

Admin Office
3220 100th St. SW, Suite A
Everett, WA 98204

(425) 388-5125
(425) 355-9883 FAX



Business Office
10108 32nd Ave W, Suite J
Everett, WA 98204

(425) 388-5125
FAX (425) 388-7005

Arif R. Ghouse
Airport Director

Dave Somers
County Executive

April 13, 2022

Community Economic Revitalization Board (CERB)

Attn: Cindy Chavez
1011 Plum St. SE
P.O. Box 42525

RE: CERB Loan Pay Off Requested
Contract #S12-790A0-031

Dear CERB,

The Snohomish County Airport appreciates all the support from the Community Economic Revitalization Board (CERB) and funds received to date for our projects. Our tenant Capstone PF2, LLC which participated in the CERB loan contract #S12-790A0-031 with Snohomish County Airport for the principal amount of \$496,257 would like to sell their structure and assign their lease interest.

For a little background, the facility is currently occupied by Collins Aerospace which was formerly known as BE Aerospace, Inc. and they are estimated to employ approximately six hundred (600) staff. Collins Aerospace shall remain the tenant and has a lease for an additional ten (10) years. Therefore, the building's use shall remain unchanged; however, the structure shall be assigned to a new owner, ET Everett, LLC. The Snohomish County Airport owns the land and leases it long term which shall remain unchanged. The facility shall continue to have a significant positive economic impact on the local economy of Snohomish County and Washington State.

Capstone PF2, LLC the current lessee has requested to assign their lease to ET Everett, LLC, and payoff the remainder of the CERB Loan Contract #S12-790A0-031. The County would like to formally request to pay off the loan in full as of June 1, 2022 and request this approval at your upcoming CERB meeting on May 17, 2022.

Please see below and attached project details and original contract agreement:

Pay Off Date: June 1, 2022
Contractor: Snohomish County Airport
Project Title: Remediation treatment and prep of the unstable soil on the proposed 15 acre designated to provide safe load-bearing construction.
Contract: #S12-790A0-031

"The Airport of Choice"

Thank you for the consideration and CERB's support on this loan which helped make this project possible. CERB loans support the economic development of our communities and it's greatly appreciated.

Sincerely,

Nickolis A. Landgraff
Airport Business Manager

Enclosed: CERB Payoff Request
Packet of All Contract #S12-790A0-031 Documents

Cc: Arif Ghouse, Airport Director
Pete McGuire, Deputy Airport Director
Paula Bond, Financial Analyst
Mike Hubbard, Capstone PF2, LLC



1011 Plum St. SE
P.O. Box 42525
360-725-4000
www.commerce.wa.gov

Community Economic Revitalization Board
Commerce Representative Contact: Cindy * Chavez
Phone: (360) 725-3154 **Email:** cindy.chavez@commerce.wa.gov

Invoice Date: 04/07/2022
Invoice #: CERB-Pay Off Quote

Snohomish County Airport
10108 32nd Avenue W, Suite J
Everett, WA 98204

Project Title:
Remediation treatment and prep of the untable soil on the proposed 15-acre designated to provide safe load-bearing construction.

Pay Off Date: 06/01/2022
Contract #: S12-790A0-031
Loan#: 1

Contractor Name:
Snohomish County Airport

Pay Off Quote

Principal Amt:	\$425,363.09
Interest Amt:	\$2,859.39
Amt Due:	\$428,222.48

For questions about your loan, or to accelerate your payments, please contact the assigned Commerce Representative Contact (program team member) listed at the top of this invoice.



Payment Coupon

Detach and mail coupon with payment

Vendor #	Contract #	Invoice #	Date Due	Amount Due
SWV0002794-14	S12-790A0-031	CERB-Pay Off Quote	06/01/2022	\$428,222.48

Include Contract # and/or Invoice # with all payments. **Please pay by Electronic Fund Transfer (EFT).** Please contact Commerce Accounting at comacctoffice@commerce.wa.gov with any payment questions. If EFT (ACH or wire) is not an option, please remit by check to the below payment remittance address.

Make checks payable to: **Department of Commerce**
PO Box 48301
Olympia, WA 98504-8301



PAULA BOND
12/31/12
wy

STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

1011 Plum Street SE • PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000
www.commerce.wa.gov

December 20, 2012

Peter B. Camp, Executive Director
Snohomish County Airport
3220 100th Street NE, Suite 100
Everett, WA 98204-4046

RE: Soil Removal and Replacement on Construction Site, Contract #S12-790A0-031

Dear Mr. Camp:

Enclosed is a fully executed contract for the Snohomish County Airport, Grant #S12-790A0-031. This contract is for removing and replacing unsuitable soil on a proposed building site. Please keep this original document with other local records related to your project.

We will send you instructions and A19 vouchers for requesting funds and will e-mail the electronic version, (if needed), for your completion once funds are ready to be expended.

Please send invoices to: Jacquie Andresen
 Department of Commerce
 Attn: Contracts Administration Unit
 P.O. Box 42525
 Olympia, WA 98504-2525

I will be your project manager and look forward to working with you and your staff on this project. If you have any questions or need additional information, please do not hesitate to call me at (360) 725-3089 or e-mail me at Jacquie.Andresen@commerce.wa.gov.

Sincerely,

for: Jacquie Andresen
Contracts Administration Unit
Project Manager

Enclosures



SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

MOTION NO.12-102

AUTHORIZING THE SNOHOMISH COUNTY EXECUTIVE TO SIGN
INITIAL OFFER OF FINANCIAL AID ACCEPTING A LOAN OF \$600,000 FROM
COMMUNITY ECONOMIC REVITALIZATION BOARD TO FINANCE
INFRASTRUCTURE ON THE SNOHOMISH COUNTY AIRPORT

WHEREAS, developer, Capstone Partners, has been successful in negotiating with a major aerospace manufacturing firm (Firm) to consolidate four aerospace divisions into a new facility that Capstone Partners will develop for leaseback to Firm next to Esterline-Korry at the Airport; and

WHEREAS, Firm has projected that this new facility of approximately 280,000 square feet will allow Firm to retain 320 employees and to create 130 new jobs in Snohomish County within their first five years of operation at the Airport; and

WHEREAS, by Motion No.11-448 dated December 7, 2011, Council approved Airport applying for a \$600,000 loan from Community Economic Revitalization Board (CERB) to finance remediation of non-structural soils on 15.15 acres of Airport property (Property) Capstone Partners has under Option to Lease for proposed aerospace development; and

WHEREAS, on January 31, 2012, CERB made an Initial Offer of Financial Aid with terms of a twenty-year loan of \$600,000, at two percent interest, with five years of deferred principal and interest; and

WHEREAS, terms of final fifty-year land lease between Capstone Partners and Snohomish County on the Property will require Capstone Partners to accept responsibility for full repayment of any portion of the \$600,000 CERB Loan used in such aerospace development; and

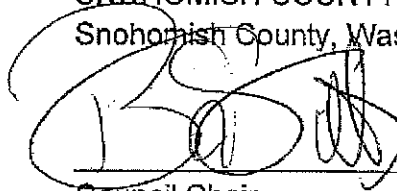
WHEREAS, after Council acceptance of the Initial Offer of Financial Aid, Council will have the opportunity to review and approve a Final Contract with CERB prior to any of the \$600,000 CERB Loan funds becoming available for use by Capstone Partners; and

WHEREAS, County Council has recognized the importance of supporting and growing aerospace employment within Snohomish County by earlier Council approvals to purchase the Property for \$1,525,424 in 1996, demolish and abate sixteen housing units on the Property for \$101,382 in 2008, and partial funding of \$252,264 in 2008 for road improvements to provide access to the Property;

NOW, THEREFORE, ON MOTION, the Snohomish County Council hereby authorizes the County Executive to execute the attached Initial Offer of Financial Aid accepting a \$600,000 Loan from Community Economic Revitalization Board to finance infrastructure on the Snohomish County Airport.

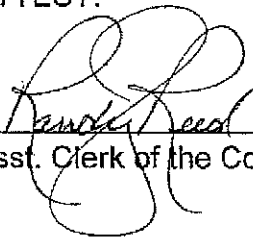
PASSED this 12th day of March, 2012.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington



Council Chair

ATTEST:



Asst. Clerk of the Council

D-03

Face Sheet

Project Special Terms and Conditions	5
1. Billing Procedures and Payment.....	5
2. Contract Management.....	5
3. Historical or Cultural Artifacts	6
4. Insurance	6
5. Order of Precedence	7
6. Reimbursement.....	8
Program Special Terms and Conditions	9
1. Definitions.....	9
2. Copyright Provisions	9
3. Interest on CERB Funds	9
4. Loan Payments	9
5. Notice	9
6. Performance Reporting	10
7. Project Completion.....	10
8. Project Performance	10
9. Restrictions on Conversion of Facility to Other Uses.....	10
10. Subcontracting	11
General Terms and Conditions	12
1. Definitions.....	12
2. Allowable Costs	12
3. All Writings Contained Herein	12
4. Amendments	12
5. Americans with Disabilities Act (ADA).....	12
6. Approval	12
7. Assignment.....	12
8. Attorney's Fees.....	12
9. Audit	12
10. Code Requirements.....	13
11. Confidentiality/Safeguarding of Information.....	13
12. Conformance	14
13. Copyright Provisions.....	14
14. Disallowed Costs	14
15. Disputes	15
16. Duplicate Payment.....	15
17. Ethics/Conflicts of Interest	15
18. Governing Law and Venue	15
19. Indemnification	15
20. Independent Capacity of the Contractor.....	15
21. Industrial Insurance Coverage	16
22. Laws	16
23. Licensing, Accreditation and Registration	16
24. Limitation of Authority	16
25. Local Public Transportation Coordination	17
26. Noncompliance With Nondiscrimination Laws.....	17
27. Political Activities	17
28. Prevailing Wage Law	17
29. Prohibition Against Payment of Bonus or Commission	17
30. Publicity	17

31.	Recapture.....	17
32.	Records Maintenance.....	17
33.	Registration With Department of Revenue.....	18
34.	Right of Inspection.....	18
35.	Savings.....	18
36.	Severability.....	18
37.	Subcontracting.....	18
38.	Survival.....	18
39.	Taxes.....	18
40.	Termination for Cause/Suspension.....	18
41.	Termination for Convenience.....	19
42.	Termination Procedures.....	19
43.	Waiver.....	19

	Attachment A, Scope of Work.....	20
	Attachment B, Budget.....	21
	Attachment C, Signed Certification Page of Application Form.....	22
	Attachment D, Initial Offer of Financial Aid.....	23
	Attachment E, Loan Ordinance or Resolution.....	24
	Attachment F, Attorney's Certificate.....	25
	Attachment G, Pre-Contract Requirements.....	26



ORIGINAL

Community Trade & Econ. Dev
CERB Program

SEP 17 2012

RECEIVED

Capital Agreement with

Snohomish County Airport

through the

Community Economic Revitalization Board

RECEIVED

NOV 27 2012

Department of Commerce

For

Remove unsuitable nonstructural soil on the proposed 15-acre site; replace with appropriate compactable, load bearing soil to prepare construction site.

Start date: Date of last signature



Department of Commerce
Innovation is in our nature.

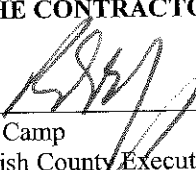
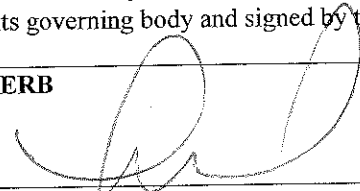
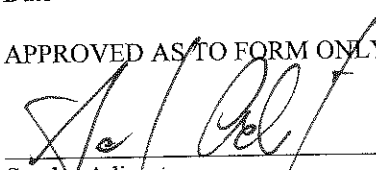
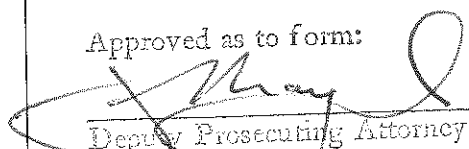
Washington State Department of Commerce
www.commerce.wa.gov

RECEIVED

NOV 26 2012

Contract Number: S12-790A0-031

Department of Commerce
Washington State Department of Commerce
Community Economic Revitalization Board

1. Contractor Snohomish County Airport 3220 100 th Street NE, Suite 100 Everett, WA 98204-4046		2. Contractor Doing Business As N/A	
3. Contractor Representative Bill Lewallen Deputy Airport Director 425.388.5116 425.355.9883 Bill.Lewallen@co.snohomish.wa.us		4. CERB Representative Janea Eddy CERB Program Staff 360.725.3151 360.586.0873 Janea.Eddy@commerce.wa.gov P.O. Box 42525 Olympia, WA 98504-2525	
5. Contract Amount \$600,000	6. Funding Source Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>		7. Start Date Date of last signature
		8. End Date 20 years from date of last signature	
9. Federal Funds (as applicable) N/A		10. Federal Agency N/A	
CFDA Number: N/A			
10. Tax ID # 91-60011368	11. SWV # SWV0002794-14	12. UBI #	13. DUNS #
14. Contract Purpose Remove unsuitable nonstructural soil on the proposed 15-acre site; replace with appropriate compactable, load bearing soil to prepare construction site.			
<ul style="list-style-type: none"> CERB, defined as Community Economic Revitalization Board, and Contractor acknowledge and accept the terms of this Contract and attachments and have executed this Contract on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Contract are governed by this Contract and the following other documents incorporated by reference: Attachment "A" – Scope of Work, Attachment "B" – Budget, Attachment C – Signed Certification Page of Application Form, Attachment D – Initial Offer of Financial Aid, Attachment E – Loan Ordinance or Resolution, Attachment F – Attorney's Certificate. This Contract shall be approved by the Contractor through its governing body and signed by the official representative of that body and returned to CERB by October 15, 2012. 			
FOR THE CONTRACTOR		FOR CERB	
 PETER B. CAMP Executive Director Peter B. Camp Snohomish County Executive Director		 Mark Urdahl, Chair Community Economic Revitalization Board	
Date <u>11/19/12</u>		Date <u>12/4/2012</u>	
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> COUNCIL USE ONLY Approved: <u>11-19-12</u> Docfile: <u>D-5</u> </div>		APPROVED AS TO FORM ONLY  Sandra Adix Assistant Attorney General	
Approved as to form:  Deputy Prosecuting Attorney <u>10/14/2012</u>		<u>09/14/2014</u> Date	

**PROJECT SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

1. BILLING PROCEDURES AND PAYMENT

CERB will reimburse Contractor upon receipt and acceptance of properly completed state voucher form and a recap of expenditures form, which shall be submitted to the Representative of CERB not more often than monthly.

The Contractor must submit to CERB a properly completed A-19 form, with all necessary backup documentation. The request must be signed by an official of the Contractor's organization who has the signature authority to submit such requests.

The request for reimbursement must include backup documentation to substantiate the payment being requested. The Contractor must include documentation of material receipts for eligible goods and services. For eligible administrative costs of Contractor staff, the Contractor must include payroll records for reimbursing for salaries and benefits.

All requests for reimbursement shall describe and document, to CERB's satisfaction, a description of the work performed, the progress of the project, and reimbursable costs. Requests for reimbursement shall include the contract reference number **S12-790A0-031**.

Payment shall be considered timely if made by CERB within thirty (30) calendar days after receipt of properly completed and documented requests for reimbursement. Payment shall be sent to the address designated by the Contractor.

CERB may, in its sole discretion, terminate the contract or withhold reimbursement if the Contractor fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of the scope of work to be completed under this contract shall be made by CERB.

Total funds disbursed shall not exceed actual amounts required for the project described or the amount of the CERB award, whichever is the lesser. All funds other than CERB's must be disbursed prior to CERB funds, except where required on a matching basis by other federal or state programs. If a combination loan and grant is approved, under no circumstances will payment be made from the grant portion prior to disbursement of funds from the loan portion. CERB will not recognize any requests for project costs overruns. No payments will be made except as expressly provided herein.

CERB shall withhold ten (10) percent of the total funding award until project completion and acceptance by CERB of the final Project Completion Report.

Duplication of Billed Costs

The Contractor shall not bill CERB for work under this Agreement, and CERB shall not pay the Contractor, if the Contractor is entitled to payment or has been or will be paid by any other source, including grants, for that service.

Disallowed Costs

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

Access to Work and Records

All property, facilities, and records developed pursuant to this agreement shall be available for inspection upon request during regular business hours by CERB or its authorized representative. All records supporting every request for payment shall be maintained in a manner which will provide an audit trail to the expenditures. Copies of records shall be furnished to CERB immediately upon request. This paragraph shall be included in any and all subcontracts let by the Contractor under this agreement.

2. CONTRACT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Contract.

The Representatives for CERB and the Contractor and their respective contact information, are identified on the Face Sheet of this Contract.

PROJECT SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS

3. HISTORICAL OR CULTURAL ARTIFACTS, HUMAN REMAINS

Certain capital construction projects may be subject to the requirements of Washington State Executive Order 05-05 "Archaeological and Cultural Resources", effective November 10, 2005. To the extent that Executive Order 05-05 may apply to a project approved by CERB, the Contractor will cooperate with CERB to undertake necessary compliance under the Order. In the event that historical or cultural artifacts are discovered at the Project site during construction or rehabilitation, the Contractor shall immediately stop construction, make a reasonable effort to protect the area from further disturbance, notify the local or Tribal historical preservation office, as appropriate, and the state historic preservation officer at the Department of Archaeology and Historic Preservation at (360) 586-3065. In the event that human remains or suspected human remains are discovered at the Project site during construction or rehabilitation Contractor shall immediately stop construction and shall immediately cease any activity which may cause further disturbance, make a reasonable effort to protect the area from further disturbance, and report the presence and location of the remains to the coroner and local law enforcement in the most expeditious manner possible.

4. INSURANCE

The Contractor shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect CERB should there be any claims, suits, actions, costs, damages or expenses arising from any loss, or negligent or intentional act or omission of the Contractor or Subcontractor, or agents of either, while performing under the terms of this Agreement.

The insurance required shall be issued by an insurance company authorized to do business within the state of Washington. Except for Professional Liability or Errors and Omissions Insurance, the insurance shall name the state of Washington, CERB, and its agents, officers, and employees as additional insureds under the insurance policy. All policies shall be primary to any other valid and collectable insurance. The Contractor shall instruct the insurers to give CERB thirty (30) calendar days advance notice of any insurance cancellation or modification.

The Contractor shall submit to CERB within fifteen (15) calendar days of the Agreement start date, a certificate of insurance which outlines the coverage and limits defined in this insurance section. During the term of the Agreement, the Contractor shall submit renewal certificates not less than thirty (30) calendar days prior to expiration of each policy required under this section.

The Contractor shall provide insurance coverage that shall be maintained in full force and effect during the term of this Agreement, as follows:

Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of Agreement activity but no less than \$1,000,000 per occurrence. Additionally, the Contractor is responsible for ensuring that any Subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

Automobile Liability. In the event that performance pursuant to this Agreement involves the use of vehicles, owned or operated by the Contractor or its Subcontractor, automobile liability insurance shall be required. The minimum limit for automobile liability is \$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.

Professional Liability, Errors and Omissions Insurance. The Contractor shall maintain Professional Liability or Errors and Omissions Insurance. The Contractor shall maintain minimum limits of no less than \$1,000,000 per occurrence to cover all activities by the Contractor and licensed staff employed or under contract to the Contractor. The state of Washington, its agents, officers, and employees need *not* be named as additional insureds under this policy.

Fidelity Insurance. Every officer, director, employee, or agent who is authorized to act on behalf of the Contractor for the purpose of receiving or depositing funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs shall be insured to provide protection against loss:

- A. The amount of fidelity coverage secured pursuant to this Agreement shall be \$100,000 or the highest of planned reimbursement for the Agreement period, whichever is lowest. Fidelity insurance secured pursuant to this paragraph shall name CERB as beneficiary.
- B. Subcontractors that receive \$10,000 or more per year in funding through this Agreement shall secure fidelity insurance as noted above. Fidelity insurance secured by Subcontractors pursuant to this paragraph shall name the Contractor as beneficiary.

**PROJECT SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

C. The Contractor shall provide, at CERB's request, copies of insurance instruments or certifications from the insurance issuing agency. The copies or certifications shall show the insurance coverage, the designated beneficiary, who is covered, the amounts, the period of coverage, and that CERB will be provided thirty (30) days advance written notice of cancellation.

SELF-INSURED CONTRACTORS ONLY

Self-Insured/Liability Pool or Self-Insured Risk Management Program – With prior approval from CERB, the Contractor may provide the coverage above under a self-insured/liability pool or self-insured risk management program. In order to obtain permission from CERB, the Contractor shall provide: (1) a description of its self-insurance program, and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pool financial reports must comply with Generally Accepted Accounting Principles (GAAP) and adhere to accounting standards promulgated by: 1) Governmental Accounting Standards Board (GASB), 2) Financial Accounting Standards Board (FASB), and 3) the Washington State Auditor's annual instructions for financial reporting. Contractor's participating in joint risk pools shall maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. The state of Washington, its agents, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third parties as additional insured.

Contractor shall provide annually to CERB a summary of coverages and a letter of self insurance, evidencing continued coverage under Contractor's self-insured/liability pool or self-insured risk management program. Such annual summary of coverage and letter of self insurance will be provided on the anniversary of the start date of this Agreement.

Employers Liability ("Stop Gap") Insurance

In addition, the Contractor shall buy employers liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident of \$1,000,000 each employee for bodily injury or disease.

Additional Provisions:

Excess Coverage. By requiring insurance herein, CERB does not represent that coverage and limits will be adequate to protect Contractor and such coverage and limits shall not limit Contractor's liability under the indemnities and reimbursements granted to CERB in this Agreement.

Unemployment and Industrial Insurance. The Contractor shall be in full compliance with all state unemployment and industrial insurance laws while performing work under this contract. CERB will not be responsible for payment of industrial insurance premiums or for any other claim or benefit for the Contractor, or any subcontractor or employee of the Contractor, which might arise under the industrial insurance laws during performance of this contract.

Protection of Project Property, Contractor's Assumption of Risk.

The Contractor shall continuously maintain adequate protection of all the project work from damage and shall protect the property from injury or loss arising in connection with this contract. The entire work of the Contractor shall be at the sole risk of the Contractor. The Contractor may elect to secure fire, extended coverage and vandalism insurance or all-risk insurance to cover the project work during the course of construction.

The Contractor shall take all necessary precautions for the safety of employees working on the project, and shall comply with all applicable provisions of federal, state and local safety laws and building codes to prevent accidents or injuries to persons, on, about, or adjacent to the premises where the work is being performed.

