

**KING COUNTY INTERNATIONAL AIRPORT**

7277 Perimeter Road South  
Seattle, Washington 98108  
(206) 296-7380

**LEASE AGREEMENT**

1. **PARTIES.** This Lease ("Lease") effective the \_\_\_\_\_ day of \_\_\_\_\_ 2016, is entered into between King County (sometimes referred to as "County" or "Lessor"), a municipal corporation and a political subdivision of the State of Washington, and Hangar Two, LLC, a Washington limited liability company ("Lessee").

2. **PREMISES.** King County hereby rents to Lessee, upon the following terms and conditions, premises located in King County, Washington, (hereinafter referred to as "Premises"), legally described as follows (see Exhibit A "Legal Description of Premises Leased" attached and "Exhibit A-1 Diagram of Premises Under Lease"), and commonly known as:

**8453-8500** Perimeter Road South, Seattle WA 98108  
Approximately **205,476** square feet

The Premises are situated within the King County International Airport with its principal place of business located at 7277 Perimeter Road South, Seattle, Washington ("Airport").

3. **TERM.** The term of this Lease is for thirty-five (35) years (the "Lease Term"). The Lease shall commence on February 18, 2017 (the "Commencement Date"), and end on the Thirty-Fifth (35<sup>th</sup>) anniversary of the Commencement Date, unless terminated earlier in accordance with this Lease or extended pursuant to Section 7.

4. **RENT.** Lessee shall pay to King County a rent of **\$32,533.70 DOLLARS** payable in advance on or before the first day of each and every calendar month of the Lease Term. The rent is calculated on 205,476 square feet of raw land at \$1.90/sf/year. Lessee shall also pay on the base rent a Leasehold Excise Tax levied pursuant to RCW Chapter 82.89A of **\$4,177.33 DOLLARS** per month, which is based on the current Leasehold Excise Tax rate of 12.84%.

All rents and taxes shall be made payable to the KING COUNTY INTERNATIONAL AIRPORT and are to be received in the office of:

King County International Airport  
7277 Perimeter Road South, Suite 200  
Seattle, Washington 98108

Said rental is exclusive of any other sale, franchise, business or occupation, or other tax based on rents. Should any such taxes apply during the life of this Lease, the rent shall be increased by such amount.

5. SECURITY AND DAMAGE DEPOSITS. At the time of signing of this Lease, the Lessee shall pay the first (1<sup>st</sup>) month's rent and leasehold tax. In addition, the Lessee shall deposit with King County the sum of **\$73,422.06 DOLLARS** as a deposit for performance of all obligations required by this Lease. The return of this deposit, or any portion of it, shall be conditioned on the performance of all the Lessee's duties. Within (60) days after termination of the tenancy and vacation of the premises King County will return any sum due the Lessee from this deposit retained by King County. Furthermore, the Lessee understands and agrees that all rents, late charges, utility bills owing, or any other obligation required under this Lease, including damage and cleaning may be deducted from the deposit at the time of Lessee's vacation of the Premises if any amount remains in that fund after subtraction of damage and cleaning costs with the balance paid to Lessee. The deposits need not be held in any special account and no interest will be paid thereon.

6. USE. Lessee shall use said Premises for the following permitted purposes and no others without prior written consent of King County, which shall not be unreasonably withheld, conditioned or delayed:

- A. Aircraft sales (new and used)
- B. Aircraft maintenance service, including engine and accessory overhaul
- C. Flight training
- D. Air taxi, charter and cargo operations
- E. Aircraft parts and accessory sales
- F. Transient aircraft service
- G. Tie-down and hangar rental
- H. Avionics sales and service
- I. Aviation business related office and commercial space rental
- J. Aircraft Fuel Sales and Storage
- K. Personal or general services to aircraft customers, including any concessionaires such as snack bar services, coffee and car rental services, provided said car rental services shall be conducted under separate agreement with King County identical to the terms of King County's agreement with other car rental concessions at Boeing Field/KCIA, as amended from time to time.
- L. Any other items in the future that may develop as a function of general aviation business, except that each usage must be approved in writing by King Count

All services must be approved or accredited by the Federal Aviation Administration (F.A.A.) where such approval or accreditation is necessary.

Lessee agrees to charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided, that the Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

Lessee shall use the entire Premises in a businesslike and responsible manner during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or redecoration or for reasons beyond Lessee's control.

Lessee shall obtain, at Lessee's sole cost and expense, any and all licenses and permits necessary for Lessee's contemplated use of the Premises. Lessee shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any other tenants of the Airport, or unreasonably interfere with such other tenants' use of their respective space. Lessee agrees not to do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants or occupants of the Airport, or injure or unreasonably annoy them, or use or allow the Premises to be used for any unlawful or unreasonably objectionable purpose. Lessee shall neither commit nor suffer any waste to the Premises and shall, at its sole cost and expense, keep and maintain the Premises and all improvements thereon and all facilities appurtenant thereto in good order and repair and safe condition, and the whole of the Premises, including all improvements and landscaping, in a clean, sanitary and attractive condition.

No other uses, activities or operations, shall be conducted by the Lessee from the Premises without first obtaining the written consent of King County. To the best of King County's knowledge, there are no conditions, restrictions or encumbrances to which the Premises and Project are subject that would preclude the redevelopment and use of the Premises by Lessee as provided for in this Lease. Upon the Commencement Date, King County shall deliver the Premises to Lessee free and clear of all tenancies or occupancies of any kind.

The right of Tenant to sell and store fuel, as contemplated in Section 6(J), is granted solely on the Tenant's fueling and storage rights on Tenant's adjacent property (Lease No. 7017). Under no circumstances may Tenant's right to sell or store fuel be assigned or transferred with this Lease without the express written consent of King County, not to be unreasonably denied.

7. CONSTRUCTION OF IMPROVEMENTS. King County hereby approves the conceptual plans for the proposed improvements by Lessee of a hangar, offices and aircraft ramp ("Improvements") on the Premises ("Project"), as more specifically described in ("Exhibit B Site Plan 2B.1") attached hereto. Lessee acknowledges that King County's Department of Permitting and Environmental Review ("DPER") is the building permitting agency for the Project. Lessee shall submit to DPER a building permit application (including detailed plans and specifications) for the Improvements described in Exhibit "B" within 60 days after execution of this Lease; however, by entering into this Lease, the County does not warrant DPER will issue any required permit. Lessee shall also use commercially reasonable efforts to obtain all permits for the Project (in final, unappealable form) from agencies with jurisdiction, including the requirements set forth in Section 14(C) of this Lease, in a form satisfactory to the County (the "Project Approvals") no later than one (1) year from the date of King County Council approval of

the Lease (the "Outside Permit Date"), and shall commence demolition, at Lessee's sole expense, of existing improvements on the Premises within 30 days of the date all Project Approvals are obtained, or earlier at Lessee's option, provided Lessee has obtained the necessary permits (the "Demolition Commencement Date"). Lessee shall thereafter undertake and complete the permitted Improvements within a commercially reasonable amount of time following the later of: the date all Project Approvals are obtained or Demolition Commencement Date. All dates and timelines contemplated herein are subject to Acts of God and/or Force Majeure, including but not limited to labor issues, severe weather and any other significant and impactful issue or event not within the reasonable control or mitigation of Lessee. If Lessee determines, in its sole discretion, that it cannot obtain the Project Approvals to enable it to achieve Substantial Completion for the Project, which for the purposes of this Lease means the date on which Lessee first obtains a Certificate of Occupancy from the applicable permitting jurisdiction for the Improvements, then Lessee may terminate this Lease by written notice to King County given within thirty (30) days following the Outside Permit Date, with all rents paid, forfeited by Lessee to King County and Lessee responsible for all costs it incurred arising out of or related to the Lease, including but not limited to permit costs, design and development expenses, construction costs, environmental remediation, and costs associated with the demolition of the existing hangar. If Lessee has timely filed applications for the Project Approvals but the Project Approvals have not been issued within thirty (30) days following the Outside Permit Date, then Lessee may extend the Outside Permit Date one time by an additional six (6) months.

If Lessee fails to achieve Substantial Completion of the Improvements within a reasonable amount of time, as determined solely by King County, and fails to cure such lack of Substantial Completion within ninety (90) days after written notice from King County (or if such cure cannot reasonably be effected within said 90-day period, then Lessee shall commence such cure within said 90-day period and prosecute such cure to completion with diligence), then at the election of King County, this Lease may be terminated and all rentals paid shall be forfeited by Lessee to King County and Lessee shall be responsible for all costs it incurred arising out of or related to the Lease, including but not limited to permit costs, design and development expenses, construction costs, environmental remediation costs and costs associated with the demolition of the existing hangar.

In the event King County or Lessee exercises termination rights under this Section 7, Lessee shall have no obligation or liability with respect to reconstructing improvements or continuing to pursue the construction of new improvements on the Premises in the event Lessee has commenced or completed the demolition on the existing improvements in accordance with this Lease at the time of such termination.

The total value of the Improvements described in this Section shall be at least \$8,000,000.00, as evidenced by written documentation to be approved of by King County prior to the commencement of construction. In accordance with King County Code 4.56.180(3), Lessee may request, and Lessor, in its sole discretion not to be unreasonably denied (taking into consideration economic development, fiscal benefits, job creation, additional airport revenue and other elements that result from Lessee's proposed business

development that serves major airport purpose), may offer Lessee an extension of the 35-year Lease Term equal to the estimated useful life of any required Improvements described in this Section, but not to exceed a total of fifty (50) years. If Lessee accepts the extension of the Lease Term, Lessee may propose renegotiating the Fair Market Rental Value after due consideration of all element reasonably affecting value as set forth in King County Code 4.56.010. The “value of the Improvements” as used in this Section, includes actual demolition costs, as well as permitting and actual costs associated with the permanent improvements erected on the Premises. In accordance with Section 21, Lessee shall be required to provide King County with a Contractor’s Performance and Payment surety bond for the cost of the Improvements.

Notwithstanding the provisions of Section 42(B)(7), Lessee is solely responsible for all environmental remediation on the Premises during the construction of the Improvements, regardless of the source of the Hazardous Material being remediated or the party responsible for its generation, provided that nothing in this Lease (including the hold harmless provisions set for in Section 15, 18 and 42 of this Lease) shall preclude Lessee from seeking contribution and/or reimbursement from any other party, except King County, potentially responsible for the costs of Hazardous Materials remediation under any Environmental Law. The “value of the improvements,” as used in this Section, includes reasonable and necessary remedial action costs, up to a maximum of \$500,000.00, to develop the Improvements. Remedial action costs that may be included in the value of improvements shall be limited to costs to investigate, sample or test, segregate, export, dispose of or otherwise manage any soil, groundwater, surface water or sediment containing Hazardous Materials that exceed the costs of handling or managing the soil, groundwater, surface water or sediment had it not contained Hazardous Materials. For purposes of including remediation costs toward the “value of improvements”, environmental remediation does not include remediation of Hazardous Materials caused or generated by Lessee during its control of the Premises. Lessee shall remediate Hazardous Materials under this Section to the applicable cleanup standards under Environmental Laws that will allow for unrestricted use of the Premises with no environmental covenant or other deed restriction required to be recorded, unless Lessor, in its sole discretion, agrees otherwise in writing. In no event shall Lessee pursue costs recovery or contribution action against King County for environmental remediation performed pursuant to this Section 7.

