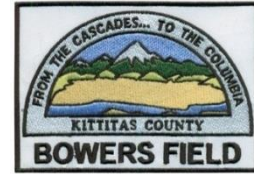


**KITTITAS COUNTY REGIONAL AIRPORT-BOWERS FIELD
HANGAR GROUND LEASE**



This Airport Hangar Ground Lease (hereinafter “LEASE”) is made and entered into as of the 1st day of January 2022, by and between KITTITAS COUNTY, a Washington Municipal Corporation (hereinafter “LESSOR”) and Linda and Mark Merrill (hereinafter “LESSEE”).

WITNESSETH:

WHEREAS, LESSOR owns the Kittitas County Regional Airport-Bowers Field (ELN) (hereinafter “AIRPORT”) which is operated by the Airport Department,

WHEREAS, LESSOR has approved property available for lease as provided by this LEASE and LESSEE desires to occupy and use such property in accordance with this LEASE,

NOW THEREFORE, in consideration of the mutual promises herein and the benefit to be derived by each party, the parties agree as follows:

1. PREMISES:

LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR that portion of the AIRPORT described in Exhibit A attached hereto and incorporated herein by this reference.

(hereinafter “PREMISES”) for the purposes set forth in this LEASE. LESSEE agrees to accept the PREMISES “As Is,” and LESSOR makes no warranty as to the condition of the PREMISES or their suitability for any particular purpose.

2. TERM:

Term.

2.1 Effective Date and Initial Term.

The Lease shall be effective as of the Lease Date. The term of this Lease shall be for a period of thirty (30) years commencing on the Lease Date as provided in Exhibit C, if attached, and ending on December 31st, 2032, such period being the “Initial Term” or “Term” and including any extensions as provided in Section 2.2. A “Lease Year” means the twelve calendar months commencing with the month of the Lease Date or Commencement Date, as the case maybe, each year of the Term.

2.2 Options to Extend.

Lessee shall have the option to extend this Lease for Two (2) additional period(s) of Ten (10) years each if Lessee is not then in default of this Lease and delivers a written notice of the exercise of the then current option to extend to Lessor at least ninety (90) days prior to the expiration of the Initial Term or prior option period, as the case maybe.

LESSEE _____

1

LESSOR _____

2.3 Expiration Date.

The date on which this Lease expires under the terms of Sections 2.1 or 2.2 shall be the "Expiration Date."

3. RENT:

Initial rent for the LEASE will be \$00.16 per square foot (6,960 sq. ft.) per year for an annual total of \$1,113.60 to be paid annually.

Due Date: Annual rent payments shall be payable in advance and due on or before LEASE anniversary date of 1st of January each year during the TERM of this LEASE. Monthly payments can be made, but there will be an additional ten (10%) percent monthly administration fee charged for this service.

3.1 Payment:

Any amount due in connection with this Lease shall be due without prior notice or demand, except when notice is necessary to make Lessee aware of an amount due, and shall be paid without offset, abatement, or deduction. Lessor shall first apply any sum paid to past due rent (beginning the most recent amount due), including late fees and interest as provided herein. No statement on any check or elsewhere shall be deemed to create an accord and satisfaction. Lessor may accept any payment (including but not limited to, past due amounts and related charges) without prejudice to Lessor's rights to any default under this Lease. If any check paid on behalf of Lessee is dishonored by a bank, Lessee shall pay all charges that the bank may assess to Lessor plus a service charge of Fifty Dollars (\$50.00) per occurrence. Lessee shall make payments to Lessor at the address set forth in Section 13.7 (or such other address as Lessor may designate in writing from time to time.

3.2 Deposit:

In addition to initial rent and upon execution of this LEASE by both parties, LESSEE shall deposit with LESSOR the amount of one year's rent plus leasehold tax as a guarantee of LESSEE's performance of this LEASE and the timely payment of the rental provided for herein; and in the event LESSEE shall fail to pay the rental as provided herein, or otherwise breach this LEASE, then the Airport Director may apply such deposit, or any part thereof as may be necessary, to the payment of rental or to the payment of damages for such breach or pursue any other remedies provided herein. In the event that such deposit is used by the county for payment related to an incident of breach, the LESSEE shall replenish the deposit after each and every expenditure so as to retain the amount of one year's rent and leasehold tax in the deposit account.

3.3 Past Due Amounts:

3.3.1 Annual Rental Payments:

If Lessee fails to pay the annual rent when due under this Lease, such unpaid amount shall bear interest at the rate of twelve percent (12%) per annum from the due date of such amount to the date of payment in full, with interest.

3.3.2 Monthly Rental Payments:

If Lessee fails to pay the monthly rental payment when due under this Lease, such unpaid amount shall bear interest at the rate of twelve percent (12%) from the due date of such amount to the date of payment in full, with interest.

3.4 Rental Adjustments:

Effective this date: January 1, 2022, the yearly LEASE rate shall be increased by eight percent (8%) every five years as a set LEASE rate increase.

3.5 Leasehold Tax:

In addition to any rental herein provided, the LESSEE shall pay to the LESSOR the leasehold tax as set forth by the State of Washington R.C.W. 82.29A.030 or as amended. The tax shall be due and payable at the same time the rental charged herein is due and payable. Currently, the Leasehold Tax rate is at twelve-point eighty-four percent (12.84%).

4. USE:

Lessee agrees that it shall use the Premises for the following purposes and for no other purposes: construction, operation and maintenance of an aircraft hangar consistent with Federal Aviation Administration standards, state and County standards, to include the Kittitas County Airport Minimum Standards, Airport Master Plan, Bowers Field Rules and Regulations, and Local zoning. Any object, equipment or vehicle that prevents an aircraft from being stored in a hangar is not allowed. An "aircraft" shall be any aircraft that LESSEE owns or leases (or that is subject to an authorized sublease) when approved in writing in advance by LESSOR. LESSEE shall provide proof of the ownership or lease of any Aircraft upon LESSOR's request. The Aircraft identified at Exhibit C are the Aircraft approved by LESSOR upon entering this LEASE, and LESSEE shall provide the same information to LESSOR in writing when requesting approval for any subsequent Aircraft. LESSEE may store additional aircraft not owned or leased by LESSEE upon approval by the LESSOR and providing Hangar-Keeper's liability insurance with the County as additional insured as defined in Exhibit F.

4.1 No Unauthorized Use:

LESSEE and LESSEE’s associates, (lessee’s employees, officers, directors, contractors, subcontractors, suppliers, agents, invitees and other representatives) shall use the PREMISES and the Airport only for purposes that are expressly authorized by this LEASE and not prohibited by state, federal and local laws and regulations. LESSEE AND LESSEE’S associates shall not engage in any unauthorized uses, including, but not limited to: engaging in or knowingly allowing any unsafe or hazardous activity, practice or condition to exist on or about the PREMISES; damaging, interfering with, or altering any airport improvement; restricting access on any road or other airport area that LESSEE does not lease; any use that would constitute a public or private nuisance or a disturbance or annoyance to other airport users; any commercial activity without LESSOR’s reasonable consent; driving a motor vehicle in a prohibited airport location; the use of automobile parking areas in a manner not authorized by LESSOR; any use that would interfere with any authorized operation at the airport; and any use that would be prohibited by or would impair coverage under either party's insurance policies.

4.2 Comply with All Laws:

LESSEE and LESSEE’s associates shall comply at all times, at LESSEE’s sole cost, with any and all laws and regulations (as amended or otherwise modified from time to time) that are applicable to LESSEE's use, occupancy, or operations at the PREMISES or the airport (the “Laws and Regulations”), which include, but are not limited to, all laws, statutes, ordinances, regulations, codes, and other pronouncements of any kind having the effect of law including, but not limited to, the Airport Rules and Regulations and Airport Minimum Standards as adopted from time to time, airport master plans and zoning codes, and all Laws and Regulations pertaining to the environment (the “Environmental Laws”); any and all plans and programs developed in compliance with such requirements (including, but not limited to, any Airport Security Plan); and all lawful, reasonable, and nondiscriminatory airport policies and other requirements.

