor operates a municipal water utility which owns a well, pumphouse structure, related facilities and underground watermain connecting to 284th Ave. SE that is located in the central eastern portion of the south parking lot.

~~Lessor has a current capital improvement project to construct a new pumphouse structure, related facilities and underground watermain trenching to connect to 284th Ave. SE. Lessor agrees to make all reasonable efforts to schedule construction of these currently planned, as well as future, improvements in a manner to minimize impact to Expo Center operations.~~

11. **Possession:** Lessor shall deliver the possession of the premises to Lessee at the commencement of the term of this lease. Lessee shall return the premises in the same or better condition upon termination or end of lease.

12. **Emergency Operations Center:** Lessor reserves the right to utilize the Premises as an Emergency Operations Center (EOC) and make such improvements to the Premises as necessary to have a functional EOC. Lessor agrees to coordinate any necessary improvements with Lessee to minimize impacts to Lessee's operations.

13. **Signs:** Lessee may install such signs on the premises as approved by Lessor. Lessee acknowledges that Lessor also is responsible for administering the Enumclaw Municipal Code, which governs signs.

14. **Alterations:**

14.1 **Lessee-funded Improvements**

After prior written consent of Lessor, Lessee may make alterations, additions and improvements in said premises, at its sole cost and expense. In the performance of such work, Lessee agrees to comply with all laws, ordinances, rules and regulations of any governmental authority, and to hold Lessor harmless from damage, loss or expense. Upon termination of this lease and upon Lessor's consent, or Lessor's approval, Lessee shall remove such improvements and restore the premises to its original condition at option of Lessor, not later than the termination date, at Lessee's sole cost and expense. Any improvements not so removed, if Lessor elects that they remain, shall remain in and be surrendered with the premises as a part thereof.

14.2 **Lessor-funded improvements**

Lessor agrees to ~~complete improvements to the restrooms in the Exhibit Hall and Activity Hall using restricted capital improvement funds currently held by Lessor~~ pursue available grant funding for capital improvements and major maintenance of existing assets, but makes no assurance that such improvements will be accomplished.

14.3 **Lessor's Capital Reserve**

~~The Lessor has approximately three hundred twenty thousand dollars (\$320,000) in reserves at the time of execution of this agreement, the expenditure of which is restricted to capital improvements at the Enumclaw Expo Center. The restroom improvement project listed above will be funded by these reserves. The Lessee agrees to assess the capital facility needs of the Premises and meet with Lessor annually, or more frequently if mutually agreed to, to prioritize the expenditure of Lessor's capital reserves to maximize the financial~~

viability of the Expo Center. Lessee acknowledges that Lessor must adhere to public contracting laws in order to expend funds from the capital reserve and that Lessor's staff workload may dictate the schedule for completion of any such capital projects. Lessor and Lessee agree to plan, budget and schedule said improvements well in advance of the desired completion date. Lessor has expended all capital reserves that were restricted for exclusive use at the Enumclaw Expo Center.

14.4 Lessee's Capital Reserve

The Lessee will develop a three and five year strategic plan illustrating a business-type model of Expo's goals and mission. Included in the plan will be priority given to bringing staffing to a level that supports the growth of the Expo and Events Association and improved infrastructure maintenance and repair of the facility. Staff increases will include but not be limited to:

- Maintenance Crew leader with proper support from full-time permanent employees.
- Administrative positions that support the growing number of events operated by Lessee, outside rentals, marketing, and sales coordinator.
- In addition to increasing the staff, all current and new positions may meet, but not exceed, equivalent salaried positions at the City of Enumclaw.

Lessee will build a reserve fund for resiliency in the case of a long-term contract dissolving such as Scottish Highland Games and OKC Dog Show. The reserve fund will be equal to the current and following year contract amounts to allow time for new client relations to be built for prime rental dates. Lessee will also build and maintain a reserve fund for general maintenance in the amount of \$75,000 for emergency purposes. Upon completion of the above, the Lessee will direct 5% of annual profit into a Capital Reserve Account. This

Capital Reserve Account shall be used by Lessee for the renovation or replacement of existing capital assets, or new construction of capital assets which shall be mutually agreed upon by Lessee and Lessor. Lessee agrees to operate its not for profit corporation in such a manner as to maximize available funding for capital improvements to not only maintain current assets, but with an overall goal of improving said assets and constructing new facilities that increase facility attendance and community benefit. The status of Lessee's capital reserves will be a focus of each annual financial review with Lessor.

15. **Taxes:** Subject property is not subject to real estate property taxes but is subject to leasehold excise tax (LET). Lessee agrees to pay any and all taxes applicable to the operation of the premises, including any ~~leasehold excise taxes~~LET. The Lessor has negotiated with the Washington State Department of Revenue (DOR) that the first eight percent (8%) of Lessee's gross revenue shall be subject to the LET rate, currently at 12.84 percent. Lessee shall notify Lessor of its quarterly gross revenue within fifteen (15) days of the end of each quarter and shall remit the applicable LET to Lessor within thirty (30) days of the end of each quarter. Lessor is responsible for LET payment to DOR.