8. ENTIRE AGREEMENT AMENDMENTS. This Lease and any and all exhibits expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, current or past representations, obligations, covenants or conditions other than those contained herein. No modification or amendment of this Lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

9. NOTICES. Required notices except legal notices shall be given in writing to the following respective addresses:

TO COUNTY: King County, Real Estate Services  
500 Fourth Avenue, Suite 830

Seattle, WA 98104-2337  
Attention: Lease Administration

With a copy to: Airport Director  
King County International Airport  
7277 Perimeter Road South  
Seattle, WA 98108-3844

TO LESSEE: Hangar Two, LLC  
c/o Gateway USA, LLC  
8285 Perimeter Road South  
Seattle, Washington 98108

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed.

10. LATE PAYMENT, TAXES, LICENSES, FEES AND ASSESSMENTS.

- A. LATE PAYMENTS. Lessee acknowledges that the late payment by Lessee to King County of any rent or other sums due under this Lease will cause King County to incur administrative, collection, processing and accounting costs and expenses not contemplated under this Lease, the exact amounts of which are extremely difficult and impractical to fix. Therefore, if any rent or other sum due under this Lease is not received by King County from Lessee by the tenth calendar day of the month in which said rent or other sum is due (“the Delinquency Date”), Lessee shall immediately on the Delinquency Date pay to King County a late charge equal to the greater of (i) five percent (5%) of the amount of such rent or other sum, or (ii) Five Hundred Dollars (\$500.00). King County and Lessee agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to King County for its loss caused by Lessee’s nonpayment. Should Lessee pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of rent or other sums due under this Lease, King County’s acceptance of this late charge shall not constitute a waiver of Lessee’s default with respect to Lessee’s nonpayment or prevent King County from exercising all other rights and remedies available to King County under this Lease or under law. Additionally, all such delinquent rent or other sums, and all late charges not paid when due, shall bear interest for each day following their Delinquency Date until paid at a percentage rate equal to the lesser of (i) one and one-half percent (1.5%) per month or (ii) the maximum rate permitted under applicable laws. Waiver of the late charge or interest with respect to any delinquent payment will not be deemed to constitute a waiver of the late charge or interest with respect to any subsequent delinquent payment. Any payments of any kind returned for insufficient funds will be subject to an additional charge of \$50.00 payable by Lessee

to King County. In addition, if payments are received by check or draft from Lessee, and two (2) or more of such checks or drafts are dishonored by the bank or other financial institution they were drawn upon in any twelve (12) month period, King County may thereafter require all rent and other payments due hereunder from Lessee to King County to be made by bank cashier's or bank certified check or other similar means of payment and King County shall not be required to accept any checks or drafts of Lessee which do not comply with such requirements.

- B. LEASEHOLD TAX. A Leasehold Excise Tax, if applicable, is levied pursuant to the Revised Code of Washington (R.C.W.) Chapter 82.29A. The Lessee agrees to pay this tax to King County. If the State of Washington changes the Leasehold Excise Tax or if King County receives authorization to levy this tax, the tax payable shall be correspondingly changed.
- C. LICENSE, TAXES AND FEES. Throughout the term of this Lease, Lessee shall pay all applicable taxes and all license and excise and other applicable fees including, but not limited to, fuel flowage fees and landing fees, covering the business conducted on the Premises as provided for in King County Code Title 15 as now existing and as it may be amended.
- D. MITIGATION ASSESSMENTS. Lessee shall, subject to sixty (60) days prior notice and reasonable opportunity to object, pay any mitigation assessment now in effect or hereafter established, by any municipality, agency or organization, including King County, having jurisdiction over King County International Airport. Lessee's portion of the assessment will be based on their contribution, or pro rata share, of the condition and/or circumstance which is being mitigated and/or their proportionate use of the improvement requiring mitigation investment.

11. RENT ADJUSTMENT. To ensure a fair rent based upon the fair market value of the Premises, King County shall adjust the rent (*i.e.*, by increasing or decreasing the rent) to the then current Fair Market Rental Value (as defined below) no sooner than every five years. The first adjustment will occur no sooner than the anniversary of the Lease Commencement Date in 2022 and each subsequent Rent Adjustment Date, as defined below (the "FMV Adjustment"). Subsequent adjustments will take effect no sooner than the fifth anniversary of the previous FMV Adjustment. The date on which a FMV Adjustment becomes effective is referred to hereafter as "**Rent Adjustment Date**". The five year period commencing on the Rent Adjustment Date is referred to hereafter as "**the Succeeding Period**".

- A. FAIR MARKET RENTAL VALUE DEFINED. For all purposes required under this Lease, "**Fair Market Rental Value**" is defined as: An amount in the competitive market that a well-informed and willing lessor, who desires but is not required to lease, would accept, and which a well-informed and willing lessee, who desires but is not required to lease,

would pay for the temporary use of the Premises (excluding improvements to the Premises constructed at Lessee's expense made during the term of the lease), after due consideration of all the elements reasonably affecting value

B. NOTICE OF RENTAL ADJUSTMENT. When it elects to adjust the rent, King County will give Lessee at least thirty days written notice of the adjusted rent for the Succeeding Period. The rent as adjusted shall take effect on the Rent Adjustment Date specified in the notice. Unless Lessee, within thirty days following receipt of notice from King County, gives King County written notice of its rejection of the adjusted rent together with Lessee's statement of the amount Lessee considers to be the Fair Market Rental Value, the rent as adjusted by King County will become the rent for the Succeeding Period. If Lessee so notifies King County of its rejection of the adjusted rent, the parties may negotiate in good faith in an attempt to agree upon the rent adjustment.

C. ARBITRATION.

- 1) If, thirty days after King County receives Lessee's notice of its rejection of the rent as adjusted by King County, Lessee and King County cannot agree upon the rent adjustment, the rent for the Succeeding Period will be adjusted by arbitration. Lessee and King County will each select one disinterested arbitrator, and the two selected arbitrators will select a third.
- 2) King County will give Lessee written notice of the name and address of its selected arbitrator and his or her qualifications. Unless otherwise agreed in writing by King County, Lessee shall give King County written notice of the name and address of Lessee's selected arbitrator and his or her qualifications within thirty days after Lessee's receipt of King County's notice. If Lessee fails to so provide its written notice to King County, Lessee shall be deemed to waive its right to arbitration, the arbitration shall not proceed, and the rent as adjusted by King County shall become the rent for the Succeeding Period.
- 3) If the two arbitrators have not selected a third arbitrator within thirty days after the selection of the last selected of the two, either Lessee or King County will apply to the Presiding Judge of the Superior Court in King County for the appointment of a third arbitrator.
- 4) Each arbitrator will be a member of the American Institute of Real Estate Appraisers, the Society of Real Estate Appraisers, or other appraisal society or association having equivalent ethical and professional standards. If, in the future, a licensing requirement

for real estate appraisers is imposed by any legislative body with jurisdiction, each arbitrator shall also be licensed. The arbitrators shall not only be impartial, but also shall not have been an employee of, or retained under contract by, either party (King County International Airport or Lessee) for a period of one year before the arbitration, and shall have no financial interest in the subject of the arbitration. Within fourteen days of a party receiving the written notice of the other party's selected arbitrator or within 14 days of the appointment of the third arbitrator, either party shall have the right to disqualify the other party's selected arbitrator or the appointed third arbitrator who does not meet the requirements of this Section by sending a written notice to the other party and to all the arbitrators stating the grounds for disqualification. If the disqualified arbitrator is a party-appointed arbitrator, then that party shall, within fourteen days after its receipt of the other party's notice of disqualification, appoint another arbitrator who meets the requirements of this Section to serve in place of the party's disqualified arbitrator. If the disqualified arbitrator is the third arbitrator, then the two party-appointed arbitrators shall, within fourteen days after their receipt of a party's notice of disqualification, select a third arbitrator who meets the requirements of this Section to serve in place of the disqualified arbitrator.

- 5) The arbitrators shall give the parties sixty days' notice in writing of the date on which the arbitration is to commence. Unless otherwise agreed in writing by King County and Lessee, each party shall, no later than thirty days before the arbitration is scheduled to commence, provide the other party with a copy of an appraisal report prepared by a member of the American Institute of Real Estate Appraisers, the Society of Real Estate Appraisers, or other appraisal society or association having equivalent ethical and professional standards, that supports that party's claim of Fair Market Rental Value. If Lessee fails to so provide a copy of its appraisal report to the County, Lessee shall be deemed to waive its right to arbitration, the arbitration shall not proceed, and the rent as adjusted by King County shall become the rent for the Succeeding Period.
- 6) The three arbitrators will determine a fair rent for the Premises for the Succeeding Period based upon the Fair Market Rental Value as defined in as defined in Section 11(A) hereof, which is in accordance with King County Code 4.56.010. The decision of a majority of the arbitrators will bind both Lessee and King County. Both King County and the Lessee agree that all non-mandatory provisions of RCW 7.04A are waived and that, unless requested by a majority of the arbitration panel, no formal hearing will be held,

no witnesses will testify, no attorneys will participate in the arbitration, and the arbitrators will be the final determiners of both fact and law. At the conclusion of the arbitration, the arbitrators will submit a written report in counterpart copies to Lessee and King County, which shall state their determination of the rent to be paid by Lessee for the Succeeding Period. The report shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion.

D. COST OF ARBITRATION. Each party shall pay for its appraisal and shall bear the expense of its own counsel, and any other of its representatives and/or experts that may be required to prepare for or, in the event it is requested by the arbitration panel, participate in the arbitration. Each party shall also pay the fees and expenses of its selected arbitrator. The fees and expenses of the third arbitrator and all other costs of the arbitration will be divided equally between Lessee and King County.

E. RENT PENDING ADJUSTMENT AND RETROACTIVITY. In the event resolution of the rental adjustment is not completed either by negotiation or arbitration prior to the Rent Adjustment Date:

- 1) Lessee shall, pending resolution of such rent adjustment, continue to pay King County the rent then in effect;
- 2) The adjusted rent, as determined either by negotiation or arbitration, shall be retroactive to the Rent Adjustment Date; and
- 3) King County, at its option, may elect to require Lessee to pay interest in the amount of twelve percent per annum commencing on the Rent Adjustment Date on any sum due as a result of a retroactive increase.

F. ANNUAL RENT ADJUSTMENTS DURING NON-APPRAISAL YEARS. The annual rent increase for intervening years between fair market value appraisals is 2.5 percent. If the rent adjustment is made due to a new fair market value appraisal, and that value is greater than the prior year's rent, then the new fair market value appraisal becomes the new rent, and the new base for the application of future adjustments. Rents shall be adjusted on January 1 of each year and shall take effect on the anniversary of the Rent Adjustment Date. Annual rental adjustments made under this Subsection F are not subject to arbitration.

