



Working Together to Enhance the Economic Vitality of North Central Washington

Chelan Douglas Regional Port Authority

**Confluence Technology Center
285 Technology Center Way, Wenatchee WA
Methow & Teanaway River Rooms
or
Zoom Virtual Conference Room Option**

**Meeting Agenda
June 27th, 2023
9:00 am**

I. CALL TO ORDER

**Note: When the Chelan Douglas Regional Port Authority meeting is called to order, the Port of Chelan County and Port of Douglas County meetings are simultaneously called to order.*

II. INTRODUCTIONS

III. CONFLICT OF INTEREST

IV. PUBLIC COMMENT

V. CONSENT AGENDA

- **CDRPA:** Approval of the June 13th, 2023 Meeting Minutes and May 2023 Commission Calendar.

VI. PRESENTATIONS

VII. PORT OF CHELAN COUNTY ACTION ITEM

- (1) Unified Tax Levy Resolution No. 2023-01

VIII. PORT OF DOUGLAS COUNTY ACTION ITEM

- (2) Unified Tax Levy Resolution No. 2023-02

IX. CDRPA ACTION ITEMS

- (3) Unified Tax Levy Concurrence
- (4) Authorization to Solicit Qualifications for Architectural Service – Airlift Northwest Hangar

X. PUBLIC COMMENT

XI. INFORMATIONAL ITEMS (Board may act on any items listed)

- (5) Taxiway B/Hangar Site Development – Lease Terms
- (6) ABC Learning Center Lease Renewal – Industrial Building #6
- (7) Social Pinpoint Website – Regional Sports Complex Feasibility Study

XII. SUGGESTED BREAK: 10 MINUTES (APPROXIMATELY 10:30AM)

XIII. MISCELLANEOUS STAFF REPORTS

- CEO
- Director of Finance & Administration
- Director of Airports
- Director of Economic Development & Capital Projects
- Community Relationship Manager
- Property & Maintenance Manager
- CTC Manager

XIV. PUBLIC COMMENT

XV. REVIEW CALENDAR OF EVENTS

XVI. ITEMS FROM BOARD OF DIRECTORS

XVII. EXECUTIVE SESSION: An Executive Session may be called during the meeting. The purpose must be announced and is limited by RCW 42.30.110. Examples include: (1) to discuss with legal counsel litigation, potential litigation and/or legal risks (RCW 42.30.110(1)(i)); (2) to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110(1)(b)); and (3) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing public property shall be taken in a meeting open to the public)(RCW 42.30.110(1)(c)); and (4) to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee(RCW 42.30.110(1)(g))

XVI. ADJOURN

PLEASE NOTE: The agenda is tentative only. The Board of Directors may add, delete, or postpone items and may take action on any item not on the agenda (This does not apply during a Special Meeting). The Directors may also move agenda items during the meeting. If you wish to address the Regional Port Authority on a non-agenda or an agenda item, please raise your hand to be recognized by the President. When you have been recognized, give your name and address before your comments. The Board of Directors are committed to maintaining a meeting atmosphere of mutual respect and speakers are encouraged to honor this principal.

The Port Authority office is ADA compliant. Please contact the Administrative Office at 509-884-4700 at least three (3) days in advance if you need any language, hearing or physical accommodation.



**Board of Directors
Chelan Douglas Regional Port Authority
Meeting Minutes
June 13th, 2023
9:00 am**

Present:

Directors:

*Donn Etherington, Director
Jim Huffman, Director
JC Baldwin, Director*

*W. Alan Loeb sack, Director
Mark Spurgeon, Director
Richard DeRock, Director*

Staff:

*Jim Kuntz, Chief Executive Officer
Trent Moyers, Director of Airports
Stacie de Mestre, Dir. of Econ Dev.
Ron Russ, Maint. & Prop. Mngr
Craig Larsen, Community Rel. Mngr.
Tricia Degnan, CTC Manager (Zoom)*

*Colby Goodrich, FBO Mngr. (Zoom)
Sarah Deenik, Comm. Coordinator
Brooke Lammert, Executive Assistant
Laura Camarillo-Reyes, Admin. Asst. (Zoom)
Lorena Amador, Acct. Specialist (Zoom)
Julie Avis, Acct. Specialist (Zoom)*

Legal Counsel:

Quentin Batjer, Davis Arneil Law Firm LLP

Guests:

*Senator Brad Hawkins, 12th District
Don Flick, Hangar Tenant
Trina Elmes, City of East Wenatchee
Mike Mackey
Kalie Worthen, Wenatchee World (Zoom)
Doug Miller (Zoom)*

The Chelan Douglas Regional Port Authority Board Meeting was called to order at 9:00 a.m.

Introductions were made.

Conflicts of Interest: None

PUBLIC COMMENTS: An opportunity for public comment was provided. No public comments were received.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY CONSENT AGENDA

The Chelan Douglas Regional Port Authority Consent Agenda consisting of May 23rd, 2023 Meeting Minutes, CDRPA Resolution No. 2023-05 Voiding Check No. 11619; and Check Register Pages#2023-20 through #2023-24, including Electronic Transfers were presented.

Motion No.
Moved by:
Seconded by:

06-01-23 CDRPA

Jim Huffman
JC Baldwin

To approve the Chelan Douglas Regional Port Authority Consent Agenda consisting of Minutes from the May 23rd, 2023 Meeting, CDRPA Resolution No. 2023-05 Voiding Check No. 11619; and Check Register Pages #2023-20 through #2023-24, including Electronic Transfers.

Motion Passed 6-0

PORT OF CHELAN COUNTY CONSENT AGENDA

The Port of Chelan County Consent Agenda consisting of Check Register Page #2023-05 was presented.

Motion No.
Moved by:
Seconded by:

06-02-23 POCC

JC Baldwin
Richard DeRock

To approve the Port of Chelan County Consent Agenda consisting of Check Register Page #2023-05.

Motion Passed 3-0

PRESENTATIONS:

- **Senator Brad Hawkins:** Senator Brad Hawkins shared a recap of the 2023 Legislative Session with the Board and thanked the Regional Port for supporting Senate Bill 5001 and the work on the Regional Sports Complex Feasibility Study.
- **Festival of Flight:** Trina Elmes and Trent Moyers presented on the upcoming Festival of Flight and Hangar Dance events occurring at Pangborn Memorial Airport.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY ACTION ITEMS:

Taxiway B/Hangar Site Development – Capital Recovery Schedule

Kuntz reported the bid for the project was awarded to Selland Construction at the last Board meeting. The project is funded in part by an FAA grant. Discussion ensued on the need to establish a capital recovery fee to reimburse the Regional Port's investment in the project. de Mestre gave a detailed review of the overall project costs and the three options for a capital recovery fee schedule. Discussion ensued and the following actions were taken:

Motion No.
Moved by:
Seconded by:

06-03-23 CDRPA

Richard DeRock
JC Baldwin

To approve the third capital fee option, with no direct Regional Port subsidy, as the capital recover fee option for the Taxiway B and Hangar Site Development project.

Motion passed 6-0

Pangborn Airport Underground Storage Tank Removal – Approval of Task Order with Ardurra

The Board reviewed the location of each underground storage tank and the necessity to remove them before construction on the GA Terminal Building commences. The Board requested the work also include the underground storage tank located near the old fire cache building. Discussion ensued and the following action was taken:

Motion No.
Moved by:
Seconded by:

06-04-23 CDRPA

W. Alan Loeb sack
Richard DeRock

To authorize the CEO to sign Task Order 23-06 with Ardurra in an amount not to exceed \$146,040 to perform engineering, environmental, and categorical exclusion work to remove underground storage tanks at Pangborn Memorial Airport.

Motion passed 6-0

Contract and Procurement Policy – Proposed Revisions

de Mestre shared that the Contract and Procurement policy was adopted in 2021 and the proposed changes are to allow for cohesive wording between the policy and CEO Delegation of Authority. de Mestre reviewed each change with the Board. The following action was taken:

Motion No.

Moved by:

Seconded by:

06-05-23 CDRPA

JC Baldwin

Jim Huffman

To approve the revised Contract and Procurement Policy for the Chelan Douglas Regional Port Authority as presented.

Motion passed 6-0

At 10:28 a.m. Commissioner Spurgeon called for a 10-minute break.

PUBLIC COMMENTS: An opportunity for public comment was provided. No public comments were received.

INFORMATIONAL ITEMS:

Community Aviation Revitalization Board Loan Application – Kuntz shared that the Regional Port is seeking a \$1.2 million CARB loan with a fixed 2% interest rate for use on the Taxiway B and Hangar Site Development project.

Cashmere Mill District – South Mill Road Parcel – Kuntz reported City of Cashmere design standards for road improvements and extension of a waterline will need to occur before the South Mill Road parcel can be developed. de Mestre shared two parties are interested in this site. Discussion ensued on the benefit of the Regional Port funding the work to bring the property up to development standards versus discounting the land price.

Airport Way Utility Group Planning Meeting – Kuntz reported on an initial kick-off meeting to discuss forming a Tax Increment Financing District to help fund utility infrastructure improvements adjacent to Pangborn Airport.

Streamline Fulfillment – Lease Renewal – The Board reviewed the expansion of Streamline Fulfillment into a host of Lineage Buildings. Kuntz shared that Streamline has an interest in securing all currently leased space into a year-long lease with (2) one-year options to extend. This will postpone revitalizing Lineage South.

Chelan County Cascade Public Infrastructure Fund (.09 Sales Tax) – Kuntz discussed the grant requirements and potential Regional Port projects to submit for grant funding.

Taxiway A Project Update – de Mestre updated the Board on the status of the project. Phase 7 is currently being worked on with 36% of the full project completed. The project is 90% funded by the FAA and the current budget has a 5% contingency built in. de Mestre reminded the Board of the wage rate issues surrounding the bid that will impact the budget. Moyers shared that the scope of work is being revised to assist with completing required work during runway closure.

Unified Tax Levy Discussion – Commissioners reviewed a draft resolution to put a Unified Tax Levy vote, consistent with House Bill 1663, before the voters at the November 7th, 2023 general election. Commissioners provided input and requested several edits to the resolution. Staff will bring the resolution before the Board as an action item at the next meeting.

MISCELLANEOUS STAFF REPORTS:

Kuntz provided information and updates including:

- Reviewed the Chelan Airport Waterline project schedule.
- Shared that the Regional Port now has a fully executed Minimum Revenue Guarantee contract with Alaska Airlines and the City of Wenatchee has contributed \$50,000 towards the cost.
- Discussed the upcoming presentation and Data Center tour with Representative April Berg occurring on July 7th.
- Shared that the Supplemental Budget is being worked on.
- Discussed potential changes to the FAA Reauthorization Bill.
- Updated the Board on a meeting held with Stewart Cusick regarding the Easy Street roundabout project.

Moyers provided information and updates including:

- Discussed attending the 2023 AAAE Conference and meeting with the new WSDOT Aviation Director.

de Mestre provided information and updates including:

- Gave a brief update on RiverCom. A 60-day evaluation is being conducted and their team is now solely looking at the third floor of the Confluence Technology Center.
- Shared the upcoming public engagement opportunities for the Regional Sports Complex Feasibility study.
- Updated the Board on a Vertical Ag lead through the Department of Commerce. A pitch was made for the Wenatchee Valley to be considered.
- Shared that the CDRPA is looking to hire a project manager.

