



City Council Regular Meeting - 12 Aug 2024

SUBJECT/TITLE: Lease Agreement with Rainier Flight Services, LLC
RECOMMENDED ACTION: Refer to Transportation (Aviation) Committee
DEPARTMENT: Public Works Airport
STAFF CONTACT: Joey Root, Airport Business Development Coordinator
EXT.: 7478

FISCAL IMPACT SUMMARY:

The City will receive annual lease revenue of \$126,436.80 plus leasehold excise tax.

SUMMARY OF ACTION:

The City and Rainier Flight Services, LLC entered into a lease agreement, LAG-19-001, on February 28, 2019 for the building and premises on Parcel 800 and Parcel 820 at the Renton Airport. The City owns the building on Parcel 800 which Rainier uses for flight instruction and aircraft maintenance. Rainier operates fuel storage tanks on this property as well. The neighboring 820 Parcel is used for parked aircraft.

Lease LAG-19-001 required Rainier Flight Services, LLC to construct improvements on Parcels 800 and 820, in accordance with progressive milestones. Redevelopment of the 800 Parcel would include demolition of the existing building and development of a new hangar for storage and aircraft management. Further, the 820 Parcel development was to include a single large combination hangar and office building, a landside parking lot, and adequate ramp space for parked aircraft.

Rainier failed to meet initial milestones, so Amendment 1-20 was executed to extend the agreement during Covid year of 2020. Rainier Flight Services again failed to meet the new milestones then notified the Airport that they would be abandoning the project altogether. Failure to achieve milestones grants the Airport the right to terminate the lease on February 28, 2022. On March 1, 2022, the Airport presented a seven-year lease to Rainier for the 800 Parcel which Rainier declined to sign.

In the meantime, significant soil settlement of the exterior ground and ground floor slab has been observed in and around Building 800. This has caused damage to underground utilities, disrupted surface stormwater drainage, and disrupted building egress. Also noted is damage to architectural finishes, gaps around doors, and sloping and uneven floors. The City hired an engineering firm in December 2023 to conduct a structural assessment of the building and property. Further study was recommended and subsequently conducted in May 2024 for which results and recommendations are pending.

The City and Rainier Flight Services, LLC have agreed to a short-term (month to month) lease for Parcel 800 while awaiting results of the structural assessment. The existing lease LAG-19-001 will be terminated upon execution of this new lease and allow for a billing adjustment necessitated by the removal of Parcel 820 from the previous agreement.

EXHIBITS:

- A. 2024 800 Lease RFS
- B. Map View of 800 Parcel

STAFF RECOMMENDATION:

Authorize the Mayor and City Clerk to execute the month-to-month Lease with Rainier Flight Services, LLC

LEASE AGREEMENT**City of Renton to Rainier Flight Service, LLC (Parcel 800)**

THIS LEASE (hereinafter "Lease") is made and entered into this ___ day of _____, 2024, by and between THE CITY OF RENTON, a Washington municipal corporation (hereinafter "Landlord" or the "City"), and RAINIER FLIGHT SERVICES, LLC, a Washington limited liability corporation (hereinafter "Tenant").

WHEREAS, Tenant is currently leasing from the City the two parcels identified as 800 and 820 West Perimeter Road (the "800 Parcel" and the "820 Parcel," respectively) at the Renton Municipal Airport (the "Airport") pursuant to that certain ground lease known as LAG-19-001; and

WHEREAS, Appendix 1 to LAG-19-001 requires Tenant to construct improvements on the 800 and 820 Parcels, in accordance with progressive milestones established by the Landlord and Tenant when the lease was executed in 2019; and

WHEREAS, the Parties amended LAG-19-001 with its Amendment 1-21 in 2021 to allow Tenant additional time to conduct its development plans, and account for the changing economic conditions brought about by the COVID-19 pandemic; and

WHEREAS, despite the execution of that Amendment 1-21, Tenant remains required to satisfy each and every milestone to fulfill its obligations pursuant to LAG-19-001, Appendix 1, and Amendment 1-21; and

WHEREAS, Tenant did satisfy Amendment 1-21's first deadline to submit for complete permit application for the 820 Parcel Improvements to CED no later than March 1, 2022; and

WHEREAS, Tenant failed to meet Amendment 1-21's next sequential milestone; to wit, to commence construction pursuant to its permit application no later than December 1, 2022; and

WHEREAS, Tenant subsequently notified Landlord that it would be abandoning the project altogether, given the increases in construction prices; and

WHEREAS, such failure to achieve any milestone grants Landlord the right to terminate the lease; and

WHEREAS, on February 29, 2024 Landlord notified Tenant of its intent to terminate the tenancy on the 820 Parcel, effective March 31, 2024 then extended that date to May 31, 2024; and

WHEREAS, the Landlord has been charging the Tenant a building rate of \$1.55 per square foot, and Landlord has been charging the Tenant a ground rate of \$1.10 per square foot, which rates will not be changing with the execution of this lease;

NOW, THEREFORE, IN CONSIDERATION OF THE TERMS AND CONDITIONS HEREIN CONTAINED AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, LANDLORD AND TENANT AGREE AS FOLLOWS:

1. GRANT OF LEASE:

1.a. Documents of Lease: The following document constitutes this Lease, together with:

Exhibit A - Lease Map and Legal Description

Exhibit B - Aircraft Laws and Regulations, RCW 47.68.250: Public Highways and Transportation

1.b. Legal Description: Landlord hereby leases to Tenant, and Tenant leases from Landlord for the term described in Section 3 below, PARCEL 800, on 800 West Perimeter Road, Renton Washington] as more fully described in this Lease, with said parcels shown on Exhibit "A" (lease map and legal description), which is attached hereto and incorporated herein by this reference (hereinafter, "Premises").

1.c. Common Areas: Tenant, and its Authorized Representatives, subtenants, assignees, and licensees, shall have the right to use, in common with others, on a non-exclusive basis and subject to the Airport Regulations and Minimum Standards (as they may be amended from time to time) pursuant to Section 8(e) below, the public portion of the Renton Municipal Airport (aka Clayton Scott Field, hereinafter referred to as "Airport"), including the runway and other public facilities provided thereon.

1.c.(1). Notwithstanding anything in this Lease to the contrary, Landlord acknowledges that direct access to the taxiways and runway from the Premises is essential to the conduct of Tenant's business on the Premises and, except during construction activities occurring on the taxiways, runway or weather related events, Landlord shall ensure that Tenant and its representatives, subtenants, assignees, agents, invitees, and licensees have direct access to the taxiways and runway at all times during the Term.

1.d. Cancellation of Existing Lease: Tenant understands and agrees that as of the effective date of this Lease, this Lease shall supersede all pre-existing leases the Tenant has with the City. Therefore, the existing lease the Tenant has with the City, LAG-19-001 shall be terminated upon execution of this Lease.

2. CONDITIONS:

2.a. Specific Conditions: This Lease, and Tenant's rights and permitted uses under this Lease are subject to the following:

2.a.(1). The Airport Regulations and Minimum Standards pursuant to Section 8(e) of this lease agreement, including Landlord's standards concerning operation of public aviation service activities from the Airport; and

2.a.(2). All such non-discriminatory charges and fees for such use of the Airport as may be established from time to time by Landlord.

2.b. No Conveyance of Airport: This Lease shall in no way be deemed to be a conveyance of the Airport, and shall not be construed as providing any special privilege for any public portion of the Airport except as described herein. The Landlord reserves the absolute right to lease or permit the use of any portion of the Airport for any purpose deemed suitable for the Airport, except that portion that is leased hereby.

2.c. Nature of Landlord's Interest: It is expressly understood and agreed that Landlord holds and operates the Airport and the Premises under and subject to a grant and conveyance thereof to Landlord from the United States of America, acting through its Reconstruction Finance Corporation, and subject to all the reservations, restrictions, rights, conditions, and exceptions of the United States therein and thereunder, which grant and conveyance has been filed for record in the office of the Recorder of King County, Washington, and recorded in Volume 2668 of Deeds, Page 386; and further that Landlord holds and operates said Airport and Premises under and subject to the State Aeronautics Acts of the State of Washington (chapter 165, laws of 1947), and any subsequent amendments thereof or subsequent legislation of said state and all rules and regulations lawfully promulgated under any act or legislation adopted by the State of Washington or by the United States or the Federal Aviation Administration. It is expressly agreed that the Tenant also accepts and will hold and use this Lease and the Premises subject thereto and to all contingencies, risks, and eventualities of or arising out of the foregoing, and if this Lease, its Term, or any conditions or provisions of this Lease are or become in conflict with or impaired or defeated by any such legislation, rules, regulations, contingencies or risks, the latter shall control and, if necessary, modify or supersede any provision of this Lease affected thereby, all without any liability on the part of, or recourse against, Landlord in favor of Tenant, provided that Landlord does not exceed its authority under the foregoing legislation, rules and regulations and provided further that, in the event that this Lease is modified or superseded by such legislation, rules, regulations, contingencies or risks, all compensation payable to the Landlord for a third party's use of the improvements during the Term shall be paid to the Tenant, its successors or its assigns.

