

LEASE AGREEMENT

Between

PORT OF SEATTLE

And

WOUNDED WARRIOR PROJECT, INC.

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made as of this ____ day of _____ 2012 by and between the PORT OF SEATTLE, a Washington municipal corporation ("the Port"), and WOUNDED WARRIOR PROJECT, INC., a Florida non-profit corporation ("Lessee").

For and in consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties agree as follows:

SECTION 1: LEASED PREMISES

1.1 Premises. The Port hereby leases to Lessee, and Lessee hereby leases from the Port, the following described premises ("the Premises") located at the Port property commonly known as Pier 66, a legal description of which is attached hereto as Exhibit A:

Approximately four thousand nine hundred three (4,903) rentable square feet of administrative office space, commonly referred to as Suite 220 within Pier 66, all as shown on the attached Exhibit B. The Premises consists of two separate portions, the "original space" (consisting of 3,875 rsf that Lessee currently leases under separate lease agreement) and the "expansion space" (consisting of 1,028 rsf), both as specifically reflected on the attached Exhibit B.

Subject to the rights reserved to the Port in this Lease, the Premises extend to the centerline of party/demising walls and to the exterior faces of any exterior walls and from the structural flooring to ceiling, specifically including any plenum above a drop/suspended ceiling. The Port and Lessee agree that the Premises are, and shall be deemed for all purposes to be, 4,903 rentable square feet as set forth above.

Lessee's lease of the Premises will include the nonexclusive right to use the common areas and facilities (as defined in Section 10.1 of this Lease) for their intended and normal purposes in connection with its use and occupancy of the Premises.

1.2 Port Management Agreement. This Lease is subject and subordinate to the provisions of the Port Management Agreement between the Port and the Washington Department of Natural Resources, attached as Exhibit C and incorporated by this reference.

1.3 Acceptance of the Premises. Lessee has examined the Premises, accepts them in their present condition, 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.

1.4 Quiet Enjoyment. So long as Lessee is not in default under this Lease and subject to the specific provisions, covenants and agreements contained in this Lease, the Port covenants and agrees that the quiet and peaceful possession and enjoyment of the Premises by Lessee shall not be disturbed or interfered with by the Port or by any other party claiming by or through the Port.

SECTION 2: TERM

2.1 Lease Term. As to that portion of the Premises consisting of the expansion space, this Lease shall commence on July 1, 2012. As to that portion of the Premises consisting of the original space, the Lease shall commence on September 1, 2012 (immediately following the expiration of Lessee's separate lease agreement for the original space (the "Current Lease")). As to both portions of the Premises, the Lease shall expire on August 31, 2017.

2.2 Possession Date. The Port shall use its best efforts to deliver possession of the expansion space to Lessee on July 1, 2012. If the Port shall be unable for any reason to deliver possession of the expansion space, or any portion thereof on such date, the Port 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 the Rent Commencement Date (as defined below) for the expansion space shall be delayed by the number of days between July 1, 2012 and the date the Port delivers possession of the expansion space (the "Possession Date"). If Lessee shall, in the interim, take possession of any portion of the expansion space, Lessee shall pay as Rent the full rent specified herein for the expansion space reduced pro rata for the portion of the expansion space not available for possession by Lessee. If the Port shall be unable to deliver possession of the expansion space at the commencement of the term of this Lease for the expansion space, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Port shall deliver possession of the expansion space prior to the effective date of termination specified in such notice.

SECTION 3: RENT

3.1 Base Rent. Commencing on September 1, 2012 (subject to adjustment for the expansion space pursuant to Section 2.2 above, the "Rent Commencement Date"), Lessee agrees to pay as rent ("Base Rent") for the Premises computed as follows:

Effective September 1, 2012 through August 31, 2013:

4,903 rsf of Premises Space @ \$20.75/rsf/yr = \$101,737.25/yr ÷ 12 = \$8,478.10/mo.*

*plus applicable taxes.

The Base Rent shall be paid to the Port in advance on the first day of each and every month during the term, at such place as the Port may designate, without any prior demand, and without any abatement, deduction or setoff whatsoever. If the term commences on any day other than the first day of a calendar month, Base Rent for any fractional month shall be prorated based upon the actual number of days in such fractional month.

3.2 Adjustments to Base Rent.

3.2.1 Abatement of Base Rent. As inducement to enter into this Lease and so long as Lessee is not in default under the terms of the Lease beyond any applicable cure period, Lessee's obligation to pay rent on the expansion space (consisting of 1,028 rsf) shall be abated for the period of September 1, 2012 through October 31, 2012 (or, if the Rent Commencement Date for the expansion space is delayed pursuant to Section 2.2 above, for a period of sixty-one (61) days commencing on the actual Rent Commencement Date for the expansion space). In the event that Lessee fails to cure any Lease default within the applicable cure period, this amount shall (in addition to, and not in lieu of, any other remedies available to the Port) immediately become due and payable.

3.2.2 Annual Increase. The Base Rent as stated in Section 3.1 shall be adjusted on September 1, 2013 and every twelfth (12th) month thereafter through the term of this Lease by an increase of seventy five cents (\$.75) per rsf per year.

3.3 Late Charges.

3.3.1 Lessee hereby acknowledges that late payment by Lessee to the Port of Rent, or any portion thereof, or any other sums due hereunder will cause the Port to incur costs not otherwise contemplated by this Lease. Accordingly, if any installment of Rent, or any portion thereof, or any other sum due from Lessee shall not be received by the Port within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay the Port a late charge equal to 5% of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs the Port will incur by reason of late payment by Lessee. Acceptance of such late charge by the Port shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the Port from exercising any of the other rights and remedies granted hereunder.

3.3.2 In addition to the late charges provided for in this Section, interest shall accrue on any unpaid Rent and/or other remuneration, or any other sums due hereunder, at the rate of 18% per annum or the maximum rate provided by law, whichever is less, ("the Default Rate") from the date due until paid.

3.4 Use of Term Rent. The Port and Lessee agree that the term "Rent" shall mean and refer collectively to sums denominated as either Base Rent, Percentage Rent (if any), Additional Rent (if any) or any such other sums or charges otherwise payable by Lessee under the terms of this Lease. Failure by Lessee to pay any sum denominated as Rent shall entitle the Port to pursue any or all remedies specified in this Lease as well as remedies specified in RCW Chapter 59.12 or otherwise allowed by law.

SECTION 4: SECURITY

4.1 Security. Lessee shall, upon execution of this Lease, obtain and deliver to the Port a good and sufficient corporate surety company bond, irrevocable stand-by letter of credit, cash deposit or other security equal to the average of two month's Base Rent over the term of the lease in an amount equal to EIGHTEEN THOUSAND ONE HUNDRED EIGHTY-ONE AND 96/100 DOLLARS (\$18,181.96) (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. The Port currently has twelve thousand nine hundred sixteen dollars (\$12,916.00) in a cash deposit provided by Lessee in connection with the Current Lease for that portion of the Premises consisting of the original space. Except to the extent required to remedy any failure to comply with the terms of that the Current Lease, the Port and Lessee agree that this amount will be transferred and applied to the Security for this Lease.

4.2 Return of Security. The 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 thirty (30) days following the termination (or expiration) date without interest; otherwise the Port shall, in addition to any and all other rights and remedies available under this Lease or at law or equity, retain title thereto.

4.3 Application of Security. The Port may apply all or part of the Security to unpaid Rent or any other unpaid sum due hereunder, or to cure other defaults of Lessee. If the Port uses any part of the Security, Lessee shall restore the Security to its then-currently required amount within fifteen (15) days after the receipt of the Port's written request to do so. The retention or application of such Security by the Port pursuant to this Section does not constitute a limitation on or waiver of the Port's right to seek further remedy under law or equity.

SECTION 5: USE OF PREMISES

5.1 Use of Premises. Lessee shall use the Premises for Administrative Office Space and shall not use them for any other purpose without the written consent of the Port.

5.2 General Standards Regarding Use.

5.2.1 Lessee shall occupy and use the entire Premises for the purpose set forth in Section 5.1 in a first-class manner continuously during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or redecorating or for reasons beyond Lessee's reasonable control.

5.2.2 Lessee shall not use or occupy or permit the Premises or any part thereof to be used or occupied, in whole or in part, in a manner which would in any way: (i) violate any present or future Legal Requirements, (ii) violate any of the covenants, agreements, provisions and conditions of this Lease, (iii) violate the certificate of occupancy then in force with respect thereto, (iv) as will constitute a public or private nuisance, (v) impair, in the Port's reasonable judgment, with the character, reputation or appearance of the Port, or (vi) occasion discomfort, inconvenience or annoyance to either the Port or its adjoining tenants. For purposes of this Lease, the term "Legal Requirements" shall mean and refer to all laws, statutes and ordinances including building codes and zoning regulations and ordinances and the orders, rules, regulations and requirements of all federal, state, county, city or other local jurisdiction departments, agencies, bureaus, offices and other subdivisions thereof, or any official thereof, or of any other governmental, public or quasi-public authority, which may be applicable to or have jurisdiction over the Premises, or the sidewalks or streets adjacent thereto and all requirements, obligations and conditions of all instruments of record on the date of this Lease.