4.3 Permits and Licenses:

LESSEE shall obtain and maintain in current status all permits and licenses that are required under any Laws and Regulations in connection with LESSEE's use, occupancy, or operations at the PREMISES or the airport.

4.4 Taxes and Liens:

LESSEE shall pay, or cause to be paid, before delinquency, any and all taxes levied, assessed and/or which become payable during the LEASE term hereof upon all or any part of the improvements, aircraft, equipment, furniture, fixtures and other personal property located in or on the PREMISES or that relate to LESSEE's use, occupancy, or operations at the PREMISES or the airport, together with all other obligations for which a lien may be created relating thereto, including, but not limited to, utility charges and work for or on any Improvements.

4.5 Signage and Advertising:

LESSEE is not authorized to install or operate any signage outside of enclosed structures on the PREMISES, other than the property address and hangar number, or at the airport, except with the prior written approval of LESSOR. Any approved signage shall be at LESSEE's expense and shall comply with Laws and Regulations.

4.6 Security:

LESSEE and LESSEE's associates shall at all times when on or about the airport comply with all security measures that LESSOR, Federal Aviation Administration, state, county or any other governmental entity having jurisdiction may require in connection with users of the airport, including, but not limited to, any access credential requirements. LESSEE agrees that airport access credentials are the property of LESSOR and may be suspended or revoked by LESSOR in its sole discretion at any time. LESSEE shall pay all fees associated with such credentials, and LESSEE shall immediately report to the Airport Management any lost credentials or credentials that LESSEE removes from any employee or any of LESSEE's associates.

4.7 Removal of Disabled Aircraft:

LESSEE shall promptly remove or cause to be removed from any portion of the airport not leased by LESSEE the aircraft or any other aircraft that LESSEE owns or controls if it becomes disabled. LESSEE may store such aircraft within LESSEE's enclosed improvements or, with LESSOR's prior written consent, elsewhere at the airport on terms and conditions established by LESSOR. If LESSEE fails to comply with this requirement after a written request by LESSOR to comply (unless the location of the airplane requires immediate removal from active runways or taxiways precluding ability for written notification), LESSOR may, but is not required to, cause the removal of any such aircraft at LESSEE's sole expense by any means that LESSOR reasonably determines. If LESSOR is required to move an aircraft from an active runway or taxiway, for failure of LESSEE to do so, those costs will also be borne by LESSEE. Any such costs incurred by LESSOR shall become due and owing immediately from LESSEE, and subject to late fees, penalties and interest as set forth for late monthly payments.

4.8 Maintenance, Repair, Utilities, and Storage:

LESSEE's use, occupancy, and operations at the PREMISES shall be without cost or expense to LESSOR. LESSEE shall be solely responsible to design and construct all Improvements and to maintain, repair, reconstruct, and operate the PREMISES and all improvements at LESSEE's sole cost and expense, including, but not limited to, all charges for utility services and their extension, installation and maintenance, janitorial services, waste disposal, weed control, and on-premises ramp repair and snow removal. LESSEE

shall at all times maintain the PREMISES and all improvements in a condition that is clean, free of debris, safe, sanitary, and in good repair. All structural components and fixtures shall be maintained, repaired, and reconstructed so that their functional and economic useful life reasonably extends to the end of the lease term, including all extensions and including such items as structural components, roof, exterior of structures, slabs and paving, plumbing, heating and electrical. LESSEE shall perform all work in accordance with federal, state, and local laws and regulations and in a good and workmanlike manner. LESSEE shall promptly remedy any condition that fails to meet this standard. Without limiting the foregoing, LESSEE shall not store on the PREMISES any inoperable vehicles or equipment, discarded or unsightly materials, or materials likely to create a hazard; shall not use areas outside of enclosed buildings for storage; and shall store trash in covered metal receptacles. Any substance or material that is regulated by any Environmental Law shall be governed by Section 7. If LESSEE fails to comply with this requirement after a written request by LESSOR to comply, LESSOR may, but is not required to, cause the removal of any such material or to eliminate any such defect, at LESSEE's sole expense by any means that LESSOR reasonably determines. Any such costs incurred by Lessor shall become due and owing immediately from LESSOR, and subject to late fees, penalties and interest as set forth for late monthly payments.

4.9 Access:

LESSOR agrees that, if LESSEE is not in breach of this LEASE, LESSEE and LESSEE's Associates(including, but not limited to agents/employees/invitees) are authorized for non-exclusive ingress and egress across the common areas of the airport in the areas designated by LESSOR and for the purposes for which they were designed, all as permitted by applicable Laws and Regulations as defined in Section 4.2, to the extent reasonably necessary for LESSEE's use, occupancy, and aircraft operations at the PREMISES. LESSEE is at all times responsible for the actions of any and all Associates, both financially and otherwise.

5. LESSOR'S AUTHORITY:

5.1 Nature of Lessor:

LESSOR is a governmental entity and the owner of the AIRPORT, and LESSOR has all lawful rights, powers, and privileges to act in those capacities.

5.2 Access to Premises:

LESSOR for itself and its commissioners, employees, agents, contractors, subcontractors, and other representatives (“LESSOR’s Associates”) reserves the right to enter the Premises upon the giving of not less than twenty-four hours actual prior notice to LESSEE’S authorized representative(s) to conduct inspections to determine compliance with this Lease; provided, that only reasonable prior notice, as circumstances reasonably dictate, shall be required in the event of an emergency or security or safety concern. For non-emergent issues related to health and safety issues, and to undertake work required by LESSEE, but not completed after written notification, LESSOR shall provide 24-hours prior notice of intent to complete such work. For emergency work required to be performed by LESSOR because LESSEE has not completed such work or cannot be located, notice shall be reasonable under the circumstances.

5.3 Applicable Law:

This LEASE is made pursuant to Chapter 2.81 KCC and is subject to the provisions of Chapter 59.12 RCW, each as now or hereafter amended, provided, however, that no such amendment shall modify any of the substantive terms hereof.

6. IMPROVEMENTS:

6.1 Authorized Improvements:

Lessee has the right to construct or maintain a private aircraft hangar and other aviation-related improvements on the premises as specified in Exhibit C. All buildings, trade fixtures and other improvements to the leased property by LESSEE shall conform to applicable rules, regulations, building and fire codes, and will comply with the Minimum Standards for private hangars at the Kittitas County Airport (Kittitas County Code Title 19 as currently existing or as modified). LESSEE shall procure all building and other permits required by law prior to commencement of building. All buildings trade fixtures and other improvements shall be designed with a view toward aesthetic considerations and installation shall not commence until plans and specifications therefore have been submitted to and approved in writing by the County, which approval shall not be unreasonably withheld.

6.2 LESSOR’S Representations/requirements related to ground:

LESSOR makes no representation or guarantee as to the suitability of the leased area for construction of buildings, roads, ramps, etc., and is not responsible for the costs of excavation and/or removal of any object found either above or below ground level except for hazardous materials and archaeological artifacts existing prior to tenancy.

6.3 Title to Improvements:

During the term of this Lease, provided LESSEE is not in default, all portions of the Improvements shall be and remain the property of the LESSEE regardless of its status for tax purposes as being real or personal property.

6.4 Disposition of Improvements upon Termination:

Upon termination of this lease, except as stated in sections 6.4.1, 6.4.2, all improvements remaining upon the leased premises become the property of LESSOR, free and clear, without any liability of LESSOR to LESSEE. The following disposition is at the option of Kittitas County.

6.4.1 Lessee’s Ability to Sell Improvements

A Lessee who has constructed improvements upon the leased premises and has at least one (1) year of the lease term remaining before the termination of his/her lease, may, after giving notice to the Airport Director of his/her desire to sell, hire and pay for the services of an appraiser of mutual acceptance. The appraiser shall determine the remaining useful life of the improvement, and the County may, if the potential new lease and tenant appear to be in the County’s best interest, lease the premises (land) to this new Lessee (improvement purchaser) for fifty (50%) percent of the remaining useful life of the improvement. This provision is additional to the tenant’s ability to simply sell the improvement and assign or sublet the lease for the remainder of the lease term.

6.4.2 Lessee’s first right to release:

In the event the county elects to release, tenant has first right to lease the property and improvements. For expiring leases with no options to extend the tenant should have the first right to relet the property and improvements under a new lease at the then current rent, terms, and conditions.

