



200509290125

Skagit County Auditor

9/29/2005 Page

1 of

39

2:50PM

After Recording Return to:

Kenneth Dehn  
Attorney at Law  
5400 Carillon Point  
Kirkland, WA 98033

**Document title:**

Port of Anacortes Lease Agreement

**Reference numbers of related documents:**

None

**Grantor:**

Port of Anacortes (lessor)

**Grantee:**

48° North Aviation, LLC (lessee)

**Legal Description (abbreviated form):**

Ptn. SE SE, Sec. 22, T35N, R1EWM and Ptn. NE NE, Sec. 27, T35N, R1EWM

**Assessor's Tax Parcel Numbers:**

P32372 and P32356

**ORIGINAL**

**PORT OF ANACORTES  
LEASE AGREEMENT**

THIS LEASE AGREEMENT, hereinafter referred to as "this Lease", is made as of this 4<sup>th</sup> day of December, 2003 by and between the PORT OF ANACORTES, a Washington municipal corporation, hereinafter referred to as "Lessor", and 48° NORTH AVIATION, LLC, hereinafter referred to as "Lessee".

**RECITALS**

A. Lessor is the owner of improved real property known as the Anacortes Airport, in the City of Anacortes, Skagit County, Washington, as legally described in Exhibit "A", attached hereto and incorporated herein as though fully set forth here, and sometimes hereinafter referred to as the "the Property".

B. Lessee desires to lease a portion of the Property on which to construct executive hangars and T-Hangars for the purpose of conducting aeronautical activities, as defined in Section 9(a) of this Lease.

C. Lessor is agreeable to entering into a lease with Lessee for a portion of the Property as depicted in Exhibit "B", attached hereto and incorporated herein as though fully set forth here, and hereinafter referred to as the "Premises," subject to Lessee accepting the terms and conditions of this Lease, all as more specifically hereinafter set forth. The Premises does not include any improvements provided at Tenant's expense.

**WITNESSETH:**

In consideration of their mutual covenants, agreements and undertakings hereinafter contained, the parties hereto do mutually agree to that which is hereinafter set forth, upon and subject to the following terms, conditions, covenants and provisions:

**1. PROPERTY SUBJECT TO THIS LEASE.**

**a. PREMISES DESCRIBED.**

The parties hereto acknowledge and agree that the illustration marked Exhibit "B" attached hereto and incorporated herein as though fully set forth here accurately depicts the Premises. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, which is highlighted and shaded on Exhibit "B", and which is further described as two building footprints and apron area, totaling approximately 99,290 square feet (s.f.), measuring as follows:

	<u>Dimensions</u>	<u>Area</u>
Building Footprint	48' x 410'	19,680 s.f.
Apron Area	27.5' x 430' E & W 10' x 48' N & S	24,610 s.f.
Building Footprint	70' x 420'	29,400 s.f.
Apron Area	27.5' x 440' E & W 10' x 70' N & S	<u>25,600 s.f.</u>
		99,290 s.f.



200509290125

Skagit County Auditor

Upon Lessor's final approval of Lessee's building plans, the Premises shall be revised by mutual agreement of Lessor and Lessee to reflect the final building layout and square footage. Lessee shall have access to the Premises over those portions of the Anacortes Airport that are from time to time used for roads.

b. SURVEY.

Lessee shall at its own expense obtain a survey from a licensed land surveyor, for the purposes of fully establishing and marking the exact location and bounds of the Premises within the Property with the good-faith cooperation of Lessor. Prior to the commencement of any construction on the Premises by Lessee, the said survey shall be submitted to Lessor for review and approval, and shall thereafter be incorporated into this agreement as Exhibit "C".

c. EASEMENTS OF RECORD.

The Premises referenced above is subject to restrictions, easements, and reservations of record. Lessor reserves for itself and its agents a non-exclusive easement over and across the Premises to make inspections, repairs, alterations, and/or modifications to the structural components and utility services; provided the rights reserved to Lessor hereunder shall impose no obligation on Lessor to make such inspections, repairs, alterations, and/or modifications. Lessor shall take into consideration the effects of any such repairs, alterations, and/or modifications on the conduct of Lessee's business, but Lessor shall not be responsible for any reduced efficiency, loss of business, injury, or damage of any kind, to any person or property, occasioned by Lessor's exercise of said easement rights, including without limitation, any reduced efficiency or loss of business.

2. TERM.

a. The term of this Lease shall be for a period of thirty (30) years, unless sooner terminated pursuant to any provision of this Lease, commencing upon issuance of building permits for the Premises, provided that, Lessor approves any conditions in such issued building permit, and Lessor approves Lessee's final site and utility plan.

b. Lessor and Lessee may mutually agree to extend the term of this Lease for one (1) ten (10) year extension period by Lessee giving Lessor written notice of said intention to extend the term of the Lease to Lessor not less than ninety (90) days prior to the expiration of the current term (the "Extension Notice") and Lessor agreeing to the extension by written notice to Lessee within thirty (30) days of Lessor's receipt of the Extension Notice, provided that Lessee is in full compliance with all terms, conditions, covenants and provisions of this Lease when the notice is given and at the commencement of the extension period. The parties mutually understand and agree that the rental for the said ten (10) year extension period shall be the rent determined by Lessor based on the fair market value of the Premises as set forth in Section 5d. entitled "Periodic Adjustments". All terms, conditions, covenants and provisions of this Lease shall continue during the extension period with the exception that there is no additional right to extend the term of this Lease other than that which is herein specifically set forth. Promptly following Lessor's receipt of Lessee's written notice of Lessee's intention to extend the term of this Lease, the Lessee's receipt of Lessor's written notice agreeing to extend the term of this lease and the



200509290125

Skagit County Auditor

meeting of all conditions of said extension, Lessor shall inform Lessee in writing as to the rental applicable to the extension period. In the event that Lessee does not give written notice to Lessor of its acceptance of said rental prior to thirty (30) days before the expiration of the current term of the Lease, Lessee's right to extend the term of this Lease shall lapse and Lessee shall proceed to make preparation to return possession of the Premises to Lessor pursuant to the terms of this Lease.

### 3. POSSESSION AND RIGHT OF QUIET ENJOYMENT.

a. If Lessor shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, Lessor shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event Lessee shall not be liable for any rent (unless hereinafter provided for to the contrary) until such time as Lessor can deliver possession. If Lessee shall, in the interim take possession of any portion of the Premises, Lessee shall pay as rent (unless hereinafter provided for to the contrary) the full rent specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If Lessor shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice unless Lessor shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with Lessor's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Lessee shall not be obligated to pay any rent for the period prior to the commencement of the term of this Lease unless otherwise mutually agreed herein to the contrary.

b. Lessor acknowledges that it has ownership of the Premises heretofore described and that it has the legal authority to lease said Premises to Lessee. Lessor covenants and agrees that Lessee, upon performance of all of Lessee's obligations under this Lease, shall lawfully and quietly hold, occupy, and enjoy the premises during the term of this Lease without disturbance by Lessor or by any person having title paramount to Lessor's title, or by any person claiming under Lessor, subject to the terms and provisions of this Lease and subject to all mortgages, underlying leases, and other underlying matters of record to which this Lease is or may become subject to and subordinate so long as the terms and conditions hereof are complied with by Lessee and subject to the provisions of the succeeding section entitled "LESSOR'S RIGHT TO ENTER PREMISES".

### 4. RENTAL.

Lessee shall pay to Lessor, in lawful money of the United States, without any set-off or deduction, in addition to taxes, assessments, and other charges required to be paid hereunder by Lessee, initial rent for the Premises of:



200509290125  
Skagit County Auditor

9/29/2005 Page 4 of 39 2:50PM

**\$2,101.91 per month**

Determined as follows:

**(A) Hangar Pad No. 9**

(i) Building Footprint:	19,680 s.f.	
Initial Rate:	Land Value (\$4.00/s.f.) x ROI* (8.5%/yr) = \$.34/s.f./yr	
Initial Rent:	19,680 s.f. x \$0.34/s.f./yr	\$6,691.20/yr
(ii) Apron Area:	24,610 s.f.	
Initial Rate:	50% of Building Footprint Initial Rate = \$.17/s.f./yr	
Initial Rent:	24,610 s.f. x \$0.17/s.f./yr	\$4,183.70/yr
<b>Hangar Pad No. 9 Initial Rent: (i + ii)</b>		<b>\$10,874.90/yr</b>

**(B) Hangar Pad No. 10**

(i) Building Footprint:	29,400 s.f.	
Initial Rate:	Land Value (\$4.00/s.f.) x ROI* (8.5%/yr) = \$.34/s.f./yr	
Initial Rent:	29,400 s.f. x \$0.34/s.f./yr	\$9,996.00/yr
(ii) Apron Area:	25,600 s.f.	
Initial Rate:	50% of Building Footprint Initial Rate = \$.17/s.f./yr	
Initial Rent:	25,600 s.f. x \$0.17/s.f./yr	\$4,352.00/yr
<b>Hangar Pad No. 10 Initial Rent: (i + ii)</b>		<b>\$14,348.00/yr</b>

\* ROI = Return on Investment: Established by Port Policy

**Hangar Pads No. 9 & 10 Totals**

	Bldg. Footprint s.f.	Bldg. Footprint Rent	Apron s.f.	Apron Rent	Total
Hangar Pad No. 9	19,680	\$6,691.20/yr	24,610	\$4,183.70/yr	\$10,874.90/yr
Hangar Pad No. 10	29,400	\$9,996.00/yr	25,600	\$4,352.00/yr	\$14,348.00/yr
	49,080	\$16,687.20/yr	50,210	\$8,535.70/yr	\$25,222.90/yr

**Monthly Lease: \$25,222.90/12 = \$2,101.91**

**plus applicable Washington State leasehold tax.** Upon Lessor's final approval of Lessee's building plans, the rent shall be revised to reflect any change in the Premises made by mutual agreement of Lessor and Lessee to reflect the final building layout and square footage. If the term of the Lease has not commenced prior to one (1) year after execution of this Lease, the monthly rental shall be adjusted as set forth in section 5(a) of this Lease "Annual Adjustments." The rental shall be paid to Lessor in advance on or before the first day of each and every month of the term of this Lease, and shall be payable at such place as Lessor may hereinafter designate. The rental may be further adjusted by the addition of other sums and charges specified elsewhere in section 19 "Utilities" and section 20 "Taxes and Assessments" hereof all of which shall constitute additional rent. Lessor shall have all of the same rights and remedies with respect to any additional rent or charges in the event of nonpayment or late payment as are available to it in the event of nonpayment or late payment of the rental.



5. RENTAL ADJUSTMENTS.

a. Annual Adjustments. The rental shall be adjusted at each anniversary of the commencement date during the term of this Lease, including any extension period, to compensate for the effect of inflation on the rental, with the exception that on the fifth (5<sup>th</sup>) anniversary of the commencement of this Lease and every fifth (5<sup>th</sup>) anniversary thereafter, the rent shall be adjusted based on the subsection contained herein entitled "Periodic Adjustments" in order to compensate for changes in market conditions. The date of any such annual adjustment in rental is called the "Change Date". The annual adjusted rental shall be determined in accordance with the formula set forth below, but in no case shall the adjusted rental be less than the rental being adjusted. In applying the formula, the definitions hereinafter set forth apply.

b. Definitions.

i. "**Bureau**" means the U.S. Department of Labor Bureau of Labor Statistics or any successor agency that shall issue the indices or data referenced in the succeeding section entitled "Formula".

ii. "**Reference Date**" herein shall initially be the commencement date of this Lease, and after the end of the first lease year shall mean the anniversary of the commencement date immediately preceding the anniversary upon which the rental adjustment will become effective.

iii. "**Price Index**" means the U.S. City Average Consumer Price Index for all Urban Consumers issued from time to time by the Bureau, or any other measure hereafter employed by the Bureau in lieu of the price index that measures the cost of living nationally, or if said Bureau should cease to issue such indices and any other agency of the United States should perform substantially the same function, then the indices issued by such other agency.

c. Formula. The rental rate being adjusted shall be multiplied by a multiplier equal to the change in the Price Index computed as follows: (rental being adjusted) X (Price Index for the most recent month available prior to the Change Date divided by the Price Index for the month used for the most recent Reference Date). The most recent Price Index available at the commencement of this Lease is 185.0 (October 2003).

d. Periodic Adjustments. On the fifth (5<sup>th</sup>) year anniversary of the commencement date of this Lease and every fifth (5<sup>th</sup>) year thereafter, including any extension period, the rental shall be adjusted by Lessor to compensate for changes in market value of the Premises; provided that in no case shall the adjusted rental be less than the rental being adjusted. The rent shall be based on eight and one-half percent (8.5%) return on the fair market value of the Premises. If the value cannot be agreed upon between Lessor and Lessee, the value shall be determined in the following manner:

i. Each party shall appoint a disinterested person to act as appraiser, such person having at least ten (10) years professional experience as an appraiser of properties in the Puget Sound area. The two appraisers so appointed shall appoint a third appraiser having those



qualifications.

ii. The three appraisers shall proceed without delay to make an appraisal of the Premises in the manner hereinafter provided and notify the parties in writing of their valuation, which shall be final and binding upon the parties. If all three appraisers cannot agree, the valuation agreed to by any two, or if no two appraisers can agree, the average of the two valuations most nearly equal to each other, shall be binding on the parties.

iii. Each appraiser shall determine the Fair Market Value (FMV) of the Premises which is the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing reasonable time to find a purchaser who buys with the knowledge of all the uses to which it is adapted and for which it is capable of being used, also frequently referred to as the price at which a willing seller would sell and a willing buyer buy, neither being under abnormal pressure. FMV will fluctuate based on the economic conditions of the area. The rent shall then be based on eight and one-half percent (8.5%) return on the FMV of the Premises as determined by the appraisers, as set forth above.

iv. The expense of each appraisal conducted in accordance herewith shall be borne equally by both parties.

