

AGREEMENT OF RESCISSION

Exhibit 'I'

The purpose of this Agreement is to rescind and cancel that certain Interlocal Agreement among the City of Kelso, Washington, the City of Longview, Washington, Cowlitz County, Washington, and the Port of Longview, Washington, and to provide for the payment of obligations that were incurred under said Interlocal Agreement, to provide for the disposition and ownership of assets that were acquired thereunder, and to restore the City of Kelso, Washington to full and complete ownership and operation of the Kelso/Longview airport.

After several months of negotiations, the parties hereto entered into an Interlocal Agreement entitled "Amended Interlocal Agreement Creating Regional Airport Authority" and thereafter successfully engaged in the joint ownership, operation and maintenance of the Kelso/ Longview Airport. Much of the real property constituting the said airport was acquired over a period of several years prior to the execution of said Amended Interlocal Agreement, by the use of funds provided by the Federal Aviation Administration (FAA). The FAA requires that the owner of airport real property acquired in whole or in part, using funds provided by the FAA, be a qualified "FAA sponsor". The entity created by the Interlocal Agreement is not a "qualified FAA sponsor" and cannot acquire such status because it neither has the power of eminent domain nor the power of taxation. Although the City of Longview, Cowlitz County and the Port of Longview could become joint owners of said airport and "qualified FAA sponsors", the obligations and burdens imposed by the FAA on "qualified FAA sponsors" and the requirement that all such sponsors subscribe to and agree to become bound by certain FAA "Assurances" is not in the best interests of Longview, Cowlitz County or the Port of Longview. Therefore, it has been determined that the "Amended Interlocal Agreement Creating Regional Airport Authority" should be rescinded, title to all real and personal property constituting the airport should be returned to the City Kelso, and that the City of Kelso should assume all existing obligations and debts of said airport. It has also been determined that Kelso should amend the provisions of Kelso Municipal Code chapter 2.72 to provide that the "Kelso Airport Board" will include members appointed by Longview, Cowlitz County and the Port of Longview. It is anticipated that Longview, Cowlitz County and the Port of Longview will continue to contribute to the financial needs of Kelso in the operation, maintenance and capital expenses of said airport, at least until such time as the present indebtedness resulting from capital improvements to said airport has been paid.

NOW, THEREFORE, in consideration of the provisions of this Agreement and the mutual promises and agreements herein set forth, the parties hereto hereby promise and agree as follows:

1. That the "Amended Interlocal Agreement Creating Regional Airport Authority", dated on or about June 15, 1993, and executed by all of the parties hereto, any and all other Interlocal Agreements among or between the parties hereto and any and all Interlocal Agreements between the Kelso/Longview Regional Airport Authority and any or all of the parties hereto entered into between June 15, 1993 and the date hereof relating to the ownership, operation, maintenance of the Kelso/Longview Regional Airport (also known as "Molt Taylor Field") or making provision for professional services shall be, and are hereby, rescinded.

2. All real and personal property constituting the Kelso/Longview airport and standing in the name of the Kelso/Longview Regional Airport Authority, shall be placed in the ownership of the City of Kelso by the execution of appropriate deeds, bills of sale, assignments and such other instruments as are appropriate.

3. All leases, rental agreements, executory contracts, and other documents heretofore entered into by the Kelso/Longview Regional Airport Authority, shall be assigned, transferred, conveyed, or otherwise set over and into the name of the City of Kelso, and the City of Kelso shall, and does hereby, assume all duties and obligations thereof. Such leases, rental agreements, executory contracts and other documents include, but are not limited to, hangar lease agreements, FBO lease agreement, leases of buildings and land not constituting hangars, and tie-down locations.

4. The City of Kelso shall, and does hereby, assume and agree to pay the following obligations:

(a) U. S. Bank in the principal sum of \$230,000, plus interest at the rate of 4.25% - 6.0% per annum, payable October 1, 2015. Interest is payable on April 1, of each year and payments of principal & interest are payable on October 1 of each year. NOTE: This obligation was incurred by the City of Longview on behalf of the Kelso/Longview Regional Airport Authority for the construction of "T-hangars;"

(b) Cowlitz Bank in the principal sum of \$79,048.58, plus interest at the rate of 6.1% per annum, payable October 5, 1998. A payment of \$4,178.04 plus interest is due on October 5, 1997, and the sum of \$74,870.54 plus interest is due on or before October 5, 1998. NOTE: This obligation was incurred by the Kelso/Longview Regional Airport Authority

to pay the City of Kelso for the balance then owing for the purchase of the FBO building;

(c) The City of Kelso in the principal sum of \$90,000, plus interest at the rate of 5.42% per annum, payable August 1, 2002. Payments of \$15,000 plus interest to the date of payment are due on August 1, 1997 and on August 1 of each year thereafter until said obligation is paid in full. NOTE: This obligation was originally incurred by the City of Kelso in the construction of "T- hangars", was assumed by the Kelso/Longview Regional Airport Authority, and it remains partly unpaid;

(d) Any and all obligations and indebtedness owing by the Kelso/Longview Regional Airport Authority on the effective date of this agreement and that are unpaid on that date;

and to indemnify and hold the other parties hereto free and harmless from all of such obligations.

5. The Kelso/Longview Regional Airport Authority shall assign, transfer and set over to the City of Kelso all funds in banks or on deposit, accounts receivable, and investments standing in its name, together with any and all policies and contracts of insurance.