5. ORDER OF PRECEDENCE

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Project Special Terms and Conditions
- Program Special Terms and Conditions
- General Terms and Conditions
- Attachment A – Scope of Work

**PROJECT SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

- Attachment B – Budget
- Attachment C – Signed Certification Page of Application Form
- Attachment D – Initial Offer of Financial Aid
- Attachment E – Loan Ordinance or Resolution
- Attachment F – Attorney's Certificate

6. REIMBURSEMENT

CERB shall reimburse Contractor in an amount not to exceed \$600,000 for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of Work. Contractor's reimbursement shall be in accordance with the terms of this agreement.

Payments shall be made on a reimbursement basis only upon CERB's receipt and acceptance of a state voucher form and a recap of expenditures form providing documentation to CERB's satisfaction of funds expended.

**PROGRAM SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

1. DEFINITIONS

- A. "Initial Offer of Financial Aid" shall mean the written offer of financial assistance offered by CERB and accepted by the Contractor.
- B. "Project" shall mean the project approved for funding by CERB, as described in Attachment "A" – Scope of Work.
- C. "Project Completion Report" shall mean the report provided by CERB to the Contractor to be submitted upon the completion of the CERB-funded project.

2. COPYRIGHT PROVISIONS

Notwithstanding the provisions of General Term and Condition 13, COPYRIGHT PROVISIONS, of this contract, the Contractor has ownership rights in all data and blueprints that the Contractor produces under this contract, subject to the CERB right to royalty free use of these materials.

3. INTEREST ON CERB FUNDS

In those cases where funds have been disbursed by CERB, and the funds are not expended within thirty (30) days due to other circumstances, the Contractor shall owe the interest on all unexpended funds past thirty (30) days. All interest accruing on such funds shall inure to the benefit of CERB. Interest shall accrue at the same rate that the funds would have earned in the CERB Account held by the State Treasury Department.

4. LOAN PAYMENTS

Loan payments shall be made to CERB in accordance with the terms described in Attachment E to this agreement (Loan Ordinance or Resolution).

Upon failure to pay any installment, or any portion thereof, of principal or interest, CERB may at its option declare the entire remaining balance of the loan, together with interest accrued thereon, immediately due and payable. Failure to exercise its option with respect to any default shall not constitute a waiver by CERB to exercise such options for any succeeding installment payment which may then be in default. The Contractor shall pay the cost and reasonable attorney's fees incurred by the State in any action undertaken to enforce its rights under this contract.

5. NOTICE

All notices, demands, requests, consents, approvals, and other communication which may be or are required to be given by either party to the other under this agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes when delivered or mailed by first class postage or certified mail, postage prepaid, addressed as follows:

- a) Notice to CERB:
Washington State Department of Commerce
Community Economic Revitalization Board (CERB)
128-10th Ave. SW
P.O. Box 42525
Olympia, WA 98504-2525
- b) Notice to Contractor:
Bill Lewallen
Deputy Airport Director
Snohomish County Airport
3220 100th Street NW, Suite 100
Everett, WA 98204-4046

or to such other official or addresses the Contractor shall have furnished to CERB in writing.

**PROGRAM SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

6. PERFORMANCE REPORTING

The Contractor shall submit progress reports as required by CERB. The Contractor shall also report, in writing any problems, delays, or adverse conditions which will materially affect the ability to meet project objectives, time schedules, or work units by the established time period. This disclosure shall be accompanied by a statement of the action taken or contemplated and any CERB assistance needed to resolve the situation.

Upon final request for reimbursement, the Contractor shall submit a Project Completion Report to CERB, signed by the Contractor's responsible party, which shall include, but not be limited to, an accounting of all expenditures, a description of work accomplished, further refinement of private sector permanent employment impacts, etc. (format to be provided by CERB).

After submission of the Project Completion Report, the Contractor shall continue, for up to five years or as may be required by CERB, to provide updates on the economic impact of the project. The updates shall be in a format acceptable to CERB and describe, but not be limited to:

- Number and types of businesses assisted by the project
- Private sector employment and private investment activity resulting from the project
- Wages and health benefits associated with the private sector employment
- Amount of state funds and total capital invested in the project
- Local fund match and local participation in the project
- Transportation infrastructure available for the completed project

7. PROJECT COMPLETION

The project shall be completed within four (4) years from the date of contract execution, unless otherwise specified. Extension may be considered upon appropriate written request. Any changes are to be incorporated into this document as additions or amendments to Special Conditions.

If at any time during the term of this agreement CERB determines that project performance is unsatisfactory, including, but not limited to: (a) defective work not remedied, or (b) a reasonable doubt that the Contract can be completed for the balance then unpaid, CERB reserves the right to withhold payments until the problem is remedied or to exercise its rights of termination under General Terms and Conditions 41 and 42 of this agreement.

8. PROJECT PERFORMANCE

The Contractor's performance shall commence within six months after execution of the Final Contract, unless otherwise specified. Extension may be considered upon appropriate written request. Any changes are to be incorporated into this document as additions or amendments to Special Conditions.

If at any time during the term of this agreement CERB determines that project performance is unsatisfactory, including, but not limited to: (a) defective work not remedied, or (b) a reasonable doubt that the Contract can be completed for the balance then unpaid, CERB reserves the right to withhold payments until the problem is remedied or to exercise its rights of termination under Articles 41 and 42 of this agreement.

9. RESTRICTIONS ON CONVERSION OF FACILITY TO OTHER USES

The Contractor shall not convert any property or facility acquired or developed pursuant to this agreement to uses other than those for which CERB assistance was originally approved for a period of 10 years without the prior written approval of CERB. If CERB no longer exists at the time of the proposed conversion, such written approval must be obtained from the Governor's Office, or from an agency designated by the Governor's Office.

In the event that the Contractor converts any such property or facility to an unapproved use, the Contractor shall pay to CERB all funds disbursed under this contract with interest in full upon demand.

PROGRAM SPECIAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS

10. SUBCONTRACTING

Notwithstanding the provisions of General Term and Condition 38, SUBCONTRACTING, of this contract, the term "Contracting" shall not refer to subcontracting of the actual construction of the project.

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

1. DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the Chair and/or the designee authorized in writing to act on the Chair's behalf.
- B. "Contractor" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Contractor.
- C. "CERB" shall mean the Community Economic Revitalization Board, as authorized under RCW 43.160.
- D. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.
- E. "State" shall mean the state of Washington.
- F. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms "subcontractor" and "subcontractors" mean subcontractor(s) in any tier.

2. ALLOWABLE COSTS

Costs allowable under this Contract are actual expenditures according to an approved budget up to the maximum amount stated on the Contract Award or Amendment Face Sheet.

3. ALL WRITINGS CONTAINED HEREIN

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

4. AMENDMENTS

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

5. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, also referred to as the "ADA' 28 CFR Part 35

The Contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

6. APPROVAL

This contract shall be subject to the written approval of CERB as evidenced by the signature of CERB's Authorized Representative and shall not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

7. ASSIGNMENT

Neither this Contract, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of CERB.

8. ATTORNEYS' FEES

Unless expressly permitted under another provision of the Contract, in the event of litigation or other action brought to enforce Contract terms, each party agrees to bear its own attorneys fees and cost

9. AUDIT

A. General Requirements

Contractors are to procure audit services based on the following guidelines.

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

The Contractor shall maintain its records and accounts so as to facilitate the audit requirement and shall ensure that Subcontractors also maintain auditable records.

The Contractor is responsible for any audit exceptions incurred by its own organization or that of its Subcontractors.

CERB reserves the right to recover from the Contractor all disallowed costs resulting from the audit.

As applicable, Contractors required to have an audit must ensure the audits are performed in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards (the Revised Yellow Book) developed by the Comptroller General.

Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Contractor must respond to CERB requests for information or corrective action concerning audit issues within thirty (30) days of the date of request.

B. State Funds Requirements

Contractors expending \$100,000 or more in total state funds in a fiscal year must have a financial audit as defined by Government Auditing Standards (The Revised Yellow Book) and according to Generally Accepted Auditing Standards (GAAS). The Schedule of State Financial Assistance must be included. The schedule includes:

- Grantor agency name
- State program name
- BARS account number
- Grantor
- Agency contract number
- Contract award amount including amendments (total grant award)
- Beginning balance
- Current year revenues
- Current year expenditures
- Ending balance
- Program total

If the Contractor is a state or local government entity, the Office of the State Auditor shall conduct the audit. Audits of non-profit organizations are to be conducted by a certified public accountant selected by the Contractor.

The Contractor shall include the above audit requirements in any subcontracts.

In any case, the Contractor's financial records must be available for review by CERB.

C. Documentation Requirements

The Contractor must send a copy of any required audit Reporting Package as described in OMB Circular A-133, Part C, Section 320(c) no later than nine (9) months after the end of the Contractor's fiscal year(s) to:

- Department of Commerce
- ATTN: Audit Review and Resolution Office
- 906 Columbia Street SW, Fifth Floor
- PO Box 48300
- Olympia WA 98504-8300

In addition to sending a copy of the audit, when applicable, the Contractor must include:

- Corrective action plan for audit findings within three (3) months of the audit being received by CERB.
- Copy of the Management Letter.

10. CODE REQUIREMENTS

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required.

11. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

A. "Confidential Information" as used in this section includes:

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

1. All material provided to the Contractor by CERB that is designated as "confidential" by CERB;
 2. All material produced by the Contractor that is designated as "confidential" by CERB; and
 3. All personal information in the possession of the Contractor that may not be disclosed under state or federal law. "Personal information" includes but is not limited to information related to a person's name, health, finances, education, business, use of government services, addresses, telephone numbers, social security number, driver's license number and other identifying numbers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- B. The Contractor shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Contractor shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of CERB or as may be required by law. The Contractor shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Contractor shall provide CERB with its policies and procedures on confidentiality. CERB may require changes to such policies and procedures as they apply to this Contract whenever CERB reasonably determines that changes are necessary to prevent unauthorized disclosures. The Contractor shall make the changes within the time period specified by CERB. Upon request, the Contractor shall immediately return to CERB any Confidential Information that CERB reasonably determines has not been adequately protected by the Contractor against unauthorized disclosure.
- C. Unauthorized Use or Disclosure. The Contractor shall notify CERB within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

12. CONFORMANCE

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

13. COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by CERB. CERB shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Contractor hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to CERB effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Contract, but that incorporate pre-existing materials not produced under the Contract, the Contractor hereby grants to CERB a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that the Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to CERB.

The Contractor shall exert all reasonable effort to advise CERB, at the time of delivery of Materials furnished under this Contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor shall provide CERB with prompt written notice of each notice or claim of infringement received by the Contractor with respect to any Materials delivered under this Contract. CERB shall have the right to modify or remove any restrictive markings placed upon the Materials by the Contractor.

14. DISALLOWED COSTS

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

15. DISPUTES

Except as otherwise provided in this Contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with the Chair of CERB, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- state the disputed issues;
- state the relative positions of the parties;
- state the Contractor's name, address, and Contract number; and
- be mailed to the Chair and the other party's (respondent's) Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Chair or the Chair's designee and the requestor within five (5) working days.

The Chair or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Chair or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

16. DUPLICATE PAYMENT

The Contractor certifies that work to be performed under this contract does not duplicate any work to be charged against any other contract, subcontract, or other source.

17. ETHICS/CONFLICTS OF INTEREST

In performing under this Contract, the Contractor shall assure compliance with the Ethics in Public Service Act (Chapter 42.52 RCW) and any other applicable state or federal law related to ethics or conflicts of interest.

18. GOVERNING LAW AND VENUE

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

19. INDEMNIFICATION

To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless the state of Washington, CERB, all other agencies of the State and all officers, agents and employees of the State, from and against all claims or damages for injuries to persons or property or death arising out of or incident to the Contractor's performance or failure to perform the Contract. The Contractor's obligation to indemnify, defend, and hold harmless includes any claim by the Contractor's agents, employees, representatives, or any Subcontractor or its agents, employees, or representatives.

The Contractor's obligation to indemnify, defend, and hold harmless shall not be eliminated by any actual or alleged concurrent negligence of the State or its agents, agencies, employees and officers.

Subcontracts shall include a comprehensive indemnification clause holding harmless the Contractor, CERB, the state of Washington, its officers, employees and authorized agents.

The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the State and its agencies, officers, agents or employees.

20. INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties acknowledge and agree that the Contractor and its employees or agents performing under this Contract are not employees or agents of the state of Washington or CERB. The Contractor will not hold itself out as or claim to be an officer or employee of CERB or of the state of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Contractor.

21. INDUSTRIAL INSURANCE COVERAGE

The Contractor shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, CERB may collect from the Contractor the full amount payable to the Industrial Insurance Accident Fund. CERB may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by CERB under this Contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

22. LAWS

The Contractor shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

- A. Affirmative action, Section 41.06.020 (11) RCW.
- B. Boards of directors or officers of non-profit corporations – Liability - Limitations, Section 4.24.264 RCW.
- C. Disclosure-campaign finances-lobbying, Chapter 42.17 RCW.
- D. Discrimination-human rights commission, Chapter 49.60 RCW.
- E. Ethics in public service, Chapter 42.52 RCW.
- F. Housing assistance program, Chapter 43.185 RCW
- G. Interlocal cooperation act, Chapter 39.34 RCW.
- H. Noise control, Chapter 70.107 RCW.
- I. Office of minority and women's business enterprises, Chapter 39.19 RCW and Chapter 326-02 WAC.
- J. Open public meetings act, Chapter 42.30 RCW.
- K. Prevailing wages on public works, Chapter 39.12 RCW.
- L. Public records act, Chapter 42.56 RCW.
- M. Relocation assistance - real property acquisition policy, Chapter 8.26 RCW.
- N. Shoreline management act of 1971, Chapter 90.58 RCW.
- O. State budgeting, accounting, and reporting system, Chapter 43.88 RCW.
- P. State building code, Chapter 19.27 RCW and Energy-related building standards, Chapter 19.27A RCW, and Provisions in buildings for aged and handicapped persons, Chapter 70.92 RCW.
- Q. State Coastal Zone Management Program, Publication 01-06-003, Shorelands and Environmental Assistance Program, Washington State Department of Ecology.
- R. State environmental policy, Chapter 43.21C RCW.
- S. State Executive Order 05-05 Archeological and Cultural Resources.

23. LICENSING, ACCREDITATION AND REGISTRATION

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Contract.

24. LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract on behalf of CERB.

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

25. LOCAL PUBLIC TRANSPORTATION COORDINATION

Where applicable, Contractor shall participate in local public transportation forums and implement strategies designed to ensure access to services.

26. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Contract, the Contractor shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further contracts with CERB. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

27. POLITICAL ACTIVITIES

Political activity of Contractor employees and officers are limited by the State Campaign Finances and Lobbying provisions of Chapter 42.17 RCW and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

28. PREVAILING WAGE LAW

The Contractor certifies that all contractors and subcontractors performing work on the Project shall comply with state Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable to the Project funded by this contract, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Contractor shall maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and shall make such records available for CERB's review upon request.

29. PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Contract shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Contract provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

30. PUBLICITY

The Contractor agrees not to publish or use any advertising or publicity materials in which the state of Washington or CERB's name is mentioned, or language used from which the connection with the state of Washington's or CERB's name may reasonably be inferred or implied, without the prior written consent of CERB.

31. RECAPTURE

In the event that the Contractor fails to perform the work or otherwise carry out its duties under this contract in accordance with state laws, federal laws, and/or the provisions of this contract, CERB reserves the right to recapture funds in an amount to compensate CERB for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Contractor of funds under this recapture provision shall occur within the time period specified by CERB. In the alternative, CERB may recapture such funds from payments due under this contract, if any.

32. RECORDS MAINTENANCE

The Contractor shall maintain all books, records, documents, data and other evidence relating to this Contract and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. Contractor shall retain such records for a period of six years following the date of final payment.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

33. REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Contractor shall complete registration with the Washington State Department of Revenue.

34. RIGHT OF INSPECTION

At no additional cost all records relating to the Contractor's performance under this Contract shall be subject at all reasonable times to inspection, review, and audit by CERB, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Contract. The Contractor shall provide access to its facilities for this purpose.

35. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, CERB may terminate the Contract under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

36. SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Contract and to this end the provisions of this Contract are declared to be severable.

38. SUBCONTRACTING

The Contractor may only subcontract work contemplated under this Contract if it obtains the prior written approval of CERB.

If CERB approves subcontracting, the Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts. For cause, CERB in writing may: (a) require the Contractor to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Contractor from subcontracting with a particular person or entity; or (c) require the Contractor to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Contractor is responsible to CERB if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Contractor shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Contract. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to CERB for any breach in the performance of the Contractor's duties.

Every subcontract shall include a term that CERB and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the subcontract.

39. SURVIVAL

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

40. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Contractor's income or gross receipts, any other taxes, insurance or expenses for the Contractor or its staff shall be the sole responsibility of the Contractor.

41. TERMINATION FOR CAUSE / SUSPENSION

In event CERB determines that the Contractor failed to comply with any term or condition of this Contract, CERB may terminate the Contract in whole or in part upon written notice to the Contractor. Such termination shall be deemed "for cause." Termination shall take effect on the date specified in the notice.

In the alternative, CERB upon written notice may allow the Contractor a specific period of time in which to correct the non-compliance. During the corrective-action time period, CERB may suspend further payment to the Contractor in whole or in

**GENERAL TERMS AND CONDITIONS
CAPITAL-RELATED
STATE FUNDS**

part, or may restrict the Contractor's right to perform duties under this Contract. Failure by the Contractor to take timely corrective action shall allow CERB to terminate the Contract upon written notice to the Contractor.

"Termination for Cause" shall be deemed a "Termination for Convenience" when CERB determines that the Contractor did not fail to comply with the terms of the Contract or when CERB determines the failure was not caused by the Contractor's actions or negligence.

If the Contract is terminated for cause, the Contractor shall be liable for damages as authorized by law.

42. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Contract CERB may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, CERB shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination.

43. TERMINATION PROCEDURES

After receipt of a notice of termination, except as otherwise directed by CERB, the Contractor shall:

- A. Stop work under the Contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities related to the Contract;
- C. Upon termination of the Contract, CERB shall pay the Contractor for any reimbursable expenses incurred prior to the date of termination, provided a properly submitted and documented request for reimbursement is timely submitted. CERB may withhold any amount due as CERB reasonably determines is necessary to protect CERB against potential loss or liability resulting from the termination. CERB shall pay any withheld amount to the Contractor if CERB later determines that loss or liability will not occur.

The rights and remedies of CERB under this section are in addition to any other rights and remedies provided under this Contract or otherwise provided under law.

44. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of CERB.

Scope of Work

Contractor: Snohomish County Airport

Summary: Remove unsuitable nonstructural soil on the proposed 15-acre site; replace with appropriate compactable, load bearing soil to prepare construction site.

Activities and Estimated Costs: (All activities will be completed no later than 4 years from contract execution.)

Land/Right-of-Way Acquisition	\$1,525,424
Construction (16-Unit Housing Demo)	\$101,382
Contracts (Treatment of Unsuitable Soil)	\$600,000
Airport Road Improvements	\$252,264
TOTAL	\$2,479,070

Deliverables:

- Digital photographs of the sites of each of the activities before, during and after completion of construction.
- Final Project Report. Report format to be provided by CERB.
- Progress Reports.

Progress reports will be submitted on a quarterly schedule to CERB. The following dates establish this reporting schedule:

- January 15, 2013
- April 15, 2013
- July 15, 2013
- October 15, 2013
- January 15, 2014
- April 15, 2014
- July 15, 2014
- October 15, 2014
- January 15, 2015
- April 15, 2015
- July 15, 2015
- October 15, 2015
- January 15, 2016
- April 15, 2016
- July 15, 2016
- October 15, 2016

Budget

A. CERB Award

- General obligation loan of \$600,000
- Interest rate: 2.0 percent (%) per annum on the outstanding principal balance
- Term: 20 years maximum, including 5 years of deferred principal and interest
- Grant of \$0

B. Budget

The budget shall consist of the following elements:

	CERB Award	Other Funds	Total
1. Administration			
2. Engineering/Design	\$16,425		\$16,425
3. Construction	\$583,575	\$353,646	\$937,221
4. Property Acquisition		\$1,525,424	\$1,525,424
TOTAL	\$600,000	\$1,879,070	\$2,479,070

Special Budget Provisions:

A sum of ten (10) percent of CERB funds shall be withheld until all activities and final products defined in Attachment "A" have been successfully completed by the Contractor and accepted fully by CERB.

Signed Certification Page of Application Form

COMMUNITY ECONOMIC REVITALIZATION BOARD

Committed Private Partner Construction Application for Funding

Applicant: <u>Snohomish County Airport</u>		County: <u>Snohomish County</u>
Federal Tax ID: <u>91-6001368</u>		Applicant Fiscal Year: <u>1/1 to 12/31</u>
Contact Name: <u>Bill Lewallen</u>		Title: <u>Deputy Airport Director</u>
Phone: <u>(425) 388-5116</u>	Fax: <u>(425) 355-9883</u>	Email: <u>bill.lewallen@co.snohomish.wa.us</u>
Mailing Address: <u>3220 100th Street NW, Suite 100, Everett, WA 98204-4046</u>		
Legislative District: <u>44</u>		Congressional District: <u>2</u>

CERB Loan Request:	\$600,000
CERB Grant Request:	\$-0-
Total CERB Request:	<u>\$600,000</u>
Total Match:	<u>\$1,879,070</u>
Total Project Cost:	<u>\$2,479,070</u>

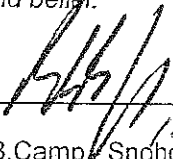
Project Title: Capstone Paine Field 2

Brief public project description: The 15 acres proposed for development contains an unusually large amount of nonstructural fill. The high development cost to make the soils suitable for construction range from \$1.3M for pilings to \$600,000 for pre-loading and schedule delays. Developer (Capstone) is presently negotiating with aerospace prospect to extend schedule and reduce project costs in order for prospect to enter into a final development contract. Prospect continues to fund on-going design revisions in this cost-reduction hunt and Developer advises that requested CERB financing assistance is critical to them being able to make the strongest offer to successfully close the deal with the prospect. Applicant has voluntarily reduced the initial \$1.3M CERB loan request to \$600K as a means of encouraging on-going project negotiations to favor the least expensive option, and also to purposely leave CERB Urban funding on the table for Board to consider applying to other legitimate projects in this funding cycle.

