

LEASE AGREEMENT**City of Renton to Rainier Flight Service, LLC (Parcels 800 and 820)**

THIS LEASE (hereinafter "Lease") is made and entered into this 28 day of Feb., 2019, by and between THE CITY OF RENTON, a Washington municipal corporation (hereinafter "Landlord" or the "City"), and Rainier Flight Service, LLC, a Washington limited liability corporation (hereinafter "Tenant").

In consideration of the covenants and agreements set forth in this Lease, 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

Appendix 1

1.b. **Legal Description:** Landlord hereby leases to Tenant, and Tenant leases from Landlord for the term described in Section 3 below, the parcels identified as 800 and 820 West Perimeter Road and the buildings located thereon 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, agents, invitees, 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.

ORIGINAL

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. Appendix 1 Governs: In the event of a conflict between the terms and conditions of Appendix 1 to this Lease attached hereto and any other portion of this Lease, the Parties agree that the terms and conditions set out in Appendix 1 shall supersede insofar as they are in conflict.

2.f. 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. Landlord will clean and remove all sediment and other debris from the catch basins and oil/water separators prior to the date that Tenant takes possession of the Premises.

3. TERM:

3.a. Term: The term of this Lease (the "Term") as to the entire Premises shall be for a thirty (30) year period commencing on June 1, 2019 (hereinafter "Commencement Date"), and terminating on May 31, 2049.

3.b. Term Provision: The Term of this Lease is also subject to the provisions identified in Appendix 1 attached hereto, including any early termination rights set forth for Landlord and any options to extend set forth for Tenant.

4. RENT/FEES/CHARGES:

4.a. Minimum Monthly Rent: Tenant shall pay to Landlord a Minimum Monthly Rent in the sums listed below, PLUS Leasehold Excise Tax as described in Section 5, 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, Renton, Washington 98057. The Minimum Monthly Rent, beginning on the Commencement Date, is computed as follows:

Monthly Rent – Land Component (Parcels 800 and 820), Applicable During Periods 1, 2, and 3, as defined below

Ten Thousand Four Hundred Twenty-Three and 88/100 Dollars (\$10,423.88), which amount is one-twelfth (1/12) of the annual land rent of One Hundred Twenty-Five Thousand Eighty-

Six and 50/100 Dollars (\$125,086.50) (162,450 square feet x \$0.77 per square foot per year); PLUS, leasehold excise tax.

Monthly Rent – Building Component, Parcel 800, Applicable During Period 1 (“Period 1” means the period beginning on the Commencement Date and ending the day before the Appraisal Submittal Date, as defined in Section 4.f, below).

Two Thousand Five Hundred Eighty-Five and 92/100 Dollars (\$2,585.92), which amount is one-twelfth (1/12) of the annual building rent of Thirty-One Thousand Thirty-One and 00/100 Dollars (\$31,031.00) (20,020 square feet x \$1.55 per square foot per year); PLUS, leasehold excise tax.

Monthly Rent – Building Component, Parcel 800, Applicable During Period 2 (“Period 2” means the period commencing on the Appraisal Submittal Date and ending on the Demolition Date)

[Amount to be determined by Landlord via appraisal as further described in Section 4.f, below.]

Monthly Rent – Building Component, Parcel 800, Applicable During Period 3 (“Period 3” means the period after the Demolition Date, defined as the date that demolition activities as contemplated in Appendix 1 are complete, as determined by Landlord)

[Amount to be determined by Landlord via financial analysis supplied by Tenant and confirmed by Landlord, with such confirmation to be at Tenant’s cost. The amount will be calculated as follows: A lump sum equal to any loss in net value to Landlord resulting from the demolition of the existing building and the construction of the new building, payable monthly over the then-remaining term of the Lease, with any remaining balance due as a final lump sum payment at the termination of the Lease. For the purposes of this paragraph, “net value” will be determined by comparing (A) the appraised value of the existing building as contemplated in paragraph 4f with (B) the projected appraised value of the newly constructed building as of the date construction is complete. If such projected appraised value of the new building exceeds the appraised value of the existing building, the amount due under this paragraph shall be Zero Dollars (\$0.00). In no event shall Landlord owe any amount to Tenant.]

For the avoidance of doubt, if Tenant elects not to demolish the building on Parcel 800, the Period 2 building rent rate will continue to apply until such time as the lease for Parcel 800 terminates.