5.2.3 Lessee shall not conduct or permit to be conducted without the prior written consent of the Port, any auction, fire, bankruptcy, "going out of business" or other distress sales of any nature upon or from the Premises, whether voluntary, involuntary, pursuant to any assignment for the payment of creditors, or pursuant to any bankruptcy or other insolvency proceeding, unless ordered by a court of competent jurisdiction.

5.3 Continuing Compliance. Throughout the term of this Lease, Lessee shall, at its own cost and expense, promptly and diligently observe and comply with: (i) all Legal Requirements (including, without limitation, those relating to environmental matters) and the requirements of any fire insurance rating organization and all insurance companies writing policies covering the Premises or any part or parts thereof; (ii) all applicable rules and regulations of the Port pertaining to the building or other realty of which the Premises are a part now in existence or hereafter promulgated for the general safety and convenience of the Port, its various tenants, invitees, licensees and the general public; and (iii) all permits, licenses, franchises and other authorizations required for Lessee's use of the Premises or any part thereof. Lessee shall comply with each of these whether or not they are now in force or at any time in the future may be passed, enacted, or directed.

5.4 Terminal Security.

5.4.1 Without limiting the generality of either Section 5.2 or 5.3, Lessee shall comply at all times with all local, state and federal laws, rules and regulations relating to homeland security ("Security Laws") applicable to the Premises or any larger facility of which the Premises are a part. If the Premises, either directly or as a result of its location within a larger Port facility, are subject to a government-required security plan ("Security Plan"), Lessee will fully and promptly comply with the Security Plan. Lessee shall be solely responsible for all of its costs of complying with any applicable Security Laws or Security Plan as well as any fines or penalties incurred (whether by Lessee or the Port) as result of its failure to comply with such Security Laws or Security Plan.

5.4.2 Lessee shall not – without the Port’s separate, express written agreement – undertake any activities or handle any cargo that would either: (i) subject the Premises, or any larger facility of which the Premises are a part, to any Security Laws to which it is not already then-subject, or (ii) require the adoption of, or any material modification to, a Security Plan applicable to the Premises, or any larger facility of which the Premises are a part (together, “Additional Security Requirement”). In addition to its own costs of complying with any Additional Security Requirement, Lessee shall further be responsible to the Port for any costs it incurs in complying with any Additional Security Requirement or any fines or penalties incurred as a result of its failure to implement, or comply with, such Additional Security Requirement.

5.5 No Liens. Lessee will not directly or indirectly create or permit to be created and/or to remain, a Lien upon the Premises, including any Alterations (as defined below in Section 7.1), fixtures, improvements or appurtenances thereto, except those Liens expressly permitted by in writing by the Port. In the event any such Lien(s) have been created by or permitted by Lessee in violation of this provision, Lessee shall immediately discharge as of record, by bond or as otherwise allowed by law, any such Lien(s). Lessee shall also defend (with counsel approved by the Port), fully indemnify, and hold entirely free and harmless the Port from any action, suit or proceeding brought on or for the enforcement of such lien(s). As used in this Section, “Lien” shall mean and refer to any mortgage, lien, security interest, encumbrance, charge on, pledge of, conditional sale or other encumbrance on the Premises, any Alteration, fixture, improvement or appurtenance thereto, or any larger building and/or property of which the Premises may be a part.

5.6 Signs. No sign, symbols or other advertising matter shall be attached to or painted on or within the Premises, including windows and doors thereof, without the prior written approval of the Port, not to be unreasonably withheld, conditioned or delayed. The Port acknowledges that it has approved Lessee’s placing of a vinyl graphic on the front door glass at the entry of the Premises, which Lessee shall remove upon the expiration or earlier termination of this Lease. At the expiration or sooner termination of this Lease, all signs, symbols, advertising matter or canopies placed on or in the Premises by Lessee shall be removed by Lessee at its expense, and Lessee shall repair any damage or injury to the Premises and correct any unsightly condition caused by the maintenance or removal of said signs or other advertising matter.

SECTION 6: UTILITIES

6.1 Utilities. Lessee shall be liable for and shall pay throughout the term of this Lease, all charges for all utility services furnished to the Premises, including, but not limited to, light, heat, electricity, ADT or equivalent, gas, water, sewerage, recycling, garbage disposal and janitorial services. The Port shall furnish all utilities except recycling, garbage disposal, and janitorial services. In the event that the Premises are part of a building or part of any larger premises to which any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to the Port Lessee’s pro rata share of the cost of any such utility services, specifically including a reasonable cost associated with management of such utility services.

Lessee's pro rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required.

6.2 Utility Interruptions. With respect to any utility service provided to the Premises as a part of a building or any larger premises of which the Premises are a part, the Port shall have the right to shut down electrical or other utility services to the Premises when necessitated by safety, repairs, alterations, connections, upgrades, relocations, reconnections, or for any other reason, with respect to any such utility system (singularly or collectively, "Utility Work"), regardless of whether the need for such Utility Work arises in respect of the Premises, any other part of the building or larger premises. Whenever possible, the Port shall give Lessee no less than two (2) days prior notice for such utility shutdown. The Port shall not be liable to Lessee for any losses, including loss of income or business interruption, resulting from any interruptions or failure in the supply of any utility to the Premises, except when such losses result from the Port's gross negligence.

6.3 Energy Conservation. The Port shall have the right to institute such reasonable policies, programs and measures as may be necessary or desirable, in the Port's discretion, for the conservation and/or preservation of energy or energy related services, or as may be required to comply with any applicable codes, rules and regulations, whether mandatory or voluntary.

SECTION 7: ALTERATIONS; OWNERSHIP OF CERTAIN INSTALLATIONS

7.1 Initial Tenant Improvements. As of the Possession Date, Lessee may enter the Premises to make certain tenant improvements (the "Tenant Improvements") as provided on Exhibit D.

7.2 Limitation on Alterations. Lessee shall make no other changes, alterations, additions, substitutions or improvements (collectively referred to as "Alterations") to the Premises, unless Lessee shall first deliver to the Port plans and specifications for, and obtain the Port's prior written approval of, such Alterations. All such Alterations shall be done at Lessee's sole cost and expense and at such times and subject to such conditions as the Port may from time to time designate.

7.3 Requirements for All Alterations. In addition to, and not in lieu of, conditions imposed by the Port pursuant to Section 7.1 or 7.2, any alterations or improvements permitted by the Port shall be performed: (i) in a good and workmanlike manner; (ii) in compliance with all Legal Requirements; and (iii) in a manner which will not unreasonably interfere with or disturb other tenants of the Port. In addition, prior to commencement of any Alterations, Lessee shall furnish to the Port proof of insurance for any and all contractors working on behalf of Lessee in the minimum form and limits as set forth in Sections 11.2.1.1 and 11.2.1.2. Any Alterations shall immediately become the property of the Port without any obligation on its part to pay therefor, and shall not be removed by Lessee unless directed to do so in connection with any consent issued under Section 7.1 or pursuant to SECTION 18.

7.4 Trade Fixtures. Lessee shall retain ownership of all trade fixtures and business equipment and furnishings from time to time installed by Lessee at its expense. Lessee may remove any of such fixtures, equipment or furnishings at any time during the term and shall remove all thereof prior to the expiration of the term. Any such property not removed at the expiration of the term shall, at the election of the Port, become the property of the Port without payment to Lessee, or be deemed abandoned and removed by the Port, at Lessee's expense. Upon any removal of such property, Lessee shall promptly repair any and all damage to the Premises caused thereby and reimburse the Port for its costs and expenses in removing any such property not removed by Lessee and repairing any such damage not repaired by Lessee; this covenant shall survive the termination of this Lease.

SECTION 8: MAINTENANCE AND REPAIR

8.1 Maintenance and Repair by Lessee.

8.1.1 Lessee shall, at its sole cost and expense, keep the Premises – both outside and inside, together with the Tenant Improvements and all Alterations, equipment and installations – in good order, condition and repair at all times. Lessee shall make all repairs and replacements (ordinary as well as extraordinary, foreseen and unforeseen) which may be necessary or required so that at all times the Premises are in good order, condition and repair. Without limiting the generality of the foregoing, Lessee shall keep the glass of all windows and doors on the Premises clean and presentable, shall replace all cracked or broken glass in the Premises, shall keep the mechanical and electrical system components within and exclusively serving the Premises and all drains within the Premises clean and in a good state of repair, shall protect the sprinkler system and all pipes and drains so that they will not freeze or become clogged and shall not permit or suffer any waste, damages, or disfigurement to or upon the Premises or any part thereof.