2.d. Future Development/Funding: Nothing contained in this Lease shall operate or be construed to prevent or hinder the future development, improvements, or operation of Airport by Landlord, its agents, successors or assigns, or any department or agency of the State of

Washington or of the United States, or the consummation of any loan or grant of federal or state funds in aid of the development, improvement, or operation of the Renton Airport, but Landlord's exercise of such rights shall not unreasonably interfere with Tenant's rights under this Lease.

2.e. Cleaning of Catch Basins and Oil/Water Separators: At Tenant's cost, Tenant shall routinely inspect, and clean and remove all sediment and other debris from, the catch basins and oil/water separators on the Premises. In doing so, Tenant shall comply with all applicable federal, state, and local laws and regulations. Tenant shall provide Landlord with documentation of inspection, cleaning, and removal.

3. TERM: The term of this Lease (the "Term") as to the Premises shall be for a month-to-month term commencing on June 1, 2024 (hereinafter "Commencement Date"), and shall continue on a month-to-month basis until such time as one party gives the other written notice of termination, except that Landlord may terminate this lease upon not less than three days' notice in the case of nonpayment of rent. Either party may, upon written notice to the other delivered at least ninety (90) days before the end of the calendar month, terminate this lease without cause at such effective date.

4. RENT/FEES/CHARGES:

4.a. Minimum Monthly Rent: Tenant shall pay to Landlord a Minimum Monthly Rent, PLUS Leasehold Excise Tax as described in this section, below, without deduction, offset, prior notice or demand, payable promptly in advance on the first day of each and every month. All such payments shall be made to the City of Renton, Attention: Fiscal Services, 1055 South Grady Way, Renton, Washington 98057; or (2) By electronic payment using the payment portal available at <http://rentonwa.gov/aronlinepayments>. Automatic recurring payments can be set up through the payment portal. For portal questions or assistance, please email financeAR@rentonwa.gov or call (425) 430-6897. The Minimum Monthly Rent, beginning on the Commencement Date, is computed as follows:

Rental Payment Schedule

(Monthly Rental – Land Component

- (88,601 square feet)($\$1.10$ per square foot per year) = $\$97,461.10/\text{yr}$, ($\$97,461.10/12$ months = $\$8,121.76$ per month)

Monthly Rental – Building Component

- (18,694 square feet)($\$1.55$ per square foot per year) = $\$28,975.70/\text{yr}$, ($\$28,975.70/12$ months = $\$2,414.64$ per month)

Monthly Rental land Component	\$	8,121.76
Monthly Rental - Building Component	\$	2,414.64
Total monthly rental, plus leasehold excise tax	\$	10,536.40

4b. Within thirty (30) days of the date of entry of this Lease, Tenant shall pay to Landlord a lump sum of the back payment Monthly Rate for the period beginning June 1, 2024 and ending with the first day of the month AFTER this Lease is entered into, PLUS Leasehold Excise Tax.

4c. Periodic Rental Adjustment: The Minimum Monthly Rent shall be subject to automatic adjustment on June 1 of each year following the Commencement Date (each of which shall hereinafter be referred to as "Adjustment Date") as follows:

As used in this Section 4.b, "Index" means the Consumer Price Index for All Urban Consumers for Seattle-Tacoma-Bremerton All Items (1982-84=100) (CPI-U) published by the United States Department of Labor, Bureau of Labor Statistics; "Beginning Index" means the Index which is published on February preceding the Commencement Date; and "Adjustment Index" means the Index which is published on February preceding each Adjustment Date.

For the first Periodic Rent Adjustment, if the Adjustment Index has increased over the Beginning Index, the Minimum Monthly Rent payable for the following year (until the next Adjustment Date) shall be set by multiplying the Minimum Monthly Rent provided for in Section 4.a. of this Lease by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. The product shall be the "Adjusted Monthly Rent." In no event shall the Minimum Monthly Rent determined pursuant to this paragraph be less than the Minimum Monthly Rent set forth in Section 4.a. of this Lease.

For the second and any subsequent Periodic Rent Adjustment, if the Adjustment Index is greater than the Adjustment Index one year prior, then the Minimum Monthly Rent payable for the following year (until the next Adjustment Date) shall be set by multiplying the then current Minimum Monthly Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Adjustment Index from one year prior. The product shall be the "Adjusted Monthly Rent." In no event shall the Minimum Monthly Rent determined pursuant to this paragraph be less than the then current Minimum Monthly Rent.

4.d. Periodic Rental Adjustment: The Minimum Monthly Rent may also be subject to periodic adjustment by means other than the Consumer Price Index. The Landlord shall give written notification to Tenant of any change in the rental amount at least thirty (30) days prior to the effective date of the Rental Adjustment.

4.e. Late Payment Charge: If any Rent is not received by Landlord from Tenant by the tenth (10th) business day after such Rent is due, Tenant shall immediately pay to Landlord a late

charge equal to five percent (5%) of the amount of such Rent. Should Tenant pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of Rent, Landlord's acceptance of this late charge shall not constitute a waiver of Tenant's default with respect to Tenant's nonpayment nor prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or under law. If any check received by Landlord from Tenant is returned unpaid for any reason, Landlord reserves the right to charge, and Tenant agrees to pay, an additional charge up to the maximum amount allowed by law. Landlord's acceptance of this additional charge shall not constitute a waiver of Tenant's default with respect to Tenant's returned check nor prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or under law. Unpaid amounts of rent, late charges, or additional charges shall bear interest at the rate of twelve (12%) percent per annum until paid.

4.f. Other Fees and Charges: Tenant shall pay, in addition to the Monthly Rent and other charges identified in this Lease, all non-discriminatory fees and charges now in effect or hereafter levied or established by Landlord or charged against the Premises and against other similarly situated Tenants at the Airport by Landlord, or levied or established by, or against the Premises by any other governmental agency or authority, being or becoming levied or charged against the Premises, structures, business operations, or activities conducted by or use made by Tenant of, on, and from the Premises, including without limitation, Aircraft Rescue and Fire Fighting or services rendered to the Tenant or the Premises.

5. LEASEHOLD EXCISE TAX: Tenant shall pay to Landlord the leasehold excise tax as established by RCW Chapter 82.29A, as amended, or any replacement thereof, which tax shall be in addition to the Monthly Rent and other charges payable under this Lease and shall be paid at the same time the Monthly Rent is due. If the State of Washington or any other governmental authority having jurisdiction thereover shall hereafter levy or impose any similar tax or charge on this Lease or the leasehold estate described herein, then Tenant shall pay such tax or charge when due. Such tax or charge shall be in addition to the Monthly Rent and other taxes or charges payable under this Lease.

6. PAYMENT OF UTILITIES AND RELATED SERVICES. Tenant shall pay for all utilities and services used in the Premises, including without limitation electricity, gas, water, sewer, garbage removal, janitorial service, and any other utilities and services used in the Premises. Landlord shall not be liable for any loss or damage caused by or resulting from any variation, interruption, or failure of any utility services due to any cause whatsoever, except, and only to the extent caused by, Landlord's negligence. Landlord shall not be liable for temporary interruption or failure of such services incidental to the making of repairs, alterations or improvements, or due to accident, strike, act of God, or conditions or events not under Landlord's control. Temporary interruption or failure of utility services shall not be deemed a breach of the Lease or as an eviction of Tenant, or relieve Tenant from any of its obligations hereunder.

7. TENANT'S ACCEPTANCE OF PREMISES:

7.a. Acceptance of Premises: By occupying the Premises, Tenant formally accepts the Premises in "AS IS" condition, and acknowledges that the Landlord has complied with all the requirements imposed upon it under the terms of this Lease with respect to the condition of the Premises at the Commencement Date. Tenant hereby accepts the Premises subject to all applicable zoning, federal, state, county and municipal laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that, except as otherwise provided in this Lease, neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business or use. Except as otherwise provided herein, Landlord warrants Tenant's right to peaceably and quietly enjoy the Premises without any disturbance from Landlord, or others claiming by or through Landlord.