Total Monthly Rent for Period 1

Monthly Rental – Land Component (Parcels 800 and 820)	\$10,423.88
Monthly Rental – Building Component (Parcel 800), Period 1	<u>\$2,585.92</u>
TOTAL:	\$13,009.80 per month, PLUS Leasehold Excise Tax

Total Monthly Rent for Period 2

Monthly Rental – Land Component (Parcels 800 and 820)	\$10,423.88
Monthly Rental – Building Component (Parcel 800), Period 2	<u>\$TBD</u>
TOTAL:	\$TBD per month, PLUS Leasehold Excise Tax

Total Monthly Rent for Period 3

Monthly Rental – Land Component (Parcels 800 and 820)	\$10,423.88
Monthly Rental – Building Component (Parcel 800), Period 3	<u>\$TBD</u>
TOTAL:	\$TBD per month, PLUS Leasehold Excise Tax

4.b. Periodic Rental Adjustment: The Monthly Rent shall be subject to automatic adjustment on the third (3rd) anniversary of the Commencement Date and every three years thereafter on the anniversary of the Commencement Date (any 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 nearest, but preceding, the Commencement Date; and "Adjustment Index" means the Index which is published nearest, but preceding, each Adjustment Date.

For the first Periodic Rent Adjustment, if the Adjustment Index has increased over the Beginning Index, the Monthly Rent payable for the following three (3) year period (until the next Adjustment Date) shall be set by multiplying the 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 Adjusted Monthly Rent determined pursuant to this paragraph be less than the 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 three years prior, then the Adjusted Monthly Rent payable for the following three (3) year period (until the next Adjustment Date) shall be set by multiplying the then current Adjusted Monthly Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Adjustment Index from three years prior. The product shall be the "Adjusted Monthly Rent." In no event shall the Adjusted Monthly Rent determined pursuant to this paragraph be less than any prior Adjusted Monthly Rent.

4.c. Notice of Request for Readjustment of Rental: Landlord and Tenant do hereby further agree that Landlord may adjust the Minimum Monthly Rent for an ensuing three (3) year

period by a means other than the Index. In such event, Landlord must, at least thirty (30) days prior to any Adjustment Date, provide to the other party a written request for readjustment of the rental rate pursuant to RCW 14.08.120(5).

4.d. **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.e. **Other Fees and Charges:** Tenant shall pay, in addition to the Minimum 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.

4.f. **Appraisal:** The Parties agree that an appraisal is necessary to determine the fair market value of the building located on Parcel 800 as of the Commencement Date and that the appraisal will establish the building rental rate for Parcel 800 for Period 2 of the Minimum Monthly Rent. As soon as reasonably possible after the Commencement Date, Landlord shall obtain an appraisal determining the fair market rental value for the building on Parcel 800. Within ten (10) days of receiving the completed appraisal, Landlord shall submit the appraisal to Tenant (the "Appraisal Submittal Date").

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 Minimum Monthly Rent and other charges payable under this Lease and shall be paid at the same time the Minimum 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 Minimum 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 8.a.(3), 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, or the Property, or in 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, hazardous material, waste, pollutant, or contaminant, as those terms are defined in any federal, state, county, or city law or regulation (collectively, "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 improperly used, released or disposed in, on or under the Premises during the Term by Tenant, or its authorized representatives or assigns, or are improperly used, released or disposed on the Premises by the act of any third party.

8.h.(3). Compliance Notification: 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 remedial action under R.C.W. Chapter 70.105D, or any other federal, state, county or municipal laws, in the event of a release of or disposition of any Hazardous Substances in, on or under the Premises during the Term that were 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 remedial action under R.C.W.

Chapter 70.105D or other remediation, arising by reason of the release or disposition of any Hazardous Substances in, on or under the Premises during the Term that are caused by Tenant.

8.h.(4)(b). Tenant shall have no responsibility to the Landlord, or any other third party, for remedial action under R.C.W. Chapter 70.105D, or other federal, state, county or municipal laws, nor shall Tenant have any other liability or responsibility of any kind, in the event of the presence, release, or disposition of any Hazardous Substance on, in, or under the Premises unless such presence, release, or disposition of any Hazardous Substance was caused by Tenant. Landlord shall defend, indemnify and hold harmless Tenant, and their, owners, directors, officers, agents, employees, and contractors (collectively, "Indemnitees") from any claims (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 Tenant or any Indemnitee for attorneys, consultants, engineers, damages, environmental resource damages, and remedial action under R.C.W. Chapter 70.105D or other remediation, arising from or in connection with the presence, suspected presence, release or suspected release of any Hazardous Substances in, on or under the Premises that is not caused, in whole or in part, by Tenant or the Indemnitees.

8.h.(4)(c). The provisions of this Subsection 8.h.(4) shall survive the expiration or sooner 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 termination or modification agreement or other 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 disposition 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). 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.

8.h.(5).b. The two appointed arbitrators shall meet, and shall make their decision 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 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. 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 Permitter or Permittee 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 hereto.