6.4.3 Removal of Improvements:

Should LESSOR desire the removal of LESSEE’s improvements upon the date of LEASE termination, LESSOR shall give LESSEE written notice to remove all improvements and return the premises to its state as before the LEASE at least thirty (30) days prior to the termination date for the LEASE. Upon removal, the premises shall be left in a neat and orderly condition, without debris and shall be graded level.

6.4.4 Failure to Remove Improvements as requested:

Should the premises not be left in such condition, after LESSEE received such notice, LESSOR may remove improvements and repair the premises and seek reimbursement from LESSEE in any manner allowed by law.

6.4.5 Intergovernmental and Public Purpose Lease Improvements:

Where Lessee is a governmental entity that would otherwise qualify for an Intergovernmental Transaction under KCC 2.81.090(2), or a bona fide non-profit organization that would otherwise qualify for a Public Purpose Lease under KCC 2.81.090(9), and that Lessee, after termination of the initial lease term (and applicable extensions), during which time improvements were made to the Lessor's real estate, enters into a second lease term, the improvements will remain property of such a Lessee for the initial ten (10) years of that second lease term, after which they will revert to the Lessor and the Lessee shall also enter into a building lease with the Lessor for the remainder of the term for the underlying second ground lease term.

6.4.6 Surrender of Premises

Upon the expiration of this Lease and in the event of the acquisition of the Improvements by Lessor, Lessee, at Lessee's sole cost, shall (i) promptly and peaceably surrender to Lessor the Premises and Improvements clean and free of debris and in good order and condition; (ii) repair in a good and workmanlike manner any damage to the Premises, reasonable wear and tear excepted, or the Airport by the removal of Lessee's personal property; (iii) deliver to Lessor all keys and other items integral for access and operation of the Improvements; (iv) perform Lessee's environmental obligations as provided in Section 7; and (v) remove all movable personal property and trade fixtures and signage that are not owned by Lessor; provided that Lessee must obtain Lessor's prior written consent to remove any such property if such removal may impair the structure of any building. Upon any expiration or termination of this Lease, including, but not limited to, termination for abandonment of the Premises, all property that Lessee leaves on the Premises shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Lessor without notice, and without any obligation to account, to Lessee or any other person, provided that the disposition of Improvements shall be as provided in Section 6.4. Lessee shall pay to Lessor all expenses incurred in connection with the disposition of such property in excess of any amount received by Lessor from such disposition.

6.5 Failure to construct Improvements:

LESSEE agrees that, should LESSEE fail to construct the structure(s) described in Exhibit "D" as outlined in the negotiated construction schedule and in conformity with airport standards (also part of Exhibit D), this lease shall automatically terminate, and LESSEE forfeits any and all interest in the premises. Proposed improvements must have a negotiated construction schedule and be determined in conformity with applicable airport standards prior to making application for a building permit. General construction requirements are attached hereto as Exhibit E and incorporated herein by this reference. Lessor approval is required for all such building permit applications.

6.6 Duty of LESSEE to prevent or remove encumbrances to improvements:

LESSEE shall, as additional consideration for the grant of this LEASE, insure that all liens, security interest and other encumbrances against said improvements and structures except those created or suffered by LESSOR, whether consensual or involuntary, shall be paid, discharged or satisfied prior to the time for reversion thereof to LESSOR; and, in any event, the parties acknowledge that LESSOR shall not, by virtue of termination of the leasehold interest nor reversion of the structures or other improvements, be liable for any debt or encumbrance associated therewith, whether now existing or hereafter incurred, levied or attached.

7. HAZARDOUS SUBSTANCES:

Except as provided in this Section 4 and otherwise allowed by law, LESSEE shall not, without LESSOR's prior written consent, keep on or around the PREMISES for use, handling, transport, disposal, treatment, generation, storage or sale, any substances designated as, or containing components designated as hazardous, dangerous, toxic, harmful, medical or infectious (collectively referred to as "HAZARDOUS SUBSTANCE"), and/or is subject to regulation by any federal, state or local law, regulation, statute, ordinance or management plan. With respect to any such HAZARDOUS SUBSTANCE, LESSEE shall:

- A. Maintain on the PREMISES only reasonable quantities of such HAZARDOUS SUBSTANCES as are reasonably necessary, usual and appropriate for the routine maintenance and operation of the Aircraft and the Improvements;
- B. Within five (5) days of LESSOR's request, provide information to LESSOR regarding LESSEE's use, handling, storage, treatment, transportation, generation, or disposal of HAZARDOUS SUBSTANCES and provide evidence satisfactory to LESSOR of LESSEE's compliance with the applicable government regulations;
- C. Allow LESSOR or LESSOR's agent, representative or consultant to come on the PREMISES as allowed in Section 5.2 to inspect LESSEE's compliance with all applicable governmental regulations regarding HAZARDOUS SUBSTANCES and to assess the environmental condition of the PREMISES, including, but not limited to, the imposition of an environmental audit;
- D. Comply with all applicable governmental statutes, ordinances, rules, regulations, management plans and requirements regarding the proper and lawful use, handling, disposition, transportation, generation, treatment, and disposal of HAZARDOUS SUBSTANCES.

7.1 Cleanup Costs, Default and Indemnification:

LESSEE shall be fully and completely liable to LESSOR and shall indemnify, defend and save LESSOR harmless from any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to LESSEE's unauthorized, negligent or illegal use, handling, disposal, transportation, generation and/or disposal of HAZARDOUS SUBSTANCES, in or about the PREMISES. Upon LESSEE's default under this Section 7, in addition to the rights and remedies set forth elsewhere in this LEASE, LESSOR shall be entitled to the following rights and remedies:

- A. At LESSOR's option, to exercise the remedies under the procedures set forth in **Section 12**; and
- B. To recover any and all damages associated with the default, including, but not limited to cleanup costs and charges, civil and criminal penalties and fees, loss of AIRPORT revenue by LESSOR, any and all damages and claims asserted by third parties and LESSOR's attorneys' and consultants' fees and costs.

7.2 Survival:

The provisions of Section 7 shall survive the expiration or earlier termination of this LEASE.

8. INDEMNITY AND INSURANCE:

8.1 Indemnity by LESSEE:

Subject to the provisions of **Section 8.4 below**, LESSEE will save and hold LESSOR, and LESSOR's Associates harmless from and against all loss, damage, liability or expense, including reasonable attorneys' fees, resulting from, claimed by or against or incurred by LESSOR or arising from any injury to any person or loss of or damage to any property caused by or resulting from any negligent act or omission or willful misconduct of LESSEE or LESSEE's Associates in, on or about the PREMISES or AIRPORT or arising from or incurred by reason of any breach or default in the performance of any obligation on LESSEE's part to be performed under the terms of this LEASE and from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in or about such claim or any action or proceeding brought thereon. Neither LESSOR nor LESSOR's Associates shall be liable for any loss or damage to persons or property sustained by LESSEE, or other persons, which may be caused by the PREMISES, or any appurtenances thereto, being out of repair, or by theft or by any act of neglect or omission of LESSEE or LESSEE's Associates, or of any other person, or by any other cause of whatsoever nature, unless caused by the negligence of LESSOR or LESSOR's Associates.

8.2 Indemnity by LESSOR:

Subject to the provisions of **Section 8.4** below, LESSOR will save and hold LESSEE, and LESSEE’s Associates harmless from and against all loss, damage, liability or expense, including reasonable attorneys’ fees, resulting from, claimed by or against or incurred by LESSEE or arising from any injury to any person or loss of or damage to any property caused by or resulting from any negligent act or omission or willful misconduct of LESSOR or of LESSOR’s Associates in or about the PREMISES or AIRPORT or arising from or incurred by reason of any breach or default in the performance of any obligation on LESSOR’s part to be performed under the terms of this LEASE and from and against all costs, reasonable attorneys’ fees, expenses and liabilities incurred in or about such claim or any action or proceeding brought thereon. Neither LESSEE nor LESSEE’s Associates shall be liable for any loss or damage to persons or property sustained by LESSOR, or other persons, which may be caused by the AIRPORT, or any appurtenances thereto, being out of repair, or by theft or by any act of neglect or omission of LESSOR or LESSOR’s Associates, or of any other person, or by any other cause of whatsoever nature, unless caused by the negligence of LESSEE or LESSEE’s Associates.