Brief private project description: Developer, Capstone Partners, Inc., has an aerospace manufacturing tenant in hand with need for an approximately 305,250sf new facility to be located in close proximity to The Boeing Company.

Declaration: *"I hereby certify that the information given in this application to the Community Economic Revitalization Board is true and correct to the best of my knowledge and belief."*

Signature of Responsible Official:


PETER B. CAMP
 Executive Director
 12/9/11
 Peter B. Camp, Snohomish County Executive Director

Print or Type Name and Title:

Initial Offer of Financial Aid

MAR 19 2012

Attachement D

RECEIVED

Washington State Department of Commerce
Community Economic Revitalization Board

Initial Offer of Financial Aid

ORIGINAL

Snohomish County Airport
Federal Tax Number: 91-60011368
Offer Date: January 31, 2012

The Community Economic Revitalization Board (CERB) is authorized by chapter 43.160 RCW to provide funds to political subdivisions to assist in financing the cost of certain public facilities. This Initial Offer of Financial aid is contingent upon the availability of CERB funds. CERB hereby offers to make funds available to **Snohomish County Airport**, hereafter referred to as the "Contractor," in order to aid in financing the cost of, or improvements to, public facilities consisting of a **non-structural fill for development site** as described in the application (hereafter collectively referred to as the "Project").

This offer consists of:

- General obligation loan of \$ 600,000
- Interest rate: 2 percent (%) per annum on the outstanding principal balance
- Term: 20 years maximum, including 5 years of deferred principal and interest
- Grant of \$ N/A

This offer is subject to completion of pre-contract conditions, as described in Attachment G.

A final contract shall be developed by CERB prior to disbursement of funds. No project costs incurred prior to this offer date will be reimbursed by CERB. In the event a final contract is not executed, no CERB funds will be disbursed.

If accepted, this Initial Offer of Financial Aid must be signed and returned to CERB by March 13, 2012.

ACCEPTANCE

FOR CERB



Mark Udahl, Chair
Community Economic Revitalization Board

Date: 3/27/12

FOR THE CONTRACTOR



Name: PETER B. CAMP
Title: Executive Director

Date: 3/14/12

COUNCIL USE ONLY	
Approved:	3-12-12
Docfile:	D-3

Loan Ordinance or Resolution

SSNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

AMENDED MOTION NO. 11-448

AUTHORIZING THE SNOHOMISH COUNTY EXECUTIVE TO SIGN AND
SNOHOMISH COUNTY AIRPORT TO APPLY FOR COMMUNITY ECONOMIC
REVITALIZATION BOARD LOAN OF \$600,000 TO FUND INFRASTRUCTURE ON
THE SNOHOMISH COUNTY AIRPORT

WHEREAS, Capstone PF LLC (Developer) has entered into an Option to Lease approximately 15 acres located on Snohomish County Airport (Property) for their development and ownership of a new facility of approximately 305,250 square feet to potentially be leased by an aerospace tenant; and

WHEREAS, a potential aerospace tenant has projected that they will retain 320 employees and create 130 new jobs in the first five years and within the County; and

WHEREAS, costs of options to remediate unsuitable soils on the Property range from \$500,000 to \$1,300,000, and present funding for all such options make the potential development not financially feasible; and

WHEREAS, the Airport has prepared an application to submit to Community Economic Revitalization Board (CERB) for a 1% twenty-year loan of \$600,000 with a five-year payment deferral for purposes of funding remediation of unsuitable soils on the Property; and

WHEREAS, the Developer will have entered into a Snohomish County Land Lease of the Property, with lease terms assigning full responsibility to Developer for full repayment of the CERB loan, before the County Council approves a final CERB contract agreeing to accept a CERB loan; and

WHEREAS, the sequence of funding sources and responsibility for parties potentially involved in the repayment of the CERB loan is:

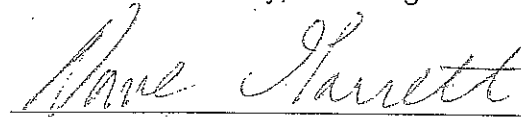
- #1 – Developer
- #2 – Snohomish County Airport Enterprise Funds
- #3 – Snohomish County General Fund; and

WHEREAS, the County Council has recognized the importance of supporting and growing aerospace employment within the county by earlier Council approvals to purchase the Property for \$1,525,424 in 1996, demolish and abate sixteen housing units on the Property for \$101,382 in 2008, and partial funding of \$252,264 in 2008 for road improvements to provide access to the Property;

NOW THEREFORE ON MOTION, the Snohomish County Council hereby authorizes the County Executive to execute, and for Snohomish County Airport to submit, an application to the Community Economic Revitalization Board for a loan of \$600,000 to be used to remediate unsuitable soils in preparing land at Snohomish County Airport to accommodate an aerospace manufacturing use.

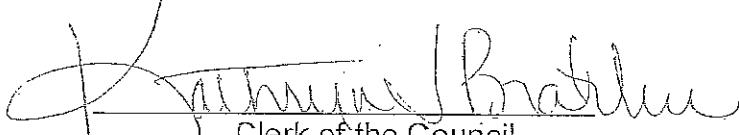
PASSED this 7th day of December, 2011.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington



Council Chair

ATTEST:



Clerk of the Council

D-7

Attorney's Certificate



**Snohomish County
Prosecuting Attorney
Mark K. Roe
3000 Rockefeller Avenue
Everett, WA 98208-4060**

Attachement F

Civil Division – Airport Office
Jason J. Cummings, Chief Deputy
Snohomish County Airport at Paine Field
3220 – 100th Street SW, Ste. A
Everett, WA 98204-1390
(425) 388-5108
Fax (425) 355-9338

December 9, 2011

Chair, Community Economic Revitalization Board
Department of Community, Trade and Economic Development
PO Box 42525
Olympia, WA 985045-2525

Dear CERB Chair:

I am an attorney at law admitted to practice in the state of Washington, and a duly appointed deputy prosecuting attorney of the applicant, Snohomish County, a political subdivision of the State of Washington (the "County") and the applicant for this CERB loan.

I have examined this application being submitted to the Community Economic Revitalization Board of the State of Washington, whereby financial assistance is requested for the following described public facilities project (the "Project"):

The Project involves the removal and replacement of unsuitable soils on approximately fifteen acres of land at the Snohomish County Airport at Paine Field for the development and construction of an approximately 300,000 square foot facility to accommodate retention and growth of aerospace manufacturing. A developer has entered into an option to lease the land from the County.

I have examined the financial records of the County, paying particular attention to the composite outstanding debt. I am aware of the provisions of Chapter 39.36 RCW and any successor or other statute or rule relating to debt limitations for taxing districts.

I have further examined the proposed public facilities project outlined in the application in the light of existing comprehensive land use plans and zoning ordinances for the County, including the plans for the acquisition of land and the development thereof for the proposed public facilities project.

I have also examined any and all documents and records additional to the above documents which are germane to the proposed loan/grant.

S:\Maynard\CERB\Draft CERB ATTY CERT 11.23.11.docx

Administration
Robert G. Lenz, Operations Manager
Robert J. Drewel Bldg., 8th Floor
(425) 388-3333
Fax (425) 388-7172

Criminal Division
Joan Cavagnaro, Chief Deputy
Mission Building
(425) 388-3333
Fax (425) 388-3572

Family Support Division
Serena S.A. Hart, Chief Deputy
Robert J. Drewel Bldg., 6th Floor
(425) 388-7280
Fax (425) 388-7295

Based on the foregoing, it is my opinion that:

1. The County is a public body, properly constituted and operating under the laws of the state of Washington, empowered to receive and expend federal, state and local funds, to contract with the state of Washington, to receive and expend the funds involved for said purposes, to accomplish the objectives set for the in their application.
2. The County adopted Motion No. 11-448 and Motion No. 11-449, copies of which are attached hereto, requesting financial assistance from CERB to fund removal of unsuitable soils in preparation for potential aerospace development at Paine Field and approving a contingency agreement.
3. The Motions were properly adopted in accordance with the laws of the state of Washington and County's procedural requirements.
4. The County has the right, title and interest in all real property required to construct and implement the above-described public facilities project. Specifically, the County has a fee simple ownership interest in all land being considered for development and lease pursuant to this Project. The property is zoned light industrial.
5. There is currently no litigation in existence seeking to enjoin the commencement or completion of the proposed public facilities project or to enjoin the County from repaying a loan extended by the Community Economic Revitalization Board with respect to such Project. The County is not a party to litigation which will materially affect its ability to repay such loan under the terms requested in this application.
6. Assumption of an obligation in the amount of the CERB request would not exceed statutory and administrative rule debt limitations applicable to the County.
7. To the best of my understanding, the proposed Project is consistent with any and all land use plans and zoning ordinances, as those terms are described above.

Sincerely,



Jim Maynard

Deputy Prosecuting Attorney Airport
Snohomish County

Pre-Contract Requirements

This agreement is contingent upon CERB receiving acceptable documentation that the following pre-contact requirements have been completed:

- A. Repayment Resolution or Ordinance
- B. National and/or State Environmental Protection Act Certification
- C. Statement regarding permits and clearances
Note: This statement pertains only to the public project, and does not extend to the requirement applicable to the private development.
- D. To the extent that Executive Order 05-05, Archaeological and Cultural Resources, effective November 10, 2005, may apply to a project approved by CERB, the applicant will cooperate with CERB to undertake necessary compliance under the Order.
- E. Evidence of an agreement between the developer and the prospective tenant for construction of the facility as proposed in the application.
- F. Evidence of the Snohomish County Land Lease with the developer defining obligations of the developer to repay the CERB loan.
- G. Evidence of a contract between the developer and prospective tenant that provides sufficient lease revenue for repayment of CERB loan.
- H. Evidence that the private capital identified in the application and required by the proposed tenant is secure and in place.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

MOTION NO.12-102

AUTHORIZING THE SNOHOMISH COUNTY EXECUTIVE TO SIGN
INITIAL OFFER OF FINANCIAL AID ACCEPTING A LOAN OF \$600,000 FROM
COMMUNITY ECONOMIC REVITALIZATION BOARD TO FINANCE
INFRASTRUCTURE ON THE SNOHOMISH COUNTY AIRPORT

WHEREAS, developer, Capstone Partners, has been successful in negotiating with a major aerospace manufacturing firm (Firm) to consolidate four aerospace divisions into a new facility that Capstone Partners will develop for leaseback to Firm next to Esterline-Korry at the Airport; and

WHEREAS, Firm has projected that this new facility of approximately 280,000 square feet will allow Firm to retain 320 employees and to create 130 new jobs in Snohomish County within their first five years of operation at the Airport; and

WHEREAS, by Motion No.11-448 dated December 7, 2011, Council approved Airport applying for a \$600,000 loan from Community Economic Revitalization Board (CERB) to finance remediation of non-structural soils on 15.15 acres of Airport property (Property) Capstone Partners has under Option to Lease for proposed aerospace development; and

WHEREAS, on January 31, 2012, CERB made an Initial Offer of Financial Aid with terms of a twenty-year loan of \$600,000, at two percent interest, with five years of deferred principal and interest; and

WHEREAS, terms of final fifty-year land lease between Capstone Partners and Snohomish County on the Property will require Capstone Partners to accept responsibility for full repayment of any portion of the \$600,000 CERB Loan used in such aerospace development; and

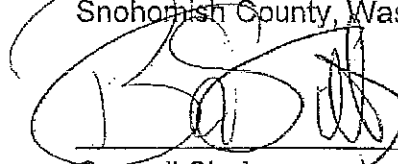
WHEREAS, after Council acceptance of the Initial Offer of Financial Aid, Council will have the opportunity to review and approve a Final Contract with CERB prior to any of the \$600,000 CERB Loan funds becoming available for use by Capstone Partners; and

WHEREAS, County Council has recognized the importance of supporting and growing aerospace employment within Snohomish County by earlier Council approvals to purchase the Property for \$1,525,424 in 1996, demolish and abate sixteen housing units on the Property for \$101,382 in 2008, and partial funding of \$252,264 in 2008 for road improvements to provide access to the Property;

NOW, THEREFORE, ON MOTION, the Snohomish County Council hereby authorizes the County Executive to execute the attached Initial Offer of Financial Aid accepting a \$600,000 Loan from Community Economic Revitalization Board to finance infrastructure on the Snohomish County Airport.

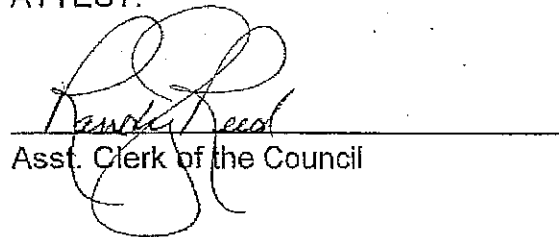
PASSED this 12th day of March, 2012.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington



Council Chair

ATTEST:



Asst. Clerk of the Council

D-03

NOTICE

DETERMINATION OF NON-SIGNIFICANCE

File Number: 11-004

Applicant: Capstone Partners NW LLC
C/O Craft Architects PLLC
2505 Third Avenue, Suite #324
Seattle, WA 98121
Phone: (206) 720-7001
Kathy Craft

DESCRIPTION OF PROPOSAL:

This project will construct an approximately 240,500 SF tilt-up concrete sprinklered building with a 64,750 SF mezzanine for industrial fabrication and office use on an approximately 15.1 acre site. A loading dock and approximately 564 parking stalls will surround the building in addition to landscaping.

LOCATION OF PROPOSAL: The address of the new building will be 11404 Commando Road, Everett, WA, 98204.

TAX ACCOUNT NUMBER: The project site is on tax parcels 28042200402600, 28042200402700, 28042200402800, 28042200402900, 28042200403000, 28042200403100 and 28042700101200 in Sections 22 and 27 Township 28 North, Range 04 East, Willamette meridian.

LEAD AGENCY: Snohomish County Airport / Paine Field

THRESHOLD DETERMINATION:

The lead agency for this proposal has determined that it does not have a probable, significant adverse impact on the environment. An Environmental Impact Statement (EIS) is NOT required under RCW 43.21C.031. This decision was made after review by Snohomish County of a completed environmental checklist and other information on file with this agency and such information is adopted herein by reference. This information is available for public review upon request. The lead agency has determined that the requirements for environmental analysis, protection, and mitigation measures have been adequately addressed in the development regulations and comprehensive plan adopted under chapter 36.70A RCW, and in other applicable local, state, or federal laws or rules, as provided by RCW 43.21C.240 and WAC 197-11-158. Our agency will not require any additional mitigation measures under SEPA. This Determination of Nonsignificance is issued under WAC 197-11-340 (2) and is subject to a 14 day comment period. Written comments may be submitted to the lead agency at the address below. *Comments must be received by November 17, 2011.*

APPEALS:

Any appeal must be addressed to the County Hearing Examiner, accompanied by a filing fee of \$500.00, and be filed in writing at the Customer Support Center on the 2nd Floor, County Administration Building East, Everett, WA. *The appeal must be received by November 17, 2011.*

The appeal must contain the items set forth in 30.71.050(5) SCC as follows:

- (a) Facts demonstrating that the person is aggrieved by the decision;
- (b) A concise statement identifying each alleged inadequacy in the threshold determination;

(c) The specific relief requested; and

(d) Any other information reasonably necessary to make a decision on appeal

Please note that failure to file a timely and complete appeal including all the above items shall constitute waiver of all rights to an administrative appeal under county code. In addition to the above requirements, SCC 30.61.305(1) also requires that any person filing an appeal of a threshold determination made pursuant to this chapter shall file with the hearing examiner, within seven days of filing the appeal, a sworn affidavit or declaration demonstrating facts and evidence, that, if proven, would demonstrate that the issuance of the threshold determination was clearly erroneous.

Project Manager: Andrew C. Rardin, Environmental Project Manager, (425) 388-5115

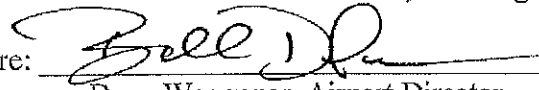
Project Manager e-mail: Andrew.Rardin@co.snohomish.wa.us

Comment Period: Comments must be received 14 days from the date of publication of this notice in the Everett Herald.

Responsible Official:

Dave Waggoner, Airport Director
Snohomish County Airport / Paine Field
3220 - 100th Street S.W.
Everett, Washington 98204-1390

Signature: _____

for 
Dave Waggoner, Airport Director

Date: November 1, 2011

3000 Rockefeller Ave., MS 604
Everett, WA 98201
1-800-562-4367
(425) 388-3311

Snohomish County Planning and Development

Pre-Contract Requirement C

Commercial Building Permit

Assessor Property Tax #: 280422-004-027-00 Permit # **12 103298 CBP**

Ref# 11107917

Site Address: 11404 COMMANDO RD EVERETT 98204
fgw 4-028 and 4-029***new boeing bldg

Expires: November 22, 2013

Issued: May 22, 2012

By: scdrar

Type: Non-Occupied Structure

Work Proposed: Foundation Only

Permit Description: Foundation only permit for future construction of a manufacturing facility.

Applicant: Capstone PF II LLC

601 Union Street STE 4200 Seattle WA 98101

(206) 652-3364 Work

(425) - Home

Sec Twn Rng: 22-28-4	16th: 12	Lot:	Subdiv.: Paine Field	Zoning: LI	Ref File #: 11107917
Previously Approve	Yes				
Plan Check Fee Req	Yes				
Site Review Fee Re	Yes				
Drainage/LDA Fee R	Paid in LDA Folder				
Traffic Review Fee	No				
Landscape Review F	No				
Critical Areas Stu	No				
Habitat Management	No				
Development Type	New Development				

Special Conditions: Project Olympus Agreement project

PROPERTY OWNERS ARE RESPONSIBLE FOR DETERMINING ALL PROPERTY LINE LOCATIONS AND RELATED EASEMENTS.

_____ I certify that I am exempt from the requirements of state contractor's registration under Sec. 3, Chap. 126, Laws of 1967.

_____ I certify that the information furnished by me is true and correct to the best of my knowledge and all work will conform to applicable Snohomish County Code.

Signature _____ Date _____

Inspector

SNOHOMISH COUNTY PLANNING AND DEVELOPMENT SERVICES
TRANSACTION STATEMENT

For faster service in person or by phone please refer to Project File# 12 103298 CBP

Applicant Name: Capstone PF II LLC
 Assessor Property ID#: 280422-004-027-00
 You have applied for: Commercial Building Permit
 Building Type: Non-Occupied Structure
Cashier Ref #: 658661
 Applicant Ref #: 460369

=====

SNOHOMISH COUNTY
 PLANNING & DEVELOPMENT SERVICES
 (425) 388-3311

REG-RECEIPT: 11491 - 145445
 CASHIER ID : scdrar
 Date Printed: 5/22/2012 14:39:19

=====

12103298 CBP	\$6,754.86
<hr/>	
SubTotal	\$8,754.86
Sales Tax	\$0.00
NC-Sales Tax	\$0.00
TOTAL DUE	\$6,754.86

RECEIVED FROM :
 Capstone PF II LLC
 CHECK \$6,754.86

TOTAL TENDERED	\$6,754.86
<hr/>	
CHANGE DUE	\$0.00

=====

Fees Due: May 16, 2012

Estimate (Estimate may)

<u>Bill # 353658</u>		
1210	1210-Comm Permit-Structure	\$6,553.75
3000	3000-Technology Surcharge	\$196.61
3010	3010-State Surcharge	\$4.50

Total \$6,754.86

Total \$0.00

Lewallen, Bill

From: Barnett, Tom
Sent: Tuesday, June 19, 2012 1:29 PM
To: mhubbard@capstone-partners.com
Cc: Lewallen, Bill; Rardin, Andrew
Subject: FW: 12-104593-CBP Capstone PF II - Shell and Core

Importance: High

Hi Mike,

Fyi, the shell and core building permit is available for pickup.

Tom Barnett

Project Manager

425-388-3311, Extension 2997

800-562-4367, Extension 2997

[Planning and Development Services Webpage](#)

From: Arnett, Kristine
Sent: Tuesday, June 19, 2012 1:24 PM
To: 'todd@craftarchitects.com'
Cc: Barnett, Tom
Subject: 12-104593-CBP Capstone PF II - Shell and Core
Importance: High

Todd:

Good afternoon. The above permit is now ready for issuance/pick up from our cashier counter. Fee balance due is \$234,768.63. Snohomish County does not accept credit cards – VISA/MC. If payment will be made by check, make out to Sno Co and indicate on the memo line of check the permit number in its entirety with “CBP” written after permit number sequence. **In addition you will need to provide proof of payment in form of receipt from the City of Mukilteo for \$76,425.00. You will need to bring in the above permit number or screen print of this email for check in at cashier counter.** Please take note of our business hours below.

Kris Arnett

Permitting Division/Customer Support Center

Snohomish County Planning & Development Services

3000 Rockefeller Avenue #604

Everett, WA 98201

(425) 388-3311, extension #2485

kris.arnett@snoco.org

General Information and Records Center

Monday, Tuesday, Wednesday, Friday – open from 8 a.m. - noon (closed 12-1) and open from 1- 3 p.m.

Thursday - closed (except for cashier service for filing appeals)

Walk-ins with general questions will be assisted on a first come-first serve basis during the hours and days listed above.

Many permit questions can be answered through [Ask PermitTech](#). Try it now!

Residential permit applications and land use/commercial submittals by appointment only
Please call (425) 388-3311 ext. 2790 to schedule an appointment.



Snohomish County
Planning and Development Services

Aaron Reardon
County Executive

Clay White, Director
3000 Rockefeller Avenue M/S #604
Everett, WA 98201-4046
(425) 388-3311 FAX (425) 388-3832

May 02, 2012

Kathy Craft
Craft Architects PLLC
1932 First Avenue STE 408
SEATTLE, WA 98101

STRUCTURAL PRELIMINARY REVIEW COMMENTS
1ST REVIEW OF THIS PROJECT
PROJECT TRACKING NUMBER 12-103298-000-00-CBP
TAX ACCOUNT FILE NUMBER 280422-004-027-00

RE: FOUNDATION ONLY FOR:
CAPSTONE PF II LLC AT:
11404 COMMANDO RD, EVERETT

USE GROUP CLASSIFICATION	= B / F-1
FLOOR AREA	= 296,000 SQUARE FEET
OCCUPANT LOAD	= N/A
TYPE OF CONSTRUCTION	
FOUNDATION ONLY	= I
SUPER-STRUCTURE	= III-B
MONITORED SPRINKLER SYSTEM	
FOUNDATION ONLY	= N/A
SUPER-STRUCTURE	= YES / NFPA13
FIRE ALARM SYSTEM	
FOUNDATION ONLY	= N/A
SUPER-STRUCTURE	= YES / NFPA72
# OF REQUIRED EXITS	
FOUNDATION ONLY	= N/A
SUPER-STRUCTURE	= UNDETERMINED
FLOOR DESIGN LIVE LOAD	= N/A

THIS REVIEW IS FOR A FOUNDATION ONLY PERMIT. THIS FOUNDATION IS INTENDED TO SUPPORT A MIXED USE INDUSTRIAL BUILDING. OCCUPANCY GROUPS PROPOSED BY THE APPLICANT TO BE HOUSED IN THIS BUILDING ARE 'USE GROUP B' AND 'USE GROUP F-1'. IF OTHER USES ARE INTRODUCED INTO THIS BUILDING, IT IS QUITE CONCEIVABLE ADDITIONAL MEASURES COULD BE REQUIRED BEFORE APPROVAL COULD BE GRANTED.