#### 6. ABATED RENTAL.

If this Lease provides for a postponement of any monthly rental payments, a period of free rent or other rent concession, such postponed rent or free rent is called the "Abated Rental". Lessee shall be credited with having paid all of the Abated Rental on the expiration of the term of this Lease only if Lessee has fully, faithfully, and punctually performed all of Lessee's obligations hereunder, including the payment of all rent (other than the Abated Rental) and all other monetary obligations and the surrender of the Premises in the physical condition required by this Lease. Lessee acknowledges that its right to receive credit for the Abated Rental is absolutely conditioned upon Lessee's full, faithful and punctual performance of its obligations under this Lease. If Lessee defaults and does not cure within any applicable grace period, the Abated Rental shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case, Abated Rental shall be calculated based on the full initial rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from date each monthly rental payment was postponed.

#### 7. LEASE SECURITY.

a. Lessee shall, upon commencement of this Lease, obtain and deliver to Lessor a cash deposit, a good and sufficient corporate surety company bond, rental insurance policy, or other security (hereinafter referred to as the "Lease Security"), in an initial amount equal to one (1) year's rental to secure the full performance by Lessee of all terms, conditions, covenants and provisions of this Lease, including the payment by Lessee of all amounts now or hereafter payable to Lessor during the full term hereof. This obligation shall be in effect during the full term of this Lease and throughout any holdover period, and this Lease is not deemed effective until the Lease Security has been delivered to Lessor. The form, provisions and nature of the Lease Security, and the



identity of the surety or other obligor thereunder, shall at all times be subject to Lessor's approval. The amount of the Lease Security shall be adjusted to coincide with all adjustments in rental and as required elsewhere herein and/or by the laws of the State of Washington. No interest shall be paid on the Lease Security and Lessor shall not be required to keep the Lease Security separate from its other accounts. No trust relationship is created with respect to the Lease Security. If the amount of the Lease Security adjustment is not paid or provided for, Lessee shall be considered in default hereunder, and subject to Lessor's rights under section b. hereof and succeeding section entitled "DEFAULT AND RE-ENTRY". No future amendment or extension to this Lease shall be effective until the surety or obligor has given its consent thereto and the amount of the Lease Security has been adjusted as required. The Lease Security may provide for termination on the anniversary date thereof upon not less than one (1) year's written notice to Lessor if this Lease is not in default at the time of said notice. In the event of any such termination, Lessee shall obtain a new Lease Security, also subject to Lessor's approval, to replace the Lease Security being so terminated to be effective on or before the date of termination.

b. Lessee shall be deemed in material default of this Lease if at any time or times during the stated term of this Lease Lessee ceases to be in compliance with the provisions of section a. above, with or without notice from Lessor. Pending Lessee's cure of its default, Lessee shall pay rent and all other sums owing to Lessor under this Lease computed as though this Lease had been originally awarded on a month-to-month basis.

c. The Lease Security is a part of the consideration for execution of this Lease. If Lessee shall have fully performed all terms and conditions of this Lease, any cash deposit security shall be paid to Lessee within ninety (90) days following the termination (or expiration) date without interest; otherwise Lessor shall, in addition to any and all other rights and remedies available under this Lease or at law or equity, retain title to the extent of Lessor's loss. Lessor may apply all or part of the Lease Security to unpaid rent or any other unpaid sum due hereunder, or to cure other defaults of Lessee. If Lessor uses any part of the Lease Security, Lessee shall restore the Lease Security to an amount acceptable to Lessor within ten (10) days after the receipt of Lessor's written request to do so. Lessee's failure to do so shall be a material default under this Lease.

d. Forfeiture of the Lease Security by Lessee shall not constitute liquidated damages to Lessor. Lessee shall also pay Lessor for any and all damages incurred by Lessor by reason of said forfeiture.

e. It is further agreed that in the event the laws of the State of Washington applicable to Lease Security shall hereafter be amended, the provisions of this entire section shall be deemed likewise automatically amended upon the effective date of such statutory amendments, to the extent and in the manner necessary to comply therewith.

#### 8. CONDITION OF PROPERTY.

Lessee has inspected the Premises, and accepts the Premises in its present condition, is not relying upon any covenants, warranties or representations of Lessor as to its condition or usability, except Lessor's right to grant a lease of the Premises, and agrees to make any changes





in the Premises necessary to conform to federal, state and local law applicable to Lessee's use of the Premises. Lessee has the right to terminate this Lease if, within 30 days following the mutual execution of this Lease, Lessee provides written notice to Lessor that the soil and geotechnical conditions of the property are not satisfactory for Lessee's intended use or make the project economically unreasonable.

**9. BUSINESS PURPOSE AND TYPE OF ACTIVITY.**

a. Primary Use of Premises. It is understood and agreed that Lessee intends to use the Premises for the purpose of conducting aeronautical activities (any activity which involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations) and the rental/subleasing of space for the storage of aircraft within the constructed hangar buildings. Lessor and Lessee have entered into this lease for the express purpose of allowing Lessee to operate aircraft hangars as part of an operating airport. All commercial use of the Premises shall be subject to the provisions of the Anacortes Airport Minimum Standards for Commercial Activities now or hereafter adopted by Lessor.

b. Incidental Use of Premises. Lessee shall be entitled to use the Premises for storage of vehicles, equipment, machinery, inventory, parts, office fixtures and furnishings within the constructed hangar building, which uses are incidental to Lessee's primary aeronautical activities on the Premises. All such incidental use shall be subject to the reasonable rules and regulations of Lessor and in compliance with all applicable rules and restrictions regarding zoning, health, safety, environmental and licensing regulations.

c. Offices and Crew Quarters. Lessee shall be entitled to use the Premises for offices and related crew quarters as an occasional, temporary and incidental use, subject to Lessor's prior written approval of the use of the Premises for crew quarters and only in connection with its primary aeronautical activities on the Premises. It is expressly agreed between the parties that overnight use of the crew quarters shall be subject to Lessee's prior and ongoing compliance with any and all applicable zoning, housing, and fire codes and regulations.

d. Parking. Lessee and its employees, agents, contractors, and invitees shall park in designated parking areas only. Lessee agrees not to use any public streets, rights of way or other properties not included in this Lease for parking of vehicles. Lessee shall provide adequate parking, as reasonably determined by Lessor in its sole discretion, for the use of the Premises set forth in this Section 9.

e. No Use In Violation of FAA Regulations. It is understood that the above activities are the only type of activities to be conducted on the Premises. Failure to perform the above type of activity except for reasons beyond Lessee's reasonable control, or the carrying on of other type(s) of unauthorized activities, without first obtaining a lease modification with Lessor's written approval of such other type(s) or cessation of activities, shall constitute a material default by Lessee of this Lease. Lessee specifically agrees that this section shall be strictly construed to assure that the operations and activities conducted on the Premises are in full compliance with all applicable environmental or other laws and regulations. Lessee shall at all times operate on the Premises in a manner which will assure the safe, lawful and healthful use of the Premises. Lessee agrees that it will not disturb Lessor or any other tenant of Lessor by making or permitting



any disturbance or any unusual noise, vibration or other condition on the Premises.

f. FAA Form 7460: Notice of Proposed Construction or Alteration. Lessee shall submit an FAA Form 7460: Notice of Proposed Construction or Alteration ("Form 7460") to Lessor for its approval. Upon written notice of Lessor's approval of the Form 7460, Lessee shall submit said form to the Seattle ADO, Airport District Office, for FAA approval. Lessee shall not commence construction without receiving prior written approval of the Form 7460 from the FAA.

#### 10. ADVERTISING AND SIGNS.

No signs, symbols, or other advertising matter, shades, canopies or awnings shall be installed, displayed, attached to or painted on or within the Premises, including the windows and doors thereof, without the prior written approval of Lessor's Executive Director, or the Executive Director's designated subordinate, which approval shall not be unreasonably delayed or denied. At the expiration or sooner termination of this Lease, all such signs, symbols, advertising matter, shades, canopies or awnings installed, displayed, attached to or painted by Lessee shall be removed by Lessee at its sole expense, and Lessee shall repair any damage or injury to the Premises and correct any unsightly condition caused by the maintenance of or removal of said signs, etc.

#### 11. EQUAL OPPORTUNITY.

Lessee covenants and agrees that in the performance of this Lease, Lessee shall conduct all its activities (including rental of surplus hangar space) in a manner that will assure fair, equal and nondiscriminatory treatment of all persons regardless of race, creed, color, sex, age, or presence of handicap, consistent with federal law and FAA rules and regulations. Notwithstanding any exemption contained in the State or Federal law, Lessee shall comply with all Federal and State laws, rules or regulations concerning hiring and employment and assuring the service of all patrons, customers, members or invitees without discrimination as to any person's race, color, creed, sex, age, national origin or presence of a handicap.

#### 12. LAWS AND REGULATIONS.

Lessee agrees, at its sole cost and expense, to conform to, comply with and abide by all lawful rules, codes, ordinances, requirements, orders, directions, laws and regulations of the United States, the State of Washington, and any municipality or agency of any of said entities, including rules and regulations of Lessor, including, but not limited to, the Anacortes Airport Minimum Standards for Commercial Activities now or hereafter adopted by Lessor, and Lessor's Noise Abatement Procedures, as amended from time to time, and including without limitation those relating to environmental matters or the Americans with Disabilities Act, all as now in existence or hereafter promulgated, applicable to Lessee's use and operation of the Premises, including the construction of any improvements thereon, and not to permit the Premises to be used in violation of any of said rules, codes, laws or regulations. Any fees for inspection of the Premises during or for the term of this Lease by any federal, state or municipal officer shall be paid by Lessee. Lessee shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of the failure of Lessee to comply with the covenants of this section. It is agreed that Lessee's noncompliance with the provisions of this clause shall constitute a material breach of



this Lease.

**13. LESSEE WILL OBTAIN PERMITS.**

Lessee shall be solely responsible for obtaining and complying with all permits, approvals or licenses required for the operation and conduct of Lessee's business activities and the construction, installation, erection and/or operation of any structures, facilities or equipment, including but not limited to, items constituting alterations or defined as trade fixtures on the Premises. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all costs incurred by Lessor, including actual attorney's fees, occasioned by Lessor pursuing Lessee's default for its failure to obtain and/or comply with such permits. Lessee agrees to hold Lessor harmless from any liability and to fully reimburse expenses of Lessor for Lessee's failure to obtain and/or fully comply with any necessary permit.

