

GROUND LEASE

Between

City of Renton and Renton Gateway Center, LLC

THIS GROUND LEASE (hereinafter "Lease") is made and entered into this 7th day of October, 2009 by and between THE CITY OF RENTON, a Washington municipal corporation (hereinafter "Landlord") and RENTON GATEWAY CENTER, LLC, a Washington Limited Liability Company (hereinafter "Tenant").

FOR VALUABLE CONSIDERATION and 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 documents constitute this lease;
Ground Lease;
Exhibits A, A-1, B, C, D, E, F, and G; and
Appendices 1 and 2.

1.b. Legal Description and Reservation of Easement: Landlord hereby leases to Tenant, and Tenant leases from Landlord for the Term described in Section 3 below, the parcel of land shown on Exhibit "A" (captioned "Lease Map and Legal Description"), which is attached hereto and incorporated herein by this reference (hereinafter, "Premises"); provided, that during the Construction Term (as defined below) this Lease, except for Sections 8a, 8b, and 8c, shall apply only to the 60,000 square foot "Construction Area" shown on Exhibit A-1. Appendix 2 shall apply during the Construction Term.

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 pursuant to Section 8(e), 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 Alpha taxiway from the Premises is essential to the conduct of Tenant's business on the Premises and, except during construction activities occurring on the Alpha taxiway or weather related events, Landlord shall ensure that Tenant and its representatives, subtenants, assignees, agents, invitees, and licensees have direct access to the Alpha taxiway at all times during the Term.

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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). Easements as set forth in Exhibit B; and

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

2.a.(3). 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.

3. TERM:

3.a. Construction Term: The "Construction Term" of this Lease, during which Landlord shall lease to Tenant and Tenant shall lease from Landlord only the 60,000 sq. ft. Construction Area, shall begin upon the receipt by Tenant of all permits necessary to construct its intended improvements on the Premises and shall end on the Commencement Date (as defined below).

3.b. Initial Term: The initial term of this lease (herein referred to as "Term") as to the entire Premises shall be for a thirty-five (35) year period commencing on the earlier of (hereinafter "Commencement Date") (1) the date that is forty-five (45) days after Tenant receives a certificate of occupancy for the improvements to be constructed on the Premises, or (2) the date that is twelve (12) months after the mutual execution of this Lease, and terminating on the last day of the month in which the thirty-fifth (35th) annual anniversary of such date occurs, (hereinafter "Expiration Date"). If Tenant does not receive all permits necessary to construct its intended improvements on the Premises within ninety (90) days after the mutual execution of this Lease or if any conditions imposed in connection with such permits are not acceptable to Tenant, Tenant may terminate this Lease at any time prior to receipt of such permits or within thirty (30) days thereafter by delivering a written notice to Landlord whereupon neither party shall have any obligation under this Lease. Landlord shall cooperate with Tenant in expediting the issuance of such permits. In addition, Tenant may terminate this Lease if it is not able to secure financing for the construction of its intended improvements on the Premises on terms acceptable to Tenant.

4. RENT:

4.a. Minimum Monthly Rent: During the Construction Term, Tenant shall pay to Landlord a Minimum Monthly Rent in the sum of Two Thousand Eight Hundred Fifty Dollars (\$2,850), 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 during the Construction Term. Beginning on the Commencement Date, Tenant shall pay to Landlord a Minimum Monthly Rent in the sum of six thousand five hundred dollars and nineteen cents (\$6,500.19), 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 during the Term. All such payments shall be made to the Director of Finance, City of Renton, City Hall, 1055 South Grady Way, Renton, Washington 98057. The Minimum Monthly Rent, beginning on the Commencement Date, is computed as follows:

(136,846 square feet)($\$0.57$ per square foot per year) = $\$78,002.22/\text{yr}$, ($\$78,002.22/12$ months = $\$6,500.19$ per month) PLUS, leasehold excise tax.

4.b. **Periodic Rental Adjustment:** The Minimum 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 Minimum Monthly Rent payable for the following three (3) year period (until the next Adjustment Date) shall be set by multiplying the Minimum Monthly Rent provided for in Section 4.a. of this Lease by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. The product shall be the "Adjusted Monthly Rent." In no event shall the Minimum Monthly Rent determined pursuant to this paragraph be less than the Minimum Monthly Rent set forth in Section 4.a. of this Lease.

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

4.c. **Notice of Request for Readjustment of Rental:** Landlord and Tenant do hereby further agree that at least thirty (30) days prior to any Adjustment Date, either party shall, if they desire to adjust the Minimum Monthly Rent for the ensuing three (3) year period by a means other than the Index, provide to the other party a written request for readjustment of the rental rate pursuant to RCW 14.08.120(5).

4.d. **Dispute Resolution Re: Readjustment of Rental:** If the parties are unable to agree upon such adjusted rental by negotiation for a period of thirty calendar (30) days, then the parties shall submit the matter of the adjusted rental for the ensuing period to arbitration. 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:

4.d.(1). 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 4.d. 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.

4.d.(2). 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.

4.d.(3). 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.

4.d.(4). 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.

4.d.(5). The arbitrators shall be experienced real estate appraisers and be knowledgeable in the field of comparable airport rentals and use charges in King County and shall give due consideration to any change in economic conditions from the preceding rental period. After a review of all pertinent facts, the arbitrators may adjust such rental rate or continue the previous rental rate for the ensuing three (3) year term. In no event shall the Minimum Monthly Rent determined pursuant to this section 4.d be less than the then current Minimum Monthly Rent.

4.d.(6). Leasehold improvements made by the Tenant shall not be considered as part of the leased premises for the purpose of future adjustments or readjustments of the rental rates.

4.d.(7). Each party shall pay for and be responsible for the fees and costs charged by the arbitrator selected by him. The fee of the third arbitrator shall be shared equally by the parties.

4.d.(8). The readjusted rental in each case, whether determined by arbitration or by agreement of the parties themselves, shall be effective as of the rental Adjustment Date.

4.e. Late Payment Charge: If any Rent is not received by Landlord from Tenant by the third (3rd) business day after such Rent is due, Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of the amount of such Rent. Should Tenant pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of Rent, Landlord's acceptance of this late charge shall not constitute a waiver of Tenant's default with respect to Tenant's nonpayment nor prevent Landlord from exercising all other rights and remedies

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

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

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 separately to the Director of Finance, City of Renton, 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, then Tenant shall pay such tax or charge when due. Such tax or charge shall be in addition to Minimum Monthly Rent and other 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:** Tenant accepts the Premises in their "AS IS" condition, except as otherwise provided in Appendix 1 (Parties' Schedule of Construction). Tenant accepts the Premises subject to all applicable federal, state, county and municipal laws,

ordinances and regulations governing and regulating the use of the Premises. Subject to the other provisions of this Lease, this Lease is subject to all such laws, ordinances and regulations. 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.

7.b. Landlord Demolition and Improvements. Landlord shall complete certain work on or near the Premises at its sole cost and expense as described in Appendix 1, Parties' Schedule of Construction.

7.c. Environmental Inspection and Remediation. Within forty-five (45) days after the mutual execution of this Lease (and prior to delivery of the Premises to Tenant), Tenant, at its sole cost and expense, shall cause an environmental expert to complete an environmental audit of the Premises including sampling of soil and groundwater sufficient to characterize environmental conditions at the site. The scope of the audit shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld. This Section 7.c is subject to the terms of Exhibit D hereto. Landlord shall also identify known past or present underground tanks on adjacent land. The results of the audit will establish a "baseline" environmental status of the Premises. Tenant shall not be responsible for any Hazardous Substances existing on the Premises that are not caused by Tenant or its contractors, agents, or employees, whether or not identified in the audit. In addition, if any Hazardous Substances on the Premises are not identified in the audit but are discovered during the construction by Tenant of improvements on the Property, and the presence of which was not caused by Tenant or Tenant's agents, contractors, licensees, or other representatives, Landlord, at its cost and expense, shall either perform the Remediation of such Hazardous Substances or shall reimburse Tenant for any costs incurred by Tenant in performing such Remediation, and if the severity of the Remediation necessitates Washington State Department of Ecology ("DOE") involvement, then Landlord shall obtain a "No Further Action Letter" or other resolution from DOE. Any restrictive covenant proposed by DOE as a condition to issuing the "No Further Action Letter" or other form of resolution shall not restrict significantly or substantially Tenant's normal operations on the Premises.