THE BASE ALLOWABLE FLOOR AREA FOR USE GROUPS 'B' AND 'F-1' OCCUPANCIES HOUSED IN III-B TYPE OF CONSTRUCTION IS UNLIMITED IF/WHEN THE BUILDING IS NO MORE THAN TWO-STORIES HIGH, IS SURROUNDED ON ALL SIDES WITH YARDS AND PUBLIC WAYS HAVING A WIDTH OF 60' OR MORE AND ARE SPRINKLED THROUGHOUT. SECTION 507.4. IF USE GROUPS A OR H ARE INTRODUCED INTO THIS BUILDING, ADDITIONAL MEASURES MAY BE REQUIRED TO MITIGATE FLOOR AREA, HIEGHT, FIRE AND EXITING CONCERNS.

IF NO OCCUPANCY GROUPS OTHER THAN 'B' AND 'F-1' ARE INDEED HOUSED WITHIN THIS STRUCTURE, THE BUILDING IS WITHIN THE FLOOR AREA AND HEIGHT LIMITATIONS ESTABLISHED BY THE BUILDIN GCODE.

Dear Ms. Craft:

The plans for the above-described project have been reviewed for compliance with the 2009 International Building Code and have been approved for the purposes of issuing a building permit with the following additions and/or corrections.

PLEASE NOTE THAT A COPY OF THIS LETTER MUST BE ON SITE AS PART OF THE REQUIRED DOCUMENTATION FOR ALL INSPECTIONS REQUESTED.

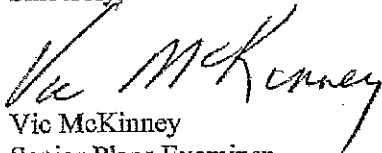
1. **The issuing of a 'FOUNDATION ONLY PERMIT' was requested by the applicant as a means to expedite construction of this project. This request was granted by the Building Official, Mike McCrary.**
2. **All work done on this project under this permit, is at the owner's risk. The fact that the county has allowed this project to commence under a "FOUNDATION ONLY PERMIT" does not guarantee the applicant that the remainder of the project will be approved. It is conceivable that when complete construction documents are submitted for review, that changes to work done may be necessary before the remainder of the work can be permitted. This review and approval does not address anything above the top of the foundation.**
3. Soil bearing portions of this project are to be done in accordance with geo-technical study and report prepared by Earth Solutions NW LLC and the 2009 International Building Code. Said report is identified by Report Number ES-2204, and was dated October 31, 2011. Said report was stamped and signed by Kyle R. Campbell, P.E. #27674 soil engineer for this project.
4. Structural portions of this project are to be done in accordance with the analysis and design of the project engineer, Joseph J. Shutler, P.E. #20420, ASCE7-05, the 2009 International Building Code and in accordance with the parameters set forth by the soil engineer.

5. FYI - The engineer has indicated that the upper floor (second floor level) will be designed for 100PSF live load with reduction. Typically this type of floor live load is associated with 'Use Group A' occupancy. If that is the intent there are two things to consider:
 - The engineer has taken a live load reduction of 17PSF. Live load capacity for 'Use Group A' loading cannot be reduced. Section 1607.9.1.4.
 - Introducing 'Use Group A' occupancies into this building could create issues with floor area, height, and exiting as well as raise additional fire code concerns.
6. FYI - The engineer has not designed the roof decking to carry any mechanical loading. Therefore, all mechanical loading will need to be supported by other structural members such as joists and/or girders.
7. It was not readily apparent that the engineer had factored redundancy (ρ) factors into his calculation. I will not hold up the issuing of the foundation permit because of it, but I strongly recommend that the engineer address this issue before the foundation is placed and have that information as a part of the structural calculation package before the remainder of the building is submitted for review. If he just assumed a ρ factor of 1, it could be problematic given the wide open design of this structure. It is not just individual panels, drag struts and connections that need to be designed to resist seismic loading, it is the building as a whole.
8. The registered design professional in responsible charge is required to prepare a statement of special inspections in accordance with Section 1705. The statement of special inspections is required to identify all of the elements noted in Section 1705.2 and 1705.3.
9. Special Inspections for seismic resistance shall be in accordance with Section 1707.
10. The contractor responsible for the construction of a main seismic resistance system shall submit a written statement of responsibility to the building official and the owner prior to commencement of work. Section 1709.
11. Each contractor responsible for the construction of main wind or seismic force resisting systems, designated seismic system, or a wind or seismic system component listed in the statement of special inspections **shall submit a written statement of responsibility to the building official and the owner prior to the commencement of work on the system or component.** The contractor's statement of responsibility shall contain acknowledgement and awareness of the special requirements contained in the statement of special inspection. Section 1709.1.
12. The owner shall employ a registered design professional to perform structural observations as defined in Section 1702. Prior to the commencement of observations, the structural observer **shall submit to the building official a written statement identifying the frequency and extent of the structural observation.** At the conclusion of the work included in the permit, the structural observer shall submit to the building official a written statement that the site visits have been made and identify any reported deficiencies which, to the best of the structural observer's knowledge, have not been resolved. Section 1710.1.
13. All construction is subject to field inspections, corrections and final field approval and the issuance of a Certificate of Occupancy, before housing any tenants in the building.

14. No concrete or grout shall be poured without inspections. Notify Planning and Development Services, Inspection & Compliance Section, (425) 388-3338 at least 24 hours in advance. Even if/when special inspectors are on the job site, a notification to this department and a request for inspection by Snohomish County Staff is required.
15. The following areas of construction shall have special inspections performed by an independent third party testing laboratory, approved by the building official, in accordance with plan sheet S1.1, Section 1704, Table 1704.3, 1704.4.5.1 and 1704.5.3 and 1705. Please forward copies of all field reports and test results of such inspections to Snohomish County Planning and Development Services, Commercial Inspection Supervisor:
 - Reinforced concrete
 - Structural welding
(All welding must be done by WABO certified welders / copies of cards must be provided for the review of inspectors.)
 - Soil testing
16. An approved set of plans shall be kept at the job site at all times during construction.
17. A separate permit and review shall be required for mechanical heating and venting systems, including freestanding stoves and fireplaces, as well as any plumbing work to be done.
18. A separate permit is required for the automatic sprinkler system and/or fire alarm systems. The plans and specifications of the system shall be submitted to the Snohomish County Planning and Development Services Division for review and approval, prior to issuance of such a permit.
19. The corrections, additions, or review comments contained in this letter, shall be considered a part of the submitted approved plans and complied with as such. You will not be required to submit corrected plans.

If I may be of any further assistance to you, regarding the above items; please do not hesitate to contact me.

Sincerely,



Vic McKinney
Senior Plans Examiner
VMcKinney@co.snohomish.wa.us
425-388-3311 ext 2683

cc: Fire Marshal's Office
Commercial Building Inspector



STATE OF WASHINGTON

DEPARTMENT OF ARCHAEOLOGY & HISTORIC PRESERVATION

1063 S. Capitol Way, Suite 106 • Olympia, Washington 98501
Mailing address: PO Box 48343 • Olympia, Washington 98504-8343
(360) 586-3065 • Fax Number (360) 586-3067 • Website: www.dahp.wa.gov

June 11, 2012

Ms. Jerri Smith
CERB
Department of Commerce
PO Box 42525
Olympia, Washington 98620

Re: BE Aerospace Project
Log No.: 061112-03-COMM

Dear Ms. Smith:

We have been contacted by Mr. Bill Lewallen, representing Paine Field, pursuant to Executive Order 05-05. We have reviewed the materials he provided for the BE Aerospace Project at Paine Field, Everett, Snohomish, County, Washington

We concur with the finding the proposed project will have no effect upon cultural properties.

We would appreciate receiving any correspondence or comments from concerned tribes or other parties that you receive.

In the event that archaeological or historic materials are discovered during project activities, work in the immediate vicinity must stop, the area secured, and the concerned tribe's cultural staff and cultural committee and this department notified.

These comments are based on the information available at the time of this review and on behalf of the State Historic Preservation Officer in compliance with Executive Order 05-05. Should additional information become available, our assessment may be revised, including information regarding historic properties that have not yet been identified. Thank you for the opportunity to comment and a copy of these comments should be included in subsequent environmental documents.

Sincerely,

Robert G. Whitlam, Ph.D.
State Archaeologist
(360)586-3080
email: rob.whitlam@dahp.wa.gov

cc: B. Lewallen



PAINE FIELD

The Airport of Choice
3220 - 100th Street S.W. • Everett, WA 98204-1390
(425) 353-2110 • Fax (425) 355-9883

COUNTY EXECUTIVE Aaron Reardon
AIRPORT DIRECTOR Dave Waggoner

June 11, 2012

Richard, Young, Cultural Resources
The Tulalip Tribes
Hibulb Cultural Center & Natural History Preserve
6410 23rd Avenue NE
Tulalip, WZ 98271-9694

Re: SRF-BE Aerospace Exec. Order 05-05

Dear Mr. Young;

In June of 2008 I contacted your organization with an Executive Order 05-05 request regarding proposed development of a new facility on Paine Field Airport for Korry Electronics. The Korry site was part of a 60-acre assembly of multiple military housing parcels that Snohomish County had purchased some years ago from the US Navy. My correspondence with the Tulalip Tribes and Dept. of Archaeology & Historic Preservation (DAHP) at that time invited 05-05 review of the Korry site parcel #28042700100100, and adjoining parcel #280422000400300, that were both part of the 60-acre purchase from US Navy.

Your email of July 1, 2008 communicated your determination that Tulalip Tribes had no concerns regarding cultural resources with the proposed Korry development, and Russell Holter's June 27, 2008 letter communicated a similar approval in stating that DAHP did not have concerns regarding historical resources at this location. I have attached these documents for your review in considering the following request.

The Governor's Office has extended an offer of Strategic Reserve Funds to invest in infrastructure to support development of a new facility for BE Aerospace on parcel #280422000400300 at Paine Field Airport. This parcel is immediately adjacent to Korry Electronics and was included in our referenced earlier 05-05 submittals to DAHP and Tulalip Tribes. In fact, the road that was developed with CERB funding assistance for the Korry development, fronts onto the proposed BE Aerospace development and provides two primary access points onto the BE site.

One of Two



SNOHOMISH COUNTY AIRPORT

Richard Young
The Tulalip Tribes
Page Two of Two
June 11, 2012

I am requesting that your 05-05 review and approval of the Korry Electronics project that included parcel #280422000400300 be extended to also apply as 05-05 approval of the referenced offer of Strategic Reserve Funds from the Governor's Office for the proposed BE Aerospace development. Please forward your response to Jerri Smith (360) 725-4049 at Department of Commerce jerri.smith@commerce.wa.gov with copies to Wendy Becker and me.

I have made this same approval request to DAHP and their June 11, 2012 letter of approval is also attached for your review.

Thank you in advance for your thoughtful review and timely response, and for the great work your department does in protecting the cultural history of Native Americans.



Bill Lewallen, Deputy Airport Director-Land Development
(425) 866-3115

Cc: Jerri Smith
Wendy Becker

Attach: June 2008 05-05 Documentation Packet
June 11, 2012 DAHP Letter from Robert G. Whitlam, Ph.D.

Lewallen, Bill

From: Richard Young [ryoung@tulaliptribes-nsn.gov]
Sent: Tuesday, June 12, 2012 3:10 PM
To: jerri.smith@commerce.wa.gov
Cc: rob.Whitlam#@dahp.wa.gov; Lewallen, Bill
Subject: RE: Exec. Order 05-05 Approval Request Paine Field Airport/Korry Electronics

Jerri,

Please extend my previous consultation comments from July 01, 2008 regarding Korry Electronics Development Project tax parcels 28042700100, 280422000400300 and 28042200400100 to the proposed BE Aerospace Project – Log No: 061112-03-COMM also located on tax parcel # 280422000400300 to satisfy Executive Order 05-05 consultation with the Tulalip Tribes. In my previous comments I stated that; The parcels are not located on or near any properties listed on or eligible to the National or State Registers of Historic Places. The Tulalip Tribes does not have concerns regarding cultural resources with the development as presented at this time. In the event archaeological resources or human remains are encountered during project construction all work must cease immediately around the discovery until further evaluated by the Tulalip Tribes and the Department of Archaeology and Historic Preservation.

Thank you,

Richard Young
Hibulb Cultural Center &
Natural History Preserve
6410 23rd Avenue, N.E.
Tulalip, WA 98271
ryoung@tulaliptribes.nsn.gov
(360) 716-2652
(425) 239-0182

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SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington

MOTION NO. 12-102

AUTHORIZING THE SNOHOMISH COUNTY EXECUTIVE TO SIGN
INITIAL OFFER OF FINANCIAL AID ACCEPTING A LOAN OF \$600,000 FROM
COMMUNITY ECONOMIC REVITALIZATION BOARD TO FINANCE
INFRASTRUCTURE ON THE SNOHOMISH COUNTY AIRPORT

WHEREAS, developer, Capstone Partners, has been successful in negotiating with a major aerospace manufacturing firm (Firm) to consolidate four aerospace divisions into a new facility that Capstone Partners will develop for leaseback to Firm next to Esterline-Korry at the Airport; and

WHEREAS, Firm has projected that this new facility of approximately 280,000 square feet will allow Firm to retain 320 employees and to create 130 new jobs in Snohomish County within their first five years of operation at the Airport; and

WHEREAS, by Motion No. 11-448 dated December 7, 2011, Council approved Airport applying for a \$600,000 loan from Community Economic Revitalization Board (CERB) to finance remediation of non-structural soils on 15.15 acres of Airport property (Property) Capstone Partners has under Option to Lease for proposed aerospace development; and

WHEREAS, on January 31, 2012, CERB made an Initial Offer of Financial Aid with terms of a twenty-year loan of \$600,000, at two percent interest, with five years of deferred principal and interest; and

WHEREAS, terms of final fifty-year land lease between Capstone Partners and Snohomish County on the Property will require Capstone Partners to accept responsibility for full repayment of any portion of the \$600,000 CERB Loan used in such aerospace development; and

WHEREAS, after Council acceptance of the Initial Offer of Financial Aid, Council will have the opportunity to review and approve a Final Contract with CERB prior to any of the \$600,000 CERB Loan funds becoming available for use by Capstone Partners; and

WHEREAS, County Council has recognized the importance of supporting and growing aerospace employment within Snohomish County by earlier Council approvals to purchase the Property for \$1,525,424 in 1996, demolish and abate sixteen housing units on the Property for \$101,382 in 2008, and partial funding of \$252,264 in 2008 for road improvements to provide access to the Property;

NOW, THEREFORE, ON MOTION, the Snohomish County Council hereby authorizes the County Executive to execute the attached Initial Offer of Financial Aid accepting a \$600,000 Loan from Community Economic Revitalization Board to finance infrastructure on the Snohomish County Airport.

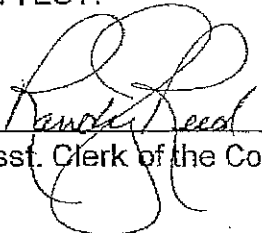
PASSED this 12th day of March, 2012.

SNOHOMISH COUNTY COUNCIL
Snohomish County, Washington



Council Chair

ATTEST:



Asst. Clerk of the Council

D-03

Return Address:
 Snohomish County Property Management
 3000 Rockefeller, M/S 404
 Everett, WA 98201

201205090023
 05/09/2012 9:04am \$108.00
 SNOHOMISH COUNTY, WASHINGTON
 CONFORMED COPY
 47 PGS

Document Title(s) or transactions contained therein:	
Land Lease (Construction by Lessee)	DUPLICATE ORIGINAL
Lessor(s) (Last name first, then first name and initials) Snohomish County	
Lessee(s) (Last name first, then first name and initials) Capstone PF2 LLC	
Legal description (abbreviated: i.e. lot, block, plat or section, township, range, qtr./qtr.) A portion of the NE ¼ of Section 27, Township 28 North, Range 4 East, W.M. and a portion of the SE ¼ of Section 22, township 28 North, Range 4 East, W.M. <input checked="" type="checkbox"/> Additional legal is on Exhibit A of document	
Reference Number(s) of Documents assigned or released:	
Assessor's Property Tax Parcel/Account Number Portions of 28042200400300 and 28042700100100	
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information.	

SNOHOMISH COUNTY AIRPORT
LAND LEASE (CONSTRUCTION BY LESSEE)

TABLE OF CONTENTS

		PAGE
ARTICLE I	PREMISES	
	Section 1.01 - Description of Leased Land	1
	Section 1.02 - Use of Premises	1
	Section 1.03 - Inspection	2
	Section 1.04 - Construction by Lessee	3
	Section 1.05 - Action Request Forms	5
	Section 1.06 - Tenant Improvement Form	5
	Section 1.07 - Lessor's Work	5
	Section 1.08 - Wetlands and Stream Mitigation	6
	Section 1.09 - Binding Site Plan	6
ARTICLE II	TERM	
	Section 2.01 - Term	6
	Section 2.02 - Extended Term Option	6
	Section 2.03 - Relationship Between Parties	8
ARTICLE III	RENT	
	Section 3.01 - Rent	8
	Section 3.02 - Rent Commencement Date	8
	Section 3.03 - Increased Rent	9
	Section 3.04 - Late Payment of Rent	10
	Section 3.05 - Security Deposit	10
	Section 3.06 - Intentionally Deleted	11
	Section 3.07 - Common Area Maintenance Fee	11
	Section 3.08 - Traffic Mitigation Reimbursement	11
	Section 3.09 - Road Improvement Fees – Not Applicable	11
	Section 3.10 - Surface Water Management Fees	11
	Section 3.11 - Reimbursement of CERB Loan	11
	Section 3.12 - Lessor Investment in Non-Structural Soil Remediation	11
ARTICLE IV	LESSEE'S OBLIGATIONS	
	Section 4.01 - Condition of Premises	12
	Section 4.02 - Maintenance and Repairs	12
	Section 4.03 - Surrender of Leasehold Improvements	12
	Section 4.04 - Utilities and Other Charges	12
	Section 4.05 - Liens	13
	Section 4.06 - Personal Property	13
	Section 4.07 - Equipment	13
	Section 4.08 - Prevailing Wages	13
	Section 4.09 - Waste Water	13
	Section 4.10 - Sewage System	14
	Section 4.11 - Assigning and Subleasing; Consent to Sublease; Notice and Cure Rights	14
	Section 4.12 - Hazardous Substances	16
ARTICLE V	INDEMNITY AND INSURANCE	
	Section 5.01 - Indemnification and Hold Harmless	17
	Section 5.02 - Liability Insurance	18
	Section 5.03 - All Risk Insurance	19
	Section 5.04 - Mutual Waiver of Subrogation	20
	Section 5.05 - Destruction and Restoration	20

Section 5.06 -	Increased Limits	20
ARTICLE VI DEFAULT		
Section 6.01 -	Lessee's Default	20
Section 6.02 -	Remedies	21
Section 6.03 -	Abandonment/Removal of Property	21
ARTICLE VII TERMINATION		
Section 7.01 -	Termination for Lessee's Default	21
Section 7.02 -	Termination for Airport Use	22
ARTICLE VIII FEDERAL, STATE AND COUNTY REQUIREMENTS		
Section 8.01 -	Federal Requirements	22
Section 8.02 -	Subordination to Airport Operations	22
Section 8.03 -	Condemnation	23
Section 8.04 -	Laws and Regulations	24
Section 8.05 -	Aviation Easement	24
Section 8.06 -	Easement Rights Reserved	24
Section 8.07 -	Security	25
Section 8.08 -	Noise Abatement	25
Section 8.09 -	Aircraft and Ground Service Vehicle Identification	25
Section 8.10 -	Wildlife Hazards and Deterrents	25
Section 8.11 -	Foreign Object Damage	25
Section 8.12 -	Non-Discrimination Requirement	25
ARTICLE IX GENERAL PROVISIONS		
Section 9.01 -	Total Agreement, Applicability to Successors	26
Section 9.02 -	Nonwaiver	26
Section 9.03 -	Attorney Fees	26
Section 9.04 -	Time of Essence	26
Section 9.05 -	County Indemnification	26
Section 9.06 -	Warranties / Guarantees	26
Section 9.07 -	Headings	26
Section 9.08 -	Consent of County	26
Section 9.09 -	Consent of Airport Director	26
Section 9.10 -	Notices	27
Section 9.11 -	Governing Law & Severability	27
Section 9.12 -	Exterior Signage	27
Section 9.13 -	Quiet Enjoyment	27
Section 9.14 -	Estoppel Certificates	27
Section 9.15 -	Encumbrances and Nondisturbance	28
Section 9.16 -	Force Majeure	28
Section 9.17 -	Leasehold Financing	28
Section 9.18 -	Joinder Agreement	31
EXHIBIT ATTACHED		
Exhibit A	Legal Description	
Exhibit B	General Description of Improvements and Preliminary Site Plan	
Exhibit C	Additional Improvements	
Exhibit D	Rate Schedule	
Exhibit E	CERB Loan Payment Schedule	
Exhibit F	Lessor Investment in Non-Structural Soil Remediation	
Exhibit G	Storm Water Facilities Policy	
Exhibit H	Policy Change Endorsement	

LAND LEASE (CONSTRUCTION BY LESSEE)

SNOHOMISH COUNTY AIRPORT

Lessee: CAPSTONE PF2 LLC
Lease No. : 12-003
Effective Date: April, 2012

THIS LEASE is between SNOHOMISH COUNTY herein called County (or Lessor) and CAPSTONE PF2 LLC, a Washington limited liability company herein called Lessee.