8.3 LESSEE’S Use:

LESSEE shall indemnify and hold harmless LESSOR and LESSOR’s Associates against and from any and all claims, liability, obligation, cost or expense, including attorneys’ fees, incurred or arising from or by reason of the use of the PREMISES by LESSEE or LESSEE’s Associates from any activity, work, or thing done, permitted or suffered by the LESSEE or LESSEE’s Associates in or about the PREMISES, and shall further indemnify and hold harmless LESSOR and LESSOR’s Associates against and from any and all claims, liabilities, costs, obligations and expenses, including attorneys’ fees, arising from or incurred by reason of any breach or default in the performance of any obligation on LESSEE’s part to be performed under the terms of this LEASE and from and against all costs, attorneys’ fees, expenses and liabilities incurred in or about such claim or any action or proceeding brought thereon.

8.4 Concurrent Negligence:

Notwithstanding the provisions of **Sections 8.1 or 8.2** above, in the event of the concurrent negligence of the LESSEE and LESSEE’s Associates on the one hand and that of LESSOR and LESSOR’s Associates on the other hand, which concurrent negligence results in injury or damage to persons or property and relates to the use, occupation, construction, alteration, repair, addition to, subtraction from, improvement to or maintenance of the PREMISES, then:

- A. LESSEE's obligation to indemnify LESSOR as set forth in this Section shall be limited to the extent of LESSEE's negligence, and that of LESSEE's Associates, including LESSEE's proportional share of costs, attorneys' fees, and expenses incurred in connection with any claim, action or proceeding brought with respect to such injury or damage; and
- B. LESSOR's obligation to indemnify LESSEE as set forth in this Section shall be limited to the extent of LESSOR's negligence, and that of LESSOR's Associates, including LESSOR's proportional share of costs, attorneys' fees, and expenses incurred in connection with any claim, action or proceeding brought with respect to such injury or damage.

THE LESSOR AND LESSEE SPECIFICALLY AGREE THAT THE PROVISIONS OF THIS SECTION 8 ALSO APPLY TO ANY CLAIM OF INJURY OR DAMAGE TO THE PERSONS OR PROPERTY OF THE LESSOR AND LESSEE'S RESPECTIVE EMPLOYEES, AND LESSOR AND LESSEE, AND EACH OF THEM, SEPARATELY ACKNOWLEDGES AND AGREES THAT, AS TO SUCH CLAIMS, EACH AS TO THE OTHER DOES HEREBY WAIVE ANY RIGHT OF IMMUNITY WHICH THEY MAY HAVE UNDER INDUSTRIAL INSURANCE (TITLE 51 RCW AS AMENDED AND UNDER ANY SUBSTITUTE OR REPLACEMENT STATUTE). THIS WAIVER AND AGREEMENT WAS SPECIFICALLY NEGOTIATED BY LESSOR AND LESSEE AND IS SOLELY FOR THE BENEFIT OF LESSOR AND LESSEE AND THEIR SUCCESSORS AND ASSIGNS AND IS NOT INTENDED AS A WAIVER OF EITHER'S RIGHTS OF IMMUNITY UNDER SAID INDUSTRIAL INSURANCE FOR ANY OTHER PURPOSE.

8.5 Insurance:

The LESSEE shall obtain and maintain in force during the term of this agreement a liability insurance policy, which provides protection for bodily injury (including death) and property damage. Said insurance shall provide coverage by the LESSEE to any employees or permittees of the LESSEE and shall name the LESSOR as coinsured.

All policies (except any policies required for workers' compensation or errors and omissions) and the certificates evidencing coverage shall name Lessor and Lessor's Associates as additional insureds. Lessee shall provide for a renewal of all insurance coverage on a timely basis to prevent any lapse in coverage. All certifications of meeting the insurance requirements of this lease are attached hereto as Exhibit F and incorporated herein by this reference.

The LESSEE shall provide the LESSOR with a copy of said insurance policy.

8.5.1 Aviation liability insurance that includes premises liability, and, if applicable, mobile equipment coverage with a combined single limit for bodily injury and property damage of not less than one million dollars (\$1,000,000) per occurrence, including, but not limited to, contractual liability coverage for Lessee's performance of the indemnity Lease set forth in Section 8.1. If any such coverage is not available to lessee in the form of an aircraft liability Policy, Lessee shall obtain substantially similar coverage through a commercial general liability policy.

8.5.2 If Lessee drives any vehicle within any aircraft movement area, comprehensive automobile liability coverage for claims and damage due to bodily injury or death of any person or property damage arising out of Lessee's ownership, maintenance, or use of any motor vehicles, whether owned, hired, or non-owned, of not less than five hundred thousand dollars (\$500,000) single combined limit "per accident" for bodily injury and property damage.

8.5.3 Any pollution legal liability insurance obtained by Lessee shall comply with the requirements for insurance that are stated in this Lease. If Lessee engages in self-fueling, Lessee shall comply with Lessor's self-fueling requirements, including, but not limited to, any pollution legal liability insurance requirements.

8.5.4 Lessee shall obtain insurance coverage for the Aircraft as Lessee may determine.

8.5.5 Lessee is responsible for all costs of business or other interruption of activities on or about the Premises and Airport, however incurred, and Lessee may purchase business interruption insurance as Lessee may determine.

8.6 Survival:

The obligations of the parties under this Section arising by reason of any occurrence taking place during the term of this Lease shall survive the expiration or earlier termination of this Lease.

9. NON-DISCRIMINATION:

To the extent required by law, LESSEE, for itself, its personal representative, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as follows:

No person, on the grounds of race, color, religion, sex, age, marital status, handicap or national origin, shall be unreasonably excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in LESSEE's personnel policies and practices or in the use or operation of LESSEE's services or facilities.

LESSEE agrees that in the construction of any improvements on, over or under AIRPORT land and the furnishing of services thereon, no person, on the grounds of race, color, religion, sex, marital status, handicap, age or national origin, shall be unreasonably excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.

LESSEE shall use the PREMISES in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

It is the policy of the Department of Transportation that minority business enterprise as defined in 49 CFR Part 46, i.e., firms owned and controlled by minorities; firms owned and controlled by women and firms owned and controlled by financially disadvantaged persons; shall have the maximum opportunity to participate in the performance of Agreements as defined in 49 CFR Section 23.5. Consequently, this Agreement is subject to 49 CFR Part 23 as applicable.

LESSEE hereby assures that no person shall be excluded from participation in, denied the benefits of or otherwise discriminated against in connection with the award and performance of any contract, including leases and agreements, covered by 49 CFR Part 23 on the grounds of race, color, national origin or sex.

LESSEE hereby assures that it will include the above clauses in all sub-leases and cause sub-tenants to similarly include clauses in further sub-leases or partial assignments.

10. Assignment, Subleasing and Renting.

Except as provided in this Section 10, Lessee shall not sell, assign, sublet, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, nor rent or sublet 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 Lessor, which consent shall not be unreasonably withheld or delayed. Month-to-Month leases are not assignable.

10.1 Assignment by Lessee. Upon receipt of Lessor's prior written consent and as otherwise provided in this Section 10, Lessee shall have the right to fully or partially assign its rights under the Lease. Lessor reserves the right to refuse to give such consent if, in Lessor's reasonable business judgment the proposed assignee is not financially or otherwise reasonably capable of fully performing the obligations of Lessee under this Lease; or that the proposed assignee's use of the Premises would result in the Premises or Improvements being used in contravention of the terms of this Lease. The proposed assignee/purchaser must meet all county requirements then existing for a new tenant and assume the existing lease as tenant. In the event an assignee is approved by Lessor in writing and upon such assignee's written acceptance of all terms and conditions of the

Lease, Lessee shall be released from any further obligation under the Lease. Provided, in the event of a partial assignment, the Lessee and the assignee shall remain and be jointly and severally liable for all Lessee obligations under the Lease, and all references to Lessee in the Lease shall then and thereafter be deemed to include any and all partial assignees.