If any Hazardous Substances on the Premises are not identified in the audit but are discovered during the construction by Tenant of improvements on the Property and construction is halted, Minimum Monthly Rent and all other amounts due hereunder shall abate in proportion to the interruption until such Hazardous Materials have been investigated and remediated as required by this Section 7.c and Landlord has obtained the "No Further Action Letter" or other form of resolution from DOE. In addition, the Commencement Date shall be delayed by the length of any resulting construction delays upon written agreement between the parties. Notwithstanding the foregoing, there will be no abatement of rent if the presence of the Hazardous Substance was caused by Tenant.

7.d. Provision of Restroom Facilities: Tenant agrees to construct and/or provide restroom and/or toilet facilities for use by sub-tenants of hangars and outside tie-down aircraft storage. The facilities so provided must be accessible by sub-tenants 24-hours per day, 7-days per week. The restroom/toilet facilities must be available to the flying public during normal business hours.

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, in accordance with the Airport Regulations and Minimum Standards pursuant to Section 8(e):

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: Following the construction of improvements on the Premises by Tenant as described in Appendix 1, Parties' Schedule of Construction, Tenant covenants that the Premises shall be continuously used for 8.a.(1) and 8.a.(4), 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. Signs:

8.d.(1). Advertising: No advertising matter or signs shall be displayed on the Premises or structures, at any time, without the prior written approval of Landlord, which approval will not be unreasonably withheld.

8.d.(2). Building Address: The building street number, as assigned by the City of Renton, shall be displayed in the upper right-hand corner of the East and West side of each building, as viewed from Perimeter Road and the Taxiway. The number type and color shall be as directed by the Airport Manager, and the number size shall be as required by current Fire Code.

8.e. Conformity with Laws, Rules and Regulations: Tenant shall comply with applicable federal, state, county and municipal laws, ordinances and regulations concerning the Premises and 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, and apply to all similarly situated tenants at the Airport, all at Tenant's cost and expense.

Tenant shall keep and operate the Premises and all structures, improvements, and activities in or about the Premises in conformity with all rules and regulations now or hereafter adopted by (i) the Federal Aviation Administration, (ii) the State of Washington, or (iii) other state or federal governmental authority, 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 substance, 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 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 from any obligation or expense, including, but not limited to, fees incurred by the Landlord for attorneys, consultants, engineers, damages, environmental resource damages, and remedial action under R.C.W. Chapter 70.105D, 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, any financial institution or entity which finances in whole or in part Tenant's construction on the Premises, and their 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, increased costs of

construction and increased interest or other costs related to any loan obtained by Tenant in connection with the Premises, 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. Each party shall select one (1) arbitrator. The two (2) selected arbitrators, if unable to agree within a period of thirty (30) days after such appointment, as that term is defined in Section 4.d.(2) of this Lease, shall select a third arbitrator. 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. See Exhibit C ("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.

8.j. Aircraft airworthiness: Aircraft placed, parked or stored other than within hangar buildings must be airworthy. Whenever an aircraft is temporarily undergoing repairs, a red tag must be affixed to the aircraft stating the type of repairs being made, the date repairs started, and the date repairs will be completed. When requested by the Landlord, the Tenant must provide a schedule showing when repairs will be completed. Landlord will allow reasonable revision of said schedule. The requirements of this Section 8.j shall be enforced against Tenant only to the extent that the restrictions are enforced against all similarly situated tenants at the Airport on a non-discriminatory basis. If after 15 calendar days after notice by Landlord to cure a violation of this provision, Tenant fails to adhere to an agreed-upon repair schedule, or fails to place and maintain the required red tag on the aircraft, then Tenant shall pay to Landlord a penalty equal to \$20.00 for each day from the end of the 15 day cure period described above until the day the aircraft is actually repaired.

8.k. End of Lease Environmental Assessment: Landlord shall cause to be performed a Phase I Environmental Assessment, either at its sole cost and expense or at the cost and expense of a new tenant. Said assessment shall be completed no less than three (3) months after the end of the Term. Landlord shall provide Tenant with one (1) original copy of said assessment.

9. MAINTENANCE:

9.a. Maintenance of Premises: The Premises and all of the improvements or structures thereon shall be used and maintained by Tenant in a neat, orderly, and sanitary manner. Landlord shall not be called upon to make any improvements, alteration, or repair of any kind upon the Premises. 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 operation of Tenant's aircraft tie-down storage 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 without limitation, the interior and exterior walls, floors, roof, and ceilings, and any structural portions of the Premises the exterior and interior portions of all doors, windows, glass, utility facilities, plumbing and sewage facilities within the building or under the floor slab including free flow up to the main sewer line, parking areas, landscaping, fixtures, heating, ventilating and air conditioning, including exterior mechanical equipment, exterior utility facilities, and exterior electrical equipment serving the Premises. 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.

9.b. Removal of Snow/Floodwater/Mud: Tenant shall remove from the Premises all snow and/or floodwaters or mud deposited therefrom, 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 of Building Skin: Tenant shall repair or replace any ripped or corroded skin of the building in a manner reasonably acceptable to the Landlord. Tenant shall cause the building on the Premises to be painted in the event that the paint becomes checked, cracked, flaked, chalked or changed color in excess of the values specified for degradation in quality and appearance in the building's original warranty. After the warranty period, Tenant shall cause the building to be painted in year twenty six (26) of this lease unless, within the immediately preceding ten (10) years, the building had already been repainted. In the event that the building was repainted in years fifteen through twenty five (15-25) inclusive, Tenant shall repaint the building in year thirty two (32) of this lease.

9.d. 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.e. Right to Inspect: Tenant will allow Landlord or Landlord's agent free access at all reasonable times to the Premises for the purpose of inspection, or of 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.f. 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. Initial Construction: Landlord and Tenant agree that each contemplates the construction on the Premises of a building consisting of a Hangar/FBO Lobby & Office Space. The construction of said building is governed by the provisions set out in Appendix 1, the Parties' Schedule of Construction.

10.b. Landlord's Consent Required for Subsequent Alterations: After the construction described in Appendix 1, Parties' Schedule of Construction, Tenant will not make any alterations, additions or improvements in or to the Premises without the written consent of Landlord first having been obtained, which consent shall not be unreasonably withheld, conditioned, or delayed. However, Landlord's consent shall not be required for any improvements that do not require a building permit.

10.c. 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' and materialmen's liens and 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.d. 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 performance 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. This Section 10.d is subject to the terms of Exhibit E hereto.

10.e. Notification of Completion: Upon completion of capital improvements made on the Premises, Tenant shall promptly notify Landlord of such completion.

10.f. 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 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, upon the expiration or sooner termination of the Term, if any, to remove any and all improvements and structures installed by Tenant from the Premises and repair any damage caused thereby, at Tenant's expense. This Section 11 is subject to the terms of Exhibit F hereto.

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 of the Tenant or any of its agents, contractors, patrons, customers, employees, or invitees on the Airport, 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, in each case except to the extent caused by the 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. On notice from Landlord, Tenant, at Tenant's expense, shall defend any 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 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 subtenant must comply with provisions of the then current Airport Leasing Policies, including, but not limited to the "Analysis of Tenant's Financial Capacity," independent of Tenant's compliance or Financial Capacity. Landlord recognizes and acknowledges that, notwithstanding the requirements of this Section 14.a, Tenant may sublease all or a portion of the Premises to Pro Flight Aviation, Inc. ("PFA, Inc."), and that PFA, Inc. may then exercise the Tenant's rights to further sublease the Premises as provided for in Section 14.b, below.

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. Permitted Subletting: Notwithstanding the provisions of Section 14.a. above, Tenant may sublet portions of the Premises for the purpose of aircraft hangar storage and airplane tie-down space, without Landlord's prior written consent, on a month-to-month or longer basis (but not longer than the Term), provided that Landlord is informed on at least an annual basis, in writing, of the name of the subtenant(s), the purpose of the sublease, the amount of the rental charged, and the type of aircraft stored (make, model and registration number). Additionally, such information shall be disclosed upon request by Landlord.