WITNESSETH: That County and Lessee desire to enter into a lease for the following land on the Snohomish County Airport, Snohomish County, Washington:

Approximately 657,643 square feet or 15.0974 acres of land, more or less, located in a portion of the NE ¼ of Section 27, Township 28 North, Range 4 East, W.M. and a portion of the SE ¼ of Section 22, township 28 North, Range 4 East, W.M.

upon the following terms and conditions;

ARTICLE I – PREMISES

1.01 Description of Premises. The County hereby leases to Lessee and Lessee hereby leases from County the following described land situated in Snohomish County, State of Washington, Snohomish County Airport and legally described in Exhibit A and as shown on the preliminary site plan attached hereto as Exhibit B hereinafter called the "**premises.**"

1.02 Use of the Premises. Lessee shall:

- a. Use the premises only for the following uses: aerospace manufacturing, warehousing and distribution and office and other incidental uses permitted under applicable law and for no other purpose without the written consent of the County. No delay or failure of the County to object to any improper or illegal use or other use contrary to terms of this lease shall constitute a waiver of the County's right to claim a breach for such use.
- b. Place no sign or mailbox upon the premises or any other Airport property or alter, remodel, or in any way modify or change the present condition or appearance of the premises without the express written permission of the Airport Director. Signs shall comply with all codes and ordinances as adopted by the County. Lessee shall obtain Airport Director approval for any exterior painting, including the choice of color.

- c. Screen outside storage from adjoining properties and right of ways. Lessee agrees that parking, outside storage and other uses incidental to its operation shall be upon the lease premises only with the written consent of the Airport Director. Lessee shall not use or permit employees, patrons invitees, or guests to use parking space or other areas of the Airport outside of the premises, as it now exists or may hereafter be amended, in a manner contrary to the posted rules and regulations of the Airport.
- d. Keep, maintain, and surrender the premises in a neat, clean, and safe condition and in as good condition as the same now is, reasonable wear and tear excepted. At the end of the term or earlier termination or retaking of possession, the County shall, within ten (10) days, give the Lessee a written list of Lessee's failure, if any, to clean up or repair the premises. If the Lessee has not done so thirty (30) days after delivery of the written list, the County may clean up or repair the defects noted in the list, with its own personnel or independent subcontractors, charging the cost of the same to the Lessee. Any cost charged, including lost rent, shall be immediately due and payable by the Lessee.
- e. Keep the visible area of the premises and access, loading and parking areas free of debris and in a neat, safe, and attractive condition. Lessee shall not use such areas for storage or for other than loading and parking activities and shall not obstruct the access, parking, or loading areas of other tenants or users of the Airport. Lessee shall not store any boat, recreational vehicle, trailer, car or other vehicle on the premises.
- f. Not create any fire, safety, or health hazard on any Airport property, shall not use or permit any use of the premises so as to produce noxious or dangerous fumes, odors, smoke, or waste, unlawful noise, and shall not make or permit any other use of the premises which constitute a nuisance, waste or an unlawful use, interferes with the use and occupancy of other Airport property, or cause cancellation of any insurance policy on the premises.
- g. Lessee shall allow access to County across, over and upon the premises to inspect, service, maintain, repair, and replace the sanitary sewer lift station located west of the premises.

1.03 Inspection. County reserves the right, with not less than two (2) business days prior written notice (except in an emergency when no notice shall be required), to inspect the premises and improvements thereon at any and all reasonable times throughout the term of this lease provided that it shall not interfere unduly with the Lessee's operation or the operation of any sublessee of the premises. The right of inspection reserved to the County hereunder shall impose no obligation on the County to make inspections to ascertain the condition of the premises and shall impose no liability upon the County for failure to make such inspections. Lessee shall allow access for an annual certificate of occupancy fire and safety inspection by the County Fire Marshall. Lessee shall pay the cost of the annual certificate of occupancy fire and safety inspection and any re-inspection in the event of a violation requiring correction. Lessee shall allow access for other fire and safety inspections by the County, provided that

such inspections shall be without charge to the Lessee. Lessee shall allow the County to install a Knox box on the premises, in a location acceptable to Lessee, if deemed necessary by the County, at a reasonable cost to be reimbursed by the Lessee. In the event Lessee desires to install an alarm system, Lessee shall provide a supervised alarm system with local monitoring by a U. L. approved station reasonably acceptable to the Airport Director. Lessee shall leave the Knox box, alarm system and wiring in place upon termination of the lease, unless requested otherwise in writing by the County.

1.04 Construction by Lessee.

- a. Lessee, solely at its cost, may construct or cause to be constructed upon the leased land certain buildings and improvements generally described in Exhibit B attached (the "Improvements"). It is understood that the plans, specifications, details, and location of construction within the premises shall be subject to the approval of the Airport Director prior to the construction. A duly licensed architect will prepare necessary construction plans and specifications for any building and other improvements at the expense of the Lessee. The Airport Director will not unreasonably withhold or delay approval of such plans, specifications, detail and location in furtherance of the general plans and specifications attached hereto. A reproducible and CAD disc copy of all as-built building and utility plans shall be furnished the Airport upon completion of construction.
- b. Lessee shall cause Lessee's construction work, if any, to be performed by licensed contractors, approved by County, and the contractors shall provide, if required by County, a performance and payment bond covering all Lessee's work.
- c. Lessee is authorized to make additional improvements to the premises as follows: Re-route sanitary sewer north of the lease area. Design, permit and install a grinder pump and sewer force main which shall tie into existing manhole at intersection of 113th and Commando Road serving both building 731 (Pacific Crest Construction) and building 733 (YMCA) (the "Additional Improvements"). Lessee shall be reimbursed for the Additional Improvements as set forth in Exhibit C attached hereto. Lessee shall complete the Additional Improvements prior to interrupting sewer service to Pacific Crest Construction and YMCA buildings due to Lessee building construction.
- d. Enumeration of obligations in this section shall not exclude the Lessee, during construction, from obligations which are stated elsewhere herein. Obligations stated in this section shall be imposed upon other activities of the Lessee, to the extent applicable.
- e. Time of Construction as provided in this section shall commence at the Lessee's option but no later than June 1, 2012. This period may be extended by the Airport Director for any delays caused to the Lessee by any strike, unavailability of materials or work forces, weather, or similar conditions that are beyond the reasonable control of the Lessee, including any delays in the issuance of any

required permits and approvals to the extent such delays are not a result of the acts or omissions of Lessee, and any delays resulting from Lessor's failure to perform its work pursuant to Section 1.07 of this lease.

- f. Lessee shall be fully responsible for all construction and all activities incidental thereto. Lessee is not an agent or employee of the County but undertakes any activity hereunder solely in its own behalf. All risks of loss to any improvements now or hereafter constructed by Lessee shall rest on the Lessee.
- g. All work and material shall be of good quality, free of defects, and accomplished in a workmanlike manner in conformity with approved plans and specification.
- h. Lessee agrees that the height and configuration of the Improvements shall be subject to any restriction caused by existing landing, runway, or taxiway requirements of the Airport as indicated in the Master Plan and other public planning documents available to Lessee at the time of execution of the lease. Work and/or material not in accord with the foregoing shall be corrected, removed, replaced, and/or repaired at the Lessee's expense upon written notice by the Airport Director. If such work and/or material is not so corrected, removed, replaced, and/or repaired by the Lessee within a reasonable time of such notice (but not less than thirty (30) days), the County may correct, remove, replace, and/or repair such work and/or material at the Lessee's expense.
- i. Water system shall be installed and maintained by Lessee according to the requirements of the Mukilteo Water and Wastewater District, subject to the approval of the Airport Director.
- j. Lessee shall not install any facility or equipment requiring sewage disposal without written permission from the Airport Director. If such permission is given Lessee shall comply with applicable rules and regulations of the Airport and Mukilteo Water and Wastewater District or other applicable sewer district as pertains to sewage disposal. Such system shall not be used for storm drainage or the discharge of any effluent deemed by the Airport Director or Mukilteo Water and Wastewater District to be harmful to the system.
- k. Except for work to be performed by the County pursuant to this lease, Lessee shall pay all costs of grading constructing, paving or any other development costs, including all permits, within the premises and costs of utility installation, relocation, or removal required by the construction and its use and occupancy of the premises.
- l. All work by the Lessee shall be performed in a safe manner both on the premises and with respect to any other County property at the Airport which might be utilized or affected by any activity of the Lessee. Work shall be performed so as not to unreasonably interfere with the use of other Airport property by the County, its other tenants, or other users of Airport property. Lessee shall keep the premises, and any other Airport property, free of waste materials and rubbish caused by the work. Material and/or equipment shall not be placed or stored upon Airport property other

than the premises leased without the advance written consent of the Airport Director.

- m. The County shall not be liable for any damages in connection with the approval or disapproval of any plans and specifications or any construction or other activities of Lessee on the premises, or the enforcement or failure to enforce any provisions of this lease. The County's approval of plans and specifications shall not constitute the assumption of any responsibility by the County or its representatives of the accuracy, efficiency, or sufficiency thereof, and Lessee shall be solely responsible therefore.

1.05 Action Request Forms. All requests by Lessee for action by the County regarding the condition of the premises shall be in writing and submitted to the Business Manager at the Snohomish County Airport Office. All complaints by Lessee concerning the conduct of County employees shall be in writing and submitted the Business Manager at the Snohomish County Airport Office. Action Request Forms may be obtained at the Snohomish County Airport Office.

1.06 Tenant Improvement Forms. Prior to making any changes or improvements to the premises, and after issuance of the certificate of occupancy, Lessee shall submit a Tenant Improvement Form to the County for approval by the Airport Director. Tenant Improvement Forms may be obtained at the Snohomish County Airport Office. Lessee shall maintain all improvements made pursuant to this paragraph. Notwithstanding the foregoing, Lessor's approval shall not be required for alterations, additions or improvements to the Improvements which are non-structural, do not require a regulatory permit, and do not affect the exterior appearance of the Improvements.

1.07 Lessor's Work. Lessor shall deliver possession of the premises to Lessee in the following condition on the date of the first day of construction but no later than May 1, 2012 (the "**Possession Date**"):

- a. Free from any contamination with "Hazardous Substances" (defined below);
- b. Free and clear of any liens or encumbrances, except those liens and encumbrances that do not interfere with Lessee's intended use;

Lessee acknowledges that all utility connections to the premises, including electrical power, communication, natural gas, stormwater, water, sanitary sewer stubbed to the boundary line of the premises have been already been provided by to the premises during the construction of the adjacent Korry development. Lessee acknowledges that left and right turn ingress and egress to the premises are available onto Commando Road.

If the premises are not in the condition required by this Section 1.07, then Lessee shall have the right to take any actions necessary for the premises to be in the condition required by this Section 1.07 and the costs incurred by Lessee in taking such actions will be credited against the rent and other charges due from Lessee under this lease until the reimbursement

amount is fully paid. Lessor agrees to cooperate with Lessee in all reasonable respects in order for Lessee to complete any of the work necessary to cause the premises to be in the condition required by this Section 1.07, including allowing Lessee and its contractors and agents to have access to the premises prior to the commencement of the term of this lease.

1.08 Wetlands and Stream Mitigation. Lessor will make available to Lessee such mitigation credits as Lessor has available in its "Mitigation Bank" in order that Lessee may fill in approximately .38 acres (16,600sf) of Class 3 wetlands area known as Wetland 43 which is located on the premises. Lessor will make available to Lessee advance Japanese Gulch Stream Mitigation to allow Lessee to fill up to five hundred (500) lineal feet of stream located in Wetland 43. It is Lessee's responsibility to make application to regulatory agencies with jurisdiction and to gain all regulatory approvals required to impact wetland and stream.

1.09 Binding Site Plan. The County is currently processing a binding site plan revision to provide a separate legal lot under applicable zoning and subdivision laws. The County will use good faith efforts to complete such binding site plan revision as soon as reasonably possible following the execution of this lease by Lessee. The County agrees to cooperate and assist Lessee by providing a history of prior approvals of airport development pending completion of the binding site plan processes to leasehold mortgagees.

ARTICLE II - TERM

2.01 Term. The term of this lease shall be for a period of Fifty (50) years commencing on the date the lease is fully executed by the Lessee and Lessor (the "**Effective Date**") of this lease.

2.02 Extended Term Options.

a. Lessee shall have five (5) options to renew this lease for an additional five (5) years each (each a "**Renewal Term**") upon the same terms and conditions as provided herein, unless Snohomish County Airport or the Federal Aviation Administration determine that the leased land is needed for aeronautical purposes during the requested lease extension period, and except that Lessee must have a corresponding building lease that matches the term of each corresponding 5-year option and with a tenant suitable to Lessor that occupies the building existing on the premises. Lessee shall give written notice (a "**Renewal Notice**") to the Airport Director not less than 180 days prior to the expiration of this lease, of its intent to exercise its option to renew this lease; otherwise this option shall be null and void. Lessee must be current on all land rent and other obligations of this lease at the time of exercising this option, otherwise this option shall be null and void. The rent for the first Renewal Term shall be the sum of (i) the Fair Market Rental for the premises as defined in Section 3.03 below, (ii) twenty percent (20%) of the rent payable to Lessee under the then applicable building lease, and (iii) the leasehold excise tax as set forth in Paragraph 8.04(b) and any other charges as fixed in this lease. The rent for the second Renewal Term shall be the sum of (i) the Fair Market Rental for the premises as defined in Section 3.03 below, (ii) forty percent (40%) of the rent payable to Lessee under the then applicable building lease, and (iii) the leasehold excise tax as set forth in Paragraph 8.04(b) and any other charges as fixed in this lease. The rent for the third Renewal Term shall be the sum of (i) the Fair Market Rental for the premises as

defined in Section 3.03 below, (ii) sixty percent (60%) of the rent payable to Lessee under the then applicable building lease, and (iii) the leasehold excise tax as set forth in Paragraph 8.04 (b) and any other charges as fixed in this lease. The rent for the fourth Renewal Term shall be the sum of (i) the Fair Market Rental for the premises as defined in Section 3.03 below, (ii) eighty percent (80%) of the rent payable to Lessee under the then applicable building lease, and (iii) the leasehold excise tax as set forth in Paragraph 8.04 (b) and any other charges as fixed in this lease. The rent for the fifth Renewal Term shall be the Fair Market Rental for the premises as defined in Section 3.03 below, plus one-hundred percent (100%) of the Fair Market Rental Value of the building during the fifth Renewal Term plus leasehold excise tax as set forth in Paragraph 8.04 (b) and any other charges as fixed in this lease. Rent for each Renewal Term shall be paid monthly in advance on the first of each month.

b. The County shall give Lessee written notice (the "**County Renewal Rent Notice**") of the proposed rent for the applicable Renewal Term within thirty (30) days following its receipt of the Renewal Notice. The proposed rent for the Renewal Term in the County Renewal Rent Notice shall be the rent in effect for the applicable Renewal Term unless Lessee, within thirty (30) days following its receipt of the County Renewal Rent Notice, gives the County written notice ("**Lessee's Renewal Rent Notice**") of its rejection of the adjusted rent set forth in the County Renewal Rent Notice.

c. If Lessee does not accept the County's determination of Fair Market Rental Value, the parties (or their designated representatives) shall promptly meet and attempt to agree on the Fair Market Rent. If the parties have not agreed on the Fair Market Rental Value within thirty (30) days after the County receives Lessee's Renewal Rent Notice, the parties shall submit the matter to arbitration in accordance with the terms of the following paragraphs. The last day of such 30-day period (as the same may be extended by the written agreement of the parties) is referred to in this lease as the "**Renewal Rent Arbitration Commencement Date**".

(i) The arbitration will be conducted by three MAI real estate appraisers who have been active over the five (5) year period ending on the Renewal Rent Arbitration Commencement Date in the appraisal of industrial properties in Snohomish County, Washington. Lessee will select one appraiser, the County will select one appraiser, and the two appraisers so chosen will select the third appraiser. If the two appraisers chosen by the parties cannot agree on a third appraiser within ten (10) days after the date the second appraiser has been appointed, the third appraiser will be appointed by the presiding judge of the Snohomish County Superior Court upon the application of either party. Each party shall select its appraiser within ten (10) days after the Renewal Rent Arbitration Commencement Date. If either party fails to select its appraiser within such ten (10) day period, and the other party timely selects its appraiser, then the appraiser selected by the other party shall be the sole arbitrator for determining Fair Market Rental Value.

(ii) Within thirty (30) days after the selection of the third appraiser (or if only one appraiser is to render the decision as provided in subparagraph (i) above, within thirty (30) days after the last day of the above-referenced ten (10) day period), the appraiser(s) shall determine Fair Market Rental Value. If more than one appraiser has been appointed, the decision of a majority of the appraisers shall control. If a majority of the appraisers do not agree within the stipulated time period, then each appraiser shall in writing render his or her separate determination

as to Fair Market Rental Value within five (5) days after the expiration of the thirty (30) day period. In such case, the three determinations shall be averaged to determine the Fair Market Rental Value; however, if the lowest Fair Market Rental Value or the highest Fair Market Rental Value is ten percent (10%) lower or higher, as applicable, than the middle Fair Market Rental Value, then the low Fair Market Rental Value and/or the high Fair Market Rental Value, as applicable, shall be disregarded and the remaining Fair Market Rental Value(s) will be averaged in order to establish the Fair Market Rental Value.

(iii) Both parties may submit any information to the arbitrators for their consideration, with copies to the other party. The arbitrators shall have the right to consult experts and competent authorities for factual information or evidence pertaining to the determination of Fair Market Rental Value. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this lease. The determination of the arbitrators will be final and binding upon the County and Lessee.

(iv) The cost of the arbitration (i.e., the charges and fees of the arbitrators but not the parties' own costs such as attorneys' fees and expert fees) will be shared equally by the parties.

d. Copies of all notices given to Lessee by the County pursuant to this Section 2.02 will be provided concurrently to BE Aerospace, Inc. a Delaware corporation ("Aerospace"). The County agrees to accept Aerospace's exercise of Lessee's rights under this Section 2.02 if Lessee fails to exercise such rights. The County agrees that Aerospace and its Permitted Successors shall be third party beneficiaries of this Section 2.02d and such section of this lease shall not be modified or amended without the prior written consent of Aerospace and its Permitted Successors, as applicable.

2.03 Relationship Between Parties. It is the intention of this lease to create the relation of lessor and lessee between the parties and no other relations whatsoever. Nothing herein contained shall be construed to make the parties partners or joint ventures, or to render either party liable for any of the debts or obligations of the other party.

ARTICLE III – RENTAL

3.01 Rent. Lessee shall pay the County rent in the amount of **\$22,469.47** per month, (based upon \$0.41 per square foot of land per year as shown on Exhibit D) plus leasehold excise tax as set forth in Paragraph 8.04 (b) and any other charges as fixed in this lease.

3.02 Rent Commencement Date. Rental shall be payable to the Snohomish County Airport at the Airport Office, Paine Field, 3220 - 100th St SW, Suite A Everett, WA 98204 - 1390, commencing on the date of first day of construction on the premises or May 1, 2012 whichever occurs first (the "**Rent Commencement Date**"). Payment of rental shall not relieve the Lessee of payment of any other fees generally charged by the County. Rent shall be paid in advance on the first of each month. Rent for partial calendar months will be prorated based on the number of days remaining in any such month and a 365 day year.

3.03 Increased Rent.

a. The parties agree to additional adjustment of rent on the fifth (5th) anniversary of the Rent Commencement Date and on the same date every three (3) years thereafter (each a "**Rent Adjustment Date**"). The adjusted rent shall be the then existing fair market rent for the premises (excluding the value of any improvements made to the premises by Lessee or any sublessee), and "fair market rent" shall have the same meaning as such term is defined in existing Snohomish County Code Section 4.46.010 (5) (the "**Fair Market Rental Value**"). which reads as follows:

"Fair market rental value is an amount in the competitive market that a well informed and willing lessor who desires but is not required to lease, would accept, and which a well-informed and willing lessee who desires but is not required to lease, would pay for the temporary use of the premises, after due consideration of all the elements reasonably affecting value".

b. The County shall give Lessee written notice (the "**County Rent Notice**") of the proposed adjusted rent to take effect on each applicable Rent Adjustment Date. The proposed adjusted rent in the County Rent Notice shall be the rent which takes effect on the applicable Rent Adjustment Date unless Lessee, within thirty (30) days following its receipt of the County Rent Notice, gives the County written notice ("**Lessee's Notice**") of its rejection of the adjusted rent set forth in the County Rent Notice.

c. If Lessee does not accept the County's determination of Fair Market Rental Value, the parties (or their designated representatives) shall promptly meet and attempt to agree on the Fair Market Rental Value. If the parties have not agreed on the Fair Market Rental Value within thirty (30) days after the County receives Lessee's Notice, the parties shall submit the matter to arbitration in accordance with the terms of the following paragraphs. The last day of such 30-day period (as the same may be extended by the written agreement of the parties) is referred to in this lease as the "**Arbitration Commencement Date**".

(i) The arbitration will be conducted by three MAI real estate appraisers who have been active over the five (5) year period ending on the Arbitration Commencement Date in the appraisal of industrial properties in Snohomish County, Washington. Lessee will select one appraiser, the County will select one appraiser, and the two appraisers so chosen will select the third appraiser. If the two appraisers chosen by the parties cannot agree on a third appraiser within ten (10) days after the date the second appraiser has been appointed, the third appraiser will be appointed by the presiding judge of the Snohomish County Superior Court upon the application of either party. Each party shall select its appraiser within ten (10) days after the Arbitration Commencement Date. If either party fails to select its appraiser within such ten (10) day period, and the other party timely selects its appraiser, then the appraiser selected by the other party shall be the sole arbitrator for determining Fair Market Rental Value.

(ii) Within thirty (30) days after the selection of the third appraiser (or if only one appraiser is to render the decision as provided in subparagraph (i) above, within thirty (30) days after the last day of the above-referenced ten (10) day period), the appraiser(s) shall determine Fair Market Rental Value. If more than one appraiser has been appointed, the decision

of a majority of the appraisers shall control. If a majority of the appraisers do not agree within the stipulated time period, then each appraiser shall in writing render his or her separate determination as to Fair Market Rental Value within five (5) days after the expiration of the thirty (30) day period. In such case, the three determinations shall be averaged to determine the Fair Market Rental Value; however, if the lowest Fair Market Rental Value or the highest Fair Market Rental Value is ten percent (10%) lower or higher, as applicable, than the middle Fair Market Rental Value, then the low Fair Market Rental Value and/or the high Fair Market Rental Value, as applicable, shall be disregarded and the remaining Fair Market Rental Value(s) will be averaged in order to establish the Fair Market Rental Value.