**14. CONSTRUCTION OF IMPROVEMENTS.**

- a. Submittal of Plans for Lessor Approval. Within two months of lease execution, Lessee shall submit a plot plan and specification sheet to Lessor showing the location, dimensions and general specifications of all planned improvements. Lessee's improvements shall be subject to Lessor's review of such plans for conformity with Lessor's Airport Layout Plan ("ALP") and existing published policies and standards for similar improvements, and Lessor's written approval of such plans, which shall not be unreasonably withheld. Without limiting the scope of Lessor's review, Lessor will not approve such plans unless Lessee provides for adequate parking for the hangar buildings within the plans.
- b. Submittal to City for Permits. Upon approval of the layout by Lessor, Lessee shall submit the plans to the City of Anacortes for necessary building permits and approvals at Lessee's sole expense. If additional development requirements are imposed by the City beyond those known and presently contained in City Code and if these requirements make the project economically unreasonable, then Lessee may terminate this Lease within 30 days of expiration of the governmental appeal period.
- c. SEPA Review. Lessee shall be responsible for preparation of any SEPA checklists or Environmental Impact Statement and supporting reports or analyses which may be required as a part of Lessee's applications for permits. Lessor shall exercise lead agency authority for review of Lessee's submittals. Lessee shall assume the cost of appropriate mitigations for any adverse environmental impacts identified in the SEPA documents, which may be reasonably required as a result of Lessee's improvements on the Premises. If additional requirements are imposed as a result of the SEPA review and if these requirements make the project economically unreasonable, then Lessee may terminate this Lease within 30 days of expiration of the governmental appeal period.
- d. Commencement of Construction. Construction of the approved improvements shall commence within six months following issuance of the requisite permits by the City; provided that the FAA has approved the Form 7460 as set forth in Section 9(e) of this Lease. When Lessee intends to construct improvements, alterations, or place removable



or temporary structures, Lessee shall notify Lessor in writing in advance of the date upon which Lessee shall commence construction or placement on the Premises and Lessor shall have the right to post notices of non-responsibility with respect to liens arising out of such construction or placement. If Lessee shall fail to so notify Lessor, Lessee shall reimburse Lessor for all costs and loss whatsoever suffered by Lessor because of Lessee's failure to notify Lessor as required herein. The construction of all improvements, alterations and/or installation of fixtures shall be carried out by Lessee in a first-class manner at its sole cost and expense, and in full compliance with all Laws, regulations, etc., applicable to Lessee's use and operation of the premises. Until the expiration or sooner termination of this Lease, title to any improvements situated and constructed by Lessee on the Premises and any alteration, change, or addition thereto, as well as title to fixtures and articles of personal property attached to or used in connection with the Premises by Lessee shall remain solely in Lessee.

- e. Construction Security. Upon Lessor's approval of the issued building permit and Lessee's site and utility plan, Lessee shall deliver to Lessor, a cash deposit, irrevocable letter of credit, good and sufficient corporate surety company bond or other security acceptable to Lessor in its sole discretion, in an amount equal to One Hundred Fifty percent (150%) of the estimated construction cost or a payment and performance bond for One Hundred percent (100%) of the estimated construction cost for completion of the approved improvements on the Premises, as estimated by Lessee and approved by Lessor (the "Construction Security"). Lessee shall maintain the Construction Security until Lessee obtains a certificate of occupancy from the City of Anacortes.
- f. Reimbursement of Existing FAA Funded Improvements. To the extent that any provisions of this Lease result in an obligation of Lessor to reimburse the FAA for existing FAA funded improvements, Lessee shall pay Lessor the amount of any such required reimbursements prior to the commencement of any construction by Lessee.
- g. No Representations and Warranties. Lessor makes no representation or warranty with respect to (1) the zoning of the Premises and whether it is appropriate for Lessee's intended use or (2) Lessee's ability to obtain the necessary permits from the City of Anacortes.
- h. Offsite Taxilanes and Parking. The parties acknowledge that the Premises will need to be served by taxilanes and parking not located on the Premises. Lessee agrees to design and construct such taxilanes and parking, at its expense, and subject to the approval of Lessor, pursuant to a separate Construction Agreement to be entered into by Lessor and Lessee. That agreement will provide that upon the completion of construction such improvements will be turned over to the Lessor and will not be part of the Premises.

#### 15. STORM WATER FACILITIES.

The parties understand that the City of Anacortes may require the construction of some storm water detention/treatment facilities as a condition of granting Lessee a building permit. Lessee agrees to use its best efforts to design its facilities in such fashion that such facilities will be located on the Premises. If, however, the only feasible location of such facilities is on property



of the Lessor other than the Premises, Lessee shall give written notice of that circumstance to Lessor (the "Additional Property Notice"), and Lessor agrees to negotiate in good faith with Lessee to lease such property to Lessee for such purpose. If the parties are unable to agree on the terms of such lease of additional property, Lessee may, by written notice given to Lessor not later than 90 days after the date of the Additional Property Notice, terminate this Lease.

**16. REPAIRS AND MAINTENANCE.**

a. Lessee shall at its sole cost and expense be responsible for undertaking repairs and maintenance of the Premises and all leasehold improvements on or to the Premises, and shall at all times preserve the Premises and leasehold improvements in substantially the same condition as that on date of possession, excepting normal and reasonable wear and tear. Lessee shall keep the Premises neat, clean and in a safe and sanitary condition free from infestation of pests and conditions which might result in harborage for, or infestation of pests, (the word "pests" as used herein, shall include, without limitation, rodents, insects and birds in numbers to the extent that a nuisance is created), and in compliance with all federal, state and local environmental and other laws and regulations. Lessee agrees that if, as a result of its use, occupancy or operations on the Premises, or because of any action of its agents, invitees, employees, contractors or others, any environmental or health hazard occurs on the Premises, Lessee shall take all necessary remedial action to bring the Premises and operations or activities conducted thereon into full compliance with all Laws, regulations, etc., applicable to Lessee's use and operation of the premises.

b. Lessee specifically warrants that in conducting its business or other activities on the Premises as authorized in this Lease, that such business or activities shall be conducted in a first-class manner which includes standards of maintenance which insures continued compliance with all applicable environmental and other laws and regulations.

**17. ENVIRONMENTAL STANDARDS.**

a. Definitions:

(i) "Law or Regulation", as used herein shall mean any environmentally related local, state or federal law, regulation, ordinance or order (including without limitation any final order of any court of competent jurisdiction), now or hereafter in effect relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, including without limitation the Model Toxics Control Act (RCW Chapter 70.105D), the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 690 et seq.), or any superfund laws.

(ii) "Hazardous Substances" as used in this Lease shall mean any substance, or material defined or designated as a hazardous waste, toxic substance, or other pollutant or contaminant, by any Law or Regulation.

b. Lessor's Obligations.

(1) Subject to the provisions of subsection (2) below, in the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work (the "Remedial Work") of any kind is necessary under any applicable Law or Regulation, or is required by any



governmental entity or other third person because of or in connection with the presence of Hazardous Substances on or under the Premises prior to the date of this Lease, Lessor shall assume responsibility for all such Remedial Work and all costs and expenses of such Remedial Work shall be paid by Lessor, unless the Hazardous Substances are present solely as a result of the acts or omissions of Lessee, its officers, direct or indirect employees, contractors, subcontractors, agents, servants, invitees or guests.

(2) Notwithstanding the foregoing provisions of subsection (1), Prior to the commencement of construction Lessor will obtain a phase I environmental assessment of the Premises, and, if indicated by the phase I assessment, a phase II environmental assessment of the Premises. Lessee shall reimburse Lessor for one-half of the costs of such assessments(s). If such assessment(s) indicates that Remedial Work would be required of Lessor pursuant to the provisions of this section 17(b), and if Lessor determines in its reasonable discretion that the costs of such Remedial Work would be excessive in relation to the benefits to be derived by Lessor from this Lease, then Lessor, may, by written notice to Lessee given not later than thirty (30) days after Lessor's receipt of such environmental assessment(s) (i.e., thirty (30) days after receipt of the phase II assessment, if one is ordered), terminate this Lease. Lessee shall not commence construction of improvements until such assessment(s) have been completed and such thirty (30) day period has expired. If this Lease is so terminated by Lessor, Lessor shall reimburse Lessee for the actual out of pocket costs incurred by Lessee in connection with its preparation for construction of such improvements (including design and permitting costs, and the Lessee's share of the costs of the environmental assessment(s), but excluding any costs of construction). As a condition to such reimbursement, Lessee shall submit to Lessor invoices and evidence of payment reasonably satisfactory to Lessor.

c. Lessor's Indemnification. Lessor agrees to indemnify, defend (with counsel satisfactory to Lessee) and hold harmless Lessee and its officers, employees, contractors and agents from any claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims) or loss, including consultant, expert and attorneys fees and costs, which arise during or after the term of this Lease from or in connection with:

(i) Hazardous Substances present or suspected to be present in the soil, groundwater or soil vapor on or under the Premises before the Commencement Date of Lessee's occupancy; or

(ii) Hazardous Substances present on or under the Premises as a result of any discharge, dumping, spilling, (accidental or otherwise) onto the Premises during or after Lessee commenced occupancy of the Premises, by Lessor or any person, corporation, partnership, or entity acting on behalf or at the request of Lessor, or any officers, direct or indirect employees, contractors, subcontractors, agents, servants, invitees or guests thereof.

d. Lessee's Covenants/Warranties/Obligations and Lessor's Rights.

(i) Lessee covenants and warrants that Lessee, its officers, direct or indirect employees, contractors, subcontractors, agents, servants, invitees and guests shall not use the Premises in a manner which violates any applicable Law or Regulation governing the handling, generation, sale, transportation, storage, treatment, usage or disposal of Hazardous Substances, nor will it allow the presence on or about the Premises of any Hazardous



Substances in any manner that could be a detriment to the Premises. Lessee shall not allow any Hazardous Substances to migrate off the Premises, or the release of any Hazardous Substances into adjacent surface waters, soils, underground waters or air. Lessee shall immediately provide Lessor with Lessee's USEPA Waste Generator Number, any correspondence Lessee receives from, or provides to any governmental unit or agency in connection with Lessee's handling of Hazardous Substances or the presence, or possible presence, of any Hazardous Substances on the Premises, and any document or record between Lessee and any government agency or person with respect to notification of any release of a reportable quantity of any Hazardous Substances, all regulatory orders, citations, fines, initiations of enforcement actions and investigations thereunder, and all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party in or on the Premises. Lessee shall provide Lessor within five (5) days of written request, with copies of all Material Safety Data Sheets (MSDS), Generator Annual Dangerous Waste Reports, environmentally related regulatory permits, reports or approvals (including revisions or renewals).

(ii) If Lessee, or the Premises, is in violation of any applicable Law or Regulation concerning the presence or use of Hazardous Substances or the handling or storing of hazardous wastes, Lessee shall promptly take such action as is necessary to mitigate and correct the violation, the release of a Hazardous Substance and/or damage to the Premises. If Lessee does not act in a prudent and prompt manner, Lessor reserves the right, but not the obligation, to come onto the Premises, to act in place of Lessee (Lessee hereby appoints Lessor as its agent for such purposes) and to take such action as Lessor deems necessary to ensure compliance or to mitigate the violation, the release of Hazardous Substances and/or damage to the Premises. If Lessor has a reasonable belief that Lessee is in violation of any applicable Law or Regulation, or that Lessee's actions or inactions present a threat of violation or a threat of damage to the Premises, Lessor reserves the right to enter onto the Premises and take such corrective or mitigating action as Lessor deems necessary. In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work (the "Remedial Work") of any kind is necessary under any applicable Law or Regulation, or is required by any governmental entity or other third person because of or in connection with the presence or suspected presence of Hazardous Substances on or under the Premises, Lessee shall assume responsibility for all such Remedial Work and all costs and expenses of such Remedial Work shall be paid by Lessee, unless the Hazardous Substances are present solely as a result of the actions of Lessor. All costs and expenses incurred by Lessor in connection with any such actions or associated with Lessor's monitoring of Lessee's corrective or mitigation efforts, including without limitation consultant, expert and attorney fees and costs shall become immediately due and payable by Lessee upon presentation of an invoice therefor. Payment of such costs and expenses shall be a condition precedent for the release of any security held by Lessor, including the Lease Security set forth in preceding section entitled "SECURITY". Notwithstanding anything in this Lease to the contrary, Lessor is not the operator of the Premises and is not responsible for compliance with applicable Laws and Regulations at the Premises. Such compliance is solely the responsibility of Lessee.



200509290125

Skagit County Auditor

(iii) Lessor shall have access to the Premises to conduct environmental inspections. In addition, Lessee shall permit Lessor access to the Premises at any time upon reasonable notice for the purpose of conducting environmental testing at Lessor's expense. Lessee shall not conduct or permit others to conduct environmental testing on the Premises without first obtaining Lessor's written consent, which shall not be unreasonably withheld if Lessor has asserted that Lessee has violated any provision of this Section 17.. Lessee shall promptly inform Lessor of the existence of any environmental study, evaluation, investigation or results of any environmental testing conducted on the Premises whenever the same becomes known to Lessee, and Lessee shall provide copies thereof to Lessor.

