

**ORIGINAL**

Item No. 4d Attach 2

Date of Meeting July 22, 2014

FIRST AMENDMENT TO LEASE  
BETWEEN  
PORT OF SEATTLE  
AND  
ARCTIC STORM MANAGEMENT GROUP, LLC  
AT  
PIER 69

THIS FIRST AMENDMENT TO LEASE made as of \_\_\_\_\_, 20\_\_\_\_, by and between the PORT OF SEATTLE, a Washington municipal corporation, hereinafter called "the Port," and ARCTIC STORM MANAGEMENT GROUP, a Washington Limited Liability Company, hereinafter called "Lessee,"

W I T N E S S E T H :

WHEREAS, the parties entered into a lease agreement dated February 25, 2010, hereinafter called "Basic Lease," covering certain premises and activities by Lessee at Pier 69, Seattle, Washington,

WHEREAS, the parties now wish to revise the Basic Lease by extending the Lease Term for an additional seven years, provide a provision for early termination that includes a termination fee should Lessee exercise its option to terminate early, provide an additional \$114,000.00 for Port-funded Tenant Improvements, reduce the amount of security deposit from \$125,258.00 to \$75,003.00 and provide a five-year option to extend. Further amended is the rent for the option period increasing rent to then current fair market rate.

NOW THEREFORE, in consideration of their mutual promises, the parties hereby agree as follows:

1. Section 2 of the Basic Lease shall be deleted in its entirety and replaced with the following:

"2.1. Lease Term. This lease shall be for a term of twelve years and three months, beginning March 1, 2010 and ending May 31, 2022.

"2.2. Option to Terminate. Lessee shall have the option to terminate no earlier than June 1, 2020, but not later than six (6) months prior to the end of the Lease Term in Section 2.1 herein.

"2.2.1 Early Termination Fee. Should Lessee elect to exercise its option to terminate this Lease per Section 2.2, Lessee shall pay the Port three (3) month's Base Rent equal to the then-current rent.

"2.3. Option to Extend. If Lessee is in compliance with the terms and conditions of this Lease, and Lessee has, upon written notice to the Port given not less than six (6) months written notice to the Port in advance of the expiration of the Lease Term stated in Section 2.1 of this Lease, Lessee shall have the option to renew this Lease for one (1) additional five (5) year term. In the event the Landlord and Lessee are unable to agree to Fair Market Rental Rate, then the matter will be resolved per Section 3.6."

2. Section 3.1 of the Basic Lease is hereby deleted in its entirety and replaced with the following:

"3.1 Base Rent. The total monthly rental payable by Lessee effective June 1, 2015, based on the following calculations:

"9,430 sf Office @ \$21.50/sf/yr = \$202,745.00/yr ÷ 12 = \$16,895.42/mo.

"10,230 sf Warehouse @ \$6.81/sf/yr = \$69,666.30/yr ÷ 12 = \$5,805.53/mo.

"The Base Rent shall constitute the contract rent for purposes of determining taxable rent for assessment of leasehold excise tax."

3. Section 3.2. 1, Rent Abatement, is hereby deleted in its entirety.
4. Section 4, Modify Section 4.1.

Delete 4.1 in its entirety and replace with the following:

“4.1 Security. Lessee shall, upon execution of this Lease, obtain and deliver to the Port a good a sufficient corporate surety company bond, irrevocable stand-by letter of credit, cash deposit, certificate of deposit or other security in the amount of SEVENTY-FIVE THOUSAND THREE AND 76/100 DOLLARS (\$75,003.76) replacing the existing lease bond of ONE HUNDRED TWENTY-FIVE THOUSAND TWO HUNDRED FIFTY-EIGHT AND NO/100 DOLLARS (\$125,258.00) (hereinafter referred to as “Security”), to secure Lessee’s full performance of this Lease, including the payment of all fees and other amounts now or hereafter payable to the Port hereunder. The amount, form, provisions and nature of the Security, and the identity of the surety or other obligor thereunder, shall at all times be subject to the Port’s approval. The Security shall remain in place at all times throughout the full term of this Lease and throughout any holdover period. If the Security is in a form that periodically requires renewal, Lessee must renew the Security not less than 45 days before the Security is scheduled to expire. No interest shall be paid on the Security and the Port shall not be required to keep the Security separate from its other accounts. No trust relationship is created with respect to the Security.”