8.1.2 Lessee shall also keep the Premises and entryways neat, clean and in sanitary condition, free from infestation of pests and conditions which might result in harborage for, or infestation of pests. As used in this Section, the word "pests," as used herein, shall include without limitation, rodents, insects, and birds in numbers to the extent that a nuisance is created.

8.2 Maintenance and Repair by Port. Notwithstanding anything to the contrary in Section 8.1, the Port shall repair and maintain the roof (both structure and covering/membrane), exterior walls, foundation and building structure of the Premises in good order, condition and repair. The Port shall perform this work at its sole cost and expense, except to the extent that any such repairs may be required as a result of damage caused by negligence of Lessee or its agents, employees, invitees or licensees, in which event the work shall be at the cost or expense of Lessee. The Port shall perform such repair or maintenance work called to its attention by Lessee within a reasonable period of time after receipt of such notice by Lessee. There shall be no abatement or reduction of Rent, and the Port shall not be responsible for any loss or damages to Lessee's business, arising by reason of the Port making any repairs, alterations or improvements.

SECTION 9: TAXES

9.1 Payment of Taxes. Lessee shall be liable for, and shall pay throughout the term of this Lease, all license fees and all taxes payable for, or on account of, the activities conducted on the Premises and all taxes on the property of Lessee on the Premises and any taxes on the Premises and/or on the leasehold interest created by this Lease and/or any taxes levied in lieu of a tax on said leasehold interest and/or any taxes levied on, or measured by, the rentals payable hereunder, whether imposed on Lessee or on the Port. With respect to any such taxes payable by the Port which are on or measured by the Rent payments hereunder, Lessee shall pay to the Port with each Rent payment an amount equal to the tax on, or measured by, that particular payment. All other tax amounts for which the Port is or will be entitled to reimbursement from Lessee shall be payable by Lessee to the Port 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.

9.2 Personal Property Taxes. Lessee shall pay or cause to be paid, prior to delinquency, any and all taxes and assessments levied upon all trade fixtures, inventories and other real or personal property placed or installed in and upon the Premises by Lessee. If any such taxes on Lessee's personal property or trade fixtures are levied against the Port or the Port's property, and if the Port pays the taxes based upon such increased assessment, Lessee shall, upon demand, repay to the Port the taxes so levied.

SECTION 10: COMMON AREAS

10.1 Control of Common Areas by Port. The Port shall at all time have the exclusive control and management of all parking areas, access roads, driveways, sidewalks, entrances, exits, loading docks, signs, drainage facilities, landscaped areas, washrooms, stairways, hallways and other areas, improvements, facilities and/or special services provided by the Port for the general use, in common, of tenants of any larger property of which the Premises are a part ("common areas and facilities"). Without limiting the Port's right of control and management, the Port specifically reserves the right to: (i) establish, modify from time to time, and enforce reasonable rules and regulations governing the use of the common areas and facilities; (ii) police the common areas and facilities; (iii) change the area, level, location and arrangement of parking and other areas or facilities within common areas and facilities; (iv) provided Lessee is not deprived of reasonable access to its Premises, close all or any portion of the common areas and facilities; and (v) do and perform such other acts in and to the common areas and facilities as, in the use of good business judgment, the Port shall determine to be advisable with a view to the improvement of the convenience and use thereof by the Port and tenants of any larger property of which the Premises are a part.

10.2 Outside Areas and Roof. The use of the outside area of the walls (other than the front of the Premises) and the roof of the building in which the Premises are located is reserved to the Port, which shall have the right to utilize the same for any purpose, including the maintenance of signs.

10.3 License. All common areas and facilities which Lessee is permitted to use and occupy are used and occupied under a revocable license. If the amount of such areas or facilities is revised or diminished, such revision or diminution shall not be deemed a constructive or actual eviction, and the Port shall not be subject to any liability, nor shall Lessee be entitled to any compensation or reduction or abatement of Rent.

SECTION 11: INSURANCE AND INDEMNITY

11.1 Indemnity.

11.1.1 The Port, its officers, employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Lessee or by others, including but not limited to all persons directly or indirectly employed by Lessee, or any agents, contractors, subcontractors, licensees or invitees of Lessee, 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 Lessee's use or occupancy of the Premises and of areas adjacent thereto.

11.1.2 Lessee shall defend (with counsel approved by the Port), fully indemnify, and hold entirely free and harmless the Port and its Commissioners, officers, agents and employees from any and all loss, damages, expenses, attorneys' fees, consultants' fees, court costs and other costs for or from: (a) anything and everything whatsoever arising from the condition the Premises or out of the occupancy by the Lessee or subtenant, licensee, invitee or concessionaire of Lessee; and (b) any accident, injury, death or damage to any party however caused in or about the Premises or upon the sidewalks adjacent to the Premises, whether or not caused by the negligence of Lessee or any third party; and (c) any fault or negligence by Lessee or any sublessee, licensee, invitee or concessionaire of the Lessee or of any officer, agent, employee, guest or invitee of any such person; and (d) any failure on Lessee's part to comply with any of the covenants, terms and conditions contained in this Lease; *provided, however*, nothing herein shall require Lessee to indemnify the Port from any accident, injury, death or damage arising out of the sole negligence of the Port or its Commissioners, officers, agents and employees. Lessee agrees that the foregoing indemnity specifically covers actions brought by its own employees, and thus Lessee expressly waives its immunity under industrial insurance, Title 51, as necessary to effectuate this indemnity.

11.1.3 Notwithstanding anything to the contrary in Section 11.1.2, in the event of the concurrent negligence of Lessee, its subtenants, licensees, assignees, concessionaires, agents, employees, or contractors on the one hand and the negligence of the Port, its agents, employees or contractors on the other hand, which concurrent negligence results in injury or damage to persons or property of any nature and howsoever caused, and relates to the construction, alteration, repair, addition to, subtraction from, improvement to or maintenance of the Premises such that RCW 4.24.115 is applicable, Lessee's obligation to indemnify the Port as set forth in this Section shall be limited to the extent of Lessee's negligence and that of Lessee's officers, sublessees, assignees, agents, employees, contractors or licensees, including Lessee's

proportional share of costs, court costs, attorneys' fees, consultants' fees and expenses incurred in connection with any claim, action or proceeding brought with respect to such injury or damage.

11.1.4 LESSEE AND PORT AGREE AND ACKNOWLEDGE THAT THIS PROVISION IS THE PRODUCT OF MUTUAL NEGOTIATION. Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease.

11.2 Insurance.

11.2.1 Required Policies. Lessee shall obtain and keep in force, at its sole cost and expense the following types of insurance, in the amounts specified and in the form hereinafter provided for:

11.2.1.1 *General Liability Insurance.* Lessee shall obtain and keep in force a commercial general liability policy of insurance, written on ISO Form CG 00 01 10 01 (or equivalent), that protects Lessee and the Port, as an additional insured using ISO Form 20 26 (either 11 85 or 07 04 revision) or equivalent, against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the tenancy, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, and specifically including the action/inaction of any subtenant, licensee or concessionaire. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than one million dollars (\$1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. The policy shall contain a minimum \$250,000 sub-limit that covers damage to premises rented or leased to Lessee, including fire damage. This limit shall be identified on the Certificate of Insurance.

11.2.1.2 *Automobile Liability Insurance.* Lessee shall obtain and keep in force a commercial automobile liability policy of insurance, written on ISO Form CA 00 01 07 97 (or equivalent), that protects Lessee and the Port against claims for bodily injury and property damage based upon, involving or arising out of motor vehicle operations on or about the Premises and all areas appurtenant thereto. Lessee shall provide a Waiver of Subrogation on this policy in favor of the Port. Such insurance shall cover any "Auto" (i.e. owned, hired and non-owned) and shall be on an occurrence basis providing single limit coverage in an amount not less than one million dollars (\$1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations.

11.2.1.3 *Property Insurance.* Lessee shall obtain and keep in force "Special Extended" or "all risk" property insurance insuring loss or damage to Lessee's personal property on or about the Premises and any Alterations (specifically including "betterments" and "improvements") made by or for Lessee to the Premises. The policy shall include coverage for any additional costs resulting from debris removal and reasonable amounts of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of the Premises including any undamaged sections of the Premises required to be demolished or removed by reason of the enforcement of any Legal Requirement as the result of a covered cause

of loss. The amount of such insurance shall be equal to the full replacement cost of the Premises (or the commercially reasonable and available insurable value thereof if, by reason of the unique nature or age of the improvements involved, such latter amount is less than full replacement cost). The policy shall also contain an agreed valuation provision in lieu of any coinsurance clause. The Port of Seattle shall be included as an Additional Insured and Loss Payee on Lessee's property insurance policy with respect to the Port's interest in Alterations.

