

**AIRPORT LEASE AGREEMENT
BETWEEN
CITY OF YAKIMA AND YAKIMA AIR TERMINAL-McALLISTER FIELD
AND FOOD FACILITY ENGINEERING, INC.**

THIS AGREEMENT is effective on October 16, 2019, between the CITY OF YAKIMA and YAKIMA AIR TERMINAL - McALLISTER FIELD, a department of the City of Yakima, Washington, hereinafter referred to as "LESSOR," and FOOD FACILITY ENGINEERING, INC., a Washington corporation, hereinafter referred to as "LESSEE":

WITNESSETH:

WHEREAS, LESSOR operates the Yakima Air Terminal-McAllister Field which is a Department of the City of Yakima, hereinafter both referred to as "LESSOR", and,

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

NOW THEREFORE, in consideration of the concession rights granted herein and the mutual covenants and agreements hereinafter contained, the parties hereto agree, for themselves, their successors and assigns, as follows:

1. PREMISES:

LESSOR does hereby lease and let unto LESSEE, and LESSEE does hereby lease and take from LESSOR, approximately 4,500 sq. ft of building space in a section on the second floor of the Yakima Air Terminal building located at 2300 West Washington Ave, Suite 11, in the City of Yakima, Washington, as that property is depicted on the drawing marked Exhibit "A", attached hereto and by this reference made a part hereof, together with the right of ingress to and egress from the leased premises and the public use areas/facilities used in connection therewith, over designated Airport property and roadways, subject to rules and regulations governing the use of the Airport and as the same may be promulgated by LESSOR from time to time. The premises are a section of the second floor of the Yakima Air-Terminal building which is located on a portion of the real property known as Yakima County Assessor's Parcel No. 181335-31001. LESSOR may, at any time hereafter, provide a legal description of the leasehold premises and such description shall become a part of this Lease.

LESSEE and LESSOR formally recognize the Americans With Disabilities Act accessible restroom facility located on the second floor adjacent to LESSEE's entrance as illustrated in Exhibit "A", attached hereto and incorporated herein by this reference, may be utilized by both LESSEE and the general public. LESSEE recognizes its responsibility to provide regular maintenance, as described in Sections 9 and 11 of this Lease concerning maintenance and janitorial obligations, shall apply to the ADA restroom facility. Furthermore, in the event LESSEE wished to improve that ADA restroom facility, LESSEE must submit a Scope of Work to be approved by LESSOR prior to any improvements being made.

LESSOR may make the second-floor conference room adjacent to LESSEE's main entrance available in the event LESSEE wishes to utilize this space from time to time. If LESSEE desires

to utilize the conference room, LESSEE shall request the use of the space and confirm its availability with LESSOR.

2. TERM:

The initial tenancy created by this Lease shall commence upon mutual execution of this Lease and terminate on the last day of the last calendar month in which the below described construction credit is applied (the "original term"), unless otherwise terminated as provided for herein. It is anticipated that said last calendar month will fall 36-52 months following the mutual execution date, depending upon final budget. The effective date of this agreement and the original term expiration date are stated on Exhibit "C", attached hereto and by this reference made a part hereof.

LESSEE shall have the option to extend this agreement on a month-to-month basis thereafter (the "extended term"); provided LESSEE delivers to LESSOR written notice of its intent to continue the lease term not less than ninety (90) calendar days before the expiration of the original term. Provided neither party is in default hereunder past the applicable cure period, neither LESSEE nor LESSOR may terminate this Lease during the extended term, without providing the other party at least one hundred twenty (120) days' prior written notice of termination.

3. RENT:

A. The monthly Lease payment for the original term shall be Three Thousand Six Hundred Dollars (\$3,600.00) per month. LESSOR recognizes that the property identified in Exhibit "A" requires significant improvements in order to be utilized for office space. LESSEE has proposed various modifications and improvements identified in Exhibit "B", attached hereto and incorporated herein, which modifications and improvements will require extensive remodeling of the space prior to occupancy. LESSEE and LESSOR recognize the space is currently zoned for use as a restaurant and will require proper approval from City Planning in order to convert the space to offices. All costs associated with Planning Department approvals, zoning amendments and improvements to the Lease space will be the sole obligation and responsibility of the LESSEE. Under mutual agreement between LESSOR and LESSEE, LESSOR hereby agrees to provide LESSEE a construction Lease payment credit of up to One Hundred Forty-Five Thousand Dollars (\$145,000.00) for the costs of the improvements to the Lease premises. The exact demolition and improvement costs shall be represented by invoices for all work and materials utilized in completing the identified improvements, the final invoiced total cost to be applied at the rate of Three Thousand One Hundred Dollars (\$3,100) per month toward the monthly lease payment obligation during the original term of the Lease, with the five hundred dollar (\$500) balance of the Three Thousand Six Hundred Dollar (\$3,600.00) monthly payment paid by LESSEE in immediately available funds. The construction credit shall be applied in equal Three Thousand One Hundred Dollar (\$3,100.00) monthly amounts toward the regular monthly Lease payment outlined in Section 3 (B), until the full cost of improvements, up to a maximum construction credit amount of One Hundred Forty-Five Thousand Dollars (\$145,000.00), has been applied to monthly Lease payments owing, or until the construction payment credit is exhausted, whichever first occurs. LESSEE shall provide LESSOR complete architectural drawings, plans and specifications identifying the proposed improvements. The LESSOR must agree to said improvements, in writing, prior to any work commencing on the Lease premises. Finally, LESSEE agrees to provide LESSOR with invoices for all costs of work associated with any aspect of the

demolition of and improvements to the Lease space designated in Exhibit "A". Only work represented by written invoices shall be permitted to be credited in accordance with this Section. All lease payments shall be made to the City of Yakima, Accounts Receivable, 129 N. 2nd St, Yakima, WA 98901. Any rental payments/fees shall be paid in advance on or before the first day of each month during the term of this Lease, and any payment that is five or more days past due shall accrue a delinquency charge of twelve percent (12%) per annum from the due date thereof until paid in full.