5. Section 7 Alteration, Ownership of Certain Installations shall be modified as follows:

Delete paragraph 7.1 Limitation on Alternations and replace with a new paragraph as follows:

“7.1. Limitations on Alternations. Lessee shall make no changes, alternations, additions, substitutions (collectively referred to as “Alternations”) to the Premises, unless Lessee shall first deliver to the Port plans and specifications for, and obtain Port’s prior written approval of such Alternations. All such Alterations shall be done at sole cost and expense and at such times and subject such conditions as the Port may from time to time designate.

“Notwithstanding, the foregoing, Lessee may make additional alternations to the Premises, as set forth on and otherwise in conformance with the terms and conditions provided in the Lessee Work Agreement attached hereto as Exhibit F (the “Work”).”

6. Section 20, Modify Section 20.2 and 20.3.

Delete 20.2 in its entirety and replace with the following:

“20.2 Brokers. The Port acknowledges that James M. Keating of Cannon Commercial and Conan Less of Jones Lang LaSalle, Inc. represent Lessee in discussion and negotiations of this Lease Amendment as Lessee’s Agents. The parties further acknowledge disclosure of agency and the receipt of the pamphlet entitled “The Law of Real Estate Agency.”

Delete 20.3 in its entirety and replace with the following:

“20.3 Commission. The Port shall pay Cannon Commercial a commission equal to one dollar (\$1.00) per square foot of leased office premises per year of the years six through ten of the Lease Term and 5% of the total Base Rent for years six through ten of the Lease Term. One-half of the commission, equal to the amount of \$32,821.70 shall be due and payable upon execution of this Lease Amendment by the Port and Lessee. One-half of the commission, equal to the amount of \$32,821.69 shall be due and payable upon the commencing the first day of the sixth year of the Lease Term, June 1, 2015.

7. This lease is subject to the applicable provisions of the Shipping Act of 1984, the Shipping Act of 1916, the Ocean Shipping Reform Act of 1998 and their respective implementing regulations. No future amendment or modifications to this lease shall become effective until the appropriate procedures, if any, have been completed in accordance with the procedures of the

appropriate federal agency that has jurisdiction.

8. Except as expressly amended herein, all provisions of the Basic Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the day and year first above written.

LESSOR  
PORT OF SEATTLE  
a municipal corporation

LESSEE  
ARCTIC STORM MANAGEMENT  
GROUP, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By [Signature]  
Its President

Notary to First Amendment to Lease  
with Arctic Storm Management Group, LLC  
at Pier 69.

STATE OF WASHINGTON )  
  ) ss  
COUNTY OF KING )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_ before me personally appeared Melinda Miller, to me known to be the Director of Portfolio & Asset Management of the PORT OF SEATTLE, the municipal corporation that executed the within and 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 s/he was authorized to execute said instrument.

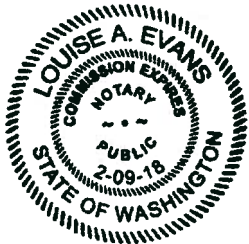
In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Print Name)  
Notary Public, in and for the State of Washington,  
residing at \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

STATE OF WASHINGTON )  
  ) ss  
COUNTY OF KING )

On this 9 day of July, 2014 before me personally appeared Doug L. Christensen, to me known to be the President of the Arctic Storm Management Group, LLC the individual/entity that executed the within and foregoing instrument as Lessee, and acknowledged said instrument to be the free and voluntary act and deed of said individual/entity, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



[Signature]  
(Signature)  
Louise A. Evans  
(Print Name)  
Notary Public, in and for the State of Washington,  
residing at Des Moines  
My Commission expires: 02/09/2018

EXHIBIT F

- Lessee Work Agreement -

LESSEE IMPROVEMENTS WORK LETTER

1. The Lessee Work. Under the Lease, Lessee has agreed to accept the Premises in their current condition without any obligations for the performance of additional improvements or other work by Landlord. Notwithstanding the foregoing, Landlord has agreed that Lessee may perform certain Lessee Improvements, to install, but not limited to, new carpet and new paint. The Lessee Improvements shall be in accordance with the provisions of this Work Agreement and, to the extent not inconsistent herewith, the provisions of the Lease. Performance of the Lessee Improvements shall not serve to abate the payment of Rent or otherwise extend the Rent Commencement Date under the Lease. Lessee Work may be performed at Lessee's discretion at any time between June 1, 2015 and March 31, 2020 with written notice to the Port.

2. Cost of the Work. Except as provided hereinafter, Lessee shall pay all costs (the "Costs of the Work") associated with the Lessee Improvements whatsoever, including without limitation, all permits, inspection fees, fees of architects, engineers, and contractors, utility connections, the cost of all labor and materials, bonds, insurance, and any structural or mechanical work, additional HVAC equipment or sprinkler heads, or modifications to any building mechanical, electrical, plumbing or other systems and equipment or relocation of any existing sprinkler heads, either within or outside the Premises required as a result of the layout, design, or construction of the Lessee Improvements.

