

December 8, 2009

Kevin Marchetti  
 Bay Grove Capital  
 423 Washington Street  
 7th Floor  
 San Francisco, CA 98411

Dear Kevin:

In an effort to summarize lease negotiations between the Port of Seattle (“the Port”), Bay Grove Capital LLC (“Bay Grove”) and CityIce Cold Storage Company (“CityIce”) related to the sale of CityIce to Bay Grove, the following Letter of Intent is the Port’s summary of the major terms of the leases to be amended as we have discussed.

**1. Premises**

No change to leased premises (“the Premises”) for the following leases (hereinafter referred to collectively as, “the Leases”):

- CityIce L131, CityIce L594, CityIce L842, CityIce L1481
- Seafreeze Acquisition L1532

**2. Use**

No change to use provisions.

**3. Term**

Lease Number	Base Term	Options
<b>131</b> (Master)	1/1/2010 - 12/31/2029	12/31/2054
Bldg’s 28, 39, and land	(20 yrs)	(5x5 yr) (45 yrs maximum lease term)
<b>594</b> (C-175)	1/1/2010 - 12/31/2039	12/31/2059
	(30 yrs)	(2x10 yr) (50 yrs maximum lease term)
<b>842</b> (A-86)	1/1/2010 - 12/31/2039	12/31/2059
	(30 yrs)	(2x10 yr) (50 yrs maximum lease term)
<b>1481</b> (BLDG-40)	1/1/2010 - 12/31/2029	12/31/2054
	(20 yrs)	(5x5 yr) (45 yrs maximum lease term )
<b>1532</b> (SF – T115)	1/1/2010 - 11/22/2027	11/22/2057
	(17 yrs 10 mos. 22 days)	(3x10 yr) (47 yrs 10 mos. 22 days maximum lease term )

All future lease options to extend term would be at Bay Grove’s discretion.

The above-described base terms and options provide Bay Grove the option of extended term periods and the Port staggered lease term end dates.



4. **Lease Rate**

<b>Lease Number</b>	<b>Effective Date</b>	<b>Lease Rate Increase</b>
131 (Master ) Bldg's 28, 39, and land	01/01/10	5% 2010 then annual CPI until 2014
594 (C-175)	01/01/10	5% each year 2010-13, Cap of 10% 2014
842 (A-86)	01/01/10	5% 2010 then CPI until 2014
1481 (BLDG-40)	01/01/10	5% 2010 then CPI until 2014
1532 (SF)	01/01/10	5% 2010 then CPI until 2013

Notes:

1. All lease rates to increase on January 1, 2010
2. No caps on annual CPI rate increase.
3. Rental rate re-negotiation in 2014 for all leases except #1532 which opens for rate renegotiation in 2013, with renegotiation every 60 months thereafter and annual CPI increase in between.

5. **Security Deposit**

Bay Grove would provide surety in an amount equivalent to twelve (12) month's rent for all leases to be submitted in the form of a letter of credit, surety bond or cash, at the effective date of the consummated lease amendments.

6. **Maintenance and Repair**

The parties will negotiate standardized language for all CityIce leases. The parties intend for Bay Grove to have full responsibility except in Lease 594 for which the current maintenance and repair language will remain unchanged. The parties also will negotiate specific amendment language for Lease number 1481 and 131 affecting Buildings 40, 28 and 39 that allows lessee to terminate the applicable lease subject to certain conditions, completion of guaranteed occupancy period and notification of intent to terminate schedule. This is intended to address Bay Grove's concerns regarding the age of the building structures included in Lease 1481 and 131 and the potential extraordinarily high maintenance costs that can occur on older buildings.

7. **Alterations and Improvements**

The Port will make no alterations or improvements to the Premises.

8. **Insurance**

Bay Grove would provide the Port with a certificate of commercial liability insurance in the amount of \$2,000,000 per occurrence/\$4,000,000 aggregate, \$250,000 property damage \$1,000,000 automobile insurance with an endorsement naming the Port as additional insured.

9. **Leasehold Mortgages**

The Port will draft language allowing leasehold mortgages in all leases to the extent necessary. Bay Grove is expecting to obtain outside financing for its acquisition of the CityIce business and that financing will be secured by the Port leases. Bay Grove will be allowed to obtain future loans from lenders (institutional lenders which hold assets exceeding \$750 million) and those proceeds may be used for purposes beyond the Port leases.

10. **Damage and Destruction**

In the event of an incident causing significant damage to the improvements on the Premises or the Premises themselves, the parties will decide who will undertake repairs. Either party will have certain rights to terminate the lease if they choose not to do repairs. The current language under Lease 131 will

remain the same for Building 390 located at Terminal 91 and current Seafreeze facility improvements located at Terminal 115 (which are owned by the lessees).

**11. Environmental**

Bay Grove will not be obligated to indemnify the Port for pre-existing contamination on each of the leaseholds, or for contamination that migrated onto the leasehold through no fault of Bay Grove. Bay Grove will be subject to other provisions that are common in other Port leases.

**12. Assignment and Subleasing**

The Port has the right to approve any request for assignment of the leases or subletting of the premises, but the Port cannot unreasonably withhold or delay its consent. The Port will have the absolute right to withhold its consent under certain specific conditions. The Port specifically grants its consent for future assignment of the leases to West Coast Cold LLC, Bay Grove Capital LLC or any entity directly or indirectly owned by either West Coast Cold or Bay Grove Capital.

**13. Confirmation of Transaction.**

If the Port proceeds with amending the leases, it will do so based on the representation by Bay Grove and CityIce that the sale of 100% ownership interest of CityIce to Bay Grove will be fully consummated by February 1, 2010. The Port will be provided a copy of the executed purchase and sale agreement for the transfer of ownership from CityIce to Bay Grove. If this sale does not occur by this deadline (or if the final sale is not as represented), then the lease amendments will be null and void upon Bay Grove's and CityIce's receipt of notice from the Port.

**14. Financial Due Diligence**

Financial due diligence per agreed process has been completed to satisfaction of Port.

**15. Port Termination Rights**


All lease amendments will reflect that the Port reserves its right to exercise Eminent Domain.


**16. Non-Binding Intent**

This document is only a list of proposals that may or may not eventually become part of leases between the parties. It is not based on any agreement between the parties. It is not intended to impose any obligation whatsoever on either party, including without limitation, an obligation to bargain in good faith or in any way other than at arm's length. The parties do not intend to be bound by any agreement until both agree to and sign a formal written lease or leases, and neither party may reasonably rely on any promises inconsistent with this paragraph. This paragraph supersedes all other conflicting language. The parties may withdraw from further negotiations at any time and for any reason. Any lease amendments between the parties will only become binding upon the Port when the Port Commission has authorized the execution of such amendments.

PORT OF SEATTLE

BAY GROVE CAPITAL LLC

By:   
Title: 12/8/09

By:   
Title: Managing Director  
Date: 12/8/09