8.h.(5).e. The arbitrators shall be environmental consultants with experience in the identification and remediation of Hazardous Substances. The arbitrators shall make their decision in writing within sixty (60) days after their 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. Each party shall bear the cost of the arbitrator named by it. The expenses of the third arbitrator shall be borne by the parties equally.

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 Manager. 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 Manager.

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 sub-leasing 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 Manager.

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 sooner 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 sooner termination of the Term. Alternatively, Landlord may, at its option, require Tenant, concurrently with the expiration of the Term, to remove any and all improvements and structures installed by Tenant which would have a negative value to the Landlord (when considering their condition and the typical structure or improvement a tenant on airport property would reasonably use), 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. Notwithstanding the foregoing, Tenant's indemnity shall not apply to claims arising from aviation activities of its patrons, customers, subtenants, or invitees. 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 its agents, contractors, employees, or 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. 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 sub-lease will be approved, the proposed assignee or sub-tenant 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 in the case of a Tenant who 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 end 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 hereto 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 termination of this Lease 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.

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 limits: \$1,000,000 per occurrence, \$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. 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. Notice of increased minimum insurance coverage amounts shall be sent to the Tenant at least ninety (90) 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.d. 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 hereto 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: Airport Administration Office
 Attn: Airport Manager
 616 West Perimeter Road, Unit A
 Renton, Washington 98057

Tenant's Address: Rainier Flight Service, LLC
 800 West Perimeter Road
 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 sub-leases, 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 hereto 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, restrictive governmental laws or regulations, riots, insurrections, war, or other reason of like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then 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. 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.

26. 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.

27. EMERGENCY RESPONSE: Tenant must provide to the Airport Manager 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 Manager's office.

28. DEFINITIONS: As used in this Lease, the following words and phrases, whether or not capitalized, 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 Minimum Monthly Rent.

“Authorized representatives” 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.

“Expiration” means the coming to an end of the time specified in the Lease as its duration, including any extension of the Term.

“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, RCW 70.105D.010 et seq.

“Parties” means Landlord and Tenant.

“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” means Minimum Monthly Rent, as adjusted from time to time under this Lease, and Additional Rent.

29. GENERAL PROVISIONS:

29.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 hereto.

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

29.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.

29.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.

29.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.

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

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

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

29.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.

29.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.

29.k. Joint and Several Liability: If Tenant is composed of more than one person or entity, then the obligations of all such persons and entities under this Lease shall be joint and several.

29.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.

29.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.

29.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:

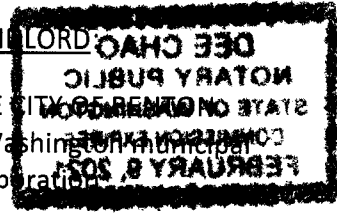
RAINIER FLIGHT SERVICE, LLC
a Washington Limited Liability
corporation

Gordon Alvard
By: Gordon Alvard
Its: Partner

Date: February 21, 2019

LANDLORD:

THE CITY OF RENTON
a Washington Municipal
corporation



Denis Law

Denis Law
Mayor

Date: 2/28/19

ATTEST:

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

Date: 2/28/19

Approved as to legal form:

Shane Moloney

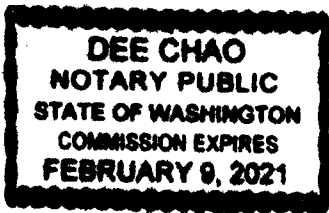
Shane Moloney, City Attorney



STATE OF WASHINGTON)
Washington)
COUNTY OF King) : ss.

I certify that I know or have satisfactory evidence that Gordon P Alford 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 tenant/partner of the contract ~~business~~ a tenant, to be the free and voluntary act of such _____ for the uses and purposes mentioned in the instrument.

Dated this 21st day of February, 2017.



[Signature]
[Signature of Notary]

Dee chao
[Print Name of Notary]

Notary Public in and for the State of Washington, residing at Renton, WA.
My commission expires: Feb 9th, 21.

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 _____, 201__.

[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 _____, 201__.

[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 _____, 201__.