10.2 Assignment by Lessor. Lessor shall have the right, in Lessor's sole discretion, to assign any of its rights under this Lease (and in connection therewith, shall be deemed to have delegated its duties), and upon any such assignment, Lessee agrees that Lessee shall perform its obligations under this Lease in favor of such assignee.

10.3 Transfer Fee. Each time the right to occupy a hangar unit is transferred by an assignment, sublease or sale, the Lessee shall pay the Lessor a sum of \$525.00, as an administration fee.

10.4 REET1. Kittitas County reserves the right to impose the REET 1 tax on all sales of leasehold improvements per RCW 82.46.010). Any city, town, or county may impose a 0.25% real estate excise tax – known as REET 1 or the “first quarter percent”. If a county imposes this tax, it is applied within the unincorporated areas only.

10.3 Encumbrances. Lessee shall not encumber or permit the encumbrance of any real property at the Airport but not including the Premises. Lessee shall not encumber or permit the encumbrance of any of Lessee's rights under this Lease without Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed. Any purported encumbrance of rights in violation of this Section 10 shall be void. In connection with Lessor's consent to any encumbrance, at a minimum the following shall apply: (i) such encumbrance shall only encumber Lessee's leasehold interest for the purpose of securing financing for Lessee's authorized improvements and no other encumbrance shall be permitted; (ii) such encumbrance shall be subordinate to Lessor's interests; (iii) the lienholder must agree to maintain current contact information with Lessor and provide Lessor with concurrent copies of any notices or communications regarding a default; (iv) any default relating to such encumbrance shall be a default of this Lease; (v) such encumbrance shall terminate on or before the Expiration Date and the lienholder must agree to promptly remove such encumbrance when the obligation that it secures has been satisfied; and (vi) Lessor shall have no financial or other obligations to lienholder except as provided in this Section 10.3. If, while such encumbrance is in effect, Lessee defaults under such encumbrance or this Lease and, if such lienholder is in compliance with the provisions set forth in this Section 10 and cures Lessee's defaults of this Lease within thirty (30) days after the first such default, Lessor will permit such lienholder to provide a substitute Lessee, which substitute Lessee must be acceptable to Lessor in its sole discretion under the provisions of Section 10.1, so long as such lienholder fully performs this Lease. If such lienholder fails to comply with any of the foregoing requirements, such failure shall be a default of this Lease and Lessor may at any time and subject to the terms of Section 12 terminate this Lease and exercise any rights hereunder, including, but not limited to, those set forth at Sections 12 and 6.4. Lessor shall have no obligation to provide any other notices to any lienholder, and Lessor shall have no liability of any kind to any lienholder.

10.4 Subleasing and Renting. Upon obtaining Lessor's prior written consent and as otherwise provided in this Section, Lessee shall have the right to sublease or rent portions of the Premises for the storage of Aircraft. Lessor reserves the right to refuse to give such consent if, in Lessor's reasonable business judgment the proposed renter's or sub-lessee's use of the Premises would result in the Premises being used in contravention of the terms of this Lease. Lessee shall impose on all approved renters and sub-lessees the same terms set forth in this Lease to provide for the rights and protections afforded to Lessor hereunder. All such rentals and subleases shall be consistent with and subordinate to this Lease as it is amended from time to time. Such rentals and subleases shall include the requirement that the renters and sublessees will attorn to and pay rent to Lessor if Lessee ceases to be a party to this Lease or is in default. Lessee shall provide to Lessor a copy of every sublease or rental agreement executed by Lessee. No rental or sublease shall relieve Lessee of any obligations under this Lease.

11. Damage, Destruction, and Condemnation.

11.1 Damage or Destruction of Premises. If any portion of the Premises or the Improvements is damaged in any manner, Lessee shall promptly remove from the Airport all damages and debris and timely cause repairs to be made to restore the Premises and Improvements to an orderly and safe condition; provided the Lessee shall not be required to restore the Improvements. In the event new Improvements are undertaken by Lessee, all work shall be performed in accordance with the terms of this Lease, and Lessee shall not receive any abatement of Lessee's rent obligations.

11.2 Condemnation. In the event of any condemnation proceeding in which all or any part of the Premises or Improvements is taken, Lessee may pursue a claim against the condemner for the value of the Improvements and Lessee's leasehold interest condemned, and any sub-Lessees may pursue a claim against the condemner for the value of their sub tenancy interests. In the event of a partial taking, Lessor shall reduce the ground rent payable by Lessee on a pro rata basis for portions of the Premises so taken. If Lessor determines in its sole discretion that all or a material portion of the Premises will be, or has been rendered, not reasonably subject to lease as a result of such taking, Lessor may terminate this Lease by giving Lessee a written notice of termination, and this Lease shall terminate under the provisions of Section 12.2 at the time specified in the notice, which shall not be less than thirty (30) days after the date of such notice.

12. Default.

12.1 Lessee's Default. The occurrence of any of the following events shall constitute a default by Lessee under this Lease unless cured within thirty (30) days following written notice of such violation from Lessor: (i) Lessee fails to timely pay any installment of rent or any additional rent; (ii) Lessee violates any requirement under this Lease, including, but not limited to, abandonment of the Premises; (iii) Lessee assigns or encumbers any right in this Lease, delegates any performance hereunder, or subleases or rents any part of the Premises, except as expressly permitted in this Lease; (iv) Lessee files a petition in

bankruptcy or has a petition filed against Lessee in bankruptcy, insolvency, or for reorganization or appointment of a receiver or trustee which is not dismissed within sixty (60) days; (v) or Lessee petitions for or enters into an arrangement for the benefit of creditors, or suffers this Lease to become subject to a writ of execution and such writ is not released within thirty (30) days. If the nature of Lessee's obligation is such that more than thirty (30) days are reasonably required for performance or cure or a different time for performance is specified, Lessee shall not be in default if Lessee commences performance within such thirty (30) day or specified period and thereafter diligently prosecutes the same to completion.

12.2 Remedies. Upon any default by Lessee under this Lease and subject to Section 12, Lessor may at any time pursue any or all remedies available to Lessor, including, but not limited to, the following: (i) perform in Lessee's stead any obligation that Lessee has failed to perform, and Lessee shall promptly pay to Lessor all costs incurred by Lessor for such performance, together with interest and service fees for any past due amounts (as provided in Section 3.2) and an administrative charge equal to twelve percent (12%) of the cost incurred by Lessor which the parties agree is a reasonable estimate of and liquidated damages for Lessor's overhead expenses associated with such performance; (ii) terminate Lessee's rights under this Lease upon delivering a written notice of termination; and (iii) re-enter and take possession of the Premises by any lawful means with or without terminating this Lease. Lessee shall pay all costs and damages arising out of Lessee's default, including, but not limited to, the cost of recovering possession of the Premises, the cost of improving and reletting the Premises, including, but not limited to, any real estate broker fees or marketing costs, and attorneys' fees and costs regardless of whether formal action is commenced or concluded. No action by Lessor or Lessor's Associates shall be construed as an election by Lessor to terminate this Lease or accept any surrender of the Premises unless Lessor provides Lessee with a written notice expressly stating that Lessor has terminated this Lease or accepted a surrender of the Premises. Following a default by Lessee under this Lease, Lessor shall exercise commercially reasonable, good faith efforts to mitigate its damages as required by applicable law.

12.3 Default by Lessor. Lessor shall not be in default under this Lease unless Lessor fails to perform an obligation required of Lessor under this Lease within thirty (30) days after written notice by Lessee to Lessor. If the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for performance or cure, Lessor shall not be in default if Lessor commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

12.4 Survival. The provisions of this Section 12 and the remedies and rights provided in Section 7 shall survive any expiration or termination of this Lease.

12.5 Holding Over. If Lessee remains in possession of the Premises and Improvements after any expiration or termination of this Lease, it shall be deemed that the Lessee has entered into such occupancy without the permission of Lessor. Such occupancy shall not waive any default under this Lease and Lessor may terminate such occupancy as a tenancy at sufferance. During such occupancy, Lessee shall comply with all provisions of this Lease

along with those that are applicable to a tenancy at sufferance, and reasonable rent for the Premises shall be deemed to be the highest rate then charged at the Airport for ground rent plus rent for the Improvements at its then fair market value based on Lessor's survey of rent for similarly situated facilities at the Airport and at other similar, tertiary airports in the Western United States, which Lessor shall determine in its reasonable discretion.