(iii) Both parties may submit any information to the arbitrators for their consideration, with copies to the other party. The arbitrators shall have the right to consult experts and competent authorities for factual information or evidence pertaining to the determination of Fair Market Rental Value. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this lease. The determination of the arbitrators will be final and binding upon the County and Lessee.

(iv) The cost of the arbitration (i.e., the charges and fees of the arbitrators but not the parties' own costs such as attorneys' fees and expert fees) will be shared equally by the parties.

(v) Once the adjusted rent has been agreed to by the parties or determined by arbitration as provided above, the adjusted rent shall be effective retroactive to the Rent Adjustment Date.

3.04 Late Payment of Rent. Rent shall be delinquent if not paid by the fifteenth (15th) day of each month. If payment is received after the fifteenth (15th) day of any month, there will be a .0333% per day interest charge on the unpaid balance for each day past the due date. A late payment charge of .01665% per day will also be charged on rent not paid by the fifteenth (15th) of each month for each day past the due date. In addition, a charge in the amount provided by current County ordinance will be made on any payment by check which is returned unpaid to the Airport because of insufficient funds, account closed, forgery, or any other reason.

3.05 Security Deposit. In addition to the first month's rental, Lessee has deposited a sum equal to the first (1st) month's rent plus leasehold excise tax as security for the faithful performance of each and every term, covenant, and condition hereof, including but not limited to payment of rent. County may apply or retain the whole or any part of such security for payment of any rent or other charge in default or for any other sum which County may spend or be required to spend, or be entitled to by reason of Lessee's default. If all or part of this deposit is so used, Lessee shall immediately restore such deposit and such additional amount to secure the lease as deemed necessary by County. In the event rent has been increased pursuant to Paragraph 3.03, then the deposit shall be increased accordingly. Any repayment to this security will draw interest and late fee as provided in Paragraph 3.04. Should Lessee faithfully and fully comply with all the terms, covenants, and conditions of this lease, the security or any balance thereof shall be returned to Lessee or, at the option of the County, to the last

assignee of Lessee's interest at the expiration of the term hereof. Lessee shall not be entitled to any interest on such security deposit.

3.06 Intentionally Deleted.

3.07 Common Road Maintenance Fee. Lessee shall pay County a Common Road Maintenance (CRM) fee for common road maintenance in the amount of \$1.50 per automobile parking stall on the premises per month. For example only if there are six hundred twenty (620) parking stalls on the premises the CRM fee will be \$930.00 per month. The CRM fee shall be increased in the same percentage as land rent increases on the Rent Adjustment Date. The CRM fee shall be paid in advance on the first of every month. LH

3.08 Traffic Mitigation Reimbursement. Lessee shall pay a one-time fixed traffic mitigation reimbursement fee and any fees relating to frontage improvements required by Snohomish County Public Works and/or any other applicable jurisdiction.

3.09 Road Improvement Fees. Not Applicable.

3.10 Surface Water Management Fees. Lessee shall pay surface water management fees based upon impervious surface calculations by the Airport for charges assessed by Snohomish County Public Works Surface Water Management and/or any other applicable jurisdiction. In addition, Lessee agrees to comply with the Storm Water Facilities Policy for Land Leases at the Snohomish County Airport at Paine Field (Exhibit G)

3.11 Reimbursement of Community Economic Revitalization Board (CERB) Not to Exceed \$600,000 Loan. Upon full execution of this lease, County shall consider entering into a Final Contract with Washington Department of Commerce (WDOC) to accept, and make available to Lessee, a twenty-year CERB loan not to exceed \$600,000. If County enters into such a Final Contract with WDOC, County agrees to make such loan available to Lessee and Lessee shall reimburse County for all principal, interest, and costs of a Not to Exceed \$600,000 CERB loan in annual installments of to be determined once the final amount of the CERB loan is determined, such installments to be paid on a date 30 days prior to the due date to be determined by CERB each year for fifteen years in lease years 6 through 20, and until the CERB loan is reimbursed in full. The County will forward such annual installment payments to CERB as per CERB Amortized Not to Exceed \$600,000 Loan Payment Schedule to be attached as Exhibit E when published by CERB. The Schedule shall be based upon the actual amount of the Not to Exceed \$600,000 CERB loan used for remediation of non-structural soils on the premises.

3.12 Lessor Investment In Soil Remediation. County shall reimburse Lessee for fifty-percent (50%) of Lessee's documented costs in amount not to exceed \$300,000 which are necessary to remediate soils on the premises to provide structurally sound soils to accommodate industrial development. Such documented costs shall be subject to the reasonable approval of the paid invoices and quality of the work by the Airport Director, which approvals shall not be unreasonably withheld, conditioned or delayed. County shall reimburse Lessee in fifteen (15) equal annual payments on the due date of the CERB loan of each lease year 6 through 20. The formula for calculating the fifteen year equal annual payment is

attached hereto as Exhibit F (Lessor Investment in Soil Remediation) and by this reference is incorporated herein. Any amounts not paid by the County within ten (10) days of the date due will be offset against the rent payments next coming due from Lessee under this lease.

ARTICLE IV - LESSEE'S OBLIGATIONS

4.01 Condition of Premises. Lessee has examined the premises, including any structure, grounds, and access thereto, and accepts the same in the condition in which they now are, subject to the County's obligations under Section 1.07 of this lease. It is agreed that the County shall not be bound by any warranty, representation, or condition regarding the premises except as stated herein, including those set forth below in Section 4.12.

4.02 Maintenance and Repairs. Lessee, at its sole expense, shall keep the premises as now or hereafter constituted with all buildings and improvements made thereon and the adjoining sidewalks, curbs, walls, parking areas, landscaping, access roads, and vaults clean and in good condition, ordinary wear and tear excepted. Lessee shall make all repairs, replacements, and renewals, whether ordinary or extraordinary, seen or unforeseen, including all structural repairs, necessary to maintain the premises. All repairs, replacements, and renewals shall be at least equal to that as originally constructed herein under Paragraph 1.04, unless otherwise approved by the airport director.

4.03 Surrender of Leasehold Improvements.

- a. During the term of the lease and any subsequent renewals pursuant to Paragraph 2.02, the Lessee shall have title to any and all buildings, fixtures and improvements constructed or installed by the Lessee. At the expiration of the term hereunder and any subsequent renewals pursuant to Paragraph 2.02, the County shall have title to any and all buildings, fixtures and improvements constructed or installed by the Lessee; PROVIDED however, the County shall have the option to request the Lessee (but not Aerospace or any of its Permitted Successors) to remove any and all buildings, fixtures and improvements constructed or installed by the Lessee at the sole cost and expense of the Lessee and restore the premises.
- b. Lessee shall peaceably and quietly leave, surrender and deliver to County the premises, together with any buildings and improvements, and any and all subsequent alterations, additions, and replacements which may have been made upon the premises to which the County has assumed title, in good repair, ordinary wear and tear excepted.

4.04 Utilities and Other Charges. Lessee shall pay charges for sewer, water, gas, electricity, telephone, surface water management fees, joint mailbox systems, security and fire equipment maintenance and monitoring, annual certificate of occupancy fire and safety inspection fee and re-inspection fee in the event of a violation requiring correction, and all other charges which may be furnished, or made available to the premises at Lessee's order or consent within a reasonable time.

4.05 Liens. Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment, which have been furnished or ordered with Lessee's consent, to be furnished to or for the Lessee in, upon, or about the premises herein leased, which may be secured by any mechanics', materialmen's, or other lien against the premises herein leased or County's interest therein, and will cause such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanics' or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest.

4.06 Personal Property. Lessee shall keep all personal property, equipment, trade fixtures, and furniture insured to their full insurable value and provide insurance policies and certificates of renewal to the County upon request.

4.07 Equipment. Any machinery, tools, appliances and/or other personal property of any kind and nature placed on the premises by the Lessee shall remain the property of the Lessee; provided that:

- a. The Lessee shall remove such machinery, etc., prior to the expiration or termination of this lease and repair any damage to the premises caused by such removal;
- b. Any such machinery, etc. which is not removed by the Lessee before the expiration, retaking of possession, or termination of this lease may, at the County's option upon the County giving the Lessee written notice thereof, become the property of the County unless removed within sixty (60) days after written notice from the County to Lessee.
- c. If such machinery, etc., is not removed by the Lessee as provided above, the County has the right to remove and store any or all of such property at the expense of the Lessee. The County shall have a lien on such property for reasonable storage, and removal charges, and any other charges the County may have against the Lessee and shall have the right to sell any or all of such property and dispose of the proceeds as provided in RCW 60.60.030 and .040. At all times the Lessee shall bear all risk of loss or damage to any machinery, etc., or personal property placed in or on the premises or any other Airport premises by the Lessee.

4.08 Prevailing Wages. Pursuant to SCC 4.46.335, Lessee agrees that all contracts for improvements to the premises shall require the contractor or developer to comply with the prevailing wage provisions of RCW 39.12.010 through 39.12.030. Failure to comply with the prevailing wage provisions shall constitute a default of the lease resulting in termination unless said default is cured within thirty (30) days after notice thereof.

4.09 Waste Water. This lease is subject to all statutes and regulations of the State of Washington with respect to waste water disposal. If the Lessee's use of the premises results in the discharge or the potential for the discharge of any waste waters except domestic waste waters from the premises, Lessee shall immediately apply to Washington State Department of

Ecology (DOE) for a State Waste Water Discharge Permit. Lessee shall advise the Airport which drains or other waste water facilities the Lessee will utilize in disposing of waste waters. The Airport may designate sewers or other facilities which the Lessee may utilize to dispose of waste waters.

4.10 Sewage System.

- a. It is understood that the Airport is presently under contract with Mukilteo Water and Wastewater District for sewage disposal. In its use of the sewage system, Lessee shall comply with all applicable rules and regulations of the Airport and Mukilteo Water and Wastewater District or other applicable sewer districts. Such system shall not be used for storm drainage or the discharge of any effluent deemed by the Airport Director or Mukilteo Water and Wastewater District to be harmful to the system.
- b. In addition to the rental provided herein, Lessee shall pay the County such reasonable charges for sewer service as are fixed by the Airport Director.
- c. Lessee agrees to remove or plug if leaving in place the existing sanitary sewer line under proposed development and building footprint. Lessee will fully fund and construct a sanitary sewer line on the premises from sanitary sewer manhole #1 connecting to sanitary sewer manhole #2 to service proposed development per the permitted and approved development plans.
- d. Lessee agrees to provide Lessor with a construction easement for purposes of installing a sanitary sewer line from sanitary sewer manhole #2 per the permitted and approved development plans to the westerly edge of premises at Lessor's expense. Lessor agrees to use best management practices in minimizing operational impact to Lessee's tenant operations on the premises should Lessor choose to exercise this construction easement in the future.

4.11 Assigning and Subleasing; Consent to Sublease; Notice and Cure Rights.

a. Lessee shall not assign, encumber, or sublet the premises or any part thereof without the prior written consent of the Airport Director; *provided*, notwithstanding the foregoing, the following transfers ("**Permitted Transfers**") shall not require the Airport Director's consent so long as the transferee engages only in the same uses as permitted by this lease: any transfer to (a) a subsidiary, parent, affiliate, division or corporation controlled by or under common control with Lessee or (b) any successor corporation to Lessee as a result of merger, consolidation, reorganization or government action (each such transferee a "**Permitted Transferee**"). As used herein the terms "**control**", "**controlled by**" or similar term shall mean the ownership of more than fifty percent (50%) of the outstanding voting stock or voting equity interests together with the sole power to vote said equity interests. In the event of any Permitted Transfer (i) Lessee shall provide County at least 20 days prior notice of the Permitted Transfer, and copies of the transfer documentation promptly upon consummation of the transfer; (ii) Lessee shall not be released from any obligation or liability arising prior to such transfer. Lessee shall advise prospective assignees or subtenants that Snohomish County

Code, Section 15.08.400 requires Airport Director approval of commercial operations. Prior to any consent, Lessee shall deliver to the Airport Director a written statement of intent to assign, sublease, or encumber. Any assignment, subletting or encumbrance without the written consent of the Airport Director is null and void. If this lease is assigned or sublet, or if the premises or any part thereof is occupied or used by anyone other than Lessee, County may, upon default by the Lessee, collect rent and any other charges under this lease from the assignee, subtenant or occupant and apply the net amount collected to the Lessee's rent and other charges herein reserved. No such assignment, subletting, occupancy or collection, shall be deemed a waiver of this covenant, the acceptance of the assignee, subtenant or occupancy as a tenant, or a release of Lessee from further performance by Lessee of the covenants including the payment of rent and other charges in this lease; and Lessee shall remain liable for all of its obligations, except for rentals paid, under this lease. Any consent by the Airport Director shall not be construed to relieve Lessee from obtaining the consent of the Airport Director to any further assignment, subletting, or occupancy. Lessee shall not charge or assess an assignee, subtenant or occupant rental or other fees in excess of ten percent (10%) over the rental or fees owing from Lessee under the terms of this lease; PROVIDED, that this restriction shall not apply to (a) assessments for utilities, taxes, insurance and other reasonable attendant expenses other than the payments to Lessee for use or occupancy of the premises and/or (b) rent attributable to any improvements constructed by Lessee on the premises.

b. Notwithstanding the foregoing, the County recognizes that Lessee's permitted use of the premises involves subletting to Aerospace. County acknowledges receipt of a copy of the Building Lease (defined below) and consents to (I) the subleasing of the premises to Aerospace pursuant to the Building Lease, and (II) its commercial operations. The County consents to the assignment of this lease to Aerospace and to any "Permitted Successor" (defined below) of Aerospace under the Building Lease. For purposes of this lease, the term "**Permitted Successor**" means any entity to whom the Building Lease is assigned pursuant to a Permitted Transfer (as such term is defined in Section 10.1 of the Building Lease). If (a) Lessee defaults under this lease and fails to cure the default prior to the expiration of any applicable cure period, and the default is not cured by a leasehold mortgagee pursuant to Section 9.17a. below, and (b) the default will permit the County to terminate this lease, then the County will allow Aerospace or its Permitted Successor, at the option of Aerospace or its Permitted Successor, as applicable, to assume the obligations of Lessee under this lease (or at the option of Aerospace or its Permitted Successor, the County will enter into a new lease with Aerospace or its Permitted Successor on the same terms and conditions as this lease), and this lease (or such new lease) shall continue in effect on the same terms and conditions as this lease, except that (1) Aerospace or its Permitted Successor shall pay County rent (triple net) for the improvements based upon the same rate Aerospace or its Permitted Successor would have paid the Lessee under that certain Building Lease and Sublease dated April ____, 2012 between Aerospace and Lessee (as now or hereafter amended, the "**Building Lease**"), and (2) Aerospace or its Permitted Successor shall have the right to terminate this lease (or the new lease, as applicable) as of the date the initial 20-year term of the Building Lease would have expired. To so terminate this lease (or the new lease, as applicable) Aerospace or its Permitted Successor will be required to give the County not less than twelve (12) months prior written notice of its election to terminate. The term "Building Lease" as used in this lease includes any future lease entered into by Lessee in replacement of the initial Building Lease (or any subsequent Building Lease) approved by the County pursuant to the terms of this lease.

c. The County agrees to provide Aerospace, and any Permitted Successor of Aerospace, written notice of any default by Lessee under this lease at the address for notices to Aerospace specified in Section 9.10 of this lease (or to such other address as Aerospace or a Permitted Successor may specify by written notice given to the County pursuant to Section 9.10 of this lease), and the County further agrees that Aerospace or any Permitted Successor shall have the right, but not the obligation, to cure any such default within the cure periods specified in this next sentence. The County agrees that for monetary defaults by Lessee under this lease Aerospace or its Permitted Successor, as applicable, shall have the same cure period as Lessee under this lease, plus an additional ten (10) days, and for nonmonetary defaults by Lessee under this lease, Aerospace or its Permitted Successor, as applicable, shall have the same cure period as Lessee under this lease plus an additional thirty (30) days.

d. The County agrees that Aerospace and its Permitted Successors shall be third party beneficiaries of Section 4.11b and Section 4.11c above and this Section 4.11d and such sections of this lease shall not be modified or amended without the prior written consent of Aerospace and its Permitted Successors, as applicable.

4.12 Hazardous Substances.

- a. Lessee agrees that it will not cause or permit in any manner, including accidental or non-negligent acts or omissions, release of any Hazardous Substance into, upon or from any Airport property contrary to any local, state or federal law, or regulation. Lessee shall notify the Airport Director, the State Department of Ecology to the extent required by law, and any other involved agency in writing of any such release. Lessee shall be completely liable for any and all consequences of such a release, including all liability under any federal, state, or common law. Lessee shall indemnify and hold the County harmless, as provided in Section 5, from any and all liability resulting from such a release and shall have full responsibility for completely cleaning up any and all contamination from a release as may be required by any governmental agency. After clean up of such a release, Lessee shall provide County a copy of a "No Further Action" letter from the State Department of Ecology containing no restrictions on the property. If Lessee fails to clean up such a release of a Hazardous Substance within a reasonable time after its occurrence, and such failure is not cured within ninety (90) days following written notice thereof to Lessee, the County may elect to terminate the lease by written notice given to Lessee following the expiration of such 90-day period, and the County may enter the premises and take whatever steps it deems appropriate to cure the consequences of such release, all at the expense of the Lessee. The County has been provided Lessee with a Phase I Environmental Site Assessment dated December 8, 2011, prepared by CDM Smith Inc., previously known as Camp Dresser and McKee Inc. (the "**Environmental Report**"). County represents to Lessee that, to the best of County's actual, present knowledge there are no Hazardous Substances on the premises except as revealed in the Environmental Report. Lessee represents to County that to the best of Lessee's actual, present knowledge there are no Hazardous Substances on the premises except as revealed in the Environmental Report. Any Hazardous Substance placed upon the premises during the term of this

lease as a result of the acts or omissions of Lessee, its sublessees or their respective invitees, contractors, agents or employees, or trespassers on the premises shall be removed by the Lessee not later than the cancellation or termination of this lease. None of Lessee, Aerospace or any Permitted Successor of Aerospace shall be responsible for, or have any remediation or indemnity obligations with respect to (i) Hazardous Substances migrating onto the premises from other property, or (ii) Hazardous Substances currently located on the premises, whether now known or hereafter discovered.

- b. As used in this lease, "**Hazardous Substances**" means any chemical, substance, material, waste or similar matter defined, classified, listed or designated as harmful, hazardous, extremely hazardous, dangerous, toxic or radioactive or as a contaminant or pollutant, or other similar term, by, and/or which are subject to regulation under, any federal, state or local environmental statute, regulation or ordinance presently in effect or that may be promulgated in the future, and as they may be amended from time to time.
- c. Lessee will perform a phase one environmental inspection of the premises prior to commencement of construction. Lessee shall disclose and deliver to County copies of any environmental reports, tests, studies or other documentation obtained by Lessee relating to any investigation of the premises for Hazardous Substances. The County acknowledges receipt of a copy of the Environmental Report.
- d. Lessee shall perform a phase one environmental inspection of the premises thirty (30) days prior to the expiration of the lease. Lessee shall provide County a copy of the phase one environmental report upon expiration of earlier termination of the lease. In the event the phase one inspection does not reasonably satisfy County, County may require Lessee to perform a phase two investigation of the premises. Lessee shall provide County a copy of the phase two environmental report.

ARTICLE V - INDEMNITY AND INSURANCE

5.01 Indemnification and Hold Harmless. To the maximum extent permitted by law and except to the extent caused by the sole negligence of the County, the Lessee shall indemnify and hold harmless the County, its officers, officials, agents and employees, from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatsoever kind or nature arising out of, and/or in connection with this lease. In addition, the Lessee shall assume the defense of the County and its officers and employees in all legal or claim proceedings arising out of, in connection with, or incidental to this lease: shall pay all defense expenses, including reasonable attorney's fees, expert fees and costs incurred by the County on account of such litigation or claims. This indemnification obligation shall include, but is not limited to, all claims against the County by an employee or former employee of the Lessee, and the Lessee, by mutual negotiation, expressly waives all immunity and limitation on liability, as respects the County only, under any industrial insurance act, including Title 51 RCW, other Worker's Compensation act, disability benefit act, or other employee benefit act of any jurisdiction which would otherwise be applicable in the case of such claim. In the event that the County incurs any judgment, award and/or cost including attorney's fees arising from the provisions of this

subsection, or to enforce the provisions of this subsection, any such judgment, award, fees, expenses and costs shall be recoverable from the Lessee. In the event of litigation between the parties to enforce the rights under this subsection, reasonable attorney fees shall be allowed to the substantially prevailing party.

In addition to injuries to persons and damage to property, the term "claims," for purposes of this provision, shall include, but not be limited to, assertions that the use or transfer of any software, book, document, report, film, tape, or sound reproduction or material of any kind, delivered hereunder, constitutes an infringement of any copyright, patent, trademark, trade name, and/or otherwise results in an unfair trade practice.

In the event the County incurs attorney fees and/or costs in the defense of claims under this provision such attorney fees and costs shall be recoverable from the Lessee. In addition Snohomish County shall be entitled to recover from the Lessee its attorney fees, and costs incurred to enforce the provisions of this section.

The indemnification, protection, defense and save harmless obligations contained herein shall survive the expiration, abandonment or termination of this lease.

Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this lease.

5.02 Insurance. At execution of this lease, the Lessee, at its' own cost, shall have procured and will maintain for the duration of this lease, insurance as specified in the Minimum Scope and Limits of Insurance. The Lessee shall furnish the County with certificates of insurance and endorsements required by this lease. The County reserves the right to require complete, certified copies of all required insurance policies at any time.

Each insurance policy shall be written on an "occurrence" form unless otherwise approved by the County.

By requiring such minimum insurance coverage, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Lessee under this lease. The Lessee shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this lease.

a. Minimum Scope and Limits of Insurance;

The Lessee shall maintain limits no less than,

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage, and for those policies with aggregate limits, a \$2,000,000 aggregate limit. CG 00 01 current edition, including Products and Completed Operations.

