

KING COUNTY INTERNATIONAL AIRPORT

P. O. Box 80245  
Seattle, Washington 98108  
(206) 296-7380

LEASE AGREEMENT

1. PARTIES. This Lease effective the \_\_\_\_\_ day of \_\_\_\_\_ 2008, is between King County, a municipal corporation and a political subdivision of the State of Washington, and GDH-I, LLC, herein called "Lessee."

2. PREMISES. King County hereby rents to Lessee, upon the following terms and conditions, premises located in King County, Washington, legally described as follows (see Exhibit "A" attached), and commonly known as:

Property Known as: 8900 East Marginal Way South, Seattle, WA 98108  
Approx. 114,828 Square Feet

3. TERM.

A. The term of this Lease is for thirty-five (35) years (the "Lease Term"). The Lease Term shall commence on the Demolition Commencement Date (as that term is defined in Section 7 below) (the "Commencement Date"), and end on the thirty-fifth (35<sup>th</sup>) anniversary of the Commencement Date.

4. RENT. Lessee shall pay to King County a rent of **\$18,707.40 DOLLARS** payable in advance on or before the first day of each and every calendar month of the Lease Term. Lessee shall also pay on the base rent a Leasehold Excise Tax levied pursuant to RCW Chapter 82.89A of **\$2,402.03 DOLLARS** per month. The rent is adjustable as set forth in the General Terms and Conditions (see Exhibit "B" attached). All rents and taxes shall be made payable to the KING COUNTY INTERNATIONAL AIRPORT and are to be received in the office of:

King County International Airport  
7277 Perimeter Road  
P. O. Box 80245  
Seattle, Washington 98108

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

5. SECURITY AND DAMAGE DEPOSITS. At the time of signing of this Lease, the Lessee shall pay the first (1<sup>st</sup>) month's rent and leasehold tax. In addition, the Lessee shall deposit with King County the sum of **\$42,218.85** as a security deposit for the payment of rent and tax. The security deposit may be made, at Lessee's election, either in cash or in the form of an irrevocable letter of credit in favor of King County. If made in the form of a letter of credit, Lessee shall renew or replace said letter of credit not later than 30 days prior to the expiration thereof, or King County shall be entitled to convert the letter of credit to a cash security deposit. The security deposit is the only sum to be credited toward payment of the last month's rent upon Lessee's termination of the Lease. The return of this deposit, or any portion of it, shall be conditioned on the

performance of all the Lessee's duties. Within (60) days after termination of the tenancy and vacation of the premises King County will return any sum due the Lessee from this deposit retained by King County. Furthermore, the Lessee understands and agrees that all rents, late charges and utility bills owing, unless paid by the Lessee, may be deducted from the deposit for damage and cleaning at the time of Lessee's vacation of the Premises if any amount remains in that fund after subtraction of damage and cleaning costs. The deposits need not be held in any special account and no interest will be paid thereon.

6. USE. Lessee shall use said Premises for the following purposes and no others without prior written consent of King County:

- Hangar for storage of, and operations related to, Tenant Owned/Leased aircraft
- Aviation-related educational facility
- Tenant Owned/Leased Aircraft repair and maintenance

To the best knowledge of King County, there are no conditions, restrictions or encumbrances to which the Premises are subject that would preclude the redevelopment and use of the Premises by Lessee as provided 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.

7. CONSTRUCTION OF IMPROVEMENTS. King County hereby approves the construction by Lessee of a hangar, maintenance base and educational facility on the Premises (the "Project"), as more specifically described in Exhibit "B" attached hereto. Lessee shall submit to King County's Department of Development and Environmental Services, or the to the equivalent permitting agency in the City of Tukwila, a building permit application (including detailed plans and specifications) for the lease improvements described in Exhibit "B" within 60 days after execution of this Lease. Lessee shall also use commercially reasonable efforts to obtain all permits for the Project (in final, unappealable form) from agencies with jurisdiction (the "Project Approvals") no later than one (1) year from the date of King County Council approval of the Lease (the "Outside Permit Date"), and shall commence demolition, at Lessee's sole expense, of existing improvements on the Premises within 30 days of the date all Project Approvals are obtained (the "Demolition Commencement Date"). Lessee shall thereafter undertake and complete the permitted improvements within a commercially reasonable amount of time following the Demolition Commencement Date. If Lessee determines, in its sole discretion, that it cannot obtain the Project Approvals to enable it to substantially construct the Project, then Lessee may terminate this Lease by written notice to King County given within thirty (30) days following the Outside Permit Date, with all rents paid and costs incurred by lessee, including but not limited to permit costs, design and development expenses, and costs associated with the demolition of the existing hangar, to be forfeited by Lessee. . If Lessee has timely filed applications for the Project Approvals but the Project Approvals have not been issued 30 days prior to the Outside Permit Date, then Lessee may extend the Outside Permit Date by an additional six (6) months upon payment to King County of an extension payment in the amount of \$10,000.