8. USE OF PREMISES:

8.a. Use of Premises: The Premises are leased to the Tenant for the following described purposes and uses necessary to said purposes:

8.a.(1). Aircraft Maintenance including inspection, major and minor repair, and major and minor alteration of airframes, engines, avionics, interiors and aircraft components;

8.a.(2). Storage and tie-down of aircraft, both indoors and outdoors;

8.a.(3). Commercial flight operations including flight training, aircraft rental, sightseeing, aerial photography and any operations conducted under 14 CFR Part 91 and 14 CFR Part 135;

8.a.(4). Sale of aviation fuels and lubricants;

8.a.(5). Sale of aircraft parts, components and pilot supplies;

8.a.(6). Aircraft servicing with fluids and compressed gases;

8.a.(7). Aircraft grooming; and

8.a.(8). Aircraft sales, leasing, and management.

8.b. Continuous Use: Tenant covenants that the Premises shall be continuously used for 8.a.(1), and some or all of the remaining purposes set forth above_during the Term, shall not be allowed to stand vacant or idle, subject to reasonable, temporary interruptions for maintenance, construction, or other purposes, and shall not be used for any other purpose without Landlord's prior written consent. Consent of Landlord to other types of aviation activities will not be unreasonably withheld.

8.c. Non-Aviation Uses Prohibited: Tenant agrees that the Premises may not be used for uses or activities that are not related, directly or indirectly, to aviation.

8.d. Advertising: No advertising matter or signs shall be displayed on the Premises, at any time, without the prior written approval of Landlord, which approval will not be unreasonably withheld.

8.e. Conformity with Laws, Rules and Regulations: Tenant shall comply with applicable federal, state, county and municipal laws, ordinances and regulations concerning Tenant's use of the Premises. Tenant shall keep and operate the Premises and all structures, improvements, and activities in or about the Premises in conformity with the Airport Regulations and Minimum Standards and other reasonable rules and regulations now or hereafter adopted by Landlord, provided that all such Airport Regulations and Minimum Standards and other rules adopted hereafter are non-discriminatory, all at Tenant's cost and expense.

8.f. Waste; Nuisance; Illegal Activities: Tenant shall not permit any waste, damage, or injury to the Premises or improvements thereon, nor allow the maintenance of any nuisance thereon, nor the use thereof for any illegal purposes or activities.

8.g. Increased Insurance Risk: Tenant shall not do or permit to be done in or about the Premises anything which will be dangerous to life or limb, or which will increase any insurance rates upon the Premises or other buildings and improvements at the Airport.

8.h. Hazardous Waste:

8.h.(1). Tenant's Representation and Warranty: Tenant shall not dispose of or otherwise allow the release of any Hazardous Substances in, on or under the Premises, the Airport, or any tenant improvements or alterations placed on the Premises by Tenant. Tenant represents and warrants to Landlord that Tenant's intended use of the Premises does not and will not involve the use, production, disposal or bringing on to the Premises of any Hazardous Substances other than fuels, lubricants and other products which are customary and necessary for use in Tenant's ordinary course of business, provided that such products are used, stored and disposed of in accordance with applicable laws and manufacturer's and supplier's guidelines. Tenant shall promptly comply with all laws and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, treatment, disposal, storage, control, removal or cleanup by Tenant of Hazardous Substances, in, on or under the Premises, or incorporated in any improvements or alterations made by Tenant to the Premises, at Tenant's sole cost and expense.

8.h.(2). Standard of Care: Tenant agrees to use a high degree of care to be certain that no Hazardous Substances are released or disposed or improperly used in, on or under the Premises during the Term by Tenant, or its Authorized Representatives or assigns, or are released or disposed or improperly used on the Premises by the act of any third party.

8.h.(3). Tenant's Non-Compliance: In the event of non-compliance by Tenant, after notice to Tenant and a reasonable opportunity for Tenant to effect such compliance, Landlord may, but is not obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance with laws as it deems advisable to protect its interest in the Premises, provided, however that Landlord shall not be obligated to give Tenant notice and an opportunity to effect such compliance if (i) such delay might result in material adverse harm to the Premises or the Airport, or (ii) an emergency exists. Tenant shall reimburse Landlord for the full amount of all costs and expenses incurred by Landlord in connection with such compliance activities and such obligation shall continue even after expiration or termination of the Term. Tenant shall notify Landlord immediately of any release of any Hazardous Substances in, on or under the Premises.

8.h.(4). Indemnity:

8.h.(4)(a). Landlord shall have no responsibility to the Tenant, or any other third party, for removal or remedial action under Chapter 70A.305 RCW, or any other federal, state, county or municipal laws, in the event of a release of or disposal of any Hazardous Substances in, on or under the Premises during the Term that are caused by Tenant. Tenant shall defend, indemnify and hold harmless Landlord, its officials, employees, agents and contractors (hereinafter "City Indemnitees") from any claims, obligation, or expense (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings, judgments, penalties, fines, liability, loss, damage, obligation or expense, including, but not limited to, fees incurred by the Landlord or City Indemnitees for attorneys, consultants, engineers, damages, environmental resource damages, and removal or remedial action under Chapter 70A.305 RCW or other remediation, arising by reason of the release or disposal of any Hazardous Substances in, on or under the Premises during the Term that are caused by Tenant. The Parties agree that the provisions of this Section 8.h.(4)(a) do not waive or limit any contribution or recovery rights that Landlord may have against Tenant relating to or arising from the release or disposal of any Hazardous Substances in, on or under the Premises during the Term that are not caused by Tenant.

8.h.(4)(b). The provisions of this Subsection 8.h.(4) shall survive the expiration or termination of the Term. No subsequent modification or termination of this Lease by agreement of the Parties or otherwise shall be construed to waive or to modify any provisions of this Section unless the modification or termination agreement or other binding document expressly so states in writing.

8.h.(5). Dispute Resolution: In the event of any dispute between the Parties concerning whether any Hazardous Substances were brought onto the Premises by Tenant, or whether any release of or disposal of any Hazardous Substance was caused by Tenant, the Parties agree to submit the dispute for resolution by arbitration upon demand by either Party. Landlord and

Tenant do hereby agree that the arbitration process shall be limited to not more than one hundred fifty (150) calendar days, using the following procedures:

8.h.(5).a. Landlord shall select and appoint one arbitrator and Tenant shall select and appoint one arbitrator, both appointments to be made within a period of sixty (60) days from the end of the negotiation period cited in Section 8.h.(5), and both arbitrators to be environmental consultants with experience in the identification and remediation of Hazardous Substances. Landlord and Tenant shall each notify the other of the identity of their arbitrator and the date of the postmark or personal delivery of the letter shall be considered the date of appointment. Each Party shall bear the cost of the arbitrator named by it.

8.h.(5).b. The two appointed arbitrators shall meet, and shall make their decision on the dispute in writing within thirty (30) days after the date of their appointment. If the appointment date for either arbitrator is later than the other, the latter date shall be the appointment date for purposes of the thirty (30) day deadline.

8.h.(5).c. If the two arbitrators are unable to agree on a decision on the dispute within a period of thirty (30) days after such appointment, they shall, within a period of thirty (30) days after the first thirty (30) day period, select a third arbitrator who is an environmental consultant with experience in the identification and remediation of Hazardous Substances. If such third arbitrator has not been selected or if such third arbitrator has not accepted such appointment within such thirty (30) day period, either of the two arbitrators, Landlord, or Tenant may apply to the head of the Seattle office of the American Arbitration Association to appoint said third arbitrator.

8.h.(5).d. The three arbitrators shall have thirty (30) days from the date of selection of the third arbitrator to reach a majority decision unless the time is extended by agreement of both Parties. The decision of the majority of such arbitrators shall be final and binding upon the Parties.

8.h.(5).e. The three arbitrators shall make their decision on their dispute in writing within sixty (60) days after the third arbitrator's appointment, unless the time is extended by the agreement of the Parties. The decision of a majority of the arbitrators shall be final and binding upon the Parties. The Parties shall bear equally the cost of the third arbitrator.

8.i. Aircraft Registration Compliance: The Tenant is hereby notified of the Washington State law concerning aircraft registration and the requirement that the Tenant comply therewith. See Exhibit B ("Aircraft Laws and Regulations, RCW 47.68.250 Public Highways and Transportation").

8.i.(1). Tenant shall annually, during the month of January, submit a report of aircraft status to the Airport Director. One copy of this report shall be used for each aircraft owned by the Tenant, and sufficient forms will be submitted to identify all aircraft owned by the Tenant

and the current registration status of each aircraft. If an aircraft is unregistered, an unregistered aircraft report shall also be completed and submitted to the Airport Director.