Russ provided information and updates including:

- Discussed with the Board the higher costs surrounding the purchase of a new CDRPA pickup truck than what was originally accounted for in the 2023 budget.
- Shared that there is a new irrigation leak at Olds Station Business Park that is being worked on.
- Reviewed the work that has taken place for the Executive Flight Display Hangar door.

Larsen provided information and updates including:

- Discussed recent visits with tenants at the Pangborn Business Park.

PUBLIC COMMENTS: An opportunity for public comment was provided. No public comments were received.

REVIEW CALENDAR OF EVENTS: Several dates and events were reviewed.

ITEMS FROM BOARD OF DIRECTORS: Board of Directors provided various updates.

EXECUTIVE SESSION:

Executive Session was announced at 1:15 p.m. for a period of twenty minutes with no action anticipated at the conclusion of the session. The purpose consisted of RCW 42.30.110(1)(b) to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price and RCW 42.30.110(1)(c) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing public property shall be taken in a meeting open to the public). Executive Session was extended for an additional ten minutes at 1:35 p.m. Executive Session concluded at 1:45 p.m.

Meeting reconvened in Regular Session and was immediately adjourned at 1:45 p.m. with no action taken.

Signed and dated this 27th day of June 2023.

CHELAN DOUGLAS REGIONAL PORT AUTHORITY

Mark Spurgeon, Director

Richard DeRock, Director

Donn Etherington, Director

JC Baldwin, Director

Jim Huffman, Director

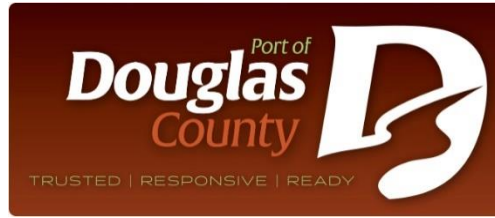
W. Alan Loeb sack, Director

Chelan Douglas Regional Port Authority

Board of Directors Calendar

May 2023

Date	Meeting	Location	DE	RD	JCB	AL	MS	JH
5/1	State Capitol Bill Signings	Olympia, WA			X		X	
5/4	NCW EDD/Seattle EDA Luncheon	Badger Mtn Brewery					X	
5/4	Malaga Community Council Meeting	Malaga Fire Station	X					
5/5	Regional Sports Complex Kickoff Meeting	Zoom/CTC	X					X
5/5	Meeting w/ Jim Kuntz	CDRPA					X	
5/5	Commissioner Meeting	Chelan, WA		X				
5/8	WAMA Conference	Spokane, WA			X			
5/8	Data Center World Conference	Austin, TX					X	
5/9	Wenatchee Downtown Walking Tour	Wenatchee Convention Center	X					
5/9	WAMA Conference	Spokane, WA			X			
5/9	Data Center World Conference	Austin, TX					X	
5/9	Reimagine Wenatchee Downtown	Pybus	X*					
5/10	District 1 Meeting	Zoom	X					
5/10	WAMA Conference	Spokane, WA			X			
5/10	NCWEDD Board Meeting	Chelan, WA						X
5/10	Data Center World Conference	Austin, TX					X	
5/11	Data Center World Conference	Austin, TX					X	
5/11	CDTC Board Meeting	CTC			X			
5/16	WVCC Board Meeting	WVCC	X				X	
5/16	Travel to WPPA Spring Meeting	Spokane, WA			X		X*	
5/17	WPPA Spring Meeting	Spokane, WA	X		X		X	
5/18	WPPA Spring Meeting	Spokane, WA	X		X		X	
5/19	Travel from WPPA Spring Meeting	Spokane, WA	X		X		X	
5/23	CDRPA Board Meeting	CTC	X	X	X	X	X	X
5/24	Meeting w/ Mayor Fletcher	Almond Blossom			X			
5/24	TREAD Meeting	CTC	X					
5/25	CARB Board Meeting	Bremerton Int'l Airport			X			
5/31	Live Fire Exercise	PMA/CDRPA					X	
*	denotes multiple meetings on same day							



**PORT OF CHELAN COUNTY RESOLUTION NO. 2023-01
PORT OF DOUGLAS COUNTY RESOLUTION NO. 2023-02
RESOLUTION AUTHORIZING A UNIFIED PROPERTY TAX LEVY**

A RESOLUTION OF THE PORT OF CHELAN COUNTY AND PORT OF DOUGLAS COUNTY PROVIDING FOR THE SUBMISSION TO QUALIFIED ELECTORS IN CHELAN AND DOUGLAS COUNTIES AT THE GENERAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 7TH, 2023 OF A PROPOSITION AUTHORIZING TO LEVY AND COLLECT A UNIFIED PROPERTY TAX LEVY FOR THE TWO PORT DISTRICTS.

THE PORT COMMISSIONERS OF THE PORT OF CHELAN COUNTY AND PORT OF DOUGLAS COUNTY HEREBY RESOLVE AS FOLLOWS:

Section 1. Findings. During the 2023 Washington State Legislative Session, the legislature passed by a unanimous vote in the House and Senate Engrossed House Bill 1663 (EHB), hereby attached as Exhibit A. The Governor signed the bill on May 1, 2023. EHB 1663 authorizes a unified property tax levy rate between the Port of Chelan County and the Port of Douglas County provided that at least two-thirds majority of each port commission agree to conduct a joint levy by July 1 for collection in the following year and for subsequent years; and subject to approval by a majority of the total number of votes cast among the public residing within both port districts in a general election. A unified property tax levy rate would:

- help preserve equal representation on the Regional Port Board of Directors with three elected officials from each county;
- uniformly apply a tax levy rate to ensure all taxpayers in Chelan and Douglas counties have one equalized levy rate;
- provide levy rate equalization at a time when the levy rate differential between Ports is only 4.3 cents per thousand of assessed value; and
- allow for the efficient operation of the Regional Port as it works to enhance the economic vitality of Chelan and Douglas counties.

Section 2. Proposition. The Chelan County Auditor and the Douglas County Auditor are requested to call and conduct an election to be held within Chelan and Douglas Counties on Tuesday, November 7th, 2023, for the purpose of submitting to qualified electors for their ratification or rejection a unified property tax levy consistent with Washington State EHB 1663.

A port district can impose a regular annual property tax levy of up to 45 cents per \$1,000 of assessed value of the taxable property within the district for general port purposes. The Port of Chelan County's 2022 levy rate is 175 cents per thousand of assessed value. The Port of Douglas County's 2022 levy rate is 132 cents per thousand of assessed value. If approved by voters, the existing levy rates would be unified into one tax levy starting with the 2023 levy.

The Executive Director of the Port of Chelan County and Port of Douglas County is authorized and directed to certify the following proposition to the County Auditors and request that it be placed on the election ballot in substantially the following form:

PROPOSITION NO. 1
PORT OF CHELAN COUNTY AND PORT OF DOUGLAS COUNTY
UNIFIED TAX LEVY

The Ports of Chelan and Douglas County propose to unify the tax levy rate into a single tax levy encompassing both districts. The Port of Chelan County's 2022 levy rate is 175 cents/\$1,000 of assessed value. The Port of Douglas County's 2022 tax levy rate is 132 cents/\$1,000 of assessed value. Using 2022 levy rates, a unified tax levy would be approximately 162 cents/\$1,000 of assessed value for both port districts. Should this proposition be:

APPROVED

REJECTED

Section 3. Severability. If any section, sentence, clause or phrase of this Resolution should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Resolution.

Section 4. Effective Date. This Resolution shall take effect and be in full force immediately upon passage by the Port Commissioners of the Port of Chelan County and Port of Douglas County.

ADOPTED by the Port of Chelan and Port of Douglas Commissioners at a properly convened meeting thereof held on the 27th day of June 2023 and in compliance with EHB1663 confirming at least two-thirds majority agreeing to conduct a joint levy.

Port of Chelan County

Port of Douglas County

Donn Etherington, President

W. Alan Loeb sack, President

Richard DeRock, Vice President

Mark Spurgeon, Vice President

JC Baldwin, Secretary

Jim Huffman, Secretary

Memo

To: Board of Directors

From: Stacie de Mestre

Date: June 22, 2023

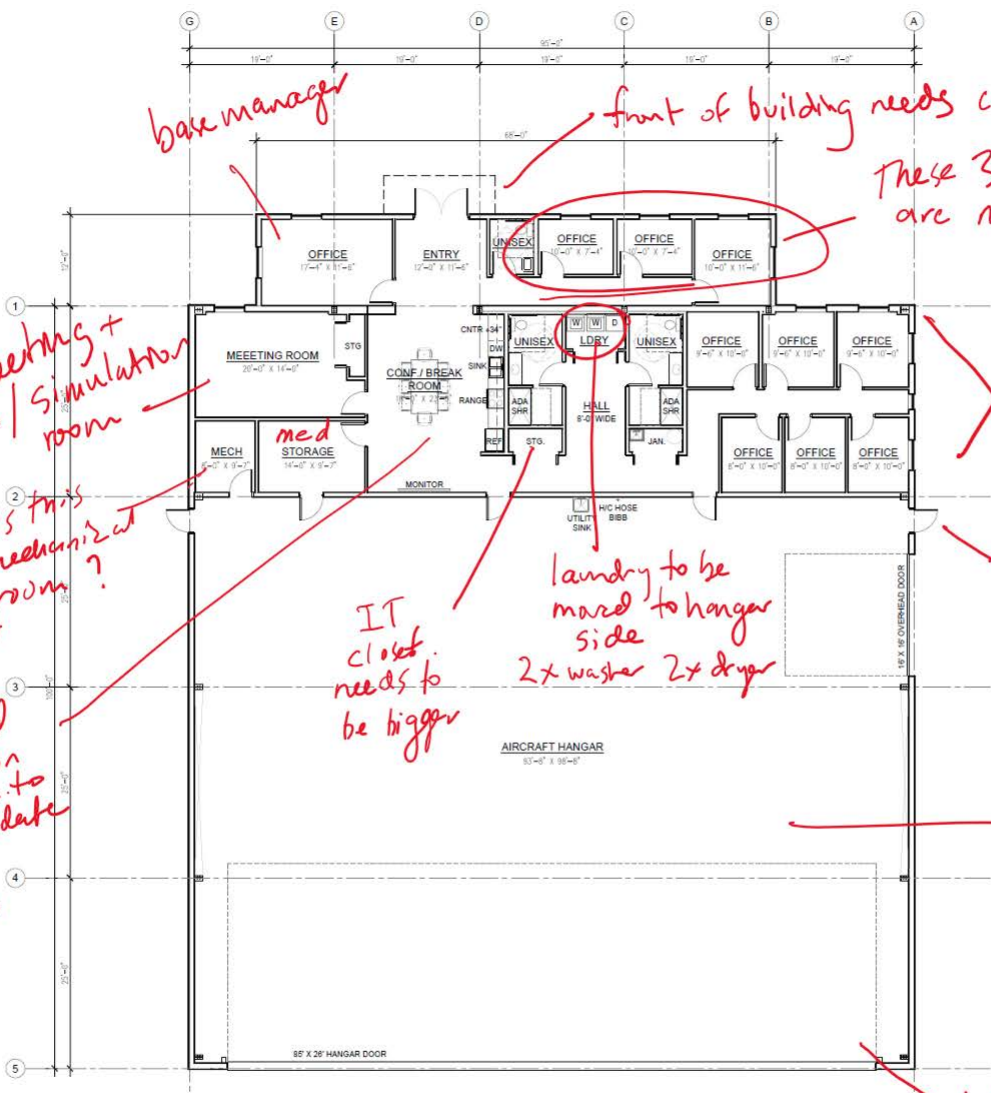
Re: Authorization to Solicit Qualifications for Architectural Services – Airlift Northwest Hangar

Staff is currently in negotiations with Airlift Northwest on a Construction and Lease Agreement for a new hangar south of Executive Flight. Airlift NW has provided staff with a marked-up sketch of their desired hangar (see attached). Construction costs are currently estimated at just over \$3.4 million with approx. \$300,000 allocated to design.