[Signature of Notary]

[Print Name of Notary]

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

EXHIBIT A

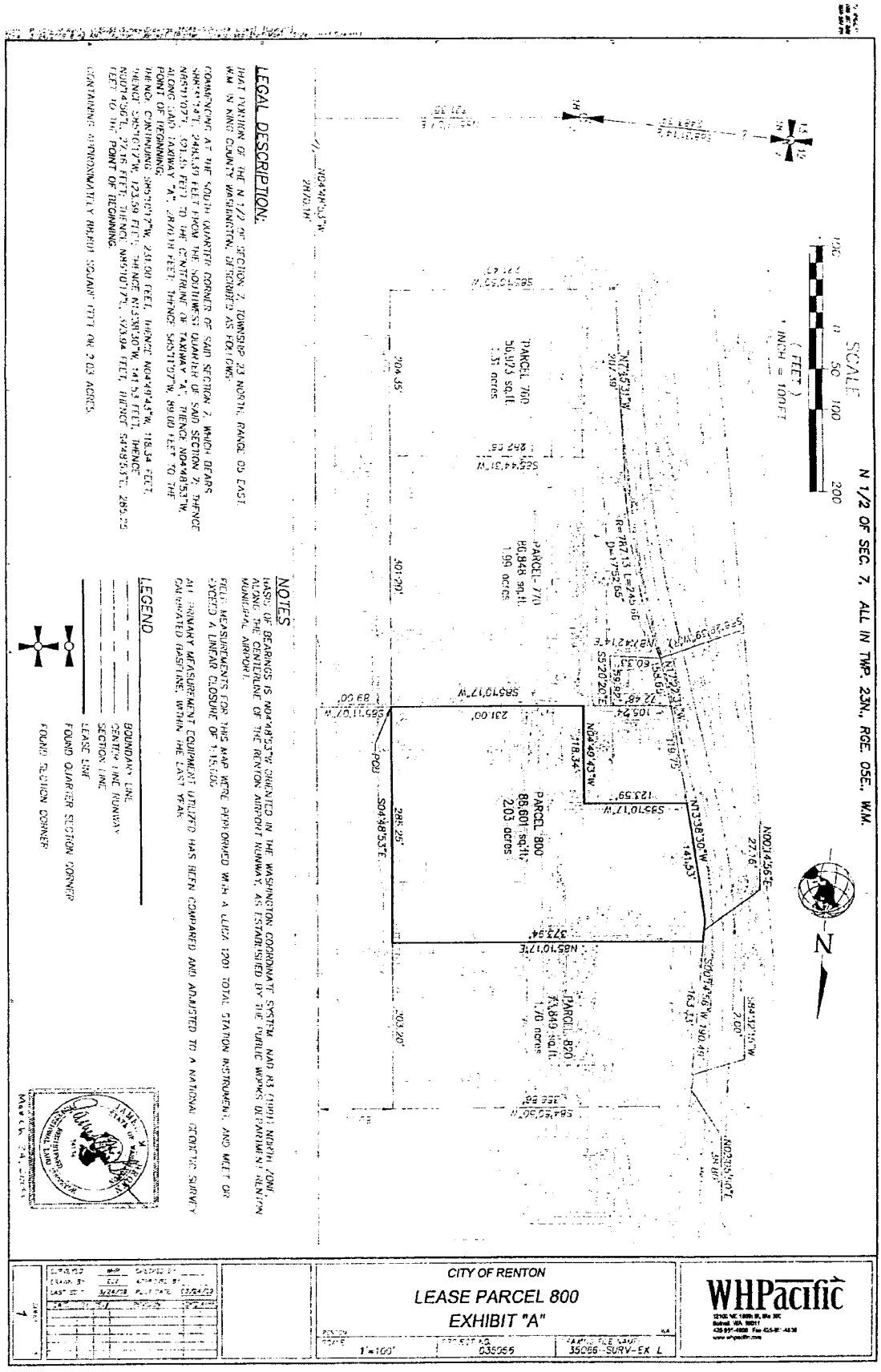
Lease Map and Legal Description

[See following.]