B. During the extended term, the monthly lease payment shall be Three Thousand One Hundred Dollars (\$3,100.00). The Lease rental rate provided within this subsection B shall be subject to review and modification every two years on the anniversary of this Lease and shall be set at the then current Airport rates and charges as adopted by the City Council.

C. All Lease rates identified above are Lease payment rates for property only and do not include any taxes of any sort. All applicable taxes, including leasehold taxes, shall be paid by LESSEE and shall be computed on the basis of the Lease rate in effect at the time the tax is imposed. (See Section 6, below).

4. ARBITRATION SECTION:

Not Applicable.

5. DEPOSIT:

Upon execution of this Lease by both parties, LESSEE shall deposit with LESSOR the amount of Three Thousand Six Hundred dollars (\$3,600.00), plus leasehold tax thereon, as a guarantee of LESSEE's performance of this Lease and the timely payment of the Lease payments provided for herein; in the event LESSEE shall fail to pay the Lease payments as provided herein, or otherwise breach this Lease, then the Airport Director may apply such deposit, or any part thereof as may be necessary, to the payment of the Lease or to the payment of damages for such breach or pursue any other remedies provided herein or by law. Any amount of the required deposit that is expended as payment of past due Lease payment obligations shall be immediately repaid to the City of Yakima with written notice to the Airport Manager by the LESSEE in order to maintain the required deposit value at all times during the Lease term. This deposit shall be adjusted from time to time to reflect adjustments in the Lease payment and/or leasehold tax.

6. TAXES AND LIENS:

In addition to the Lease payments identified above, LESSEE promises and agrees to pay, as the same become due and payable, all licenses, fees and taxes, including but not limited to the leasehold excise tax, required to be paid by LESSEE by reason of this Lease and by reason of LESSEE's use and occupancy of the leased premises and by reason of LESSEE's construction of improvements to the leased premises. LESSEE shall neither suffer nor permit the attachment of any lien or other encumbrance on the leased premises by reason of LESSEE's occupancy thereof. LESSEE agrees to indemnify LESSOR and shall hold LESSOR harmless from any such taxes and liens.

7. USE:

LESSEE agrees to use the leased premises only for commercial office activity or for any other use allowed by the Airport Master Plan and the zoning of the property by the appropriate jurisdiction, as shall first be approved by the LESSOR in writing. The use of the property for any other purpose shall be deemed a material breach of this Lease constituting grounds for its termination. This provision shall apply to any assignment of this Lease, whether voluntary or due to mortgage foreclosure or for any other reason. Failure of the assignee to agree in writing to comply with this Section shall be reasonable cause for LESSOR to withhold approval or consent to assignment.

8. UTILITIES:

LESSOR shall be responsible for providing standard utility services including power, natural gas, water, sewer, and garbage removal to the extent reasonably attributable to the size and purpose of the Lease property as proposed by LESSEE. LESSEE shall be responsible for all other utilities including but not limited to internet, cable or satellite tv, WIFI, telephone, etc.

9. JANITORIAL:

LESSEE shall furnish all janitorial services necessary to keep the Lease premises and the common ADA restroom in a clean and sanitary condition, at LESSEE's sole expense.

10. PREMISES CONDITION:

LESSEE has made a full inspection of the premises, is fully aware of its condition, except with respect to environmental conditions and latent defects, and accepts the premises on an "AS-IS" basis. LESSEE agrees to pay for any improvements, repairs and/or modifications necessary to accommodate the operation of LESSEE's business.

11. MAINTENANCE:

LESSOR shall maintain in good condition and repair, at LESSOR's cost and expense, the exterior of the Premises, including the exterior roof, exterior windows, and exterior walls of the building, the structural components of the terminal, passenger elevator, and the heating and air-conditioning system in the terminal. Additionally, LESSOR will be responsible for periodic maintenance and testing of fire sprinkler, suppression system, extinguishers, and alarm system, elevator system, heating and air conditioning system, and security systems.

LESSEE agrees to keep and maintain the Lease premises in at least as good a condition as the condition of the premises at the beginning of LESSEE's occupancy, normal wear and tear excepted. LESSEE further agrees that LESSEE shall be responsible to maintain all leased areas, common ADA restroom facilities, trade fixtures, doors, entryway to second floor of terminal building, electrical outlets, personal property, and other improvements, existing and future, in an attractive and usable manner as reasonably determined by the Airport Director and consistent with other properties at the Airport.

12. SIGNS:

LESSEE, at LESSEE's own expense, may erect a sign(s) of a type, number and location suitable to LESSOR and as permitted by applicable City of Yakima ordinances. No signs or other advertising matter or devices shall be used or displayed in or about the leased premises or upon any portion of the Airport without the prior written approval of the Airport Director, which approval shall not be unreasonably withheld.

13. IMPROVEMENTS:

All building demolition and construction, trade fixtures and improvements installed on the leased property by LESSEE shall conform to applicable laws, ordinances, rules, regulations and policies. LESSEE shall procure all necessary and required building and other permits therefore, at LESSEE's sole expense. All building construction, trade fixtures and improvements shall be designed with aesthetic consideration and installation shall not commence until plans and specifications have been submitted to and approved in writing by the Airport Director, which approval shall not be unreasonably withheld. Approval of LESSEE's improvements shall be deemed granted twenty (20) days after submission in writing to the Airport Director if no response has been received by LESSEE within that time period.