14.c. 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.d. 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.e. 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.f. 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). Other Defaults. 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 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.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 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 do 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, any costs or expenses incurred by Landlord 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 as good a condition 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 may remove from the Premises movable office furniture or trade fixtures put in at the expense of Tenant. Tenant shall, at its 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,—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 structures, 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 structures, 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. Tenant shall not be required to restore structures, alterations, improvements or trade fixtures if available insurance proceeds are not sufficient to do so.

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 airport liability insurance (including premises liability, aircraft products and completed operations coverage, and hangar keepers liability coverage) with the following limits: Premises liability: \$1,000,000 per occurrence, \$2,000,000 annual aggregate; products and completed operations coverage: \$1,000,000 per occurrence, \$2,000,000 annual aggregate; hangar keepers liability: \$1,000,000 each aircraft and, \$1,000,000 per occurrence; storage tank liability insurance with limits of \$1,000,000 per occurrence and \$2,000,000 aggregate; operator of aircraft liability insurance in the amount of \$1,000,000 per occurrence. Notwithstanding the foregoing, if any similarly situated tenant at the Airport is required to carry insurance coverages or limits lower than those required under this Lease, Tenant's insurance obligations shall be limited to those lower

requirements, and Landlord shall provide reasonable information about insurance requirements applicable to other tenants upon request. The limits of said insurance shall not, however, limit the liability of Tenant hereunder. Landlord shall be named as an additional insured on Tenant's airport liability insurance solely with respect to the operations of the named insured (i.e., Tenant), Tenant with that coverage being primary and non-contributory with any other policy(ies) carried by, or available to, Landlord. No such policy shall be cancelable or subject to reduction of coverage below the required limits except after forty-five (45) days' prior written notice to Landlord.

19.c. Insurance Policies: Insurance required hereunder shall be written by a company or companies authorized to do business in the State of Washington, rated A-VIII or better in the most recent edition of "Best's Insurance Guides." The Liability Insurance limits set out in Section 19.b shall be subject to change every 6 years, to coincide with the rental adjustment date. The new Liability Insurance limits shall be established by the then current limits being imposed by Landlord on Airport tenants within the immediately preceding 6 years.

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 (but for the property insurance, upon the issuance of a certificate of occupancy), the Tenant shall deliver to Landlord documents, in a form acceptable to Landlord, evidencing the existence and amounts of such insurance. Tenant shall, not less than fourteen (14) calendar days 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.

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 or, in the case of Landlord, that would be covered under a property insurance policy for the full replacement value of any improvements owned by Landlord at the Airport. 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.

24.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 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.

24.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.

24.c. **Application to Subtenants:** 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 subtenant(s) to similarly include the above clause in further assignments or subleases of this Lease.

25. **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.

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

27. **ATTORNEYS' FEES AND COSTS; COLLECTION COSTS:** If either party brings any action for relief against the other party, declaratory or otherwise, arising out of this Lease, including any action by Landlord for the recovery of Rent or possession of the Premises, the prevailing party shall be entitled to reasonable attorneys' fees and costs of litigation as established by the court. If the matter is not litigated or resolved through a lawsuit, then any attorneys' fees for collection of past-due rent or enforcement of any right of Landlord or duty

of Tenant hereunder shall entitle Landlord to recover, in addition to any late payment charge, any costs of collection or enforcement, including reasonable attorney's fees.

28. 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.

29. 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.

"Expiration" means the coming to an end of the time specified in the Lease as its duration.

"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.

30. GENERAL PROVISIONS:

30.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.

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

30.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.

30.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.

30.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.

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

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

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

30.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.

30.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.

30.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.

30.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. This Section 30.l is subject to the terms of Exhibit G hereto.

30.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.

30.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.

30.o. Addenda: The provisions of this Lease shall be subject to those of any Addenda and Exhibits attached hereto.

TENANT:

LANDLORD:

RENTON GATEWAY CENTER, LLC
a Washington Limited Liability Company

THE CITY OF RENTON
a Washington municipal corporation

By: Diane O. Patolke

By: Denis Law
Mayor, Denis Law

Its: President

Date: 10/2/09

Date: 10/1/09

ATTEST:

Bonnie S. Walton
City Clerk, Bonnie Walton

Date: 10-7-2009

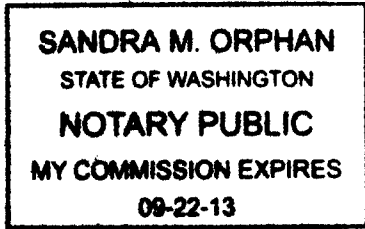
Approved as to legal form:

Lawrence J. Warren
Lawrence J. Warren, City Attorney

STATE OF WASHINGTON)
 : ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that DIANE O. PAHOLKE 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 PRESIDENT of RENTON GATEWAY CENTER B, a WASHINGTON LLC to be the free and voluntary act of such WASHINGTON LLC for the uses and purposes mentioned in the instrument.

Dated this 1st day of OCTOBER, 2009.



[Handwritten Signature]
[Signature of Notary]

SANDRA M. ORPHAN
[Print Name of Notary]

Notary Public in and for the State of Washington, residing at SEATTLE.
My commission expires: 9/22/13.

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 _____, 200__.

[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 _____, 200__.

[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 _____, 200__.

[Signature of Notary]

[Print Name of Notary]