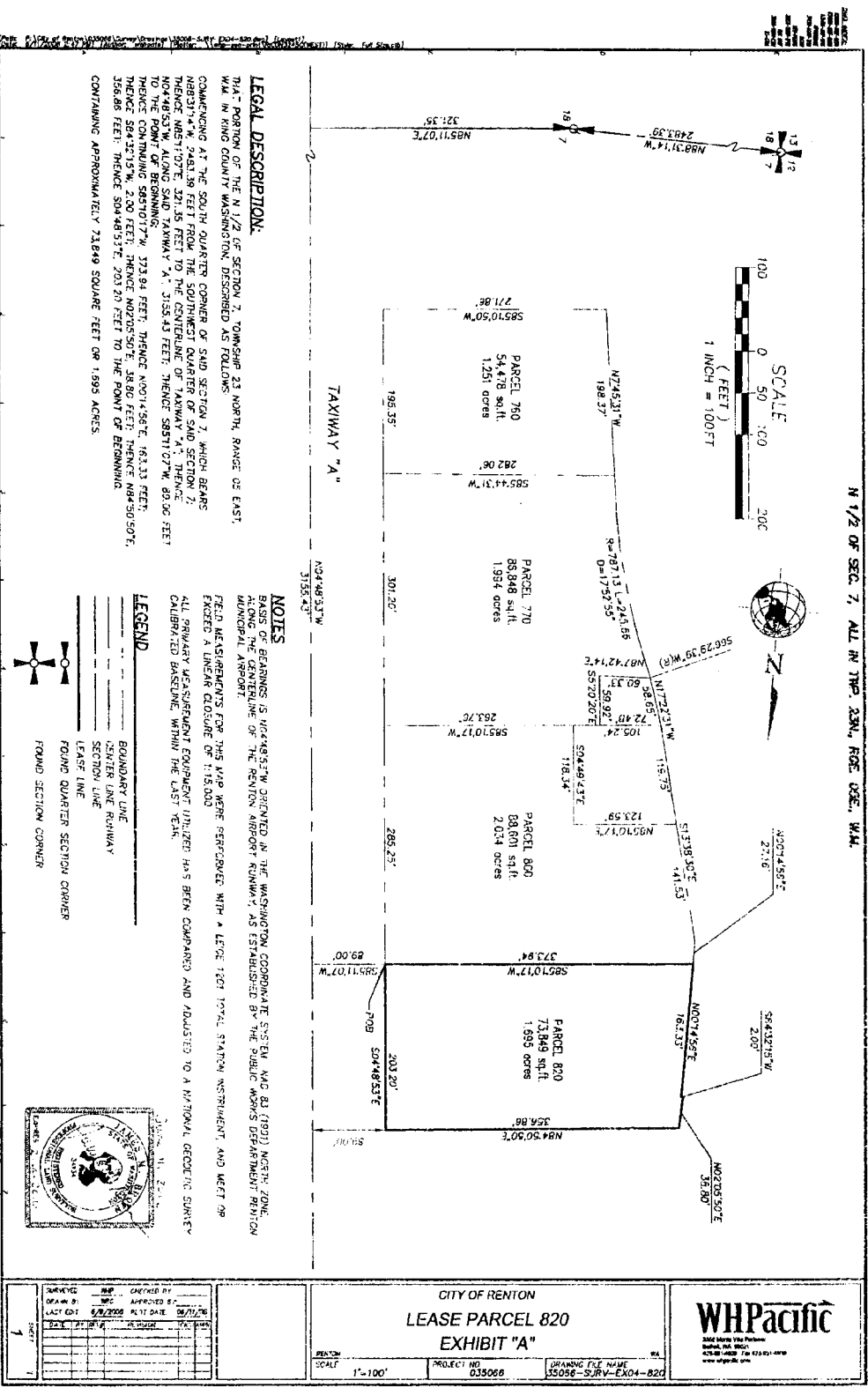
EXHIBIT A

Lease Map and Legal Description

[See following two pages. The first page was previously page 29 of LAG-14-005 and, accordingly, is labeled "BLAG 14-" and marked as page "29." The second page was previously page 28 of LAG-15-005 and, accordingly, is labeled "LAG 15-_____" and marked as page "28."]



LEASE AGREEMENT
 City of Renton to Rainier Flight Service, LLC



LEGAL DESCRIPTION:

THAT PORTION OF THE N 1/2 OF SECTION 7, TOWNSHIP 23 NORTH, RANGE 02 EAST
 W.M. IN KING COUNTY WASHINGTON, DESCRIBED AS FOLLOWS:
 COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 7, HIRON BRARE
 N88°31'43"W 943.76 FEET FROM THE SOUTHWEST QUARTER OF SAID SECTION 7;
 THENCE N85°10'07"E 121.15 FEET TO THE CENTERLINE OF TAXIWAY "A", THENCE
 N04°48'53"W ALONG SAID TAXIWAY "A" 3155.43 FEET; THENCE S85°11'07"W 89.00 FEET
 TO THE POINT OF BEGINNING;
 THENCE CONTINUING S85°10'17"W 373.94 FEET; THENCE N00°14'56"E 163.33 FEET;
 THENCE S84°32'15"W 2.00 FEET; THENCE N02°05'50"E 38.80 FEET; THENCE N84°50'50"E
 358.88 FEET; THENCE S04°48'53"E 203.20 FEET TO THE POINT OF BEGINNING.
 CONTAINING APPROXIMATELY 73849 SQUARE FEET OR 1.695 ACRES.