8.i.(2). Tenant shall require from an aircraft owner proof of aircraft registration or proof of intent to register an aircraft as a condition of subleasing tie-down or hangar space for an aircraft. Tenant shall further require that annually, thereafter, each aircraft owner using the Tenant's Premises submit a report of aircraft status, or, if an aircraft is unregistered, an unregistered aircraft report. Tenant shall annually, during the month of January, collect the aircraft owners' reports and submit them to the Airport.

8j. Aircraft airworthiness: Aircraft placed, parked or stored other than within hangar buildings must be airworthy. Whenever an aircraft is temporarily undergoing repairs exceeding 30 days, the Tenant will notify the Airport Director of the repair status, and the date repairs will be completed. When requested by the Landlord, the Tenant must provide a schedule showing when repairs will be completed as to each such aircraft. If Tenant fails to adhere to an agreed-upon repair schedule, or fails to place and maintain the required red tag on the aircraft, the Tenant may be subject to Civil Penalties or termination of this lease upon proper notice from the City of Renton.

9. MAINTENANCE:

9.a. Maintenance of Premises: The Premises and all of the improvements or structures thereon and authorized by the Landlord for use by the Tenant, shall be used and maintained by Tenant in an operable, neat, orderly, and sanitary manner. Tenant is responsible for the clean-up and proper disposal at reasonable and regular intervals of rubbish, trash, waste and leaves upon the Premises, including that blown against fences bordering the Premises, whether as a result of the Tenant's activities or having been deposited upon the Premises from other areas. Tenant shall maintain in good condition and repair the Premises, subject to ordinary wear and tear, including, the interior walls, floors, and any interior portions of all doors, windows, and glass, parking areas, landscaping, fixtures, heating, ventilating and air conditioning, including exterior mechanical equipment. Tenant shall make all repairs, replacements and renewals, whether ordinary or extraordinary, anticipated or unforeseen, that are necessary to maintain the Premises in the condition required by this Section. Landlord will be responsible for plumbing and sewage facilities within the building or under the floor slab including free flow up to the main sewer line, utility facilities, exterior utility facilities, and exterior electrical equipment serving the Premises.

9.b. Removal of Snow/Floodwater/Mud: Tenant shall be responsible for removal from the Premises, all snow and/or floodwaters or mud deposited, with the disposition thereof to be accomplished in such a manner so as to not interfere with or increase the maintenance activities of Landlord upon the public areas of the Airport.

9.c. Maintenance, Repair and Marking of Pavement: Tenant shall be responsible for, and shall perform, the maintenance, repair and marking (painting) of pavement surrounding the buildings within and on the Premises. Such maintenance and repair shall include, as a minimum, crack filling, weed control, slurry seal and the replacement of unserviceable concrete or asphalt pavements, as necessary. To the degree the concrete and asphalt pavements are brought to FAA standards at any time during the Term of this Lease, Tenant shall maintain the concrete and asphalt pavements in such condition.

9.d. Right of Inspection: Tenant will allow Landlord or Landlord's agent, free access at all reasonable times to the Premises for the purpose of inspection, or for making repairs, additions or alterations to the Premises, or any property owned by or under the control of Landlord. Landlord shall provide ten (10) days' advance notice of any such inspection and use reasonable efforts not to interfere with Tenant's use of the Premises during any such inspection.

9.e. Landlord May Perform Maintenance: If Tenant fails to perform Tenant's obligations under this section, Landlord may at its option (but shall not be required to) enter the Premises, after thirty (30) days' prior written notice to Tenant, except in the event of an emergency when no notice shall be required, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of twelve (12%) percent per annum shall become due and payable as additional rental to Landlord together with Tenant's next installment of Rent.

10. ALTERATIONS:

10.a. Protection from Liens: Before commencing any work relating to alterations, additions and improvements affecting the Premises ("Work"), Tenant shall notify Landlord in writing of the expected date of commencement of the Work. Tenant shall pay, or cause to be paid, all costs of labor, services and/or materials supplied in connection with any Work. Tenant shall keep the Premises free and clear of all mechanics' materialmen's liens or any other liens resulting from any Work. Tenant shall have the right to contest the correctness or validity of any such lien if, immediately on demand by Landlord, it procures and records a lien release bond issued by a responsible corporate surety in an amount sufficient to satisfy statutory requirements therefor in the State of Washington. Tenant shall promptly pay or cause to be paid all sums awarded to the claimant on its suit, and, in any event, before any execution is issued with respect to any judgment obtained by the claimant in its suit or before such judgment becomes a lien on the Premises, whichever is earlier. If Tenant shall be in default under this Section, by failing to provide security for or satisfaction of any mechanic's or other liens, then Landlord may, at its option, in addition to any other rights or remedies it may have, discharge said lien by (i) paying the claimant an amount sufficient to settle and discharge the claim, (ii) procuring and recording a lien release bond, or (iii) taking such other action as Landlord shall deem necessary or advisable, and, in any such event, Tenant shall pay as Additional Rent, on Landlord's demand, all reasonable costs (including reasonable attorney fees) incurred by Landlord in settling and discharging such

lien together with interest thereon at the rate of twelve (12%) percent per year from the date of Landlord's payment of said costs. Landlord's payment of such costs shall not waive any default of Tenant under this Section.

10.b. Bond: At any time Tenant either desires to or is required to make any repairs, alterations, additions, improvements or utility installation thereon, or otherwise, Landlord may at its sole option require Tenant, at Tenant's sole cost and expense, to obtain and provide to Landlord a lien and completion bond in an amount equal to one and one-half (1-1/2) times the estimated cost of such improvements, to insure Landlord against liability for mechanics and materialmen's liens and to insure completion of the work.

10.c. Landlord May Make Improvements: Tenant agrees that Landlord may, at its option and at its expense, make repairs, alterations or improvements which Landlord may deem necessary or advisable for the preservation, safety or improvement of utilities or Airport infrastructure on the Premises, if any. Landlord shall provide ten (10) days' advance notice of any such work and use reasonable efforts to not interfere with Tenant's use of the Premises during any such work.

11. IMPROVEMENTS: As further consideration for this Lease, it is agreed that upon the expiration or termination of the Term, all structures and any and all improvements of any character whatsoever installed on the Premises (except for any fuel tanks and related structures owned by Tenant) shall be and become the property of the Landlord, and title thereto shall automatically pass to Landlord at such time, and none of such improvements now or hereafter placed on the Premises shall be removed therefrom at any time without Landlord's prior written consent. During the Term, Tenant shall hold title to all improvements placed by Tenant on the Premises. Tenant covenants and agrees that Tenant will pay and satisfy in full all outstanding liens, or other debts, affecting or encumbering such improvements before transfer of ownership of such improvements to Landlord upon the expiration or termination of the Term. Alternatively, Landlord may, at its option, require Tenant, concurrently with the expiration or termination of the Term, to remove any and all improvements and structures installed by Tenant, and repair any damage caused thereby, at Tenant's expense.

12. EXEMPTION OF LANDLORD FROM LIABILITY. Landlord or Landlord's agents shall not be liable for injury to persons or to Tenant's business or loss of income therefrom or for damage which may be sustained by the person, goods, wares, merchandise or property of Tenant, its Authorized Representatives, or any other person in or about the Premises, caused by or resulting from (a) fire, electricity, gas, water or rain which may leak or flow from or into any part of the Premises, (b) any defect in or the maintenance or use of the Premises, or any improvements, fixtures and appurtenances thereon, (c) the Premises or any improvements, fixtures and appurtenances thereon becoming out of repair, (d) the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, heating, ventilating or air conditioning or lighting fixtures of the Premises, (e) flooding of the Cedar River

or other body of water, or from any other source whatsoever, whether within or without the Premises; or (f) any act or omission of any other tenant or occupant of the building in which the Premises are located, or their agents, servants, employees, or invitees, provided, that the foregoing exemption shall not apply to losses to the extent caused by Landlord's or its agents', contractors', or employees' negligence or willful misconduct.