11.2.1.4 *Other Insurance.* Lessee shall further obtain and keep in force such other and further insurance as the Port may from time to time reasonably request for the protection by insurance of its interest in the Premises.

The limits of insurance specified in this Section shall be subject to periodic adjustment to reflect changes in insuring practices for similar properties in the same geographic area and changes in insurance products.

11.2.2 Insurance Policies.

11.2.2.1 *Insurance Companies.* Insurance required hereunder shall be in companies duly licensed to transact business in the State of Washington, and maintaining during the policy term a General Policyholders Rating of 'A-' or better and a financial rating of 'IX' or better, as set forth in the most current issue of "Best's Insurance Guide."

11.2.2.2 *Policies Primary; Deductibles; Per Location Endorsement.* All insurance to be carried by Lessee shall be primary to and not contributory with any similar insurance carried by the Port, whose insurance shall be considered excess insurance only. No insurance required herein shall contain a deductible or self-insured retention in excess of \$10,000 without the prior written consent of the Port. If at any time during the term, Lessee shall have in full force and effect a blanket policy of commercial general liability and umbrella liability insurance covering the Premises and other premises and/or properties of Lessee, such insurance shall satisfy the requirements hereof, provided said policy contains a specific endorsement providing a minimum amount of coverage applicable to the Premises equal to or greater than the amount required above (i.e. a "per location" endorsement).

11.2.2.3 *Termination; Renewal.* No policy of insurance required under this Lease shall be cancelable or subject to non-renewal or modification except after forty five (45) days prior written notice to the Port. Lessee shall at least forty five (45) days prior to the expiration of such policies, furnish the Port with evidence of renewals or "insurance binders" evidencing renewal thereof, or the Port may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to the Port upon demand.

11.2.2.4 *Evidence of Insurance.* Lessee shall deliver, or cause to be delivered, to the Port, certificates of insurance, additional insured endorsements, loss payee endorsements for property insurance, waivers of subrogation and any other documentation or endorsement that provides evidence of the existence and amounts of such insurance, the inclusion of the Port as an insured as required by this Lease, and the amounts of all deductibles

and/or self insured retentions. Upon request by the Port, Lessee shall deliver or cause to be delivered to the Port, certified copies of the policies of insurance that Lessee has purchased in order for the Port to verify insurance coverage, limits, and endorsements or view any exclusions to the Lessee's insurance policies.

11.2.2.5 *No Limitation of Liability.* The limits of insurance required by this Lease or as carried by Lessee shall not limit the liability of Lessee nor relieve Lessee of any obligation hereunder.

11.3 Waiver of Subrogation. Without affecting any other rights or remedies, each party (for itself and on behalf of anyone claiming through or under it by way of subrogation or otherwise) hereby waives any rights it may have against the other party, its officers, agents and employees (whether in contract or in tort) on account of any loss or damage occasioned by the waiving party arising out of or incident to the perils required to be insured against under this Lease. Accordingly, each party shall cause each insurance policy required by this Section 11.2 or otherwise maintained by such party related to the building of which the Premises is a part to further contain a waiver of subrogation clause. The effect of such release and waiver of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto.

11.4 Increase in Port's Cost of Insurance. Lessee shall not use the Premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the Premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the Premises are a part, and to the extent allocable to the term of this Lease, may be added to the amount of Rent and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.

SECTION 12: DAMAGE OR DESTRUCTION

12.1 Duty to Repair. If the Premises or any buildings or structures of which the Premises are a part are damaged by fire, the elements, earthquake, accident or other casualty (collectively, "Casualty"), the Port shall, except to the extent either party has the right to terminate this Lease under Section 12.2, use reasonable efforts to repair and restore the Premises and/or the buildings or structures of which the Premises are a part to substantially their former condition to the extent permitted by then-applicable Legal Requirements; *provided, however,* the Port's obligation to repair and restore shall not extend to any Alterations or any of Lessee's personal property, specifically including that which Lessee retains ownership of under Section

12.2 Right to Terminate. Either party may elect to terminate this Lease in the event that the Port, in its sole judgment, concludes that the damage to the Premises or any buildings or structures of which the Premises are a part cannot be repaired within ninety (90) days of the Casualty (with the repair work and the preparations therefor to be done during regular working hours on regular work days). In the event that either party elects to terminate this Lease, such party shall advise the other party of that fact within thirty (30) days of the date of the Casualty

and notify the other party of the date, not more than ninety (90) days after the Casualty, on which the Lease will terminate.

12.3 Abatement of Rent. Unless the casualty results from Lessee's negligence or breach of the terms of this Lease, the Base Rent and Additional Rent, if any, shall be abated for any portion of the Premises that is rendered untenable or inaccessible from the period from the date of the Casualty through the date of substantial completion of the repairs to the Premises (or to the date of termination of the Lease if either party shall elect to terminate the Lease). The Port shall not otherwise be liable to Lessee for any loss in the use in the whole or any part of the Premises (including loss of business) and/or any inconvenience or annoyance occasioned by the Casualty, by any damage resulting from the Casualty, or by any repair, reconstruction or restoration.

12.4 Waiver. Except as specifically set forth in this Lease, Lessee hereby waives any right that Lessee may have, under any applicable existing or future law, to terminate this Lease in the event of any damage to, or destruction of, the Premises or any buildings or structures of which the Premises are a part.

SECTION 13: ASSIGNMENT AND SUBLEASE

13.1 Prohibition. Lessee shall not, in whole or in part, assign, sublet, license or permit occupancy by any party other than Lessee of all or any part of the Premises, without the prior written consent of the Port in each instance. Lessee shall at the time the Lessee requests the consent of the Port, deliver to the Port such information in writing as the Port may reasonably require respecting the proposed assignee, subtenant or licensee including, without limitation, the name, address, nature of business, ownership, financial responsibility and standing of such proposed assignee, subtenant or licensee. Within twenty (20) business days after receipt of all required information, the Port shall, in its sole discretion, elect one of the following: (a) to consent to such proposed assignment, sublease or license or (b) to refuse such consent.

13.1.1 As a condition for the Port's consent to any assignment, encumbrance or sublease, the Port may require that the assignee, sublessee or licensee remit directly to the Port on a monthly basis, all monies due to Lessee by said assignee, sublessee or licensee (except with respect to excess rentals otherwise due Lessee pursuant to Section 13.2). In addition, a condition to the Port's consent to any assignment, sublease or license of this Lease or the Premises shall be the delivery to the Port of a true copy of the fully executed instrument of assignment, sublease or license and an agreement executed by the assignee, sublessee or licensee in form and substance satisfactory to the Port and expressly enforceable by the Port, whereby the assignee, sublessee or licensee assumes and agrees to be bound by the terms and provisions of this Lease and perform all the obligations of Lessee hereunder.

13.1.2 In the event of any assignment, Lessee and each respective assignor, waives notice of default by the tenant in possession in the payment and performance of the Rent, covenants and conditions of this Lease and consents that the Port may in each and every instance deal with the tenant in possession, grant extensions of time, waive performance of any of the

terms, covenants and conditions of this Lease and modify the same, and in general deal with the tenant then in possession without notice to or consent of any assignor, including Lessee; and any and all extensions of time, indulgences, dealings, modifications or waivers shall be deemed to be made with the consent of Lessee and of each respective assignor.

13.1.3 Lessee agrees that any sublease or license will contain a provision in substance that if there be any termination whatsoever of this Lease then the subtenant or licensee, at the request of the Port, will attorn to the Port and the sublessee or licensee, if the Port so requests, shall continue in effect with the Port, but the Port shall be bound to the subtenant or licensee in such circumstances only by privity of estate. Nothing herein shall be deemed to require the Port to accept such attornment.

13.1.4 No assignment, subletting or license by Lessee shall relieve Lessee of any obligation under this Lease, including Lessee's obligation to pay Rent or any other sum hereunder. Any purported assignment, subletting or license contrary to the provisions hereof without consent shall be void. The consent by the Port to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting.

13.1.5 Lessee shall reimburse the Port in the sum of Five Hundred Dollars (\$500.00) plus any reasonable professionals' fees and expenses incurred by the Port in connection with any request by Lessee for consent to an assignment, subletting or license.

13.2 Excess Rental. If in connection with any assignment, sublease or license, Lessee receives rent or other monetary consideration, either initially or over the term of the assignment or sublease, in excess of the Rent called for hereunder, or in case of the sublease of a portion of the Premises, in excess of such Rent fairly allocable to such portion, after appropriate adjustments to assure that all other payments called for hereunder and out-of-pocket expenditures, operating costs or concessions incurred by Lessee in connection with such assignment, sublease or license, are appropriately taken into account, Lessee shall pay to the Port, as Additional Rent hereunder, seventy-five percent (75%) of the excess of each such payment of rent or other consideration received by Lessee after its receipt.