(iv) Prior to vacation of the Premises, in addition to all other requirements under this Lease, Lessee shall remove any Hazardous Substances placed on the Premises during the term of this Lease or Lessee's possession of the Premises, and shall demonstrate such removal to Lessor's reasonable satisfaction. This removal and demonstration shall be a condition precedent to Lessor's payment of any Lease Security to Lessee upon termination or expiration of this Lease.

(v) No remedy provided herein shall be deemed exclusive. In addition to any remedy provided in this Lease, Lessor shall be entitled to full reimbursement from Lessee whenever Lessor incurs any costs resulting from Lessee's use or management of Hazardous Substances on the Premises, including but not limited to, costs of clean-up or other remedial activities, fines or penalties assessed directly against Lessor, injuries to third persons or other properties, consultant, expert and attorney fees and costs, and loss of revenues resulting from an inability to re-lease or market the Premises due to its environmental condition (even if such loss of revenue occurs after the expiration or earlier termination of this Lease).

e. Lessee's Indemnification: In addition to all other indemnities provided in this Lease, Lessee agrees to indemnify, defend (with counsel satisfactory to Lessor), and hold harmless Lessor and its officers, employees, contractors and agents from any claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims) or loss including consultant, expert and attorney fees and costs, which arise during or after the term of this Lease from or in connection with:

(i) the presence or suspected presence of Hazardous Substances in the soil, groundwater or soil vapor on or under the Premises, after Lessee's occupancy of the Premises; or

(ii) Hazardous Substances present on or under the Premises as a result of any discharge, dumping, spilling, (accidental or otherwise) onto the Premises since the Commencement Date of Lessee's occupancy, by Lessee, or any person, corporation, partnership, or entity acting on behalf of or at the request of Lessee, or any of its officers, direct or indirect employees, contractors, subcontractors, agents, servants, invitees or guests.

The indemnification provided by this section shall also specifically cover, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental





agency or political subdivision or other third party because of the presence or suspected presence of Hazardous Substances in the soil, groundwater, or soil vapor on or under the Premises, if the Hazardous Substances are present as a result of the acts or omissions of Lessee, its officers, direct or indirect employees, contractors, subcontractors, agents, servants, invitees or guests.

f. Survival of Indemnities. The foregoing environmental indemnities contained in subsection d. and f. shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of Washington.

#### 18. DISPOSITION OF IMPROVEMENTS AT END OF LEASE.

At the expiration or sooner termination of this Lease, Lessee shall return the Premises to Lessor in the same condition in which received or if altered by Lessee, with Lessor's consent, then the Premises shall be returned in such altered condition, and title to such improvements shall be vested in Lessor immediately upon such expiration or termination, reasonable wear and tear and damage by fire or unavoidable casualty not resulting in environmental or health hazard excepted.

#### 19. UTILITIES.

Lessee shall be liable, and shall pay throughout the term of this Lease, for all utility services furnished to the Premises, and Lessee agrees to hold Lessor harmless from payment of all such charges for utility services. If any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to Lessor Lessee's prorata share of the cost of such utility services. Lessee's prorata share of such services shall be computed by Lessor on any reasonable basis, and separate metering or other exact segregation of cost shall not be required. Lessor shall provide documentation supporting Lessor's computation of Lessee's share of such services upon request. Lessor makes no warranty that any utility service will not be interrupted and any interruption not the sole fault of Lessor, shall not excuse Lessee's performance (including the payment of rent and other fees, taxes and charges) or render Lessor liable in any manner; provided, that if an interruption of utility service is caused solely by the negligence of Lessor and prevents Lessee from operating its business at the Premises for a period in excess of 48 hours, then Lessee, as its sole remedy, shall be entitled to an abatement of rent during the period of interruption in the same proportion as the affected portion of the Premises bears to the whole.

#### 20. TAXES AND ASSESSMENTS.

Lessee shall be responsible for, and shall pay and discharge promptly when due and before delinquency, all taxes, excise taxes, fees, licenses, monetary assessments and other governmental charges of whatever character, including all charges of every kind and nature and all assessments for all road, fire protection, and/or utility services charged or imposed upon the Premises, or any improvements situated thereon, including, but not limited to, road, fire protection, light, heat, electricity, gas, water, sanitary sewerage, storm sewer, garbage disposal and janitorial services, arising out of, or attributable to the Premises or to Lessee's use and/or leasing thereof, payable for, or on account of, the activities conducted on the Premises, charged or imposed upon the property of Lessee on the Premises and/or on the leasehold interest created by this Lease and/or levied in lieu of a tax on said leasehold interest required to make the Premises conform to



government regulations, and/or levied on or measured by, the rentals payable hereunder, throughout the term of this Lease, whether imposed on Lessee or on Lessor. Lessee shall promptly reimburse Lessor for all such taxes and other charges herein described which are paid or payable by Lessor. With respect to any such taxes payable by Lessor which are on or measured by the rent payments hereunder, Lessee shall pay to Lessor with each rent payment an amount equal to the tax on, or measured by, that particular payment. All other tax amounts and charges for which Lessor is or will be entitled to reimbursement from Lessee shall be payable by Lessee to Lessor at least fifteen (15) days prior to the due dates of the respective tax amounts involved; Provided, that Lessee shall be entitled to a minimum of ten (10) days written notice of the amounts payable by it.

**21. HOLD HARMLESS.**

Lessee shall protect, indemnify, defend and hold and save harmless Lessor, its elected officials, agents and employees, their successors and assigns, heirs, executors, and administrators from and against all liabilities, obligations, fines, claims, claims for mechanic's liens, damages, penalties, law suits, governmental proceedings, judgments, costs and expenses (including without limitation attorney's fees, costs and expenses of litigation), and any and all claims by or on behalf of any person or persons, firm or corporation, in connection with any such items of actual or alleged injury (including without limitation, death) or damage, (including without limitation, loss of business income),

- arising out of acts or omissions of Lessee, its officers, servants, invitees, contractors, subcontractors, guests and direct and/or indirect employees on or about the Premises, the Property or any other property of Lessor,
- arising out of the use by Lessee or its employees, contractors, agents, or invitees of the Premises, the Property or other property of Lessor or any part thereof, including but not limited to ramps, taxiways, approaches, buildings, sidewalks, curbs, parking lots, streets or ways, or
- arising out of the presence of any Hazardous Substance on the Premises or the violation of any applicable Environmental Law by Lessee, its officers, agents, servants, invitees., contractors, subcontractors, guests, and direct or indirect employees, or
- due to or arising out of any failure on the part of Lessee to perform or comply with any rule, ordinance, or law to be kept and performed.



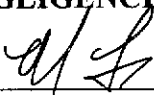
200509290125


Skagit County Auditor

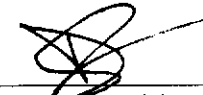
9/29/2005 Page 18 of 39 2:50PM

**BOTH LESSEE AND LESSOR HEREBY WAIVE (GIVES UP) THEIR RIGHT OF IMMUNITY UNDER THE INDUSTRIAL INSURANCE ACT RCW TITLE 51 AND/OR THE LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT (UNITED STATES CODE) TO THE EXTENT AND ONLY TO THE EXTENT NECESSARY TO FULFILL A PARTY'S OBLIGATION OF INDEMNITY TOWARD THE OTHER PARTY UNDER THE HOLD HARMLESS PROVISIONS OF THIS LEASE AGREEMENT.**

**LESSEE HEREBY AGREES TO INDEMNIFY LESSOR FOR THE CONCURRENT NEGLIGENCE OF LESSOR AND LESSEE.**

  
\_\_\_\_\_  
Lessee's Initials

  
\_\_\_\_\_  
Lessee's Initials

  
\_\_\_\_\_  
Lessor's Initials

This indemnity agreement does not apply when such damage or injury be caused solely by negligent or intentional acts of Lessor, its elected officials, agents and/or employees.

**22. INSURANCE.**

a. Lessee shall procure and maintain at all times during the term of this Lease, at its sole expense, a policy of standard fire insurance with broad form coverage, including coverage against, glass breakage, vandalism and malicious mischief, on all leasehold improvements constructed upon the Premises on a full replacement value basis with the amount of insurance sufficient to prevent the operation of the co-insurance provisions in the policy.

b. Lessee shall procure and maintain at all times during the term of this Lease, at its sole expense, comprehensive liability insurance in full force and effect at all times while operating on or about Lessor's property, insuring Lessor from all claims, demands, and/or actions for injury and/or death of any person or persons and/or for damage to property and/or cargo, regardless of how such injury or damage be caused, sustained or alleged to have been sustained by said Lessee or by others as a result of any condition (including existing or future defects in the Premises) or occurrence (including failure or interruption of utility service) whatsoever related in any way to said Lessee's operation on or about the Premises or any of Lessor's property, in such amounts as to meet the minimum liability coverage specified below. The insurance policy or policies shall be for standard Commercial General Liability (CGL) with Broad Form CGL Endorsement coverage, (with watercraft exclusion deleted, including contractual liability coverage, or protection and indemnity coverage under marine insurance, or both, as solely determined by Lessor) Automobile Liability, including coverage for owned, nonowned, leased or hired vehicles covering all operations of Lessee so that the risks of liability created by Lessee are covered. The coverage shall not be less than TWO MILLION DOLLARS (\$2,000,000.00) combined single limit for property damage, bodily injury or death. Providing coverage in the stated amounts shall not be construed to relieve Lessee from liability in excess of such limits. The insurance requirements under this section shall, amongst other things, provide coverage for the indemnitor undertakings in the preceding section entitled "HOLD HARMLESS".

c. Lessee shall maintain, at its sole expense, at any time when improvements are being



constructed, altered or placed on the Premises, builder's risk insurance (in completed value non-reporting form) in an amount not less than the actual replacement value of all improvements on the Premises.

d. Lessee shall, on demand of Lessor, procure and maintain such other forms types, and amounts of insurance as may be appropriate, customary, and generally required and at a commercially reasonable cost for the Premises and types of improvements made to the Premises by responsible and reasonable owners of property used for similar purposes. The rights herein granted Lessor are intended to protect Lessor from changes in law and insurance policies apt to occur during the term of this Lease.

e. Lessee shall not use the Premises in such a manner as to increase the existing rates of insurance carried by Lessor. If it nevertheless does so, then, at the option of Lessor, the full amount of any resulting increase in premiums paid by Lessor and to the extent allocable to the term of this Lease, may be added to the amount of the rent hereinabove specified and shall be paid by Lessee to Lessor upon the monthly rental day next thereafter occurring.

f. With regards to that which is set forth in a., b., c. and d. above:

(i) Such insurance shall be placed with a reputable insurance company(ies) or underwriter(s) satisfactory to Lessor, with the amount of deductible satisfactory to Lessor.

(ii) Lessor shall be named as an additional insured by endorsement to the policy or policies. Also, by endorsement to the policy, there shall be a cross liabilities clause and a statement that Lessee's policy is primary and not contributory with any insurance carried by Lessor. The inclusion of Lessor as an additional insured shall not create premium liability for Lessor. Lessee shall furnish Lessor with appropriate documentation in form and content satisfactory to Lessor evidencing the coverage required to be kept are in full force and effect.

(iii) The insurance policy or policies shall not be subject to cancellation or material change except after written notice to Lessor at least thirty (30) days prior to the date of such cancellation or material change.

g. Lessee shall, if it desires coverage from loss, carry insurance against loss by fire or other insurable cause upon its personal property, fixtures, furniture and equipment situated on the Premises during the term of this Lease, and, at Lessee's election on Lessee's leasehold interest.

### 23. WAIVER OF SUBROGATION.

Lessor and Lessee hereby mutually release each other, and their respective successors or assigns, from any liability and waive all right of recovery against each other from any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto: Provided, that this section shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of Lessor or Lessee.



24. DAMAGE OR DESTRUCTION.

Should the improvements constructed by Lessee on the Premises be damaged by fire or other casualty, and if the damage is repairable and satisfactory financing for said repairs is obtainable (with the repair work and the preparations therefor to be done during regular working hours or regular working days), the Premises may be repaired at the sole option and expense of Lessee. In the event the damage is extensive and/or satisfactory financing for repairs is not obtainable and Lessee decides not to repair or rebuild, this Lease, at the option of Lessor, shall be terminated upon written notice to Lessee within ninety (90) days of the occurrence of the damage, and Lessee shall thereupon vacate the Premises and surrender the same to Lessor.

