



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 25, 2018

Ordinance 18797

Proposed No. 2018-0283.2

Sponsors Dembowski

1 AN ORDINANCE authorizing the King County executive
2 to enter into a lease agreement with Kenmore Aero
3 Services, LLC, as tenant, for county-owned land located at
4 the King County International Airport in council district
5 eight.

6 **STATEMENT OF FACTS:**

- 7 1. The facilities management division determined that the county should
8 award a lease of the county-owned land located at 8535, 8555 and 8600
9 Perimeter Road South, Seattle, Washington, through a direct negotiation
10 with interested parties without bidding pursuant to K.C.C. 4.56.160.
11 2. The facilities management division successfully negotiated a lease for
12 the county-owned land with Kenmore Aero Services, LLC.
13 3. The facilities management division shall give notice of its intent to
14 execute the lease by publishing a notice in a legal newspaper at least once
15 a week for two weeks before execution.

16 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

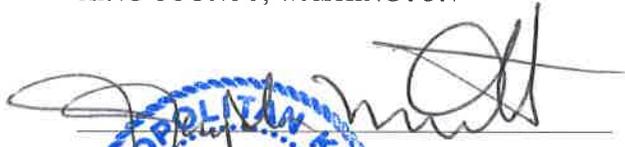
17 SECTION 1. Contingent upon the execution by Kenmore Aero Services, LLC,
18 and the county of a lease amendment in substantial the same form as Attachment B to this
19 ordinance, the King County council authorizes the executive to execute a lease with

20 Kenmore Aero Services, LLC, substantially in the form of Attachment A to this
21 ordinance and authorizes the executive to take all actions necessary to implement the
22 terms of the lease as amended by Attachment B to this ordinance.
23

Ordinance 18797 was introduced on 7/2/2018 and passed as amended by the Metropolitan King County Council on 9/24/2018, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci
No: 0
Excused: 0

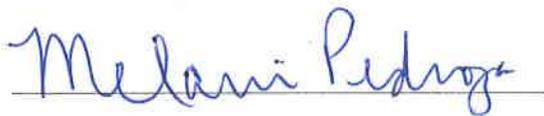
KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair



ATTEST:



Melani Pedroza, Clerk of the Council

APPROVED this 3 day of OCTOBER, 2018.



Dow Constantine, County Executive

RECEIVED
2018 OCT -4 PM 2:18
CLERK
KING COUNTY COUNCIL

Attachments: A. Lease Agreement, B. Lease Amendment No. 1, dated 9/25/18

ATTACHMENT A:
LEASE AGREEMENT

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 _____, 2018, is entered into between King County (sometimes also referred to as "County" or "Lessor"), a municipal corporation and a political subdivision of the State of Washington, and Kenmore Aero Services, LLC, a Washington limited liability company ("Lessee").
2. **PREMISES.** King County hereby leases to Lessee, upon the following terms and conditions, premises located in King County, Washington, (hereinafter referred to as "Premises"), legally described in **Exhibit A** ("Legal Description of Premises Leased") and depicted in **Exhibit A-1** ("Diagram of Premises Under Lease") which are attached hereto, commonly known as:

8535, 8555 and 8600 Perimeter Road South, Seattle WA 98108
(415,568 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" or "KCIA").

3. **TERM.** The term of this Lease is for thirty-five (35) years (the "Lease Term"). The Lease shall commence on the ___ day of _____, 2018, (the "Commencement Date"), and end on the thirty-fifth (35th) anniversary of the Commencement Date, unless terminated earlier in accordance with this Lease.
4. **RENT.** The Rent is based on a total leasehold area of 415,568 square feet, which includes the 114,255 square feet of Light General Aviation Area depicted in Exhibit A-1 (as defined in Section 6) appraised at \$.75 per square foot and the remaining 301,313 square feet at \$3.00 per square foot per year. Lessee shall pay to King County a rent of **\$82,469.00 DOLLARS** payable in advance on or before the first day of each and every calendar month of the Lease Term (the "Rent"). Lessee shall also pay in addition to Rent a Leasehold Excise Tax, levied pursuant to RCW Chapter 82.89A in the amount of **\$10,589.00 DOLLARS** per month, which is based on the current Leasehold Excise Tax rate of 12.84%.

Rent and taxes shall be made payable to the KING COUNTY TREASURY and are to be received at the address (the "Payment Address") of:

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

The Rent 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 (1st) month's Rent and Leasehold Excise Tax. In addition, the Lessee shall deposit with King County the sum of **\$186,633 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 Rent, 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.

A. Lessee shall operate as a Fixed Base Operator ("FBO"), as defined by the Airport Minimum Standards, as amended from time to time, which are fully incorporated into the terms and conditions of this Lease. Lessee shall use the Premises for the following permitted uses ("Permitted Uses") and no others without prior written consent of King County:

1. Aircraft sales (new and used), leasing and rental;
2. Aircraft fuel sales and fuel storage;
3. Aircraft ground handling;
4. Aircraft maintenance service, including engine and accessory overhaul and propeller repair;
5. Flight training;
6. Air taxi, charter and cargo operations;
7. Aircraft parts and accessories sales;
8. Transient aircraft service;
9. Tie-Down and hangar rental for both transient and based aircraft;
10. Avionics sales and service;
11. Aviation business related office space rental;
12. Any other uses in the future that may develop as a function of an FBO, except that all future uses must be approved in advance by King County in writing;

13. Personal or general services to aviation customers, including catering, lounge, and snack bar services;
14. Car rental services, provided that such rental services shall be conducted under separate agreement with King County substantially similar to the terms and conditions of King County's agreements with other car rental concessions at KCIA; and
15. Car parking on a non-commercial basis for its aviation customers. Permitted parking shall be outside the fence except on tie-down spots and inside hangar buildings.

B. Additionally, Lessee shall support light general aviation, defined as piston-propeller aircraft ("Light General Aviation") by providing the following:

1. Lessee shall utilize the Light General Aviation Area depicted in **Exhibit A-1** for dedicated Light General Aviation ramp parking, including tie down parking, and no other use. Lessee shall also make commercially reasonable efforts to accommodate Light General Aviation users in its itinerant parking and day-use self-service parking areas commensurate with market demand.
2. Construct and maintain a self-fueling island for avgas.
3. Flight training support (Examples include but are not limited to space for aircraft storage, classroom or meeting room, office, shop, customer lounge, and access to restrooms necessary and sufficient to conduct flight training activities).

C. Lessee has received a reduction in its rental rate related to the Light General Aviation Area, depicted in **Exhibit A-1**, as consideration for Light General Aviation parking and related services. All uses of the Premises must be approved or accredited by the Federal Aviation Administration ("FAA") and any other applicable permitting agency with jurisdiction where such approval, permitting or accreditation is necessary. No other uses, activities or operations shall be conducted on the Premises without first obtaining the written consent of King County.

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 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.

Under no circumstances may Lessee's right to sell or store fuel be assigned or transferred with this Lease without the express written consent of King County, which consent shall not be unreasonably denied, conditioned or delayed.

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 and the demolition of existing structures, as depicted in **Exhibit B** ("Conceptual Plan") attached hereto. Lessee shall be permitted to conduct demolition of existing structures and construct the Improvements in two phases ("Phase I" and "Phase II," respectively)(collectively, the "Project"), provided that all phases of Improvements costing at least \$14,800,000 must be Substantially Complete (as defined below) within forty-eight (48) months after the Commencement Date. 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 Phase I and Phase II of the Improvements described in Exhibit "B" within ninety (90) days and twenty-four (24) months after the Commencement Date, respectively; 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 for Phase I (the "Phase I Outside Permit Date") and three (3) years for Phase II (the "Phase II Outside Permit Date"), respectively, from the Commencement 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 for each phase, 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 for Project within forty-eight (48) months following the Commencement Date. Subject to the provisions of Section 50 herein, all dates and timelines contemplated herein are subject to acts of god and/or force majeure, including but not limited to 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 Phase I Outside Permit Date, with all Rent 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 for either or both of the two phases but the Project Approvals have not been issued for the relevant phase within thirty (30) days following the applicable Outside Permit Date, then Lessee may extend the applicable Outside Permit Date one time by an additional six (6) months from the Outside Permit Date by providing written notice of same to King County.