13.3 Scope. The prohibition against assigning or subletting contained in this Section 13 shall be construed to include a prohibition against any assignment or subletting by operation of law. Furthermore, for purposes of this Section 13, any sale, transfer or other disposition in the aggregate of fifty percent (50%) or more of the equity ownership in Lessee (i.e. stock with respect to tenant corporation, partnership interests with respect to a tenant partnership, etc.) shall be deemed an assignment. If this Lease be assigned, or if the underlying beneficial interest of Lessee is transferred, or if the Premises or any part thereof be sublet or occupied by anybody other than Lessee, the Port may collect Rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved and apportion any excess Rent so collected in accordance with the terms of Section 13.2, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. No assignment or subletting shall affect the

continuing primary liability of Lessee (which, following assignment, shall be joint and several with the assignee), and Lessee shall not be released from performing any of the terms, covenants and conditions of this Lease.

SECTION 14: DEFAULT

14.1 Defaults. Time is of the essence of this Lease. The occurrence of any one or more of the following events constitutes a default of this Lease by Lessee with or without notice from the Port:

14.1.1 The vacating or abandonment of the Premises by Lessee.

14.1.2 The failure by Lessee to make any payment of Rent, or any other payment required by this Lease, when due.

14.1.3 The failure by Lessee to observe or perform any covenant, condition, or agreement to be observed or performed by Lessee in this Lease.

14.1.4 The discovery by the Port that any required report, financial statement or background statement provided to the Port by Lessee, any successor, grantee, or assign was materially false.

14.1.5 The filing by Lessee of a petition in bankruptcy, Lessee being adjudged bankrupt or insolvent by any court, a receiver of the property of Lessee being appointed in any proceeding brought by or against Lessee, Lessee making an assignment for the benefit of creditors, or any proceeding being commenced to foreclose any mortgage or other lien on Lessee's interest in the Premises or on any personal property kept or maintained on the Premises by Lessee.

14.2 Remedies.

14.2.1 Whenever any default (other than a default under Section 14.1.5 above, upon which termination of this Lease shall, at the Port's option, be effective immediately without further notice) continues unremedied in whole or in part (a) for thirty (30) days after written notice is provided by the Port to Lessee (except that if such default is of a nature that it cannot be cured within thirty (30) days, Lessee shall have such additional period as may be reasonably necessary to cure such default, so long as Lessee commences such cure promptly after written notice from the Port and continues to diligently pursue such cure to completion), or (b) for ten (10) days after written notice in the case of default for failure to pay any Rent, or other required payment when due, this Lease and all of Lessee's rights under it will automatically terminate if the written notice of default so provides. Upon termination, the Port may reenter the Premises using such force as may be necessary and remove all persons and property from the Premises. The Port will be entitled to recover from Lessee all unpaid Rent or other payments and damages incurred because of Lessee's default including, but not limited to, the costs of re-letting, including tenant improvements, necessary renovations or repairs, advertising, leasing

commissions, and attorney's fees and costs ("Termination Damages"), together with interest on all Termination Damages at the Default Rates from the date such Termination Damages are incurred by the Port until paid.

14.2.2 In addition to Termination Damages, and notwithstanding termination and reentry, Lessee's liability for all Rent or other charges which, but for termination of the Lease, would have become due over the remainder of the Lease term ("Future Charges") will not be extinguished and Lessee agrees that the Port will be entitled, upon termination for default, to collect as additional damages, a Rental Deficiency. "Rental Deficiency" means, at the Port's election, either:

14.2.2.1 An amount equal to Future Charges, less the amount of actual rent, if any, which the Port receives during the remainder of the Lease term from others to whom the Premises may be rented, in which case such Rental Deficiency will be computed and payable at the Port's option either:

14.2.2.1.1 In an accelerated lump-sum payment; or

14.2.2.1.2 In monthly installments, in advance, on the first day of each calendar month following termination of the Lease and continuing until the date on which the Lease term would have expired but for such termination, and any suit or action brought to collect any portion of Rental Deficiency attributable to any particular month or months, shall not in any manner prejudice the Port's right to collect any portion of Rental Deficiency by a similar proceeding; or

14.2.2.2 An amount equal to Future Charges less the aggregate fair rental value of the Premises over the remaining Lease term, reduced to present worth. In this case, the Rental Deficiency must be paid to the Port in one lump sum, on demand, and will bear interest at the Default Rate until paid. For purposes of this subparagraph, "present worth" is computed by applying a discount rate equal to one percentage point above the discount rate then in effect at the Federal Reserve Bank in, or closest to, Seattle, Washington.

14.2.3 If this Lease is terminated for default as provided in this Lease, the Port shall use reasonable efforts to re-let the Premises in whole or in part, alone or together with other premises, for such term or terms (which may be greater or less than the period which otherwise would have constituted the balance of the Lease term), for such use or uses and, otherwise on such terms and conditions as the Port, in its sole discretion, may determine, but the Port will not be liable for, nor will Lessee's obligations under this Lease be diminished by reason for any failure by the Port to re-let the Premises or any failures by the Port to collect any rent due upon such re-letting.

14.2.4 In addition to the rights granted by Section 7.4, if upon any reentry permitted under this Lease, there remains any personal property upon the Premises, the Port, in its sole discretion, may remove and store the personal property for the account and at the expense of Lessee. In the event the Port chooses to remove and store such property, it shall take

reasonable steps to notify Lessee of the Port's action. All risks associated with removal and storage shall be on Lessee. Lessee shall reimburse the Port for all expenses incurred in connection with removal and storage as a condition to regaining possession of the personal property. The Port has the right to sell any property which has been stored for a period of 30 days or more, unless Lessee has tendered reimbursement to the Port for all expenses incurred in removal and storage. The proceeds of sale will be applied first to the costs of sale (including reasonable attorneys fees), second to the payment of storage charges, and third to the payment of any other amounts which may then be due and owing from Lessee to the Port. The balance of sale proceeds, if any, will then be paid to Lessee.

14.3 Remedies Cumulative. All rights, options and remedies of the Port contained in this Lease shall be construed and held to be distinct, separate and cumulative, and no one of them shall be exclusive of the other, and the Port shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Lease.

SECTION 15: TERMINATION OTHER THAN FOR DEFAULT

15.1 Major Capital Improvement. In the event that the Port, at its sole discretion, shall require the use of the Premises for a major capital improvement for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Lessee not less than one hundred eighty (180) days before the termination date specified in the notice. 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. Lessee shall not be entitled to any compensation at termination for the bargain value of the leasehold or any relocation expenses.

15.2 Condemnation.

15.2.1 Total Taking. In the case of a taking by eminent domain of either all of the Premises or such portion of either the Premises or any buildings or structures of which the Premises are a part as shall, in the Lessee's reasonable judgment, be required for reasonable use of the Premises, this Lease shall terminate as of the date of such taking. 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 the termination, be promptly refunded to Lessee.

15.2.2 Partial Taking. In the case of a taking of portion of the Premises or any buildings or structures of which the Premises are a part as shall *not*, in the Lessee's reasonable judgment, be required for reasonable use of the Premises, this Lease shall continue in full force and effect, and the Base Rent shall, as of the date of such taking, be equitably reduced based on the proportion by which the Premises (but not the buildings or structures of which the Premises are a part) is reduced.

15.2.3 Damages. The Port reserves all right to the entire damage award or payment for taking by eminent domain, and Lessee waives all claim whatsoever against the Port and/or the authority exercising eminent domain for damages for termination of its leasehold or for interference with its business; provided, that if this Lease continues pursuant to Section 15.2.2, the Port shall apply a portion of its award (based on the amount of the Premises so taken in proportion to the amount of space taken in the building of which the Premises are a part, as reasonably and equitably determined by the Port) to the restoration of the Premises in as near the condition which existed prior to the taking as reasonably possible. The Port and Lessee further agree that all decisions regarding how the eminent domain proceeding should be handled shall be made in the sole discretion of the Port (specifically including any response to a motion for order adjudicating public use and necessity or and request for immediate possession), and Lessee shall take no actions or steps which interfere with the Port's ability to control the handling of the eminent domain proceeding. Notwithstanding the foregoing, nothing in this Section shall be considered to be a waiver or assignment by Lessee of any right to relocation assistance payments or relocation advisory services which may be available in connection with the eminent domain proceeding.

15.2.4 Eminent Domain. The term "eminent domain" as used in this Section 15.2 shall including taking or damaging of property by, through or under any governmental or quasi-governmental authority and the purchase or acquisition in lieu thereof.

15.3 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 the Port 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. Lessee is not entitled to any compensation at termination for the bargain value of the leasehold.