NOTES

BASIS OF BEARINGS IS NAD83/83/84 SYSTEM AND 83 (1983) NORTH ZONE,
 ALONG THE CENTERLINE OF THE RENTON AIRPORT RUNWAY, AS ESTABLISHED BY THE PUBLIC WORKS DEPARTMENT RENTON
 MUNICIPAL AIRPORT.
 FIELD MEASUREMENTS FOR THIS MAP WERE PERFORMED WITH A LEICA 1201 TOTAL STATION INSTRUMENT, AND WERE ON
 FEED A LINEAR CLOSURE OF 1:15,000.
 ALL PRIMARY MEASUREMENT EQUIPMENT UTILIZED HAS BEEN COMPARED AND ADJUSTED TO A NATIONAL GEODETIC SURVEY
 CALIBRATED BASELINE, WITHIN THE LAST YEAR.

LEGEND

- BOUNDARY LINE
- CENTER LINE RUNWAY
- SECTION LINE
- LEASE LINE
- FOUND QUARTER SECTION CORNER
- FOUND SECTION CORNER



DATE	BY	CHECKED BY
03/20/08	W. J.
03/20/08
03/20/08

CITY OF RENTON
LEASE PARCEL 820
EXHIBIT "A"

REVISION: 1
 SCALE: 1"=100'

PROJECT NO: 033008
 DRAWING FILE NAME: 35056-S-RV-EX04-820

WHPacific
 3505 1/2 Way Station
 Seattle, WA 98104
 Phone: (206) 461-1100
 Fax: (206) 461-1101
 www.whpacific.com

EXHIBIT B

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

[See following.]



- Inside the Legislature
 - ★ Find Your Legislator
 - ★ Visiting the Legislature
 - ★ Agendas, Schedules and Calendars
 - ★ Bill Information
 - ★ Laws and Agency Rules
 - ★ Legislative Committees
 - ★ Legislative Agencies
 - ★ Legislative Information Center
 - ★ E-mail Notifications (Listserv)
 - ★ Civic Education
 - ★ History of the State Legislature
- Outside the Legislature
 - ★ Congress - the Other Washington
 - ★ TVW
 - ★ Washington Courts
 - ★ OFM Fiscal Note Website

RCWs > Title 47 > Chapter 47.68 > Section 47.68.250

[47.68.240](#) << [47.68.250](#) >> [47.68.255](#)

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 82 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 47.68.020, 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 § 206; 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 14.04.250.]

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.

APPENDIX 1
Improvements on Parcels 800 and 820

1. Tenant, solely at its discretion, cost and expense, may construct or cause to be constructed upon the leased land at 800 West Perimeter Road, Renton, Washington, 98057 (hereinafter called the "800 Parcel") and the leased land at 820 West Perimeter Road, Renton, Washington, 98057 (hereinafter called the "820 Parcel"), that certain building, or buildings, and improvements as set forth in this Appendix 1.

2. Tenant and Landlord mutually desire to see the 800 Parcel developed by demolishing the existing building and then constructing a new hangar for storage and aircraft management (collectively, the "800 Parcel Improvements"). The 800 Parcel Improvements will be planned and built adhering to the design guidelines, design approval process, and schedule set forth in Section 10 below, subject to adjustment as further set forth in this Appendix 1.

3. Tenant and Landlord mutually desire to see the 820 Parcel developed to include a single large combination hangar and office building, a landside parking lot, and adequate ramp space for parked aircraft without need to expand to other parcels (collectively, the "820 Parcel Improvements"). The 820 Parcel Improvements will be planned and built adhering to the design guidelines, design approval process, and schedule set forth in Section 10 below, subject to adjustment as further set forth in this Appendix 1.

4. Tenant understands and agrees that although it can construct its improvements on the 800 Parcel and the 820 Parcel to function compatibly, the 800 Parcel Improvements and the 820 Parcel Improvements must ultimately be legally segregable. Tenant further understands and agrees that any and all development on the 800 Parcel and the 820 Parcel is subject to final written approval by the City and is subject to the City's permit approval process prior to the commencement of any ground-disturbing work on the respective parcels, as is further set forth in this Appendix 1.

5. Buildings on the 800 Parcel and 820 Parcel will be designed to be functional, neat, and attractive. The design will include varied materials, colors, articulated surfaces or other means in order to avoid unbroken expanses of siding with no aesthetic value or point of interest. Landscaping shall conform to or exceed the requirements of the City of Renton Municipal Code. Pavement design and pavement markings on the airside of the perimeter security fence will conform to applicable FAA Advisory Circular requirements.

6. Tenant acknowledges that the Renton Municipal Airport Master Plan is currently being updated (the "Master Plan Update"). Therefore, Tenant agrees that the height and configuration of any and all buildings and other improvements proposed to be constructed will

be subject to any restriction(s) caused by existing landing, runway, or taxiway requirements of the Airport as indicated in the Airport Master Plan and other public planning documents available to Tenant at the time of execution of the Lease, or as amended in the Master Plan Update.