Notwithstanding the foregoing, if Lessee fails to achieve Substantial Completion of the Project within forty-eight (48) months, and fails to cure such lack of 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; provided that 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 \$14,800,000, as evidenced by written documentation to be approved of by King County prior to the commencement of construction. 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 each phase 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 Laws (as defined in Section 42). 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 the 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 the 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 7 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: Kenmore Aero Services, LLC
 8555 Perimeter Road South
 Seattle, WA 98108
 Attn: Mike Luigs, President

With a copy to: Foster Pepper, PLLC
 1111 Third Avenue, Suite 3000
 Seattle, WA 98101
 Attn: Joseph A. Brogan

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 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 (10th) 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%) of the monthly Rental amount 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 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, 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 (5) years. The first adjustment will occur no sooner than the anniversary of the Lease Commencement Date in 2020 and each subsequent Rent Adjustment Date, as defined below (the "FMV Adjustment"). Subsequent adjustments will take effect no sooner than the fifth (5th) 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 (5) 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 (30) 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

(30) 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 (30) 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 (30) 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 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 (14) days of a party receiving the written notice of the other party's selected arbitrator or within fourteen (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 (14) days after its receipt of the other party's notice of disqualification, appoint another arbitrator who meets the requirements of this Section 11 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 11 to serve in place of the disqualified arbitrator.

5. The arbitrators shall give the parties sixty (60) 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 (30) 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 (12%) 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 rental 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, telephone, and for all other public utilities used on said Premises, including storm water fees, 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, including Improvements, 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, including Improvements, 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, including the Improvements.

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 sixty (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". For purposes of this Section 15, the Premises includes existing structures to be demolished by Lessee pursuant to Section 7.

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 (as defined in Section 42).

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, including existing structures to be demolished by Lessee pursuant to Section 7, 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, including 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 structures 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, 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 ninety (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 five (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 Lease. 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 (3) 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 County, 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:

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 (3) 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 Lease 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:

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 related to either phase of the Project, 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 related to that particular phase. The Performance and Payment surety bond shall be acceptable to the King County in its commercially reasonable discretion and shall state the following:

A. Lessee and King County shall be named as dual obligee on the performance and payment surety bond.

B. 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.

C. That the construction work shall be fully and faithfully performed by Lessee, the general contractor, or, on their default, the surety.

D. 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 to be constructed in that phase of the Project.

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 completed 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 to be constructed in that phase of the Project.

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 the Improvements 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, structures or facilities and/or Improvements on the Premises damaged by the casualty to their former condition, or (b) to replace said building, structures or facilities and/or Improvements with a new building, structures or facilities and/or Improvements on the Premises of a like quality and usefulness which were damaged. The foregoing notwithstanding, if, upon completion of the repair and reconstruction required by this Section 22, 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 and/or Improvements on the Premises, provided, however, that Lessee has maintained the property insurance required by Section 19(A) above. If, under the preceding sentence, Lessee elects not to repair or reconstruct the building, structures and facilities and/or Improvements 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 and or Improvements on the Premises prior to the date on which the Lease terminates.

23. SURRENDER OF PREMISES. Upon expiration or earlier 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 King County. Upon expiration or termination, all right, title and interest to the Premises and Improvements shall vest in King County, free and clear of any liens and encumbrances.

24. DEFAULT AND RE-ENTRY. If any Rent 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 or as provided in the Airport Minimum Standards, as amended from time to time, 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, or any recurring default whether timely cured or not, 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, Lessee's submittal to King County of written plan to remain in compliance or report of compliance, 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 26, 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. Lessee will promptly, and in all events within thirty (30) days following the attachment, remove and discharge any and all liens (other than liens against the leasehold expressly approved by Lessor) which attach to, upon or against the Premises or any portion thereof. Lessee reserves the right to contest the validity or amount of any such lien in good faith provided that, within thirty (30) days after the filing of such lien, Lessee discharges said lien of record or records a bond which complies with the requirements of RCW 60.04.161 eliminating said lien as an encumbrance against the Premises. In the event Lessee shall fail to so remove any such lien, Lessor may take such action as Lessor shall reasonably determine to remove such lien and all costs and expenses incurred by Lessor including, without limitation, amounts paid in good faith settlement of such lien and attorneys' fees and costs shall be paid by Lessee to Lessor together with interest thereon at the rate of twelve percent (12%) interest per annum from the date advanced until paid. Lessee's obligations pursuant to this Section 30 shall survive the expiration or earlier termination of this Lease.

31. ASSIGNMENTS.

A. Lessee shall not assign, transfer, mortgage, encumber or allow any lien to attach to 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, except that no assignment or transfer shall be permitted if Lessee is in default of its obligations pursuant to Section 7 herein. 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, or should any change of control take place regardless of the mechanism, such change in the control shall be deemed an assignment of this Lease within the meaning of this Section 31.

1. The foregoing notwithstanding, the following (the following transactions are sometimes referred to hereinafter as an "Exempt Transfer" and each assignee or transferee pursuant to an Exempt Transfer is sometimes referred to hereinafter as an "Exempt Transferee") 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, or exchange of stock with Lessee's parent company, subsidiary or affiliate, (b) an assignment of Lessee's leasehold estate and Lessee's interest in the Improvements for collateral purposes to a nationally recognized lending institution in connection with the financing of the initial Improvements or the lending institution's subsequent realization on such assignment of collateral, or (c) pursuant to a sale, reorganization, merger or consolidation of Lessee among, between and for the benefit of the members controlling the entity at the time of execution of this Lease. Any Exempt Transfer made in violation of this Section 31.A.1 shall be deemed a default under the Lease and subject to the provisions of Section 24 and no notice or cure provision shall apply.
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 or lesser percentage if such percentage results in a change in ownership, other than between and among the membership in place at the time of execution of this Lease.
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.
4. 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, demonstrating the assignee's ability to perform the Lessee's obligations under the Lease, reasonably requested by King County.

B. Except pursuant to a transfer or assignment that is an Exempt Transfer, King County reserves the Right of First Refusal (defined as a right to elect to take specified property or an interest therein, or an option, at the same price and on the same terms and conditions as those contained in a good faith offer by a third party if the Lessee manifests a willingness to accept the offer) 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.

C. Prior to any assignment or transfer being effective, excluding any Exempt Transfer, 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, 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 when Lessee receives payment from such assignee or transferee.

D. Credits. The following shall be subtracted from the consideration that otherwise would be included in the calculation of the Assignment Premium:

- I. 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 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, (if the consideration for the assignment or transfer is to be paid in installments, amortized 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; and
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 a partial interest in the Lease is being assigned or transferred, a proportionate amount 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.

5. The actual rental income value of any subleases that are part of the contemplated assignment based on an opinion of a certified public accountant as certified to King County in a form reasonably satisfactory to King County.
6. 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.

E. 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.B 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, conditioned or delayed 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. 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 be at King County's sole and absolute discretion. All subletting shall be subject to the subleasing requirements of the Airport Minimum Standards, as amended from time to time. Subleases for a term equal to or less than one (1) month shall not require the prior written consent of King County, nor shall consent be required for subleases with a term of one (1) year or less if a sublease template for such subleases has been approved in writing in advance by King County and is used for all subsequent subleases ("exempt Subleases"), excluding the subletting of services and obligations provided in Section 6. If King County shall give its consent to any sublease, this Section 32 shall nevertheless continue in full force and effect and no further sublease shall be made without the County's consent. Consent to sublease does

not include the right to sub-sublease. No sublease authorized under this Section 32 shall relieve or release Lessee from any obligation or responsibility required of Lessee under this Lease.