3. Review and Approval.

3.1. Preliminary Plan and Specifications.

3.1.1. Submission. No later than thirty (30) days after the date of written notice to the Port under Paragraph 1. , Lessee shall submit two (2) sets of a "Preliminary Plan" (as described in Section 12 herein) to Landlord for approval.

3.1.2. Review. Landlord shall, within ten (10) working days after receipt thereof, either approve said Preliminary Plan, or disapprove the same advising Lessee of the reasons for such disapproval. If necessary, Landlord shall also endeavor to obtain Landlord's insurers approval of any sprinkler drawings. In the event Landlord disapproves said Preliminary Plan, Lessee shall modify the same, taking into account the reasons given by Landlord for said disapproval, and shall submit two sets of the revised Plan to Landlord within five (5) days after receipt of Landlord's initial disapproval.

3.2. Working Drawings and Engineering Report.

3.2.1. Submission. No later than sixty (60) days after mutual execution of this lease, Lessee shall submit to Landlord for approval two (2) sets of "Working Drawings" (as defined in Section 12 herein), and a report (the "Engineering Report") from Lessee's mechanical, structural and electrical engineers indicating any special heating, cooling, ventilation, electrical, heavy load or other special or unusual requirements of Lessee.

3.2.2. Review. Landlord shall, within ten (10) working days after receipt thereof, either approve the Working Drawings and Engineering Report, or disapprove the same advising Lessee of the reasons for disapproval. If necessary, Landlord shall also endeavor to obtain Landlord's insurers approval of any sprinkler drawings. If Landlord disapproves of the Working Drawings or Engineering Report, Lessee shall modify and submit revised Working Drawings, and a revised Engineering Report, taking into account the reasons given by Landlord for disapproval, within five (5) days after receipt of Landlord's initial disapproval.

3.3. Change Orders. No changes, modifications, alterations or additions to the approved Preliminary Plan or Working Drawings may be made without the prior written consent of Landlord after written request therefore by Lessee. In the event that the Premises are not

constructed in accordance with said approved Preliminary Plan and Working Drawings, then Lessee shall not be permitted to occupy and/or conduct business from the Premises until the Premises reasonably comply in all respects with said approved Preliminary Plan and Working Drawings; in such case, the Rent shall nevertheless commence to accrue and be payable as otherwise provided in the Lease.

3.4. Final Inspection. Landlord's acceptance of the Lessee Improvements as being complete in accordance with the approved Preliminary Plan and Working Drawings shall be subject to Landlord's inspection and written approval. Lessee shall give Landlord five (5) days prior written notification of the anticipated completion date of the Lessee Improvements.

3.5. Landlord's Approval.

3.5.1. Landlord shall not unreasonably withhold approval of any Preliminary Plan, Working Drawings, Engineering Report, or Change Order submitted hereunder if they provide for a customary layout, are compatible with the Building's shell and core construction, and will not require any structural modifications to the Building, whether required by heavy loads or otherwise.

3.5.2. Landlord's approval of Lessee's Preliminary Plans, Working Drawings, Engineering Report or Change Order, and Landlord's recommendations or approvals concerning contractors, subcontractors, engineers or architects (if any) shall not be deemed a warranty as to the quality or adequacy of the Lessee Improvements, or the design thereof, or of its compliance with Laws, codes and other legal requirements.

4. Compliance. The Lessee Improvements shall comply in all respects with the following: (a) the Building Code of the City and State in which the Building is located and State, County, City or other laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other such person, (b) applicable standards of the National Board of Fire Underwriters and National Electrical Code, and (c) building material manufacturer's specifications. If necessary, the Lessee Improvements shall also comply with the requirements of Landlord's insurer.

5. Architects, Engineers, and Contractors.

5.1. Qualified Professionals. The Preliminary Plan, Working Drawings, Engineering Report and the Lessee Improvements, shall be prepared and performed by licensed, reputable and qualified architects, engineers and contractors.

5.2. Insurance Requirements.

5.2.1. Professional Liability. All architects and engineers shall carry professional liability insurance with limits not less than one million dollars per claim (\$1,000,000).

5.2.2. Worker's Compensation. All contractors and subcontractors shall carry Worker's Compensation Insurance covering all of their respective employees in the statutorily required amounts.