13. INDEMNITY AND HOLD HARMLESS: Tenant shall defend, indemnify and hold harmless Landlord against any and all claims arising from (a) the conduct and management of or from any work or thing whatsoever done in or about the Premises or the improvements or equipment thereon during the Term, or (b) arising from any act or negligence or willful misconduct of the Tenant or any of its agents, contractors, patrons, customers, employees, or invitees, or (c) arising from any accident, injury, or damage whatsoever, however caused, to any person or persons, or to the property of any person, persons, corporation or other entity occurring during the Term in, on, or about the Premises, and from and against all costs, attorney's fees, expenses, and liabilities incurred in or from any such claims or any action or proceeding brought against the Landlord by reason of any such claim, except to the extent caused by the sole negligence of Landlord, its agents, contractors, employees, or its Authorized Representatives. Tenant, on notice from Landlord, shall resist or defend such action or proceeding forthwith with counsel reasonably satisfactory to, and approved by, Landlord. Landlord shall indemnify, defend, and hold Tenant harmless from and against any and all claims, losses, damages, costs, attorney's fees, expenses, and liabilities arising from the negligence or willful misconduct of Landlord or any of the City's Authorized Representatives. On notice from Tenant, Landlord, at Landlord's expense, shall defend any such action or proceeding forthwith. The indemnity in this Section shall not apply to Hazardous Substances, which is addressed elsewhere in this Lease.

14. ASSIGNMENT & SUBLETTING:

14.a. Assignment/Subletting: Tenant shall not voluntarily assign or encumber its interest in this Lease or in the Premises, or sublease any part or all of the Premises, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, in accordance with the Renton Municipal Airport Leasing Policies. Any assignment, encumbrance or sublease, whether by operation of law or otherwise, without Landlord's consent shall be void and shall constitute a default by Tenant under this Lease. No consent to any assignment or sublease shall constitute a waiver of the provisions of this Section and no other or subsequent assignment or sublease shall be made without Landlord's prior written consent. Before an assignment or sublease will be approved, the proposed assignee or subtenant must comply with provisions of the then current Airport Leasing Policies, including, but not limited to the "Analysis of Tenant's Financial Capacity," independent of Tenant's compliance or Financial Capacity. Consent shall not be unreasonably withheld, conditioned, or delayed.

In the case of an assignment of the full leasehold interest and/or complete sale of the stock or other interests in the entity constituting Tenant and concomitant transfer of ownership of said

entity, (a) in the case of an assignment, the proposed assignee shall deliver to Landlord a written instrument duly executed by the proposed assignee stating that it has examined this Lease and agrees to assume, be bound by and perform all of Tenant's obligations under this Lease accruing after the date of such assignment, to the same extent as if it were the original Tenant, and (b) in the case of a stock transfer, Transferee shall deliver a written acknowledgment that it shall continue to be bound by all the provisions of this Lease after the transfer. Except in the case of an assignment of the full leasehold interest, any assignment permitted herein will not relieve Tenant of its duty to perform all the obligations set out in this Lease or addenda hereto. In no event will the assignment of the full leasehold interest or the complete sale of the stock or other interests in the entity constituting Tenant and concomitant transfer of ownership of said entity cause an extension of the Term of this Lease.

14.b. Conditions to Assignment or Sublease: Tenant agrees that any instrument by which Tenant assigns or sublets all or any portion of the Premises shall (i) incorporate this Lease by reference, (ii) expressly provide that the assignee or subtenant may not further assign or sublet the assigned or sublet space without Landlord's prior written consent (which consent shall not, subject to Landlord's rights under this Section, be unreasonably withheld, conditioned, or delayed), (iii) acknowledge that the assignee or subtenant will not violate the provisions of this Lease, and (iv) in the case of any assignment, acknowledge that Landlord may enforce the provisions of this Lease directly against such assignee. If this Lease is assigned, whether or not in violation of the terms and provisions of this Lease, Landlord may collect Rent from the assignee. Acceptance of Rent by the Landlord shall not be a waiver of any of Landlord's remedies against Tenant for violation of provisions of this Lease. A subtenant may cure Tenant's default. In either event, Landlord shall apply the amount collected from the assignee or subtenant to Tenant's obligation to pay Rent under this Lease.

14.c. No Release of Tenant's Liability: Neither an assignment or subletting nor the collection of Rent by Landlord from any Person other than Tenant, nor the application of any such Rent as provided in this Section shall be deemed a waiver of any of the provisions of this Section or release Tenant from its obligation to comply with the terms and provisions of this Lease and Tenant shall remain fully and primarily liable for all of Tenant's obligations under this Lease, including the obligation to pay Rent under this Lease, unless Landlord otherwise agrees in writing. Notwithstanding the foregoing, in the event that Landlord's consent to assignment is obtained for a complete assignment and Assignee agrees in writing to assume all of the obligations and liabilities of this Lease accruing after such assignment, Tenant shall be relieved of all liability arising from this Lease and arising out of any act, occurrence or omission occurring after Landlord's consent is obtained. To the extent that any claim for which indemnification of the Landlord (including with respect to Hazardous Substances) arises after Tenant's complete assignment for conduct predating said assignment, the Tenant shall not be relieved of obligations or liability arising from this Lease.

14.d. Documentation: No permitted subletting by Tenant shall be effective until there has been delivered to Landlord a copy of the sublease and an executed Operating Permit and Agreement in which the subtenant agrees not to violate and to act in conformity with the terms and provisions of this Lease; provided that no Operating Permit shall be required for the subletting of hangar or tie-down space for aircraft storage purposes. No permitted assignment shall be effective unless and until there has been delivered to Landlord a counterpart of the assignment in which the assignee assumes all of Tenant's obligations under this Lease arising on or after the date of the assignment.

14.e. No Merger: Without limiting any of the provisions of this Section, if Tenant has entered into any subleases of any portion of the Premises, the voluntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work a merger and shall terminate all or any existing subleases or subtenancies.

15. DEFAULT AND REMEDIES:

15.a. Default: The occurrence of any of the following shall constitute a default by Tenant under this Lease:

15.a.(1). Failure to Pay Rent: Failure to pay Rent when due, if the failure continues for a period of three (3) business days after notice of such default has been given by Landlord to Tenant.

15.a.(2). Failure to Comply with Airport Regulations and Minimum Standards: Failure to comply with the Airport Regulations and Minimum Standards, if the failure continues for a period of twenty-four (24) hours after notice of such default is given by Landlord to Tenant. If the failure to comply cannot reasonably be cured within twenty-four (24) hours, then Tenant shall not be in default under this Lease if Tenant commences to cure the failure to comply within twenty-four (24) hours and diligently and in good faith continues to cure the failure to comply. However, said inability to cure within twenty-four (24) hours, diligence and good faith notwithstanding, cannot be based on financial incapacity.

15.a.(3). Failure to Perform or Cure: Failure to perform any other provision of this Lease, if the failure to perform is not cured within thirty (30) days after notice of such default has been given by Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in default under this Lease if Tenant commences to cure the default within thirty (30) days of the Landlord's notice and diligently and in good faith continues to cure the default.

15.a.(4). Appointment of Trustee or Receiver: The appointment of a trustee or receiver to take possession of substantially all of the Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at

the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days.

15.a.(5). Failure to Comply With Laws: It shall be a default of this Lease if the Tenant fails to comply with any of the statutes, ordinances, rules, orders, regulations, and requirements of the federal, state, and/or city governments, or any terms of this Lease.

15.b. Additional Security: If Tenant is in default under this Lease, and such default remains uncured for more than three (3) business days after Landlord gives Tenant notice of such default, then Landlord, at Landlord's option, may in addition to other remedies, require Tenant to provide adequate assurance of future performance of all of Tenant's obligations under this Lease in the form of a deposit in escrow, a guarantee by a third party acceptable to Landlord, a surety bond, a letter of credit or other security acceptable to, and approved by, Landlord. If Tenant fails to provide such adequate assurance within twenty (20) days of receipt of a request by Landlord for such adequate assurance, such failure shall constitute a material breach of this Lease and Landlord may, at its option, terminate this Lease.

15.c. Remedies: If Tenant commits a default, then following the expiration of the notice and cure periods set forth in Section 15.a. above, Landlord shall have the following alternative remedies, which are in addition to any remedies now or later allowed by law, and Landlord shall use reasonable efforts to mitigate its damages:

15.c.(1). Maintain Lease in Force: To maintain this Lease in full force and effect and recover the Rent and other monetary charges as they become due, without terminating Tenant's right to possession, irrespective of whether Tenant shall have abandoned the Premises. If Landlord elects to not terminate the Lease, Landlord shall have the right to attempt to re-let the Premises at such rent and upon such conditions and for such a term, and to perform all acts necessary to maintain or preserve the Premises as Landlord deems reasonable and necessary, without being deemed to have elected to terminate the Lease, including removal of all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and on the account of Tenant. In the event any such re-letting occurs, this Lease shall terminate automatically upon the new Tenant taking possession of the Premises. Notwithstanding that Landlord fails to elect to terminate the Lease initially, Landlord at any time during the Term may elect to terminate this Lease by virtue of such previous default of Tenant so long as Tenant remains in default under this Lease.