B. 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, demonstrating the assignee's ability to perform the Lessee's obligations under the Lease, as reasonably requested by King County.

C. 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 is hereinafter referred to as a "Ground Sublease."

D. If Lessee subleases all or any portion of the Premises in a Ground 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.E below. Lessee shall pay the Sublease Premium to King County as and when Lessee receives payment from such sublessee.

E. CREDITS. The allocable portion of the credits set forth in Sections 31.E.2 and .3 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 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.

F. 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. As used herein, "taken" or grammatical variations thereof shall include without limitation transfers made under threat of condemnation or exercise of 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 untenantable 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 Rent 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 the Airport 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 of this Lease which shall include the additional value of the completed Improvements added pursuant to Section 7. In the event that King County and Lessee cannot agree upon the fair market value of this Lease or 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, federal 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 ninety (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 42.B.7, 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 (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 fifteen (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. REMEDIAL ACTION 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 Improvements do 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 Improvements and any Lessor approved alterations or other 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).

49. LENDER RIGHTS; SUBORDINATION AGREEMENTS AND ESTOPPEL CERTIFICATES. Except for an Exempt Transfer as defined in Section 31, Lessee shall not have the right to mortgage, pledge, encumber or assign for security purposes its rights under the Lease or the Premises, in whole or in part, except to a nationally recognized lending institution (the "Lender") for the purpose of financing construction of the

Improvements. The foregoing notwithstanding, King County shall not be required to subordinate its fee interest in the Premises to any mortgage, deed of trust or other security document.

King County upon serving Lessee any notice or demand with respect to any breach or default by Lessee of its obligations or covenants under this Lease, shall at the same time forward a copy of such notice or demand to Lender at the last address of Lender shown on the records of King County. Lender shall have the right, but not the obligation, to remedy any Lessee default or cause the same to be remedied for a period of thirty (30) days after notice from King County that Lessee has failed to cure such default within the cure period, if any, provided for under this Lease (or, if such default requires more than thirty (30) days to cure, such longer period as is necessary, acting diligently, including any period reasonably necessary to foreclose on any deed of trust and take possession of the Premises) so long as Lender cures monetary defaults under the Lease and continues to pay taxes, insurance premiums and other items required to be paid by Lessee under this Lease within such thirty (30) day period and commences to cure the non-monetary defaults within such thirty (30) day period and diligently prosecutes the cure to completion. King County shall accept such performance by or at the instance of Lender as if the same had been made by Lessee. The Lender shall have the right, but not the obligation, to assume the rights, duties and obligations of Lessee under the Lease. In the event Lender forecloses on any deed of trust, mortgage or other security document, King County shall have no obligation to make any material change or amendment to the Lease.

King County shall cooperate with Lessee in executing a subordination agreement and estoppel certificate in favor of Lender, substantially in the form as attached to this Lease as **Exhibits D** and **E**, respectively.

50. **FORCE MAJEURE.** In the event that either King County or Lessee shall be delayed, hindered in or prevented from doing or performing any act or thing required hereunder by reason of casualties, acts of god, inability to procure materials, failure of power, governmental laws or regulation, riots, insurrection, war, terrorism, or other cause beyond the reasonable control of the party required to perform hereunder, the delaying party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, except that this Section 50 shall not apply to payment of Rent or any other monetary obligation of this Lease, nor shall it apply to Lessor's obligations in Section 7.

51. **EXHIBITS:** The following exhibits are incorporated into and made a part of this Lease:

- Exhibit A: Legal Description
- Exhibit A-1: Diagram of Premises
- Exhibit B: Conceptual Plan for Improvements
- Exhibit C: List of Approved Hazardous Substances
- Exhibit D: Subordination Agreement

Exhibit E: Estoppel Certificate

IN WITNESS WHEREOF, the parties hereto have subscribed their names effective as of the 15th day of MAY, 2018.

LESSEE:

KENMORE AERO SERVICES, LLC,
a Washington limited liability company

BY: 
Michael A. Luigs
President

DATE: MAY 15, 2018

LESSOR:

KING COUNTY, a political subdivision
of the State of Washington

BY: _____
Anthony Wright, Director
Facilities Management Division

DATE: _____

CONSENT:

**KING COUNTY INTERNATIONAL
AIRPORT**

BY: _____
Michael Colmant, Interim Director

DATE: _____

APPROVED AS TO FORM:

BY: _____
Timothy Barnes, Senior Deputy
King County Prosecuting Attorney

DATE: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, 201____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Anthony Wright, to me known to be the Director of the King County Facilities Management Division, a Political Subdivision of the State of Washington, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that said person was authorized to execute the said instrument for King County.

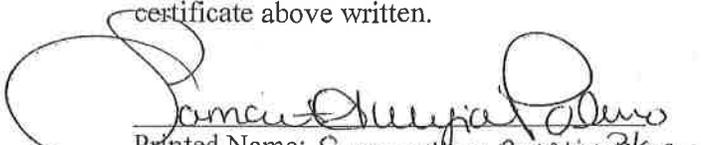
WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Printed Name: _____
NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission Expires: _____

~~STATE OF WASHINGTON~~)
New York) ss.
~~COUNTY OF KING~~)
of New York

On this 15th day of May, 2018 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael A. Luigs, to me known to be the President of Kenmore Aero Services, LLC, a Washington limited liability company, who executed the foregoing instrument and acknowledge the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that said person was authorized to execute said instrument on behalf of Kenmore Aero Services, LLC.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.


Printed Name: Samantha Anjelica Polanco
NOTARY PUBLIC in and for the State of
~~Washington~~ New York, residing at New York
My Commission Expires: 08/08/2020

SAMANTHA ANJELICA POLANCO
NOTARY PUBLIC STATE OF NEW YORK
NEW YORK COUNTY
LIC. #01PO8346183
COMM. EXP. 08/08/2020

EXHIBIT A
LEGAL DESCRIPTION OF PREMISES UNDER LEASE

THAT PORTION OF SECTION 33, TOWNSHIP 24 NORTH, RANGE 4 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LPSM 7081 ACCORDING TO SHEET 64 OF 108 OF SURVEY FOR KING COUNTY INTERNATIONAL AIRPORT RECORDED UNDER FILE NUMBER 20070427900001, RECORDS OF KING COUNTY, WASHINGTON.

THENCE SOUTH 62°18'33" WEST ALONG THE NORTH LINE OF LPSM 7081, A DISTANCE OF 406.91' TO ITS MOST WESTERLY CORNER,

THENCE SOUTH 28°41'30" EAST ALONG THE WEST LINE OF SAID LPSM 7081, A DISTANCE OF 320.00 FEET TO THE MOST WESTERLY CORNER OF LPSM 7045;

THENCE CONTINUING SOUTH 28°41'30" EAST, ALONG THE WEST LINE OF SAID LPSM 7045, A DISTANCE OF 172.36 FEET TO THE SOUTHWEST CORNER OF SAID LPSM 7045;

THENCE CONTINUING SOUTH 28°41'30" EAST, A DISTANCE OF 106.06 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 50.00 FEET,

THENCE 31.07 FEET SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL OF 85°36'26",

THENCE SOUTH 06°50'57" WEST, A DISTANCE OF 40.91' TO THE BEGINNING OF A CURVE, CONCAVE TO THE EAST HAVING A RADIUS OF 80.00 FEET;

THENCE 49.75 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 39°37'44",

THENCE SOUTH 20°42'48" EAST, A DISTANCE OF 1261.79',

THENCE NORTH 70°50'10" EAST, A DISTANCE OF 24.89',

THENCE NORTH 10°21'39" WEST, A DISTANCE OF 926.00',

THENCE SOUTH 77°01'10" WEST, A DISTANCE OF 20.22',

THENCE NORTH 18°15'51" WEST, A DISTANCE OF 314.86' TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 130.00 FEET,