12. COMPLIANCE WITH ALL LAWS AND REGULATIONS. In using the Premises, Lessee will comply with all applicable laws, ordinances, and regulations from any and all authorities having jurisdiction. Lessee specifically agrees to comply and pay all costs associated with achieving such compliance without any notice from King County, and further agrees that King County does not waive this Section by giving notice of demand for compliance in any instance.

13. UTILITIES. Lessee shall pay for all costs, expenses, fees, services, and charges of all kinds for heat, light, water, gas, and telephone, and for all other public utilities used on said Premises so that the same shall not become a lien against the Leased Premises.

14. IMPROVEMENTS AND ALTERATIONS.

- A. Other than alterations, improvements and fixtures located entirely inside the Improvements, Lessee shall make no significant alterations or improvements to or upon the Premises, or install any fixtures (other than trade fixtures which can be removed without injury to the Premises) without first obtaining prior written approval from King County, approval which will not be unreasonably denied or delayed.
- B. All improvements and alterations erected or made on the Premises by Lessee shall be and remain the property of Lessee during the term of this Lease. Unless otherwise stipulated, all improvements or alterations erected or made on the Premises (not including personal property, equipment and removable fixtures, which shall remain the property of Lessee) shall, upon expiration or earlier termination of this Lease, belong to King County without compensation to Lessee; however, King County shall have the option, to be exercised on expiration or earlier termination of the Lease, to require Lessee, at Lessee's expense, to remove any or all such improvements or alterations.
- C. Lessee agrees to comply with the notification, review and approval requirements contained in Title 14 CFR, Part 77 of the Federal Aviation Regulations (Safe, Efficient Use, and Preservation of the Navigable Airspace) and Form Federal Aviation Administration ("FAA") 7460-1 (Notice of Proposed Construction or Alteration) in the event that any future structure or building is planned for the Premises, or in the event of any modification or alteration of any future building or structure situated on the Premises.
- D. Lessee covenants and agrees that no equipment or fixtures shall be installed or operated on the Premises which would produce electromagnetic radiation or radio signals, telecommunication signals, or the like, that would violate any FAA rules and regulations.
- E. Lessee agrees to furnish King County with as-built drawings for all Improvements within 60 days of completion of construction. As-built drawings will be provided in electronic and paper format as requested by King County.

15. CONDITION OF PREMISES.

- A. Lessee has inspected and knows the condition of the Premises, and accepts the Premises "AS IS".

- B. Lessee acknowledges that the Premises may contain Hazardous Materials, as defined in Section 42 of this Lease, and Lessee accepts the Premises “AS IS”, including, without limitation, the presence of any Hazardous Materials or underground storage tanks, or the actual or threatened release, deposit, seepage, migration or escape of Hazardous Materials at, from or into the Premises, and the compliance or noncompliance of the Premises with applicable federal, state, county and local laws and regulations including, without limitation, the Environmental Laws as defined in Section 42 of this Lease.
- C. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS LEASE, KING COUNTY DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PREMISES, AND NO OFFICIAL, EMPLOYEE, REPRESENTATIVE OR AGENT OF KING COUNTY IS AUTHORIZED OTHERWISE. WITHOUT LIMITATION, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS LEASE, THE FOREGOING SPECIFICALLY DISCLAIMS WARRANTIES WITH RESPECT TO THE CONDITION OF THE PREMISES FOR DEVELOPMENT AND/OR USE BY LESSEE, THE PRESENCE OF ANY HAZARDOUS MATERIALS OR UNDERGROUND STORAGE TANKS, OR THE ACTUAL OR THREATENED RELEASE, DEPOSIT, SEEPAGE, MIGRATION OR ESCAPE OF HAZARDOUS MATERIALS AT, FROM OR INTO THE PREMISES, AND THE COMPLIANCE OR NONCOMPLIANCE OF THE PREMISES WITH APPLICABLE FEDERAL, STATE, COUNTY AND LOCAL LAWS AND REGULATIONS, INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL LAWS.
- D. King County shall not have any obligation to Lessee to make any changes or improvements, or to incur any expenses whatsoever for the maintenance, monitoring, repair or remediation of the Premises.
- E. Lessee acknowledges and agrees that King County shall have no liability to Lessee for, and that Lessee shall have no recourse against King County for, any defect or deficiency of any kind whatsoever in the Premises without regard to whether such defect or deficiency was discoverable by Lessee or King County.
- F. King County reserves the right to further develop or improve the Airport as it sees fit, regardless of the desires or opinions of Lessee, and without interference or hindrance by Lessee. (FAA Order 5190.6B - AGL-600).
- G. King County reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly

owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. (FAA Order 5190.6B - AGL-600).

16. CONSTRUCTION DEFECTS. King County shall not be liable to Lessee for claims or damages arising from any defect in the construction of or the present condition of the Premises, whether known or unknown, or for damage by storm, rain, or leakage or any other occurrence.

17. MAINTENANCE.

- A. Throughout the term of this Lease, Lessee shall, without cost or expense to King County, keep and maintain the Premises and all improvements, landscaping, fixtures and equipment which may now or hereafter exist thereon, in a neat, clean, and sanitary condition and shall, except for reasonable wear and tear, at all times preserve the Premises in good and safe repair except for any demolition of improvements contemplated by Section 7 of the Lease. Upon the expiration or sooner termination of the Lease, Lessee shall forthwith return the same in as good condition as existed at the commencement of occupancy, ordinary wear and tear excepted, except for any demolition of improvements contemplated by Section 7 of the Lease.
- B. If, after thirty (30) days' notice from King County, or immediately in case of potential harm to life safety or property, Lessee fails to maintain or repair any part of the Premises or any improvement, landscaping, fixtures or equipment thereon, King County may, but shall not be obligated to, enter upon the Premises and perform such maintenance or repair, and Lessee agrees to pay the costs thereof to King County upon receipt of a written demand. Any unpaid sums under this Section shall be payable as additional rent on the next rent payment date due following the written demand and will bear interest at a percentage rate equal to the lesser of (i) one and one-half percent (1.5%) per month or (ii) the maximum rate permitted under applicable laws.

18. GENERAL INDEMNITY AND HOLD HARMLESS. Lessee agrees to indemnify and hold King County harmless as provided herein to the maximum extent possible under law. Accordingly, Lessee agrees for itself, its agents, successors, and assigns, to defend, indemnify, and hold harmless King County, its appointed and elected officials, and its employees and agents, from and against liability for all claims, demands, suits, and judgments, including costs of defense and attorney fees thereof, for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Lessee's rights and obligations under this Lease, except to the extent of King County's sole negligence. The Lessee's obligations under this Section shall include:

- A. The duty to promptly accept tender of defense and provide defense to the County at Lessee's own expense, including attorney fees;

- B. Indemnification of claims made by Lessee's own employees or agents; and,
- C. Waiver of Lessee's immunity under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify King County, which waiver has been mutually negotiated by the parties.

Lessee agrees to hold harmless and indemnify King County for any and all costs associated with damage to owned, non-owned or hired aircraft in Lessee's care, custody and control.

In the event it is necessary for the County to incur attorney's fees, legal expenses or other costs to enforce the provisions of this Section, all such fees, expenses and costs shall be recoverable from Lessee.

In the event it is determined that R.C.W. 4.24.115 applies to this Lease, Lessee agrees to defend, hold harmless, and indemnify King County to the maximum extent permitted thereunder. Further, Lessee agrees to defend, indemnify, and hold the County harmless for claims by Lessee's employees and agrees to waive, as respects the County only, its immunity under Title 51 R.C.W., which waiver has been mutually negotiated by the parties.

Lessee shall include the same indemnification language in this Section 18 in its sub-leases protecting, indemnifying and defending King County, its appointed and elected officials, and its employees and agents.

The provisions of this Section 18 shall survive the expiration or termination of this Lease with respect to any event that occurs prior to, or on the date of, such expiration or termination.

Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Lease.

19. INSURANCE REQUIREMENTS – LESSEE/LEASEHOLD. By the date of execution of this Lease, Lessee shall procure and maintain for the duration of this Lease, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with Lessee's rights and obligations under this Lease, by Lessee, its agents, representatives, and/or employees/subcontractors. The insurance required to be provided by Lessee under this Lease may be provided under blanket policies that cover Lessee and the Premises as well as other entities and properties. The cost of such insurance shall be paid by or on behalf of Lessee. If there is any inconsistency between the minimum insurance requirements set forth below in this Lease and the insurance required by King County in any other Airport agreement to which Lessee is a party, Lessee shall maintain the most stringent insurance required.

In consideration of the duration of this Lease, the parties agree that the Insurance Requirements Section herein, at the discretion of the King County Risk Manager, may be reviewed and adjusted with each amendment and within 90 days of the end of the first

Five (5) year period of the Lease Term and the end of each successive Five (5) year period thereafter.

Any adjustments made as determined by the King County Risk Manager, with regard to limits, scope and types of insurance, shall be in accordance with reasonably prudent risk management practices and aviation insurance industry standards and shall be effective on the first day of each successive 5 year period.

Adjustment, if any, in insurance premium(s) shall be the responsibility of Lessee. Any failure by the County to exercise the right to review and adjust at any of the aforementioned timings shall not constitute a waiver of future review and adjustment timings.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Lease.

- A. MINIMUM SCOPE AND LIMIT OF INSURANCE. Lessee shall obtain and maintain the minimum insurance set forth below. By requiring such minimum insurance, King County shall not be deemed or construed to have assessed the risks that may be applicable to Lessee under this Contract. Lessee shall assess its own risks and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage. Each insurance policy shall be written on an "occurrence" form; excepting that insurance for professional liability, errors and omissions and environmental impairment, may be acceptable on a "claims made" form. If coverage is approved and purchased on a "claims made" basis, Lessee warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of termination of this lease. Insurance coverage shall be at least as broad as stated below and with limits no less than:

**1) Commercial General Liability (Aviation General Liability).**

Coverage in the amount of \$5,000,000 combined single limit per occurrence, and for those policies with aggregate limits, a \$5,000,000 aggregate limit shall be maintained.

**2) Aircraft Liability.** (Owned, Leased and Non-owned Aircraft) Aircraft liability for bodily injury, death, property damage, contractual and passenger liability.

Aircraft Liability (combined single-limit per occurrence other than passenger liability in accordance with the following table)

Maximum Gross Take-off Weight	Minimum Requirement: (each Occurrence)
Over 25,000 lbs.	\$25,000,000
15,001 -25,000	\$15,000,000
10,001 – 15,000 lbs.	\$10,000,000
5,000 - 10,001 lbs.	\$5,000,000
Under 5,000 lbs.	\$1,000,000

**3) Aircraft Hull and Machinery.** Lessee agrees to insure owned and/or leased aircraft commensurate with the value of the aircraft and machinery and waive all rights of subrogation against the Lessor.

**4) Liquor Liability.** Required if alcoholic beverages are sold or distributed, a limit of \$1,000,000 per occurrence and for those policies with aggregate limits, a \$1,000,000 limit.