13. General Provisions.

13.1 No Exclusive Rights. Nothing in this Lease shall be construed to grant to Lessee any exclusive right or privilege for the conduct of any activity on the Airport, except to lease the Premises for Lessee's exclusive use as provided herein.

13.2 Lease Preserves Authority's Compliance. This Lease shall be interpreted to preserve Lessor's rights and powers to comply with Lessor's Federal and other governmental obligations.

13.3 Subordination to Authority's Government Commitments. This Lease is subordinate to the provisions of any Lease between Lessor and the United States or other governmental authority (regardless of when made) that affects the Airport, including, but not limited to, leases governing the expenditure of Federal funds for Airport improvements. In the event that the Federal Aviation Administration or other governmental authority requires any modification to this Lease as a condition of Lessor entering any lease or participating in any program applicable to the Airport, including, but not limited to, those providing funding, Lessee agrees to consent to any such modification. If a governmental authority determines that any act or omission of Lessee or Lessee's Associates has caused or will cause Lessor to be noncompliant with any of Lessor's government commitments, including, but not limited to, any assurances or covenants required of Lessor or obligations imposed by law, Lessee shall immediately take all actions that may be necessary to preserve Lessor's compliance with the same. Lessor shall have the right to terminate this Lease and reenter and repossess any portion of the Premises if the U.S. Department of Transportation or other governmental authority having jurisdiction expressly requires any such action, subject to any review that may be afforded to Lessee by such authority. Lessee's remedy shall be against the U.S. Department of Transportation or other governmental authority having jurisdiction that required such action in the same means as an event of condemnation as provided above in section 11.2.

13.6 Subordination to Financing and Matters of Record. This Lease is subordinate to the provisions of any leases or indentures entered by Lessor (regardless of when entered) in connection with any debt financing applicable to the Airport and is subordinate to any matter of record affecting the real property of the Airport.

13.7 Notices. Any notice, demand, written consent, or other communication required to be in writing under this Lease shall be given in writing by personal delivery, express mail (postage prepaid), nationally recognized overnight courier with all fees prepaid (such as Federal Express or UPS), or certified mail (return receipt requested and postage prepaid) when addressed to the respective parties as follows:

Lessor: Airport Director
Bowers Field
3110 Airport Rd
Ellensburg WA 98926

Lessee: Linda and Mark Merrill
4221 Fairview Rd
Ellensburg, WA 98926
509-968-3132

Either Lessor or Lessee may change its notice address by giving written notice (as provided herein) of such change to the other party. Any notice, demand, or written consent or communication shall be deemed to have been given, and shall be effective, upon compliance with this Section 13.7 and delivery to the notice address then in effect for the party to which the notice is directed; provided, however, that such delivery shall not be defeated or delayed by any refusal to accept delivery or an inability to effect delivery because of an address change that was not properly communicated.

13.8 Force Majeure. No act or event, whether foreseen or unforeseen, shall operate to excuse Lessee from the prompt payment of rent or any other amounts required to be paid under this Lease. If Lessor, or Lessee in connection with obligations other than payment obligations, is delayed or hindered in any performance under this Lease by a force majeure event, such performance shall be excused to the extent so delayed or hindered during the time when such force majeure event is in effect, and such performance shall promptly occur or resume thereafter at the expense of the party so delayed or hindered. A "force majeure event" is an act or event, whether foreseen or unforeseen, that prevents a party in whole or in part from performing as provided in this Lease, that is beyond the reasonable control of and not the fault of such party, and that such party has been unable to avoid or overcome by exercising due diligence, and may include, but is not limited to, acts of nature, war, riots, pandemics, strikes, accidents, fire, and changes in law.

13.9 Rights and Remedies. Except as expressly set forth in this Lease, the rights and remedies set forth in this Lease are not intended to be exhaustive and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently exist.

13.10 Attorneys Fees. If either party is required to bring or maintain any action (including assertion of any counterclaim or cross-claim, or claim in a proceedings in arbitration, bankruptcy, receivership or any other proceeding instituted by a party hereto or by others), or otherwise refers this Lease to an attorney for the enforcement of any of the covenants, terms or conditions of this Lease, the prevailing party in such action shall, in addition to all other payments required herein, receive from the other, all the costs incurred by the prevailing party including reasonable attorneys' fees and such costs and reasonable attorneys' fees which the prevailing party incurred in, and in preparation for, such action, arbitration, trial, appeal, review and/or proceeding in bankruptcy court. The provisions of this Section 13.10 shall survive any expiration or termination of this Lease.

13.11 Governing Law, Venue, and Waiver of Jury Trial. This Lease and the respective rights and obligations of the parties shall be governed by, interpreted, and enforced in accordance with the laws of the State of Washington. Venue for any action arising out of or related to this Lease or actions contemplated hereby shall be laid in Kittitas County, Washington, and each of the parties hereby irrevocably consents to the jurisdiction of the same. LESSOR AND LESSEE EACH KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER FOR ALL MATTERS ARISING OUT OF OR RELATING TO THIS LEASE OR ANY USE, OCCUPANCY, OR OPERATIONS AT THE PREMISES OR THE AIRPORT. The provisions of this Section 13.11 shall survive any expiration or termination of this Lease.

13.12 Amendments and Waivers. No amendment to this Lease shall be binding on Lessor or Lessee unless reduced to writing and signed by both parties. No provision of this Lease may be waived, except pursuant to a writing executed by the party against whom the waiver is sought to be enforced.

13.13 Severability. If any provision of this Lease is determined to be invalid, illegal, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect if both the economic and legal substance of the transactions that this Lease contemplates are not affected in any manner materially adverse to any party. If any provision of this Lease is held invalid, illegal, or unenforceable, the parties shall negotiate in good faith to modify this Lease to fulfill as closely as possible the original intents and purposes of this Lease.

13.14 Merger. This Lease constitutes the final, complete, and exclusive Lease between the parties on the matters contained in this Lease. All prior and contemporaneous negotiations and Leases between the parties on the matters contained in this Lease are expressly merged into and superseded by this Lease. In entering into this Lease, neither party has relied on any statement, representation, warranty, nor Lease of the other party except for those expressly contained in this Lease.

13.15 Confidentiality. Lessee acknowledges that Lessor is subject to legal requirements regarding the public disclosure of records. Lessee shall comply with such laws in connection with making any request that Lessor maintain a record confidentially, and if Lessee complies with the same Lessee shall have the right to defend any such request for confidentiality at Lessee's expense.

13.16 Relationship of Parties. This Lease does not create any partnership, joint venture, employment, or agency relationship between the parties. Nothing in this Lease shall confer upon any other person or entity any right, benefit, or remedy of any nature.

13.17 Further Assurances. Each party shall execute any document or take any action that may be necessary or desirable to consummate and make effective a performance that is required under this Lease.

13.18 Miscellaneous. The headings in this Lease are provided for convenience only and do not affect this Lease's construction or interpretation. All references to Sections are to Sections in this Lease. Each provision to be performed by Lessee shall be construed as both a covenant and a condition. This Lease shall be construed without regard to any presumption or rule requiring construction or interpretation against the drafting party. If Lessee consists of more than one individual or entity, the obligations of all such individuals and entities shall be joint and several. References in this Lease to any period of days shall mean calendar days unless specifically stated otherwise.

13.19 Binding Obligation. Lessee warrants and represents that it has the right, power, and legal capacity to enter into and perform its obligations under this Lease as a legal, valid, and binding obligation of Lessee. All leases involving married tenants shall be executed by both spouses. All entity tenants shall execute the lease by authorized or required persons as established by appropriate documentation which shall be attached hereto as Exhibit G and incorporated herein by this reference. Any guarantors shall execute a separate lease guaranty which shall be general in nature unless a limitation is agreed to by the Lessor and shall also be attached hereto as part of Exhibit G.

13.20 Time of Essence. Time is of the essence of this Lease.

IN WITNESS WHEREOF, the LESSOR and LESSEE have signed their names and affixed their seals
the day and year first above written.