THENCE 58.66 FEET SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL OF 25°51'17"

THENCE NORTH 44°07'08" WEST A DISTANCE OF 27.72' TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 110.00 FEET;

THENCE 54.47 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 26°22'12",

THENCE NORTH 16°46'56" EAST, A DISTANCE OF 77.33' TO THE BEGINNING OF A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 100.00 FEET;

THENCE 52.23 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 29°55'27"

THENCE NORTH 14°10'31" EAST, A DISTANCE OF 1.70 FEET TO THE SOUTHEAST CORNER OF SAID LPSM 7045;

THENCE CONTINUING NORTH 14°10'31" EAST, A DISTANCE OF 60.63' TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 135.00 FEET,

THENCE 70.69 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 30°00'00",

THENCE NORTH 19°49'29" WEST A DISTANCE OF 67.85' TO THE SOUTHEAST CORNER OF SAID LPSM 7081;

THENCE NORTH 19°40'39" WEST ALONG THE EAST LINE OF SAID LPSM 7081, A DISTANCE OF 328.44' TO THE NORTHEAST CORNER OF SAID LPSM 7081 AND THE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

CONTAINING AN AREA OF 419,968 SQUARE FEET OR 10.1 ACRES, MORE OR LESS



4-27-16

EXHIBIT C

Kenmore Aero Services, LLC Potential Hazardous Materials

TYPE/ITEM NAME	MANUFACTURER	
ADHESIVE, CERAMIC TILE	ACRYLPRO	1
ADHESIVE, PRESSURE SENSITIVE	WF TAYLOR	2
AUTOMOTIVE ANTIFREEZE	PRESTONE, NAPA	3
AVIATION GASOLINE AVGAS 100LL	CHEVRON	4
BATTERY ACID	GILL	5
BRAKE FLUID DOT 3	NAPA	6
CLEANSER/DEGREASER	AERO COSMETICS	7
CONCRETE CLEANER-CONKLEEN 204	NCL	8
CONCRETE ETCHER/RUST REMOVER	BEHR	9
DEICING FLUID TYPE I, AIRCRAFT	HOC INDUSTRIES	10
DENATURED ALCOHOL	WM BARR	11
DIESEL FUEL, AUTOMOTIVE	HESS	12
FUEL SYSTEM ICING INHIBITOR-DICE 190	AVIATION LABORATORIES	13
HYDRAULIC FLUID	ANDEROL	14
ISOPROPYL ALCOHOL	IDEAL	15
JET A AVIATION FUEL	SHELL	16
MOTOR OIL, AIRCRAFT PISTON ENGINE	AEROSHELL, PHILLIPS	17
MOTOR OIL, AIRCRAFT TURBINE ENGINE	EASTMAN, MOBIL	18
MOTOR OIL, AUTOMOTIVE	NAPA, VALVOLINE	19
MOTOR OIL, AUTOMOTIVE DIESEL	MOBIL, TOTAL SPECIALTIES	20
LATEX PAINT	BEHR	21
PORTABLE TOILET DEODORANT	SWISHER	22
POWER STEERING FLUID	NAPA	23
SOLVENT	LPS	24
TKS BLEND	AVIATION LABORATORIES	25
TRANSMISSION FLUID	VALVOLINE	26
UNLEADED GASOLINE	CHEVRON	27

EXHIBIT D

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

THIS AGREEMENT is made as of _____ 20__, by and among Landlord, Tenant and Beneficiary and affects the Property described in Exhibit A attached hereto. The terms "Tenant," "Landlord," "Beneficiary," "Premises," "Lease," "Property," "Loan" and "Leasehold Mortgage" are defined in the Schedule of Definitions attached hereto as Exhibit B. This Agreement is entered into with reference to the following facts:

RECITALS

- A. Landlord and Tenant have entered into the Lease with respect to the Premises.
- B. Beneficiary has made the Loan to Tenant secured by the Leasehold Mortgage on Tenant's leasehold interest in the Lease and its interest in any improvements constructed or to be constructed thereon.
- C. It is a condition precedent to the effectiveness of the Lease that Beneficiary is assured of continued occupancy of the Premises and its rights under the terms of the Lease.
- D. Landlord is willing to assure Beneficiary of continued occupancy of the Premises and its rights under the Lease pursuant to the terms of the Lease as stated in this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed:

AGREEMENT

- 1. Beneficiary hereby consents to and approves the Lease including Tenant's obligation to construct certain improvements on the Premises on the terms and conditions contained therein.
- 2. During the continuance of any Leasehold Mortgage until such time as the lien of any Leasehold Mortgage has been extinguished, and if a true and verified copy of such Leasehold Mortgage shall have been delivered to Landlord together with a written notice of the name and address of the owner and holder thereof as provided below:
 - (a) Landlord shall not agree to any mutual termination nor accept any surrender of the Lease (except upon the expiration of the term of the Lease and as otherwise

specifically provided therein)) without the prior written consent of Beneficiary, nor shall Landlord consent to any material amendment or modification of the Lease without the prior written consent of Beneficiary, which shall not be unreasonably conditioned, withheld or delayed.

(b) Notwithstanding any default by Tenant in the performance or observance of any covenant, condition or agreement of the Lease on the part of Tenant to be performed or observed, Landlord shall have no right to terminate the Lease even though a default under the Lease shall have occurred and be continuing, unless and until Landlord shall have given Beneficiary written notice of such default and Beneficiary shall have failed to remedy such default or to acquire Tenant's leasehold estate created hereby or to commence foreclosure or other appropriate proceedings in the nature thereof, all as set forth in, and within the time specified by, this Agreement.

(c) Beneficiary shall have the right, but not the obligation, at any time prior to termination of the Lease and without payment of any penalty, to pay all of the rents due hereunder, to provide any insurance, to pay any taxes and make any other payments, to make any repairs and improvements and do any other act or thing required of Tenant under the Lease, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the covenants, conditions and agreements of the Lease in order to prevent the termination of the Lease. All payments so made and all things so done and performed by Beneficiary shall be as effective to prevent a termination of the Lease as the same would have been if made, done and performed by Tenant instead of by Beneficiary.

(d) Landlord upon serving Tenant any notice or demand with respect to any breach or default by Tenant of its obligations or covenants under this Lease, shall at the same time forward a copy of such notice or demand to Beneficiary at the last address of Beneficiary shown herein. Beneficiary shall have the right, but not the obligation, to remedy any Tenant default or cause the same to be remedied for a period of thirty (30) days after notice from Landlord that Tenant has failed to cure such default within the cure period, if any, provided for under this Lease or, in the case of a non-monetary default, if such default requires more than thirty (30) days to cure, such longer period as is necessary, acting diligently, including any period reasonably necessary to foreclose on any deed of trust and take possession of the Premises) so long as Beneficiary cures monetary defaults under the Lease within thirty (30) days of receiving notice from Landlord that Tenant has failed to cure such default within the cure period and Beneficiary continues to pay taxes, insurance premiums and other items required to be paid by Tenant under this Lease within such thirty (30) day period and commences to cure the non-monetary defaults within such thirty (30) day period and diligently prosecutes the cure to completion. Landlord shall accept such performance by or at the instance of Beneficiary as if the same had been made by Tenant in accordance with the applicable terms of the Lease. The Beneficiary shall have the right, but not the obligation, to assume the rights, duties and obligations of Tenant under the Lease.

(e) A non-monetary default under the Lease which in the nature thereof cannot be remedied by Beneficiary shall be deemed to be remedied if (i) within sixty (60) days after receiving written notice from Landlord setting forth the nature of such non-monetary default, Beneficiary shall have acquired Tenant's leasehold estate created hereby or commenced foreclosure or other appropriate proceedings in the nature thereof, (ii) Beneficiary shall diligently and continuously prosecute any such proceedings to completion, (iii) Beneficiary shall have fully cured any default in the payment of any monetary obligations of Tenant under the Lease which do not require possession of the Premises within such thirty (30) days after receipt of such written notice and shall thereafter continue to faithfully perform all such monetary obligations which do not require possession of the Premises, and (iv) after gaining possession of the Premises, Beneficiary shall perform all of the obligations of Tenant hereunder as and when the same are due including successful cure of any non-monetary default.