15.c.(2). Terminate Lease: To terminate Tenant's right to possession by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including without limitation thereto, the following: (i) any and all unpaid Rent which had been earned at the time of such termination, plus (ii) any and all Rent which would have been earned after termination

until the time of occupancy of the Premises by a new tenant following the re-letting of the Premises, plus (iii) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of business would be likely to result therefrom, including without limitation, in (A) retaking possession of the Premises, including reasonable attorney fees therefor, (B) maintaining or preserving the Premises after such default, (C) preparing the Premises for re-letting to a new tenant, including repairs or necessary alterations to the Premises for such re-letting, (D) leasing commissions incident to re-letting to a new tenant, and (E) any other costs necessary or appropriate to re-let the Premises; plus (iv) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable state law. The amounts referenced in this Section include interest at 12% per annum.

16. BINDING AGREEMENT: Subject to the restriction upon assignment or subletting as set forth herein, all of the terms, conditions, and provisions of this Lease shall be binding upon the Parties, their successors and assigns, and if the Tenant is a natural person, his or her personal representative and heirs.

17. CONDEMNATION: If the whole or any substantial part of the Premises shall be condemned or taken by Landlord or any county, state, or federal authority for any purpose, then the Term shall cease as to the part so taken from the day the possession of that part shall be required for any purpose, and the Rent shall be paid up to that date. From that day the Tenant shall have the right to either cancel this Lease and declare the same null and void, or to continue in the possession of the remainder of the same under the terms herein provided, except that the Rent shall be reduced in proportion to the amount of the Premises taken for such public purposes. All damages awarded for such taking for any public purpose shall belong to and be the property of the Landlord, whether such damage shall be awarded as compensation for the diminution in value to the leasehold, or to the fee of the Premises herein leased. Damages awarded for the taking of Tenant's improvements located on the Premises shall belong to and be awarded to Tenant.

18. SURRENDER OF PREMISES: Tenant shall quit and surrender the Premises at the expiration or termination of the Term in a condition as good as the reasonable use thereof would permit, normal wear and tear excepted. Alterations, additions or improvements which may be made by either of the Parties on the Premises, except movable office furniture or trade fixtures put in at the expense of Tenant, shall be and remain the property of the Landlord and shall remain on and be surrendered with the Premises as a part thereof at the expiration or termination of the Term without hindrance, molestation, or injury. Tenant shall remove from the Premises, upon request of the Landlord, movable office furniture or trade fixtures put in at the expense of Tenant. Tenant shall, at its sole expense, properly and promptly repair to Landlord's reasonable satisfaction any damage to the Premises occasioned by Tenant's use thereof, or by the removal of Tenant's movable office furniture or trade fixtures and equipment, which repair shall include the patching and filling of holes and repair of structural damage.

19. INSURANCE:

19.a. Personal Property: Tenant, at its expense, shall maintain in force during the Term a policy of special form – causes of loss or all risk property insurance on all of Tenant’s alterations, improvements, trade fixtures, furniture and other personal property in, on or about the Premises, in an amount equal to at least their full replacement cost. Any proceeds of any such policy available to Tenant shall be used by Tenant for the restoration of Tenant’s alterations, improvements and trade fixtures and the replacement of Tenant’s furniture and other personal property. Any portion of such proceeds not used for such restoration shall belong to Tenant. It is agreed that Landlord shall not be held liable in any manner for, or on account of, any loss or damage to personal property of the Tenant, Tenant's invitees or other persons, which may be sustained by fire or water or other peril, or for the loss of any articles by burglary, theft or any other cause from or upon the Premises. It is acknowledged that Landlord does not cover any of the personal property of Tenant, Tenant's invitees or other persons upon the Premises through its insurance. Tenant, its invitees and other persons upon the Premises are solely responsible to obtain suitable personal property insurance.

19.b. Liability Insurance. Tenant, at its expense, shall maintain in force during the Term the following types of insurance (or equivalents): a policy of commercial general liability insurance (including premises liability), with the following minimum limits: \$1,000,000 per occurrence and \$2,000,000 annual aggregate. Landlord shall be named as an additional insured on Tenant’s liability insurance solely with respect to the operations of the named insured (i.e., Tenant) and that coverage being primary and non-contributory with any other policy(ies) carried by, or available to, the Landlord. The Tenant shall provide the Landlord with written notice of any policy cancellation, within two business days of their receipt of such notice.

19.c. Pollution and Remediation Liability. Tenant, at its expense, shall maintain in force during the Term the following insurance and/or Errors & Omissions applicable to underground or above ground fuel storage tanks, fueling or refueling operations with a limit no less than \$2,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year. This policy shall include coverage for bodily injury, property damage personal injury and environmental site restoration.

19.d. Insurance Policies: Insurance required hereunder shall be written by a company or companies acceptable to Landlord. Landlord reserves the right to establish and, from time-to-time, to increase minimum insurance coverage amounts. Insurance required herein shall provide coverage on an occurrence basis, not a claims-made basis, except as may be authorized pursuant to Section 19.c. Notice of increased minimum insurance coverage amounts shall be sent to the Tenant at least forty-five (45) days prior to the annual renewal date of the Tenant’s insurance. Prior to possession the Tenant shall deliver to Landlord documents, in a form acceptable to Landlord, evidencing the existence and amounts of such insurance. Tenant shall, prior to the expiration of such policies, furnish Landlord with evidence of renewal of such insurance, in a form

acceptable to Landlord. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to above. Tenant shall forthwith, upon Landlord's demand, reimburse Landlord for any additional premiums for insurance carried by Landlord attributable to any act or omission or operation of Tenant causing such increase in the cost of insurance. If Tenant shall fail to procure and maintain such insurance, then Landlord may, but shall not be required to, procure and maintain the same, and Tenant shall promptly reimburse Landlord for the premiums and other costs paid or incurred by Landlord to procure and maintain such insurance. Failure on the part of the Tenant to maintain the insurance as required shall constitute a material breach of the Lease, upon which the Landlord may, after giving five business days notice to the Tenant 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 Landlord on demand.

19.e. Waiver of Subrogation: Tenant and Landlord each waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving Party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Tenant shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

20. TAXES: Tenant shall be responsible for the payment of any and all taxes and assessments upon any property or use acquired under this Lease and upon any alterations or improvement made by Tenant to the Premises.

21. NO WAIVER: It is further covenanted and agreed between the Parties that no waiver by Landlord of a breach by Tenant of any covenant, agreement, stipulation, or condition of this Lease shall be construed to be a waiver of any succeeding breach of the same covenant, agreement, stipulation, or condition, or a breach of any other covenant agreement, stipulation, or condition. The acceptance by the Landlord of Rent after any breach by the Tenant of any covenant or condition by Tenant to be performed or observed shall be construed to be payment for the use and occupation of the Premises and shall not waive any such breach or any right of forfeiture arising therefrom.

22. NOTICES: All notices or requests required or permitted under this Lease shall be in writing; shall be personally delivered, delivered by a reputable express delivery service such as Federal Express or DHL, or sent by certified mail, return receipt requested, postage prepaid, and shall be deemed delivered on receipt or refusal. All notices or requests to Landlord shall be sent to Landlord at Landlord's address set forth below and all notices or requests to Tenant shall be sent to Tenant at Tenant's address set forth below:

Landlord's Address: City Clerk
 Attn: Airport Director
 1055 South Grady Way
 Renton, Washington 98057

Tenant's Address: Rainier Flight Services, LLC
 Attn: Gordon Alvord
 800 W Perimeter Rd
 Renton, WA 98057

Either Party may change the address to which notices shall be sent by written notice to the other Party.

23. DISCRIMINATION PROHIBITED:

23.a. Discrimination Prohibited: Tenant covenants and agrees not to discriminate against any person or class of persons by reason of race, color, creed, sex or national origin, or any other class of person protected by federal or state law or the Renton City Code, in the use of any of its facilities provided for the public in the Airport. Tenant further agrees to furnish services on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge on a fair, reasonable and not unjustly discriminatory basis for each unit of service; provided that Tenant may make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

23.b. Minority Business Enterprise Policy: It is the policy of the Department of Transportation that minority business enterprises as defined in 49 C.F.R. Part 23 shall have the maximum opportunity to participate in the performance of leases as defined in 49 C.F.R. 23.5. Consequently, this Lease is subject to 49 C.F.R. Part 23, as applicable. No person shall be excluded from participation in, denied the benefits of or otherwise discriminated against in connection with the award and performance of any contract, including leases covered by 49 C.F.R. Part 23, on the grounds of race, color, national origin or sex.