25. LIENS.

Lessee shall keep the Premises free and clear of all liens, including mechanics', materialmen's, or other liens for work or labor done, and liens for services, materials, appliances and power performed, contributed, furnished or used or to be used on or about the Premises for or in connection with any operations of Lessee or any alteration, improvement, repair, or addition which Lessee may make, permit, or cause to be made or any work or construction by, for, or permitted by Lessee on or about the Premises. Nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Lessor, expressed or implied, by inference or otherwise, to any contractor, subcontractor, laborer, or materialman, for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the Premises or any part thereof, nor as giving Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any lien against the Premises or any part thereof.

In the event than any lien, charge, or order for the payment of money is filed against Lessor or any portion of the Premises, Lessee shall, at its own cost and expense, cause the same to be discharged of record or bonded within sixty (60) days after written notice from Lessor to Lessee of the filing thereof; and Lessee shall indemnify and save harmless Lessor against and from all costs, liabilities, suits, penalties, claims, and demands, including reasonable counsel fees, resulting therefrom.

26. CONTESTING LIENS AND TAXES.

a. Lessee may contest any lien of the nature set forth in the preceding section hereof or any tax, assessment, or other charge which Lessee shall pay under preceding sections hereof entitled "UTILITIES" and/or "TAXES", provided that Lessee notifies Lessor, in writing, of its intention to do so within thirty (30) days of receipt of notice of the filing of such lien or within thirty (30) days of receipt of notice of such tax, assessment, or other charge; and provided further that Lessee posts a bond or other security with Lessor, prior to the contest or in accordance with RCW 60.04.161 (which is not posted with the Lessor), in an amount equal to the amount of the contested lien or tax, assessment or other charge.

b. Within thirty (30) days of the determination of the validity thereof, Lessee shall satisfy and discharge such lien or pay and discharge such tax, assessment, or other charge and all penalties, interest, and costs in connection therewith. Satisfaction and discharge of any such lien shall not be delayed until execution is had on any judgment rendered thereon, nor shall the payment and



discharge of any such tax, assessment, or other charge be delayed until sale is made of the whole or any part of Lessee's property on account thereof. Any such delay shall be a default of Lessee hereunder.

c. In the event of any such contest, Lessee shall protect and indemnify Lessor against all loss, expense, and damage resulting therefrom.

## 27. LESSOR'S RIGHT TO ENTER PREMISES.

a. Lessor and/or its authorized representatives shall have the right to enter onto the Premises and any Lessee leasehold improvements at all reasonable times, upon reasonable notice (except for emergencies) for any of the following purposes:

(i) To determine whether or not the Premises and/or leasehold improvements are in good condition and/or whether Lessee is complying with its obligations under this Lease;

(ii) To do any necessary repair, maintenance, improvement and to make any restoration to the Premises that Lessor has the right or obligation to perform;

(iii) To post "For Rent" or "For Lease" signs during any period that Lessee is in default, as well as, within thirty (30) days prior to the expiration or sooner termination of this Lease;

(iv) To enter onto and inspect the Premises, conduct any testing, sampling, borings and analysis it deems necessary to assure compliance with environmental or other laws and regulations; and in the event of an emergency, to comply with lawful orders or to reduce or mitigate environmental loss or damages, to take such reasonable actions on the Premises as may be necessary to bring the Premises or operations on the Premises in compliance with environmental or other laws and regulations. Lessee agrees to cooperate with Lessor and all appropriate authorities to assure that operations on the Premises and the uses of the Premises, shall at all times be in full compliance with all applicable laws and regulations, including but not limited to those established for purpose of protecting the environment and public health;

(v) To do any other act or thing necessary for the safety or preservation of the Premises.

b. The rights reserved to Lessor hereunder shall impose no obligation on Lessor to make inspections or undertake other actions, and shall impose no liability upon Lessor for failure to make such inspections or undertake other actions. Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Lessor's entry onto the Premises as provided in this section.

## 28. LITIGATION.

In the event this Lease, its terms, Lessee's use, or its occupation of the Premises in any way becomes a matter of litigation, Lessor shall be notified of such litigation within fifteen (15) days after such litigation is begun. Failure to so notify Lessor of such action shall not be a cause for cancellation or termination of this Lease, but Lessee shall indemnify Lessor for any damages



sustained by Lessor resulting from such failure.

**29. DEFAULT AND RE-ENTRY.**

a. Time and exact performance are of the essence of this agreement. The occurrence of anyone or more of the following events makes Lessee immediately in material default of this Lease with or without notice from Lessor:

(i) any rent or other payment due from Lessee hereunder remains unpaid for more than ten (10) days after the date it is due;

(ii) Lessee files a voluntary petition in bankruptcy or for reorganization, or makes a general assignment to the benefit of, or a general arrangement with creditors;

(iii) there is an involuntary bankruptcy filed against Lessee;

(iv) Lessee becomes insolvent;

(v) a receiver, trustee, or liquidating officer is appointed for Lessee's business;

(vi) any proceeding is commenced to foreclose any mortgage or any other lien on Lessee's interest in the Premises or any improvements of Lessee therein, and such proceeding is not dismissed or adequately bonded or secured within sixty (60) days of the commencement thereof;

(vii) Lessor discovers that any financial or background statement provided to Lessor by Lessee, its successor, grantee or assign was materially false; or

(viii) Lessee violates or breaches any of the other terms, conditions, covenants or provisions of this Lease.

If Lessee is in default according to (i) and/or (vii) above, then this Lease shall at Lessor's option terminate. If Lessee is in default according to (ii), (iv), (v), and/or (vi) above, then this Lease shall automatically terminate. If Lessee is in default according to (iii) above, Lessee has thirty (30) days from the filing of such involuntary bankruptcy to cure the default by having the involuntary bankruptcy dismissed. If Lessee is in default according to (iii) above, and fails to cure the default within the cure period, then this Lease shall automatically terminate. If Lessee is in default as to (viii) above, Lessee has thirty (30) days after Lessor sends Lessee written notice of such violations or breach in which to cure the default. If Lessee is in default according to (viii) above, and fails to cure the default within the cure period, then this Lease shall automatically terminate.

Upon termination of this Lease, the full rent for the balance of the term of this Lease shall become immediately due and payable. Lessor, may at its option, delay efforts to immediately collect the full rent for the balance of the term of this Lease and re-enter and attempt to relet the Premises or any part thereof for such term or terms (which may be for a term extending beyond



the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Lessor in its sole discretion deems advisable, provided Lessee performs as hereinafter set forth. Upon each such reletting, all rentals received by Lessor from such reletting shall be applied; first, to the payment of any amounts other than rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting and renovation, including brokerage fees and attorneys' fees; third, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Lessor and applied to payment of future rent as the same would have become due and payable hereunder. If rental received from such reletting during any month is less than that which would have been paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor each month as the amount thereof is ascertained by Lessor, and Lessee covenants and agrees to pay Lessor for all other expenses resulting from its default, including but not limited to, brokerage commissions, attorneys fees and costs and reasonable cost of converting the Premises for the benefit of the next lessee.

b. Delinquent rental and other payments shall bear interest at the rate of one percent (1%) per month commencing thirty (30) days after the date each sum is due and payable. In the event of any default hereunder and Lessor enters upon or takes possession of the Premises, Lessor 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 Lessor, including but not limited to, a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, with the proceeds of such sale to be applied to the cost of such sale, to the payment of charges for storage, and to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof. Payment by Lessee to Lessor of interest on rents and/or on any other charges due and owing under this Lease shall not cure or excuse Lessee's default in connection with such rents and/or other charges. Interest, default and all other remedies of Lessor hereunder are in addition to any other remedies available at law or in equity and are cumulative and not alternative.

### 30. TERMINATION FOR NONPERFORMANCE.

Lessor has the right to terminate this Lease in either of the following situations (1) within six months of execution of this Lease, Lessee has not submitted to the City of Anacortes a completed application for a building permit or (2) within two years following the mutual execution of this Lease, the proposed hangar building to be built by Lessee is not completed and an occupancy permit for said hangar building has not been issued by the City of Anacortes (or other governing authority), except that, so long as Lessee is working diligently to obtain the required permits and complete the hangar buildings, computation of time shall be tolled during periods of delay beyond the control or authority of Lessee.

### 31. TERMINATION FOR INABILITY TO OBTAIN BUILDING PERMITS.

In the event that Lessee is unable to obtain required City permits for the hangar buildings within two years following the mutual execution of this Lease, Lessee has the right to terminate this Lease by giving written notice of such termination to Lessor within thirty (30) days after the expiration of such two year period, so long as Lessee has used reasonable efforts to obtain the required City permits.



32. TERMINATION FOR GOVERNMENT USE.

In the event that any federal, state or local government or agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the Premises or any part thereof, Lessor may, at its option, terminate this Lease as of the date of such taking, and, if Lessee is not in default under any of the provisions of this Lease on said date, any rent prepaid by Lessee shall to the extent allocable to any period subsequent to the effective date of termination, be promptly refunded to Lessee.

33. TERMINATION BECAUSE OF COURT DECREE.

In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by Lessor of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

34. HOLDING OVER.

If Lessee shall, with the consent of Lessor, hold over after the expiration or sooner termination of the term of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to Lessor ONE HUNDRED FIFTY PERCENT (150%) of the monthly rental as set forth herein, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this Lease in so far as they may be pertinent.

35. LESSOR'S RIGHT TO CURE DEFAULTS.

If Lessee shall default in the performance of any provision under this Lease, other than the payment of rental, Lessor, at its option, may perform the same for the account and at the expense of Lessee. Upon notification to Lessee of the cost thereof to Lessor, Lessee shall promptly reimburse Lessor the amount of that cost, plus interest at a rate of one percent per month accrued from the date of expenditure by Lessor to the day of repayment. In the event of such default by Lessee, Lessor may enter upon the Premises for the purpose of causing such provisions to be fulfilled. Such entry shall not be deemed an eviction of Lessee. Lessor's action hereunder shall not be deemed a waiver of Lessee's default. Lessor, at its option, without relinquishing any remedy or right, may separately commence proceedings against Lessee for reimbursement of Lessor and for any other remedies for breach of this Lease.

36. ASSIGNMENT AND SUBLEASE.

a. Lessee shall not assign, mortgage, pledge, hypothecate, encumber or transfer this Lease, or any portion thereof, or any interest therein, nor sublet the whole or any part of the Premises, nor convey any right or privilege appurtenant thereto, nor allow any other person (the employees, agents, servants and invitees of Lessee excepted) to occupy or use the Premises, or any portion thereof, nor shall this Lease or any interest thereunder be assigned, mortgaged, pledged,



hypothesized, encumbered or be transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of Lessor first had and obtained. That which is herein above restricted is hereinafter collectively referred to as "assignment and sublease". The form and content of any writing to evidence an assignment or sublease requires Lessor's written consent. If Lessee is a partnership or corporation, then any change in the ownership of the partnership, or any transfer of this Lease by merger, consolidation or liquidation shall be deemed an assignment of this Lease. Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of Lessee shall be deemed an assignment of this Lease within the meaning of this section. Failure to obtain written approval of any assignment or sublease of this Lease shall make Lessee in material default of this Lease.

b. Lessor shall not unreasonably withhold consent to a reasonable request for assignment or sublease, however, it may reasonably withhold consent to any proposed assignment or sublease pending receipt of verification that:

(i) the proposed assignee has the financial ability and/or experience to assume Lessee's obligations herein set forth and the proposed assignee's intended use of the Premises is consistent with applicable zoning and development/land use requirements of Lessor; or

(ii) the proposed sublessee's intended use of the Premises sought to be sublet is consistent with applicable zoning and development/land use requirements of Lessor.

c. The consent of Lessor to any assignment or sublease shall not in any manner be construed to relieve Lessee from obtaining Lessor's express written consent to any other or further assignment or sublease, and the provisions of this section shall continue in full force and effect.

d. Any assignee or sublessee of any portion of the Premises shall expressly assume, and by reason of such assignment or sublease shall be considered as having assumed, and become bound to all of Lessee's obligations hereunder. Lessee shall not be relieved from liability under this Lease, unless Lessor specifically consents to such release at the time of the assignment or sublease.

e. In the event that Lessor shall consent to a sublease or assignment hereunder, Lessee shall pay Lessor a reasonable fee for each such assignment or sublease to offset Lessor's expenses incurred in connection with the processing of documents necessary to giving of such consent. The reasonable fees for each such assignment or sublease are as follows:

Current Monthly Rent of this Lease:	Reasonable Fee:
up to \$450.99	\$100.00
\$451.00 to \$1200.99	\$200.00
\$1201.00 and over	\$300.00



The amount of the reasonable fees above stated shall be increased in the same manner as rental is adjusted in preceding section entitled "RENTAL ADJUSTMENTS".

f. Lessee shall not create a leasehold condominium without the prior written consent of Lessor, which consent shall require approval of all condominium documents, including but not limited to the declaration of condominium, the articles of incorporation and the bylaws of the condominium association.

g. Notwithstanding the foregoing, Lessor shall consent to subleases of space in the hangar to be constructed by Lessee provided that (i) Lessee is not then in default hereunder, (ii) the term of such sublease does not exceed the remaining life of this Lease, and (iii) the sublease is executed on a form of sublease previously approved for such purpose by Lessor. Sublease fees as stated in section (e) shall not apply to subleases executed in the ordinary course of Lessee's business.