Below is the proposed schedule for architectural services:

Issue RFQ: 6/29/22
SOQs Due: 7/21/23
Review/Rank Qualifications: Week of 7/24/23
Contract Negotiations: 7/31/23 – 8/16/23
Board Approval on Professional Services Agreement: 8/22/23
Project Design Complete: December 2023

Per the CDRPA Purchasing and Contracting Policy, Staff is seeking Board approval to solicit qualifications for Architectural Services for the Airlift Northwest Hangar.



base manager

front of building needs covered awning

These 3 offices are not required here

all of these rooms should be the same size.

exterior doors to have awnings

Aircraft dimensions overlaid PC-12 and PC-24

this appears to be a folding door. recommend evaluation of sliding door instead.

meeting + Ed / simulation room

need larger office opening to hangar — is this a mechanized room?

expand common space to accommodate couch 2 chairs

IT closet needs to be bigger

laundry to be moved to hangar side 2x washer 2x dryer

Memo

To: Board of Directors

From:  Jim Kuntz

Date: June 22, 2023

Re: Hangar Pad Sites – Model Ground Lease Agreement

Staff has been working with Jennifer Sands in drafting a “model” ground lease agreement for the new hangar pad sites. At Tuesday’s meeting staff will provide an overview of the proposed terms and conditions for Board input.

**GROUND LEASE AGREEMENT
EXECUTIVE HANGAR SITE**

THIS GROUND LEASE AGREEMENT is made and entered into on _____, 2023, by and between the Chelan Douglas Regional Port Authority, a municipal corporation, hereinafter referred to as "Landlord," operating the Pangborn Memorial Airport ("Airport") and _____ hereinafter referred to as "Tenant." Landlord and Tenant are sometimes hereinafter individually referred to as "Party" and collectively as "Parties."

RECITALS

- A. Landlord is developing a new taxiway, adjacent executive hangar pad sites, roadways, fencing, and associated infrastructure and utilities (the "Infrastructure") at the Airport.
- B. Landlord is making significant capital expenditures in connection with Infrastructure, a proportional share of which will be recovered from Tenant pursuant to the terms of this Lease.
- C. Tenant wishes to lease the hangar pad site for the purposes of constructing a new hangar and to make the Infrastructure cost recovery payment to Landlord, on the terms and conditions stated herein.

AGREEMENT

In consideration of the mutual terms and conditions contained in this Agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereto mutually agree as follows:

1. **Premises.** The Landlord hereby leases to Tenant the following described real estate located at Pangborn Memorial Airport in Douglas County, Washington:

The hangar site known as _____ described on Exhibit A (hereinafter the "Premises").

2. **Term.** The term of this Lease shall be twenty-five (25) years, from _____, 20____, through _____, 20____ (the "initial term") subject to the option to extend under Paragraph 3.

3. **Option to Extend.** The Tenant shall have the option to extend this Lease for an additional five (5) successive five (5) year terms (each an "extension term"), for a total cumulative extension period of 25 years beyond the original term of this Lease, provided that Tenant is not then in default under this Lease at the time of the termination of the original term or the applicable extension term. In order to exercise the option to renew this Lease, Tenant must provide Landlord written notice not more than 180 days and not less than 120 days prior to the expiration

of the original term or the current extension term. Failure to timely provide the written notice may, at the option of the Landlord, result in the termination of the Lease at the end of the current term. Landlord shall not be obligated to accept Tenant's exercise of its option to renew the term of this Lease, if at the end of the then-expiring term of this Lease, (i) an event of default exists under this Lease, or (ii) an event has occurred or failed to occur or a condition exists, which with or without notice or the passage of time, or both, would constitute an event of default under this Lease.

4. Rent. The Tenant shall pay annual base rent in the amount of and No/100 Dollars (\$_____ US). Tenant shall also be responsible for payment of the costs, leasehold excise tax, utilities and the Tenant's Cost Share described below. Rent shall be paid in advance on the 1st day of January of each year (except as set forth in Paragraph 4.3, below).

4.1 Annual Increase. On January 1st and on the same date each year thereafter, the annual base rent shall increase by three percent (3%) over the rent for the previous year, except in years in which the Landlord elects to adjust the annual base rent as set forth in Paragraph 4.2.

4.2 Property Reappraisal. Commencing January 1, 2025, the Landlord reserves the right, in its discretion, to reestablish the annual base rent set forth in Paragraph 4 of this Agreement effective as of January 1 of every calendar year ending in a zero (0) or a five (5) ("reestablishment date") to the fair market rental rate determined under the terms, conditions, and procedure set forth in this Paragraph 4.2.

4.2.1 The term "fair market rental rate" means the most probable annual lease rate in terms of money which the Premises, (which excludes those improvements owned by the Tenant), would bring if exposed for lease in the open market for similarly situated properties, with a reasonable time allowed to find a tenant, and with full knowledge of the highest and best use to which the Premises could be put consistent with the then most current Airport Master Plan, County Comprehensive Plan, and Federal Aviation Administration ("FAA") regulations.

4.2.2 If Landlord elects to re-establish the annual base rent, the Landlord shall obtain an independent appraisal of the Premises, and the amount determined by the appraisal shall be the fair market rental rate of the Premises. No later than three months prior to each reestablishment date (i.e. October 1st), Landlord shall notify Tenant of the reestablished annual base rent to be effective on the reestablishment date. Notwithstanding the foregoing, in lieu of the appraisal described in the first sentence of this Paragraph 4.2.2, the Landlord may rely on any appraisal undertaken for similarly situated property within the prior twelve (12) months as the basis for determining the re-established base rent.

4.2.3 If the Landlord elects to re-establish the annual base rent as described herein and Tenant disputes the fair market rental rate set by the Landlord, the Tenant shall provide the Landlord with fifteen (15) days written notice of the dispute. The Parties shall thereafter have fifteen (15) days to agree upon the identity of a professional MAI real estate appraiser familiar with the commercial rental values (or improvements in the case of an appraisal

under Paragraph 5) at Pangborn Memorial Airport to determine the fair market rental value consistent with Paragraph 4.2.1. In the event that the Parties cannot agree upon an appraiser, then the appraiser shall be selected by the Superior Court Judge of Douglas County. The expense of the appraiser shall be shared equally by the Parties. In order to minimize expenses, said appraiser need only determine the fair market rental rate of the land and need not undertake a full-written appraisal. The appraiser shall determine only the new fair market rental rate. All other disputes shall be determined in a court of law.

4.2.4 The annual percentage increase set forth in Paragraph 4.1 shall resume in the years following each reestablishment date and shall be based on the new base rent effective on each reestablishment date.

4.2.5 Under no circumstance shall any annual base rent re-established hereunder be less than the annual base rent rate in effect for the year immediately prior, plus the adjustment under Paragraph 4.1.

4.3 Pro Rata Rent. In the event the Lease term commences or terminates on a date that is not the first or last day of the calendar year, respectively, Tenant shall pay a pro-rated annual installment, in advance, on the first day of the Lease term (for the remainder of the calendar year) or the 1st day of January of the last year of the Lease term, respectively, at the then current rate, based on the number of days during the first or last year of the Lease term. If the Lease term is renewed and the renewal occurs after pro-rata rent has been paid on January 1st for the remainder of the then-existing term, Tenant agrees to pay Landlord, upon such renewal, rent for the balance of the calendar year in which the renewal occurs.

4.4 Security Charge/Keys. Tenant shall pay to Landlord the following additional amounts prior to occupancy:

Key Deposit, if applicable	\$50.00
Extra Key Charge (beyond two keys or lost key)	\$25.00 each key
Badging/Security Clearance	_____

4.5 No Waiver. Failure to calculate and apply the rental increase for any year shall not be considered a waiver of an increase for any succeeding year.

4.6 Acceptance of Late Rent. Landlord shall be entitled, at its sole and complete discretion, to either accept or reject a tender of payment of rent or any fee which is not paid within the time required by this Lease. In the event Landlord elects to accept a tender of payment of rent or fee after the time required by this Lease, Landlord may do so without thereby waiving Tenant's continuing obligation to make such payments when required under the terms of this Lease. Tenant hereby acknowledges that this constitutes a waiver by Tenant of any argument that by accepting a late payment of rent or fees, Landlord has waived any default which is based upon such late payment or has waived Tenant's continuing obligation to make such payments when and as required by the terms of this Lease.

4.7 Late Charge. If any payment required by this Lease is not received by the Landlord by the end of the 25th day after it is due, then Tenant agrees to pay the Landlord a late charge equal to ten percent (10%) of any such delinquent payment. In the event Landlord elects to provide written notice of delinquency or other violation of the Lease, Tenant agrees to pay Landlord's cost and attorneys' fees reasonably incurred in providing such notice in addition to the late charge and all other payments and obligations called for herein.

4.8 Leasehold Excise Tax. Tenant shall pay to the Landlord such sums as may be required by law for payment of leasehold or other tenant tax as required, imposed, assessed, or imputed by the state of Washington or other tax entity, as such laws now exist or may hereafter be amended (such leasehold tax currently being 12.84%). If leasehold tax is increased or decreased, the total amount payable to the Landlord shall increase or decrease, but the amount of rent, as adjusted herein, shall not be changed as a result of any change in the leasehold tax rate.

4.9 Aeronautical Use: Rent Impact. Tenant acknowledges that the rent amount stated in Paragraph 4 is specifically conditioned upon the Tenant's use of the Premises for aeronautical use, which permits the Landlord to charge an established standard aeronautical use rate to recover Landlord's costs, but which rate may be less than fair market commercial rent for non-aeronautical commercial uses.

Tenant's use and occupancy of the Premises must not be for a "non-aeronautical use" as that concept is described in FAA policy, FAA published "FAQ" and FAA proposed rulemaking (collectively, the "FAA Guidance") without payment of commercial fair market value rent and obtaining the FAA approval of such non-aeronautical use. The FAA has indicated that "non-aeronautical use" of the Premises includes by way of example and without limitation on Landlord's determination: the operation of a non-aeronautical business (including vehicle storage, inventory storage, business office), activities which impede the movement of aircraft and aeronautical contents of the hangar, in and out of the hangar; storage of household items that could be stored in commercial storage facilities, such as by way of example and without limitation, storage of boats, vehicles and recreational vehicles; long-term storage of derelict or non-operational aircraft and parts; and storage of items of activities prohibited by local or state law, including fuel or other hazardous materials.