Tenant construction improvement credits identified in Section 3 of this Agreement shall not exceed a total credit value of \$145,000 unless the LESSEE submits a written request to the LESSOR to exceed this threshold. The LESSOR may, in its sole discretion, approve increasing this threshold by up to ten (10) percent. In this event the additional costs to improve the space will be added to the original \$145,000 and that total amount then applied to the monthly lease payments throughout the remaining term of the lease.

LESSOR makes no representation or guarantee as to the suitability of the leased area for construction improvements or as office space.

14. REVERSION OF IMPROVEMENTS:

Upon termination of this Lease for any reason, LESSEE shall immediately surrender the premises to the LESSOR in good condition and repair, ordinary wear and usage excepted; and LESSEE shall remove all of LESSEE'S personal property, trade fixtures, equipment or improvements removable by prior agreement with LESSOR from the premises and shall repair any damage to the premises caused by such removal. Any personal property of LESSEE, or anyone claiming under LESSEE, which shall remain upon the premises at the expiration or termination of this Lease shall be deemed to have been abandoned and may be retained by LESSOR as LESSOR'S property or disposed of by LESSOR in such manner as LESSOR sees fit without compensation to any party.

Prior to the expiration of this Lease, LESSEE shall remove all such trade fixtures and repair any damage to the premises caused by removal of trade fixtures, to the reasonable satisfaction of the Airport Director. Fixtures not removed within sixty (60) days after cancellation, expiration or termination shall become the property of the LESSOR unless other arrangements have been previously approved in writing by the Airport Director.

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

15. LESSEE'S OPTION TO PURCHASE:

There shall be no option to purchase the property or improvements that are the subject of this Lease insofar as the property and the building belong to the LESSOR.

16. REGULATIONS:

LESSEE agrees to comply with all applicable laws, ordinances, rules, regulations and policies of all governmental authorities having jurisdiction over the Airport, including policies adopted by LESSOR, as such laws, ordinances, rules, regulations and policies apply to the use and operation of Airport property, facilities and operations as those laws, ordinances, rules, regulations and policies now exist or may hereafter become effective. LESSEE further agrees to accept responsibility for not allowing unauthorized persons access to the Airport Operations Area (AOA).

17. SUBLETTING:

LESSEE shall not sublet any part of the premises without the prior written approval of LESSOR. Subleases shall give preference to aeronautical activities and shall comply with all laws, ordinances, rules, regulations and policies applicable to the use and operation of Airport property, facilities and operations as those laws, ordinances, rules, regulations and policies now exist or may hereafter become effective. A consent to sub-lease by LESSOR shall not be construed to be a consent to any subsequent sub-lease. The LESSOR, in determining whether or not to approve a sub-lease, shall consider the extent of the aeronautical activities performed on the premises. Notwithstanding anything to the contrary herein, use of the premises by the sister company of LESSEE, FFE Architecture & Engineering, Inc., a Washington corporation, which conducts substantially similar or complimentary business to LESSEE, has the same employees as LESSEE, and has common ownership with LESSEE, shall not be deemed subletting and shall be deemed an approved use of the premises by LESSEE.

18. ASSIGNMENT:

LESSEE shall not assign this Lease without the prior written approval of LESSOR, such approval to be at the sole discretion of LESSOR. Such assignment shall be in conformance with all applicable local, state and federal laws, ordinances, rules, regulations and policies. LESSEE shall give preference to aeronautical activities and all assignees shall comply with all terms of this Lease, together with all laws, ordinances, rules, regulations and policies applicable to the use and operation of Airport property, facilities and operations as those laws, ordinances, rules, regulations and policies now exist or may hereafter become effective. A consent to assignment by LESSOR shall not be construed to be a consent to any subsequent assignment.

19. MISCELLANEOUS PROVISIONS:

A. The parties agree that LESSOR, through its Airport Director or other person authorized by the Airport Director, may enter upon the leased premises at any reasonable time to make such inspections as LESSOR may deem necessary to the proper enforcement of any term, provision or condition of this Lease. No such entry or inspection by LESSOR is required by this provision, and the failure of LESSOR to enter and make inspection shall not alter the relationship of the parties and their respective rights and duties provided by this Lease. LESSEE shall be granted the right of quiet enjoyment upon performance of all terms of this Lease.

B. LESSOR may further develop or improve Airport property and facilities, regardless of the desire or views of LESSEE regarding any such development or improvement, and without interference or hindrance on the part of LESSEE and without liability to LESSEE, provided the operations of the LESSEE are not unreasonably interrupted.

C. LESSOR reserves the right, but shall not be obligated to LESSEE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of LESSEE in that regard.

D. LESSOR reserves the right to take any action necessary or desirable by LESSOR to protect the operations of the Airport against obstruction, or any other activity interfering with the efficient operation of the Airport, together with the right to prevent LESSEE from erecting, or permitting to be erected, any building or other structure on the Airport which, in the opinion of the Airport Director, would limit the usefulness of the Airport or constitute a hazard to aircraft.

E. During time of war or national emergency, LESSOR shall have the right to lease the landing area or any part thereof to the United States of America for military use, and, if any such lease is executed, the provisions of this Lease shall be suspended insofar as they are inconsistent with the provisions of the lease agreement with the United States of America.

F. This Lease shall be subordinate to the provisions of any existing or future agreement between LESSOR and the United States of America relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition to the expenditure of federal funds for the development of the Airport.

G. If the leased premises or any interest therein is taken as a result of the exercise of the right of eminent domain, this Lease shall terminate as to such portion as may be taken. If the portion taken does not feasibly permit the continuation of the LESSEE's operations, LESSEE shall have the right to terminate this Lease. Such termination shall be effective as of the date LESSEE's operations cease. LESSEE shall be entitled to a portion of the award representing its interest in the premises. LESSOR shall be entitled to the remainder of the award.