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

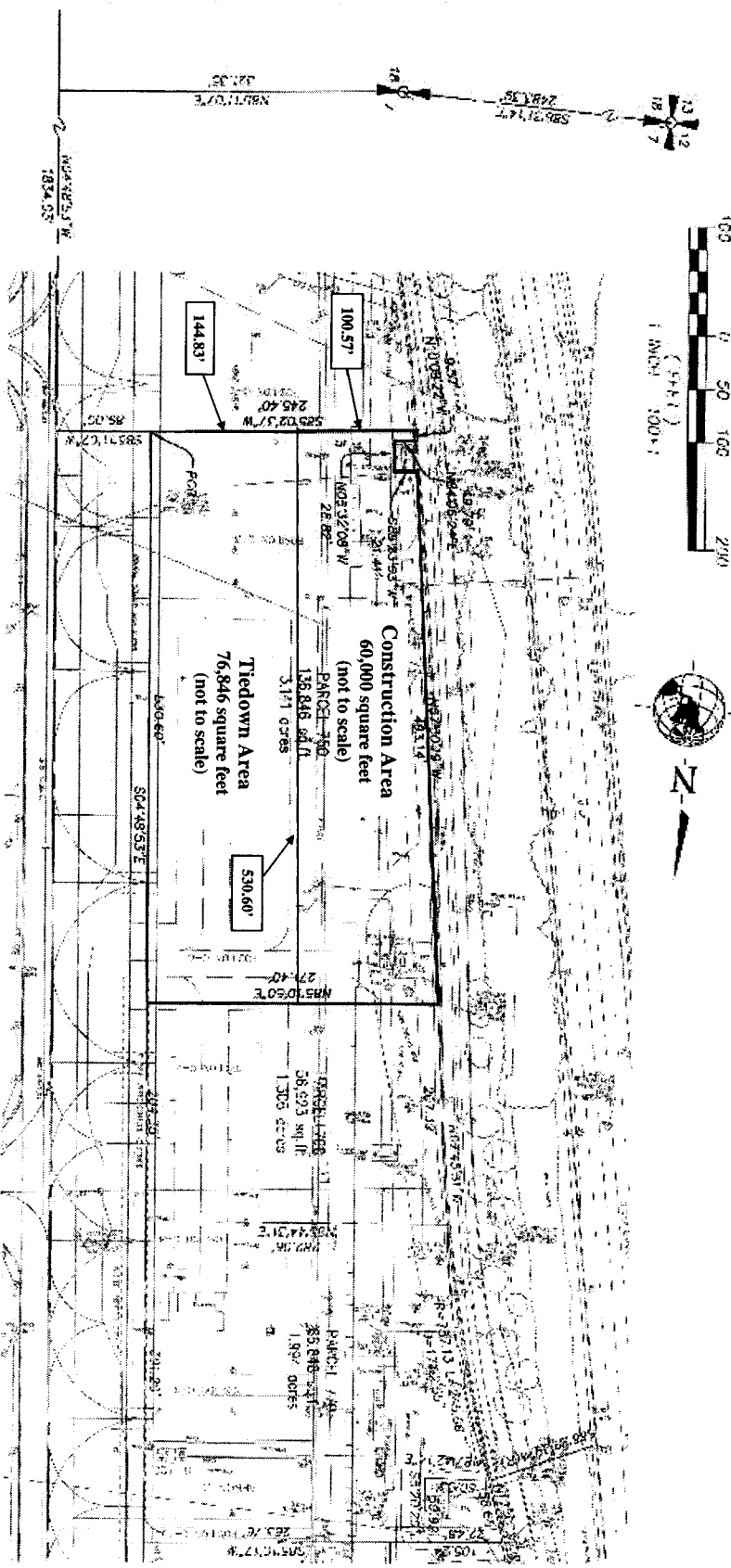
EXHIBIT A

Lease Map and Legal Description

EXHIBIT A-1
Construction Area



N 1/2 OF SEC. 7, ALL IN TWP. 23N, RGE 09E, W4E



LEGAL DESCRIPTION:

THE 1/2 NORTH OF THE N 1/2 OF SECTION 7, TOWNSHIP 23 NORTH, RANGE 09 EAST, RGE. IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
 COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 7, WHICH BEARS S85°12'57\"/>

NOTES:

BASE OF BEARINGS IS MAGNETICALLY CORRECTED IN THE WASHINGTON COORDINATE SYSTEM, NAD 83 (1983) NORTH ZONE, ALONG THE TERMINUS OF THE REVISION AIRPORT RUNWAY, AS ESTABLISHED BY THE PUBLIC WORKS DEPARTMENT SECTION, WASHINGTON AIRPORT.
 FIELD MEASUREMENTS FOR THIS MAP WERE PERFORMED WITH A TRIP 100I TOTAL STATION, WASHINGTON, AND LEVEL ON EXISTING A LINEAR CLOSURE OF 1/10,000.
 ALL NEIGHBORING PARCELS SHOWN, EXCEPT THOSE WHICH HAVE BEEN CORRECTED AND ADJUSTED TO A NATIONAL GEODETIC SURVEY CALCULATED DATUM, WITHIN THE LAST YEAR.

LEGEND:

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

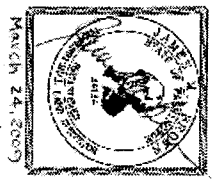


Exhibit A-1	
DATE	1
BY	J. B. BROWN
CHECKED BY	
DATE	
SCALE	1\"/>

CITY OF RENTON
LEASE PARCEL 750

SCALE: 1"=100'

PROJECT NO: 035066

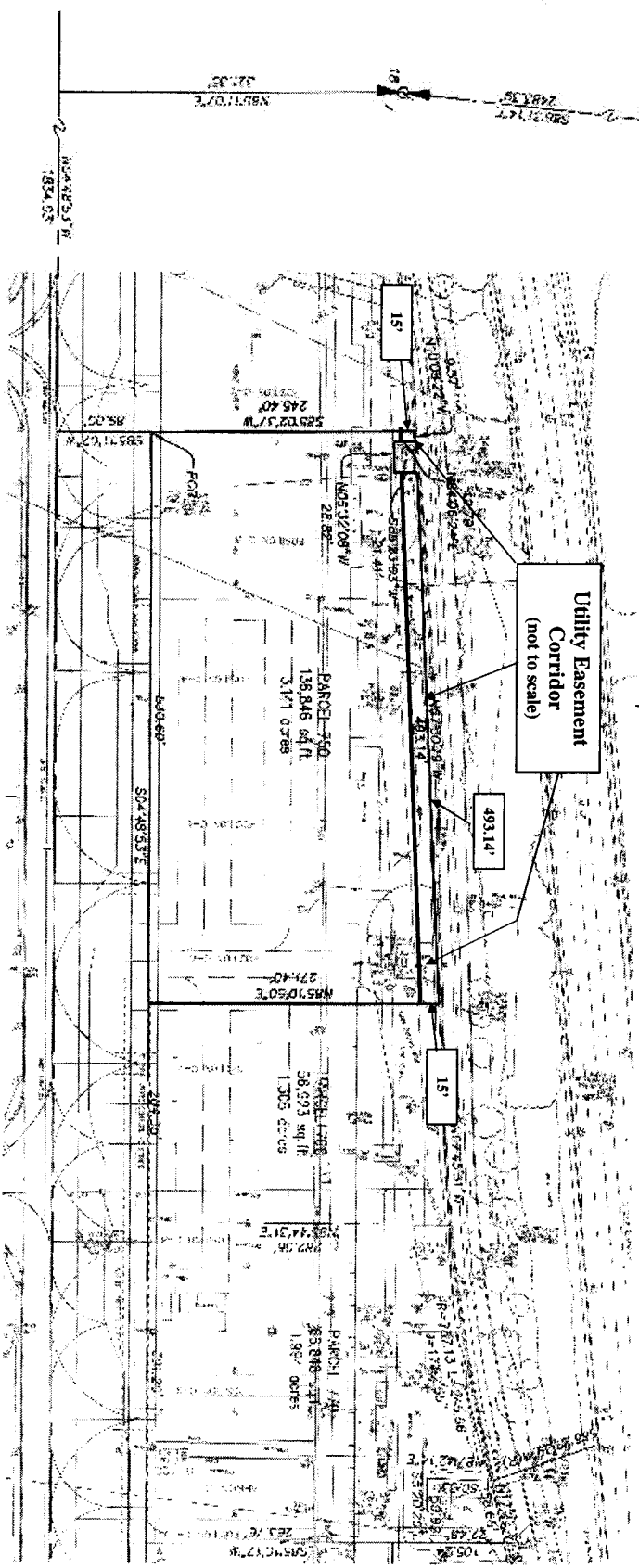
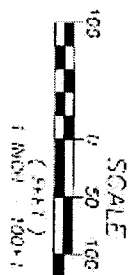
CREATED: 03/24/2009

WHPacific

PHOTO: 03/24/2009
 1040 W. WA. 98111
 206.467.4200 FAX: 206.467.4201
 www.whpacific.com

EXHIBIT B
Easements

N 1/2 OF SEC. 7, ALL IN TWP. 23N, RGE. 05E, W4M.



LEGAL DESCRIPTION:

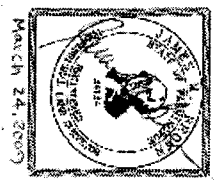
THAT PORTION OF THE N 1/2 OF SECTION 7, TOWNSHIP 23 NORTH, RANGE 05 EAST, RGE. 05E, COUNTY WASHINGTON, DESCRIBED AS FOLLOWS:
 COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 7, WHICH BEARS S88°14'17" E, 248.59 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 7; THENCE N88°14'17" E, 271.35 FEET TO THE CORNER OF PARCEL 751, TOWNSHIP 23 NORTH, RANGE 05 EAST, COUNTY WASHINGTON; THENCE S88°14'17" E, 185.03 FEET; THENCE S88°14'17" E, 85.00 FEET TO THE POINT OF BEGINNING;
 THENCE S88°14'17" E, 248.40 FEET; THENCE N108°22'22" E, 8.37 FEET; THENCE N88°22'22" E, 19.78 FEET; THENCE S88°22'22" E, 28.82 FEET; THENCE S88°22'22" E, 21.41 FEET; THENCE N07°07'19" W, 492.14 FEET; THENCE N85°15'50" E, 271.40 FEET; THENCE S85°15'50" E, 490.60 FEET TO THE POINT OF BEGINNING.
 CONTAINING APPROXIMATELY 130,846 SQUARE FEET OR 3.141 ACRES.