SECTION 16: ACCESS; EASEMENTS

16.1 Access to Premises. The Port shall have the right to show the Premises at all reasonable times during business hours of Lessee to any prospective purchasers, tenants or mortgagees of the same, and may at any time enter upon the Premises, or any part thereof, for the purpose of ascertaining the condition of the Premises or whether Lessee is observing and performing the obligations assumed by it under this Lease, all without hindrance or molestation from the Lessee. The Port shall also have the right to enter upon the Premises for the purpose of making any necessary repairs and performing any work that may be necessary by reason of Lessee's failure to make any such repairs or perform any such work. The above-mentioned rights of entry shall be exercisable upon request made on reasonable advance notice to Lessee (except that no notice shall be required in the event of an emergency) or an authorized employee of Lessee at the Premises, which notice may be given orally.

16.2 Easements.

16.2.1 The Parties recognize that the Port facilities are continuously being modified to improve the utilities, services and premises used and provided by the Port. The Port and its authorized utility service providers are hereby granted a continuous easement or easements that the Port believes is necessary within the Premises of Lessee, without any additional cost to the Port for the purposes expressed hereinabove. The Port, its authorized utility service provider, and their respective agents, shall have the right to enter the Premises of Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate the sewer, water, and drainage lines, the electrical service, the roadways (specifically including routes of ingress and egress) and all other services and facilities required by the Port for its own use. Provided, however, that the Port by virtue of such use, does not substantially deprive Lessee from its beneficial use or occupancy of the Premises or access thereto for an unreasonable period of time, not to exceed thirty (30) working days, without consent of Lessee. In any such case, Rent shall be abated during the period that Lessee is substantially deprived of its beneficial use or occupancy of the Premises.

16.2.2 In the event of any such entry by the Port, all costs related to such entry and all costs required to modify the Premises to allow Lessee to operate its business during the temporary period that Lessee is inconvenienced by such Port entry shall be the responsibility of the Port. The Port will not be responsible to Lessee for any reduced efficiency or loss of business occasioned by such entry.

SECTION 17: NONWAIVER; RIGHT TO PERFORM

17.1 Receipt of Monies Following Termination. No receipt of monies by the Port from Lessee after the termination or cancellation of this Lease in any lawful manner shall (i) reinstate, continue or extend the term of this Lease; (ii) affect any notice theretofore given to Lessee; (iii) operate as a waiver of the rights of the Port to enforce the payment of any Rent and fees then due or thereafter falling due; or (iv) operate as a waiver of the right of the Port to recover possession of the Premises by proper suit, action, proceeding or remedy; it being agreed that after the service of notice to terminate or cancel this Lease, or after the commencement of suit, action or summary proceedings, or any other remedy, or after a final order or judgment for the possession of the Premises, the Port may demand, receive and collect any monies due, or thereafter falling due, without in any manner affecting such notice, proceeding, suit, action or judgment; and any and all such monies collected shall be deemed to be payments on account of the use and occupation and/or Lessee's liability hereunder.

17.2 No Waiver of Breach. The failure of either party to insist in any one or more instances, upon a strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver of or relinquishment for the future of the performance of such covenant, or the right to exercise such option, but the same shall continue and remain in full force and effect. The receipt by the Port of the Rent or fees, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by either party of any provision hereof shall be deemed to have been made unless

expressed in writing and signed by such party. The consent or approval of either party to or of any act by the other party requiring consent or approval of the first party shall not be deemed to waive or render unnecessary such party's consent or approval to or of any subsequent similar acts by the other party.

17.3 No Waiver of Rent. The receipt by the Port of any installment of Rent or of any amount shall not be a waiver of any Rent or other amount then due.

17.4 Application of Payments. The Port shall have the right to apply any payments made by Lessee to the satisfaction of any debt or obligation of Lessee to the Port, in the Port's sole discretion and regardless of the instructions of Lessee as to application of any such sum, whether such instructions be endorsed upon Lessee's check or otherwise, unless otherwise agreed upon by both parties in writing. The acceptance by the Port of a check or checks drawn by others than Lessee shall in no way affect Lessee's liability hereunder nor shall it be deemed an approval of any assignment of this Lease or subletting by Lessee.

17.5 Port's Right to Perform. Upon Lessee's failure to perform any obligation or make any payment required of Lessee hereunder, the Port shall have the right (but not the obligation) to perform such obligation of Lessee on behalf of Lessee and/or to make payment on behalf of Lessee to such parties. Lessee shall reimburse the Port the reasonable cost of the Port's performing such obligation on Lessee's behalf, including reimbursement of any reasonable amounts that may be expended by the Port, plus interest at the Default Rate.

SECTION 18: SURRENDER AND HOLDING OVER

18.1 Surrender. At the expiration or sooner termination of this Lease, Lessee shall promptly: (i) surrender possession of the Premises to the Port in the same condition in which received (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed), reasonable wear and tear excepted, and (ii) deliver to the Port all keys that it may have to any and all parts of the Premises. If the Premises are not surrendered as provided in this Section, Lessee shall indemnify and hold the Port harmless against loss or liability resulting from the delay by Lessee in so surrendering the Premises, including, without limitation, any claims made by any succeeding occupant founded on such delay.

18.1.1 Removal of Wires. Unless otherwise agreed by the Port and Lessee, Lessee shall, prior to the expiration or earlier termination of this Lease, remove all wiring, cables, conduit, risers and similar installations installed by Lessee ("Wiring") in either the Premises or any larger property (including buildings or structures) of which the Premises are a part and restore the Premises and any larger property of which the Premises are a part to their condition existing prior to the installation of the Wiring, all at Lessee's sole cost and expense.

18.2 Holding Over. If Lessee, with the consent of the Port, holds over after the expiration or sooner termination of this Lease, the resulting tenancy will, 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 the Port, at the Port's sole discretion, the same

rental rate that was in effect immediately prior to the month-to-month tenancy times 150%. Lessee will continue to be bound by all of the additional provisions of this Lease insofar as they may be pertinent.

18.3 For Rent Signs. The Port shall have the right to place and maintain “For Rent” signs in conspicuous places on the Premises for ninety (90) days prior to the expiration or sooner termination of this Lease.

SECTION 19: ENVIRONMENTAL STANDARDS

19.1 Definitions. “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. “Hazardous Substances” as used herein 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.

19.2 Hazardous Substances. Lessee shall not allow the presence in or about the Premises of any Hazardous Substance in violation of any Law or Regulation. 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 provide the Port with Lessee’s USEPA Waste Generator Number, and with copies of all Material Safety Data Sheets (MSDS), Generator Annual Dangerous Waste Reports, environmentally related regulatory permits or approvals (including revisions or renewals) and 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 Substance on the Premises.

19.3 Violation of Environmental Law. If Lessee, or the Premises, is in violation of any 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. If Lessee does not act in a prudent and prompt manner, the Port reserves the right, but not the obligation, to come onto the Premises, to act in place of the Lessee (Lessee hereby appoints the Port as its agent for such purposes) and to take such action as the Port deems necessary to ensure compliance or to mitigate the violation. If the Port has a reasonable belief that Lessee is in violation of any Law or Regulation, or that Lessee’s actions or inactions present a threat of violation or a threat of damage to the Premises, the Port reserves the right to enter onto the Premises and take such corrective or mitigating action as the Port deems necessary. All reasonable costs and expenses incurred by the Port in connection with any such actions shall become immediately due and payable by Lessee upon presentation of an invoice therefor.

19.4 Inspection; Test Results. The Port shall have access to the Premises to conduct an annual environmental inspection. In addition, Lessee shall permit the Port access to the Premises at any time upon reasonable notice for the purpose of conducting environmental testing at the Port’s expense. Lessee shall not conduct or permit others to conduct environmental testing on

the Premises without first obtaining the Port's written consent. Lessee shall promptly inform the Port 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 to the Port.

19.5 Removal of Hazardous Substances. 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 the Port's reasonable satisfaction. This removal and demonstration shall be a condition precedent to the Port's payment of any Security to Lessee upon termination or expiration of this Lease.

19.6 Remedies Not Exclusive. No remedy provided herein shall be deemed exclusive. In addition to any remedy provided above, the Port shall be entitled to full reimbursement from Lessee whenever the Port 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 the Port, injuries to third persons or other properties, and loss of revenues resulting from an inability to re-lease or market the property due to its environmental condition (even if such loss of revenue occurs after the expiration or earlier termination of this Lease).

19.7 Environmental Indemnity. In addition to all other indemnities provided in this Lease, Lessee agrees to defend, indemnify and hold the Port free and harmless from any and all claims, causes of action, regulatory demands, liabilities, fines, penalties, losses, and expenses, including without limitation cleanup or other remedial costs (and including attorneys' fees, costs and all other reasonable litigation expenses when incurred and whether incurred in defense of actual litigation or in reasonable anticipation of litigation), arising from the existence or discovery of any Hazardous Substance on the Premises, or the migration of any Hazardous Substance from the Premises to other properties or into the surrounding environment, whether (1) made, commenced or incurred during the term of this Lease, or (2) made, commenced or incurred after the expiration or termination of this Lease if arising out of events occurring during the term of this Lease.