20. INDEMNITY/DUTY TO DEFEND:

A. At no expense to LESSOR, LESSEE shall defend against and indemnify fully and save harmless the Yakima Air Terminal - McAllister Field, the City of Yakima and its elected and appointed officials, employees and agents, from any and all liability, damages, suits, claims, actions, judgments or decrees, made against the Yakima Air Terminal - McAllister Field, the City

of Yakima and its elected and appointed officials, employees and agents, including all expenses incidental to the investigation and defense thereof and including reasonable attorney fees, based on or arising from the occupancy or use of the leased premises by LESSEE or as a result of LESSEE'S operations at the Airport or from any other act or omission of LESSEE, its servants, employees, agents, invitees, independent contractors or any other entity, person, firm or corporation acting on behalf of LESSEE or under its direction, whether such claim shall be by LESSEE or a third party; provided, however, that LESSEE shall not be liable for any injury, damage or loss occasioned in proportion attributable to the negligence of LESSOR, its agents or employees. LESSOR shall give to LESSEE prompt and reasonable notice of any such claims or actions and LESSEE shall have the right to investigate, compromise and defend the same to the extent of its interest.

B. LESSEE agrees to reimburse LESSOR for any damage to the premises caused by the occupancy of LESSEE, its employees, agents, servants, invitees, independent contractors or any other person acting on behalf of LESSEE or under its direction.

C. LESSOR agrees to defend, indemnify and hold LESSEE harmless against and from any claim or liability arising from or alleged to arise from the presence of hazardous material or toxic waste on the subject leased premises at the inception of this Lease and the introduction to the premises of such materials due to LESSOR'S activities or under its control.

D. LESSEE shall keep and hold the Yakima Air Terminal - McAllister Field, the City of Yakima and its elected and appointed officials, agents and employees, free and harmless from any and all claims and actions, loss, damage, expense or cost, including reasonable attorneys' fees, incidental to the investigation and defense thereof, resulting from, arising out of, or caused by LESSEE resulting in any liability under the Federal Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq.; Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq.; Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq.; the Clean Water Act, 42 U.S.C. 1251 et seq.; the Washington Environmental Policy Act, RCW Ch. 43.21C; the Washington Water Pollution Control Act, RCW Ch. 90.48; the Washington Hazardous Waste Management Act, RCW Ch. 70.105; the Washington Model Toxic Control Act, RCW Ch. 70.105D, and the regulations promulgated thereunder, or under any applicable local or state environmental ordinance, statute, law, rule or regulation. The provisions of this Sub-section shall survive the termination of this Lease.

21. INSURANCE:

A. At all times during performance of the Lease, the Lessee shall secure and maintain in effect insurance to protect the City and the Lessee from and against all claims, damages, losses, and expenses arising out of or resulting from the performance of this Lease. Lessee shall provide and maintain in force insurance in limits no less than that stated below, as applicable. The City reserves the right to require higher limits should it deem it necessary in the best interest of the public.

B. Commercial Liability Insurance. Before this Lease is fully executed by the parties, Lessee shall provide the City with a certificate of insurance as proof of commercial liability insurance with a minimum liability limit of Two Million Dollars (\$2,000,000.00) per occurrence combined single limit bodily injury and property damage, and Four Million Dollars (\$4,000,000.00) general

aggregate. This insurance requirement can be satisfied with a combination of commercial general liability insurance and excess or umbrella liability insurance coverage. If Lessee carries higher coverage limits, such limits shall be shown on the Certificate of Insurance and Endorsements and the City of Yakima and the Yakima Air Terminal, its elected officials, officers, agents, and employees shall be named as additional insureds for such higher limits. The certificate shall clearly state who the provider is, the coverage amount, the policy number, and when the policy and provisions provided are in effect. Said policy shall be in effect for the duration of this Lease. The policy and Endorsements shall name the City of Yakima and the Yakima Air Terminal, its elected officials, officers, agents, and employees as additional insureds, and shall contain a clause that the insurer will not cancel or change the insurance without first giving the City thirty (30) calendar days prior written notice. The insurance shall be with an insurance company or companies rated A-VII or higher in Best's Guide and admitted in the State of Washington.

C. Property Insurance. Before this Lease is fully executed by the parties, Lessee shall provide the City with a certificate of insurance as proof of property insurance coverage in the amount of \$150,000 for the value of the improvement to the premises that the Lessee will be making as well as insurance for existing premises coverage. Lessee shall also maintain at all times a minimum of \$350,000 covering loss of use or income due to damage to the subject premises. The City of Yakima shall be named as a loss payee as respects these coverages.

D. Course of Construction Insurance Coverage and Business Interruption Insurance Coverage. Lessee also shall cause its general contractor to carry \$300,000 of Course of Construction or Builder's Risk coverage for the improvements being made by the Lessee and the existing structure. Business interruption or loss of use coverage shall also be provided in an amount not less than \$100,000. The City of Yakima shall be named as a loss payee on said policies. Lessee shall provide the City of Yakima with a certificate of insurance as proof that this insurance coverage has been met before construction on the premises begins.

22. DAMAGE OR DESTRUCTION:

A. TENANT IMPROVEMENTS: In the event the construction completed in accordance with Section 13 herein, or improvements thereto, are partially or totally damaged by fire or other casualty, the LESSEE shall repair or replace the same at solely its own expense. The new improvements shall be at least the same size, design and quality as that which existed prior to any damage or destruction. Both parties agree, however, that any insurance proceeds shall be first applied to the cost of repair or replacement of improvements. LESSEE's insurance proceeds shall first be used for the costs of restoration of the premises; if the insurance proceeds are insufficient to completely repair the premises then the remaining repair shall be completed at LESSEE's sole cost and expense as necessary to restore the premises to its pre-fire/casualty condition.

