



September 16, 2011

Steve Pelleur
Cannon Commercial Real Estate
520 Pike Street, Suite 1505
Seattle, WA 98101

Dear Steve:

Thank you for the Letter of Intent on behalf of Fremont Maritime Services, Inc. (FMS). The Port of Seattle is willing to offer the following terms to FMS for 3,357 square feet of office space in the Fishermen's Center Building at Fishermen's Terminal.

1. Premises

Approximately 3,357 sf rentable square feet of office space in the Fishermen's Center Building at Fishermen's Terminal, located at 1900 West Nickerson Street, Suite 200, Seattle, WA 98119.

2. Use

The Premises will be used as general office/classroom space for a maritime training facility.

3. Term

Five year lease effective December 1, 2011 and ending November 30, 2016.

4. Option to Renew

FMS shall have the option to renew the lease for two (2) additional five (5) year terms by providing the Port with written notice no less than one hundred twenty (120) days prior to Termination Date.

The rate for the first two years of the first renewal term (year 5 and year 6) shall be subject to annual adjustments in proportion to the percentage change in the Consumer Price Index for all Urban Consumers. The rate for remainder of the term (beginning in year seven) and for the second five year option (year 15) shall be at fair market rental value of the Premises. The Lease will contain an arbitration provision to resolve disputes regarding "fair market rental value" in the event that the parties cannot agree on the rent.

5. Lease Rate

Leases at Fishermen's Terminal are structured on a triple net basis.

The monthly base rent is \$3,916.50/mo. NNN

Base rent is computed as follows: (5-year term lease, triple net)

3,357 approx. sf office space @ \$14.00/sf/yr. = \$3,916.50/mo. plus applicable taxes and utilities.

Approximate costs for utilities and taxes are \$5.25/sf/yr.

The above stated base rent for this period shall be subject to annual adjustments in proportion to the percentage change in the Consumer Price Index for all Urban Consumers.

6. Tenant Improvements

The Port will provide an allowance of \$33,570.00 to cover the costs of tenant improvements as outlined in the estimate provided by Joseph Simmons Construction dated 8/31/2011.

7. Security Deposit

The Port requires six (6) months security deposit in the form of a letter of credit, surety bond or cash, at the effective date of a consummated lease agreement, per Port of Seattle.

8. Assignment and Subletting

Lessee shall not assign or transfer this lease or any interest therein nor sublet the whole or any part of the Premises, nor shall this lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise without the written consent of the Port first had and obtained. Said consent shall not be unreasonably withheld.

9. Utilities and Maintenance

Lessee will pay for all utilities (including water, electrical, gas, and sewer). Lessee shall be responsible for its own janitorial and garbage collection services, as applicable, or as prorated by the Port.

Lessee assumes all liability for maintenance and repairs to the lease Premises, provided that said obligations shall not extend to any repairs to the roof (structure or covering), walls, or to the foundations of which the Premises are a part.

10. Parking

Vehicle parking at Fishermen's Terminal is designated for the use of its customers, tenants and the community, in accordance with procedures established by the Port of Seattle. There is no reserved parking. The staff of FMS will use the parking facilities at Fishermen's Terminal and the Port and FMS will agree upon a percentage of students/classes that can be shuttled back and forth to the facility.

11. Real Estate Commission

Port agrees to pay a commission not to exceed \$11,749.50, based on a five year term lease with a rental of \$14.00/sf/yr. (5%)

12. Effect of Letter


This letter is not binding on either party. It is merely a statement of interest and understanding of the Port and proposed Lessee. The contemplated transaction will be binding upon the Port and FMS only when both parties have executed a definitive lease agreement. This proposal expires on September 19, 2011.

Once I have received a signed proposal, I will prepare a lease for your signature. Please call me at (206) 787-3713 if you have any questions.

Sincerely,



Rebecca Schwan
Real Estate Manager
Fishermen's Terminal

AGREED: 
Fremont Maritime Services, Inc.

By JONATHAN E. KJAERULFF
Title PRESIDENT
Date 9-20-2011

cc: Melinda Miller – Director, Portfolio Management