SECTION 20: MISCELLANEOUS

20.1 Notice. All notices hereunder shall be in writing and shall be delivered personally, by certified or registered mail, by facsimile or by recognized overnight courier addressed as follows:

To Lessor:

Port of Seattle
Attention: Real Estate Division
P. O. Box 1209
2711 Alaskan Way

Seattle, WA 98111
Facsimile: (206) 728-3280

For payments only, the following mailing address should be used:

Port of Seattle
P. O. Box 34249
Seattle, WA 98124-1249

To Lessee:

WOUNDED WARRIOR PROJECT, INC.
Attn: Jeffrey Macfarlan
4899 Belfort Road, Suite 300
Jacksonville, Florida 32256
Email: JMacfarlan@woundedwarriorproject.org

With a copy to:

WOUNDED WARRIOR PROJECT, INC.
Attn: General Counsel
4899 Belfort Road, Suite 300
Jacksonville, Florida 32256
Email: AAllred@woundedwarriorproject.org

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices shall be deemed delivered (i) when personally delivered; (ii) on the third day after mailing when sent by certified or registered mail and the postmark affixed by the United States Postal Service shall be conclusive evidence of the date of mailing; (iii) on the date transmitted by facsimile, if the facsimile is confirmed received; or (iv) on the first business day after deposit with a recognized overnight courier if deposited in time to permit overnight delivery by such courier as determined by its posted cutoff times for receipt of items for overnight delivery to the recipient.

Payments may be made in the manner provided for notice or may be delivered by regular mail (postage prepaid); provided, payments made by regular mail (postage prepaid) shall be deemed delivered when actually received by the Port.

20.2 Brokers. The Port and Lessee each warrant to the other that it has had no discussions, negotiations and/or other dealings with any real estate broker or agent other than Michael Finch with Century Pacific LLP the broker representing the Lessee (“Broker”) in connection with the negotiation of this Lease, and that it knows of no other real estate broker or agent who is or may be entitled to any commission or finder’s fee in connection with this Lease. The Port and Lessee each agree to indemnify and hold the other harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including

without limitation, attorneys' fees and costs) with respect to any leasing commission or equivalent compensation alleged to be owing on account of such party's discussions, negotiations and/or dealings with any real estate broker or agent other than Broker(s). This Section is not intended to benefit any third parties and shall not be deemed to give any rights to brokers or finders. No commission(s) or finders fee(s) shall be paid to Lessee, employee(s) of Lessee or any unlicensed representative of Lessee. The Port shall be solely responsible for the payment of TWENTY FOUR THOUSAND FIVE HUNDRED FIFTEEN AND NO/ 100 DOLLARS (\$24,515.00) to Broker, one half to be paid upon full execution of this Lease and the remaining half paid upon Rent commencement.

20.3 Consent. Whenever the Port's prior consent or approval is required by this Lease, the same shall not be unreasonably delayed but may, unless otherwise specifically provided by this Lease, be granted or denied in the Port's sole and absolute discretion.

20.4 Wireless Devices. Lessee shall not install any wireless devices and/or transmitters on or about the Premises without the prior written consent of the Port and subject to any and all conditions in such consent. Lessee specifically grants to the Port the power to regulate and control the use of unlicensed frequency bands (including, but not limited to, FCC Part 15 Subpart C, FCC Part 15 Subpart D (both asynchronous and Isochronous), IEEE 802.11 and BlueTooth (ISM), and FCC UNII 1 and UNII 2 (IEEE 802.11a)) on or about the Premises.

20.5 Relationship to the Port and Lessee. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent, partnership, or joint venture partners, and no provision contained in this Lease nor any acts of Lessee and the Port shall be deemed to create any relationship other than that of Lessee and the Port.

20.6 Time. Time is of the essence of each and every one of Lessee's obligations, responsibilities and covenants under this Lease.

20.7 Recording. Lessee shall not record this Lease or any memorandum thereof without the Port's prior written consent.

20.8 Subordination, Attornment. Unless otherwise designated by the Port, this Lease shall be subordinate to all existing or future mortgages and deeds of trust on the Premises or any larger property of which the Premises may be a part, and to all extensions, renewals or replacements thereof. Within ten (10) days of the Port's request, Lessee shall execute and deliver all instrument or certificates which may be necessary or appropriate to reflect such subordination. Notwithstanding the foregoing, Lessee shall not be required to subordinate to future mortgages or deeds of trust unless the mortgagee or beneficiary under the deed of trust agrees that if it becomes the owner of the property, it will recognize the Lease as long as Lessee is not in default. Within ten (10) days of the Port's request, Lessee shall also execute and deliver to third parties designated by the Port an estoppel certificate or letter in the form requested by the Port or any lender that correctly recites the facts with respect to the existence, terms and status of this Lease. Lessee agrees to attorn to any successor to the Port following any foreclosure, sale or transfer in lieu thereof.

20.9 Nondiscrimination – Services.

20.9.1 Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, sex, age, creed, color or national origin in furnishing, or by refusing to furnish to such person or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby.

20.9.2 It is agreed that Lessee's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this Lease, or may pursue such other remedies as may be provided by law.

20.10 Nondiscrimination – Employment. Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and nondiscriminatory treatment of all persons without respect to race, sex, age, color, creed or national origin and, in particular:

20.10.1 Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are member of racial or other minorities, and

20.10.2 Lessee will comply strictly with all requirements of applicable federal, state and local laws or regulations issued pursuant thereto relating to the establishment of nondiscriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, sex, age, creed, color or national origin.

20.11 Labor Unrest. Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.

20.12 Joint and Several Liability. Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder. 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 agreement.

20.13 Captions. The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

20.14 Governing Law; Venue. This Lease shall be construed under the laws of Washington. Exclusive jurisdiction and venue for any action relating hereto shall be in the state or federal courts located in King County, Washington.

20.15 Attorneys' Fees. In the event that either party shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by the other party with respect to this Lease, and in the further event that one party shall substantially prevail in such action, the losing party shall, in addition to all other payments required therein, pay all of the prevailing party's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorneys' fees in the trial court and in any appellate courts.

20.16 Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or enforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

20.17 Survival of Indemnities. 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 the Port's option, defend the Port at Lessee's expense by counsel satisfactory to the Port.

20.18 Entire Agreement; Amendments. This Lease, together with any and all exhibits attached hereto, shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

20.19 Parking. Parking is available at the Bell Street Pier Garage at prevailing monthly rates on an unassigned, self-park basis. Twelve (12) parking spaces will be available to Lessee in the Bell Street Pier Garage, however Lessee shall be responsible for arranging the terms and conditions for such parking directly with the third-party operator of the Bell Street Pier Garage. Additional unassigned parking spaces will be available to Lessee and Lessee's visitors on a space available basis pursuant to the terms and conditions established by the third-party operator of the Bell Street Garage. Lessee's use of the parking in the Bell Street Pier Garage is subject to all rules and regulations of the Port or the parking garage operator, and the ordinances, rules, regulations and permit conditions of the City of Seattle, Washington, which may be published from time to time.

20.20 Exhibits. Exhibits A, B, C and D are attached to this Lease after the signatures and by this reference incorporated herein.

SECTION 21: SIGNATURES

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

PORT OF SEATTLE

WOUNDED WARRIOR PROJECT, INC.