NOTES:

PLANS OF BEARINGS IS NOT NECESSARILY CONTROLLED BY THE WASHINGTON COORDINATE SYSTEM, NAD 83 (1983) ZONING ZONE ALONG THE CENTERLINE OF THE REVISION AIRPORT RUNWAY, AS ESTABLISHED BY THE CIVIL ENGINEERING DEPARTMENT, COUNTY WASHINGTON, AND/OR.
 FIELD MEASUREMENTS FOR THIS MAP WERE PERFORMED WITH A TOTAL STATION INSTRUMENT, AND BEEN ON EXCEED A LINEAR CLOSURE OF 1:150,000.
 ALL 'UNMARKED' MEASUREMENTS FOUND ON THIS MAP HAVE BEEN COMPARED AND ADJUSTED TO A NATIONAL GEODESIC SURVEY CALCULATED DISTANCE WITHIN THE LAST YEAR.

LEGEND:

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



Match 24, 2007

Exhibit B

NO.	DATE	BY	REVISION
1	03/27/07	J. B. BROWN	ISSUE FOR RECORD

CITY OF RENTON
LEASE PARCEL 750

PROJECT NO. 035066

DATE: 1"=100'

WHPacific

19101 160th St, Tukwila, WA 98148
 206.835.8811
 426 4th St SW, Everett, WA 98201
 www.whpacific.com

EXHIBIT C

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

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.

EXHIBIT D**Initial Environmental Review**

Notwithstanding anything in the Lease to the contrary, Landlord acknowledges that it has received and reviewed a copy of an environmental audit of the Premises provided by Tenant and Tenant shall have no further obligation to perform any such initial environmental audit as required by Section 7c of the lease.

EXHIBIT E**Landlord's Waiver of Performance Bond**

Notwithstanding anything in the Lease to the contrary, Landlord acknowledges that Tenant shall not be required to obtain any performance bond relating to the construction of improvements identified in Appendix 1.

EXHIBIT F**Landlord's Waiver of Removal of Improvements**

Notwithstanding anything to the contrary in this Lease, and in consideration of this Exhibit F, Landlord agrees that it shall waive its option to require Tenant to remove any and all improvements and structures installed by Tenant on the Premises upon or before the expiration of the Term. In exchange, Tenant agrees to construct the improvements and structures as set forth in section (n) of Appendix 1. Tenant further agrees that it shall not, without Landlord's prior written consent, construct or customize such improvements and structures for any industrial or manufacturing use, excepting those uses set forth in section 8.a of the Lease, such that said improvements and structures may be useable by subsequent similarly situated tenants upon termination of this Lease. Tenant further agrees that it shall maintain such improvements and structures as set forth in section 9 of this Lease.

EXHIBIT G

Landlord's Consent to Recordation

Notwithstanding anything to the contrary in this Lease, Landlord agrees that the parties may record this Lease or any memorandum of this Lease.

APPENDIX 1**The Parties' Schedule of Construction.****Construction by Tenant:**

- a. Tenant, solely at its cost and expense, may construct or cause to be constructed upon the leased land certain buildings and improvements described below.
- b. It is understood that the plans and specifications for said building and improvements are not necessarily in complete detail; and that the final plans, specifications, details, and location of construction within the premises shall be subject to the city of Renton's building permit approval process prior to the construction.
- c. Tenant shall submit a completed application to the city of Renton's building department no later than 60 days after execution of the Lease.
- d. Tenant shall, at the time of submitting its completed application, submit to the Airport Manager a critical path construction schedule for the buildings and improvements described below.
- e. Upon completion of construction, Tenant shall provide to the city of Renton's building department a reproducible, CAD disc copy of all as-built drawings for building and utilities.
- f. Tenant shall cause Tenant's construction work to be performed by licensed and bonded contractors, approved by the city of Renton, and the contractors shall provide, if required by the city of Renton, a performance bond covering all Lessee's work. Notwithstanding anything to the contrary in this Section (f) and Section 10.d of the Lease, Landlord acknowledges that it will not require any performance bond for the construction of the hangar/office building. This waiver is based on the following representations made by Tenant: (1) Tenant will finance the construction of the hangar/office building, which is estimated to cost \$2.96 million, with an SBA loan; (2) the SBA has granted a blanket waiver on the requirement of a performance bond where a third party in the business of providing construction management services controls the disbursement of the proceeds; (3) Tenant will contribute in excess of \$300,000.00 of its own funds toward the construction of the hangar/office building before using any funds borrowed from any lender, meaning that Tenant's investment in the hangar/office building will be approximately 10 percent; (4) members of the Tenant entity have provided the lender with personal guarantees for the loan; (5) Pro-Flight Aviation, Inc. was required to demonstrate to the lender that it would have the ability to repay the loan without the new business location operating; and (6) Tenant's chosen contractor, which has been pre-approved by the

City, has built numerous aviation hangars at other airports without incident. Tenant acknowledges that these representations are an integral and significant part of this contract.

- g. Time of Construction as provided in this Appendix shall commence at the Tenant's option, but no later than 90 days after receipt of all applicable permits. This period may be extended consistent with the terms in Section 25 of the Lease.
- h. Tenant shall be fully responsible for all construction and all activities incidental thereto. Tenant is not an agent or employee of the city of Renton but undertakes any activity hereunder solely on its own behalf. All risks of loss arising from Tenant's construction activities to any improvements now or hereafter constructed by Tenant shall rest on the Tenant.
- i. All work and material shall be of good quality, free of defects, and accomplished in a workmanlike manner in conformity with approved plans and specifications.
- j. Tenant agrees that the height and configuration of any and all buildings and improvements proposed to be constructed shall be subject to any restriction 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. Work and/or material not in accord with the foregoing shall be corrected, removed, replaced, and/or repaired at the Tenant's expense upon written notice by the Airport Manager. If such work and/or material is/are not so corrected, removed, replaced, and/or repaired by the Tenant within a reasonable period of time of such notice, the city of Renton may correct, remove, replace, and/or repair such work and/or material at the Tenant's expense.
- k. Except as set out in section "o" below, Tenant shall pay all costs of grading, constructing, paving, or any 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.
- l. All work by the Tenant shall 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 construction. Work shall be performed so as not to interfere with the use of other Airport property by the city, its other tenants, or other users of the Airport property. Tenant shall keep the Premises, and any other Airport property, free of waste materials and rubbish caused by the construction. Material and/or equipment shall not be placed or stored upon Airport property other than the premises leased.
- m. The city shall not be liable for any damages in connection with the approval or disapproval of any plans and specifications or any construction or other activities of

Tenant on the premises, or the enforcement or failure to enforce any provisions of the Lease. The city's approval of plans and specifications shall not constitute the assumption of any responsibility by the city or its representatives of the accuracy, efficiency, or sufficiency thereof, and Tenant shall be solely responsible therefore.

- n. The buildings and improvements contemplated by this Appendix consist of an approximately 30,900 square foot building. Said building will consist of eight (8) hangar bays for a total of approximately 28,800 square feet, and one (1) office/lobby area for a total of approximately 2,100 square feet. At a minimum, the Tenant's utility and other improvements consist of the following items which are not intended to supplant those improvements that may also be required as part of the city's permitting process:
 - i. Installation of approximately 80' of 12" ductile iron water main, 1 fire hydrant and water meter(s);
 - ii. Connection of the building to the sewer system;
 - iii. Connection of the building to the electrical and gas system;
 - iv. Connection of the building to phone service;
 - v. Relocate Gate V-4, gate motor, key pads and wireless system;
 - vi. Rehabilitate all concrete pavement joints on the apron area;
 - vii. Install approximately 110' of new storm drain inside a sleeve pipe and two catch basins with one oil water separator; and
 - viii. Remove the ramp lighting poles.
- o. The city of Renton will make the following pad ready and utility improvements up to the northern boundary of the Leased Premises as described in Figure 1 to this Appendix and shown on the "750 West Perimeter Road Pad Ready Utility " map:
 - i. Install approximately 740' of 12" ductile iron water main and 3 fire hydrants;
 - ii. Pay Puget Sound Energy to install approximately 130' of electrical line;
 - iii. Pay Puget Sound Energy to install approximately 590' of gas line; and
 - iv. Pay Qwest to install approximately 640' of underground phone lines and remove 4-5 phone poles.
- p. The Tenant will at its sole cost and expense extend all utilities from the northern boundary of the Leased Premises as denoted on Figure 1 to the building to be constructed.
- q. The three walls of the office building portion of the facility will be constructed as depicted in Figure 2 to this Appendix. This is a material provision of this Lease, as the quality in the appearance of the facility was expressly negotiated between the parties as part consideration for the term of 35 years.