6. All payments of funds heretofore made to the Kelso/Longview Regional Airport Authority by any and all of the parties hereto and to said Interlocal Agreement, and the supplying of the services of employees of the parties hereto, shall and are hereby declared to be contributions to the City of Kelso, and to the successful and continued operation and maintenance of the Kelso/Longview Airport, now also known as "Molt Taylor Field."

7. In the interests of the continued operation and maintenance of the Kelso/ Longview Airport, and in the recognition that said airport is of value and use to the entire Cowlitz County area, and in consideration of the agreements of the other parties hereto to enter into similar Interlocal Agreements, the City of Longview, Cowlitz County and the Port of Longview, each hereby promise and agree to enter into separate Interlocal Agreements with the City of Kelso, in which they each agree to make annual contributions to the operation, maintenance and capital improvement of said airport in the sum of \$16,000.00 until the obligations described in subsections (a), (b), (c), and (d) of section 4 of this Agreement are paid in full in accordance with the terms thereof. The City of Kelso shall also expend not less than \$16,000.00 per year for the operation, maintenance and capital improvement of said airport until said obligations described in said subsections (a), (b), (c), and (d) are paid in full. The contributions of each of the parties, made pursuant to such Interlocal Agreements, shall be used first for the payment of such obligations and

indebtedness until they are paid in full; thereafter, any contributions made pursuant to such Interlocal Agreements may be used in the manner agreed upon between the parties thereto. Kelso promises and agrees to perform all obligations and promptly make all payments required by the terms of the instruments evidencing such obligations. After payment of all of the obligations and indebtedness described in subsections (a), (b), (c) and (d) of section 4 of this Agreement, the amount of contributions by the City of Longview, Cowlitz County and the Port of Longview to the City of Kelso for the continued operation and maintenance and capital needs of said airport shall be as determined by each of said entities and the City of Kelso.

8. In special consideration of the annual contributions of \$16,000.00 by the City of Longview, Cowlitz County, and the Port of Longview, as described in section 7, above, the City of Kelso hereby promises and agrees to continue to maintain an airport fund into which shall be deposited all such contributions and all revenue from airport operations, leases, rental agreements and all other sources, including funds from the general revenues of the City of Kelso. Any money placed into such airport fund shall be used for airport purposes and no other purpose.

9. All minutes of meetings, all records, reports and all written documents of the Kelso/Longview Regional Airport Authority shall be delivered to and placed in the possession of the City Clerk of the City of Kelso.

10. All financial records of the Kelso/Longview Regional Airport Authority, and in the possession of its treasurer, shall be delivered to and placed in the possession of the City Clerk of the City of Kelso.

11. All records and files of the legal advisor and/or attorney for the Kelso/ Longview Regional Airport Authority shall be delivered to and be placed in the possession of the City Attorney of the City of Kelso.

12. It is the intent of all of the parties hereto that the operation and maintenance of the Kelso/Longview Airport, and its new name "Molt Taylor Field", shall continue without significant interruption, and that the present manager of said airport and the maintenance employee of said airport will continue in their present respective positions, salaries, wages, benefits and duties.

13. This Agreement of Rescission shall be deemed effective on the last day of the calendar month during which the last of the parties hereto causes this instrument to be executed; provided, however, that if the last of the parties to execute this agreement does so on or after the 25th day of a calendar month, this agreement shall be deemed effective on the 5th day of the following month. On or before the effective date hereof, and between the

date that the last party hereto executes this agreement and such effective date, all documents and instruments necessary to effectuate this Agreement of Rescission shall be prepared and, if appropriate, executed and delivered as herein provided. Execution of this agreement by a party hereto constitutes authorization and direction to that party's representative to approve and or execute documents necessary or desirable to effectuate this agreement. The Board of the Kelso/Longview Regional Airport Board is hereby authorized and directed to carry out the intent and purpose of this agreement by the preparation and execution of appropriate documents.

14. The Kelso/Longview Regional Airport Authority shall cease to exist on the effective date hereof as provided above, and upon the delivery of the documents and instruments as provided herein.

15. In the event that any action or suit or proceeding is brought for failure to observe any of the covenants of this agreement, the prevailing party shall be entitled to recover its attorneys fees and costs.

16. This agreement embodies the entire understanding among the parties hereto relative to the subject matter hereof and shall not be modified, changed or altered in any respect except in writing signed by all of the parties hereto.

Dated this 15 day of August, 1997.

City of Longview, Washington

by: Edwin R. [Signature]
City Manager

Dated this 5th day of August, 1997.

City of Kelso, Washington

by: [Signature]
City Manager

Attest:

Ann C Davis
Deputy City Clerk

Attest:

[Signature]
City Clerk

Approved as to form:

[Signature]
City Attorney

Approved as to form:

[Signature]
City Attorney

Dated this 4th day of August, 1997.

Cowlitz County, Washington

by: [Signature]
Commissioner

by: [Signature]
Commissioner

by: [Signature]
Commissioner

Approved as to form:
[Signature]
Deputy Prosecuting Attorney

Attest:
[Signature]
Clerk of the Board

Dated this 2nd day of Aug, 1997.

Port of Longview, Washington

by: [Signature]
Executive Director

Approved as to form:

[Signature]
Counsel for Port of Longview