If the Landlord determines that the Tenant's use of the Premises is for a non-aeronautical use described in the FAA Guidance, then in effect, then in addition to any rights or remedies available to Landlord herein, Landlord shall have the right upon thirty (30) days' written notice to the Tenant to increase the rent set out in Paragraph 4, to a fair market commercial rent rate for the Premises, as determined by Landlord.

4.10 Capital Cost Recovery. In addition to any other sum due hereunder, Tenant shall pay its proportionate share of Landlord's capital cost to develop the Infrastructure described in Recital A (the "Tenant's Cost Share"). The Tenant's Cost Share is a proportionate share of the Landlord's capital costs based on the Premises' size and is set forth on Exhibit C. The Tenant's obligation to pay the Tenant's Cost Share shall be absolute and unconditional, upon execution of this Agreement. Tenant shall have no right of offset, reduction or refund of the Tenant's Cost Share

under this Agreement. Tenant may pay the Tenant's Cost Share by one of the following, at Tenant's election:

4.10.1 _____ A single installment/lump sum payment upon execution of this Agreement.

4.10.2 _____ Five (5) equal consecutive annual installments, with the unpaid Tenant's Cost Share bearing interest at a fixed rate equal to the "prime rate" as of the date of execution of this Agreement plus two percent (2%) per annum. The "prime rate" shall be that rate published in the Wall Street Journal in its "money rates" column. The installments will be due each January 1st concurrent with the annual rent payment. If this Lease commences other than on January 1st, the first installment will not be due until the January 1st that follows the Lease commencement date. Tenant may prepay any amount due under this Paragraph 4.10.2.

5. Right of First Refusal.

5.1 Right of First Refusal. Tenant grants to Landlord a right of first refusal to purchase the Improvements as defined in Paragraph 10, if Tenant receives and wishes to accept a bona fide third party offer (the "Offer") to purchase the Tenant's interest in the Improvements. "Bona fide third party offer" shall mean an offer from a person or entity who is at arms' length from the Tenant and holds no interest, whether direct, indirect, beneficial or otherwise in the Tenant, and is not a director, officer, employee, agent of Tenant (or a family member of those persons).

5.1.1 Offer Notice. Before accepting the Offer, the Tenant shall provide Landlord with written notice of the Offer, including all Offer terms (the "Offer Notice"), and the Landlord shall have forty-five (45) days from the date Tenant delivers the Offer Notice (the "Exercise Period") to notify Tenant that Landlord elects to exercise its right of first refusal and purchase the improvements on the same terms as the Offer.

5.1.2 Landlord Exercise. If Landlord elects to exercise its right of first refusal, Landlord shall deliver a written notice to the Tenant (the "Exercise Notice") within the Exercise Period. The Parties shall have sixty (60) days from the date of the Exercise Notice to enter into a mutually acceptable purchase and sale agreement which shall contain the terms of the Offer as well as customary provisions contained in similar agreements for the sale of the improvements.

5.1.3 No Exercise of Right of First Refusal. If Landlord does not exercise its right within the Exercise Period, then the Landlord's right shall lapse, and the Tenant may proceed to transfer its interest to the original bona fide third party pursuant to the Offer, provided that such transfer occurs within sixty (60) days of the expiration of the Exercise Period and provided further that Tenant must obtain the approval to any assignment of this Lease as described in Paragraph 19. If the transfer does not occur to the original bona fide third party, then the Landlord will have the right of first refusal described herein, and the Tenant must provide notice of any new bona fide third party offer as set forth in this Paragraph 5.1. Landlord's non-exercise of the right of first refusal in any one instance shall not serve to waive the right for any future offers.

5.2 Tenant Offer to Landlord. In addition to the right described in Paragraph 5.1, the Tenant may (but is not required to) offer in writing to sell the improvements to Landlord (“Tenant Proposal”) prior to soliciting bona fide third party offers on terms set forth in a written notice to Landlord. Landlord shall be under no obligation to accept the Tenant Proposal or negotiate with the Tenant. Landlord shall have forty-five (45) days from the date of receipt of the Tenant Proposal to respond and elect to pursue the Tenant Proposal or propose new terms and negotiate with the Tenant. Landlord shall deliver to Tenant a written response to Tenant’s Proposal (the “Landlord Proposal”) within forty-five (45) days of receipt of the Tenant’s Proposal. If the Parties are unable to agree on the terms of the purchase of the improvements within ninety (90) days of the delivery of the Landlord Proposal (unless extended by the Parties), then the Proposals described in this Paragraph 5.2 shall expire. If Tenant thereafter obtains a bona fide third party offer, then Landlord shall have the right of first refusal described in Paragraph 5.1 as to such offer, regardless of any Proposals issued or exchanged under this paragraph.

5.3 No Waiver. Nothing under this Paragraph 5 shall be construed to waive Landlord’s right to pursue any remedy for a breach of this Agreement arising from or relating to Tenant’s use, occupancy, or operations at any portion of the Premises or at the Airport.

6. Net Lease. It is the Parties’ intention that the Tenant’s rent and lease herein specified shall be net to the Landlord. The Tenant agrees to pay, indemnify, defend, and hold the Landlord harmless from all expenses and obligation of every kind, including leasehold excise tax, personal property tax, and all other taxes and fees which may be imposed by the state of Washington or other taxing authorities, utility purveyors, insurance, maintenance and repair costs, and all other costs of any kind or nature incurred with respect to Tenant’s use or occupancy of the Premises. This obligation shall specifically include Tenant’s proportionate share of any stormwater, irrigation or other fees, charges or assessments of whatsoever nature imposed upon the Landlord from and after the date of this Agreement, which Landlord shall be entitled to invoice to and recover from the Tenant as additional rent.

6.1 Utilities. Tenant shall be solely responsible for the cost to procure the utilities serving the Premises, and shall hold the Landlord harmless therefrom, including, without limitation, water, electrical services, waste disposal, internet, fiber, stormwater and any other utility fees, charges or services to the Premises, whether separately metered and directly charged to Tenant or whether invoiced to the Tenant by the Landlord. Security Deposit.

7. Security Deposit.

7.1 Simultaneously with signing this Lease, Tenant shall deposit with Landlord a security deposit in the amount of \$_____ (an amount equal to not less than one year’s rent as provided by Title 53.08.085 of the Revised Code of Washington), in the form of cash or other deposit acceptable to Landlord. The security deposit shall be held by Landlord as security for the full and faithful performance by Tenant of each and every term, covenant and condition of the Lease. The security deposit shall be placed in an account of Landlord’s choice and the interest, if any, that accrues on said account, shall belong to the Landlord.

7.2 If Tenant breaches any of the terms of this Lease, including the obligation to pay rent, Landlord may, at Landlord's option, make immediate demand upon such security, without notice to Tenant, and apply the proceeds thereof toward the damages or expenses incurred by Landlord pursuant to this Lease. Such demand and application of the security deposit shall not be deemed a cure of any breach of the Lease. Nothing herein shall prevent the Landlord from pursuing any and all available remedies for a breach of the Lease.

7.3 If Tenant seeks an extension of the Lease under Paragraph 3, the Tenant hereby authorizes the Landlord to seek and obtain a credit or similar reports from any credit reporting agency or bureau or other entity.

8. Use of Premises; Purpose. Tenant shall use the Premises for the construction, maintenance and operation of a hangar building, to be used for the parking, storage, servicing, repair and maintenance of aircraft consistent with the Landlord's rules and regulations and the standards of the Federal Aviation Administration. In addition to the limitations set forth in Paragraph 4.9, Tenant shall not use the Premises outside the hangar for storage or any other purpose without the express, written consent of Landlord. Tenant shall not park any vehicles in the secured area, along the taxiway or on the Premises, except for the limited and temporary parking of a vehicle inside the hangar when the aircraft is in use. The Premises shall not be used for residential or dwelling purposes, unless a temporary pilot rest or crew quarters for episodic use only is approved as part of the construction design described in Paragraph 10.

Tenant acknowledges that the primary purpose of the Premises is to facilitate and support the operations of the Airport. The possession and use of the Premises is expressly conditioned upon there being no conflict between the Tenant's operations and the Airport operations. In the event of conflict, as determined by the Landlord in its sole discretion, the matter shall be resolved in favor of Airport operations. For example, conflicts may arise due to the application of Airport safety zones, and the laws and regulations adopted or administered by the Federal Aviation Administration. As a material part of the consideration to Landlord for entering this Lease, the Tenant hereby waives any and all claims arising from or associated with a conflict arising with the Airport operations.

An "aircraft" as used in this Lease shall be any aircraft that Tenant owns or leases (or that is subject to an authorized sublease) when approved in writing in advance by Landlord. Tenant shall provide proof of the ownership or lease of any aircraft upon Landlord's request. The aircraft identified at Exhibit B attached hereto and incorporated by this reference, is/are the aircraft approved by Landlord upon entering this Agreement, and Tenant shall provide the same information to Landlord in writing when requesting approval for any subsequent aircraft. A Tenant may store additional aircraft not owned or leased by Tenant upon approval by the Landlord and providing adequate Hangar-Keeper's liability insurance.

8.1 Tenant Covenants. Unless otherwise agreed to in writing by Landlord, Tenant shall:

8.1.1 Not use the Premises for any purpose except that stated in this Agreement.

8.1.2 Conform to all applicable laws and regulations of any public authority affecting the Premises and the use, including but not limited to the Federal Aviation Administration and all rules promulgated by Landlord.

8.1.3 Refrain from any use which would be reasonably offensive to the Landlord, other tenants or owners or users of adjoining premises, or which would tend to create a nuisance or interfere with the use of the Airport for general aviation purpose.

8.1.4 Keep and maintain the Premises, Improvements and any aircraft or other materials placed on the Premises in a safe, clean and orderly manner.

8.1.5 Operate in accordance with the obligations of the Landlord to the Federal government under the terms and restrictions contained in Landlord deed to part of the Airport property from the U.S. Government.

8.2 **Reservation of Rights.** Landlord reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Tenant from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the Landlord, would limit the usefulness of the Airport or constitute a hazard to aircraft. Landlord reserves the right to develop or improve the Airport as it sees fit, without interference or hindrance on the part of the Tenant.

This Lease shall be subordinate to the provisions of any existing or future agreement entered into between the Landlord and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

8.3 **Common Areas.**

8.3.1 Tenant and its invitees shall have the right to use, in common with others, (i) all public Airport facilities and improvements (“Airport Public Facilities”) and (ii) such public roads, ways and areas at the Airport as may be necessary for access to and from the Premises, which are now or hereafter provided by Landlord for public use. The Airport Public Facilities and other areas described in the previous sentence are referred to as the “Common Areas.” No aircraft, vehicle, equipment or machinery shall be left in an inoperable condition or stored in the Common Areas by Tenant, its invitees or contractors or suppliers, without the prior written consent of Landlord. Nothing stated in this Lease shall prohibit Landlord from banning from Landlord’s property any person or entity which fails to comply with applicable laws, ordinances and rules and regulations, including those adopted by Landlord.