Figure 1 to Appendix 1 – Pad Ready Utilities Map

750 West Perimeter Road—"Pad Ready" Utilities



- Power Transformer (ext)
- Power Line
- Proposed PFA Leasehold
- Water Main—PFA install
- Water Main—City install
- Hydrants to be installed
- Gas line to PFA
- Phone Line
- Storm Water Line

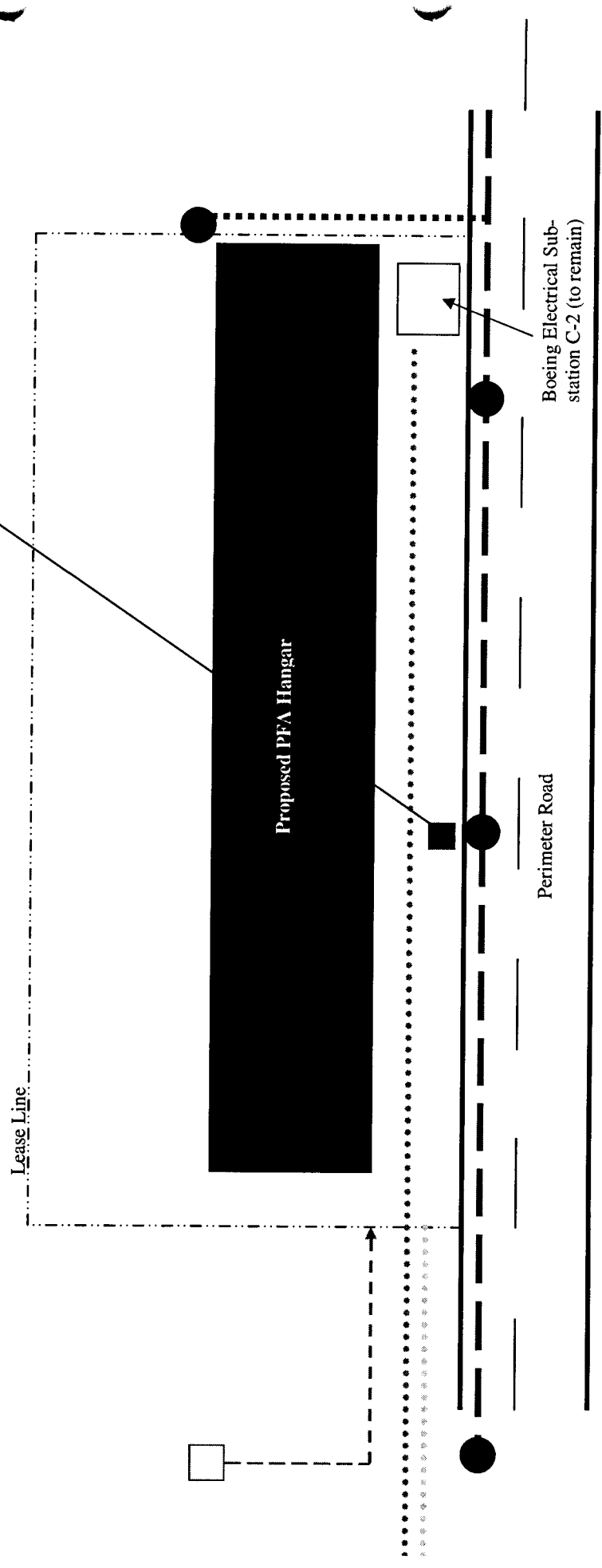
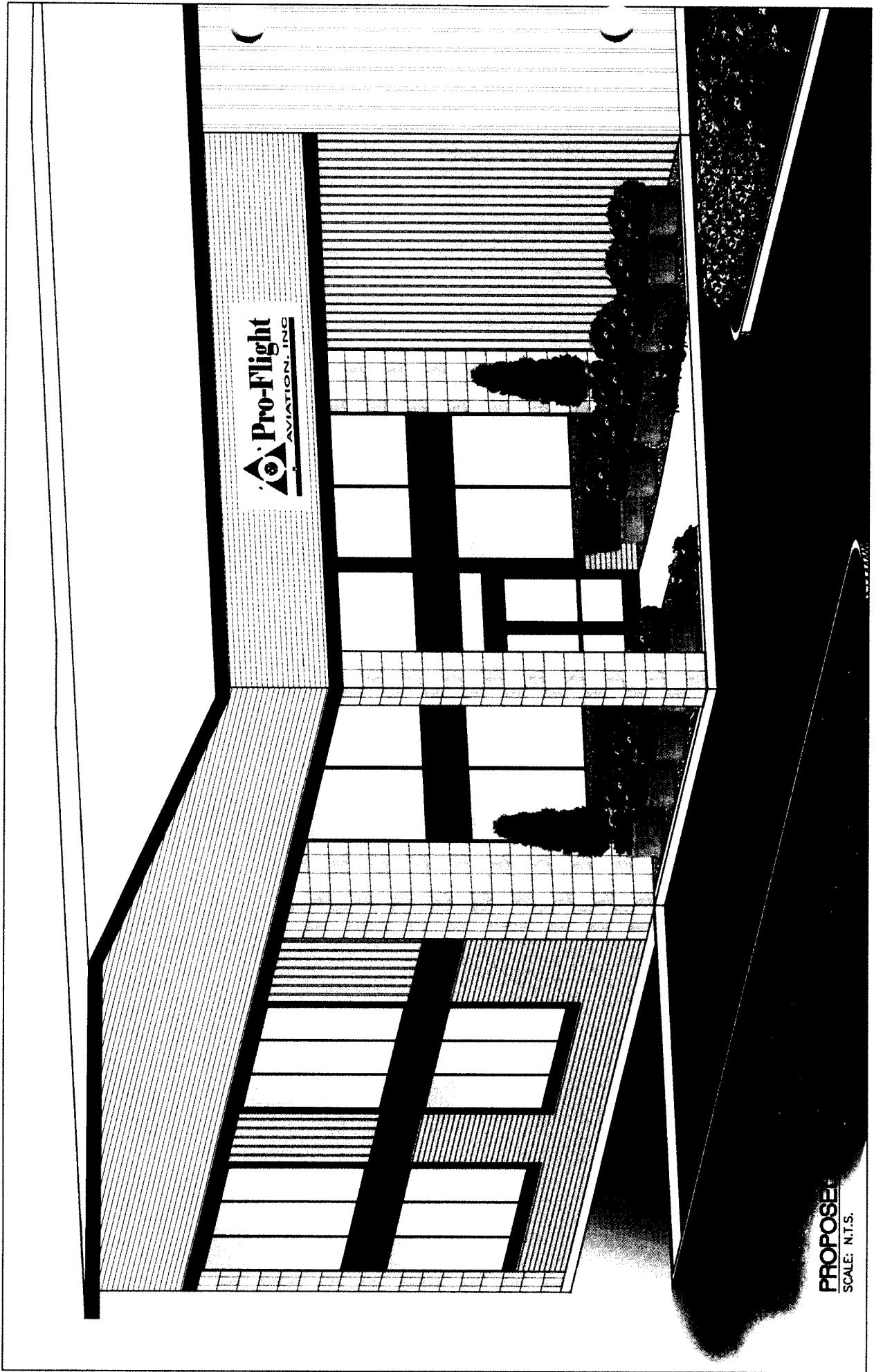


Figure 2 to Appendix 1 – Office Design



PROPOSED
SCALE: N.T.S.