23.c. Application to Subleases: Subject to the provisions of Section 14 of this Lease, Tenant agrees that it will include the above clause in all assignments of this Lease or subleases, and cause its assignee(s) and sublessee(s) to similarly include the above clause in further assignments or subleases of this Lease.

24. FORCE MAJEURE: In the event that either Party shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, fire, seismic event, acts of bioterrorism, plagues, epidemics, pandemics, outbreak of a communicable disease leading to extraordinary restrictions including quarantine or movement of people or goods, restrictive

governmental laws or regulations, riots, insurrections, war, sabotage, inclement weather, power outages, hurricanes, floods, earthquakes, tornadoes, acts of God, or other natural disasters, or other reason or casualty of like nature not the fault of the Party delayed in performing work or doing acts required under the terms of this Lease (hereafter, "Casualty Event"), then the timeline for performance of such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section shall not, however, operate to excuse Tenant from the prompt payment of rent, or any other payment required by the terms of this Lease, to be made by Tenant.

25. UNUSABILITY: If the Premises or a portion thereof, or a portion of the Property necessary for Tenant's occupancy, are rendered unusable at the sole discretion of Landlord, then any Party may terminate this Lease by giving written notice to the other, in which case Tenant shall have no further obligations under this Lease as of the date of termination specified in such notice; however, Landlord, in its sole discretion, may terminate the lease if the entire Premises are destroyed, rendered unusable, or made unsafe for reasons outside of Landlord's reasonable control and Landlord chooses at Landlord's sole discretion to not restore or rebuild the Premises.

26. TRANSFER OF PREMISES BY LANDLORD: In the event of any sale, conveyance, transfer or assignment by Landlord of its interest in the Premises, Landlord shall be relieved of all liability arising from this Lease and arising out of any act, occurrence or omission occurring after the consummation of such sale, conveyance, transfer or assignment, provided that the Landlord's transferee shall have assumed and agreed to carry out all of the obligations of the Landlord under this Lease.

27. ATTORNEYS' FEES AND COSTS; COLLECTION COSTS: If either Party brings any action for relief against the other Party, declaratory or otherwise, arising out of this Lease, including any action by Landlord for the recovery of Rent or possession of the Premises, the prevailing Party shall be entitled to reasonable attorneys' fees and costs of litigation as established by the court. If the matter is not litigated or resolved through a lawsuit, then any attorneys' fees for collection of past-due rent or enforcement of any right of Landlord or duty of Tenant hereunder shall entitle Landlord to recover, in addition to any late payment charge, any costs of collection or enforcement, including reasonable attorney's fees. For the purpose of this Section 26, attorney's fees shall include a reasonable rate for attorney's employed by the City.

28. EMERGENCY RESPONSE: Tenant must provide to the Airport Director reasonable access and response in times of emergency or urgency. The Tenant is wholly responsible to keep an up-to-date listing of aircraft types, identification, and owners on file and at the Airport Director's office.

29. HOLDING OVER: If, without execution of any extension or renewal, Tenant should remain in possession of the Premises after expiration or termination of the Term, then Tenant shall be deemed to be occupying the Premises as a tenant from month to month. All the

conditions, terms, and provisions of this Lease, insofar as applicable to a month-to-month tenancy, shall likewise be applicable during such period.

30. DEFINITIONS: As used in this Lease, the following words and phrases, shall have the following meanings:

“Additional Rent” means any charges or monetary sums to be paid by Tenant to Landlord under the provisions of this Lease other than Monthly Rent.

“Authorized Representative” means any officer, agent, employee, independent contractor or invitee of either Party.

“Environmental Laws and Requirements” means any and all federal, state, local laws, statutes, ordinances, rules, regulations and/or common law relating to environmental protection, contamination, the release, generation, production, transport, treatment, processing, use, disposal, or storage of Hazardous Substances, worker health or safety or industrial hygiene, and the regulations promulgated by regulatory agencies pursuant to these laws, and any applicable federal, state, and/or local regulatory agency-initiated orders, requirements, obligations, directives, notices, approvals, licenses, or permits.

“Hazardous Substances” means any and all material, waste, chemical, compound, substance, mixture or byproduct that is identified, defined, designated, listed, restricted or otherwise regulated under any Environmental Laws and Requirements as a “hazardous constituent,” “hazardous substance,” “hazardous material,” “extremely hazardous material,” “hazardous waste,” “acutely hazardous waste,” “hazardous waste constituent,” “infectious waste,” “medical waste,” “biohazardous waste,” “extremely hazardous waste,” “pollutant,” “toxic pollutant” or “contaminant.” The term “Hazardous Substances” includes, without limitation, any material or substance which is (i) hexavalent chromium; (ii) pentachlorophenol; (iii) volatile organic compounds; (iv) petroleum; (v) asbestos; (vi) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq. (33 U.S.C. § 1321); (vii) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); (viii) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601); or (ix) designated as a “hazardous substance” pursuant to the Washington Model Toxics Control Act, as codified by RCW 70A.305.010 et seq., or as is hereafter amended.

“Parties” means Landlord and Tenant. “Party” means Landlord or Tenant, as indicated by context.

“Person” means one or more human beings, or legal entities or other artificial persons, including without limitation, partnerships, corporations, trusts, estates, associations and any combination of human beings and legal entities.

“Rent” or “Rental” means Monthly Rent, both as established as a minimum amount and as adjusted from time to time under this Lease, and Additional Rent.

31. GENERAL PROVISIONS:

31.a. Entire Agreement: This Lease sets forth the entire agreement of the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each Party.

31.b. Governing Law: This Lease shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington.

31.c. Severability: Should any of the provisions of this Lease be found to be invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties.

31.d. Jurisdiction and Venue: In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the Superior Court of the State of Washington in and for the County of King or in the United States District Court for the Western District of Washington.

31.e. Waiver: No waiver of any right under this Lease shall be effective unless contained in a writing signed by a duly authorized officer or representative of the Party sought to be charged with the waiver and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Lease.

31.f. Captions: Section captions contained in this Lease are included for convenience only and form no part of the agreement between the parties.

31.g. Assignee as Tenant: The term "Tenant" shall be deemed to include the assignee where there is a full assignment of the Lease.

31.h. Effectiveness: This Lease shall not be binding or effective until properly executed and delivered by Landlord and Tenant.

31.i. Gender and Number: As used in this Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall

include the masculine and feminine, the singular shall include the plural and the plural shall include the singular, as the context may require.

31.j. Time of the Essence: Time is of the essence in the performance of all covenants and conditions in this Lease for which time is a factor.

31.k. Joint and Several Liability: If Tenant is composed of more than one Person, then the obligations of all such Persons under this Lease shall be joint and several.


31.l. No Recordation Without Consent of Landlord: Tenant shall not record this Lease or any memorandum of this Lease without Landlord's prior written consent.

31.m. Cumulative Remedies: No remedy or election hereunder shall be deemed exclusive, but shall, wherever possible, be cumulative with all other remedies at law or in equity.

31.n. Corporate Authority: If Tenant is a corporation or limited liability company, each individual executing this Lease on behalf of said corporation or limited liability company represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation or limited liability company pursuant to duly enacted resolutions or other action of such corporation or limited liability company and that this Lease is binding upon said corporation or limited liability company in accordance with its terms.

TENANT:

RAINIER FLIGHT SERVICES, LLC
a Washington limited liability corporation


By: Bradley Donaldson
Its: member/owner
Date: 6/23/24

LANDLORD:

THE CITY OF RENTON
a Washington municipal
corporation

Armondo Pavone
Mayor
Date: _____

ATTEST:

By _____
Jason A. Seth, City Clerk
Date: _____

Approved as to legal form:

Shane Moloney, City Attorney

STATE OF WASHINGTON)

COUNTY OF King) : SS.

I certify that I know or have satisfactory evidence that Bradley J. Donaldson is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the lease, tenant partner of Rainier Flight, a tenant, to be the free and voluntary act of such _____ for the uses and purposes mentioned in the instrument.

Dated this 28th day of June, 2024



Junsen A. Ohno
[Signature of Notary]

Junsen A. Ohno
[Print Name of Notary]

Notary Public in and for the State of Washington, residing at Kent, WA. My commission expires: 10/19/27.

STATE OF WASHINGTON)

COUNTY OF _____) : SS.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of _____, a _____, to be the free and voluntary act of such _____ for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

[Signature of Notary]

[Print Name of Notary]

Notary Public in and for the State of Washington, residing at _____. My commission expires: _____.