8.3.2 In addition to any other right granted by law, Landlord, and its Director, or the Director’s designee, reserve the following specific rights with respect to the Common Areas:

8.3.2.1 To establish reasonable rules and regulations for the use of the Common Areas;

8.3.2.2 To use or permit the use of the Common Areas by others to whom Landlord may grant or may have granted such rights in such manner as Landlord may from time-to-time grant;

8.3.2.3 To close, alter or relocate all or any portion of the Common Areas; to make repairs or changes to the Common Areas; to take any action prevent a dedication of the Common Areas or the accrual of any rights to any person or the public; and to take any action regarding the unpermitted use of the Common Areas;

8.3.2.4 To construct additional buildings and to alter or remove buildings or other improvements in the Common Areas and to change the layout of such Common Areas, including the right to add to or subtract from their shape and size or to change their location;

8.3.2.5 To exercise any of Landlord's governmental or proprietary powers over the Common Areas.

8.3.2.6 The right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Tenant from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of Landlord, would limit the usefulness of the Airport or constitute a hazard to aircraft.

8.3.2.7 The sole right to determine the level, methods and schedules of any maintenance or improvements at the Airport; and shall have the right to close the Airport whenever Landlord deems it necessary for reasons of public safety or convenience.

9. Rules, Regulations and Restrictions.

9.1 Rules and Regulations. Tenant shall comply with all laws and shall observe all applicable present or future ordinances, rules and regulations, including any rules and regulations adopted by the Landlord, and any future amendments thereto (which rules and regulations may include, without limitation, an Airport Security Plan, restrictions as to storage, noise, prohibited activities, and design standards), which are made part of this Agreement and shall have the same effect as though written herein. Tenant understands and agrees that Landlord may amend the rules and regulations applicable to Airport property (of which the Premises is a part), and that such amendments shall be binding upon Tenant. If there is a conflict between the rules, regulations, ordinances or minimum standards of the Landlord and this Lease, the rules, regulations, ordinances, or minimum standards shall control.

9.2 Fuel. Tenant may self-fuel only its own aircraft, using its own employees and equipment, pursuant to Airport Rules and Regulations. Tenant shall not under any circumstances provide fuel to aircraft that are not either owned by it or leased to it on an exclusive basis. Aircraft belonging to or operated by guests or invitees of Tenant shall obtain fuel from the Landlord.

9.3 Hangar Use and Storage. Specifically, and not by way of limitation, the Tenant shall also comply with the following rules and regulations pertaining to hangar storage:

9.3.1 The use of the Premises shall be limited to operation, maintenance, repair and storage of aircraft on the Premises.

9.3.2 Tenant shall not store gasoline, explosives, or hazardous substances as defined in Paragraph 21 in the Premises.

9.3.3 Tenant agrees to keep the Premises secured at all times when not in use.

9.3.4 Tenant shall keep the Premises clean and free of debris.

9.3.5 Tenant shall not park or leave an aircraft, vehicle, or other items of personal property on any pavement or Ramp area adjacent to the Premises, including taxilanes and areas of common use with other tenants of the Landlord.

9.3.6 Tenant shall not conduct any business from the Premises, including, but not limited to, charter, rental, or instructional services, without the advance written consent of the Landlord.

9.3.7 Tenant must apply for and obtain complete an Airport Identification Badge and any other training reasonably required by the Airport prior to obtaining access to the Premises. Tenant must also successfully pass a Federal Security Threat Assessment (STA).

9.3.8 Tenant must keep all contact information and identification information of any aircraft kept in the hangar current with Landlord.

9.3.9 Tenant is not authorized to install or operate any signage outside of enclosed structures on the Premises (other than a hangar number), or at the Airport, except with the prior written approval of Landlord (which may be given or withheld in Landlord's sole discretion). Any approved signage shall be at Tenant's expense and shall comply with Rules and Regulations and laws. Tenant shall not advertise or permit others to advertise at the Airport by any means, whether or not such advertising is for profit.

9.4 In regard to the Premises, Tenant, at Tenant's sole expense, shall comply with all laws, orders and regulations of Federal, State and municipal authorities, and shall specifically comply with all health, safety and security codes applicable to the use of the Premises, and shall comply with any direction of any public officer, pursuant to law, which shall impose any duty upon the Landlord or the Tenant with respect to the Premises. The Tenant, at Tenant's sole expense, shall obtain all licenses or permits which may be required for the Tenant's conduct and operations within the terms of this Lease, or for the making of repairs, alterations, improvements, or additions, and the Landlord, at Tenant's expense and when reasonably necessary, will join the Tenant in applying for all such permits or licenses.

9.5 Tenant is responsible to comply (at Tenant's sole cost) with all security measures that Landlord, the United States Transportation Security Administration, or any other governmental entity having jurisdiction may require in connection with the Airport, including, but not limited to, any access credential requirements, any decision to remove Tenant's access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Tenant or Tenant's employees or agents. Tenant agrees that Airport access credentials are the property of Landlord and may be suspended or revoked by Landlord in its sole discretion at any time. Tenant shall pay all fees associated with such credentials, and Tenant shall immediately report to the Airport Director any lost credentials or credentials that Tenant removes from any employee or any of Tenant's agents.

9.6 The access to the Premises may be shared and is non-exclusive. In addition, the Tenant agrees that the access may be gated at a location determined by the Landlord, which may be relocated by Landlord, as Landlord determines, so long as Tenant continues to have reasonable access to and from the Premises.

9.7 In order to comply with Homeland Security requirements, the Landlord may install fencing, which due to topography, or other practical considerations (which considerations are committed to the sole discretion of the Landlord), may encroach into the Premises or alter the current access to the Premises. As a material part of the consideration to Landlord for entering this Lease, the Tenant hereby waives any and all claims arising from or associated with the installation or future relocation of said fence.

10. Construction, Maintenance and Repair.

10.1 Initial Construction. Tenant shall complete construction of the hangar on the Premises in compliance with the terms of this Lease and the specifications of Exhibit D. In addition, the hangar shall be at least _____ square feet in size, shall have a concrete or asphalt floor, with each hangar to have at least one aircraft access door to accommodate a private aircraft.

Tenant shall construct and maintain on the Premises a paved aircraft ramp area adjacent to Taxiway B (the "Ramp"). The Ramp must be designed and built to specifications, and for a minimum weight bearing capacity, established by the Landlord, built to the full width of the Premises, and to connect with the adjacent taxiway or ramp.

10.2 Other Construction. In addition to the initial construction, Tenant may, from time to time, at its own expense, make such improvements, remodeling and refurbishing in and about the Premises, whether structural or otherwise, and may install such machinery, equipment and facilities therein as may be considered proper and necessary in connection with the use and operation of the Premises only upon compliance with the Landlord consent, review and work provisions set forth in this Paragraph 10. Any construction, remodeling or refurbishment under this Paragraph 10 is herein referred to as an "Improvement" or the "Improvements".

10.3 Landlord's Consent; Performance of Work. Tenant shall not commence any construction or improvements hereunder without first obtaining Landlord's prior written consent

for all work to be conducted. Tenant shall submit plans, a schedule and a budget to Landlord when making any request to construct improvements. The plans shall include a site plan, drainage plan and building plans, showing the location of all improvements on the Premises. In addition, Landlord may request any information, request modifications, consent to or deny Tenant's request in Landlord's sole discretion. All plans, specifications and construction documents submitted for approval must be drawn up by a qualified architect or engineer. Tenant shall make no changes to the construction or improvement work without Landlord's consent.

All work shall be performed by qualified and properly licensed contractors or personnel, and shall conform to all building codes, standards, permits, plan check and inspection requirements as may be adopted by Douglas County, as well as any applicable federal or state laws, and Airport standards. No work shall commence without the issuance of a building permit issued by the Douglas County Building Department. Tenant shall complete the work within the construction schedule approved by Landlord.

10.4 Landlord Costs. All costs incurred by Landlord in reviewing the plans or, if necessary, assisting the Tenant in complying with FAA regulations relating to the Improvements, including without limitation, the Notice of Proposed Construction or Alteration, shall be reimbursed by Tenant upon ten (10) days' notice from Landlord of the costs incurred. The exterior finishes must be in accordance with Exhibit D and the rules and regulations adopted from time to time by the Landlord. Tenant shall not demolish or alter any Improvements, or parts thereof, without the express prior written consent of the Landlord.

10.5 Final Submittals. Tenant shall submit to Landlord a statement that the Premises and Tenant's Improvements are free and clear of all liens, claims, or encumbrances (except as otherwise expressly authorized herein) and shall submit a complete set of accurate "as-built" plans and specifications for Tenant's improvements.

10.6 Maintenance and Repair. Tenant shall be solely responsible for the maintenance and repair of the Premises and the Improvements, whether such repair is ordinary or extraordinary, structural or otherwise. The Tenant agrees to maintain the Premises and Improvements thereon (including those constructed as described in this Paragraph 10 and the entire Ramp area and all other pavement on the Premises) in good condition and repair. The Tenant shall maintain all portions of the Premises and adjoining areas in a clean and orderly condition, free of dirt, rubbish, and unlawful constructions, and according to the minimum standards and policies established by the Landlord from time to time.

In addition Tenant shall take measures to prevent erosion, including but not limited to, the planting and replanting of grasses with respect to all portions of the Leased Premises not paved or built upon, if any, and in particular shall plant, maintain and replant any landscaped areas.

Tenant shall be responsible for the maintenance and repair of all utility services lines placed on the Leased Premises and used by Tenant exclusively, including, but not limited to,

water lines, gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers.

10.7 Snow Removal. The Tenant will be responsible for snow removal on the Premises, including Ramp area. The Landlord will be responsible for snow removal on the taxiway adjacent to the Premises. Tenant's snow removal shall not block or otherwise impede any access to the taxiway or interfere with the snow removal of the Landlord.

10.8 Standard of Maintenance. In case of any dispute which may arise at any time between the Landlord and Tenant as to the standard of care and maintenance of the Premises, the standard and care of the Premises and the adjoining areas shall conclusively be determined by the Airport Director of the Pangborn Memorial Airport acting in good faith and exercising reasonable judgment. The Landlord, by its authorized representatives, shall have the right to enter upon the Premises at any reasonable time for the purposes of maintenance inspection.

11. Title. The title to any Improvements placed on the Premises by the Tenant, without regard to their attachment to the underlying land, shall remain in the possession of the Tenant during the term of this Lease or any extensions thereof; provided that Tenant is not in default hereunder and provided further that the Tenant must comply with Paragraph 10, regarding alteration, construction or removal as to such Improvements. Tenant shall keep the Premises and Improvements, free and clear of any liens and encumbrances, except as contemplated by Paragraph 18 and shall indemnify, hold harmless and defend the Landlord from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant.

Subject to the lien provisions of Paragraph 26 and any Landlord rights upon default, the Landlord and Tenant hereby agree that all personal property belonging to or placed by the Tenant on the Premises, whether such property consists of furniture, machinery, equipment, appliances, or trade fixtures shall be and remain the personal property belonging solely to the Tenant and remain subject to the Tenant's right of removal, provided, however, that the heating, plumbing, air conditioning, lighting, and other utility fixtures shall be considered real property and may not be removed by the Tenant without the Landlord's express prior written consent, and shall not entitle the Tenant to surrender possession of the Premises, terminate this Lease, violate any of its provisions, or cause any abatement in rent under the terms of this Lease.

12. Risk of Loss. The full risk of destruction or damage to any Improvement, or personal property on the Premises by fire, windstorm or any other casualty rests solely with the Tenant.