**5) Automobile Liability.** Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering **BUSINESS AUTO COVERAGE**, symbol 1 “any auto”; or the combination of symbols 2, 8, and 9. \$5,000,000 combined single limit per accident. If the work involves the transport of pollutants (as defined by the standard auto policy exclusion of pollution) the auto policy shall be endorsed to include endorsement CA 9948 (or its equivalent) and MCS 90.

**6) Workers’ Compensation. Statutory requirements of the State of residency.** Coverage shall be at least as broad as Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or “other States” State Law.

**7) Employer’s Liability or “Stop Gap”.** Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the “Stop Gap” endorsement to the general liability policy.

**8) Hangar Keepers Liability.** Bailee’s coverage for non-owned aircraft held in Lessee’s care, custody and control at a limit equal to maximum value of aircraft hangared at any one time per occurrence, and in the aggregate.

**9) Environmental Impairment.** Pollution coverage for all clean-up and remediation costs and expense arising out of Lessee’s use of the Premises for both sudden and accidental discharges or gradual or repeated contamination. \$1,000,000 per claim and in the aggregate.

**10) Property Insurance.** Lessee will carry “All Risk” property insurance in an amount equal to the full replacement value of all improvements, structures, and buildings located on the Premises and business interruption

coverage to provide for the continued payment of rent to the owner, in an amount equal to twelve month's rental payment obligation. . Coverage shall include the perils of earthquake and flood provided the limits of flood coverage may be a reasonable amount that is less than full replacement value. King County will not carry insurance on Lessee's property or business personal property. Waiver of subrogation must be shown on evidence of insurance. King County shall be named as loss payee on Lessee's property insurance as its interests may appear.

- B. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductibles or self-insured retentions must be declared to King County. The deductible and or self-insured retention of the policies shall not limit or apply to Lessee's liability to the County and shall be the sole responsibility of Lessee.
- C. OTHER INSURANCE PROVISIONS. The insurance policies required in this Lease are to contain or be endorsed to contain the following provisions:
- 1) All liability policies except workers compensation:
    - a. The County, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of Lessee in connection with this Lease.
    - b. Lessee's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees or agents shall not contribute with Lessee's insurance or benefit Lessee in any way.
    - c. Lessee's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
  - 2) All Policies:
    - a. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits below those required by this Lease, without replacement of the coverage in question with insurance that satisfies the requirements of the Lease until after thirty (30) days prior written notice has been given to the County.
- D. ACCEPTABILITY OF INSURERS. Insurance is to be placed with insurers with a Bests' rating of no less than A:VIII, or if not rated with

Bests' with minimum surpluses, the equivalent of Bests' surplus size VIII. If at any time, any of the foregoing policies shall be or become unsatisfactory to the County, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to the County, Lessee shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements for approval.

E. VERIFICATION OF COVERAGE. Lessee shall furnish the County with certificate(s) of insurance and endorsement(s) required by this Lease. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the County and are to be received and approved by the County prior to the commencement of activities associated with the Lease.

F. MUTUAL RELEASE AND WAIVER. To the extent a loss is covered by insurance in force, King County and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective property insurance policies, including any extended coverage endorsements hereto; provided that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of King County or Lessee.

20. INSURANCE REQUIREMENTS - BUILDINGS/STRUCTURES/FACILITIES UNDER CONSTRUCTION.

Prior to commencement of any construction and until construction is complete and accepted by Lessee, Lessee shall cause its construction contractor(s) to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to said construction. The cost of such insurance shall be paid by Lessee and/or any of Lessee's contractors.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Lease.

A. MINIMUM SCOPE AND LIMIT OF INSURANCE. Lessee shall obtain and maintain the minimum insurance set forth below. By requiring such minimum insurance, King County shall not be deemed or construed to have assessed the risks that may be applicable to Lessee under the construction contract between Lessee and its General Contractor. Lessee shall assess its own risks and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage. Each insurance policy

shall be written on an “occurrence” form; excepting that insurance for professional liability, errors and omissions when required, may be acceptable on a “claims made” form. If coverage is approved and purchased on a “claims made” basis, Lessee warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of completion of the work which is the subject of this Lease. Insurance coverage shall be at least as broad as stated below and with limits no less than:

**1) General Liability.** Coverage shall be at least as broad as Insurance Services Office form number CG 00 01 covering **COMMERCIAL GENERAL LIABILITY**. \$5,000,000 combined single limit per occurrence, and for those policies with aggregate limits, a \$5,000,000 aggregate limit. Coverage shall not exclude explosion collapse and underground damage (XCU).

**2) Automobile Liability.** Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering **BUSINESS AUTO COVERAGE**, symbol 1 “any auto”; or the combination of symbols 2, 8, and 9. \$5,000,000 combined single limit per accident. If the work involves the transport of pollutants (as defined by the standard auto policy exclusion of pollution) the auto policy shall be endorsed to include endorsement CA 9948 (or its equivalent) and MCS 90.

**3) Workers’ Compensation. Statutory requirements of the State of residency.** Coverage shall be at least as broad as Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or “other States” State Law.

**4) Employer’s Liability or “Stop Gap”.** Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the “Stop Gap” endorsement to the general liability policy.

**5) Professional Liability Errors and Omissions.** In the event that services delivered pursuant to this Contract either directly or indirectly involve or require Professional services, Professional Liability Errors and Omissions coverage shall be provide at a limit of \$1,000,000 per claim and in the aggregate..

**6) Builder's Risk/Installation Floater.** Lessee shall procure and maintain, or cause its General Contractor to procure and maintain, during the life of the contract to construct the Improvements (“construction contract”), or until acceptance of the Project by Lessee, whichever is

longer, "All Risk" Builders Risk or Installation Floater Insurance at least as broad as ISO form number CP0020 (Builders Risk Coverage Form) with ISO form number CP0030 (Causes of Loss – Special Form) including coverage for collapse, theft, off-site storage and property in transit. The coverage shall insure for direct physical loss to property of the entire construction project, for 100% of the replacement value thereof and include earthquake and flood. The policy shall be endorsed to cover the interests, as they may appear, of Lessee, King County and the General Contractor as a named insured. In the event of a loss to any or all of the work and/or materials therein and/or to be provided at any time prior to the final close-out of the contract and acceptance of the project by Lessee, the Lessee shall require contractor to promptly reconstruct, repair, replace or restore all work and/or materials so destroyed. Nothing herein provided for shall in any way excuse the Lessee or its surety from the obligation of furnishing all the required materials and completing the work in full compliance with the terms of the construction contract.

**7) Contractor's Pollution Liability.** \$1,000,000 per claim/aggregate. Lessee and/or its contractor shall provide contractor's pollution liability coverage to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean up costs and the loss of use of tangible property that has not been physically injured or destroyed. If asbestos, lead or PCB's are a potential exposure, such insurance shall not exclude pollution arising out of such substances.

- B. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductibles or self-insured retentions must be declared to King County. The deductible and or self-insured retention of the policies shall not limit or apply to Lessee's liability to the County and shall be the sole responsibility of Lessee.
  
- C. OTHER INSURANCE PROVISIONS. The insurance policies required in this Lease are to contain or be endorsed to contain the following provisions:
  - 1) All liability policies except workers compensation and professional liability:
    - a. The County, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of Lessee in connection with this Lease.
  
    - b. The contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees

or agents shall not contribute with Lessee's insurance or benefit Lessee in any way.

- c. The contractor's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

2) All Policies:

- a. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits below those required by this Lease, without replacement of the coverage in question with insurance that satisfies the requirements of the Lease until after thirty (30) days prior written notice has been given to the County.

D. ACCEPTABILITY OF INSURERS. Insurance is to be placed with insurers with a Bests' rating of no less than A:VIII, or if not rated with Bests' with minimum surpluses, the equivalent of Bests' surplus size VIII. If at any time, any of the foregoing policies shall be or become unsatisfactory to the County, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to the County, Lessee shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements for approval.

E. VERIFICATION OF COVERAGE. Prior to commencement of construction Lessee shall furnish the County with certificate(s) of insurance and endorsement(s) required by this Lease. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the County and are to be received and approved by the County prior to the commencement of activities associated with the Lease.

F. MUTUAL RELEASE AND WAIVER. To the extent a loss is covered by insurance in force, King County and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective property insurance policies, including any extended coverage endorsements hereto; provided that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of King County or the Lessee.

21. CONTRACTOR'S SURETY BOND. Prior to commencing construction of any of the improvements, Lessee shall furnish to King County a General Contractor's

performance and payment surety bond in the amount of the total estimated construction costs for the Improvements. The Performance and Payment surety bond shall be acceptable to the King County in its commercially reasonable discretion and shall state the following:

- (i) Lessee and King County shall be named as dual obligee on the performance and payment surety bond.
- (ii) That it is conditioned to secure the completion of the proposed construction, free from all liens and claims of contractors, subcontractors, mechanics, laborers, and material suppliers.
- (iii) That the construction work shall be fully and faithfully performed by Lessee, the general contractor, or, on their default, the surety.
- (iv) That in default of such completion and payment, such part of the amount of the surety bond as shall be required to complete the work shall be paid to King County as liquidated and agreed damages for the nonperformance of this Lease; it being agreed that the amount of King County's damages is extremely difficult to ascertain and determine.

That the surety will defend and indemnify King County against all loss, costs, damage, expense, claims, and liabilities arising out of or connected with the construction by Lessee.

In lieu of a single performance and payment surety bond, Lessee may furnish multiple payment and performance surety bonds supplied by Lessee's General Contractor and/or its subcontractors, provided such payment and performance surety bonds contain the same conditions as stated in (i) through (iv) above, are issued jointly to Lessee and King County, and in the aggregate equal to the total estimated construction cost of the Improvements.

All payment and performance surety bonds required by this Section must be issued by a surety company licensed to do business in the State of Washington, acceptable to King County in its commercially reasonable discretion, and shall remain in effect until the entire cost of the improvements shall have been paid in full and the new improvements shall have been insured as provided in this Lease.

In lieu of the above performance and payment surety bonds, Lessee may provide some other instrument satisfactory to King County or cash deposit which shall guarantee to King County completion of the improvements.

22. PROPERTY RECONSTRUCTION FOLLOWING CASUALTY. In the event of the total or partial destruction by casualty or otherwise of the building, structures, or facilities currently on the Premises or subsequently constructed by Lessee, Lessee shall have the obligation to reconstruct such facilities to their former condition and usability

and proceed with reasonable diligence to prepare plans and specifications for and carry out, all work necessary (a) to repair and restore the building and/or improvements on the Premises damaged by the casualty to their former condition, or (b) to replace said building and/or improvements with a new building and/or improvements on the Premises of a like quality and usefulness of the building and/or improvements which were damaged. The foregoing notwithstanding, if, upon completion of the repair and reconstruction required by this Section, there would be five (5) or fewer years remaining in the term of the Lease, Lessee shall have the right to elect, by written notice given to King County within ninety (90) days after the casualty, not to repair or reconstruct the building, structures and facilities on the Premises, provided, however, that Lessee has maintained the property insurance required by Section 20(A) above. If, under the preceding sentence, Lessee elects not to repair or reconstruct the building, structures and facilities on the Premises after a casualty, (1) the Lease shall terminate on the date Lessee gives notice of its election or upon such later date as Lessee may specify in such notice (not to be more than ninety (90) days after such notice is given) and (2) Lessee shall assign to King County all proceeds of Lessee's property insurance payable in respect to the casualty in question and shall deliver to King County all of such proceeds received by Lessee and not applied to the preservation and protection of the building, structures and facilities on the Premises prior to the date on which the Lease terminates.