16. **Default And Re-Entry:** If Lessee shall fail to keep and perform any of the covenants and agreements contained herein including, but not limited to, the payment of ~~leasehold excise tax~~rent, failure to provide financial information, failure to maintain the premises in accordance with standards set forth herein, and such failure continues for thirty (30) days after written notice from Lessor, Lessor may terminate this lease and re-enter the premises, or Lessor may, without terminating this lease, re-enter said premises, and sublet the whole or any part thereof for the account of the Lessee upon as favorable terms and

conditions as the market will allow for the balance of the term of the lease. Lessor may request and Lessee shall assign any contracts for events.

17. **Removal Of Property:** In the event Lessor lawfully re-enters the premises as provided herein, Lessor shall have the right, but not the obligation, to remove all the personal property located therein and to place such property in storage at the expense and risk of Lessee, or at Lessor's option, if equipment is leased or rented, Lessor retains the right to request that Lessee assign such lease or rental agreement to Lessor.

18. **Costs And Attorney Fees:** If by reason of any default on the part of the Lessee it becomes necessary for the Lessor to employ an attorney or in case Lessor shall bring suit to recover any ~~leasehold excise tax~~ 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 and in such event, the prevailing party shall be awarded its reasonable attorney fees, costs and expenses, including, but not limited to, accounting expenses.

19. **Attorney:** The Lessee understands that the attorney drafting this lease, City Attorney Michael J. Reynolds, is the attorney for the Lessor. Lessee is advised to seek the advice of independent counsel and has been given the opportunity to do so.

20. **No Waiver:** Any waiver by either party of any breach thereof by the other shall not be considered a waiver of any future similar breach. This lease contains all the agreements between the parties; there shall be no modification of the agreement contained herein except by written instrument.

21. **Surrender of Premises:** Lessee agrees, upon termination of this lease, to peacefully quit and surrender the premises and leave the premises in a neat, clean and maintained condition, and to deliver all keys to the premises to Lessor.

22. **Hold Over:** If Lessee, with the implied or expressed consent of Lessor, shall hold over after the expiration of the term of this lease, Lessee shall remain bound by all the covenants and agreements herein, except that the tenancy shall be from month to month.

23. **Heirs, Successors and Assigns:** This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Lessee, only upon the consent of Lessor, as specified above.

24. **Notice:** Any notice required to be given by either party to the other, shall be deposited in the United States mail, postage paid, addressed to Lessor at:

Attn: City Administrator, 1339 Griffin Ave, Enumclaw, Washington, 98022 and to Lessee at:

Attn: General Manager, 45224 284th Ave. SE, Enumclaw, WA 98022, or such other address as either party may designate in writing from time to time.

25. **Time is Of the Essence of This Agreement:** Time is of the essence of this agreement.

26. **Jurisdiction:** This agreement shall be interpreted under the laws of the State of Washington and jurisdiction shall lie in King County Superior Court, Regional Justice Center.

27. **Headings:** The paragraph headings in this lease are for convenience only; they form no part of this agreement and shall not affect its interpretation.

LESSOR:

CITY OF ENUMCLAW

By: ~~Liz Reynolds~~ Jan Molinaro
Its: Mayor

Attested:
By: ~~Meredith Shirey~~ Maureen Burwell
Its: City Clerk

Approved as to Form:
By: Michael J. Reynolds
Its: City Attorney

DRAFT

LESSEE:

Enumclaw Expo and Events Association
a Not for Profit Washington State Corporation

Enumclaw Expo and Events Association
a Not for Profit Washington State Corporation

By: Scott Gray

By: Carl Hart

Its: President

Its: Member, Board of Directors

STATE OF WASHINGTON)

:SS

County of King)

On this day personally appeared before me Scott Gray, the President of Enumclaw Expo and Events Association, a Not for Profit Washington State Corporation, to me known to be the Lessee(s), described herein, who executed the within and foregoing instrument on their behalf the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2019.

NOTARY PUBLIC in and for the
State of Washington residing
at: _____
My Commission expires: _____

STATE OF WASHINGTON)

:SS

County of King)

On this day personally appeared before me Carl Hart, ~~the Secretary/Treasurer~~ Member of the Board of Directors of Enumclaw Expo and Events Association, a Not for Profit Washington State Corporation, to me known to be the Lessee(s), described herein, who executed the within and foregoing instrument on their behalf the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2019.

NOTARY PUBLIC in and for the

State of Washington residing
at: _____
My Commission expires: _____

DRAFT

STATE OF WASHINGTON)

County of King) :SS

On this day personally appeared before me ~~Liz Reynolds~~ Jan Molinaro to me known to be the Mayor of the City of Enumclaw, the municipal corporation described herein, who executed the within and foregoing instrument on behalf of the City of Enumclaw, and who acknowledged that he was authorized to sign the within and foregoing instrument on behalf of the City of Enumclaw for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2019.

NOTARY PUBLIC in and for the
State of Washington residing
at: _____
My Commission expires: _____

DRAFT