13. Right of Entry. The Landlord, its employees, agents, representatives and contractors reserve the right to, and may, enter the Premises including any buildings and improvements thereon, upon twenty-four (24) hours advance notice to Tenant, for the purpose of inspecting the Premises, performing any work which the Landlord elects to undertake (including but not limited to work made necessary by reason of the Tenant's default under the terms of this Lease) and for any other reason not inconsistent with the terms of this Agreement, provided that such action does not unreasonably interfere with Tenant's use, occupancy or security requirements of

the Leased Premises. In case of emergency, including for reasons of public safety or law enforcement, (as determined by Landlord in its sole discretion), Landlord may enter the Premises at any time without notice to Tenant, and the same shall not constitute a trespass upon the Premises. Tenant agrees that Landlord may discuss with Tenant's employees any matters pertinent to Tenant's use, occupancy, or operations at the Premises and the Airport.

14. Casualty Destruction. In the event that any hangar or improvement on the Premises (including underground improvements not made by the Landlord) is damaged or destroyed during the term of this Lease, Tenant shall promptly remove from the Premises and the Airport all debris and rebuild the Improvements in compliance with Paragraph 10. If the casualty occurs in the last 5 years of the initial term, or during any extension term, and results in more than 50% of the Premises being untenable, then Tenant shall have the option to either promptly repair and restore the Improvements in compliance with Paragraph 10 or terminating this Lease.

If the Lease is terminated, then in addition to the removal of the debris, Tenant shall promptly restore the Premises to a level, buildable site prior to termination. Tenant shall not be released from any obligation to pay Landlord any rent or other cost or fee provided herein, or any other action required of Tenant accruing prior to the date of termination.

If this Lease is not terminated, and the Premises are tenantable despite such damage, Tenant shall not receive any abatement of Tenant's rent obligations. To the extent that any portion is rendered untenable by such damage in light of the purposes of this Agreement (as determined by Landlord in its sole discretion), Landlord may abate Tenant's rent proportionately until repairs have been substantially completed (as determined by Landlord in its sole discretion).

Tenant shall apply all proceeds made available from Tenant's insurance policies to performing its obligations under this Paragraph 14, provided, however, that Tenant's obligations shall not be limited to the proceeds payable, if such proceeds are insufficient for Tenant to comply with its obligations hereunder.

Nothing in this Paragraph shall affect any other right of Landlord provided in this Lease.

15. Insurance. Tenant shall, at its own cost and expense, procure and maintain throughout the term of this Agreement insurance protection as described in this Paragraph 15.

15.1 Property. An "all risk" or equivalent policy of insurance with coverage equal to the full and actual replacement cost (without deduction for depreciation) of the Improvements on the Premises. Tenant shall be responsible for insuring its personal property in such amounts at Tenant may determine.

15.2 Aviation Liability. 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 two million dollars (\$2,000,000) per occurrence, including, but not limited to, contractual liability coverage for Tenant's performance of the indemnity agreement set forth in Paragraph 17. If any such coverage is not available to Tenant in the form of an aircraft liability policy,

Tenant shall obtain substantially similar coverage through a commercial general liability policy. Such policy shall name Landlord as an additional named insured. Before taking possession of the Premises, the Tenant shall furnish the Landlord with a certificate evidencing the aforesaid insurance coverage.

15.3 Pollution. If Tenant engages in self-fueling, Tenant shall comply with Landlord's self-fueling requirements, including, but not limited to, any pollution legal liability insurance requirements. Any pollution legal liability insurance obtained by Tenant shall comply with the requirements for insurance that are stated in this Agreement.

15.4 Limits and Carriers. The insurance shall be issued by carriers and on terms acceptable to the Landlord. The aforementioned minimum limits of policies shall in no event limit the liability of Tenant hereunder. No policy of Tenant's insurance shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Landlord by the insurer. Tenant shall, at least thirty (30) days prior to the expiration of the policies, furnish Landlord with renewals, certificates or binders.

15.5 Increase in Landlord's Premiums. In addition to any insurance required of Tenant, if any insurance carrier providing coverage to Landlord increases its charge of any policy of insurance carried by Landlord as a result of this Agreement or Tenant's use, occupancy, or operations at the Airport, Tenant shall pay the amount of such increase within ten (10) days after Landlord delivers to Tenant a certified statement from Landlord's insurance carrier stating the amount of the increase attributable to Tenant.

15.6 Remedy for Lack of Coverage. Among Landlord's remedies, if at any time Tenant's insurance coverage is not in effect as required herein, Landlord may (but is not required to) stop all or any portion of Tenant's operations without liability to Landlord until Tenant fully restores such coverage.

Further, Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and charge Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand.

16. Condemnation. If all of or any part of the Premises shall be condemned for public use by any authority superior to the Landlord, such as the state of Washington, or the United States of America, this Lease shall terminate without liability of either Party to the other.

17. Indemnity and Hold Harmless. The Tenant shall indemnify the Landlord from and against any and all claims, demands, liens, penalties, cause of actions, suit or judgments, including attorney's fees, costs and expenses incurred in connection therewith and in enforcing the indemnity, for deaths or injuries to persons or for loss of or damage to property arising out of or in connection with the condition, use, or occupancy of the Premises, including Tenant's construction or maintenance of Improvements, or in connection with Tenant's use of the common areas or any improvements thereon; or by Tenant's non-observance or non-

performance of any law, ordinance or regulation applicable to the Premises and the Improvements; or incurred in obtaining possession of the Premises after a default by the Tenant, or after the Tenant's default in surrendering possession upon expiration or earlier termination of the term of the Lease, or enforcement of any covenants in this Lease. This includes, without limitation, any liability for injury to the person or property of Tenant, its agents, officers, employees, or invitees and includes any claim, loss or liability which may be caused or contributed to by Landlord's own actions, omissions, or negligence, in which event the Tenant shall indemnify the Landlord as set forth above to the extent of Tenant's liability.

The Tenant specifically waives any immunity provided by Washington's Industrial Insurance Act. This indemnification covers claims by Tenant's own employees.

18. Leasehold Mortgages.

18.1 Application of Paragraph. If Tenant shall execute a Leasehold Mortgage of its leasehold estate to a financial institution or entity which is not directly or indirectly owned or controlled by, or is not under common ownership or control with Tenant, and if the holder of such Leasehold Mortgage shall provide the Landlord with notice in the manner described in Paragraph 28.1 (which is the sole responsibility of Leasehold Mortgagee) with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Mortgagee, then following receipt of such notice by the Landlord, the provisions of this Paragraph 18 shall apply in respect to such Leasehold Mortgage.

The term "Leasehold Mortgage" as used in this Agreement shall include, but not be limited to, a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Tenant's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation, in connection with the construction contemplated by Paragraph 10, above or in connection with the Tenant's Cost Share described in Paragraph 4.10.

18.2 Notice to Leasehold Mortgagee. Upon providing Tenant any notice of default under this Agreement, the Landlord shall at the same time provide a copy of such notice to the Leasehold Mortgagee by first class U.S. mail at the address specified in the notice given pursuant to Paragraph 18.1 above. Such Leasehold Mortgagee shall have the additional periods of time specified in Paragraph 18.3 hereof to remedy, commence remedying, or cause to be remedied the default or acts or omissions which are specified in any such notice. The Landlord shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant.

18.3 Default and Termination. Notwithstanding any other provision of this Agreement, if any default shall occur which entitles the Landlord to terminate this Agreement, the Landlord shall have no right to terminate this Agreement unless, following the expiration of the period of time given Tenant to cure such default or the act or omission which gave rise to such default, the Leasehold Mortgagee is given an additional period of thirty (30) days to:

18.3.1 Notify the Landlord of such Leasehold Mortgagee's desire to cure the default to avoid the termination described in the notice;

18.3.2 Pay or cause to be paid all rent, additional rent, and other payments then due and in arrears as specified in the termination notice to such Leasehold Mortgagee and which may become due during such thirty (30) day period; and

18.3.3 Comply with due diligence, or in good faith commence to and with diligence continue to pursue compliance with all non-monetary requirements of this Agreement then in default.

18.4 Not an Assignment. The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement or of the leasehold estate hereby created. The Leasehold Mortgagee shall not be deemed to be an assignee or transferee of this Agreement or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, to assume the performance of any of the terms, covenants or conditions of this Agreement or cure any default if the Leasehold Mortgagee elects not to do so. Notwithstanding the foregoing, any Leasehold Mortgagee who takes an instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgagee and in compliance with the Landlord's rights under this Agreement, shall be deemed to be a permitted assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Tenant to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate. If the Leasehold Mortgagee or its designee shall become holder of the leasehold estate and if the Improvements on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the Improvements.

18.5 Rights Subordinate to Landlord. In all events, the rights of any Leasehold Mortgagee shall be subordinate to the rights of the Landlord.

19. Assignment of Lease, Sublease, Transfer of Improvements. The Tenant shall not assign this Lease nor sublet the whole or any part of the Premises without the express prior written consent of the Landlord. The Landlord may withhold consent in the event the Tenant is in default under this Agreement, the transferee or assignee does not agree to be bound by the terms and conditions of this Agreement, or submit proof of insurance, or the Landlord otherwise determines that the proposed assignee or transferee does not have the financial wherewithal to carry out the terms of this Agreement.

A change in control of Tenant that is an entity shall be an assignment or transfer requiring Landlord's consent under this Agreement. "Change in control" means a change (whether in a single transaction or a series of transactions) resulting in a transfer of 50% of the voting, equity, or profits and loss interest in and to the entity as the same existed on the effective date of this Agreement.

Independent from the Landlord's right of first refusal under Paragraph 5, in the event of a sale or transfer of any Improvements located on the Premises to a bona fide third party buyer, the Landlord shall have the right to either consider an assignment under this Paragraph 19 or elect to negotiate the terms of a new lease directly with the buyer of the Improvements, in the Landlord's discretion. The Tenant acknowledges that the Landlord may assign this Lease, or any of Landlord's rights hereunder, without Tenant's consent. Landlord will provide Tenant notice of any assignment and Tenant agrees that Tenant shall perform its obligations under this Agreement in favor of such assignee.

20. Condition of Premises. Tenant agrees to accept the Premises in their existing condition, AS-IS, WHERE-IS and with all faults, and hereby acknowledges that Tenant has fully inspected the same. No representation or warranty, expressed or implied, has been made by or on behalf of the Landlord as to such condition, or as to the fitness of the Premises. The Landlord shall not be liable for any defect in the Premises or any limitation inherent in its use. Tenant accepts the Premises subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration, the rules and regulations of the Airport, and by Douglas County ordinances and accepts its suitability and sufficiency for the uses permitted hereunder.

21. Presence and Use of Hazardous Substances.

21.1 Storage and Definition. All hazardous substances shall be stored in accordance with all legal regulations regarding storage of hazardous substances and Tenant shall store on or around the Premises only those amounts of hazardous substances that are necessary for maintenance and operation of aircraft and in no case in amounts greater than permitted by any legal regulation. "Hazardous substances" shall include those substances designated as, or containing components designated as hazardous, dangerous, toxic or harmful and/or which are subject to regulation by any federal, state or local law, regulation, statute or ordinance. For purposes of this Lease, all aircraft fuels shall be considered hazardous substances.