23. SURRENDER OF PREMISES. Upon expiration or termination as contemplated herein, Lessee shall surrender to Lessor the Premises and improvements, structures, fixtures and building equipment supplied by Lessee as part of the Premises and Improvements, together with all alterations and replacements thereof without compensation, allowance or credit, subject to Lessee's covenants to maintain and repair accruing to the date of expiration or termination of the Term as provided in this Lease. Except for Improvements allowed to remain under Section 14(B) above Lessee shall remove all improvements, structures, fixtures, building equipment or any other items belonging to Lessee unless allowed to remain on the Premises as agreed upon in writing from Lessor. Upon expiration or termination, all right, title and interest to the Premises and Improvements shall vest in Lessor, free and clear of any liens and encumbrances.

24. DEFAULT AND RE-ENTRY. If any rents or other obligations provided herein, or any part thereof shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default on any of the covenants and agreements herein contained, then King County may terminate this Lease upon giving five (5) days' notice (in the case of monetary defaults) and thirty (30) days' notice (in the case of non-monetary defaults). Lessee may cure any such default by its payment or performance within said periods, provided that if a non-monetary default cannot be cured within said 30-day period, then Lessee shall not be in default if Lessee commences its cure within said 30-day period and takes actions and steps to cure the non-monetary default within a commercially reasonable amount of time. Upon an uncured default, King County may re-enter said Premises using such force as may be required. Notwithstanding such re-entry by King County, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee covenants and agrees to make good to King County any deficiency arising from a re-entry and reletting of the Premises at a lesser rental than agreed to herein. Lessee shall pay such deficiency each

month as the amount thereof is ascertained by King County. In the event it becomes reasonably necessary to make any changes, alterations, or additions to the Premises or any part thereof for the purpose of reletting said Premises or any part thereof, Lessee shall also be responsible for such cost.

25. ASSURANCE OF PERFORMANCE. In the event a default in the performance of any obligation under this Lease which remains uncured for a period longer than specified in Section 24 above, King County may request and Lessee shall provide adequate assurance of the future performance of all obligations under this Lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to King County, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and King County may in its discretion terminate this Lease.

26. ADVANCES BY KING COUNTY FOR LESSEE. If Lessee fails to pay any fees or perform any of its obligations under this Lease other than payment of rent, King County will mail notice to Lessee of its failure to pay or perform. Twenty (20) days after mailing notice, if Lessee's obligation remains unpaid or unperformed, King County may, but is not obligated to, pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by King County under this Section, Lessee will reimburse King County within twenty (20) days. Failure to comply with this Section 26 will result in a Lease default subject to the terms and conditions set forth in Section 24.

27. NON-WAIVER. It is hereby agreed that no waiver of any condition or covenant in this Lease or any breach thereof, shall be taken to constitute waiver of any subsequent breach.

28. SIGNS. No sign, advertisement, notice, or other lettering will be exhibited, inscribed, painted, or affixed by Lessee on any part of the outside of the Premises without the prior written consent of King County, provided that such consent shall not be unreasonably withheld. If Lessee violates this provision, King County may remove the sign without any liability and may charge the expense incurred by such removal to Lessee; provided, however, King County shall give Lessee written notice of Lessee's violation of this provision and Lessee shall have forty-eight (48) hours after receiving said notice to comply with the terms of this provision. All signs erected or installed by Lessee shall be subject to any federal, state or local statutes, ordinances or regulations applicable to signs.

29. INSPECTION AND "FOR RENT" SIGNS. King County reserves the right to inspect the Premises at any and all reasonable times throughout the term of this Lease, provided that King County shall give Lessee not less than twenty four (24) hours prior notice (except in an emergency, in which case King County shall give such advance notice as is practicable under the circumstances), shall not interfere unduly with Lessee's operations and shall use reasonable efforts to cooperate with any security measures

Lessee may then have in effect. The right of inspection reserved to King County hereunder shall impose no obligation on King County to make inspections to ascertain the condition of the Premises, and shall impose no liability upon King County for failure to make such inspections. King County shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for one hundred and eighty (180) days prior to the expiration or sooner termination of this Lease.

30. LIENS. It is understood and agreed that this Lease is executed and delivered upon the express condition that Lessee will not and cannot contract any debt or debts for labor, materials, services, or otherwise which will or may become a lien against the interest of King County in the Premises, and King County hereby denies to Lessee any right, power, or authority to do any act, or contract any obligation or liability which would in any way subject the interest of King County in the Premises to any lien, claim, or demand whatsoever.

31. ASSIGNMENTS.

A. Lessee shall not assign or transfer this Lease or any interest therein, nor grant an option for such an assignment or transfer for the whole or any part of the Premises, nor shall this Lease or any interest hereunder be assignable or transferable by operation of law, or by any process or proceeding of any court or otherwise without the prior written consent of King County, which consent shall not be unreasonably withheld, conditioned or delayed. If Lessee is a corporation, partnership, limited liability company or other entity, Lessee further agrees that if at any time during the term of this Lease one-half (1/2) or more of the outstanding shares of any class of stock, partnership interests, membership interests or other equity interests of Lessee's corporation, partnership, limited liability company or other form of entity shall belong to any stockholders, partners, members or other owners, as the case may be, other than those who own one-half (1/2) or more of the outstanding shares of that class of stock, partnership interests, membership interests or other equity interests at the time of the execution of this Lease, such change in the ownership shall be deemed an assignment of this Lease within the meaning of this Section.

1) The foregoing notwithstanding, the following (each, an "Exempt Transfer") shall not be deemed an assignment and shall not require King County's consent and without right of termination or entitlement to any consideration: (a) a transfer of stock, partnership interests, membership interests or other equity interests in Lessee (i) by reasons of the death of the person holding such interests or (ii) to any member or members of the immediate family of a person holding such interests or to trusts for their benefit or (iii) pursuant to an employee stock ownership plan, sale or exchange on a national exchange, or exchange of stock with Lessee's parent company, subsidiary or affiliate, (b) an assignment of the Lease for collateral purposes to a recognized lending

institution in connection with the financing of King County approved development of the Premises or the lending institution's subsequent realization on such collateral assignment, (c) pursuant to a sale, reorganization, merger or consolidation of Lessee, (d) any assignment of the Lease to an affiliate of Lessee which is controlled by the same persons or entities who control Lessee.

- 2) As used in this Section 31, "control" (and derivatives thereof) shall mean the direct or indirect ownership of more than fifty percent (50%) of the issued and outstanding voting equity interests in an entity.
  - 3) If King County shall give its consent to any assignment or transfer or if an assignment or transfer is made pursuant to this Section 31 that does not require King County's consent, this Section 31 shall nevertheless continue in full force and effect and no further assignment or transfer shall be made except in compliance with this Section 31.
- B. If Lessee desires to assign or transfer, or grant an option for assignment or transfer, for the whole or part of the Premises, or any portion of this Lease or any interest herein, and such assignment or transfer requires King County's consent under Section 31(A) above, Lessee shall notify King County in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment or transfer, or grant of an option therefor, to a third party. The notification shall include but not be limited to a financial statement of the third party, including but not limited to a full disclosure of the monetary payment or any other consideration involved, and an affidavit from the third party stating it has examined this Lease, and, understanding this Lease, agrees to assume and be bound by all of Lessee's obligations and covenants under this Lease, the same as if it were the original Lessee hereunder, and the proposed date of assignment, transfer or grant of an option therefor. Lessee shall also provide any financial or other information regarding the proposed assignment or the assignee reasonably requested by King County.
- C. Except pursuant to a transfer or assignment to an Exempt Transfer, King County reserves the right of first refusal in the event Lessee attempts to assign or transfer this Lease or any interest herein, or grant an option therefor, in a transaction that, under Section 31(A) above requires King County's consent. If King County exercises the right of first refusal, Lessee shall assign or transfer to King County, and King County shall acquire, the Lease or the interest therein, or the option therefor, on and subject to all of the terms and conditions of the proposed assignment or transfer or option therefor.

- D. Prior to any assignment or transfer being effective, Lessee shall pay King County seventy-five percent (75%) of the Assignment Premium derived from that assignment or transfer. “**Assignment Premium**” shall mean (1) all rent, additional rent, and/or other moneys, property, and other consideration of every kind whatsoever received by Lessee (Assignor) from the assignee/transferee for, or by reason of, the assignment or transfer (including all amounts received by Lessee (Assignor) for any Included Property), less (2) the credits detailed in Section 31(E) below. “**Included Property**” means only the leasehold improvements and fixtures and all machinery, equipment, furniture, furnishings, supplies, inventory and other personal property, tangible and intangible, owned by Lessee that are transferred to the assignee or transferee as part of the transaction. Lessee shall pay the Assignment Premium to King County as and when Lessee receives payment from such assignee or transferee.
- E. Credits. The following shall be subtracted from the consideration that otherwise would be included in the calculation of the Assignment Premium:
- 1) Any transactional costs, fees or commissions actually paid by Lessee (Assignor) to procure the assignment or transfer, including, without limitation, fees and commissions paid to attorneys, professionals and other consultants (such as real estate advisors, aviation industry experts, environmental consultants, surveyors, certified public accountants, civil and other engineers and architects) and licensed real estate brokers, together with Lessee’s actual internal costs and expenses reasonably allocable to the transaction in accordance with sound accounting practices, as itemized in a written report thereof provided by a certified public accountant in form and substance reasonably satisfactory to King County;
  - 2) The actual cost of alterations and leasehold improvements undertaken by Lessee, or undertaken by the transferee or assignee to the extent paid for or reimbursed by Lessee, solely to prepare the space for the assignee or transferee, including, without limitation, costs of planning, design, permitting and construction, including labor, materials and Washington state sales and use taxes, (amortized, if the consideration for the assignment or transfer is to be paid in installments, over the period of payment, commencing with the date on which the assignment or transfer commences);
  - 3) The greater of either: a) the unamortized cost of the Included Property determined on a straight-line basis over the term of the Lease as certified to King County by Lessee’s independent certified public accountant; or b) the fair market value of the

Included Property as determined by an appraisal conducted by an independent and certified appraiser. Lessee shall pay the cost of such certification or appraisal and may deduct such costs from the Assignment Premium. If King County disputes the unamortized cost or fair market value of the Included Property as determined by the certified public accountant or appraiser, the procedures set forth in Section 11(C) shall be followed to determine the appropriate cost or fair market value;

- 4) The unamortized transactional costs, fees or commissions, determined on a straight-line basis over the original term of the Lease, actually paid by Lessee (Assignor) to procure the Lease itself (or, if only an interest in the Lease is being assigned or transferred, a ratable portion of such costs, fees and commissions), including, without limitation and without duplicating any of the costs included in Section 31(E)(1) above, fees and commissions paid to attorneys, professionals and other consultants (such as real estate advisors, aviation industry experts, environmental consultants, surveyors, certified public accountants, civil and other engineers and architects) and licensed real estate brokers, together with Lessee's actual internal costs and expenses reasonably allocable to the transaction in accordance with sound accounting practices, as itemized in a written report thereof provided by a certified public accountant in form and substance reasonably satisfactory to King County; and
- 5) The "Goodwill Value" or Going Concern Value" of any business being sold or transferred as a part of the assignment. Unless otherwise agreed to by Lessee and King County, "Goodwill Value" or "Going Concern Value" shall be determined by a qualified valuation expert employing standard and generally recognized methods of business valuation. Lessee shall pay the cost of such valuation and may deduct such costs from the Assignment Premium.