LESSOR:

BOARD OF COUNTY COMMISSIONERS
KITITITAS COUNTY, WASHINGTON

ATTEST:

Clerk of the Board

Chairperson

Commissioner

Commissioner

Approved as to Form:

Prosecuting Attorney

LESSEE:

(Signature)

Address: _____

**EXHIBIT A
PREMISES**

Description of the Premises:

BOWERS FIELD AIRPORT BINDING SITE PLAN AMENDMENT, LOT H-15B

Consisting of 6,960 Sq. Ft.

EXHIBIT B

APPROVED AIRCRAFT

Lessee hereby certifies that the Aircraft described in this Exhibit B will be located on the Premises and Lessee will notify the Lessor of any change in the status of the Aircraft.

<u>LESSEE</u>	<u>AIRCRAFT</u>
_____	Tail No N_____
Signature _____	Make: _____
Address: _____ _____	Model: _____ Year: _____
Telephone: _____	

Kittitas County Airport

Airport Director

EXHIBIT C

RENT SCHEDULE (Supersedes Section 3.1)

Rates are based on 6,960 Sq. Ft. with an 8% increase every 5 years.

Term	Previous Rate	Rental Rate	Leasehold Tax	Total Per Year
1/1/2022-12/31/2027	N/A	\$.16 per sq. ft.	12.84%	\$1,256.59
1/1/2023-12/31/2023	N/A	\$.16 per sq. ft.	12.84%	\$1,256.59
1/1/2024-12/31/2024	N/A	\$.16 per sq. ft.	12.84%	\$1,256.59
1/1/2025-12/31/2025	N/A	\$.16 per sq. ft.	12.84%	\$1,256.59
1/1/2026-12/31/2026	N/A	\$.16 per sq. ft.	12.84%	\$1,256.59
1/1/2027-12/31/2027	N/A	\$.16 per sq. ft.	12.84%	\$1,256.59
5yr 8% Increase	\$1,113.60	\$.16 per sq. ft.	12.84%	\$1,256.59
1/1/2028-12/31/2028	\$1,202.69	\$.16 per sq. ft.	12.84%	\$1,357.12
1/1/2029-12/31/2029	\$1,202.69	\$.16 per sq. ft.	12.84%	\$1,357.12
1/1/2030-12/31/2030	\$1,202.69	\$.16 per sq. ft.	12.84%	\$1,357.12
1/1/2031-12/31/2031	\$1,202.69	\$.16 per sq. ft.	12.84%	\$1,357.12
1/1/2032-12/31/2031	\$1,202.69	\$.16 per sq. ft.	12.84%	\$1,357.12
5yr 8% Increase				

EXHIBIT D

REQUIRED LESSEE IMPROVEMENTS

D-1. On or before _____, 20__, Lessee shall submit to Lessor plans, specifications, engineering and exterior design for the Improvements, plus such additional information as Lessor may reasonably require (collectively the “Plans”) to ensure compliance with the Airport building and design standards.

D-2. A Lease shall be written and executed prior to issuance of a Kittitas County building permit. If for any reason the building permit is denied by Kittitas County without remedy from the lessee within ninety (90) days, the lease will automatically terminate, and the initial deposit will be refunded along with the prorated balance of the initial lease payment.

D-3. Lessee shall have access to the Premises from and after Lease Date solely for the purpose of collecting information for the preparation of the Plans and shall perform no other work on or about the Premises or the Airport.

D-4 Upon Lessor’s approval of the Plans, Lessee shall submit for any required building or other permits within thirty (30) days from such approval date. In the event Lessor and Lessee cannot agree on the Plans within ninety (90) days from the date of original submittal, the Lease shall terminate unless it is continued in force by a writing executed by both parties.

D-5. Lessee shall construct the Improvements specified in accord with Exhibits C and D. The Lessee is responsible for securing the Premises to assure that it is safe for Lessee’s and visitors and does not obstruct or interfere with business or aviation activities at the Airport. Lessee shall remove all construction waste, debris, earth, or rocks from the construction site and the adjacent taxiway or aircraft movement area on a daily basis during construction and upon completion of construction. Lessee shall asphalt or concrete all surfaces from the existing Airport taxiway to the front of Lessee’s hangar and all adjoining improvements, as well as area required for vehicle parking, if any. All improvements must obtain required approvals from Lessor and the City of Ellensburg prior to commencing construction.

D-6. The Improvements shall be substantially completed, and a certificate of occupancy issued on or before _____.

D-7. Lessee shall cause the construction of the Improvements according to the Plans, which may be summarized as follows:

EXHIBIT E

LESSEE CONSTRUCTION REQUIREMENTS

E.1 Authorization. Lessee shall not commence any construction on the Premises without Lessor's prior written consent and applicable permits for all work to be conducted. Lessee shall submit plans and schedule to Lessor when making any request to construct improvements. Lessor may request any information, request modifications, consent to, or deny Lessee's request in Lessor's reasonable discretion. For any authorized project, Lessee shall provide Lessor with copies of all plans, specifications, and construction documents during the progress of the work, and the matters contained therein shall be subject to Lessor's consent. Lessee shall make no material changes to the work without Lessor's prior written consent.

E.2 Required Construction Standards and Permits. All work shall be performed in a good and workmanlike manner and shall be equal to or greater than the quality of the original materials, workmanship, and appearance of similar work performed by Lessor elsewhere at the Airport. Work shall be performed by qualified and properly licensed personnel. All work shall conform to Laws and Regulations, including, but not limited to, the Uniform Building Code, Uniform Fire Code, and other codes, standards, permits, and plan check requirements as the same may be adopted by the City of Ellensburg and Kittitas County, as well as any applicable federal or state laws or published Airport standards relating to airport improvements. Lessee shall not commence construction for a hangar or other authorized improvement without first obtaining a Kittitas County building permit and an FAA determination pursuant to FAA Form 7460-1 that is acceptable to FAA and Lessor. Work shall be performed in a safe manner, and Lessor shall have the right, but not the duty, to stop any work until safety conditions can be investigated and implemented. The work site shall be secured consistent with industry standards at Airports during the performance of the work.

E.3 Coordination. Lessee shall coordinate all work with Airport activities, and shall minimize any disruption to Airport activities, Lessees, and other Airport users. Lessor shall have the right, but not the duty, to direct that Lessee and Lessee's Associates cease activities or revise work plans to avoid disruption. Lessee and Lessee's Associates shall meet with Lessor as requested by Lessor as the work progresses and provide Lessor with information as Lessor may require. Lessor may require Lessee to comply with other measures that are in Lessor's interests in connection with any construction activities.

E.4 Indemnification, Insurance, and Bonds. Lessee shall cause Lessee's Associates who are performing any work relating to constructing improvements to provide the following:

E.4.1 Indemnity. Lessee shall require such associates to indemnify Lessor in connection with Lessor's interests consistent with the indemnity obligation of Section 7.1.

E.4.2 Insurance. Lessee shall provide or shall require Lessee's Associates to provide builder's risk coverage to insure the improvements constructed on the Premises to the extent of not less than one hundred percent (100%) of such improvements' full insurable value using the all-risk form of protection, as well as general liability, auto, and workers compensation insurance coverage as set forth in Section 7 to cover such work. Lessee shall also require design professionals to provide errors and omissions coverage in an amount not less than one million dollars (\$1,000,000). All such insurance shall comply with and be subject to Lessor's insurance requirements including, but not limited to, those set forth at Exhibit F.

E.4.3 Bonds. If required by Lessor, Lessee shall provide or shall require Lessee Associates, as appropriate, to provide construction payment and performance bonds in amounts covering not less than one hundred ten percent (110%) of the contract price of such improvements and in a form acceptable to Lessor. All such bonds shall name Lessor as a co-obligee.

E.5 Lease Applicable to Work. The provisions of this Lease shall apply to all work pursued by Lessee to construct improvements, regardless of whether such work commences or concludes before the Lease Date or after any expiration or termination of this Lease, including, but not limited to, Lessee's indemnity, waiver, and insurance obligations under Section 7 and repair obligations under Section 5.8, provisions prohibiting liens, and provisions requiring compliance with all Laws and Regulations. Lessee shall provide for compliance with this Lease's requirements by Lessee's Associates who are performing any work relating to constructing improvements.