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. CA 0001 current edition, Symbol 1, unless otherwise approved by Risk Management.
3. Workers' Compensation: Statutory requirements of the State of residency.

b. Other Insurance Provisions and Requirements

The insurance coverage(s) required in this Lessee are to contain, or be endorsed to contain the following provisions:

General and Automobile Liability:

1. The County, its officers, officials, employees and agents are to be covered as additional insureds as respects liability arising out of or in connection with this lease. Such coverage shall be primary and non-contributory insurance as respects the County, its officers, officials, employees and agents. The Additional Insured Endorsement shall be included with the certificate of insurance, CG 20 11 or its equivalent is required.
2. The Lessee's insurance coverage shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
3. Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of the policies shall not limit or apply to the Lessee's liability to the County and shall be the sole responsibility of the Lessee.
4. Notice of policy changes will be handled in accordance with the endorsement attached as Exhibit H to this lease.
5. Insurance coverage is to be placed with insurers with a Bests' rating of no less than A: VIII, or, if not rated with Bests', with minimum surpluses the equivalent of Bests' surplus size VIII.

If at any time any of the foregoing policies fail to meet minimum requirements, the Lessee shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements, for approval.

5.03 All Risk Insurance. Lessee shall obtain and maintain continuously All Risk Insurance including Earthquake (if available at a commercially reasonable cost) and Flood (if the premises are located in a designated flood hazard zone) insuring to their full insurable value, any and all buildings and improvements constructed by the Lessee upon the premises against all loss or damage for the benefit of both County and Lessee and named Insureds. Full insurable value shall mean actual replacement value. Lessee shall provide duplicate insurance policies and certificates of renewal to the County upon request. County acknowledges that any property insurance maintained by Lessee will name Lessee's lenders as loss payees and that such insurance shall be used to repair and restore any damage to the improvements to the extent Lessee is required to do so pursuant to this lease.

5.04 Mutual Waiver of Subrogation. Lessee and County each releases and relieves the other and waives its entire right of recovery against the other for loss or damage arising out of or incident to the perils covered by All Risk Insurance, including Earthquake and Flood coverage, approved for use in Washington which occur in, on or about the premises, whether caused by the negligence of either party, their agents, employees, or otherwise. Each party shall obtain from its insurer(s) provisions permitting waiver of any claim for loss or damage within the scope of the above insurance. The release and waiver of recovery contained herein shall be limited by, and shall be co-extensive with, the waiver provisions of the insurance policies procured and maintained by the parties pursuant to this lease. If either County or Lessee is unable to obtain its insurer's permission to waiver of any claim against the other party, such party shall promptly notify the other party of such inability.

5.05 Destruction and Restoration. If any building, structure or facility which was constructed or located on the premises by Lessee is destroyed or damaged by fire, the elements, or any other cause, the Lessee shall repair the same to its condition at the time of loss. The Lessee, at its option, shall have the right, at its own expense, either to promptly repair and rebuild such building, structure or facility, or to delay the commencement of such repair or rebuilding until the proceeds of all insurance policies covering such casualty are available. After commencement of repair or rebuilding the Lessee shall continue the work with reasonable diligence until completion. Except as otherwise provided in this lease, the lease shall not terminate or be affected in any manner by reason of the damage or destruction by fire, the elements, or any other cause, and the fixed rent reserved in this lease, as well as all other charges payable hereunder, shall be paid by the Lessee without abatement or reduction on account of such damage or destruction. All risk of loss to any building, structure or facility placed in the premises by Lessee shall be on Lessee.

5.06 Increased Limits. If during the term of the lease, higher limits of insurance than those mentioned shall be required by the then current version of Snohomish County Airport Rules and Regulations and Minimum Standards, then upon request by the County, Lessee shall procure such insurance with higher limits, provided that such limits are commercially reasonable.

ARTICLE VI - DEFAULT

6.01 Lessee's Default. Lessee shall be in default of this lease if Lessee:

- a. Fails to pay when due any sum payable by Lessee hereunder and fails to make full payment thereof within fifteen (15) days of Lessee's receipt of the County's written demand for payment, or
- b. Breaches any non-monetary, material term, covenant or condition of this lease and the Lessee fails either to begin to cure the breach within thirty (30) days of Lessee's receipt of the County's written notice of such breach or to complete the cure of the breach within a reasonable time thereafter. If Lessee timely commences to cure such breach with such thirty (30) day period, Lessee shall not be in default if Lessee

continues in timely good faith its efforts to cure following such thirty (30) day period, or

- c. Either makes any general assignment or general arrangement for the benefit of creditors; files a petition in bankruptcy, including reorganization or arrangement, except in the case of a petition filed against Lessee when the same is dismissed within sixty (60) days after filing; suffers the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the premises or of Lessee's interest in the lease, or
- d. Suffers a cancellation of a guaranty of Lessee's obligations by a guarantor, if any, or
- e. Fails to comply with the Airport Rules and Regulations, unless such failure is cured within 5 days after notice.

6.02 Remedies. Statement of any remedy herein shall not prevent a party to this lease from pursuing any other legal remedy available to it. Upon pursuing any remedy, a party to this lease, in addition to any other charges provided herein, shall be entitled to all costs and expenses incurred by it, including reasonable attorney's fees and expenses incurred in putting the premises in order.

6.03 Abandonment/Removal of Property.

- a. Lessee shall not abandon the premises at any time during the term of the lease.
- b. In the event Lessee shall abandon or surrender said premises, or be dispossessed by process of law, County shall have the right, but not the obligation, to remove from the premises all personal property located therein, and may store the same in any place selected by County, including but not limited to a public warehouse, at the expenses and risk of the owners thereof, with the right to sell such property and dispose of the proceeds as provided in RCW 60.60.030 and .040.

ARTICLE VII - TERMINATION

7.01 Termination for Lessee's Default.

- a. If Lessee is in default, County may terminate this lease by giving Lessee notice of termination. Such notice shall be given by certified mail, or by delivery, to Lessee or any agent of Lessee at Lessee's last known address, or by posting such notice at the premises.
- b. If Lessee is in default, County may retake possession of the premises without terminating this lease. If County so retakes possession and does not terminate this lease, Lessee shall remain liable to pay any and all rentals and other charges as specified herein, together with any and all other damages as may be sustained by the County, excepting therefrom rental proceeds received from reletting the premises.

7.02 Termination for Airport Use. Notwithstanding any of the other provisions contained in this lease, County may determine at some time during the term of this lease that the premises are required under applicable federal laws to be used by the Airport and/or County for aviation use or for the construction, development or improvement of necessary facilities for aviation use at the Airport. If such determination is made at the sole discretion of the County, this lease may be terminated by the County's giving notice to the Lessee of such intent to terminate and retake possession of the premises; and this lease shall terminate two (2) years after the giving of any such notice of intent to so terminate. Compensation shall be paid to the Lessee for termination for airport use as set forth in Paragraph 8.03 c.

ARTICLE VIII - FEDERAL, STATE AND COUNTY REQUIREMENTS

8.01 Federal Requirements. County, as a recipient of Federal Aid Airport Improvement Program Grant Funds under Title 49, U.S.C., subtitle VII as amended, is required to include statements 8.01(a) and (b) in all lease agreements. Construction of a building or improvements on airport property requires a special federal approval as set forth in Paragraph 8.01(c).

- a. Lessee, in its operation at Snohomish County Airport, covenants that it will not on the grounds of race, creed, color, national origin, sex, age, or handicap, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Parts 15 and 21 of the Federal Aviation Regulations (49 CFR), and in the event of such discrimination, Lessee agrees that the County has the right to take such action as the United States Government may direct to enforce this covenant.
- b. With respect to any aeronautical services Lessee specifically agrees:
 - (1) To furnish said aeronautical service on a fair, equal and not unjustly discriminatory basis to all users thereof, and
 - (2) To charge fair, reasonable and not unjustly discriminatory prices for each unit of service, PROVIDED, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.
- c. Lessee shall submit a Form 7460 to the Federal Aviation Administration (FAA) to comply with Part 77 of the Code of Federal Regulations, Title 14 Aeronautics and Space. Lessee shall not begin construction on the premises until the FAA has approved Form 7460 and Lessee submits a copy of the approval to County. Lessee shall not begin construction on premises until County has received FAA approval of such Form 7460. County agrees to cooperate with Lessee to obtain such approval as soon as reasonably possible following Lessee's execution of this lease.

8.02 Subordination To Airport Operation. This lease shall be subordinate to the provisions of any existing or future agreement between the County and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may

be required as a condition precedent to the expenditure of Federal funds for the development of the airport.

8.03 Condemnation.

- a. Whole Taking. If the whole of the premises is acquired or condemned by a competent authority for any public use or purpose, this lease shall terminate as of the date on which title vests in that authority, and the rent reserved hereunder shall be apportioned and paid up to that date. Any compensation paid for the land shall become the property of the County and any compensation paid for Lessee's improvements shall become the property of the Lessee.
- b. Partial Taking. If only a portion of the premises is so acquired or condemned, that portion of compensation paid for improvements shall be used to replace, repair, and restore insofar as possible, the premises to their condition of utilization prior to the taking or condemnation. If such repair, replacement, or restoration cannot be so accomplished, this lease shall be terminated unless the parties agree otherwise. If the lease continues, rent shall be reduced on the date of surrender of possession of the part taken in proportion to the decrease in use suffered by the Lessee. Any compensation paid for the land shall become the property of the County and any compensation paid for Lessee's improvements shall become the property of the Lessee.
- c. Compensation. In the case of any taking or condemnation of the whole of the premises, whether or not the term of this lease shall cease and terminate:
 - (1) Lessee shall receive that portion of the award for such taking or condemnation that equals the value to Lessee of the unexpired term of this lease (including extensions), measured by the difference between the fair market rental value of comparable premises and the actual rent being paid by Lessee under this lease;
 - (2) Lessee shall have the right to claim and seek recovery from the condemnation authority compensation for any loss of its leasehold interest, the unamortized value of Lessee's improvements, and for loss to which Lessee may be put for Lessee's moving expenses and business interruption; and
 - (3) Aerospace (or its Permitted Successor, as applicable) shall have the right to claim and seek recovery from the condemnation authority, or from any lump sum award or settlement in lieu thereof paid by the condemnation authority, compensation for (i) any loss of its leasehold interest under the Building Lease, (ii) the unamortized value of its tenant improvements, and (iii) moving expenses and other relocation costs. The County agrees that Aerospace and its Permitted Successors shall be third party beneficiaries of this Section 8.03.c(3) and this section shall not be modified or amended without the prior written consent of Aerospace and its Permitted Successors, as applicable.

- d. If the County recaptures some or all of the Premises, the County has irrevocably elected to pay relocation assistance pursuant to Chapter 8.26 RCW to the extent of relocation expenses that are not otherwise included in just compensation payable under Section 8.03.c or any other payment required by this Lease, whether or not the County receives federal financial assistance in connection with such recapture.

8.04 Laws and Regulations.

- a. Lessee shall comply with all applicable laws, ordinance codes, rules, and regulations. Lessee shall be responsible for securing and maintaining all permits and paying, when due, all costs, fees, including surface water management fees, taxes, annual inspection fees, and other charges/benefits incidental to lease, construction and use of the premises.
- b. Lessee's attention is directed to Chapter 82.29A RCW, amendments thereto, and any ordinances, laws, or regulations of Snohomish County and/or any other taxing authority with respect to the levy and collection of excise or other taxes on leasehold interests. Lessee agrees that it will comply therewith, and will pay such taxes to the County when due in accord with the applicable rules, statutes and regulations. Lessee specifically authorizes the County to remit to the respective taxing authority any amounts paid by Lessee to County in payment of any such taxes, and agrees that County shall not be held responsible or liable in any manner for reimbursement of any amounts so paid if said taxes, or any part thereof, are determined to be invalid, improper, or unenforceable.
- c. If the applicable taxing authority requires the County to collect the taxes and Lessee does not agree on the amount of taxes to be so paid, the Lessee shall pay the amount requested by the County, and Lessee's sole recourse shall be against the applicable taxing authority with respect to the amount, propriety, and validity of such tax. County in no way warrants the validity or propriety or correctness of any such tax, and the sole obligation of the County upon collection of such tax shall be to remit the same to the appropriate taxing authority.
- d. Lessee shall provide a certification of its corporate status, business license and other registrations as applicable for review by the County at lease signing and at any subsequent change of status or amendment.

8.05 Aviation Easement. Lessee's right to use the premises for the purposes as set forth in this lease shall be secondary to and subordinate to the operation of the airport. The County specifically reserves for itself, and for the public, a right of flight for the passage of aircraft in the air space above the surface of the described property together with the right to cause in said air space such noise as any be inherent in the operation of aircraft.

8.06 Easement Rights Reserved. The County reserves the right to grant easements and or licenses over, across, and under the premises so long as the easement or license does not unreasonably interfere with the Lessee's use of the premises or the use of the premises (or any improvements thereon) by Aerospace or any future tenant under a Building Lease.

8.07 Security. Lessee recognizes its obligations to comply with Federal Airport and Snohomish County Airport Security Regulations. Lessee will reimburse the County in full for any fines or penalties levied against the County for security violations as a result of any actions on the part of the Lessee, its agents, suppliers, guests, customers, invitees, or employees for any violation occurring at any field access point under the control of the Lessee. Lessee shall be responsible for all employees and other persons gaining access to the premises which is in a restricted area (SCC 15.08.210). Lessee shall be responsible for ensuring that identification required and provided by the Airport is required by all agents, suppliers, customers, employees and invitees needing access to a restricted area, if any.

8.08 Noise Abatement. The County and Lessee recognize the importance and joint responsibility of compatibility between the airport and the surrounding community. Therefore, Lessee shall actively participate and comply with all noise abatement procedures, policies, and programs as set forth by the County.

8.09 Aircraft and Ground Service Vehicle Identification. Lessee agrees to register all airside ground service vehicles and aircraft and obtain operator permits from the Airport Director. Lessee shall provide the Airport Director on an annual basis a current list of all aircraft stored on the premises including the name and address of each owner and N number of each aircraft.

8.10 Wildlife Hazards and Deterrents. Lessee shall not allow a bird, rodent or other wildlife attractant on the premises. Lessee shall keep trash cans and dumpster lids closed. In the event Lessee activities attract wildlife, Lessee at its cost shall take immediate action to remove the wildlife and prevent further wildlife attraction. Lessee agrees to participate in prorated area wide costs as necessary to resolve any area wide rodent problem.

8.11 Foreign Object Damage. Lessee shall inspect and keep the premises clean of any object, material or matter that poses a threat of Foreign Object Damage (FOD) to aircraft.

8.12 County Non-Discrimination Requirement. It is the policy of the County to reject discrimination which denies equal treatment to any individual because of his or her race, creed, color, national origin, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability as provided in Washington's Law against Discrimination, Chapter 49.60 RCW, and the Snohomish County Human Rights Ordinance, Chapter 2.460 SCC. These laws protect against specific forms of discrimination in employment, credit transactions, public accommodation, housing, county facilities and services, and county contracts. The Lessee shall comply with Chapter 2.460 SCC, which is incorporated herein by this reference. Execution of this contract constitutes a certification by the Lessee of the Lessee's compliance with the requirements of Chapter 2.460 SCC. If the Lessee is found to have violated this provision, or furnished false or misleading information in an investigation or proceeding conducted pursuant to Chapter 2.460 SCC, this lease may be subject to a declaration of default and termination at the County's discretion. This provision shall not affect the Lessee's obligations under other federal, state, or local laws against discrimination.

ARTICLE IX - GENERAL PROVISIONS

9.01 Total Agreement: Applicability to Successors. This lease constitutes the entire agreement of the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties. This lease and the terms and conditions hereof apply to and are binding on the heirs, representatives, successors, and assignees of both parties.

9.02 Nonwaiver. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

9.03 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, including in-house counsel, or in the event of appeal as allowed by the appellate court. Costs shall include, without limitation, the fees of appraisers, accountants, engineers and other professionals incurred in connection with such suit or action.

9.04 Time of Essence. It is mutually agreed that time is of the essence in the performance of all covenants and conditions to be kept and performed under the terms of this lease.

9.05 County Indemnification. Lessee hereby waives all claims for damages that may be caused by County's re-entering and taking possession of premises or removing and storing the property of Lessee as provided in this lease, and will save County harmless from loss, costs or damages occasioned by Lessee, and no such re-entry shall be considered to be a forcible entry, except for those damages solely caused by the negligence or willful misconduct of the County, its elected and appointed officials, officers, employees or agents.

9.06 Warranties/Guarantees. Except as otherwise provided in this lease, County makes no warranty, guarantee, or averment of any nature whatsoever concerning the physical condition of the premises and any subsequent structures, and it is agreed that the County will not be responsible for any loss, damage, or costs which may be incurred by Lessee by reason of any such physical condition.

9.07 Headings. The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this lease.

9.08 Consent of County. Whenever consent, approval, or direction by the County is required under the terms contained herein, all such consent, approval, or direction shall be received in writing from the Airport Director.

9.09 Consent of Airport Director. Where the consent, approval or direction of the Airport Director is required pursuant to the terms of this lease, such consents, approvals and directions shall not be unreasonably withheld, delayed or conditioned.

9.10 Notices. All notices may be delivered in person or mailed to the following respective addresses, or to such other addresses as the parties may hereafter specify by written notice given to the other party:

To the County: Airport Director
Snohomish County Airport,
Paine Field
3220 – 100th St. SW, Suite A
Everett, Washington 98204

To the Lessee: Capstone PF2 LLC
601 Union Street
Suite 4200
Seattle, WA 98101
Attn: Mike Hubbard and Kirk
Johnson

With concurrent
copies to BE AEROSPACE, INC.
1400 Corporate Center Way
Wellington, FL 33414
Attention: General Counsel

Much Shelist
2 Park Plaza, Suite 1075
Irvine, CA 92614
Attention: Glenn D. Taxman

9.11 Governing Law and Severability. The laws of the state of Washington shall govern the validity, performance, and enforcement of this lease. The invalidity or unenforceability of any provision hereof shall not affect or impair any other provision.

9.12 Exterior Signage. Lessee will have signage rights subject to Airport's Sign Policy and Airport Director's review and approval, Snohomish County signage ordinances and approvals, and the approval of any applicable entity with jurisdiction: however, in no case shall billboard type signs be allowed. All costs incurred in the installation and removal of such exterior signage shall be at Lessee's expense.

9.13 Quiet Enjoyment. The County covenants that Lessee, upon paying the rent and other charges herein provided for and observing and keeping all covenants, agreements, and conditions of this lease, shall quietly have and enjoy the premises free from claims arising by, through, or under the County, but not otherwise, for the lease term.

9.14 Estoppel Certificates. Each party shall, at any time and from time to time as requested by the other party, upon not less than ten (10) business days' prior written notice,

execute, acknowledge and deliver to the other a statement in writing certifying that this lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the date through which rent and other charges, if any, have been paid, and stating whether or not, to the best knowledge of the signer, the other party is in default beyond any applicable grace periods provided in the performance of any of its obligations under this lease, and if so, specifying each such default of which the signer may have knowledge. The parties agree and acknowledge that it is specifically intended that any such statement delivered pursuant to this Section 9.14 may be relied upon by others with whom the party requesting the certificate may be dealing.

9.15 Encumbrances and Nondisturbance. The County represents to Lessee that there is no mortgage or deed of trust encumbering the premises on the date hereof. With respect to any mortgage or security interest hereafter encumbering the County's fee interest in the premises, the County shall cause to be delivered to Lessee a commercially reasonable nondisturbance agreement (executed by the secured party under such mortgage or security interest) that confirms that, in the event of any foreclosure or other action taken with respect to such mortgage or security interest, this lease and the rights of Lessee and Aerospace (and its Permitted Successors, if applicable) hereunder shall not be disturbed but shall continue in full force and effect, subject only to the terms and conditions of this lease.

9.16 Force Majeure. In the event that the County or Lessee shall be delayed or hindered in, or prevented from, the performance of any act required hereunder by reason of inability to procure materials, delay by the other party, failure of power or unavailability of utilities, riots, insurrection, war, labor disputes, weather or Act of God or other reason of a like nature not the fault of such party or not within its reasonable control, then performance of such act (other than the payment of money) shall be excused for the period of delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

9.17 Leasehold Financing.

a. Conditions to Obtaining Leasehold Mortgage. Lessee shall have the right, without the County's written consent, to encumber Lessee's estate created by this lease with any leasehold mortgage given in connection with a *bona fide* financing transaction (which leasehold mortgage may be given in connection with a portfolio financing transaction involving Lessee and its Affiliates with a total loan amount that is substantially greater than the value of the leasehold); *provided, however*, that such leasehold mortgage shall meet each of the following terms, conditions and requirements:

- (1) The leasehold mortgage shall contain provisions requiring that copies of all notices of default under said leasehold mortgage must be sent to the County;
- (2) The leasehold mortgage shall be subordinate to the County's fee interest in the premises and the County's interest under this lease, and shall not cover any interest in real property other than the leasehold estate created

by this lease, any improvements constructed by Lessee on the premises and any easement, to the extent it benefits the premises; and

- (3) The leasehold mortgage shall not permit or authorize, or be construed to permit or authorize, any lender to devote the premises to any uses, or to construct any improvements thereon, other than those uses and improvements provided for and authorized by this lease.
- b. Lender's Rights. During the continuance of any leasehold mortgage permitted by this lease, and until such time as the lien of any leasehold mortgage has been extinguished: Following a successor by foreclosure's acquisition of Lessee's interest in the lease, such successor by foreclosure shall be entitled to assign its interest in this lease without County's prior consent, subject to compliance with this Paragraph 9.16(b) and Paragraphs 9.16(e) and 9.16(f) below. All subsequent transfers by the transferee of lender shall comply with the provisions of this lease, including all restrictions on transfer set forth in Section 4.11 hereof. Notwithstanding any other provision of this lease, so long as any leasehold mortgage exists, Lessor will not modify or amend this lease in any manner nor agree with Lessee to any cancellation, rescission or surrender of this lease without the prior written consent of any then leasehold mortgagee.
- c. Default Notice. County, upon providing Lessee with any notice of default under this lease, shall, at the same time, provide a copy of such notice to every lender who has requested such notice, in writing, from County. From and after such notice has been given to a lender, such lender shall have the same period for remedying the default complained of as the cure period provided to Lessee pursuant to Section 6.01, plus the additional period provided to such lender as specified below. County shall accept performance by or at the instigation of such lender as if the same had been done by Lessee.
- d. Lender Cure Rights. Notwithstanding anything to the contrary contained in this lease, County shall have no right to terminate this lease on account of an uncured default of Lessee unless, following expiration of Lessee's applicable cure period, County first provides each lender not less than thirty (30) days notice of its intent to terminate and lender fails to cure such default within thirty (30) days after receipt of such notice or cure or, in good faith and with reasonable diligence and continuity, commences to cure any non-monetary default within said thirty (30) day period. If such non-monetary default cannot reasonably be cured within said thirty (30) day period (or is such that possession of the premises is necessary to remedy the default), the date for termination shall be extended for such period of time as may be reasonably required to remedy such default, if (a) lender shall have fully cured any monetary default of Lessee within thirty (30) days after its receipt of notice of County's intent to terminate, and shall continue to pay currently such monetary obligations as and when the same are due, and (b) lender continues its good faith and diligent efforts to remedy such non-monetary default (including its acquisition of possession of the premises if necessary to the cure of such default). Nothing in this Section 9.16 shall be construed to require a lender to continue any foreclosure

proceeding it may have commenced against Lessee after all defaults have been cured by lender, and if such defaults shall be cured and the lender shall discontinue such foreclosure proceedings, this lease shall continue in full force and effect as if Lessee had not defaulted under this lease.