7. Tenant will follow the following design approval process for the 800 Parcel Improvements and for the 820 Parcel Improvements:

7.a. Before beginning design, Tenant will consult with the Public Works Administrator, or designee, regarding the type of proposed building(s), landscaping and other improvements, the Tenant's general approach to the design, and the Parcel Improvement Plan, as described below; and

7.b. Before submitting applications for land use permits to the City, Tenant will present a design proposal to the Transportation/Aviation Committee of the Renton City Council consisting of sketches, color renderings, material selection boards, other means of conveying the design approach and intent, and a summary or visual of intended functions for interior building space. Land use permit applications will not be accepted by the City until the Renton City Council has issued written approval of Tenant's design proposal, and no land use application will be accepted by the City unless it is consistent with the approved design proposal; and

7.c. Before submitting applications for building permits to the City, Tenant will provide the City's Public Works Administrator, or designee, with preliminary construction documents for review. Building permit applications will not be accepted by the City until the City's Public Works Administrator, or designee, has confirmed in writing that the preliminary construction documents are consistent with the Renton City Council's approved design proposal. If the City's Public Works Administrator, or designee, determines that the preliminary construction documents are not consistent with the Renton City Council's approved design proposal, no building application will be accepted by the City until the Tenant revises the preliminary construction documents or obtains design change approval from the Renton City Council; and

7.d. No building permit will be issued by the City until and unless the City's Public Works Administrator, or designee, has confirmed in writing that the permit documents are consistent with the Renton City Council's approved design proposal. If the City's Public Works Administrator, or designee, determines that the permit documents are not consistent with the Renton City Council's approved design proposal, then prior to building permit issuance Tenant will revise the permit documents or obtain design change approval from the Renton City Council; and

7.e. The primary intent of Subsections 7.a. through 7.d., above, is that the 800 Parcel Improvements and 820 Parcel Improvements be visually and functionally consistent with a design approved by the Renton City Council. After the Renton City Council has approved Tenant's design proposal, any subsequent proposed material alterations will require a new presentation to the Transportation/Aviation Committee and a new approval decision by the Renton City Council.

8. For the 800 Parcel Improvements and for the 820 Parcel Improvements, Tenant's permit application(s) to the City will be accompanied by a "Parcel Improvement Plan" depicting all proposed and anticipated future improvements to the leasehold parcel, which must make accommodation for:

8.a. All parking areas for tenant and customer land vehicles to insure they are located outside the perimeter security fence; and

8.b. An unbroken security perimeter between the security fence and the building(s) to prevent unauthorized access to the airside; and

8.c. Adequate space for land vehicle parking outside the perimeter fence and aircraft parking on the apron on the airside. The buildings(s) shall be sized and situated to allow such adequate space; and;

8.d. Height and configuration to avoid interfering with landing, runway, and taxiway requirements of the Airport.

Tenant will obtain from the City written approval of the Parcel Improvement Plan for the 800 Parcel Improvements prior to constructing permanent improvements on the 800 Parcel. Tenant will obtain from the City written approval of the Parcel Improvement Plan for the 820 Parcel Improvements prior to constructing permanent improvements on the 820 Parcel.

9. Tenant agrees that the Term of the Lease, LAG 19-001, Section 3, is contingent on the Tenant meeting all schedule milestones (subject to Section 9d below) as follows:

9.a. If Tenant does not meet all of the schedule milestones for the 820 Parcel Improvements in Subsection 10.b. of this Appendix 1, the following will automatically apply and supersede any conflicting term or condition in LAG 19-001, Section 3: The Lease Term will expire on February 28, 2022 or six (6) months from the date of the failure to meet a milestone, whichever is later.

9.b. If Tenant does not complete all 800 Parcel Improvements within 18 months of the 800 Parcel Construction Date (as defined below, the following will automatically apply and supersede any conflicting term or condition in LAG 19-001, Section 3: Tenant and Landlord will as soon as practicable amend the Lease to remove the 800 Parcel from the Lease by removing it from the definition of the term Premises and making all other related amendments to the Lease, and Tenant agrees to restore the 800 Parcel to as good or better condition than at the Commencement Date.

9.c. If Tenant timely meets all of the schedule milestones for both the 800 Parcel Improvements and the 820 Parcel improvements as set forth in Section 10 of this Appendix 1, the following will automatically apply and supersede any conflicting term or condition in LAG 19-

OO1, Section 3: The Lease Term is extended an additional ten (10) years beyond the original 30-year term such that it expires on May 31, 2059.