(f) If Beneficiary is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy, debtor rehabilitation or insolvency proceedings involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in subparagraphs (d) and (e) above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that Beneficiary shall have fully cured any default in the payment of any monetary obligations of Tenant under the Lease and shall continue to pay currently such monetary obligations as and when the same fall due, and diligently prosecute any non-monetary default; provided that Beneficiary shall diligently attempt to remove any such prohibition.

(g) Landlord shall deliver to Beneficiary by reliable overnight courier a duplicate copy of any and all notices of default, or any notice of any fact or circumstance, which, with the passage of time or failure to heed, would constitute a default under the Lease, which Landlord may from time to time give to or serve upon Tenant pursuant to the provisions of the Lease; and no notice by Landlord to Tenant hereunder shall be deemed to have been given unless and until a copy thereof has been delivered to Beneficiary. Landlord's failure to provide Beneficiary notice of any fact or circumstance, which, with the passage of time or failure to heed, would constitute a default under the Lease shall not prevent Landlord from issuing a notice of actual default.

(h) Foreclosure of a Leasehold Mortgage or any sale there under, whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage, or any conveyance of the leasehold estate created hereby from Tenant to Beneficiary by virtue or in lieu of foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of Landlord or constitute a breach of any provision of or a default under the Lease. Upon such foreclosure, sale or conveyance, Landlord shall recognize

Beneficiary, or any other foreclosure sale purchaser, as Tenant hereunder; provided, however, that in the event there are two or more Leasehold Mortgages or foreclosure sale purchasers (whether of the same or different Leasehold Mortgages), Landlord shall have no duty or obligation whatsoever to determine the relative priorities of such Leasehold Mortgages or the rights of the different holders thereof and/or foreclosure sale purchasers. In the event Beneficiary becomes Tenant under the Lease, Beneficiary shall be liable for the obligations of Tenant under the Lease only for the period of time that Beneficiary is the Tenant under the Lease. In the event Beneficiary subsequently assigns or transfers its interest under the Lease after acquiring the same by foreclosure or by an acceptance of a deed in lieu of foreclosure or subsequently assigns or transfers its interest under the Lease, and in connection with any such assignment or transfer Beneficiary takes back a mortgage or deed of trust encumbering such leasehold interest to secure a portion of the purchase price given to Beneficiary for such assignment or transfer, then such mortgage or deed of trust shall be considered a Leasehold Mortgage as contemplated under this Agreement and Beneficiary shall be entitled to receive the benefit of this Agreement and any other provisions of the Lease intended for the benefit of the holder of a Leasehold Mortgage.

(i) So long as Tenant is not in default under any of the terms, covenants or conditions of the Lease after the expiration of all cure, notice or grace periods provided in the Lease for Tenant's defaults; The Lease shall continue in full force and effect, the Lease shall not be terminated (except as specifically provided therein), and Tenant's use, possession and enjoyment of the Premises shall be recognized and shall not be interfered with. If the Beneficiary takes possession of the Premises or starts collecting rent or becomes the owner of the Improvements by reason of foreclosure of the Leasehold Mortgage or otherwise, or if the Premises shall be sold as a result of any action or proceeding to foreclose the Leasehold Mortgage or by a deed given in lieu of foreclosure, the Lease shall continue in full force and effect, without necessity for executing any new Lease, as a direct lease between Tenant and the Beneficiary upon all of the same terms, covenants and provisions contained in the Lease, and in that event the Beneficiary shall be bound to Landlord under all of the terms, covenants and provisions of the Lease for the remainder of the term of the Lease which terms, covenants and provisions the Beneficiary shall assume and perform. Beneficiary agrees, after any foreclosure of the Leasehold Mortgage or any conveyance in lieu of foreclosure, to attorn to Landlord or its successor and accept the Landlord as landlord under the Lease, and to be bound by and perform all of the obligations imposed upon Tenant by the Lease. Beneficiary or any such successor owner of the Property shall be bound by, assume and agree to perform all of the obligations imposed by the Lease upon Tenant (including but not limited to the obligation to complete construction of the leasehold improvements on the terms and conditions set forth in the Lease) and Beneficiary shall have the same remedies against Landlord for breach of the Lease that Tenant may have had under the Lease against Landlord.

(j) Notwithstanding the provisions of the Lease, Landlord will not require any assurance of performance so long as Beneficiary cures any monetary or non-monetary default by Tenant under the Lease within the time period given Beneficiary under this Agreement.

3. Nothing contained herein or in any Leasehold Mortgage shall be deemed or construed to relieve Tenant from the full and faithful observance and performance of its covenants, conditions and agreements contained herein, or from any liability for the non-observance or non-performance thereof, or to require or provide for the subordination to the lien of such Leasehold Mortgage of any estate, right, title or interest of Landlord in or to the Premises or the Lease.

4. No foreclosure of any Leasehold Mortgage shall trigger any right of first refusal granted to Landlord under the Lease.

5. All notices hereunder shall be deemed to have been duly given if mailed by United States registered or certified mail, with return receipt requested, postage prepaid, or by United States express mail or other comparable overnight courier service or by facsimile transmission to the parties at the following address or addresses (or at such other address or addresses, written notice of which have been given as herein provided) and shall be deemed given when so delivered, two (2) business days after being deposited in the United States mail postage prepaid or delivered to the overnight courier service or on the date when faxed (provided the fax machine has issued a printed confirmation of receipt):

Landlord: King County
Property Services Division
830 King County Administration Building
500 Fourth Avenue
Seattle, WA 98104

With copies to:

Beneficiary: _____

Tenant: Kenmore Aero Services, LLC
8555 Perimeter Rd. South
Seattle, WA 98108

These addresses may be changed from time to time by a party serving notice of the changes as provided above. Notices shall be deemed given upon receipt or attempted delivery where delivery is not accepted.

6. This Agreement, and each of the provisions hereof, shall inure to the benefit of or bind as the case may require, and be enforceable by the parties hereto and their respective heirs, personal representatives, successors and assigns, including without limitation, any purchaser at any foreclosure sale of the Leasehold Mortgage or any transferee of a deed in lieu of foreclosure; provided, however, that the interest of any party under this Agreement may not be assigned or transferred except together with an assignment or transfer of such party's interest under the Lease, as provided therein.

7. Landlord, as landlord under the Lease, acknowledges and agrees for itself and its successors and assigns that: (a) this Agreement does not constitute a waiver by Beneficiary of any of its rights against Tenant under the Leasehold Mortgage and/or in any way release Tenant from its obligation to comply with all of the terms, provisions, conditions, covenants, and agreements set forth in the Leasehold Mortgage; and (b) this Agreement does not constitute a waiver by Tenant of any of its rights under the Lease and/or in any way release Landlord from its obligation to comply with all of the terms, provisions, conditions, covenants and agreements set forth in the Lease.

8. This Agreement may not be modified other than by an agreement in writing signed by the parties hereto or by their respective successors in interest. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington.

9. Tenant and Beneficiary acknowledge that the Landlord is the fee owner of the real property legally described in the Lease which it has leased to Tenant pursuant to the terms of the Lease. This Agreement does not subordinate the fee interest of the Landlord in the real property demised to Tenant under the Lease to the lien and effect of the Leasehold Mortgage. Nothing contained in this Agreement is intended to constitute a consent to a merger of the fee title to the Property and the leasehold estate of the Tenant.

10. In the event any term or provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but rather shall be enforceable to the fullest extent permitted by law.