### 37. NONWAIVER.

Failure of Lessor to complain of any act or omission on the part of Lessee, no matter how long the same may continue, or the receipt of rent by Lessor with knowledge of any breach or default of this Lease by Lessee, shall not be deemed to be a waiver by Lessor of any of its rights herein. No waiver by Lessor at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of any subsequent breach of the same or any other provision. Failure of Lessor to insist upon strict performance or to exercise any option herein conferred in anyone or more instances in the event of default shall not be construed to be a waiver or relinquishment of any such or any other right herein extended to Lessor.

### 38. GOOD FAITH AND FAIR DEALING.

Each party hereto will exercise in good faith all rights given to such party hereunder.

### 39. DISPUTES.

Lessor and Lessee agree to use their best efforts to avoid disruption to each other, other tenants or members of the public, arising from disputes involving Lessor or Lessee, and in the event of a strike, picketing, demonstration or other labor difficulty involving Lessor or Lessee, to use its good offices, including the utilization of available legal remedies, to minimize and or eliminate any disruption to the other party, its tenants or members of the public, arising from such strike, picketing, demonstration or other labor difficulty.

### 40. SURRENDER OF PREMISES - ATTORNEY'S FEES.

At either the expiration of the stated term of this Lease or any extension thereof, or sooner termination of this Lease as herein provided, Lessee shall promptly surrender to Lessor possession of the Premises peacefully and quietly, and in the condition required under preceding sections, including but not limited to section 18 entitled "DISPOSITION OF IMPROVEMENTS AT END OF LEASE", and shall deliver to Lessor all keys that it may have to any and all parts of the Premises. In the event either party hereto brings an action to enforce any of the terms, conditions, covenants or provisions of this Lease, then the prevailing party shall be entitled to



reasonable attorneys' fees, costs and necessary disbursements in the trial court and in the appellate courts.

**41. NOTICES.**

All notices and payments hereunder may be delivered or mailed. If delivered by messenger, courier (including overnight air courier) or facsimile transmittal, they shall be deemed delivered when received at the street addresses or facsimile numbers listed below. All notices and payments mailed, whether sent by regular post or by certified or registered mail, shall be deemed to have been given on the second business day following the date of mailing, if properly mailed to the mailing addresses provided below, and shall be conclusive evidence of the date of mailing. The parties may designate new or additional addresses for mail or delivery by providing notice to the other party as provided in this section.

**To Lessor:**

Street Address:  
Port of Anacortes  
1st Street and Commercial Avenue  
Anacortes, WA 98221  
Phone No. (360) 293-3134  
Fax No. (360) 293-9608

Mailing Address:  
Port of Anacortes  
PO Box 297  
Anacortes, WA 98221

**To Lessee:**

Primary Address:  
48° North Aviation, LLC  
Attn: Adam Jones  
17605 51<sup>st</sup> Avenue NE #C-D  
Arlington, WA 98223-7874  
Phone No. (360) 403-7779  
Fax No. (360) 403-7776

Duplicate Copy Mailing Address:  
48° North Aviation, LLC  
Attn: Michael K. Freeman  
4133 San Juan Boulevard  
Anacortes, WA 98221  
(360) 293-7217  
(360) 293-7772

**42. JOINT AND SEVERAL LIABILITY.**

Each and every party who signs this Lease, other than expressly in a representative capacity, as Lessee, shall be individually, jointly and severally liable hereunder. Lessor signs this Lease only as Lessor, and shall not be deemed a partner, joint venturer, or agent of Lessee even if Lessee's payments to Lessor hereunder vary with the amount of Lessee's revenues from the Premises.

**43. "LESSEE" INCLUDES LESSEES, ETC.**

It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual Lessee or Lessees under this Lease.

**44. CONSTRUCTION AND VENUE.**

The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease. This Lease shall be construed



Jurisdiction and venue shall be in Skagit County Superior Court, Mount Vernon, Washington.

45. INVALIDITY OF PARTICULAR PROVISIONS.

The invalidity of any item or provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity or enforceability of any other provision hereof.

46. SUCCESSION AND SURVIVAL OF INDEMNITIES.

This Lease shall be binding upon, and inure to the benefit of the parties, their respective heirs, executors, administrators, successors and assigns. Nothing contained in this section shall serve to waive Lessee's liabilities or transfer Lessee's interest. All indemnities provided in this Lease shall survive the expiration or any earlier termination of this Lease. In any litigation or proceeding within the scope of any indemnity provided in this Lease, Lessee shall, at Lessor's option, defend Lessor at Lessee's expense by counsel satisfactory to Lessor.

47. ENTIRE AGREEMENT AMENDMENTS.

This Lease consists of sections 1-47 of this instrument, and attached Exhibits A-D inclusive. Each of the Exhibits and Addenda referenced in the preceding sentence is hereby incorporated into this Lease in their entirety. Together, this instrument and above-referenced Exhibits shall constitute the entire agreement of the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this Lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties with like formality to this Lease.



200509290125

Skagit County Auditor

9/29/2005 Page 29 of 39 2:50PM

IN WITNESS WHEREOF, the parties hereto have signed this Lease as of the day and year first above written.

**SIGNATURES FOR LESSEE**  
**48° North Aviation, LLC**

By: Michael K. Freeman Michael K. Freeman, its Member  
By: Adam Jones Adam Jones, its Member

**SIGNATURE FOR LESSOR**  
**PORT OF ANACORTES**

By: Dan Stahl Dan Stahl, its Executive Director

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

SEP 29 2005

Amount Paid \$  $\Phi$   
Skagit Co. Treasurer  
By PC Deputy



200509290125  
Skagit County Auditor

9/29/2005 Page 30 of 39 2:50PM

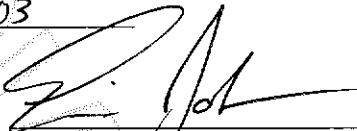
(ACKNOWLEDGEMENT FOR CORPORATE LESSEE)

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

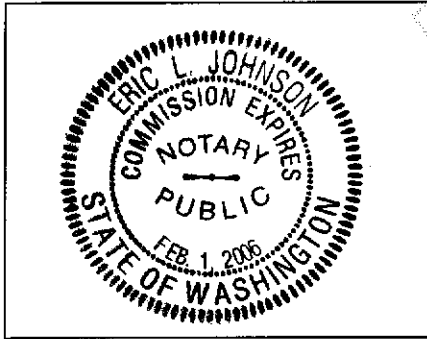
On this 4<sup>th</sup> day of December, 2003, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael K. Freeman to me known to a Member of 48° North Aviation, LLC, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is duly authorized to execute the same.

WITNESS my hand and official seal thereto the day and year in this certificate first above written.

Dated: 04 December 2003



Notary Public \_\_\_\_\_  
Print Name Eric Johnson  
My commission expires 2/1/06



(Use this space for notarial stamp/seal)



200509290125  
Skagit County Auditor

9/29/2005 Page 31 of 39 2:50PM

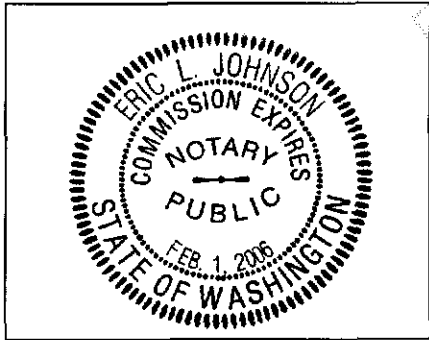
(ACKNOWLEDGEMENT FOR CORPORATE LESSEE)

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )


On this 4<sup>th</sup> day of December, 2003, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Adam Jones to me known to be a Member of 48° North Aviation, LLC, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is duly authorized to execute the same.

WITNESS my hand and official seal thereto the day and year in this certificate first above written.

Dated: 04 December 2004



(Use this space for notarial stamp/seal)

  
\_\_\_\_\_  
Notary Public  
Print Name Eric Johnson  
My commission expires 2/1/06



200509290125  
Skagit County Auditor

9/29/2005 Page 32 of 39 2:50PM



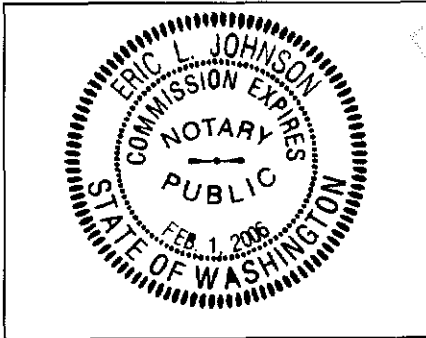
(ACKNOWLEDGEMENT FOR LESSOR)

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this 4<sup>th</sup> day of December, 2003, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Dan Stahl to me known to be the Executive Director of the Port of Anacortes, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is duly authorized to execute the same.

WITNESS my hand and official seal thereto the day and year in this certificate first above written.

Dated: 04 December 2003



(Use this space for notarial stamp/seal)

*Eric Johnson*  
Notary Public  
Print Name Eric Johnson  
My commission expires 2/1/06



200509290125  
Skagit County Auditor

9/29/2005 Page 33 of 39 2:50PM

EXHIBIT "A"  
LEGAL DESCRIPTION

LEGAL DESCRIPTIONS

PARCEL "A":

THAT PORTION OF THE SOUTH 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTH 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4;  
THENCE NORTH 88°59'46" WEST ALONG THE SOUTH LINE OF SAID SUBDIVISION 30.00 FEET TO THE WEST LINE OF THE "COPPER MINE ROAD", AND THE TRUE POINT OF BEGINNING; THENCE CONTINUE NORTH 88°59'46" WEST, 781.88 FEET;  
THENCE NORTH 21°1'29" EAST 669.34 FEET TO THE NORTH LINE OF SAID SUBDIVISION;  
THENCE SOUTH 88°40'23" EAST ALONG THE NORTH LINE OF SAID SUBDIVISION 780.00 FEET TO THE WEST LINE OF THE "COPPER MINE ROAD"; THENCE SOUTH 0°18'59" WEST ALONG SAID ROAD A DISTANCE OF 664.96 FEET TO THE TRUE POINT OF BEGINNING;  
SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "B":

THAT PORTION OF THE NORTH 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M.,

TOGETHER WITH THAT PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 27;  
THENCE NORTH 89°38'31" WEST ALONG THE NORTH LINE OF SAID SECTION, A DISTANCE OF 30.00 FEET TO THE WEST LINE OF THE "COPPER MINE ROAD" AND THE TRUE POINT OF BEGINNING;  
THENCE CONTINUE NORTH 89°38'31" WEST ALONG THE NORTH LINE OF SAID SECTION, A DISTANCE OF 377.00 FEET;  
THENCE SOUTH 1°04'32" WEST PARALLEL TO THE EAST LINE OF SAID SECTION 27 A DISTANCE OF 798.78 FEET;  
THENCE NORTH 88°04'31" WEST A DISTANCE OF 174.81 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND CONVEYED TO C. HOPKE BY INSTRUMENT RECORDED UNDER AUDITOR'S FILE NO. 489208;  
THENCE CONTINUE NORTH 88°04'31" WEST ALONG THE NORTH LINE OF SAID HOPKE PROPERTY A DISTANCE OF 553.22 FEET;  
THENCE SOUTH 21°23'15" WEST A DISTANCE OF 568.64 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 27;  
THENCE NORTH 89°09'01" WEST ALONG THE SOUTH LINE OF SAID NORTH 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, A DISTANCE OF 480.57 FEET;  
THENCE NORTH 21°23'15" EAST A DISTANCE OF 1,398.61 FEET TO THE NORTHEAST CORNER OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 27;  
THENCE CONTINUE WITHIN SAID SECTION 22, NORTH 21°23'15" EAST A DISTANCE OF 1,434.26 FEET TO THE NORTH LINE OF SAID SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 22;  
THENCE SOUTH 88°58'46" EAST ALONG THE NORTH LINE OF SAID SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, A DISTANCE OF 480.09 FEET;  
THENCE SOUTH 21°23'15" WEST A DISTANCE OF 1,160.59 FEET;  
THENCE SOUTH 89°38'31" EAST PARALLEL TO THE SOUTH LINE OF SAID SECTION 22, A DISTANCE OF 345.34 FEET;  
THENCE SOUTH 1°04'32" WEST A DISTANCE OF 50 FEET;  
THENCE SOUTH 89°38'31" EAST A PARALLEL TO THE SOUTH LINE OF SECTION 22, A DISTANCE OF 374.35 FEET TO THE WEST LINE OF SAID "COPPER MINE ROAD";  
THENCE SOUTH 0°18'59" WEST A DISTANCE OF 200.03 FEET TO THE TRUE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "C":