APPENDIX 2**Leasehold Mortgage.**

1. **Lender Protections.** Tenant has applied for financing in connection with its business and/or the construction of improvements on the Premises. Tenant shall have the right to grant to the providers of such financing (each, a "Lender") leasehold mortgages, assignments of leases and rents, and such other security instruments covering and affecting all or any portion of the Premises as Tenant may deem necessary or appropriate (collectively, the "Loan Documents"). Tenant will provide Landlord a list of the names and addresses of all Lenders. In the event that any Lender sells or otherwise assigns the Loan, such Lender shall notify Landlord within thirty (30) days of the identity and address of the new Lender and the identity of the person to whom notices required herein may be sent.

(a) **Notices.** Landlord agrees to give simultaneously to each Lender a copy of all default notices and other communications regarding defaults and potential defaults sent by Landlord under this Lease. All notices or copies of notices which are sent to any Lender shall be in writing and shall be sent by registered or certified United States mail, postage prepaid, return receipt requested, or by recognized overnight business courier service, to such Lender at its address designated by notice from Lender to Landlord;

(b) **Lender's Right to Take Possession.** A Lender, during the term of its Loan Documents and subject to section 1(d) below, shall have the right to enter upon and take possession of the Premises, whether by foreclosure or otherwise, upon the happening of any default as specified herein or for any default in or breach of Tenant's obligations to each Lender. Notice thereof shall be sent to Landlord.

(c) **Lender's Cure of Defaults.** A Lender shall have the benefit of the following provisions in addition to those elsewhere provided in this Lease:

(1) no notice of default or termination given by Landlord to Tenant shall be effective until a copy thereof shall also be sent to such Lender; and

(2) after the occurrence of a default and receipt from Landlord of a notice of the occurrence of a default, a Lender shall have the same time period subsequent to the receipt of such notice as is permitted hereunder to Tenant plus an additional sixty (60) days to:

(i) notify Landlord of Lender's desire to cure the default;

(ii) pay or cause to be paid the rent, and any other Monetary Obligations (as defined in section 1(c)(3)(i) below) then due and in

arrears as specified in the notice to Lender and which may become due during such sixty (60) day period; and

(iii) comply with all other obligations of this Lease then in default; provided that Lender shall not be liable under any circumstance for or with respect to, or required to cure or assume under this Lease, any default or any obligation related to any default that is not reasonably susceptible to cure by Lender or any other third party (including third parties reasonably retained, employed, or hired by Lender), including but not limited to Tenant's bankruptcy, breach of warranty, construction delay or default, insolvency, misrepresentation or fraud, and execution or levy by creditors ("Lender Non-Curable Defaults"). Lender acknowledges that the provisions of Sections 8.a.(1) and 8.a.(4) of the Lease, subject to the limitations of Section 8.b of the Lease, are mandatory provisions in the Lease and are therefore deemed "curable by Lender."

(3) If Landlord is permitted to elect and elects to terminate this Lease by reason of any default of Tenant, and Lender has proceeded in the manner provided for by section 1(c)(2), the specified date for the termination of this Lease as fixed by Landlord in its Termination Notice shall be extended for a period of six (6) months, provided that Lender shall during such six (6) month period:

(i) Pay or cause to be paid the rent, and any other Monetary Obligation of Tenant under this Lease as the same become due, and continue to perform all of Tenant's other obligations under this Lease, except (A) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Lease of the Premises junior in priority to the lien of the Leasehold Deed of Trust, and (B) past Lender Non-Curable Defaults, and (C) failure of Tenant to satisfy its indemnity obligations under this Lease. Without limiting the foregoing, Monetary Obligations shall include those obligations to pay money for rent, taxes, utilities, and any other amounts due under the express provisions of the Lease ("Monetary Obligations") and shall not include the monetary damages arising from Tenant's failure to otherwise perform or remediate any act or omission constituting a default; and

(ii) If not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Deed of Trust or other appropriate means and prosecute the same to completion with reasonable diligence and continuity. If Lender is enjoined or stayed from taking such steps, Lender shall use its best efforts to seek relief from such injunction or stay. If as a result of Tenant's filing a petition in

bankruptcy, this Lease is rejected by the bankruptcy trustee, Lender, upon termination of this Lease, shall have the rights described in section 1(g), below.

(4) If at the end of such six (6) month period Lender is complying with section 1(c)(3), this Lease shall not then terminate and the time for completion by Lender of such proceedings shall continue so long as Lender continues to comply with the provisions of section 1(c)(3) and proceeds to complete steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Deed of Trust or by other appropriate means with reasonable diligence and continuity. Nothing in this section 1, however, shall be construed to extend this Lease beyond the Term nor to require Lender to continue such foreclosure proceedings after the default shall be cured in which case Lender shall discontinue such foreclosure proceedings and this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

(5) If Lender is complying with section 1(c)(3), upon (i) the acquisition of Tenant's leasehold estate by Lender or any other purchaser at a foreclosure sale or otherwise, and (ii) the discharge by such foreclosure of any lien, charge or encumbrance against Tenant's interest in this Lease or the Premises which is junior in priority to the lien of the Leasehold Deed of Trust and which Tenant is obligated to satisfy and discharge by reason of the terms of this Lease, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease; provided, however, that Lender or its designee or any other such party acquiring Tenant's leasehold estate shall agree in writing to assume all obligations of Tenant under this Lease, subject to the provisions of this section 1.

Nothing contained in this section shall require a Lender to begin or continue possession of the Premises or foreclosure proceedings or to begin or continue to cure any default by Tenant or preclude Landlord from exercising any rights or remedies under this Lease with respect to any other default by Tenant during any period of such forbearance or preclude Landlord from exercising any rights or remedies under this Lease other than termination or cancellation of this Lease during any period of such forbearance.

(d) Protection of Interests of Lender. If a Lender, through the operation of its Loan Documents, or by entry as a mortgagee in possession, or by foreclosure, or by acceptance of an assignment in lieu of foreclosure, takes possession of the Premises, such Lender shall have the right, at its option, to operate the improvements on the Premises itself and in all respects comply with the provisions of this Lease; and if such Lender thereby acquires Tenant's interest in the Premises, such Lender shall further have the rights, at its option, to:

(1) assign, sublease or transfer Tenant's interest in the Premises or this Lease (without requiring the consent or approval of Landlord) to (A) a subsidiary

or affiliate of such Lender or (B) any other assignee or transferee, which subsidiary or other assignee or transferee shall expressly assume all of the covenants, agreements and obligations of Tenant under this Lease by written instrument to be recorded in the appropriate county, a copy of which shall be provided to Landlord; or

(2) terminate the leasehold interest created by this Lease, thereby permitting Landlord to determine the future of the Premises, including the right to relet the Premises; in the event of such termination there shall be no obligation by Landlord to compensate such Lender for any losses and no obligation by such Lender to cure any default of Tenant.

Any action under section 1(d)(1) shall be self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon Lender succeeding to the interest of Tenant in the Premises. Landlord agrees, however, upon the election of written demand by Lender after Lender comes into possession or has given Landlord notice of its intention to do so, to promptly execute an instrument in confirmation of the foregoing provisions, satisfactory to Lender, in which Landlord shall acknowledge such new tenancy and confirm its terms and conditions, consistent with this Lease. Nothing contained herein shall limit or restrict Lender's right to exercise any other rights and remedies under its Loan Documents.

(e) Obligations and Rights of a Mortgagee in Possession.

(1) Landlord agrees that if Lender shall succeed to the interest of Tenant in the Lease, Lender shall not be (A) subject to any offsets or defenses which Landlord might have against any prior tenant, provided that Lender does not assert any claims of any prior tenant; (B) liable for any obligation to indemnify or reimburse Landlord or any third party or any of their respective successors and assigns from and against any loss, liability, damage or cost relating to or arising from any release of any toxic or hazardous materials on, under or about the Premises other than those caused by Lender or its agents; (C) liable to the Landlord or any third party for any environmental obligations other than those caused by Lender or its agents; or (d) bound by any amendment or modification of the Lease made without Lender's written consent.

(2) Landlord also agrees with Lender that Landlord will not voluntarily subordinate its interest in the Lease to any other lien or encumbrance without Lender's prior written consent.

