

**Amendment No. 4
to Land Lease 17-003**

Lessee: Propeller Airports Paine Field, LLC
Lease No. : 17-003
Effective Date: June 1, 2022

This Amendment No. 4 to Land Lease 17-003 is made by and between SNOHOMISH COUNTY, a political subdivision of the state of Washington, as Lessor (hereinafter "Lessor"), and Propeller Airports Paine Field LLC, a Delaware limited liability company, a corporation authorize to do business in the State of Washington, as Lessee (hereinafter "Lessee"), under that certain Land Lease 17-003, as recorded June 23, 2017 under Snohomish County Auditor's File No. 201706230002, in which Lessee leased 457,656 square feet of land known as P1-1, P1-2, P2, P3, P4 & P4-1.

As amended by Amendment No. 1 recorded on September 24, 2018 under Snohomish County Auditor's File No. 201809240364, in which Lessee leased an additional 192,963 square feet to the total existing leased property of parcels P4 and P5 & licensed area P5-1, Parcels P4 & P4-1 were combined into the one parcel P4, for a total of 654,614 square feet.

As amended by Amendment No. 2 recorded on October 7, 2019 under Snohomish County Auditor's File No. 201910070172, in which Lessee leased an additional 6,246 square feet of land for the parcel known as P2, added and additional parcel known as P1 that consisted of 11,000 square feet of land & adjusted the boundaries of Parcels P4 & P5-1 for a total of 666,823 square feet of land.

As amended by Amendment No. 3 as executed by Snohomish County March 30, 2022, in which Exhibit E was amended for the Revenue Sharing Calculation (collectively "the Lease") as amended as follows:

RECITALS

Whereas, Lessee is the only aeronautical tenant that provides services and facilities to accommodate commercial air carriers at Paine Field; and

Whereas, like other terminal operators in the nation, Lessee suffered a dramatic decline in passenger activity beginning March 2020 because of the pandemic; and

Whereas, the federal government provided substantial financial relief to public sector airport sponsors who operate passenger terminals but such relief was not made available to private sector operators of passenger terminals; and

Whereas, at the same time that it has experienced an unprecedented decline in passenger activity, Lessee has incurred additional costs to ensure that the terminal building provides a safe and healthy environment for the traveling public in light of the pandemic and will continue to provide enhanced safety and cleaning protocols to protect the public and its staff; and

Whereas, as a result of the impacts of the pandemic, Lessee is in a unique position with respect to other aeronautical tenants at Paine Field and is in an unusual position compared to publicly owned and operated passenger terminals in the United States; and

Whereas, the County undertakes recurrent appraisals of Airport property that it leases or that is available for lease, the most recent of which happened on or around August 19, 2019; and

Whereas, Lessee leases certain property at the Airport pursuant to its lease agreement with the County dated June 1, 2017, as amended ("Lease"), and pursuant to which, among other terms and conditions, it pays rent to the County and was subject to a Rent Increase on or around June 1, 2020; and

Whereas, Lessee initiated rent arbitration under the Lease and hereby accepts the County's determination of the fair market rent that shall be stepped in over three (3) years which results in a net refund of \$303,282.60 as of June 1, 2022, plus associated late fees and waives its right to further challenge that determination in arbitration and or under any other provisions of the lease; and

Whereas, notwithstanding the County's determination and Lessee's acceptance of the fair market rent, that Lessee's rent obligations will be modified as a result of unique and non-recurring financial hardship experienced by Lessee because of the pandemic and the pandemic's impact on commercial air service; and

Whereas, for the time period of June 1, 2022 to December 31, 2022, provided Lessee is current in all other payment obligations under the terms of the Lease as of June 1, 2022, Lessee's rent shall be reduced by \$71,428.57 per month; however, all applicable taxes are due on the full fair market value rent; and

Whereas, such relief shall terminate on December 31, 2022 or earlier upon any default by Lessee under the terms of the Lease, and Lessee shall thereafter pay fair market rent, in accordance with the terms of the Lease;

NOW, THEREFORE, in consideration of the mutual benefits and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which each are hereby acknowledged, the County and Lessee agree as follows:

AMENDMENT NO. 4

- 1. Incorporation of Recitals.** The foregoing recitals are incorporated into this Amendment.
- 2. Relief Term.** The Rent Relief provided by the County to Lessee pursuant to this Lease Amendment shall be for a period of seven (7) months, beginning June 1, 2022 and ending December 31, 2022 (the "Relief Term").
- 3. Unique and non-recurring financial hardship relief.** Fair Market Value (FMV) land rent shall be reduced during the Relief Term by \$71,428.57 per month which in total shall not exceed \$500,000.00 ("Rent Relief").
- 4. Arbitration Settlement Rent.** The core rent shall be stepped retroactively from June 1, 2020 over three (3) years resulting in the three (3) steps outlined below in the Table 4.(a). The net result is a refund of \$303,282.60 as of June 1, 2022, that shall be refunded as overpaid rent, plus all applicable late fees.

**Table 4.(a)
Three Stepped Arbitration Settlement Refund of Core Rent**

Dates	Year	Monthly Rent ¹	Refunded Rent ¹
Step 1 (06/01/20-05/31/21)	2020-2021	\$ 55,637.61	\$ 202,188.24
Step 2 (06/01/21-05/31/22)	2021-2022	\$ 64,062.10	\$ 101,094.36
Step 3 (06/01/22-05/31/23)	2022-2023	\$ 72,486.63	\$ -
Total			(\$303,282.60)

¹Leashold Excise Tax not included.

5. **Termination of arbitration and acceptance of Fair Market Value Rent.** Lessee waives its right to further challenge this rent determination in arbitration and/or under any other provisions of the Lease.

6. **Condition Precedent, Termination and Termination for Default.** As a condition precedent to the Rent Relief set forth herein in this Lease Amendment No. 4, all Lessee's outstanding balances due and owing under the Lease shall be made current prior to such Rent Relief. If Lessee is in default of any payment obligations under the Lease during the duration of this Lease Amendment No. 4, the Rent Relief provided in this Amendment shall terminate and any remaining Rent Relief shall be rescinded and all Lease rates will remain unchanged.

6. **Lessee Remains Responsible for Rent.** Lessee expressly acknowledges and agrees that at the end of the Relief Term, the rent and any fees and charges due and payable by Lessee under the Lease Agreement will remain unchanged by this Lease Amendment.

7. **Subordinate to Grant Assurances.** The terms of this Lease Amendment are subject and subordinate to the provisions of any agreement between the County and the United States, including without limitation the terms of any "Sponsor's Grant Assurances" or like agreement, in connection with receipt of federal grant funds or other benefits for the Airport.

8. **Entire Agreement.** This Lease Amendment, together with the Lease, sets forth all covenants, promises, agreements, conditions and understandings between the parties and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the parties with respect to the subject matter hereof, other than as set forth in this Lease Amendment. No subsequent alteration, amendment, change or addition to the Lease Amendment shall be binding unless reduced to writing and signed by all parties.

9. **Effective Date.** This Amendment is effective as of June 1, 2022.

10. **Other Terms and Conditions.** All other terms and conditions of the Lease, not inconsistent herewith, shall remain in full force and effect.