B. OTHER AIRPORT PROPERTY: In the event of damage or destruction of Airport property caused by the LESSEE, its agents, employees, aircraft or other equipment, LESSEE agrees to repair, reconstruct, or replace the affected property to the condition which existed prior to such damage or destruction, to the extent that same is not covered by insurance required under this Lease. LESSEE further agrees to cause such repair, reconstruction or replacement of affected property with due diligence.

23. DEFAULT, TERMINATION & FORFEITURE:

A. The failure by LESSEE to pay monthly Lease payments (rent) in the amounts and at the times specified herein, or the failure by LESSEE to otherwise comply with any term, provision or condition of this Lease, shall constitute grounds for termination of this Lease and forfeiture of all rent paid by LESSEE to the time of termination. This Lease and tenancy shall terminate and rent paid shall be forfeited for cause as specified above on written notice by LESSOR to LESSEE stating the amount of rent in default or otherwise stating accurately the manner in which LESSEE fails or has failed to comply with this Lease. LESSEE shall make full payment or otherwise comply with this Lease in the manner specified in the notice within thirty (30) days (except three (3) days for payment of rent) from LESSEE's receipt of such notice, otherwise this Lease and tenancy shall be terminated and rent forfeited. LESSOR may apply the deposit funds to past-due rent owing, which amount when so applied shall be forfeited. Any required notice shall be given in writing and served on LESSEE by personal delivery or mailed by certified mail with return receipt requested addressed to LESSEE at its address stated below in this Lease or such other address as the parties may advise each other in writing. It is further agreed that after receipt of notices and as an additional condition to avoid forfeiture, LESSEE shall pay LESSOR's costs and expenses, including attorney's fees, for the preparation and service of such notice. Nothing contained herein shall release or diminish LESSEE's obligation to pay rent for the full term of this Lease save such amount as LESSOR recovers as rent from any subsequent lessee during the term of this Lease. Notices shall be deemed received three (3) days after mailing to LESSEE'S at the address in this Lease or such other address as the parties may advise each other in writing.

B. As additional and not alternative remedy, optional with LESSOR and upon thirty (30) days written notice to LESSEE, should LESSEE be in default hereunder other than default in the payment of rent, LESSOR may cure or correct the same and the cost of such action by LESSOR shall immediately become due and payable from LESSEE, together with late fees on said sum at a rate of twelve percent (12%) per annum, and the non-payment of said sum by LESSEE shall be adequate grounds for LESSOR to invoke the other remedies as provided in this Lease.

C. Upon termination of this Lease for any reason, LESSEE shall immediately surrender the premises to the LESSOR in good condition and repair, ordinary wear and usage excepted; and LESSEE shall remove all of LESSEE'S personal property, trade fixtures, equipment or improvements removable by prior agreement with LESSOR from the premises and shall repair any damage to the premises caused by such removal. Any personal property of LESSEE, or anyone claiming under LESSEE, which shall remain upon the premises at the expiration or termination of this Lease shall be deemed to have been abandoned and may be retained by LESSOR as LESSOR'S property or disposed of by LESSOR in such manner as LESSOR sees fit without compensation to any party.

24. CONSTRUCTION AND DUE DILIGENCE TERMINATION CLAUSE:

LESSEE acknowledges prior to this agreement adequate due diligence has been completed to determine the improvements to convert the premises into office space is within the designated Scope of Work outlined in Exhibit "B" and within their proposed renovation budget provided within Section 3. In the event the LESSEE begins renovations and discovers unforeseen conditions that would exceed ten (10) percent of the total renovation credit value highlighted within Section 13, then the LESSEE may provide in writing to the LESSOR the request to consider termination of

this agreement. If LESSOR agrees to terminate agreement (e.g., if LESSOR does not agree to increase the construction credit or the construction becomes economically infeasible), LESSEE must restore the entire premises to a commercially reasonable condition (i.e., LESSEE will be responsible for any conditions caused by LESSEE, and both parties will work together in good faith to determine a mutually acceptable condition to return the premises. In addition, the Lessee will leave the premises in a reasonably clean and safe condition. However, LESSEE will not be responsible for rectifying any discovered or undiscovered latent defects. LESSEE must receive approval from the LESSOR in writing accepting the area to its commercially reasonable state. LESSEE's right to terminate the Lease pursuant to the second sentence of this Section is only enforceable between the commencement of construction activities and the earlier of (a) the time the LESSEE has reached substantial completion of construction activities or (b) five (5) months after the date of mutual execution of this agreement.

25. INSOLVENCY:

In the event LESSEE is declared bankrupt by a court of competent jurisdiction or in the event LESSEE makes an assignment for the benefit of creditors, or if a receiver otherwise is appointed for LESSEE, or in the event LESSEE's leasehold estate is subjected to execution to satisfy any judgement against LESSEE, then in that event LESSOR may immediately or at any time thereafter without notice or demand enter into and upon the premises or any part thereof and repossess the same and expel LESSEE or any person upon the premises and remove their effects, and thereupon this Lease and the tenancy hereby created shall absolutely terminate, without prejudice to any remedies which might otherwise be available to LESSOR for collection of past due or future rent.

26. VENUE, ATTORNEY FEES:

This Contract shall be governed by and construed in accordance with the laws of the State of Washington. The venue for any action to enforce or interpret this Contract shall lie in the Superior Court of Washington for Yakima County, Washington.

27. EMPLOYEE PARKING; CLIENT PARKING:

LESSEE's employees are required to park privately owned and company owned vehicles in the designated employee parking adjacent to the main terminal building as indicated by the Airport Director. Any parking pass fees associated with parking in the employee parking lot shall be paid by LESSEE. From time to time, on an as-needed basis, LESSOR shall provide LESSEE with parking passes (or equivalent) for LESSEE's clients, guests, and invitees.