(3) If a Lender shall enter upon and take possession of the Premises, but not otherwise, it shall be bound thereafter to keep and perform all duties and covenants and agreements of Tenant under this Lease during the term of its possession; provided, however, that if any default or breach of covenant or

other condition justifying termination or cancellation of this Lease by Landlord shall have been cured within the period provided in this Lease and Tenant shall resume possession and shall not then be in default under this Lease, Lender, upon restoring Tenant to full possession of the Premises and its rights under this Lease, shall thereafter not be so bound; and provided further, however, that (i) if after such entry upon and taking possession of the Premises the Lender shall accept another tenant in place of Tenant, or (ii) if after such entry upon and taking possession of the Premises, and upon notice to the City, the Lender shall assign its mortgage, the mortgage note secured thereby, and its possession of the Premises to another lender, or (iii) if the Lender notifies Landlord in writing that it has ceased to maintain possession of the Premises, then, in any such case, such Lender shall thereafter not be so bound. Lender further agrees that within 90 days of entering upon and taking possession of the Premises, Lender shall perform or cause to be performed at Lender's sole cost and expense an environmental audit of the Premises, the findings of which shall be provided to the Landlord.

(f) No Modification or Termination Without Lender Consent. During the term of any leasehold mortgage affecting the Premises, this Lease shall not be amended, modified, terminated or canceled nor shall Landlord accept a surrender of Tenant's leasehold interest, unless such amendment, modification, termination, surrender or cancellation is assented to in writing by all Lenders. Any such attempted amendment, modification, termination, surrender or cancellation without such assent shall be void. Nothing in this section 1(f), however, shall be deemed to require Lender assent for those amendments or modifications required by the Lease or documenting the exercise of rights under the Lease (e.g., periodic rental adjustment).

(g) Lender's Rights To New Lease. Landlord agrees that (i) if a Lender, a subsidiary or affiliate of a Lender or any other assignee or transferee of a Lender has acquired Tenant's interest in the Premises pursuant to section 1(d), or (ii) upon any termination of this Lease, at the request of a Lender, Landlord will, upon Lender's compliance with the requirements of this section 1(g), enter into a new lease with such Lender, a subsidiary or affiliate of a Lender or other transferee or assignee upon the same terms and conditions contained in this Lease with appropriate revisions to reflect the rights of such Lender, subsidiary, affiliate, transferee or assignee, for the remainder of the Term subsequent to the date of such acquisition or termination; said new lease shall have the same priority as this Lease. Landlord shall not be required to enter into such a new lease unless, prior to the execution and delivery of such new lease, such Lender or its designee shall have cured (or cause to be cured) all Tenant defaults under this Lease except Lender Non-Curable Defaults (which shall be deemed waived as to such Lender, subsidiary, transferee or assignee), and shall have performed all the covenants and obligations of Tenant which are reasonably within the power of such Lender to perform.

(h) Liability of Lender. No Lender shall have any liability or obligation under this Lease unless it acquires Tenant's interest by foreclosure or acceptance of an assignment in lieu of foreclosure, and no Lender shall have any liability disclaimed in section 1(e).

2. Estoppel Certificates. Landlord shall execute and deliver, within fifteen (15) business days of Lender's request therefor, estoppel certificates or such other similar certifications as may be reasonably requested up to four times each calendar year ("Estoppel Certificates"). Up to one Estoppel Certificate per year shall be a standard form certificate stating: (i) the date the Lease was executed, its commencement date if different from the date of execution and the date on which the Lease expires; (ii) the date the Tenant entered into occupancy of the Premises; (iii) the amount of rent payable under the Lease; (iv) the date to which the rent has been paid; (v) that the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date and terms of agreement so affecting the Lease); (vi) that the Lease represents the entire agreement between the parties as to this leasing; (vii) that all conditions under the Lease to be performed by the parties have been satisfied with the exception of conditions relating to the release of hazardous materials, which the Landlord shall only be required to certify (a) that the Tenant has provided proof of hazardous materials insurance required under the Lease continuously effective from the date required by the Lease; and (b) that the Landlord has no actual knowledge of any breaches of the Lease related to hazardous materials releases by the Tenant; (viii) that there are no existing claims by Tenant for which there are any defenses or offsets which the certifying party has actual knowledge of against the enforcement of the Lease by the Tenant; (ix) that no rent has been paid more than one month in advance; and (x) that no security has been deposited with the Landlord (or, if so, the amount thereof) ("Annual Standard Form Estoppel Certificate"). Landlord and Tenant agree to share the costs associated with Annual Standard Form Estoppel Certificates as follows: once in each five (5) year period beginning on the Commencement Date, Landlord shall bear all costs associated with the Annual Standard Form Estoppel Certificate; for any additional Annual Standard Form Estoppel Certificates required during each such five (5) year period, Tenant shall bear or reimburse Landlord for all costs of City staff time (at the standard rates charged for such staff time) incurred by Landlord in connection with the Annual Standard Form Estoppel Certificate, up to \$1,000, which amount may be adjusted every three years consistent with the formula provided in section 4.b of the Lease. Tenant shall provide reimbursement to Landlord within a reasonable period of time following the receipt of Landlord's written invoice. Such reimbursable costs shall constitute Monetary Obligations for purposes of this Addendum. The remaining Estoppel Certificates in any calendar year after the first in such calendar year may note that disclosures in such Estoppel Certificates are made to the Landlord's actual knowledge, and neither Lender nor Tenant shall be required to reimburse Landlord for costs incurred in connection with such certificates. If the Lender deems it necessary to require additional Estoppel Certificates without such knowledge limitation, the Lender shall bear or reimburse Landlord for any and all reasonable costs associated with responding to such request.

3. Insurance Proceeds and Condemnation Awards. Landlord agrees that all insurance proceeds and all condemnation and eminent domain awards not used for repair of the improvements of the Premises, during the term of this Lease, shall be paid to the senior Lender to the extent of the amount due on such Lender's loan and the balance thereof shall be paid to the subordinate Lenders, to the extent of the amounts owed to them.

4. Landlord's Loan Repayment Option. Landlord shall have the right to acquire and pay off the balance of the Loan and all costs and expenses owed by Tenant to Lender under its Loan Documents if Tenant defaults under the Loan. If Landlord elects to acquire and pay off the Loan, Lender will execute and deliver to Landlord an assignment of Lender's Loan Documents, including, without limitation, the note, security agreement and UCC filings, and a bill of sale conveying Lender's interest in all inventory, equipment, fixtures, general intangibles, accounts and other personal property collateral associated with the business operated by borrower on the Premises to Landlord. The forms of such assignment and bill of sale shall be "as is," without recourse, representation or warranty by Lender, and otherwise reasonably acceptable to the parties and their counsel.

5. Reliance. Landlord recognizes and acknowledges that it is agreeing to the provisions of this Addendum to the Lease with the intent that Lender will rely on Landlord's agreement in connection with Lender's making the Loan secured by a Leasehold Deed of Trust on the Tenant's interest in this Lease and the improvements on the Premises. Landlord further acknowledges and agrees that Lender shall have the right to rely on the provisions contained herein. Lender recognizes and acknowledges that Landlord is relying on Lender to obtain an express assurance from subsidiary, assignee, or transferee as set forth in section 1(d)(1).

6. No Merger. Without the prior written consent of all Lenders, the fee title to the Premises and the leasehold estate of Tenant therein shall not merge but shall remain separate and distinct notwithstanding the acquisition of both fee title to the Premises and the leasehold estate created hereby by Landlord, Tenant, or any third party by purchase or otherwise.

7. Attorneys' Fees. If any party hereto institutes any judicial or administrative action or proceedings to enforce any rights or obligations under this Lease, or seeking damages or any other judicial or administrative remedy, the prevailing party shall be entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion in such bankruptcy proceeding brought by Lender or any other person relating to Landlord, Tenant or any other person or entity).

8. Duration of Terms. The terms contained within this Appendix to the Lease shall apply only so long as the financing provided by Lender is outstanding, provided that in the event Lender succeeds to the interest of Tenant, whether by foreclosure, deed in lieu of foreclosure, or otherwise, such terms shall remain in effect for so long as Lender retains such interest.