5.2.3. General Liability. All contractors and subcontractors shall each separately obtain and keep in force a policy of general liability insurance consistent with the requirements of Section 13.1.1 of the Lease; provided, however, (i) the limit for such insurance shall be at least three million dollars (\$3,000,000) notwithstanding any other amount set forth in the Lease, and (ii) the policies therefore shall cover both Landlord and Lessee, as additional insureds. Evidence of such insurance shall be delivered to Landlord before the construction is commenced or contractor's equipment is moved onto the building.

6. Performance.

6.1. The Lessee Improvements shall be commenced promptly following the Possession Date, and shall thereafter be diligently prosecuted to completion, subject only to delays for reasons beyond Lessee's control (except financial matters). All Lessee Improvements shall conform with the Working Drawings approved by Landlord in writing, and Landlord may periodically inspect the Lessee Improvements for such compliance. The Lessee Improvements

shall be coordinated under Landlord's direction with other work being done or to be performed for or by other lessees/tenants in the building so that the Lessee Improvements will not interfere with or delay the completion of any other construction work in the building.

6.2. Lessee shall perform the Lessee Improvements in a thoroughly safe, first-class and workmanlike manner in conformity with the approved Preliminary Plan and Working Drawings, and shall be in good and usable condition at the date of completion.

6.3. Lessee shall be required to obtain and pay for all necessary permits and/or fees with respect to the Lessee Improvements, copies of which shall be provided to Landlord prior to commencement of the Lessee Improvements.

6.4. Each contractor and subcontractor shall be required to obtain prior written approval from Landlord for any space outside the Premises within the building, which such contractor or subcontractor desires to use for storage, handling, and moving of his materials and equipment, as well as for the location of any facilities or personnel. Nothing in the paragraph shall, however, give rise to any obligation on Landlord to provide such space.

6.5. The contractors and subcontractors shall be required to remove from the Premises and dispose of, at least once a week and more frequently as Landlord may direct, all debris and rubbish caused by or resulting from the construction. Upon completion of the Lessee Improvements, the contractors and subcontractors shall remove all surplus materials, debris and rubbish of whatever kind remaining within the building which has been brought in or created by the contractors and subcontractors in the performance of the Lessee Improvements. If any contractor or subcontractor shall neglect, refuse or fail to remove any such debris, rubbish, surplus material or temporary structures within two (2) days after notice to Lessee from Landlord with respect thereto, Landlord may cause the same to be removed by contract or otherwise as Landlord may determine expedient, and charge the cost thereof to Lessee as additional Rent under the Lease.

6.6. Lessee shall obtain utility service, including meter, from the utility company supplying service, unless Landlord elects to supply service and/or meters. Lessee shall obtain and furnish Landlord copies of all approvals with respect to electrical, water and telephone work as may be required by the respective company supplying the service.

6.7. Lessee shall, at its cost and expense construct, purchase, install and perform any and all work included within the Lessee Improvements so as to obtain any governmentally required certificate of occupancy and to occupy the Premises as soon as possible.

6.8. Copies of "as built" drawings shall be provided to Landlord no later than thirty (30) days after completion of the Lessee Improvements.

6.9. Landlord shall not be responsible for any disturbance or deficiency created in the air conditioning or other mechanical, electrical or structural facilities within the building or Premises as a result of the Lessee Improvements. If such disturbances or deficiencies result, Lessee shall correct the same and restore the services to Landlord's reasonable satisfaction, within a reasonable time. Lessee shall use Landlord's approved HVAC Service provider for any and all installations and adjustments required to the Premises in the course of the Lessee Improvements. Lessee's mechanical system (heating, ventilating, and air conditioning) shall tie into the central EMCS (emergency management control system) and the type of keys to such system shall match those specified in the Building plans.

6.10. If performance of the Lessee Improvements shall require that additional services or facilities (e.g., common area cleaning services) be provided, Lessee shall pay Landlord's reasonable charges therefore.

6.11. Lessee's contractors shall comply with the rules of the building and Landlord's requirements respecting allowable construction hours and manner of handling materials, equipment and debris. Construction activities, delivery of materials, equipment and removal of debris must be arranged to avoid any inconvenience or annoyance to other occupants. The Lessee Improvements and all cleaning in the Premises must be controlled to prevent dirt, dust or other matter from infiltrating into adjacent Lessee or mechanical areas.

6.12. Landlord may impose reasonable additional requirements from time to time in order to ensure that the Lessee Improvements, and the construction thereof does not disturb or interfere with any other Lessees of the building, or their visitors, contractors or agents, nor interfere with the efficient, safe and secure operation of the building. Lessee's Contractor shall obtain a copy of, and comply at all times with, the then current contractor's rules and regulations for the Building.