28. NON-DISCRIMINATION CLAUSE:

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

A. During the performance of this Lease, LESSEE shall not discriminate in violation of any applicable federal, state and/or local law or regulation on the basis of race, age, color, sex, religion, national origin, creed, marital status, disability, honorably discharged veteran or military status, pregnancy, sexual orientation, political affiliation, or the presence of any sensory, mental

or physical handicap, and any other classification protected under federal, state, or local law. This provision shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training, and the performance under this Lease.

B. LESSEE agrees that in the construction of any improvements on, over or under Airport land and the furnishing of services thereon, no person shall be discriminated against on the basis of race, age, color, sex, religion, national origin, creed, marital status, disability, honorably discharged veteran or military status, pregnancy, sexual orientation, political affiliation, or the presence of any sensory, mental or physical handicap, and any other classification protected under federal, state, or local law.

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

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

Lessee hereby assures that no person shall be excluded from participation in, denied the benefits of or otherwise discriminated against in connection with the award and performance of any contract, including leases, covered by 49 CFR Part 23 on the basis of race, age, color, sex, religion, national origin, creed, marital status, disability, honorably discharged veteran or military status, pregnancy, sexual orientation, political affiliation, or the presence of any sensory, mental or physical handicap, and any other classification protected under federal, state, or local law.

Lessee hereby assures that it will include the above clauses in all sub-leases and cause sub-lessees to similarly include clauses in further sub-leases.

29. AIRPORT SECURITY AND ACCESS CONTROL:

The current configuration of the terminal building and airport's primary security fence does not allow access to the Air Operations Area. In the event this should change and allow the secured property access, LESSEE shall adhere to current airport security rules and regulations imposed by 49 CFR 1542 Airport Security. In the event LESSEE requires access to the Air Operations Area during construction, or on an as-needed basis during the term of this lease, all costs associated with obtaining an airport security badge shall be the LESSEE's responsibility.

30. OFFICIAL NOTIFICATIONS:

All notices, requests and other communication under this Agreement shall be effectively given only if in writing and sent by United States certified mail, returned receipt requested, postage

prepaid, or by nationally recognized and receipted overnight courier service (e.g. FedEx, UPS, DHL, or Airborne Express) guaranteeing next business day delivery, addressed as follows:

If to LESSOR: City Manager
 City of Yakima
 City Hall – First Floor
 129 N. Second Street
 Yakima, WA 98901

and

Robert K. Peterson, Airport Director
Yakima Air Terminal-McAllister Field
2406 W. Washington Ave, Suite B
Yakima, WA 98903
(509) 575-6149
Rob.Peterson@yakimawa.gov
(509) 575-6260

If to LESSEE: Dave Franklin
 Food Facility Engineering, Inc.
 2300 W. Washington Avenue, Suite 11
 Yakima, WA 98903
 509-972-3800
 dfranklin@foodfacility.com

31. INTEGRATION:

This document embodies the entire Lease terms conditions and understandings between the parties with respect to the subject matter herein contained. No amendments or modifications hereof shall be enforceable unless in writing, signed by the party to be charged.

Time is of the essence of this entire Lease.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective authorized officers or representatives as of the day and year below. The term of the Lease commences on the date stated on the top of page 1, which is the date that all parties have executed the Lease.

LESSOR:

**CITY OF YAKIMA AND
YAKIMA AIR TERMINAL-McALLISTER FIELD**

By: _____
Cynthia I. Martinez, Interim City Manager

Date: _____

Attest: _____
City Clerk

Contract Number: _____

Resolution Number: _____

LESSEE:

FOOD FACILITY ENGINEERING, INC.

By: _____
Dave Franklin, President

Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that Dave Franklin is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the President of Food Facility Engineering, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this ____ day of _____, 2019.

Print Name: _____

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that Cynthia Martinez is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it as the Interim City Manager of the City of Yakima, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this ____ day of _____, 2019.