21.2 Hazardous Substance. With respect to any hazardous substance, Tenant shall:

21.2.1 Comply promptly, timely, and completely with all governmental requirements for reporting, keeping and submitting manifest, and obtaining and keeping current identification numbers;

21.2.2 Submit to Landlord true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and are submitted to the appropriate governmental authorities;

21.2.3 Within five (5) days of Landlord's request, submit written reports to Landlord regarding Tenant's use, storage, treatment, transportation, generation, disposal or sale of hazardous substances and provide evidence satisfactory to Landlord of Tenant's compliance with the applicable governmental regulations;

21.2.4 Allow Landlord or Landlord's agents or representatives to enter the Premises, after reasonable notice, to check Tenant's compliance with all applicable governmental regulations regarding hazardous substances;

21.2.5 Comply with minimum levels, standards or other performance standards or requirements which may be set forth or established for certain hazardous substances (if minimum standards or levels are applicable to hazardous substances present on the Premises, these levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease);

21.2.6 Comply with all governmental rules, regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances.

21.2.7 Landlord shall have the right, at reasonable times and upon twenty-four (24) hours' notice to Tenant, to inspect the Premises to monitor Tenant's compliance with this Paragraph. Tenant shall reimburse Landlord for any costs or expenses paid by Landlord to third parties (non-Landlord employees, including Landlord's retained inspectors, engineers, consultants, etc. or representatives of government entities). If an inspection reveals the use or presence of hazardous substances requiring clean-up or other action, then Tenant shall pay, as part of the clean-up costs incorporated in Paragraph 22.3 below, Landlord's actual costs, including reasonable attorney's fees and costs, incurred in making or providing for the clean-up required and any follow-up inspections.

21.3 Clean-up Costs, Default and Indemnification. With respect to any cleanup costs, default and indemnification, Tenant shall:

21.3.1 Be fully and completely liable to Landlord for any and all clean-up costs and any and all charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Tenant's use, disposal, transportation, generation and/or sale of Hazardous Substances, in or about the Premises.

21.3.2 Indemnify, defend and hold Landlord harmless from any and all costs, fees, penalties and charges assessed against or imposed upon Landlord including Landlord's reasonable attorney's fees and costs as a result of Tenant's use, disposal, transportation, generation and/or sale of hazardous substances.

21.3.3 Upon Tenant's default under this Article, in addition to the rights and remedies set forth elsewhere in this Lease, Landlord shall be entitled to the following rights and remedies:

21.3.3.1 At Landlord's option, to terminate this Lease immediately; and

21.3.3.2 To recover any and all damages (including Landlord's expectancy and consequential damages) associated with the default, including, but not limited

to clean-up costs and charges, civil and criminal penalties and fees, loss of business, sales and rents, by Landlord and any and all damages and claims asserted by third parties together with reasonable attorney's fees and costs.

22. Default. If the Tenant: (a) fails to timely pay any rent, Tenant's Cost Share, payment, fee or money due hereunder; (b) fails to comply with any of the terms and covenants of this Agreement in any manner whatsoever; or (c) becomes the subject of a filing in any court pursuant to any federal or state statute, of a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of the Tenant's property, or an assignment of the Tenant for the benefit of creditors, then the Tenant shall be in default under this Lease. Upon default, the Landlord may, upon twenty (20) days written notice to Tenant:

22.1 Terminate the Lease and declare all Tenant's rights herein forfeited. Such notice of termination shall be given to the Tenant as set forth in Paragraph 28.1. Upon termination, the Landlord may immediately, without other notice of process of law, re-enter and take possession of the Premises using such force as may reasonably be necessary to move all persons and property therefrom. The Landlord shall not be liable for any damage or loss to property by reason of such forfeiture and re-entry. The Tenant agrees to pay to the Landlord a reasonable attorneys' fee and costs incurred for the purposes of enforcing any of the provision of this Lease. In addition, the Tenant shall be deemed to have forfeited its rental security or bond which shall be applied toward any damages incurred by Landlord for any such forfeiture or default.

22.2 Recover damages, immediately and, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, in the following amounts:

22.2.1 The unpaid rent and other charges due from Tenant to Landlord up to and including the date of termination; and

22.2.2 The reasonable costs of reentry and reletting including without limitation the cost of any clean up, refurbishing, removal of Tenant's property and fixtures, or any other expense occasioned by Tenant's failure to quit the Premises upon termination and to leave the Premises in the required condition, any remodeling costs, attorney fees, court costs, broker commissions, and advertising costs; and

22.2.3 All rent and charges that accrue as damages between the date of termination and the end of the term, or the relet, whichever occurs first, together with the difference between the rent and charges paid during the relet and the rent and charges that accrue as damages under this Lease.

22.2.4 Proceed to enforce the Landlord's lien under Paragraph 26.

The foregoing remedies shall be cumulative, and in addition to and shall not preclude any other remedy available to Landlord under applicable law.

23. Termination. Tenant covenants and agrees that upon the expiration of the Lease or any extension, or upon the termination of the Lease for any cause (including a termination prior to the end of the Term), Tenant shall at once peacefully surrender and deliver the Premises to the Landlord or the Landlord's agents or assigns.

24. Reversion. Upon termination of this Agreement, all ownership, rights and title to any fixtures and Improvements made by the Tenant on the Premises shall revert to Landlord.

Notwithstanding the reversion, the Landlord, at its election, the Landlord may elect to require that Tenant remove some or all of the Improvements (including the clearing and grading of any building footings or concrete), and repair any damage caused by the removal. Landlord shall inform Tenant of its election in writing within thirty (30) days of the termination of this Agreement and Tenant shall have ninety (90) days to remove the improvements and restore the Premises consistent with the Landlord's election hereunder.

25. Condition Assessment. The Tenant shall provide a Condition Assessment report to the Landlord on the Tenant facilities during the term of this Agreement. The Tenant shall have a professional engineer or building inspector (the "professional") perform an assessment of the condition of the facilities every five (5) years (the "Condition Assessment"), as well as within the last year of the Lease. The Tenant will be responsible for the engagement of the professional and the cost of the Condition Assessment, provided however that Landlord must approve the professional so selected. The intent of the Condition Assessment will be to review and assess the hangar's structural components, as well as items such as the electrical and plumbing systems, heating and air conditioning system, etc., the Ramp area and all other Improvements and items that Tenant is responsible to maintain hereunder. If the Condition Assessment identifies material items of deferred maintenance, the Landlord may require the Tenant to address the identified items to the Landlord's satisfaction during the term of this Agreement, as well as before any reversion occurs. Landlord's failure or delay to require the Condition Assessment shall not serve to waive Landlord's right to require Tenant to provide such Condition Assessment consistent with the terms of this paragraph. Any failure by Tenant to address and remedy an identified item in a prompt and timely manner shall be deemed a default under this Agreement.

26. Lien. By execution of this Agreement and as authorized under the Rules and Regulations adopted by the Board of the Chelan Douglas Regional Port Authority, the Tenant grants to Landlord a lien against the Improvements, the aircraft, and all personal property that Tenant stores in the Hangar. This lien exists and continues for any and all unpaid amounts that Tenant may owe the Landlord, from time to time, and Landlord's assertion of the lien does not relieve Tenant from the obligation to pay or perform any obligation provided in this Agreement. In the event Tenant does not fully and immediately discharge all unpaid amounts, the Landlord is granted and has the right to take and recover possession of the Hangar and the aircraft to satisfy its lien in accordance with the impounding provisions of RCW 14.08.122. In addition, the Landlord shall have all rights and remedies to take and recover possession of the aircraft and personal property, without notice or other action, exercise its lien against the same, and have

and recover all costs in connection with the repossession of the Improvements, aircraft or personal property and the Landlord's assertion of the lien.

27. Landlord's Expenses for Review and Consent. For any action requiring Landlord's advance review, approval or drafting of any amendment, assignment or addendum due to a Tenant request hereunder, including by way of example and without limitation, Tenant's request for assignment, encumbrance, or construction/improvement consent (including for water and septic systems as described in Paragraph 10), Landlord shall collect from Tenant in advance of any review or action by Landlord, Landlord's estimated costs and professional fees to review the Tenant request. Professional fees shall include, without limitation, the fees of any engineers, attorneys and other consultants as may be necessary to review the request (or draft the document associated with the request.)

Landlord shall not be required to consider any Tenant request without Tenant's submission of an amount equal to the estimated cost as determined by Landlord. If the cost of the review and document preparation is less than the estimated cost submitted by Tenant, Landlord shall promptly return any balance to the Tenant. If the cost to the Landlord of the review and document preparation exceeds the estimate, the Tenant shall pay such additional actual costs of Landlord's review within ten (10) days of Landlord's written request to Tenant.

28. Miscellaneous Provisions.

28.1 Notices. Any notice by either Party to the other Party (or to any Leasehold Mortgagee) shall be in writing and shall be deemed to be duly given upon mailing by certified mail in a postpaid envelope addressed to the Party at the address set forth next to their signature, below. ALTERNATIVELY, ANY NOTICE HEREIN TO BE PROVIDED BY LANDLORD TO TENANT SHALL BE DEEMED SERVED UPON POSTING THE NOTICE ON THE PREMISES. TENANT SHALL BE RESPONSIBLE FOR MAINTAINING CURRENT CONTACT INFORMATION (ADDRESS, PHONE, AND E-MAIL). FAILURE TO MAINTAIN CURRENT CONTACT INFORMATION SHALL BE A DEFAULT UNDER THIS LEASE. LANDLORD SHALL NOT BE RESPONSIBLE FOR INSURING THE ADDRESS PROVIDED BY ANY LEASEHOLD MORTGAGEE IS UP TO DATE OR ACCURATE AND IS ENTITLED TO RELY ON THE INFORMATION PROVIDED BY LEASEHOLD MORTGAGEE OR TENANT, WITH NO DUTY OF INQUIRY ON LANDLORD.

28.2 No Limitation on Landlord's Authority. Nothing stated herein shall be construed as to limit in any way the general power and right of Landlord to exercise its governmental or proprietary powers in any way, including such as may affect the Airport, the Premises, the Common Areas, or any other area under the jurisdiction of Landlord.

28.3 Amendment. This Lease may be modified only upon the Parties' mutual written consent.

28.4 Severability. If any provision of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect.

28.5 Waiver. The waiver by any Party of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of this Agreement.

28.6 Interpretation. This contract has been submitted to the scrutiny of all parties and their counsel, if desired, and it shall be given a fair and reasonable interpretation in accordance with its words, without consideration to or weight given to its being drafted by any party or its counsel. Paragraph headings are for convenience only and shall not be considered when interpreting this contract. All words used in the singular shall include the plural; the present tense shall include the future tense; and the masculine gender shall include the feminine and neuter genders.

28.7 Governing Law; Attorney Fees; Venue. This Agreement shall be construed in accordance with the laws of the state of Washington. In the event of any action arising hereunder, the prevailing party shall be granted its attorney fees and court costs. Venue for such action shall lie in Douglas County, Washington.