7. Liens. Lessee shall keep the Premises, the building and surrounding areas free from any mechanic's, materialman's or similar liens or other such encumbrances in connection with the Lessee Improvements, and shall indemnify and hold Landlord harmless from an against any claims, liabilities, judgments, or costs (including attorneys' fees) arising in connection therewith. Lessee shall remove any such lien or encumbrance by bond or otherwise within thirty (30) days after written notice by Landlord, and if Lessee shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount paid shall be deemed additional rent under the Lease payable upon demand, without limitation as to other remedies available to Landlord under the Lease. Nothing contained herein shall authorize Lessee to do any act which shall subject Landlord's title to the building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the building or Premises arising in connection with the Lessee Improvements shall be null and void, or at Landlord's option shall attach only against Lessee's interest in the Premises and shall in all respects be subordinate to Landlord's title to the building and Premises.

8. Certain Definitions. As used in this Work Agreement, the following terms shall have the meanings provided in this Section.

8.1. Preliminary Plan. "Preliminary Plan" shall mean and refer to a plan, drawn to scale, showing: (1) demising walls, corridor doors, interior partition walls and interior doors (if any), (2) any restrooms, kitchens, computer rooms, file rooms and other special purpose rooms, and any sinks or other plumbing facilities, or other special facilities or equipment, (3) all utility connections, (4) any communications system, indicating telephone and computer outlet location, (5) and other Lines (as defined in the Lease), and (6) any other details or features required to reasonably delineate the Work to be performed.

8.2. Working Drawings. "Working Drawings" shall mean and refer to fully dimensioned architectural construction drawings and specifications, and any required engineering drawings (including mechanical, electrical, plumbing, air-conditioning, ventilation and heating), and shall include any applicable items described above for the Preliminary Plan, and if applicable: (1) electrical outlet locations, circuits and anticipated usage therefore, (2) reflected ceiling plan, including lighting, switching, and any special ceiling specifications, (3) duct locations for heating, ventilating and air-conditioning equipment, (4) dimensions of all equipment and cabinets to be built in, (5) location of all Lines (as defined in the Lease), (6) location of any equipment or systems (with brand names wherever possible) which require special consideration relative to air-conditioning, ventilation, electrical, plumbing, structural, fire protection, life-fire-safety system, or mechanical systems, (7) weight and location of heavy equipment, and anticipated loads for special usage rooms, and (8) any other details or features required to completely delineate the Work to be performed.

9. Incorporation into Lease; Defaults.

9.1. Incorporation. The Parties agree that the provisions of this Work Agreement are hereby incorporated by this reference into the Lease fully as though set forth therein. In the event of any express inconsistencies between the Lease and this Work Agreement, the latter shall govern and control.

9.2. Defaults. If Lessee shall default under this Work Agreement, Landlord may order that all Lessee Improvements being performed in the Premises be stopped immediately, and that no further deliveries to the Premises be made, until such default is cured, without limitation as to Landlord's other remedies. Any amounts payable by Lessee to Landlord hereunder shall be paid as additional rent under the Lease. Any default by the other party hereunder shall constitute a default under the Lease and shall be subject to the remedies and other provisions applicable thereto under the Lease. If Lessee shall default under the Lease or this Work Agreement and fail

to cure the same within the time permitted for cure under the Lease, at Landlord's option, all amounts paid or incurred by Landlord towards the Improvement Allowance shall become immediately due and payable as additional Rent under the Lease.

Lessee Reimbursement. Landlord shall contribute a Lessee Improvement Allowance of for an amount up to ONE HUNDRED FOURTEEN THOUSAND AND NO/100 DOLLARS (\$114,000.00) (the "Lessee Improvement Allowance") towards Lessee's hard and soft costs and expenses incurred by Lessee in designing, permitting, and constructing the Lessee Improvements. Landlord shall reimburse Lessee within ten (10) business days after Lessee has submitted to Landlord: (i) an invoice for the Lessee Improvement Allowance, (ii) the required "as-built" drawings, including mechanical, plumbing and electrical details, and (iii) a certificate from Lessee's architect or contractor setting forth the description of the work performed, materials furnished, and costs thereof incurred by or on behalf of Lessee. Lessee must request reimbursement within thirty (30) days of the substantial completion of the Lessee Improvements provided by the Lessee, but not later than May 31, 2020. Landlord's obligation to pay the Lessee Improvement Allowance is expressly conditioned upon the Lessee's timely request for such Lessee Improvement Allowance and submission of all documentation required to make such request for the Lessee Improvement Allowance. Any unused/unclaimed portion of the Lessee Improvement Allowance shall be forfeited and not otherwise payable to Lessee.