11. This document may be executed in counterparts, each of which shall constitute an original and all of which shall together constitute one original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

BENEFICIARY:

LANDLORD:

KING COUNTY, a political subdivision of the State of Washington

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TENANT:

KENMORE AERO SERVICES, LLC,
a Washington limited liability company,

By: _____
Name: _____
Title: _____

Approved as to form:

By: _____
Senior Deputy Prosecuting Attorney

Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

DATED

Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

Dated:

Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

DATED

Notary Public
Print Name _____
My commission expires _____

(Use this space for notarial stamp/seal)

SNDA

EXHIBIT A
LEGAL DESCRIPTION OF PREMISES UNDER LEASE

THAT PORTION OF SECTION 33, TOWNSHIP 24 NORTH, RANGE 4 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LDSM 7081 ACCORDING TO SHEET 64 OF 118 (IF SURVEY FOR KING COUNTY INTERNATIONAL AIRPORT RECORDED UNDER FILE NUMBER 2007142/1900001, RECORDS OF KING COUNTY, WASHINGTON;

THENCE SOUTH 65°18'31" WEST ALONG THE NORTH LINE OF LDSM 7081, A DISTANCE OF 406.91' TO ITS MOST WESTERLY CORNER,
THENCE SOUTH 28°41'30" EAST ALONG THE WEST LINE OF SAID LDSM 7081, A DISTANCE OF 320.00 FEET TO THE MOST WESTERLY CORNER OF LDSM 7045;
THENCE CONTINUING SOUTH 28°41'30" EAST, ALONG THE WEST LINE OF SAID LDSM 7045, A DISTANCE OF 172.86 FEET TO THE SOUTHWEST CORNER OF SAID LDSM 7045;
THENCE CONTINUING SOUTH 28°41'30" EAST, A DISTANCE OF 106.06 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 50.00 FEET,
THENCE 31.07 FEET SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL OF 35°38'16",
THENCE SOUTH 06°54'57" WEST, A DISTANCE OF 40.91' TO THE BEGINNING OF A CURVE, CONCAVE TO THE EAST HAVING A RADIUS OF 80.00 FEET;
THENCE 49.75 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35°37'44",
THENCE SOUTH 28°42'48" EAST, A DISTANCE OF 2261.79',
THENCE NORTH 70°30'10" EAST, A DISTANCE OF 24.99',
THENCE NORTH 26°21'33" WEST, A DISTANCE OF 926.00',
THENCE SOUTH 77°01'10" WEST, A DISTANCE OF 20.22',
THENCE NORTH 18°45'51" WEST, A DISTANCE OF 314.86' TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 130.00 FEET,
THENCE 98.68 FEET SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL OF 25°51'17",
THENCE NORTH 44°07'08" WEST A DISTANCE OF 22.72' TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 130.00 FEET;
THENCE 54.47 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 28°22'12",
THENCE NORTH 15°44'50" WEST, A DISTANCE OF 77.33' TO THE BEGINNING OF A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 100.00 FEET;
THENCE 52.23 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 29°55'27",
THENCE NORTH 14°10'34" EAST, A DISTANCE OF 1.79 FEET TO THE SOUTHEAST CORNER OF SAID LDSM 7045,
THENCE CONTINUING NORTH 14°10'31" EAST, A DISTANCE OF 60.63' TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 135.00 FEET,
THENCE 70.68 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 30°00'05",
THENCE NORTH 12°49'29" WEST A DISTANCE OF 67.85' TO THE SOUTHEAST CORNER OF SAID LDSM 7081;
THENCE NORTH 15°40'39" WEST ALONG THE EAST LINE OF SAID LDSM 7081, A DISTANCE OF 328.44' TO THE NORTHEAST CORNER OF SAID LDSM 7081 AND THE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

CONTAINING AN AREA OF 415,568 SQUARE FEET OR 10.1 ACRES, MORE OR LESS



SNDA

EXHIBIT B

Definitions

“Beneficiary” shall mean [name and address of bank].

“Landlord” shall mean King County with an address of King County Administration Building, 500 Fourth Avenue, Suite 830, Seattle, WA 98104

“Lease” shall mean that certain Lease with an Effective Date of _____, 2018, by and between Landlord and Tenant, as such Lease is now or hereafter amended.

“Loan” shall mean that certain loan in the amount of \$ _____ made by Beneficiary to Tenant to finance the tenant improvements to be constructed on the Premises pursuant to the Lease.

“Leasehold Mortgage” shall mean a first lien Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of _____, 20__, encumbering the Premises, executed by Tenant, as grantor, in favor of Beneficiary, securing repayment of the Loan to be recorded in the county in which the Property is located.

“Premises” shall mean the Tenant’s leasehold interest in the Property created under the Lease together with all improvements now or hereafter located thereon during the term of the Lease.

“Property” shall mean the real property described in Exhibit A hereto.

“Tenant” shall mean Kenmore Aero Services, LLC with an address of 8555 Perimeter Road South, Seattle, WA 98108.

EXHIBIT E

LANDLORD ESTOPPEL AND AGREEMENT

A. King County, Washington, a charter county and political subdivision of the State of Washington (the "County"), has heretofore leased certain lands described on Exhibit A attached hereto (the "Premises") to _____, a Washington limited liability company (the "Company"), pursuant to a lease agreement dated as of _____, 2018 between the County; as landlord, and the Company, as tenant (as the same may have been amended, modified, substituted or extended, the "Lease", a full and complete copy of which is attached hereto as Exhibit B);

B. The Company is desirous of obtaining from _____ having an address at _____ ("Lender"), a loan in the amount of \$ _____ (the "Loan") secured by a first leasehold mortgage upon the Company's interest as tenant under the Lease in the Premises (the "Leasehold Mortgage"); and

C. Lender is unwilling to make the Loan unless the County reaffirms to Lender that the provisions of the Leases respecting leasehold mortgages are reaffirmed for Lender's benefit and certain additional agreements are made with Lender with respect to Lender's rights as holder of the Leasehold Mortgage.

NOW THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the County hereby certifies to and agrees with Lender as follows:

1. Upon the recording of the Leasehold Mortgage, the County hereby recognizes Lender as a "Lender" as defined in the Lease.
2. All of the leasehold mortgagee protection provisions contained in Section 49 of the Lease are hereby incorporated into this agreement by reference and reaffirmed by the County for the benefit of Lender, its successors and assigns.
3. The County hereby covenants and agrees that the Leasehold Mortgage shall not be subject or subordinate to any mortgage encumbering the fee estate of the Premises.
4. The County hereby certifies as follows:
 - (a) The County is the owner of the fee simple estate in the Premises and is the landlord under the Lease.
 - (b) The Company is the tenant under the Lease.

(c) The Commencement Date, as defined in the Lease, is _____, 2018.

(d) The Lease is in full force and effect in accordance with its terms and has not been further assigned, supplemented, modified or otherwise amended. Each of the obligations on the County's part to be performed to date under the Leases have been performed.

(e) To the best of the County's knowledge, the Company is not in default under its obligations under the Lease.

(f) To the best of the County's knowledge, the County has no offsets, counterclaims, defenses, deductions or credits whatsoever with respect to the Lease.

This Estoppel and Agreement and the representations and agreements made herein are given with the understanding that this Estoppel and Agreement constitutes a material inducement for Lender in making the Loan to the Company and that Lender shall rely hereon in making such Loan. This Estoppel and Agreement and the representations and agreements made herein shall inure to the benefit of Lender, its successors and assigns and shall be binding on the County, its heirs, legal representatives, successors and assigns.

This Estoppel and Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Estoppel and Agreement may be detached from any counterpart of this Estoppel and Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Estoppel and Agreement identical in form hereto but having attached to it one or more additional signature pages.

[SIGNATURE PAGE FOLLOWS]

Executed as of this 1st day of _____, 2018.