- e. Obligations of successor by foreclosure. No lender, acting in such capacity, shall be deemed to be an assignee or transferee of this lease or of the leasehold estate hereby created so as to require such lender, in that capacity, to assume the performance of any of the terms, covenants or conditions on the part of the Lessee to be performed hereunder, unless and until it acquires the interest of Lessee hereunder. Except as provided in Paragraph 9.16(b), upon acquiring Lessee's leasehold, a successor by foreclosure may, without the consent of County, sell and assign the leasehold estate on such terms and to such persons and entities as are acceptable to such successor by foreclosure and thereafter be relieved of all obligations of Lessee first arising under this lease after the date of such sale or assignment; provided, however, that such assignee of the successor by foreclosure shall have delivered to County an assumption agreement. Any such assignee of the successor by foreclosure or any other assignee of this lease or of the leasehold estate created hereby by a conveyance in lieu of foreclosure or any purchaser at any foreclosure sale of this lease or of the leasehold estate hereby created (other than the lender), shall be deemed to be a transferee of this lease, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Lessee to be performed hereunder from and after the date of such purchase and assignment and, from and after such date, shall be subject to all the terms of this lease, including all restrictions on further transfer set forth in Section 4.11.
- f. Bona fide foreclosure. Notwithstanding any other provision of this lease, any bona fide sale of this lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any leasehold mortgage or a bona fide assignment or transfer of this lease and of the leasehold estate hereby created in lieu of foreclosure of a leasehold mortgage shall be deemed to be a permitted sale, transfer or assignment of this lease and of the leasehold estate hereby created so long as such transfer has not been undertaken for the purpose or with the intent of circumventing any otherwise applicable restrictions upon transfers of Lessee's interest under this lease.
- g. Amendments to Lease. Lessor will agree to such reasonable amendments to this lease as may be required by any leasehold mortgagee provided that no such amendments shall (i) shall affect the term of this lease or any monetary obligation of Lessee or Lessor under this lease, (ii) impose any additional material liabilities or obligations upon Lessor, or (iii) adversely affect Aerospace in any material manner.
- h. New Lease. If this lease is terminated for any reason, including rejection of this lease in a bankruptcy proceeding, Lessor agrees to enter into a new lease with the leasehold mortgagee for the then remainder of the term of this lease, at the rent and upon the other terms, covenants, conditions and agreements contained in this lease, provided the leasehold mortgagee delivers a written request to Lessor for such new lease within

thirty (30) days after the leasehold mortgagee receives written notice of the termination, and further provided the leasehold mortgagee agrees in writing to perform and observe all covenants contained in such new lease. If the holders of more than one leasehold mortgage shall make written requests upon Lessor for a new lease in accordance with the provisions of this paragraph, the new lease shall be entered into pursuant to the request of the holder whose leasehold mortgage shall be prior in lien thereto, as evidenced by a current title insurance policy or guaranty provided by the leasehold mortgagee at its expense, and thereupon the written requests for a new lease of each holder of a leasehold mortgage junior in lien shall be and be deemed to be void and of no force and effect.

9.18 Joinder Agreement. Lessor acknowledges and recognizes the third party beneficiary status of Aerospace, and its permitted transferees, as contemplated under this lease, and Lessor specifically acknowledges and recognizes the joinder of Aerospace (following the parties' signature blocks below) for such purposes.

[Signatures on following pages]

COUNTY:

SNOHOMISH COUNTY

By: *D. T. Waggoner*

Name: D. T. Waggoner

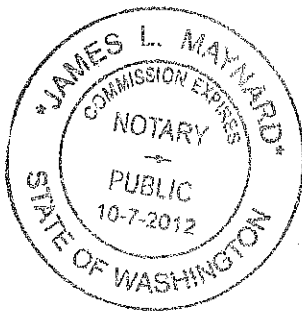
Title: Airport Director

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this 3rd day of MAY, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared DAVE WAGGONER, known to me to be the Airport Director of **SNOHOMISH COUNTY**, and the person who executed the within and foregoing instrument, and acknowledged that he signed the same as its free and voluntary act and deed, for the uses and purposes therein mentioned.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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



James L. Maynard
Signature

JAMES L. MAYNARD
Print Name

NOTARY PUBLIC in and for the State of
Washington, residing at MUKILTEO
My commission expires 10/7/2012

Approved as to form:
James L. Maynard
Deputy Prosecuting Attorney

Approved: *James L. Maynard*
Risk Management 5-9-12

JOINDER BY AEROSPACE;

BE Aerospace, Inc., a Delaware corporation, hereby joins in this lease solely for purposes of Section 2.02d, 4.11d and 8.03c(3) of this lease.

BE AEROSPACE, INC., a Delaware corporation

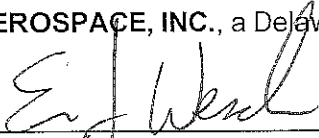
By 
Its VP & Treasurer

EXHIBIT A

LEGAL DESCRIPTION

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 28 NORTH, RANGE 4 EAST, W.M., AND THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 28 NORTH, RANGE 4 EAST, W.M., LYING NORTHWESTERLY OF BEVERLY PARK - EDMONDS ROAD AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;
THENCE NORTH 88°42'50" WEST 268.89 FEET ALONG THE SOUTH LINE OF SAID SECTION 22 TO THE NORTHWESTERLY MARGIN OF SAID BEVERLY PARK - EDMONDS ROAD AS SHOWN ON A BINDING SITE PLAN ENTITLED PAINE FIELD AIRPORT SECTOR 6 BINDING SITE PLAN PF NO. 07-104017-0068G, RECORDING NUMBER 200812105003, RECORDS OF SNOHOMISH COUNTY, WASHINGTON;
SAID RIGHT OF WAY MARGIN BEING 50.00 FEET DISTANT FROM AND AT RIGHT ANGLES TO THE CENTERLINE OF SAID BEVERLY PARK - EDMONDS ROAD;
THENCE SOUTH 43°39'01" WEST 150.65 FEET TO AN ANGLE POINT IN SAID RIGHT OF WAY MARGIN OF BEVERLY PARK - EDMONDS ROAD;
THENCE SOUTH 43°38'39" WEST ALONG SAID RIGHT OF WAY MARGIN, A DISTANCE OF 831.06 FEET TO THE NORTHEASTERLY LINE OF THAT REAL PROPERTY CONVEYED BY QUITCLAIM DEED TO SNOHOMISH COUNTY PARKS DEPARTMENT RECORDED UNDER SNOHOMISH COUNTY REC. NO. 200211140549;
THENCE NORTH 46°21'21" WEST 30.00 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 300.00 FEET;
THENCE NORTHWESTERLY 137.55 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 26°16'10";
THENCE NORTH 72°37'31" WEST 130.10 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 300.00 FEET;
THENCE NORTHWESTERLY 125.02 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 23°52'35";
THENCE NORTH 48°44'55" WEST 304.60 FEET TO THE POINT OF BEGINNING;
THENCE NORTH 43°21'18" EAST 507.77 FEET;
THENCE NORTH 63°58'29" EAST 458.98 FEET TO A POINT ON A NON TANGENT CURVE, CONCAVE EAST, HAVING A RADIUS OF 197.50 FEET AND FROM WHICH THE RADIAL CENTER BEARS NORTH 59°32'48" EAST;
THENCE NORTHERLY 101.53 FEET ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 29°27'15";
THENCE NORTH 00°39'40" WEST 393.85 FEET;
THENCE NORTH 90°00'00" WEST 861.57 FEET;
THENCE SOUTH 00°00'00" WEST 651.00 FEET;
THENCE SOUTH 89°59'59" EAST 49.50 FEET;
THENCE SOUTH 00°00'00" EAST 175.39 FEET;
THENCE SOUTH 26°40'58" WEST 125.82 FEET
THENCE SOUTH 48°43'36" EAST 185.35 FEET TO THE POINT OF BEGINNING;

THE LEASE PARCEL AREA DESCRIBED ABOVE CONTAINS 657,643 SQUARE FEET (15.0974 ACRES), MORE OR LESS;

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

EXHIBIT B

GENERAL DESCRIPTION OF IMPROVEMENTS AND PRELIMINARY SITE PLAN

1. GENERAL DESCRIPTION OF IMPROVEMENTS

Provide new building and site work designed for industrial use in the City of Everett, WA per the following documents:

- A. Craft Architects Site Plan Sheet A0.1 dated 12.15.11
- B. Craft Architects Capstone PF2 First Floor Plan dated 12.21.11
- C. Decker Consulting Engineers Grading & Drainage Schematic dated 10.05.11
- D. Pinnacle Consulting Group's Revised Facility Plan Centralized Assembly dated 12.09.11
- E. Pinnacle Consulting Group's BE Aerospace Equipment List dated 10.17.11
- F. Earth Solutions Geotechnical Engineering Study dated 10.31.11

Site Area: 657,750 SF
Building Area: 240,500 SF
Mezzanine Area: 0 SF
TI Area: 55,000 SF

Total Building Pad Area w/ Mezzanine: 240,500 SF

- A. Use Zone: Industrial / Manufacturing
- B. Building Code: 2006 IBC
- C. Occupancy Groups: B (office) and S-2 (storage), and F-1 (manufacturing)
- D. Construction Type: III-B, fully sprinkled
- E. Buildings: Site pre-cast concrete walls with storefront glazing systems, all steel roof system and concrete slab-on-grade
- F. Structure Clear Height: 28' (one structural bay in from the perimeter)

2. PRELIMINARY SITE PLAN

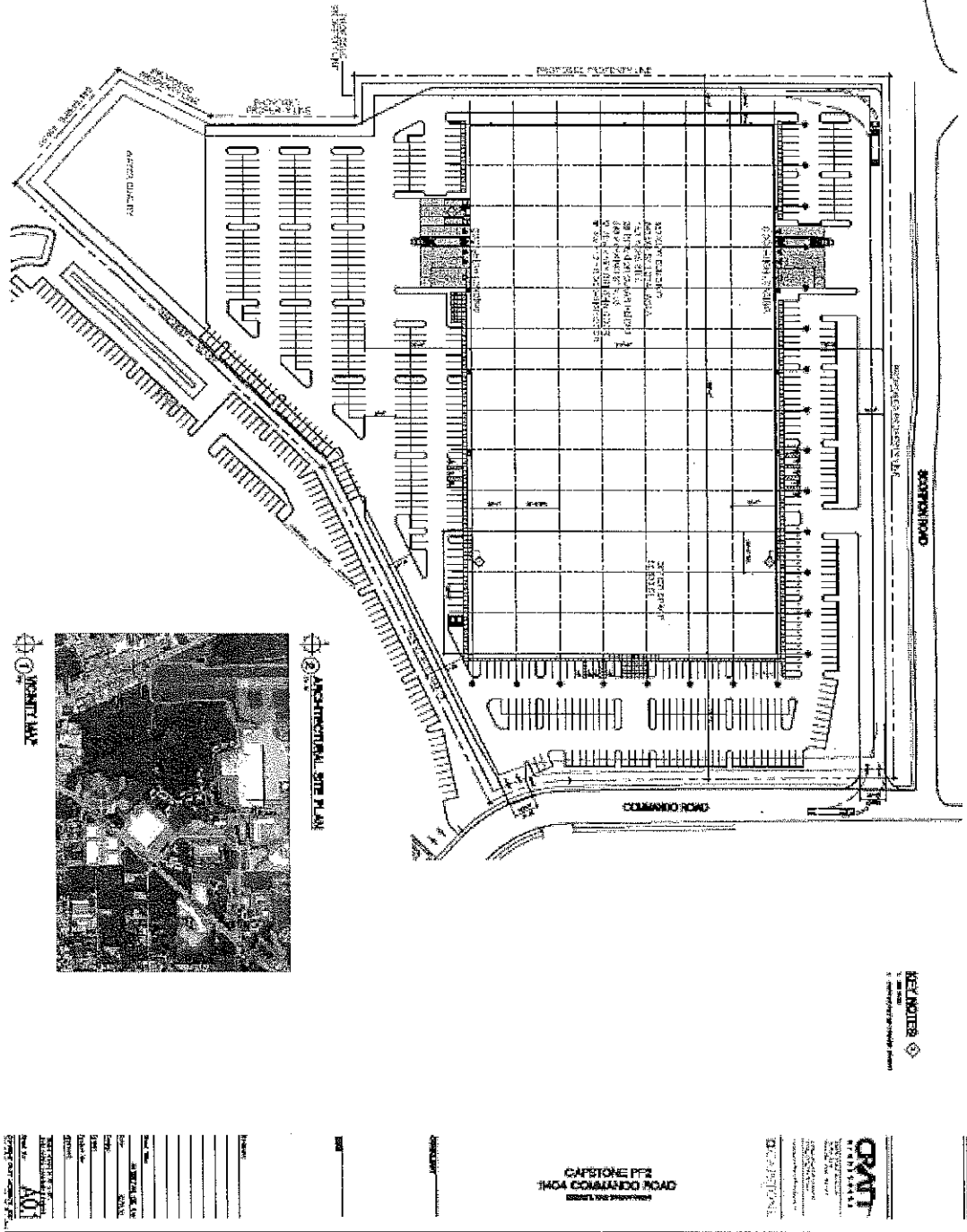


EXHIBIT C

ADDITIONAL IMPROVEMENTS

Lessee is authorized to make additional improvements to the premises as follows: Re-route sanitary sewer north of the lease area. Design, permit and install a grinder pump and sewer force main which shall tie into existing manhole at intersection of 113th and Commando Road serving both Pacific Crest Construction and YMCA buildings (the Additional Improvements”).

It is understood that the Additional Improvements set forth above are not necessarily complete in detail and that the parties may mutually agree to other improvements; and that the final specifications, details and locations of the improvements shall be subject to the approval of the Airport Director prior to construction which approval shall not be unreasonably withheld, conditioned or delayed.

Lessee is authorized to commence construction of the Additional Improvements as soon as reasonably possible following completion of plans, specifications, and working drawings, execution of a contract for construction, and receipt of all necessary and applicable permits and approvals and shall complete the Additional Improvements prior to interrupting sewer service to Pacific Crest Construction and YMCA buildings due to Lessee building construction.

Lessee shall pay all hard and soft costs, including without limitation the costs of construction, permits, applicable taxes, design fees, and inspection fees (collectively, the “Total Costs”) of the Additional Improvements.

County agrees to reimburse Lessee in an amount not to exceed \$70,500.00 of the Total Costs of the Additional Improvements subject to the reasonable approval of paid invoices and the quality of the work by the Airport Director, which approvals shall not be unreasonably withheld, conditioned or delayed. Reimbursement to Lessee for the County’s portion of the Total Costs of the Additional Improvements will be made monthly by County only in the form of credit for rent in the amount of one hundred percent (100%) of the rent and other charges otherwise due from Lessee under Section 3.01 of this lease.

EXHIBIT D
RATE SCHEDULE

Rent Commencement Date: May 1, 2012

	Acres	SF	Annual Rate	Annual Rent	Monthly Rent	Monthly Rent w/LET*
Land Rent	15.0974	657,643	\$0.41	\$269,633.63	\$22,469.47	

*LET means leasehold excise tax which is currently 12.84%

EXHIBIT E

CERB AMORTIZED NOT TO EXCEED \$600,000 LOAN PAYMENT SCHEDULE

Payment Schedule to be attached when the Community Economic Revitalization Board (CERB) has published the amortization schedule for the CERB loan for this project.

EXHIBIT F

LESSOR INVESTMENT IN NON-STRUCTURAL SOILS REMEDIATION

County shall reimburse Lessee for fifty percent (50%) of Lessee's documented costs in an amount not to exceed \$300,000 pursuant to Section 3.12 of this lease. While actual soil remediation costs are not known at the signing of this lease, Lessee and County agree that the following formula will be used to compute Total County Non-Structural Soil Remediation Costs when actual soil remediation costs are determined:

$$\begin{array}{l} \$ \underline{\hspace{2cm}} \times 50\% = \$ \underline{\hspace{2cm}} \text{ (Not to Exceed \$300,000)} \\ \text{Total Non-Structural} \qquad \qquad \qquad \text{Total County Non-Structural} \\ \text{Soil Remediation Costs} \qquad \qquad \qquad \text{Soil Remediation Costs} \end{array}$$

Payments shall be deferred Years 1 – 5 consistent with the deferral of the CERB loan.

Starting in Year 6 of this lease and continuing through Year 20 County shall pay Lessee equal annual installments in an amount not to exceed \$20,000 per year. The exact amount of the installments shall be determined upon completion of the work and approval of the paid invoices and quality of the work by the Airport Director.

The annual payment shall be on a date concurrent with the annual due date of the CERB \$600,000 Amortization Annual Payment Schedule to be attached as Exhibit E when published by CERB.

EXHIBIT G

STORM WATER FACILITY POLICY

Storm Water Facilities Policy for Land Leases Snohomish County Airport at Paine Field

March 6, 2007 Policy Updated October 7, 2011

The Snohomish County Airport policy regarding storm water facilities (SWF) is as follows:

1. All land lease tenants (Tenants) shall construct adequate SWF on their leased premises as necessary to comply with Snohomish County drainage ordinances and all other applicable laws and shall maintain those SWFs for the term of their leases.
2. SWFs include bioswales, valves, oil water separators and other improvements necessary to meet code requirements for Water Quality, and ponds, vaults or rain store type structures and other improvements necessary to meet code requirements for Water Quantity.
3. Tenants shall pay all costs associated with construction and maintenance of such SWFs.
4. SWFs must be constructed and maintained as to not be a wildlife attractant or otherwise present a hazard to aviation.
5. Tenants shall pay Surface Water Management fees (SWM fees) assessed on their leased premises.
6. The Airport has constructed certain SWF which may be available for use by Tenants in lieu of construction of SWF on their leased premises. Determinations of the availability of Airport constructed SWF to Tenants are made by Airport staff on a case by case basis considering the long term needs of the Airport for SWF capacity. In no event shall use of an Airport SWF relieve a Tenant of obligations for hazardous waste, substance and pollutants and contaminants under their lease and all applicable laws.
 - a. Tenants using the Airport SWF shall pay:
 - i. A connection fee is based on the size of Tenant's parcel connected to the SWF at a rate of \$29,282 per land leased acre in 2011 and increased by 10% each year after; and
 - ii. Monthly rent for the % of the SWF area allocated to Tenant's parcel at the same rate as the Tenant's premises land rent with such rate adjusted on the same cycle as the premises land rent; and
 - iii. Monthly maintenance fees for the SWF area at a rate of \$14.33 per leased acre effective April 1, 2011 with such rate adjusted annually on April 1 by the Consumer Price Index for the Seattle Tacoma area; and
 - iv. The Monthly SWM fees for the % of the SWF area allocated to Tenant's parcel; and
 - v. All costs associated with cleanup of environmental contamination of the SWF associated with Tenant's premises.

- b. Tenants may utilize the allocated SWF area for calculating the Land to Building Ratio (LBR) of their leased premises.
- c. Where the Airport has identified tracts specifically for development of SWF to support development of adjacent parcels, the Tenant of an adjacent parcel may construct and maintain the SWF as a Tenant expense and pay monthly rent on the appropriate % for the use of the tract for the SWF. In this event the Tenant shall not be required to pay a connection fee or annual maintenance fee to the Airport.
- d. Tenants with leases that predate this policy who use Airport SWF shall be subject to charges under section 6(a) (ii, iii, iv and v) in the event their lease is amended, except for amendments initiated by the County. Any amendments that add extra land to the lease at the request of the Tenant shall be subject to the connection charge under 6(a) (i) for the added land area.

Policy adopted on March 6, 2007 updated October 7, 2011.

Snohomish County Airport

Original Signed by Dave T. Waggoner on October 7, 2011

Dave T. Waggoner

Airport Director

EXHIBIT H

POLICY CHANGE ENDORSEMENT

Blanket Notification to Others of Cancellation



Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	FF Date of Prd.	Provider No.	Add'l. Prem.	Retain Term.
GLO4020159-04	1-1-12	1-1-13	1-1-12	63047-000	N/A	N/A

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:
Commercial General Liability Coverage Part

- A. If we cancel this Coverage Part by written notice to the first Named Insured for any reason other than nonpayment of premium, we will deliver electronic notification that such Coverage Part has been cancelled to each person or organization shown in a Schedule provided to us by the First Named Insured. Such Schedule:
1. Must be initially provided to us within 15 days:
 - a. After the beginning of the policy period shown in the Declarations; or
 - b. After this endorsement has been added to policy;
 2. Must contain the names and e-mail addresses of only the persons or organizations requiring notification that such Coverage Part has been cancelled;
 3. Must be in an electronic format that is acceptable to us, and
 4. Must be accurate.
- Such Schedule may be updated and provided to us by the First Named Insured during the policy period. Such updated Schedule must comply with Paragraphs 2, 3, and 4, above.
- B. Our delivery of the electronic notification as described in Paragraph A. of this endorsement will be based on the most recent Schedule in our records as of the date the notice of cancellation is mailed or delivered to the first Named Insured. Delivery of the notification as described in Paragraph A. of this endorsement will be completed as soon as practicable after the effective date of cancellation to the first Named Insured.
- C. Proof of emailing the electronic notification will be sufficient proof that we have complied with Paragraphs A. and B. of this endorsement.
- D. Our delivery of electronic notification described in Paragraphs A. and B. of this endorsement is intended as a courtesy only. Our failure to provide such delivery of electronic notification will not:
1. Extend the Coverage Part cancellation date;
 2. Negate the cancellation; or
 3. Provide any additional insurance that would not have been provided in the absence of this endorsement.
- E. We are not responsible for the accuracy, integrity, finalness and validity of information contained in the Schedule provided to us as described in Paragraphs A. and B. of this endorsement.

All other terms and conditions of this policy remain unchanged.

UGL-114-A CW (10-02)
Page 1 of 1

(Includes copy/signed original of Insurance Services Office, Inc. with its permission.)