9.d. Notwithstanding anything in this Appendix 1 to the contrary, the parties agree that if it appears a milestone will not be met despite the good faith efforts of Tenant, the parties will enter into good faith discussions with the goal of modifying the milestone to an attainable date. If agreement is not reached before the milestone in question passes, the milestone is deemed not met. Further, if any milestone will not be met as a result of a delay on the part of Landlord or its agents (including airport staff), the parties shall modify the milestone to an attainable date.

10. Schedule Milestones.

10.a. Schedule Milestones for the 800 Parcel Improvements.

10.a.(1). Milestone #1 - Tenant will submit a complete permit application for the demolitions portion of the 800 Parcel Improvements no later than December 1, 2029, and shall complete demolition no later than April 1, 2030. (The date that the City determines that demolition is complete is the "Demolition Date.")

10.a.(2). Milestone #2 - Tenant will submit a complete permit application for the construction portions of the 800 Parcel Improvements to the City's Department of Community and Economic Development ("CED") no later than December 1, 2029.

10.a.(3). Milestone #3 - Tenant will commence construction no sooner than June 1, 2020 and no later than June 1, 2030. (The date that construction commences is the "800 Parcel Construction Date.") Tenant shall notify the City of the 800 Parcel Construction Date.

10.a.(4). Milestone #4 - Tenant will complete all 800 Parcel Improvements within 18 months after the 800 Parcel Construction Date.

10.b. Schedule Milestones for the 820 Parcel Improvements.

10.b.(1). Milestone #1 - Tenant will submit a complete permit application for the 820 Parcel Improvements to CED no later than December 1, 2019.

10.b.(2). Milestone #2 - Tenant will commence construction no sooner than June 1, 2019 and no later than February 29, 2020. (The date that construction commences is the "820 Parcel Construction Date.") Tenant shall notify the City of the 820 Parcel Construction Date.

10.b.(3). Milestone #3 - Tenant will complete all 820 Parcel Improvements within 18 months after the 820 Parcel Construction Date.

11. Tenant will, at the time of submitting its complete permit applications for the 800 Parcel Improvements and the 820 Parcel Improvements, respectively, submit to the Airport Manager a critical path construction schedule for any and all buildings and other improvements to be constructed on the parcels.

12. Tenant will cause the 800 Parcel Improvements and the 820 Parcel Improvements to be performed by licensed and bonded contractors, approved by the City, and the contractors will provide, if required by the City, a performance bond covering all work.

13. Tenant will be fully responsible for all demolition and construction and all activities incidental thereto. Tenant is not an agent or employee of the City and undertakes any activity hereunder solely on its own behalf. All risks of loss arising from Tenant's work under this Appendix 1 will rest on Tenant.

14. Tenant will pay all costs of grading, constructing, paving, and all other development costs, including all permits, within the Premises and costs of utility installation, relocation, or removal required by the construction and its use and occupancy of the Premises. All excavated soils will be removed and disposed of at an approved off-site location. All backfill material will be imported material and the type and quality of the material will be approved by the Airport engineer.

15. All work and material will be of good quality, free of defects, and accomplished in a workmanlike manner in conformity with approved plans and specifications. All work will be performed in a safe manner both on the Premises and with respect to any other City property at the Airport which might be used or affected by any activity of the Tenant during demolition, construction, and incidental activities. The work will be performed so as not to interfere with the use of other Airport by the City, its other tenants, or other users of the Airport. Tenant will keep the Premises, and any other Airport property, free of waste materials and rubbish caused by the demolition, construction, and incidental activities. Material and/or equipment will not be placed or stored upon Airport property other than the Premises.

16. Work and/or material not in accord with this Appendix 1, will be promptly corrected, removed, replaced, and/or repaired at the Tenant's expense upon written notice by the Airport Manager or other City representative. If such work and/or material is/are not so corrected, removed, replaced, and/or repaired by the Tenant promptly after such notice, the City may, at its choice, correct, remove, replace, and/or repair such work and/or material at the Tenant's expense. This is a material provision of the Lease, LAG 19-001, violation of which will

be a material breach of the Lease, for which Landlord may terminate the Lease without further notice.

17. The City will not be liable for any damages in connection with the approval or disapproval of any plans and specifications or any demolition, construction, or other activities of Tenant or anyone acting on Tenant's behalf on the Premises, or the enforcement or failure to enforce any provisions of the Lease. The City's approval of plans and specifications will not constitute the assumption of any responsibility by the City or its representatives of the accuracy, efficiency, or sufficiency thereof, and Tenant will be solely responsible therefore.

18. Upon completion of construction, Tenant will provide to CED a reproducible, CAD format copy of all as-built drawings for all building and utilities on the 800 Parcel and the 820 Parcel.

END OF APPENDIX 1