- F. Once King County has received all necessary information and documentation pursuant to this Section 31 of this Lease, King County will review the request and respond with either an approval or disapproval of the request (or, if King County so elects, King County's exercise of the right of first refusal provided for in Section 31(C) above) by the earlier of: thirty (30) days from the request or not later than ten (10) days prior to the proposed date of the assignment or transfer. Approval of any such request will not be unreasonably withheld and Lessee may in good faith dispute the reasonableness of King County's disapproval of a request. King County has the option, in its sole discretion, to charge to Lessee a reasonable fee for administrative costs actually incurred reviewing and

processing any requests for assignment or transfer pursuant to this Section, not to exceed, however, \$1500.00.

Tenant's sole remedy for King County's failure to timely respond to a request for assignment shall be declaratory relief or specific performance, and shall not include monetary or consequential damages.

32. SUBLEASES.

- A. Unless the sublease sought to be entered into is to an entity that controls, is controlled by or is under common control with Lessee (an "Exempt Sublease"), Lessee shall not sublet the whole or any part of the Premises, nor grant an option for sublease for the whole or any part of the Premises without the prior written consent of King County, which consent shall not be unreasonably withheld, conditioned or delayed. King County shall not withhold its consent to a proposed sublease or grant of an option for sublease on the ground of the subtenant's proposed use if such use is identified as a permitted use in the Lease. If King County shall give its consent to any sublease, this Section shall nevertheless continue in full force and effect and no further sublease shall be made without the County's consent. No sublease authorized under this Section shall relieve or release Lessee from any obligation or responsibility required of Lessee under this Lease.
- B. Except with respect to an Exempt Sublease, if Lessee desires to sublease, or grant an option for sublease, for the whole or part of the Premises, or any portion of this Lease or any interest therein, Lessee shall notify King County in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of sublease, or grant of an option therefor, to a third party. The notification shall include but not be limited to a financial statement of the third party, including but not limited to a full disclosure of the monetary payment or any other considerations involved, the proposed date of the sublease, and a copy of the sublease agreement between Lessee and new tenant. Lessee shall also provide any financial or other information regarding the proposed sublease or the sublessee reasonably requested by King County.
- C. Anything in Sections 32(A) or 32(B) to the contrary notwithstanding, if King County shall consent to a sublease to a subtenant that engages in the business of letting office space, hangar space and/or tiedown spaces to third parties, no further notice to or consent from King County shall be required in connection with any such lettings, but Lessee shall provide or cause such subtenant to provide King County upon request with the names and addresses of the third parties to which such subtenant is then letting office space, hangar space and/or tiedown space.

- D. King County reserves the right of first refusal in the event Lessee attempts to sublease, or grant an option therefor, any unimproved portion of the Premises to any party other than in an Exempt Sublease. A sublease of an unimproved portion of the Premises that is not an Exempt Sublease is hereinafter referred to as a "Ground Sublease."
- E. If Lessee subleases all or any portion of the Premises in a Ground Sublease (other than in an Exempt Sublease), Lessee shall pay King County seventy-five percent (75%) of the Sublease Premium derived from that sublease. "Sublease Premium" shall mean (1) all rent, additional rent, and/or other moneys, property, and other consideration of every kind whatsoever received by Lessee from the sublessee for, or by reason of, the sublease (excluding all amounts received by Lessee for any Included Property) less (2) the credits detailed in Section 32(F) below. Lessee shall pay the Sublease Premium to King County as and when Lessee receives payment from such sublessee.
- F. Credits. The allocable portion of the credits set forth in Sections 31(E)(2), (3) and (5) above, as applicable, and without duplicating any such allocable portion, the following shall be subtracted from what otherwise would be included in the consideration used to calculate the Sublease Premium:
- 1) Any costs, fees or commissions actually paid by Lessee (Sublessor) to procure the sublease, including, without limitation, fees and commissions paid to attorneys, professionals and other consultants (such as real estate advisors, aviation industry experts, environmental consultants, surveyors, certified public accountants, civil and other engineers and architects) and licensed real estate brokers, together with Lessee's actual internal costs and expenses reasonably allocable to procuring the sublease in accordance with sound accounting practices, as itemized in a written report thereof provided by a certified public accountant in form and substance reasonably satisfactory to King County;
  - 2) An allocable portion (based on the square footage subject to the proposed Ground Sublease as compared to the square footage of the entire Premises) of the unamortized transactional costs, fees or commissions, determined on a straight-line basis over the original term of the Lease, actually paid by Lessee (Sublessor) to procure the Lease itself, including, without limitation, fees and commissions paid to attorneys, professionals and other consultants (such as real estate advisors, aviation industry experts, environmental consultants, surveyors, certified public accountants, civil and other engineers and architects) and licensed real estate brokers, together with Lessee's actual internal costs and expenses reasonably allocable to the transaction in accordance with sound

accounting practices, as itemized in a written report thereof provided by a certified public accountant in form and substance reasonably satisfactory to King County; and

- 3) The Base Rent, other amounts payable under the Lease as rent and leasehold excise tax allocable to the space covered by such sublease (as reasonably determined by King County) and paid by Lessee to King County after the date of such sublease.
- G. Once King County has received all necessary information and documentation pursuant to this Section 32 of this Lease, King County will review the request and respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date of the sublease. Disapproval of any such request shall be final and binding on Lessee and not subject to any arbitration, provided that any approval will not be unreasonably withheld and Lessee may in good faith dispute the reasonableness of King County's disapproval of a request. King County, at its sole discretion, may charge to Lessee a reasonable fee for administrative costs in reviewing and processing any sublease, or grant of an option therefor, not to exceed \$1500.00.

Lessee's sole remedy for King County's failure to timely respond to a request to sublease shall be declaratory relief or specific performance, and shall not include monetary or consequential damages.

33. CONDEMNATION.

- A. King County and Lessee will immediately notify the other in writing of the receipt of notice of any proceedings with respect to a condemnation or intent of any authority to exercise the power of eminent domain.
- B. If all of the Premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, this Lease terminates as of the date condemnor takes possession, and Lessee will have no claim or interest in or to any award of just compensation except that Lessee will be entitled to an amount equal to the fair market value, as determined by the court having jurisdiction over the condemnation, of Lessee's leasehold interest in any improvement made to the Premises by the Lessee and taken by the condemnor. The fair market value amount determined pursuant to this Subsection shall be paid to Lessee out of proceeds deposited into the court registry by condemnor.
- C. If part of the Premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, and such taking results in a material adverse effect on Lessee's use or enjoyment of the Premises, Lessee may choose to terminate this Lease as of the date the condemnor takes

possession. If Lessee does not elect to terminate this Lease, the rent will be reduced in the same proportion that the value of the portion of the Premises to be taken bears to the value of the entire Premises as of the date condemnor takes possession. Lessee will have no claim or interest in or to any award of just compensation or damages except that Lessee will be entitled to an amount equal to the fair market value, as determined by the court having jurisdiction over the condemnation, of the part of the Lessee's leasehold interest in any improvements made to the Premises by Lessee taken by the condemnor. The fair market value amount determined pursuant to this Subsection shall be paid to Lessee out of proceeds deposited into the court registry by condemnor.

- D. If temporary use of all or a portion of the Premises is taken by any lawful authority for a period which would reduce the leasehold and, consequently, would cause the Premises to be untenable for the use by Lessee for the purposes set forth in the Section of this Lease titled "Use," then, at Lessee's determination, Lessee may choose to terminate this Lease. If Lessee elects to terminate the Lease, the Lease will terminate the date the condemnor takes possession and Lessee will have no claim or interest in or to any award of just compensation except that Lessee will be entitled to an amount equal to the fair market value, as determined by the court having jurisdiction over the condemnation, of Lessee's leasehold interest in any improvements made to the Premises by Lessee, to be paid to Lessee out of proceeds deposited into the court registry by condemnor. If Lessee does not elect to terminate this Lease, the Lease will continue in full force and Lessee will be entitled to receive any award from the condemnor for the use of all or part of the Premises, not to exceed that portion of the rent paid by Lessee attributable to the portion of the Premises subject to the temporary taking (based on the square footage subject to the temporary taking as compared to the square footage of the entire Premises); EXCEPT that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event Lessee shall not be entitled to any portion of the award attributable to said use.
- E. It is understood and agreed that Lessee shall not be party to any negotiation or proceedings at law wherein King County claims compensation other than that which is defined statutorily as constituting "just compensation."

34. TERMINATION BY KING COUNTY. King County reserves the right to terminate this Lease upon twelve (12) months' notice in writing to Lessee or the persons in possession of the Premises if the Premises are required by King County for the improvement or development of KCIA for public airport uses and purposes, and under such termination Lessee or persons in possession of Premises shall be reimbursed by King County for the fair market value, as defined in Section 11(A) of this Lease which shall include the additional value of the improvements added pursuant to Section 7. In

the event that King County and Lessee cannot agree upon the value of said Improvements, King County and Lessee shall submit to have the fair market value adjusted by arbitration in the manner described in Section 11(C).

35. NON-DISCRIMINATION.

- A. Lessee shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression, age (except by minimum age and retirement provisions), or presence of any sensory, mental or physical disability, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Ch. 12.16.125. Lessee shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964.
- B. Lessee, for itself, its heirs, personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease for a purpose for which a U.S. Department of Transportation (“DOT”) program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
- C. Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expressions, age (except by minimum age and retirement provisions), or presence of any sensory, mental or physical disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereof, no person on the grounds of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expressions, age (except by minimum age and retirement provisions), or presence of any sensory, mental or physical shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally

Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- D. Lessee assures that in its use of the Premises it will substantially observe and promptly comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expressions, age (except by minimum age and retirement provisions), or presence of any sensory, mental or physical disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property.
- E. In addition, this Lease is subject to certain grant assurances resulting from King County's receipt of funding from the federal government. In accordance with those grant assurances, in furnishing services to the public at the Airport, Lessee shall furnish said services on a reasonable and not unjustly discriminatory basis to all users of the Airport and shall charge reasonable and not unjustly discriminatory prices for each unit or service; provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions, by way of example and not limitation, to volume purchasers, based aircraft, or charter customers.
- F. Lessee will include the provisions of this Section 35 in all subleases of all or part of the Premises, and in all agreements at any tier for the use of all or part of the Premises.
- G. Any violation of this Section 35 shall be considered a default of this Lease and, in addition to any other remedies available to the County, shall be grounds for termination of this Lease by the County, and may result in ineligibility for further County agreements.