THAT PORTION OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SOUTHWEST 1/4 OF THE NORTHEAST 1/4;  
THENCE NORTH 89°09'01" WEST ALONG THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 480.57 FEET;  
THENCE SOUTH 21°23'15" WEST A DISTANCE OF 1,092.62 FEET;  
THENCE SOUTH 27°05'53" WEST, A DISTANCE OF 309.90 FEET TO THE SOUTH LINE OF SAID SUBDIVISION;  
THENCE SOUTH 88°39'31" EAST ALONG THE SOUTH LINE OF SAID SUBDIVISION, A DISTANCE OF 511.87 FEET;  
THENCE NORTH 21°23'15" EAST A DISTANCE OF 1,394.02 FEET TO THE POINT OF BEGINNING.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "D":

THAT PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., LYING NORTHERLY AND EASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT 30 FEET WEST OF THE SOUTHEAST CORNER OF SAID SUBDIVISION, (SAID POINT BEING ON THE WEST LINE OF THE "COPPER MINE ROAD"); THENCE NORTH 0°18'59" EAST ALONG THE WEST LINE OF SAID ROAD, A DISTANCE OF 200.03 FEET;  
THENCE NORTH 89°38'31" WEST PARALLEL TO THE SOUTH LINE OF SAID SUBDIVISION, A DISTANCE OF 374.35 FEET; THENCE NORTH 1°04'32" EAST A DISTANCE OF 50 FEET;  
THENCE NORTH 89°38'31" WEST PARALLEL TO THE SOUTH LINE OF SAID SUBDIVISION, A DISTANCE OF 345.34 FEET;  
THENCE NORTH 21°23'15" EAST A DISTANCE OF 1,160.59 FEET TO THE NORTH LINE OF SAID SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 AND THE TERMINAL POINT OF SAID LINE.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "E":

THAT PORTION OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SUBDIVISION, AT THE SOUTHWEST CORNER OF THE LAND CONVEYED TO LYLE E. MARCHANT, BY DEED RECORDED IN VOLUME 193 OF DEEDS, PAGE 36, UNDER AUDITOR'S FILE NO. 370718, WHICH POINT OF BEGINNING IS 592.1 FEET WEST OF THE SOUTHEAST CORNER OF SAID SUBDIVISION;  
THENCE DUE NORTH 525.3 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN TRACT CONVEYED TO C. HOPKE, BY INSTRUMENT RECORDED UNDER AUDITOR'S FILE NO. 489208;  
THENCE NORTH 88°04'31" WEST ALONG THE NORTH LINE OF SAID HOPKE TRACT, A DISTANCE OF 553.22 FEET;  
THENCE SOUTH 21°23'15" WEST A DISTANCE OF 568.64 FEET TO THE SOUTH LINE OF SAID NORTHEAST 1/4 OF THE NORTHEAST 1/4;  
THENCE EAST ALONG THE SOUTH LINE OF SAID SUBDIVISION TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION CONVEYED TO THE CITY OF ANACORTES BY DEED RECORDED APRIL 30, 1997, UNDER AUDITOR'S FILE NO. 9704300117.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "F":

THAT PORTION OF THE EAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST 1/4 CORNER OF SAID SECTION;  
THENCE NORTH 88°38'55" WEST ALONG THE SOUTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION, 688.78 FEET;  
THENCE NORTH 1°0'58" EAST 220.02 FEET TO THE NORTHEAST CORNER OF LOT 83 IN THE PLAT OF "SKYLINE NO. 10", AS PER PLAT RECORDED IN VOLUME 9 OF PLATS, PAGES 117 THROUGH 120, INCLUSIVE, RECORDS OF SKAGIT COUNTY, WASHINGTON, SAID LOT CORNER BEING THE POINT OF BEGINNING;  
THENCE NORTH 1°0'58" EAST 1,094.84 FEET TO THE NORTH LINE OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION;  
THENCE NORTH 89°08'09" WEST 666.15 FEET ALONG THE NORTH LINE OF SAID SOUTHEAST 1/4 TO THE NORTHWEST CORNER OF SAID SOUTHEAST 1/4; THENCE SOUTH 21°24'10" WEST 1,313.84 FEET TO THE MOST NORTHERLY CORNER OF TRACT A IN THE PLAT OF "SKYLINE NO. 4", AS PER PLAT RECORDED IN VOLUME 9 OF PLATS, PAGES 61 AND 62, RECORDS OF SKAGIT COUNTY, WASHINGTON;  
THENCE ALONG THE NORTHERLY BOUNDARY OF SAID "SKYLINE NO. 4", BY THE FOLLOWING COURSES AND DISTANCES:  
SOUTH 65°00'00" EAST 133.57 FEET;  
SOUTH 21°28'07" EAST 110.34 FEET AND SOUTH 65°00'00" EAST 115.00 FEET TO THE MOST EASTERLY CORNER OF LOT 75 IN SAID "SKYLINE NO. 4", AND THE WESTERLY BOUNDARY OF SAID "SKYLINE NO. 10";  
THENCE BY THE FOLLOWING COURSES AND DISTANCES IN A GENERALLY EASTERLY DIRECTION ALONG THE NORTHERLY BOUNDARY OF SAID "SKYLINE NO. 10", NORTH 35°06'17" EAST 331.13 FEET, SOUTH 74°37'19" EAST 163.04 FEET, SOUTH 82°18'24" EAST 60.61 FEET, SOUTH 81°32'03" EAST 121.05 FEET, AND SOUTH 10°12'11" EAST 85.86 FEET TO INTERSECT THE ARC OF A CURVE AT A POINT FROM WHICH THE CENTER BEARS SOUTH 10°41'01" WEST AND 830.00 FEET DISTANT, EASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 5°48'25" AN ARC DISTANCE OF 84.12 FEET, NORTH 7°14'34" EAST 100.73 FEET, NORTH 23°08'42" EAST 173.58 FEET, AND SOUTH 78°31'00" EAST 155.00 FEET TO THE POINT OF BEGINNING;

EXCEPT ANY PORTION THEREOF BEING WITHIN THE FOLLOWING DESCRIBED TRACT:

A PORTION OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SOUTHWEST 1/4 OF THE NORTHEAST 1/4; THENCE NORTH 89°09'01" WEST ALONG THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 480.57 FEET;  
THENCE SOUTH 21°23'15" WEST A DISTANCE OF 1,092.62 FEET;  
THENCE SOUTH 27°05'53" WEST A DISTANCE OF 309.90 FEET TO THE SOUTH LINE OF SAID SUBDIVISION;  
THENCE SOUTH 88°39'31" EAST ALONG THE SOUTH LINE OF SAID SUBDIVISION, A DISTANCE OF 511.87 FEET;  
THENCE NORTH 21°23'15" EAST A DISTANCE OF 1,394.02 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT ANY PORTION LYING WITHIN THE "PLAT OF SKYLINE DIV. 12 PHASE I", AS PER PLAT RECORDED IN VOLUME 12 OF PLATS, PAGES 44 AND 45, RECORDS OF SKAGIT COUNTY, WASHINGTON.

ALSO EXCEPT ANY PORTION LYING WITHIN THE "PLAT OF SKYLINE NO. 14", AS PER PLAT RECORDED IN VOLUME 15 OF PLATS, PAGES 73 AND 74, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "G":

LOTS 1 THROUGH 5 OF ANACORTES SHORT PLAT AN-91-003, AS APPROVED OCTOBER 11, 1991, AND RECORDED OCTOBER 21, 1991, UNDER AUDITOR'S FILE NO. 9110210054, RECORDS OF SKAGIT COUNTY, WASHINGTON, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 10 OF SHORT PLATS, PAGES 17 AND 18, BEING A PORTION OF GOVERNMENT LOT 1 AND THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.



200509290125  
Skagit County Auditor

PARCEL "H":

THE NORTH 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., LYING SOUTHERLY AND EASTERLY OF A ROAD KNOWN AS THE BURROWS BAY ROAD, AS CONVEYED TO THE CITY OF ANACORTES, BY DEED RECORDED UNDER AUDITOR'S FILE NO. 249889, RECORDS OF SKAGIT COUNTY, WASHINGTON;

EXCEPT THEREFROM THE FOLLOWING DESCRIBED TRACTS, TO-WIT:

1. BEGINNING AT A POINT 25 FEET WEST OF THE CENTER POST OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M.; THENCE WEST 426 FEET, MORE OR LESS, TO THE BURROWS BAY ROAD, ANACORTES, WASHINGTON; THENCE NORTHEASTERLY ALONG THE EAST LINE OF SAID ROAD 145 FEET; THENCE EAST 363 FEET, MORE OR LESS, TO A POINT 25 FEET WEST OF THE NORTH AND SOUTH CENTERLINE OF SAID NORTHEAST 1/4 OF THE SOUTHEAST 1/4; THENCE SOUTH 130 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

2. THAT PORTION OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST 1/4 CORNER OF SAID SECTION 22; THENCE SOUTH 89°58'30" WEST, ALONG THE NORTH LINE OF SAID NORTH 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, 603.94 FEET TO AN INTERSECTION WITH THE SOUTHEASTERLY MARGIN OF THE ROAD KNOWN AS THE BURROWS BAY ROAD; THENCE SOUTH 68°20'19" WEST, ALONG SAID SOUTHEASTERLY MARGIN, 133.87 FEET TO AN ANGLE POINT IN SAID SOUTHEASTERLY MARGIN AND THE TRUE POINT-OF-BEGINNING; THENCE NORTH 66°20'19" EAST, ALONG SAID SOUTHEASTERLY MARGIN, 86.00 FEET; THENCE SOUTH 41°44'24" EAST 80.00 FEET; THENCE SOUTH 48°15'36" WEST 81.75 FEET TO A POINT THAT IS SOUTH 41°44'24" EAST FROM THE TRUE POINT-OF-BEGINNING; THENCE NORTH 41°44'24" WEST 108.69 FEET TO THE TRUE POINT-OF-BEGINNING;

ALSO EXCEPT ANACOPPER MINE ROAD;

AND ALSO EXCEPT WEST 2ND PLACE, AS DELINEATED ON ANACORTES SHORT PLAT NO. AN-91-003, RECORDED IN VOLUME 10 OF SHORT PLATS, PAGES 17 AND 18;

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "I":

THAT PORTION OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., RECORDS OF SKAGIT COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID SUBDIVISION 535 FEET SOUTH OF THE NORTHEAST CORNER OF SAID SUBDIVISION; THENCE SOUTH ALONG SAID EAST LINE 297.8 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN TRACT CONVEYED TO HARRY BARBER BY DEED RECORDED JANUARY 13, 1892, UNDER AUDITOR'S FILE NO. 6521; THENCE WEST ALONG THE NORTH LINE THEREOF 287.5 FEET TO THE NORTHWEST CORNER OF SAID BARBER TRACT AND THE TRUE POINT OF BEGINNING; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID BARBER TRACT 380 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN TRACT CONVEYED TO JOHN WILLIAMS BY DEED RECORDED JANUARY 12, 1892, UNDER AUDITOR'S FILE NO. 6523; THENCE SOUTHERLY ALONG THE WEST LINE THEREOF 127.5 FEET TO THE SOUTH LINE OF SAID NORTHEAST 1/4 OF THE NORTHEAST 1/4; THENCE WEST ALONG SAID SOUTH LINE 296.5 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN TRACT CONVEYED TO LYLE E. MARCHANT BY DEED RECORDED APRIL 17, 1944, UNDER AUDITOR'S FILE NO. 370718; THENCE NORTH TO THE NORTHEAST CORNER OF THAT CERTAIN TRACT CONVEYED TO C. HOPKE BY DEED RECORDED JUNE 8, 1953, UNDER AUDITOR'S FILE NO. 489208, SAID POINT ALSO BEING ON THE SOUTH LINE OF THAT CERTAIN TRACT CONVEYED TO THE PORT OF ANACORTES BY DEED RECORDED AUGUST 8, 1968, UNDER AUDITOR'S FILE NO. 716782; THENCE EAST ALONG THE SOUTH LINE OF SAID PORT OF ANACORTES TRACT, 174.81 FEET TO THE SOUTHEAST CORNER THEREOF; THENCE SOUTH ALONG THE SOUTHERLY EXTENSION OF THE EASTERLY LINE OF SAID PORT PROPERTY TO AN INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTHERLY LINE OF SAID BARBER TRACT; THENCE EASTERLY ALONG SAID LINE 119.5 FEET TO THE POINT OF BEGINNING;