LANDLORD:

KING COUNTY, WASHINGTON, a political
subdivision of the State of Washington

By _____
Name: _____
Title: _____

Attest:

By _____
Name: _____
Title: _____

TENANT:

KENMORE AERO SERVICES, L.L.C., a Washington
limited liability company

By _____
Name: _____
It's: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the person who signed as _____ of King COUNTY, WASHINGTON, the public body that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said public body for the uses and purposes therein mentioned, and on oath stated that he/she was duly elected, qualified and acting as said officer of the public body, that he/she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said public body.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at _____.
My appointment expires: _____.

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

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

Dated: _____, 2018.

(Signature of Notary)

(Print or stamp name of Notary)
NOTARY PUBLIC in and for the
State of Washington, residing at _____
My appointment expires: _____

ESTOPPEL

EXHIBIT A
LEGAL DESCRIPTION OF PREMISES UNDER LEASE

THAT PORTION OF SECTION 33, TOWNSHIP 24 NORTH, RANGE 4 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LDSM 7091 ACCORDING TO SHEET 64 OF JOB OF SURVEY FOR KING COUNTY INTERNATIONAL AIRPORT RECORDED UNDER FILE NUMBER 20070427905001, RECORDS OF KING COUNTY, WASHINGTON

THENCE SOUTH 61°10'32" WEST ALONG THE NORTH LINE OF LDSM 7081, A DISTANCE OF 406.91' TO ITS MOST WESPERLY CORNER,

THENCE SOUTH 28°41'30" EAST ALONG THE WEST LINE OF SAID LDSM 7081, A DISTANCE OF 330.00 FEET TO THE MOST WESTERLY CORNER OF LDSM 7049;

THENCE CONTINUING SOUTH 28°41'30" EAST, ALONG THE WEST LINE OF SAID LDSM 7081, A DISTANCE OF 177.36 FEET TO THE SOUTHWEST CORNER OF SAID LDSM 7049;

THENCE CONTINUING SOUTH 28°41'30" EAST, A DISTANCE OF 186.06 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 30.00 FEET,

THENCE 31.07 FEET SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25°38'26",

THENCE SOUTH 09°54'57" WEST, A DISTANCE OF 40.81' TO THE BEGINNING OF A CURVE, CONCAVE TO THE EAST HAVING A RADIUS OF 30.00 FEET;

THENCE 49.75 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89°37'44",

THENCE SOUTH 28°42'46" EAST, A DISTANCE OF 1161.79',

THENCE NORTH 70°30'30" EAST, A DISTANCE OF 24.89',

THENCE NORTH 16°21'33" WEST, A DISTANCE OF 826.00',

THENCE SOUTH 77°01'16" WEST, A DISTANCE OF 20.23',

THENCE NORTH 16°15'51" WEST, A DISTANCE OF 311.86' TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 130.00 FEET,

THENCE 38.68 FEET SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25°51'17",

THENCE NORTH 44°07'08" WEST A DISTANCE OF 27.22' TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 110.00 FEET;

THENCE 54.47 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 28°22'13",

THENCE NORTH 15°42'58" WEST, A DISTANCE OF 77.33' TO THE BEGINNING OF A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 100.00 FEET;

THENCE 52.23 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 29°55'27",

THENCE NORTH 24°10'41" EAST, A DISTANCE OF 1.79 FEET TO THE SOUTHEAST CORNER OF SAID LDSM 7049,

THENCE CONTINUING NORTH 14°10'21" EAST, A DISTANCE OF 60.63' TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 395.00 FEET,

THENCE 70.64 FEET NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 30°00'00",

THENCE NORTH 15°49'29" WEST A DISTANCE OF 67.85' TO THE SOUTHEAST CORNER OF SAID LDSM 7081;

THENCE NORTH 16°40'39" WEST ALONG THE EAST LINE OF SAID LDSM 7081, A DISTANCE OF 328.44' TO THE NORTHEAST CORNER OF SAID LDSM 7081 AND THE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

CONTAINING AN AREA OF 435,568 SQUARE FEET OR 10.1 ACRES, MORE OR LESS



EST OPPEL
EXHIBIT B
ATTACH COPY OF LEASE

LEASE AMENDMENT No. 1

This LEASE AMENDMENT No. 1 ("Lease Amendment") is made and entered into as of the date of the last authorized signature by and between Kenmore Aero Services, LLC, a Washington limited liability company ("Lessee") and King County, a political subdivision of the State of Washington ("Lessor"), together referred to as the "Parties."

RECITALS

A. Lessor and Lessee are entering into a Lease for that certain Premises of approximately 415,568 square feet, located at 8535, 8555 and 8600 Perimeter Road South, Seattle WA 98108. Lessee executed the Lease on May 15, 2018 (the "Lease").

B. The Parties agree that Lessor's execution of the Lease is contingent upon the Lessee agreeing to the terms of this Lease Amendment and this Lease Amendment being executed by the Parties.

C. The Parties agree that this Lease Amendment may be executed by the Parties prior to, or simultaneously with, execution of the Lease.

D. The Parties desire to modify the Lease as set forth herein.

NOW THEREFORE, in consideration of the mutual promises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree to amend the Lease pursuant to the terms and conditions contained herein. In the event of a conflict between terms defined in the Lease and in this Lease Amendment, the definitions herein shall control. The recitals are hereby incorporated into this Lease Amendment as if fully set forth below.

AGREEMENT

1. Section 31 of the Lease is hereby deleted in its entirety and replaced with the following:

31. ASSIGNMENTS.

A. Lessee shall not assign, transfer, mortgage, encumber or allow any lien to attach to 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. Lessee is a limited liability company, the members of which are also limited liability companies ("Original Upstream Members" which definition shall also include any transferees or assignees for the purposes of an Exempt Transfer as described in Section 31.A.1 below). By executing this Lease, Lessee agrees that if a Change of Control or Change of Majority Ownership (as defined below) of Lessee occurs at any time during the term of this Lease, then such an event shall be deemed a "transfer of interest" and shall

be subject to the provisions of Subsection 4 to this Section 31.A. The combined, overall interests of the Original Upstream Members in Lessee are referred to herein as the "Overall Equity Interests." A "Change of Control" shall be deemed to occur if one-third or more of the Overall Equity Interests are acquired or otherwise become owned or controlled, directly or indirectly, by persons or entities that were not, as of the date Lessee executed this Lease, either equity holders of Lessee or equity holders (directly or indirectly) of the Original Upstream Members (the "New Investors"). A "Change of Majority Ownership" shall be deemed to occur if one-half or more of the Overall Equity Interests in Lessee is acquired or otherwise become owned, directly or indirectly, by New Investors that were not, as of the date Lessee executed this Lease, either equity holders of Lessee or equity holders (directly or indirectly) of the Original Upstream Members. At the time of Lessee's executing this Lease, each Original Upstream Member owns a one-third equity interest in Lessee. For purposes of illustration based on the ownership interests of the Original Upstream Members at the time of execution of this Lease: (i) an acquisition by a New Investor of 100% of the equity interests of one of the Original Upstream Members would constitute a Change of Control but would not constitute a Change of Majority Ownership; (ii) an acquisition by a New Investor of more than 50% of the equity interests of any one of the Original Upstream Members would constitute a Change of Control but would not constitute a Change of Majority Ownership (iii) an acquisition by a New Investor of (A) less than 50% of the equity interests of any one of the Original Upstream Members and (B) less than 50% of the equity interests in another Original Upstream Member would not constitute a Change of Control and would not constitute a Change of Majority Ownership; (iv) an acquisition by a New Investor of (A) 100% of the equity interests of one of the Original Upstream Members and (b) an acquisition of more than 50% of the equity interests in another Original Upstream Member would constitute a Change of Control and would constitute a Change of Majority Ownership (v) an acquisition by a New Investor of Equity Interests from two or more Original Upstream Members that aggregate at least one-third of the Overall Equity Interests would constitute a Change of Control but would not constitute a Change in Majority Ownership; and (vi) an acquisition by one or more New Investors of Overall Equity Interests from one or more Original Upstream Members that aggregate at least 50% of the Overall Equity Interests would constitute a Change of Control and a Change of Majority Ownership. For purposes of this Section 31, Lessee may not engage in a series of transfers of equity interests from Original Upstream Members to New Investors that individually would not constitute a Change of Control or Change of Majority Ownership, as applicable, as a subterfuge to avoid the effects of this Section 31. For the purposes of this Section 31, Lessee executed this Lease on May 15, 2018.