36. HEIRS, AGENTS, AND ASSIGNS. Without limiting any provisions of this Lease pertaining to assignment, transfer and subletting, the provisions of this Lease bind the heirs, successors, agents and assigns of the parties to this Lease.

37. CAPTIONS. The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
38. TIME IS OF THE ESSENCE. Time is of the essence of this Lease, and in the event of the failure of Lessee to pay any charges at the time in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.
39. CUMULATIVE REMEDIES. No provision of this Lease precludes King County from pursuing any other remedies for Lessee's failure to perform his obligations.
40. ATTORNEY'S FEES/DEFAULT CHARGE. In the event legal action is brought by either party to enforce any of the terms, conditions, or provisions of this Lease, the prevailing party shall recover against the other party in addition to the costs allowed by law, its litigation expenses and such sum as the court may adjudge to be a reasonable attorney's fee. In addition to all other charges, Lessee shall pay a charge of \$500.00 to King County for preparation of a notice of default.
41. HOLDING OVER. If the Lessee holds over after the expiration or earlier termination of this Lease, Lessee shall become a tenant from month-to-month at a rental rate equal to one hundred-fifty percent (150%) of the rent in effect upon the date of such expiration or termination, and otherwise subject to the terms, covenants, and conditions of this Lease, except those clearly inapplicable to the month-to-month tenancy. Acceptance by King County of rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor affect King County's right of re-entry or any rights of King County hereunder or as otherwise provided by law. If Lessee fails to surrender the Premises upon the expiration of this Lease despite demand to do so by King County, Lessee shall indemnify and hold King County harmless from all loss or liability including, without limitation, any claim made by any succeeding Lessee founded on or resulting from such failure to surrender, together with interest, reasonable attorney's fees, costs, and expenses.
42. HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE.
- A. Definitions. "**Hazardous Materials**" as used herein shall mean:
- 1) Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease-producing substances; or
  - 2) Any dangerous waste or hazardous waste as defined in:
    - a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70.105); or
    - b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105D); or

- c. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or
- 3) Any hazardous substance as defined in:
- a. Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or
  - b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105D); or
- 4) Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment, which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

For purposes of this Section 42, "Lessee" shall mean Lessee, sublessees, assignees, contractors, agents, employees, representatives, or affiliates.

**B. Environmental Compliance.**

- 1) In the conduct of its business at the Airport, and in its use and occupancy of the Premises and the areas of the Airport outside the Premises that are available for use by Lessee and others ("the Public Areas"), Lessee shall, at Lessee's own expense, comply with all federal, state and local laws, ordinances, regulations, permits, decrees or other governmental requirements now or hereafter in effect related to Hazardous Materials and other environmental laws, including, but not limited to, laws and regulations pertaining to stormwater discharges as set by the U.S. Environmental Protection Agency and the Washington Department of Ecology, as well as such rules concerning environmental matters as may be promulgated by the Airport Manager ("Environmental Laws"). Lessee warrants that its business and all its activities to be conducted or performed in, on, or about the Premises and the Public Areas shall comply with all of the Environmental Laws. Lessee agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations as may be necessary at any time during the term of this Lease to comply with the Environmental Laws.
- 2) Lessee shall not without first obtaining the County's prior written approval use, generate, handle, store, treat, transport, or sell any Hazardous Materials in, on, or about the Premises or the Public

Areas. In the event, and only in the event, that the County approves any of the foregoing, Lessee agrees that such activity shall occur safely and in compliance with the Environmental Laws. King County hereby approves the use by Lessee at the Premises of the Hazardous Materials identified on Exhibit C hereto.

- 3) Lessee shall not cause or permit to occur any violation of the Environmental Laws on, under, or about the Premises and the Public Areas, or arising from Lessee's use or occupancy of the Premises and the Public Areas. Lessee shall not undertake, or allow others to undertake by Lessee's permission, acquiescence, or failure to act, or negligent activities that result in a release or threatened release of Hazardous Materials. If Lessee's act, omission or breach of obligation under this Lease results in a release of Hazardous Materials into the environment on, about, or migrating from the Premises or the Airport that exceeds regulatory cleanup levels for use of the Premises, Lessee shall, at Lessee's expense, promptly take all actions necessary to fully and completely remove (and to dispose of such in accordance with applicable law) all of such Hazardous Materials.
- 4) Lessee shall, in a timely manner and at Lessee's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental or regulatory authorities ("the Authorities" or "Authority") with jurisdiction under Environmental Laws. If Lessee fails to fulfill any duty imposed under this Section within the time specified by applicable law, or if no time is specified within a reasonable time, the County may take action; and in such case, the Lessee shall cooperate with the County in order to prepare all documents the County deems necessary or appropriate to determine the applicability of the Environmental Laws to the Premises and/or the Public Areas and Lessee's use thereof, and for compliance with the Environmental Laws, and Lessee shall execute all documents promptly upon the County's request. No such action by the County and no attempt made by the County to mitigate damages shall constitute a waiver of any of Lessee's obligations under this Section 42. Lessee shall immediately notify County if Lessee becomes aware of any of the following: (a) a release or threatened release of Hazardous Materials on the Premises; (b) any actual or alleged violation of any of the Environmental Laws, including any inspection reports or any other notice received from any Authority that Lessee may be in violation of any Environmental Law; and (c) any notification from any Authority that investigation, remediation or removal of Hazardous Materials is or may be required at the Premises.

- 5) Should any Authority demand that a remedial investigation and/or cleanup or remediation plan be prepared and that a cleanup or remediation be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Lease and arises from Lessee's use or occupancy of the Premises, or which arises at any time from Lessee's use or occupancy of the Premises and/or the Public Areas, then Lessee shall, in a timely manner and at Lessee's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Lessee shall carry out all such investigation and/or cleanup or remediation plans. Any such plans are subject to the County's prior written approval. Although the County reserves the right to review and approve such plans, the County assumes no responsibility for such plans or their compliance with Environmental Laws.
- 6) If King County determines in its sole discretion that an emergency exists (i) because of the deposit, spill, discharge or other release of Hazardous Materials at or from the Premises or (ii) which arises from Lessee's use or occupancy of the Premises and/or the Public Areas, King County will take such action as King County, in its sole discretion, considers reasonable to contact Lessee and advise it of the emergency situation. If Lessee is unreachable, or is unwilling to take immediate action, King County may, but is not required to, take immediate action to address the emergency situation, and Lessee will reimburse the County for all of its costs and expenses related thereto, provided, with respect to clause (i) above, that the deposit, spill, discharge or other release of Hazardous Materials arises from Lessee's use or occupancy of the Premises. The fact that King County takes immediate action shall not relieve Lessee of any of its responsibilities under this Lease and the Environmental Laws including, without limitation, Lessee's responsibility for complying with reporting requirements.
- 7) In the event Lessee discovers Hazardous Materials on or under the Premises during Lessee's construction of Improvements (including during demolition and grading activities associated with such construction), not caused by Lessee or generated or released during Lessee's control of the Premises, then Lessee shall promptly notify King County of such discovery (the "Environmental Notice Date"). Lessee may terminate this Lease by written notice to King County given within 90 days of the Environmental Notice Date, during which 90-day period all rent under this Lease shall abate. If Lessee does not so terminate this Lease within said 90-day period, then this Lease shall remain in full force and effect and Lessee shall be responsible to pay the County all rent abated, which shall be due and owing with the next monthly rent payment but shall not

be deemed late unless Lessee fails to make that payment. In the event of termination under this Section, and in Lessor's sole discretion, any improvements or structures erected by Lessee shall be removed by Lessee. Lessee shall remove and appropriately handle and dispose of, and not stockpile or otherwise leave on site, any Hazardous Materials that have been excavated or otherwise disturbed by Lessee. Lessee shall leave the Premises in substantially the same condition as prior to Lessee's discovery of Hazardous Materials, and shall not leave any Hazardous Materials uncovered or otherwise exposed to humans or to the environment.

C. Indemnification and Release.

Lessee shall be fully and completely liable to the County for, and shall indemnify, hold harmless and release the County from and against, any and all claims, liabilities, lawsuits, damages, demands, suits, losses, judgments, and costs, including but not limited to removal, remedial action, or other costs recoverable under CERCLA or MTCA; any and all other requirements, charges, interest, fees, oversight costs, or penalties (civil or criminal or both) imposed by any Authority; and all other expenses including but not limited to claims for bodily injury or death, property damage, diminution in value or loss of use, including attorney's fees and other costs of defense ("Claims") caused by or arising from (1) the use, disposal, transportation, generation, past, present or future release or threatened release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Lessee in, on, around, about, or emanating from the Premises, including but not limited to Lessee's remediation activities conducted under Section 7 or Section 42 of this Lease, or from Lessee's activities on adjoining property, occurring during the term of the this Lease or at any time if caused by Lessee, including exacerbation or disturbance of existing Hazardous Materials that were released in, on or about the Premises prior to the Lease; or (2) Lessee's failure to comply with any obligation in Section 42 of this Lease; or (3) any actions by County under Sections 42(B)(6) or 42(C) of this Lease; provided that the foregoing shall be subject to the provisions of Section 42(B)(7). Without limiting the generality of the foregoing, the Parties acknowledge that Claims, as defined herein, are not limited to third party Claims, but include Claims made or incurred by Lessee. Lessee's duties under this paragraph 42(C) include the duty to pay or reimburse County's direct and indirect costs to monitor or oversee Lessee's cleanup or other corrective work, including but not limited to engineering and other consulting services, sampling and studies, confirmatory testing, compliance monitoring, and administrative costs and expenses incurred in procuring and managing the same.

- D. Reporting Requirements. Lessee shall comply with the Environmental Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to the County a full copy of any such submission, filing or report as submitted within 15 days of such submission.
- E. Right to Check on the Lessee's Environmental Compliance. The County expressly reserves the right to conduct, and Lessee shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the Premises as the County, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems.
- F. Remedies. Upon any default by Lessee under this Section 42, Hazardous Materials and Environmental Compliance, and the expiration of the notice and cure period provided in Section 24 above, Default and Re-Entry, the County shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to the County:
- 1) At the County's option, to terminate this Lease pursuant to Section 34 above, but effective immediately; and/or,
  - 2) At the County's option, to perform such action as is required to bring the Premises and any other areas of the Airport affected by Lessee's default into compliance with the Environmental Laws and to recover from Lessee all of the County's costs and expenses in connection therewith; and/or
  - 3) To recover from Lessee any and all damages associated with the default, including but not limited to, response, remediation and cleanup costs, expenses and charges, civil and criminal penalties and fees, adverse impacts on marketing the Premises or any other areas of the Airport, loss of business and sales by the County and other Lessees of property at the Airport, diminution of value of the Premises and/or other areas of the Airport, the loss of or restriction of useful space in the Premises and/or other areas of the Airport, and any and all damages and claims asserted by third parties, and the County's reasonable attorneys' fees, costs and expenses.
- G. Remediation on Termination of Lease. Upon the expiration or termination of this Lease, Lessee shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the Premises caused by Lessee as required by applicable laws ("Termination Cleanup"). The process for such Termination Cleanup is subject to the County's prior written approval. Although the County reserves the right to review and approve the Termination Cleanup process, the County assumes no responsibility for it or its compliance with the Environmental Laws.