E.6 Default for Failure to Complete. Lessee shall comply with the construction schedule approved by Lessor. If such construction is not completed materially within any times required by Lessee's approved schedule, or if for any reason Lessee fails to complete construction within _____ days of Lessee's approved date for substantial completion, Lessee shall be in default under this Lease and Lessor shall have all of the rights set forth in Section 12 regarding a forfeiture of Improvements in addition to all other remedies. Upon any default, Lessee shall turn over to Lessor copies of all records associated with the work and shall work cooperatively with Lessor.

E.7 Final Submittals. Lessee shall submit the following to Lessor within ninety (90) days of beneficial occupancy:

E.7.1 Free of Liens. Lessee shall submit a statement that the Premises and Improvements are free and clear of all liens, claims, or encumbrances, except when specifically authorized in the manner permitted under this Lease.

E.7.2 As-Built Drawings. Lessee shall submit at its expense a complete set of accurate "as-built" plans and specifications for the Improvements. Such plans and specifications shall include one set of bond paper "record" drawings and electronic drawings that conform to a format and to standards specified by Lessor.

E.8 Initial Lessee Improvements. Lessor has authorized and Lessee shall construct the initial improvements that are summarized in Exhibit D, and such obligation includes, but is not limited to, the plans, schedule, and date for access to the Premises in connection with such improvements.

EXHIBIT F

INSURANCE REQUIREMENTS

F.1 General Requirements. At all times when this Lease is in effect Lessee shall maintain in force all required insurance coverage and shall have on file with the Lessor Certificates of Insurance evidencing the same. All certificates shall be signed by a person authorized by the insurer and licensed by the State of Washington. All policies, except any policies required for workers' compensation or errors and omissions, and the certificates evidencing coverage shall name Lessor and Lessor's Associates as additional insureds. Lessee shall provide for a renewal of all insurance coverage on a timely basis to prevent any lapse in coverage. Lessor retains the right to approve any deductibles, and Lessee shall notify Lessor of any material erosion of the aggregate limits of any policy. Lessee's policies shall be primary.

F.2 Minimum Requirements. Lessor's insurance requirements are minimum requirements as stated in the Bowers Field Minimum Standards, and Lessee is responsible to obtain adequate insurance coverage as Lessee may determine. Except as otherwise expressly set forth in this Lease, Lessee assumes all risk under this Lease (including, but not limited to, business interruption claims) whether or not insured.

F.3 Waiver of Subrogation. Notwithstanding any other provision contained in this Lease, each of the parties hereby waives any rights of subrogation it may have against the other party for loss or damage from any risk that is covered by insurance (including, but not limited to, claims for business interruption). Each of the parties shall obtain a clause or endorsement providing for such waiver of subrogation in any policies of insurance required under this Lease.

F.4 Terms Subject to Change. Lessor, in its sole and absolute discretion, reserves the right to review and adjust at any time Lessee's required insurance limits, types of coverage, and any other terms applicable to insurance to insure against any risk associated with this Lease or Lessee's use, occupancy, or operations at the Airport. Among other things, Lessor may review any or all insurance coverage on a periodic basis and in connection with any specific activity or event associated with the Airport or proposed by Lessee.

F.5 Reimbursement for Increased Costs to Lessor. If any insurance carrier providing coverage to Lessor increases its charge of any policy of insurance carried by Lessor as a result of this Lease or Lessee's use, occupancy, or operations at the Airport, Lessee shall pay the amount of such increase within ten (10) days after Lessor delivers to Lessee a certified statement from Lessor's insurance carrier stating the amount of the increase attributable to Lessee.

EXHIBIT G
LEASE GUARANTY

IN CONSIDERATION OF, and as an inducement for the granting, execution and delivery of that certain Lease, covering the Premises described therein at _____, and dated _____ (hereafter called the "Lease"), between _____, the Lessor therein named (hereafter called the "Lessor"), and _____, the Lessee therein named (hereafter called the "Lessee"), the undersigned, (hereafter called the "Guarantor"), hereby guarantees to the Lessor, its successors and assigns, the full and prompt payment of Rent as defined in the Lease and any and all other sums and charges payable by the Lessee, its successors and assigns under the Lease; and the full performance and observance of all the covenants, terms, conditions and agreements therein provided to be performed and observed by the Lessee, its successors and assigns; and the Guarantor hereby covenants and agrees to and with the Lessor, its successors and assigns, in the payment of any such sums, or in the performance of any of the terms, covenants, provisions or conditions contained in said Lease, the Guarantor will forthwith pay Rent to the Lessor, its successors and assigns, and any arrears thereof, and will forthwith faithfully perform and fulfill all of such terms, covenants, conditions and provisions and will forthwith pay to the Lessor all damages that may arise in consequence of any default by the Lessee, its successors and assigns under said Lease, including, without limitation, all reasonable attorneys' fees incurred by the Lessor or caused by any such default and by the enforcement of this Guaranty.

THIS GUARANTY IS AN ABSOLUTE AND UNCONDITIONAL GUARANTY OF PAYMENT AND OF PERFORMANCE. It shall be enforceable against the Guarantor, its successors and assigns, without the necessity for any suit or proceedings on the Lessor's part of any kind or nature whatsoever against the Lessee, its successors and assigns, and without the necessity of any notice of non-payment, non-performance or non-observance, or of any notice of acceptance of this Guaranty, or of any other notice or demand to which the Guarantor might otherwise be entitled, all of which the Guarantor hereby expressly waives; and the Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of the Guarantor hereunder shall not in any way be terminated or diminished, affected or impaired by reason of the assertion or the failure to assert by the Lessor against the Lessees, or the Lessee's successors and assigns, of any of the rights or remedies reserved to the Lessor pursuant to the provisions of the said Lease; provided, however, that in the event and to the extent that Lessee is released from any or all obligations under the Lease, Guarantor shall be released from this Guaranty and such obligations to the same extent.

THE GUARANTY SHALL BE a continuing Guaranty, and the liability of the Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment, renewal, modification or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of said Lease, or by reason of any extension of time that may be granted by the Lessor to the Lessee, its successors or assigns, or by reason of any dealings or transactions or matters or things occurring between the Lessor and Lessee, its successors or assigns, whether or not notice thereof is given to the Guarantor.

ALL OF THE LESSOR'S rights and remedies under this Guaranty are intended to be distinct, joint and several, and separate and cumulative and no such right and remedy therein or herein mentioned is intended to be in exclusion of or a waiver of any of the others.

GUARANTOR:

BUSINESS ADDRESS:

BUSINESS TELEPHONE NO.:

HOME ADDRESS:

HOME TELEPHONE NO.:

**KITTITAS COUNTY NOTICE OF NOTARY
BOWERS FIELD AIRPORT**

LESSEE:

DATE: _____

DATE: _____

STATE OF WASHINGTON
COUNTY OF KITTITAS

On this _____ day of _____, 2022 before me personally
appeared to me _____ and _____, who executed the within
and foregoing instrument and acknowledged said instrument to be their free and voluntary act.

Given under my hand and official seal the day and year last above written.

Notary Public in and for the State of Washington
Residing at _____
My Appointment Expires _____

LESSEE _____

LESSOR _____

**KITTITAS COUNTY NOTICE OF NOTARY
BOWERS FIELD AIRPORT**

LESSOR:
THE KITTITAS COUNTY
BOARD OF COUNTY COMMISSIONERS

CHAIRPERSON

VICE-CHAIRPERSON

COMMISSIONER

STATE OF WASHINGTON
COUNTY OF KITTITAS

On this _____ day of _____, 2022 before me personally appeared to me _____, _____ and _____, known to be the duly elected, qualified and acting County Commissioners of Kittitas County, Washington, who executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said County, for the uses and purposes therein mentioned, and each on oath stated that they were authorized to execute said instrument by resolution of the Board of County Commissioners of said county, and that the seal affixed is the official seal of said County.

Given under my hand and official seal the day and year last above written.

Notary Public in and for the State of Washington
Residing at _____
My Appointment Expires _____