1. The foregoing notwithstanding, the following (the following transactions are sometimes referred to hereinafter as 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 (directly or indirectly) of membership interests or other equity interests in Lessee (or in any Original Upstream Member or equity holder thereof) (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, (b) a transfer (directly or indirectly) of membership interests or other equity interests in Lessee (or in any Original Upstream Member or equity holder thereof) to any other Original Upstream Member (or direct or indirect owner thereof), or (c) an assignment of Lessee's leasehold estate and Lessee's interest in the Improvements for collateral purposes to a nationally recognized lending institution in connection with the financing of the initial Improvements or the lending institution's subsequent realization on such assignment of collateral. Any Exempt Transfer made in violation of this Section 31.A.1 shall be deemed a default under the Lease and subject to the provisions of Section 24 and no notice or cure provision shall apply. For this Section 31.A.1 only, any assignee or transferee of an Original Upstream Member shall be deemed an Original Upstream Member.

2. 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.
3. 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, 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 an assignee/transferee. The notification shall include but not be limited to a financial statement of the assignee/transferee, including but not limited to a full disclosure of the monetary payment or any other consideration involved, and an affidavit from the assignee/transferee 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/transferee, demonstrating the assignee's ability to perform the Lessee's obligations under the Lease, reasonably requested by King County (all of the aforementioned documents are collectively referred to as the "Transfer Documents").
4. At least sixty (60) days prior to a transfer of interest event requiring King County's consent as described in Section 31.A (i.e., any Change of Control and/or any Change of Majority Ownership), Lessee and any affected equity holder shall provide written notice to King County of the proposed transfer of interest. Lessee and any affected equity holder shall also provide any financial or other information regarding the transfer of interest. At any time subsequent to the notice, the Lessee and affected equity holder agree to provide additional

information reasonably requested by King County so as to establish the related and relevant managerial and operational experience and financial wherewithal of the transferee. At most 30 days from the last date the Lessee has delivered the written notice of the proposed transfer of interest and all financial and other information required or requested to be provided to King County, unless more time is reasonably requested by King County, King County will advise the Lessee and any affected equity holder whether King County consents to the transfer of interest. Such determination shall not be unreasonably withheld, conditioned, or delayed by King County and Lessee may in good faith dispute the reasonableness of King County's disapproval of a request. Any consent by King County to a transfer of interest that constitutes a Change of Majority Ownership will require the payment of a "Transfer of Interest Premium." King County will determine this premium, in consultation with the Lessee and the affected equity holder, using the concepts set out in Section 31.E, including obtaining seventy-five (75%) of the premium derived from the transfer of interest. If the transfer of interest is completed without King County's written consent, the provisions of Section 31.F will apply. Additionally, and in its reasonable discretion, King County may condition its consent on any transfer of interest that constitutes a Change of Control or Change of Majority Ownership upon receipt of financial and other assurances reasonably satisfactory to King County, such as performance bonds or personal guarantees, as security for performance of Lessee's obligations, and other assurances specifically limited to the relevant managerial and operational experience of the transferee. Further, if any Change of Control or Change of Majority Ownership results in a change ownership structure from that in place at the time of execution of this Lease, the Parties shall cooperate in good faith to amend this Section 31 after the transfer of interest in order to take into account any such changes while also continuing to implement the principles of this Section 31.

- B. Except pursuant to a transfer or assignment that is an Exempt Transfer, King County reserves the Right of First Refusal (defined as a right to elect to take specified property or an interest therein, or an option, at the same price and on the same terms and conditions as those contained in a good faith offer by a third party if the Lessee manifests a willingness to accept the offer) in the event Lessee attempts to assign or transfer or grant an option for assignment or transfer, for the whole or part of the Premises, or all or any portion of this Lease or any interest herein in a transaction that under Section 31.A requires King County's consent, provided that King County shall not have a Right of First Refusal in connection with a Change of Control, but will for a Change of Majority Ownership. 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.
- C. Prior to any assignment, transfer or any option to assign or transfer of the whole or part of the Premises, or all or any portion of this Lease or any interest herein being

effective, excluding any Exempt Transfer, and excluding any transfer of interest not constituting a Change of Majority Ownership, 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 as assignor from the assignee/transferee for, or by reason of, the assignment or transfer (including all amounts received by Lessee for any Included Property), less (2) the credits detailed in Section 31.D. "Included Property" means only the leasehold improvements and fixtures and all machinery, equipment, furniture, furnishings, supplies, inventory and other personal property, 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 when Lessee receives payment from such assignee or transferee.

- D. Credits. The following shall be subtracted from the consideration that otherwise would be included in the calculation of the Assignment Premium due to King County under Section 31.C:
1. Any transactional costs, fees or commissions actually paid by Lessee as 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 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, (if the consideration for the assignment or transfer is to be paid in installments, amortized 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; and

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 a partial interest in the Lease is being assigned or transferred, a proportionate amount of such costs, fees and commissions), including, without limitation and without duplicating any of the costs included in Section 31.D.1, 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.
5. The actual rental income value of any subleases that are part of the contemplated assignment based on an opinion of a certified public accountant as certified to King County in a form reasonably satisfactory to King County.
6. 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.

E. Credits Applicable to Transfers of Interest Only. The following shall be subtracted from the consideration that otherwise would be included in the calculation of the Transfer of Interest Premium due to King County under Section 31.A.4:

1. Any transactional costs, fees or commissions actually paid by Lessee as assignor to procure the transfer of interest, 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 improvements undertaken by Lessee, or undertaken by the transferee or assignee to the extent paid for or reimbursed by Lessee, reasonably allocable on a proportional basis to the transfer of interest

and made 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, (if the consideration for the assignment or transfer is to be paid in installments, amortized over the period of payment, commencing with the date on which the transfer of interest occurs);

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 and reasonably allocable on a proportional basis to the transfer of interest, as certified to King County by Lessee's independent certified public accountant; or b) the fair market value of the Included Property reasonably allocable on a proportional basis to the transfer of interest, 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 Transfer of Interest 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 and reasonably allocable on a proportional basis to the interest being transferred, including, without limitation and without duplicating any of the costs included in Section 31.D.1, 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 transfer of interest and that is reasonably allocable on a proportional basis to the interest being transferred. 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 Transfer of Interest Premium.

- F. Once King County has received the Transfer Documents pursuant to Section 31.A.3, 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.B) at most 30 days from the date King County receives all the Transfer Documents unless more time is reasonably requested by King County. Approval of any such request will not be unreasonably withheld, conditioned or delayed 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, \$1,500.00.

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

- G. Any assignment, transfer or transfer of interest made in violation of this Section 31 may be deemed by King County as a default under the Lease and subject to the provisions of Section 24 and no cure provision shall apply.

Except as herein above stated, all other covenants, agreements, stipulations or conditions of the Lease shall continue and remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have subscribed their names.

LESSEE:

LESSOR:

KENMORE AERO SERVICES, LLC,
a Washington limited liability company

KING COUNTY, a political subdivision
of the State of Washington

BY: _____
Michael A. Luigs
President

BY: _____
Anthony Wright, Director
Facilities Management Division

DATE: _____

DATE: _____

CONSENT:

KING COUNTY INTERNATIONAL AIRPORT

BY: _____

On this _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael A. Luigs, to me known to be the President of Kenmore Aero Services, LLC, a Washington limited liability company, who executed the foregoing instrument and acknowledge the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that said person was authorized to execute said instrument on behalf of Kenmore Aero Services, LLC.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Printed Name: _____
NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission Expires: _____