If Lessee fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, within the time specified by law or within a reasonable time if no time is specified, the County may elect to perform such Termination Cleanup after providing Lessee with written notice of the County's intent to commence Termination Cleanup, and after providing Lessee a reasonable opportunity, which shall not be less than ninety (90) days after such notice (unless the County is given notice by a government or regulatory agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time), to commence or resume the Termination Cleanup process. If the County performs such Termination Cleanup after said notice and Lessee's failure to perform same, Lessee shall pay all of the County's costs and expenses.

H. Survival. Lessee's obligations and liabilities under this Section 42, Hazardous Materials and Environmental Compliance, shall survive the expiration or termination of this Lease.

43. PUBLIC USE AIRPORT. The Premises and KCIA are subject to the terms of certain sponsor's assurances made to guarantee the public use of the public airport area of KCIA as incidental to grant agreements between King County and the United States of America; provided, that in the event at any time during the term of this Lease the terms of such assurances should effectively prohibit Lessee's use of the Premises in the general manner contemplated by the parties to this Lease, then such effective prohibition shall be considered as taking by the public and Lessee or person or persons in lawful possession of the Premises may, upon thirty (30) days prior written notice given to King County, terminate this Lease.

44. RIGHT OF FLIGHT. There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

The right of free passage of aircraft shall be in the airspace over the above described Premises at the height prescribed by Part 77 of the Federal Aviation Regulations to an infinite height above said mean sea level and shall be for the exclusive benefit of Lessor, its successors and assigns (the "Aviation Right of Way"). Lessee represents that the Project, as defined in the Lease, does not and, upon completion, will not interfere with the Lessor's Aviation Right of Way. Except as provided in this Section, Lessor explicitly waives its continuing right to prevent, abate, or remove the Project and any Lessor approved alterations or improvements in connection with Lessor's Aviation Right of Way.

Lessor shall have the continuing right to prevent the erection or growth upon the Premises of any building, structure, trees or any other object extending into the airspace

above said surface at the height prescribed by Part 77 and to remove from said airspace, or at the sole option of Lessor, to mark and light as obstructions to air navigation, any such building, structure, trees or other objects now upon, or which in the future may be upon the Premises, together with the right of ingress to and egress from and passage over all the Premises (airspace and surface space) for such purposes.

In the event Lessee (or anyone holding through Lessee) interferes with Lessor's right of free passage, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

Lessee by accepting this Lease agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

45. EMPLOYEE CONDUCT. Lessee shall require and be responsible for the full compliance by its officers, agents, employees, customers and guests with the rules and regulations of the Federal Aviation Administration and KCIA.

46. SEVERABILITY. If any term or provision of this Lease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this Lease, or the application of the term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected and will continue in full force.

47. GOVERNING LAW/VENUE. This Lease shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington. Venue for any legal proceeding shall be exclusively in King County Superior Court, Seattle, Washington.

48. QUIET ENJOYMENT. So long as Lessee is not in default under this Lease, subject to Sections 48(A) and (B) below, King County shall at all times during the term and subject to the provisions of this Lease ensure that Lessee shall peacefully and quietly have and enjoy the possession of the Premises without any encumbrance or hindrance.

A. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of said Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

B. This Lease shall be subordinate to the provisions of and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation, or maintenance of the Airport. (FAA Order 5190.6AB- AGL-600).

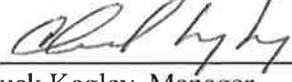
IN WITNESS WHEREOF, the parties hereto have subscribed their names effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

LESSEE:

LESSOR:

HANGAR TWO, LLC,  
of the  
a Washington limited liability company

KING COUNTY, a political subdivision  
State of Washington

BY:   
Chuck Kegley, Manager

BY: \_\_\_\_\_  
Anthony Wright, Director  
Facilities Management Division

DATE: 8/16/16

DATE: \_\_\_\_\_

CONSENT:

KING COUNTY INTERNATIONAL  
AIRPORT

BY: \_\_\_\_\_  
Randall D. Berg, A.A.E., Director

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
Ian Taylor, Senior Deputy  
King County Prosecuting Attorney

DATE: \_\_\_\_\_



**EXHIBIT A**

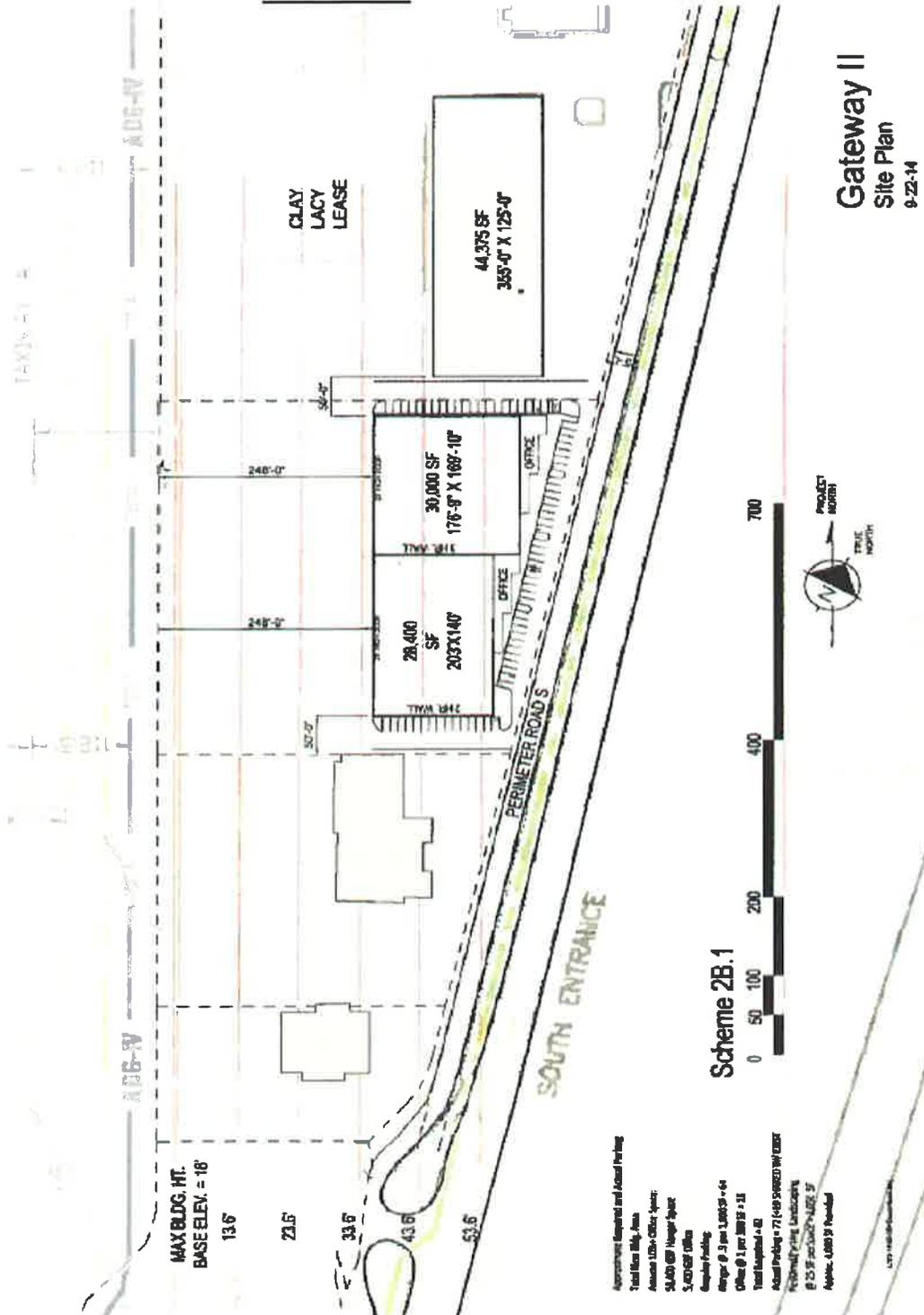
**LEGAL DESCRIPTION OF PREMISES UNDER LEASE**

A tract of land in the East half (E1/2) of Section 33, Township 24 North, Range 4 East, Willamette Meridian, (Sec.33, T.24 N., R. 4E., W.M.) described as follows:

Commencing at a concrete monument designated as monument "E" and having U.S. Coast and Geodetic Survey coordinate values of: x equals 1,638,709.88; y equals 193,999.64; thence North 27°12'26" East 841.27 feet to a point; thence North 2°52'05" East 197.12 feet to a point; thence North 29°52'38" West 41.98 feet to a point; said point being the TRUE POINT OF BEGINNING; thence South 60°07'22" West 112.5 feet to a point on the apron limit line which is 150 feet from the centerline of the SE Taxiway; thence North 29°52'38" West along said line 449 feet; thence North 60°07'22" East along the common lease line of Flightcraft, Inc. 508.35 feet, more or less, to a point that is 15.0 feet from the centerline of Perimeter Road; thence running parallel to said road South 17°08'44" East 460.30 feet; thence South 60°07'22" West along the common lease line of Seattle Air Corporation 294.41 feet, more or less, to the TRUE POINT OF BEGINNING; said tract of land contains an area of 205,476 square feet.



**EXHIBIT B CONCEPTUAL PLAN**



**EXHIBIT C**

**LIST OF APPROVED HAZARDOUS MATERIALS**

**Hanger Two, LLC Potential Hazardous Materials**

	A	B
1	TYPE/ITEM NAME	MANUFACTURE
2	BUTANE FUEL	RONSON
3	AEROSPACE SEALANT AC-665 B-2 BASE	3M
4	AEROSPACE SEALANT AC-665 B-2 CATALYST	3M
5	POLYGONE 300-AG POLYSULFIDE STRIPPER	RPM TECHNOLOGY
6	AEROSPACE SEALANT AC-665 B-1/2	3M
7	DOT 3 BRAKE FLUID	NAPA
8	GREEN ZINC CHROMATE METAL PRIMER	SPRAY
9	METHYL ETHYL KETONE (MEK)	CSD INC
10	ACETONE	SUNNYSIDE
11	MINERAL SPIRITS TYPE 1	HISCO CO.
12	VAR SOL	RANDOLPH PRODUCTS
13	CP AGE MASTER NO.1 RUBBER PROTECTIVE AGENT	GOODRICH
14	ICEX II	GOODRICH
15	SHINE MASTER PREP	GOODRICH
16	SHINE MASTER	GOODRICH
17	MIL-H-5606A HYDRAULIC FLUID	ROYCO
18	SKYDROL LD-4	SOLUTIA INC
19	586 M MINERAL OIL EC135	NOT AVAILABLE
20	TURBO OIL 2380	BP
21	TURBINE OIL 808	ROYCO
22	JET OIL II	MOBIL
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38	KCIA/Hanger Two, LLC (081116)	
39	Lease #7299	