28.8 Non-Discrimination. Tenant for itself, successors in interest, and assigns (to the extent successors and assigns are permitted by this Agreement), 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, creed, color, national origin, sex, age, or handicap shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities or any activity conducted with or benefiting from Federal assistance, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Tenant 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, as said regulations may be amended, and other applicable laws and regulations, and shall obtain such compliance from any sublessees or other parties holding lower tier agreements (to the extent the same are permitted by this Agreement).

28.9 TIME. TIME IS OF THE ESSENCE IN THIS LEASE.

28.10 Entire Agreement. This Lease contains the entire agreement between the Parties.

LANDLORD:

TENANT:

CHELAN DOUGLAS REGIONAL PORT
AUTHORITY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Address for Notices:

Address for Notices:

1 Campbell Parkway,
Suite A
East Wenatchee, WA 98802-9233

Phone No: _____
E-mail Address: _____

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 it as _____ of the Chelan Douglas Regional Port Authority to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 202__.

_____(Printed name)
NOTARY PUBLIC, state of Washington
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 she/he signed this instrument, on oath stated that she/he was authorized to execute the instrument and acknowledged it as owner of _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 202__.

_____(Printed name)
NOTARY PUBLIC, state of Washington
My appointment expires _____

EXHIBIT A
PREMISES/HANGAR SITE

EXHIBIT B

APPROVED AIRCRAFT

Tenant hereby certifies that the Aircraft hereon will be stored on the Premises that have been leased from the Landlord at Pangborn Memorial Airport and that the Tenant will notify the Landlord of any change in the status of said Aircraft.

TENANT

AIRCRAFT

Signature

AC NO N _____

Address

MAKE _____

City/State/Zip

MODEL _____

Telephone

YEAR _____

ATTACH COPY OF A/C REGISTRATION

EXHIBIT C

CAPITAL COST RECOVERY

CHELAN DOUGLAS REGIONAL PORT AUTHORITY
Taxiway B & Hangar Site Development Capital Recovery Fee

Phase I Hangar Pad Site	Hangar Size	Hangar Square Footage	Parcel Square Footage	Current Land Lease Rate =		Taxiway	Road/Utilities	Capital Recovery Fee
				per Month	Annually			
A	120x120	14,400	36,310	\$ 1,059.04	\$ 12,708.50	\$ 94,716.43	\$ 177,445.03	\$ 272,161.46
B	100X100	10,000	31,209	910.26	10,923.15	81,410.22	152,516.72	233,926.94
C	100X100	10,000	31,314	913.33	10,959.90	81,684.12	153,029.85	234,713.97
D	100X100	10,000	31,146	908.43	10,901.10	81,245.88	152,208.84	233,454.72
E	100X100	10,000	29,526	861.18	10,334.10	77,020.03	144,291.99	221,312.02
F	80x80	6,400	23,495	685.27	8,223.25	61,287.87	114,818.81	176,106.68
G	80x80	6,400	22,036	642.72	7,712.60	57,482.00	107,688.76	165,170.76
H	60x60	3,600	16,887	492.54	5,910.45	44,050.57	82,525.87	126,576.44
			221,923	\$ 6,472.77	\$ 77,673.05	\$ 578,897.12	\$ 1,084,525.87	\$ 1,663,422.99

Approved by the Chelan Douglas Regional Port Authority Board on June 13th, 2023

EXHIBIT D
SPECIFICATIONS

All framing must be metal. Exterior surface must be pre-finished aluminum or steel. No painted wood, galvanized metal or other material may be used on any exterior surface, including the roof or doors.

All floors and ramps must be constructed of concrete or asphalt, with a minimum of X inches of thickness. Copies of design and test results bearing the seal of a registered architect or engineer shall be submitted to the Airport for approval.

Gradient of finished floor of any proposed structure and surrounding surfaces must provide for positive flow of water into the sewer/stormwater system and approved by the Airport.

Connection to electric, water, sanitary sewer and fiber from the Premises boundary to the hangar shall be the responsibility of the Tenant. All lines will be placed underground.

All exterior lighting shall be metal halide, incandescent, or high-pressure sodium and are to have a white light appearance. All lighting shall reflect downward.



1610 S Technology Blvd

June 15, 2023

Suite 100

Spokane, WA 99224

T: 800-462-8418

F: 509-747-3875

www.enduris.us

Monica Lough

Chelan Douglas Regional Port Authority and POCC and PODC and PMA
One Campbell Pkwy, Ste A
East Wenatchee, WA 98802

Dear Monica Lough,

The Enduris mission is "**to provide financial protection, broad coverage, and risk management services responsive to members' needs.**" We strive to provide members with exceptional coverage for a competitive price, while adding value to your organization through pro-active risk services. Enduris members can utilize a suite of services that go beyond traditional insurance coverage, including free training opportunities, risk management consulting, and an employment related pre-defense program.

Each year, Enduris provides the membership with a forecast of member rate changes for the upcoming policy year. For Policy Year 2024 which begins September 1st, 2023, there are two main factors that impact the Pool's contribution needs: **1)** the frequency and severity of member claims and **2)** the cost of reinsurance above the Pool's self-insured retention.

Member's Rate Forecast: Even with increases in the Pool's claims experience and higher reinsurance costs for Policy Year 2024, **Enduris members - through the value of pooling - can expect some insulation from the direct insurance market.**

Member base rate forecast increases for Policy Year 2024 are:

- Property: +5 to 10%
- Liability: +2 to 5%
- All other lines (auto physical damage, crime and named position coverage): +2-10%

Individual member contributions may also be impacted by claims and changes in exposures (property values, vehicles, or worker hours/emergency runs). We have applied the required **annual inflation index of 7.5% on all property and RCV vehicles** to each member's property schedules for Policy Year 2024. These inflation factors help members trend property at current day value for replacement cost which is critical in the event of a loss.

The Intergovernmental Contract (IGC) between Enduris and its members provides additional information regarding membership and the establishment of member contributions.

If you have questions regarding the PY 2024 forecast, please reach out to us at (800) 462-8418, or email MemberRelations@enduris.us. Thank you for your continued membership and your service to the communities of Washington.

Sincerely,

A handwritten signature in black ink that reads "Sheryl Brandt". The signature is fluid and cursive, with the first letters of "Sheryl" and "Brandt" being capitalized and prominent.

Sheryl Brandt
Executive Director



2023 CDRPA Calendar of Events

JULY 2023

Date:	Time:	Event:	Location:	Attending:
4-Jul	All Day	Independence Day - Office Closed	All Offices	CDRPA Staff
7-Jul	10:00am-3:00pm	Rep. April Berg Visit	Executive Flight	Commissioners Baldwin, Spurgeon & Etherington; Kuntz
7-Jul	6:00pm-9:00pm	Hangar Dance - Scholarship Fundraiser	Executive Flight	
8-Jul	All Day	Pangborn Festival of Flight	Pangborn Airport	Commissioners Baldwin, Spurgeon & DeRock; CDRPA Staff
11-Jul	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
13-Jul	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
13-14 Jul	All Day	WPPA 2023 Directors' Seminar	Hotel Indigo, Everett	Kuntz
18-Jul	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
22-23 July	All Day	Entiat Vintage Hydro Races	Entiat Park	
24-26 Jul	All Day	WPPA 2023 Commissioner Seminar	Alderbrook Resort	Commissioners Baldwin, Spurgeon and DeRock
25-Jul	9:00am	CANCELLED CDRPA Board Meeting	CTC	Board of Directors; Staff

AUGUST 2023

Date:	Time:	Event:	Location:	Attending:
8-Aug	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
8-Aug	1:00pm-3:00pm	Tri-Commission Meeting	CTC	Board of Directors; Staff
8-Aug	5:30pm	Leavenworth Parking Study Session	Leavenworth City Hall	Kuntz and de Mestre
8-10 Aug	All Day	WEDA Summer Conference	Marcus Whitman Hotel & Conference Center, Walla Walla	
8-11 Aug	All Day	Brownfields 2023 Conference	Detroit, MI	Larsen & Lammert
10-Aug	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioners Baldwin & DeRock
13-15 Aug	All Day	Routes Takeoff (Airline Meetings)	Atlantic City, NJ	Moyers
15-Aug	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
22-Aug	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
29-Aug	6:00pm	Dinner with Jack Penning	Visconti's	Commissioners Baldwin & Spurgeon
30-Aug	7:30am-1:30pm	Partners in Economic Development Breakfast & Lunch - Jack Penning	Wenatchee Valley Convention Center	Board of Directors; Staff
30-Aug	6:00pm	Dinner with Jack Penning	Atlas Fare	Commissioner Etherington
31-Aug	12:00pm	Wenatchee Rotary Club	Pybus Event Center	Kuntz and Deenik

SEPTEMBER 2023

Date:	Time:	Event:	Location:	Attending:
4-Sep	All Day	Labor Day - Office Closed	All Offices	CDRPA Staff
10-12 Sep	All Day	National Airports Conference	Spokane, WA	Moyers
12-Sep	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff

13-Sep	2:30pm-4:00pm	Douglas County Community Leadership Advisory Group	Executive Flight	Commissioner DeRock, Commissioner Huffman and Kuntz; Advisory Group members
14-Sep	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioner DeRock
19-Sep	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
21-22 Sep	All Day	WPPA 2023 Fall Environmental Seminar	Silver Cloud Hotel, Pt. Ruston - Tacoma, WA	
19-22 Sep	All Day	2023 WFOA 68th Annual Conf.	Spokane Convention Ctr.	Lough
20-22 Sep	All Day	NWAAAE Annual Conference	Kelowna, BC	Moyers
26-Sep	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
OCTOBER 2023				
Date:	Time:	Event:	Location:	Attending:
7-Oct	All Day	Triannual Fire Exercise Training	Pangborn Airport	Commissioner Spurgeon & Moyers
10-Oct	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
12-Oct	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioner DeRock
17-Oct	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
24-Oct	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
24-26 Oct	All Day	Infrastructure Assistance Coordinating Council Conference	Wenatchee Convention Center	
26-27 Oct	All Day	Small Ports Seminar	Campbell's Resort	Commissioners Spurgeon and Baldwin
NOVEMBER 2023				
Date:	Time:	Event:	Location:	Attending:
9-Nov	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioner DeRock
14-Nov	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
21-Nov	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
23-Nov	All Day	Thanksgiving Holiday - Office Closed	All Offices	CDRPA Staff
24-Nov	All Day	Thanksgiving Holiday - Office Closed	All Offices	CDRPA Staff
28-Nov	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
DECEMBER 2023				
Date:	Time:	Event:	Location:	Attending:
6-8 Dec	All Day	WPPA 2023 Annual Meeting	Hilton: Vancouver	Commissioner Baldwin, Spurgeon & DeRock
12-Dec	9:00am	CDRPA Board Meeting	CTC	Board of Directors; Staff
3-Dec	2:30pm-4:00pm	Douglas County Community Leadership Advisory Group	Executive Flight	Commissioner DeRock, Commissioner Huffman and Kuntz; Advisory Group members
14-Dec	9:00am-11:00am	CDTC Board Meeting	CTC	Commissioner DeRock
19-Dec	6:30am	WVCC Board Meeting	Wenatchee Valley Chamber of Commerce	Commissioners Spurgeon & Etherington
25-Dec	All Day	Christmas - Office Closed	All Offices	CDRPA Staff
26-Dec	All Day	Christmas - Office Closed	All Offices	CDRPA Staff