STATE OF WASHINGTON)
 : ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of _____, a _____, to be the free and voluntary act of such _____ for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

[Signature of Notary]

[Print Name of Notary]

Notary Public in and for the State of
Washington, residing at _____,
My commission expires: _____.

STATE OF WASHINGTON)
 : ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and s/he acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of _____, a _____, to be the free and voluntary act of such _____ for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 20__.

[Signature of Notary]

[Print Name of Notary]

Notary Public in and for the State of
Washington, residing at _____,
My commission expires: _____.

EXHIBIT A

Lease Map and Legal Description

[ATTACH]

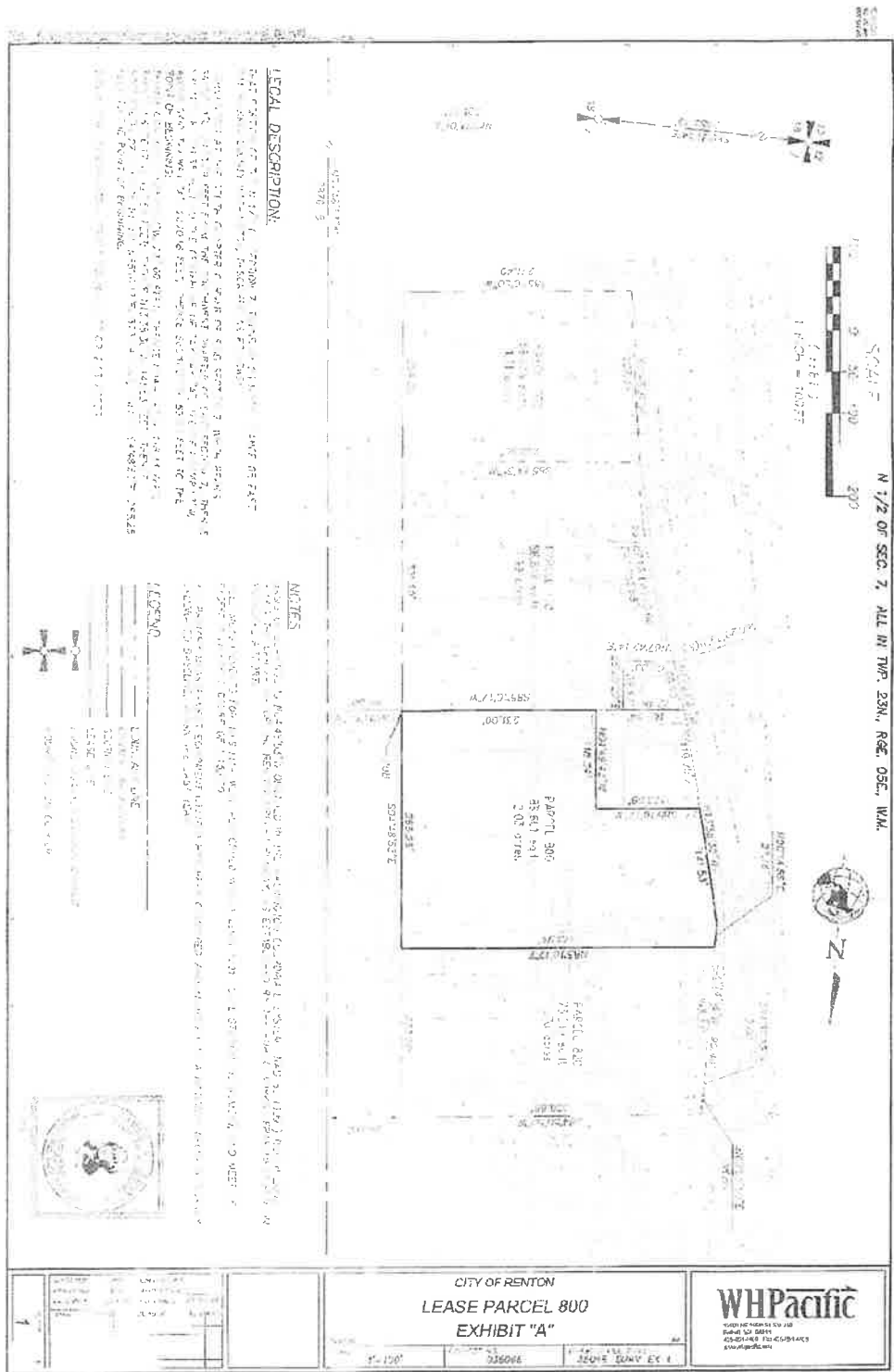


EXHIBIT B

**Aircraft Laws and Regulations,
RCW 47.68.250: Public Highways and Transportation.**

[See following.]



WASHINGTON STATE LEGISLATURE

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RCW 47.68.250 - RCW 47.68.250 - RCW 47.68.250

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RCW 47.68.250

Registration of aircraft.

Every aircraft shall be registered with the department for each calendar year in which the aircraft is operated or is based within this state. A fee of fifteen dollars shall be charged for each such registration and each annual renewal thereof.

Possession of the appropriate effective federal certificate, permit, rating, or license relating to ownership and airworthiness of the aircraft, and payment of the excise tax imposed by Title 91 RCW for the privilege of using the aircraft within this state during the year for which the registration is sought, and payment of the registration fee required by this section shall be the only requisites for registration of an aircraft under this section.

The registration fee imposed by this section shall be payable to and collected by the secretary. The fee for any calendar year must be paid during the month of January, and shall be collected by the secretary at the time of the collection by him or her of the said excise tax. If the secretary is satisfied that the requirements for registration of the aircraft have been met, he or she shall thereupon issue to the owner of the aircraft a certificate of registration therefor. The secretary shall pay to the state treasurer the registration fees collected under this section, which registration fees shall be credited to the aeronautics account in the transportation fund.

It shall not be necessary for the registrant to provide the secretary with originals or copies of federal certificates, permits, ratings, or licenses. The secretary shall issue certificates of registration, or such other evidences of registration or payment of fees as he or she may deem proper, and in connection therewith may prescribe requirements for the possession and exhibition of such certificates or other evidences.

The provisions of this section shall not apply to:

- (1) An aircraft owned by and used exclusively in the service of any government or any political subdivision thereof, including the government of the United States, any state, territory, or possession of the United States, or the District of Columbia, which is not engaged in carrying persons or property for commercial purposes.
- (2) An aircraft registered under the laws of a foreign country.
- (3) An aircraft which is owned by a nonresident and registered in another state; PROVIDED, That if said aircraft shall remain in and or be based in this state for a period of ninety days or longer it shall not be exempt under this section;
- (4) An aircraft engaged principally in commercial flying constituting an act of interstate or foreign commerce.
- (5) An aircraft owned by the commercial manufacturer thereof while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft.
- (6) An aircraft being held for sale, exchange, delivery, test, or demonstration purposes solely as stock in trade of an aircraft dealer licensed under Title 14 RCW.
- (7) An aircraft based within the state that is in an unairworthy condition, is not operated within the registration period, and has obtained a written exemption issued by the secretary.

The secretary shall be notified within thirty days of any change in ownership of a

registered aircraft. The notification shall contain the N, NC, NR, NL, or NX number of the aircraft, the full name and address of the former owner, and the full name and address of the new owner. For failure to so notify the secretary, the registration of that aircraft may be canceled by the secretary, subject to reinstatement upon application and payment of a reinstatement fee of ten dollars by the new owner.

A municipality or port district that owns, operates, or leases an airport, as defined in RCW 47.68.010, with the intent to operate, shall require from an aircraft owner proof of aircraft registration as a condition of leasing or selling tiedown or hanger space for an aircraft. It is the responsibility of the lessee or purchaser to register the aircraft. The airport shall work with the aviation division to assist in its efforts to register aircraft by providing information about based aircraft on an annual basis as requested by the division.

[2003 c 375 § 4; 1999 c 302 § 2; 1998 c 188 § 1; 1995 c 170 § 3; 1993 c 208 § 7; 1987 c 220 § 3; 1979 c 158 § 208; 1967 ex. s. c 9 § 8; 1955 c 150 § 11; 1949 c 49 § 12; 1947 c 165 § 25; Rem. Supp. 1949 § 10964-105 Formerly, RCW 47.68.010.]

Notes:

Effective date -- 2003 c 375: See note following RCW 47.68.240.

Severability -- 1987 c 220: See note following RCW 47.68.230.

Aircraft dealers: Chapter 14.20 RCW.

Definition of terms: RCW 14.20.010, 47.68.020.

B. Map View of 800 Parcel
Rainier Flight Service, LLC