Print Name:_____

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires:_____

Exhibit A

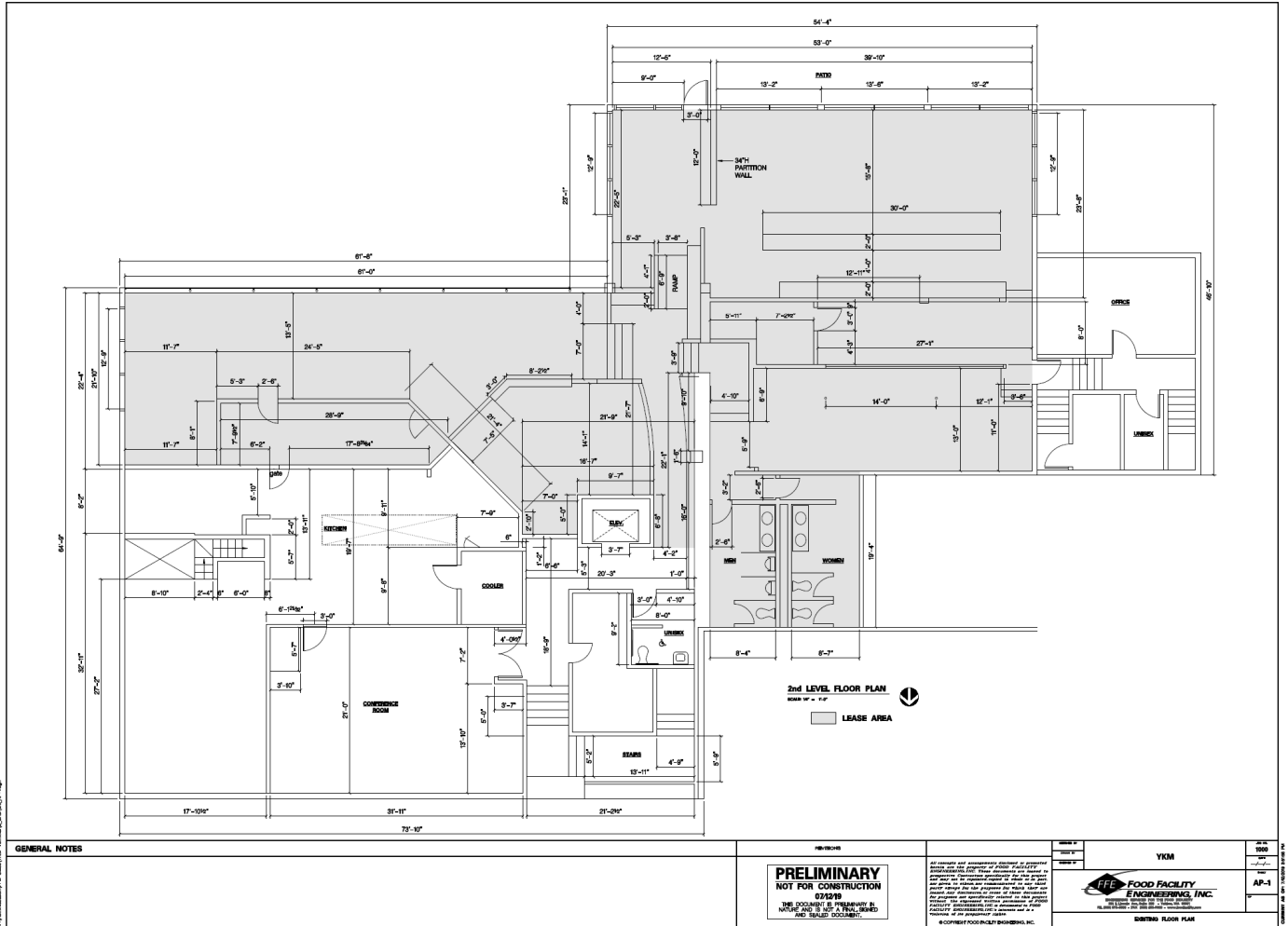


Exhibit B

LESSEE improvements to leased space include the following but not limited to:

- Demolition of floor surfaces, ceiling and wall surfaces where necessary. Remove elevated dining area, ramp and associated 'pony walls'. Remove enclosed serving area (non-bearing wall). Cap existing plumbing and drain lines where required.
- Remodel: Resurface floor, ceiling and walls with carpet/flooring and new paint. Provide enclosed office space (approximately 5 spaces), provide 5 free standing cubicles. Provide a break room with sink, printing room(s), janitor/supply room. Provide required alteration of A/C Vents, electrical outlets, lighting, front entry door (at top of main stairway). Alter internal stairs as required for access to the former bar area and upper lounge area. Potentially upgrade the outside patio area (not in base Scope)
- Out of Scope: Structural upgrades, exterior wall/window, major electrical or HVAC upgrade, roofing, elevator improvements or dumb waiter updates, kitchen upgrade, shared conference upgrade, egress or stairway upgrades, rest room upgrade.

Exhibit B

Continued

Walls to be removed by LESSEE within Exhibit A are outlined in yellow:

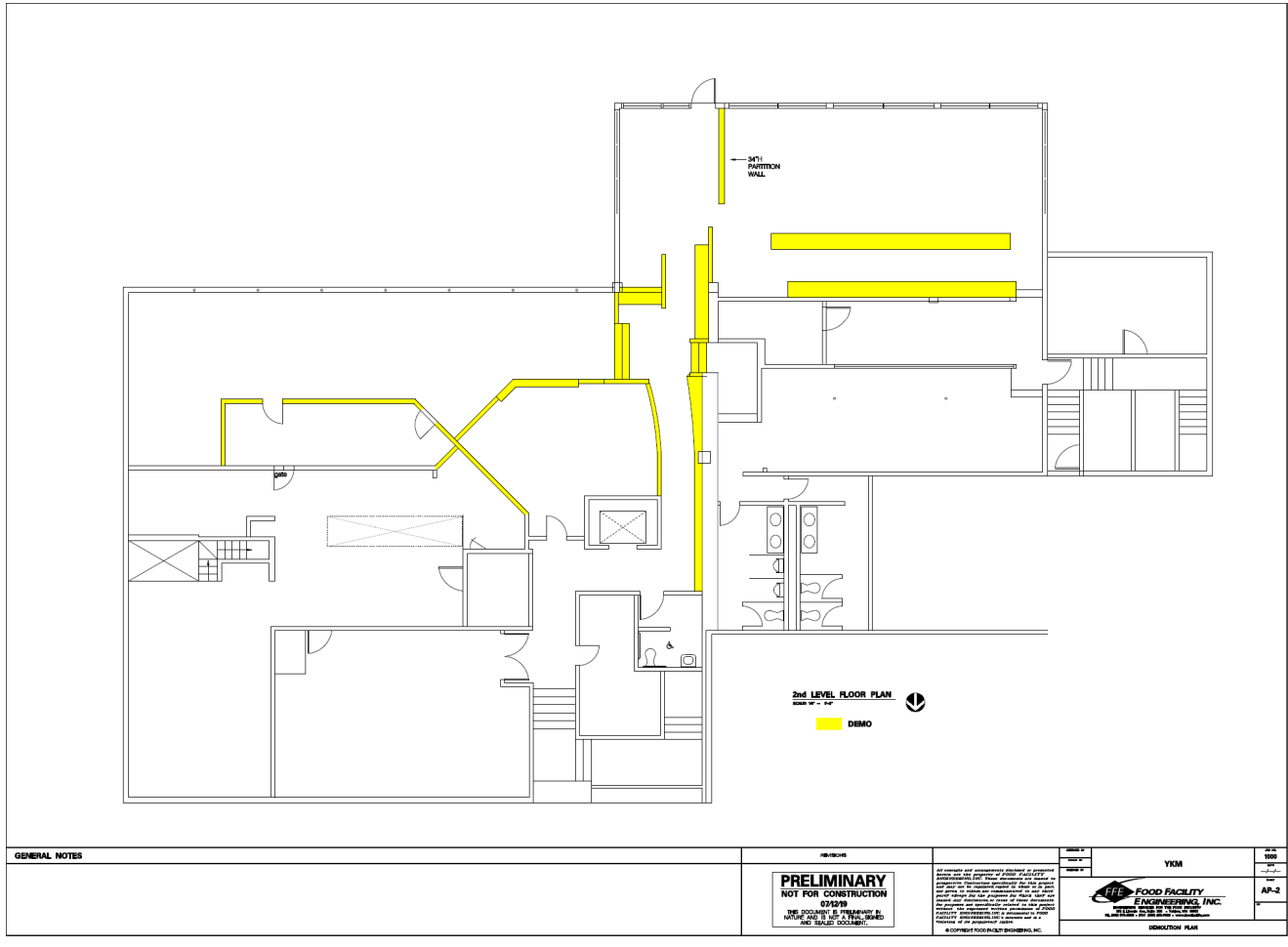


Exhibit B
Continued

Proposed addition of new walls within leased area are outlined in Red in the diagram below:

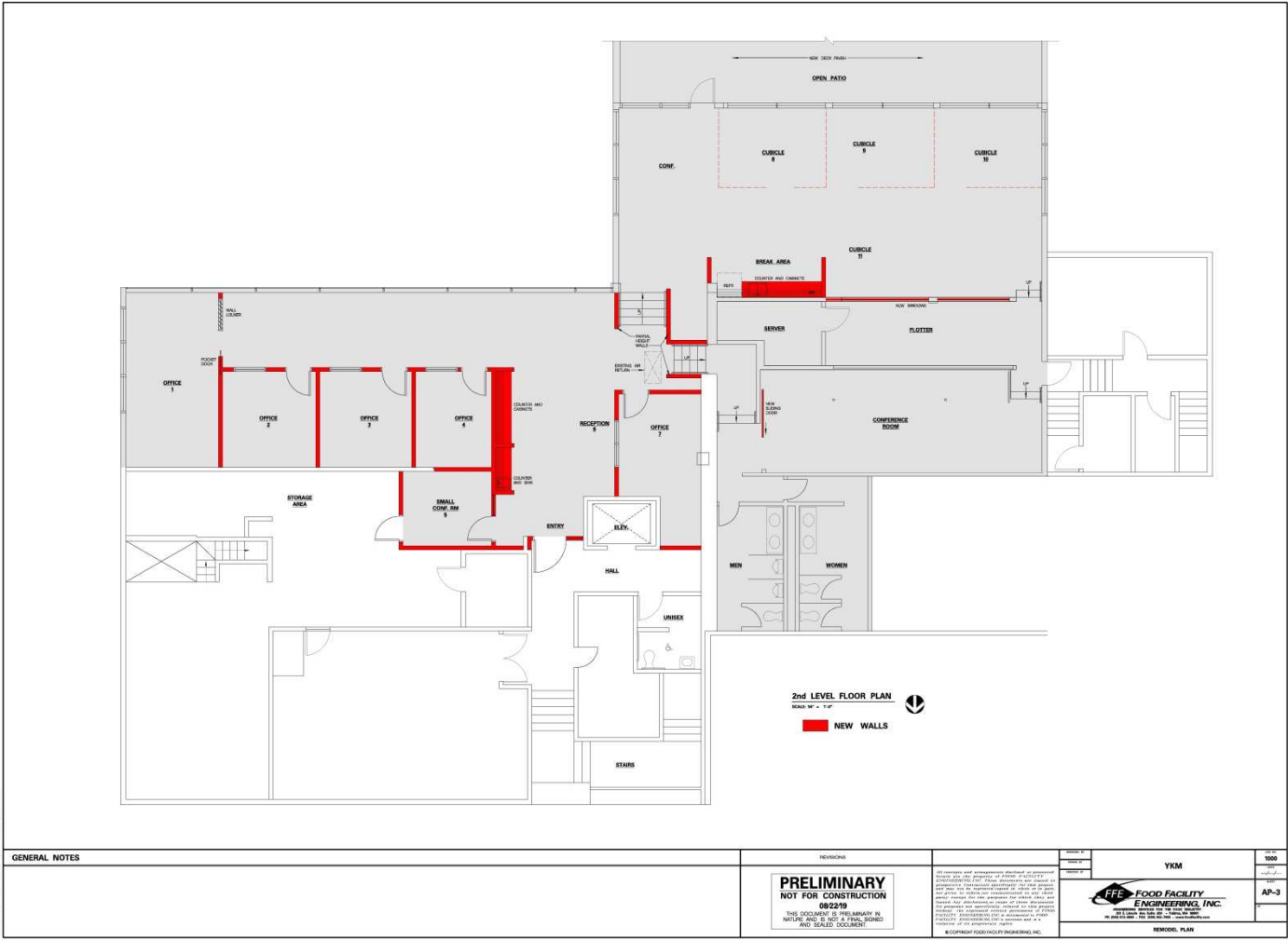


Exhibit C

The following rates and schedules are incorporated by reference into the Lease:

"Effective Date" is the date when this Lease is executed by all parties to the Lease: 10/01/2019

Original Term Expiration Date: ____/____/____

Pursuant to Section 3 of the Lease, the Base Rent schedule shall be as set forth below:

<u>10/01/2019-10/31/2019</u>	\$1,858.06	Pro-rated: $\$3,600 \div 31 \text{ days} \times 30 \text{ days}$
<u>11/01/2019-__/__/____</u>	\$3,600	Per month
From and after __/__/____	\$3,100	Per month

Section 3 in "Rent" in the Lease describes how the "Original Term Expiration Date" and the other dates on Exhibit C will be calculated.