EXCEPT THE SOUTH 80 FEET THEREOF;

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

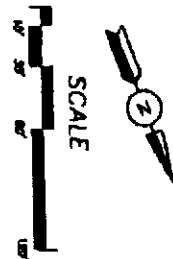
(DESCRIPTION FROM LAND TITLE COMPANY 12/14/2000 LIMITED LIABILITY REPORT ORDER NO. PA-95323)



200509290125  
Skagit County Auditor

9/29/2005 Page 35 of 39 2:50PM

EXHIBIT "B"  
MAP OF LEASE AREA



30' WATER MAIN  
EASEMENT  
AF NO. 85246

30' WATER MAIN  
EASEMENT  
AF NO. 85246

75' SETBACK

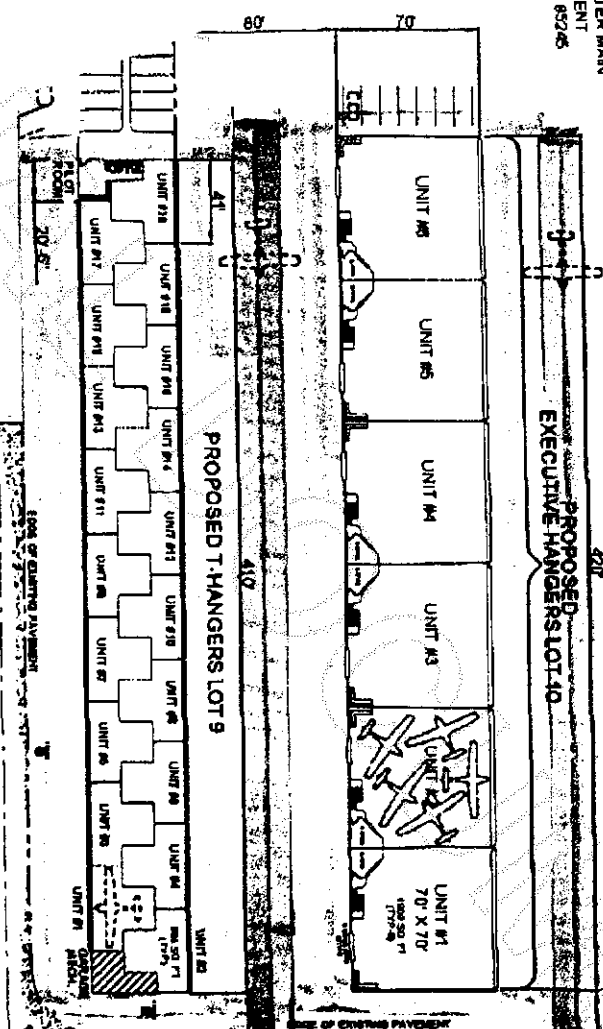
- NOTES:
1. UNITS TO MEET FAA CODES AND RESTRICTIONS FOR HEIGHT REQUIREMENTS AND RUNWAY SET BACKS
  2. LANDSCAPING BERM TO BE CONSTRUCTED PER SITE REQUIREMENT CHAPTER XXXX17.41 LANDSCAPING.

**PRELIMINARY**

TAXI WAY

PROPOSED  
EXECUTIVE HANGERS LOT 10

PROPOSED T-HANGERS LOT 9



200509290125  
Skagit County Auditor

EXHIBIT "C"  
SURVEY

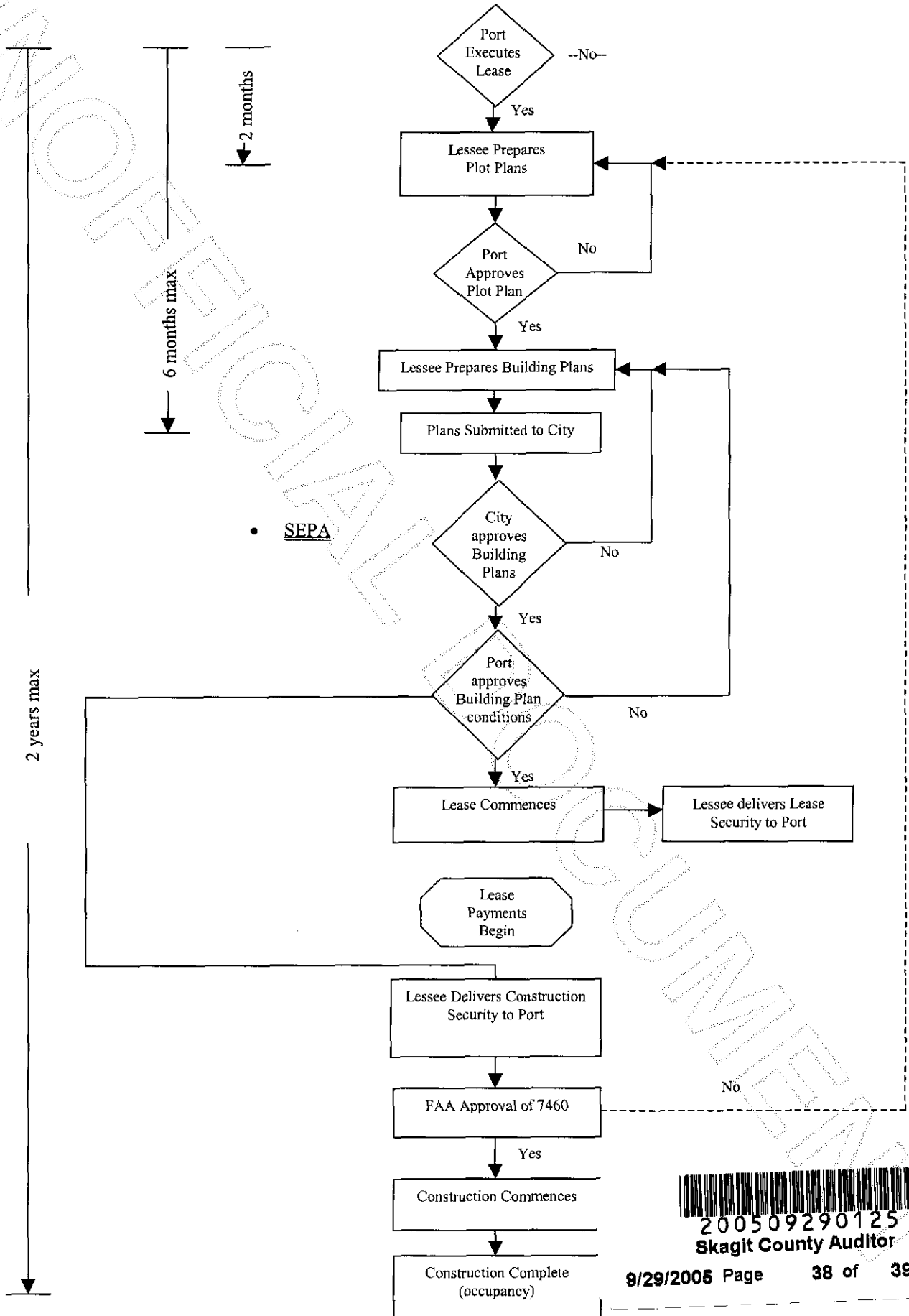
UNOFFICIAL DOCUMENT



200509290125  
Skagit County Auditor

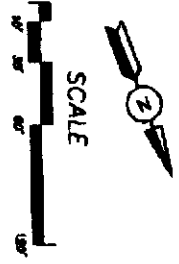
9/29/2005 Page 37 of 39 2:50PM

EXHIBIT "D"  
TIMELINE OF REQUIREMENTS

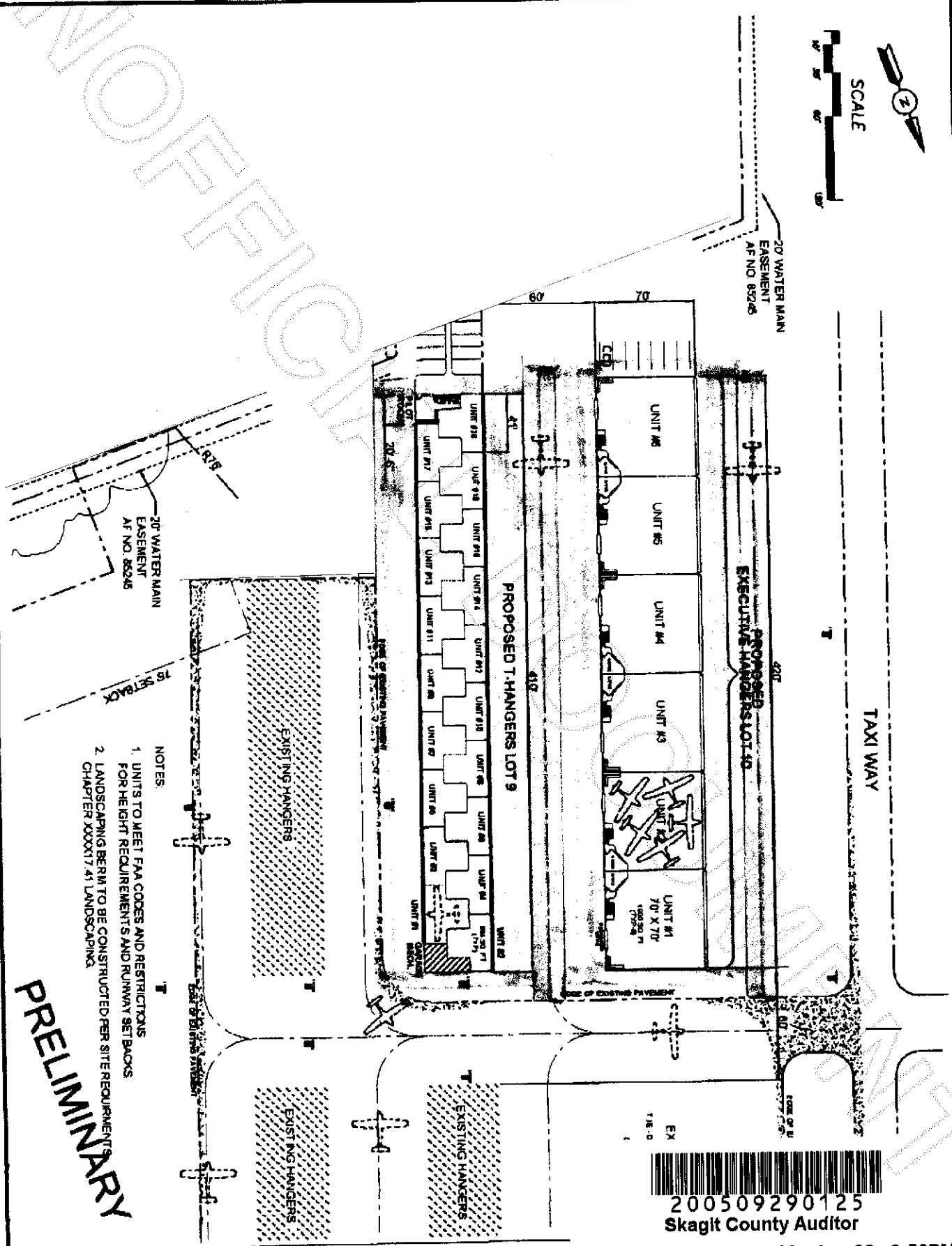


200509290125  
Skagit County Auditor

EXHIBIT "B"  
MAP OF LEASE AREA



20' WATER MAIN  
EASEMENT  
AF NO 85246



- NOTES
1. UNITS TO MEET FAA CODES AND RESTRICTIONS FOR HEIGHT REQUIREMENTS AND RUNWAY SET BACKS
  2. LANDSCAPING BERM TO BE CONSTRUCTED PER SITE REQUIREMENT CHAPTER XXXX17.41 LANDSCAPING

**PRELIMINARY**



200509290125  
Skagit County Auditor