If within the required time periods identified in paragraph 7, Lessee fails to substantially complete the improvements required by this Lease, and fails to cure such lack of substantial completion within ninety (90) days after written notice from King County (or if such cure cannot reasonably be effected within said 90-day period, then Lessee shall commence such cure within said 90-day period and prosecute such cure to completion with diligence), then at the election of King County, this Lease may be terminated and all rentals paid shall be forfeited to King County, including funds expended by Lessee for the demolition of the existing hangar.

The estimated total value of the improvements described in this paragraph is \$4,300,000.00.

8. GENERAL TERMS AND CONDITIONS. Attached hereto as Exhibit "C" and incorporated herein are King County General Terms and Conditions.

9. ENTIRE AGREEMENT AMENDMENTS. This printed Lease with the attached General Terms and Conditions 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.

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

To King County:                   Manager, Real Estate Services  
King County  
King County Administration Building  
500 Fourth Avenue, Room 500  
Seattle, WA 98104-2337

Airport Director  
King County International Airport  
P. O. Box 80245  
Seattle, WA 98108

To Lessee:                           GDH-I, LLC  
1910 Fairview Avenue E., Suite 500  
Seattle, WA 98102

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.

11. SOUTH DRIVEWAY REVISIONS. In the event King County, or a third party pursuant to approval by King County, desires to make modifications to the property located immediately south of the premises (commonly known as 9010 East Marginal Way South, Seattle, WA 98108) (the "AOC Property"), and such modifications would alter the access driveway serving the premises (the "Site Access") in any way, King County shall first provide Lessee with the opportunity to comment on such proposed Site Access modifications and to propose other Site Access alterations to improve the quality of access to the premises. King County shall consider such proposals in good faith, but shall not be required to incur any cost in connection with the implementation of any such Site Access alteration proposed by Lessee. King County shall not modify the Site Access, or approve a modification of the site access, in any way without the prior written consent of Lessee, which shall not be unreasonably withheld, provided that Lessee shall not be required to consent to any modification to Site Access that impairs, reduces or restricts the quality or capacity of Site Access for the Premises in any way.

12. SUBLEASE. Lessee shall construct, at its sole cost, a hangar/office building, comprising approximately 7,300 square feet, to accommodate a portion of the Aviation Maintenance Technology Education Program (the "Sublease Space"). Lessee shall enter into a sublease (the "Sublease") for the

Sublease Space with South Seattle Community College. The Sublease shall be on commercially reasonable terms and shall otherwise be consistent with the Term Sheet dated June 9, 2008, a copy of which is attached hereto as Exhibit "D".

IN WITNESS WHEREOF, the parties hereto have subscribed their names as of the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

LESSEE:  
GDH-I, LLC

LESSOR:  
King County, a Political Subdivision of the State  
of Washington

By: \_\_\_\_\_

By: \_\_\_\_\_

Wayne Richardson, Manager  
Real Estate Services Section

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED BY CUSTODIAL AGENCY:  
King County International Airport

By: \_\_\_\_\_

By: \_\_\_\_\_

Ian Taylor  
Sr. Deputy Pros. Attorney

Robert I. Burke, AAE  
Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF WASHINGTON)
) ss.
COUNTY OF KING )

On this \_\_\_ day of \_\_\_, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Wayne Richardson, to me known to be the Manager of the Real Estate Services Section of King County, a municipal corporation and 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 County, 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)
) ss.
COUNTY OF KING )

On this \_\_\_ day of \_\_\_, 2008, 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 Manager of GDH-I, LLC, a Washington limited liability company, who executed the foregoing instrument and acknowledged 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 the said instrument for said company.

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: \_\_\_\_\_

Exhibit "A"

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 24 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY WASHINGTON DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EASTERLY MARGIN OF EAST MARGINAL WAY SOUTH AND THE SOUTH LINE OF SAID SECTION 33; THENCE NORTH 22°33'02" WEST, ALONG SAID EASTERLY MARGIN, A DISTANCE OF 2,408.44 FEET, TO THE TRUE POINT OF BEGINNING.

THENCE CONTINUING NORTH 22°32'02" WEST, ALONG SAID EASTERLY MARGIN, A DISTANCE OF 309.77 FEET;

THENCE NORTH 67°26'19" EAST, A DISTANCE OF 367.70 FEET TO A POINT 470 FEET WESTERLY OF THE CENTERLINE OF RUNWAY 13R/31L;

THENCE SOUTH 28°42'05" EAST, A DISTANCE OF 289.69 FEET, ALONG A LINE PARALLEL WITH AND 470 FEET WESTERLY OF RUNWAY 13R/31L;

THENCE SOUTH 61°15'59" WEST, A DISTANCE OF 215.64 FEET;

THENCE SOUTH 78°08'54" WEST, A DISTANCE OF 72.67 FEET;

THENCE SOUTH 61°15'39" WEST, A DISTANCE OF 113.43 FEET;

THE EASTERLY MARGIN OF EAST MARGINAL WAY SOUTH AND THE TRUE POINT OF BEGINNING.