By: _____
Its: _____

By: _____
Its: _____

SECTION 22: ACKNOWLEDGMENTS

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ___ day of _____, 2012 before me personally appeared _____, to me known to be the _____ 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 ___ day of _____, 20____ before me personally appeared _____ of the _____, 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)
(Print Name)
Notary Public, in and for the State of Washington,
residing at _____
My Commission expires: _____

Exhibit A

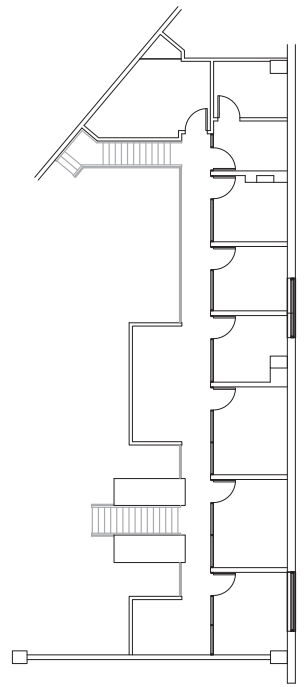
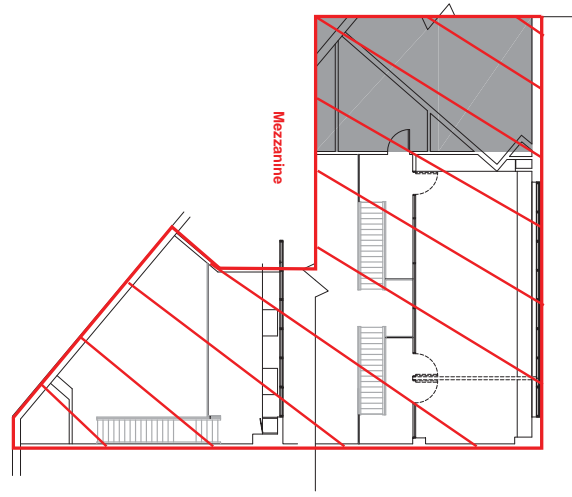
Legal Description of Real Property

PIERS 64, 65, 66 HARBOR AREA

ALL HARBOR AREA LYING IN FRONT OF BLOCKS 171 AND 172, SEATTLE TIDE LANDS TOGETHER WITH THAT PORTION OF BLANCHARD STREET VACATED BY CITY OF SEATTLE ORDINANCE NO. 31789. LOCATED IN THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 25 NORTH, RANGE 4 EAST, W.M. IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1, BLOCK 171, SEATTLE TIDE LANDS; THENCE SOUTH 52°56'53" EAST ALONG THE INNER HARBOR LINE A DISTANCE OF 60.84 FEET; THENCE CONTINUING ALONG SAID INNER HARBOR LINE SOUTH 48°49'51" EAST A DISTANCE OF 1496.47 FEET TO THE NORTH MARGIN OF VIRGINIA STREET; THENCE NORTH 90°00'00" WEST ALONG SAID NORTH MARGIN A DISTANCE OF 455.73 FEET TO THE OUTER HARBOR LINE; THENCE NORTH 48°49'51" WEST ALONG SAID OUTER HARBOR LINE A DISTANCE OF 1142.62 FEET; THENCE CONTINUING ALONG SAID OUTER HARBOR LINE NORTH 52°56'54" WEST A DISTANCE OF 447.42 FEET TO THE SOUTH MARGIN OF BATTERY STREET; THENCE NORTH 90°00'00" EAST ALONG SAID SOUTH MARGIN A DISTANCE OF 497.89 FEET TO THE POINT OF BEGINNING.

MEZZANINES ABOVE SECOND FLOOR PLAN



PARTIAL SECOND FLOOR PLAN

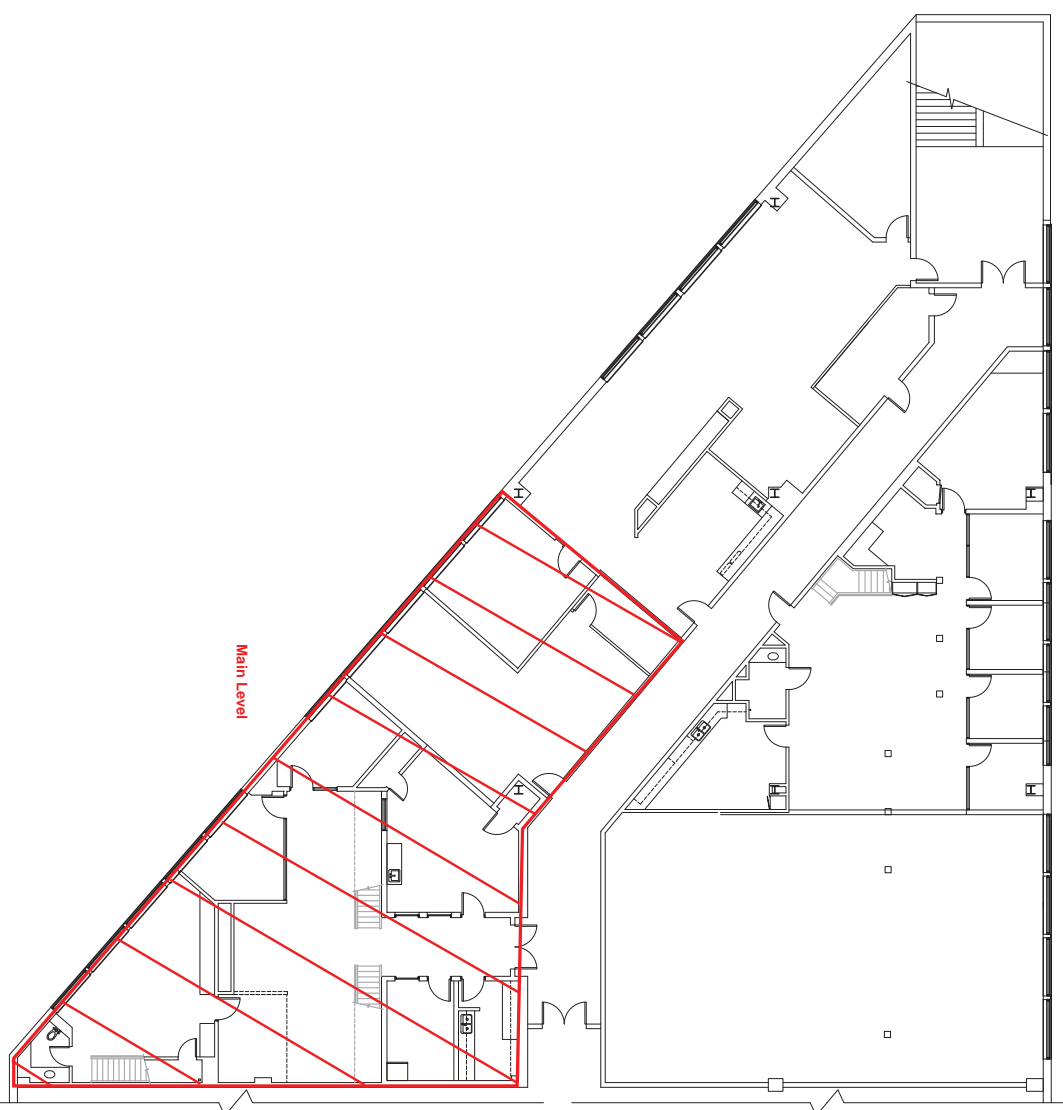


Exhibit B

AB

BURGESS DESIGN, INC.
 1326 FIFTH AVENUE, SUITE 414
 SEATTLE, WASHINGTON 98101
 206.587.7122 fax
 206.587.7120 phone

BELL STREET PIER
 2223 ALASKAN WAY
 SEATTLE, WASHINGTON

PROJECT:	
DATE:	5/2/13
FILE:	89_2-3
DRAWN:	BA
CHECKED:	KS

Exhibit C

PORT MANAGEMENT AGREEMENT 22-080031

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Port Management Agreement
No. 22-080031
PORT OF SEATTLE

This Port Management Agreement ("Agreement"), effective as of the 1st day of November, 1997 ("the Effective Date"), by and between the state of Washington ("the State"), through the Department of Natural Resources ("DNR"), and the PORT OF SEATTLE, a Washington municipal corporation ("the Port"),

WITNESSETH:

Whereas, DNR is directed by law to manage aquatic lands owned by the state of Washington; and

Whereas, RCW 79.90.475 authorizes DNR and the port district, upon request of a port district, to enter into an agreement to manage state-owned aquatic lands as set forth in said law; and

Whereas, this agreement is in the form of the Model Port Management Agreement approved by the Washington Board of Natural Resources pursuant to RCW 79.90.475 and the implementing regulations; and

Whereas, the Port has requested such an agreement; and

Whereas, DNR has determined that it is in the best interest of the state of Washington to enter into such an agreement with the Port,

Now, therefore, the parties hereto hereby agree as follows:

1. Term.

a. Term. This Agreement shall commence on the effective date, inclusive, and shall continue in full force and effect until the 31st day of October, 2027, (Expiration Date), inclusive, a period of thirty (30) years referred to as the "Term."

b. New Port Management Agreement.

(1) If either party desires to enter into a new Port Management Agreement following the Expiration Date, the parties will meet (as often as necessary) during the two years prior to the Expiration Date to determine the feasibility of entering into a new Port Management Agreement. The parties may at that time, based on the laws of the state of Washington and in the form of the Model Port Management Agreement in effect as of that date, negotiate a new management agreement.

(2) If either party decides it is not in its best interest to enter into a new agreement, the parties shall decide on the fair and reasonable allocation of the leasehold revenues for those Port leases that are in existence on the Property as of the Expiration Date. Consideration will be given to the Port's need to receive a fair return on capital invested by the Port on the Property. If the parties are unable to agree on a reasonable allocation of leasehold revenues as stated above, then either party may invoke the dispute resolution procedures under Section 24(b) below. In this event this agreement will be extended until such time as the dispute resolution regarding allocation has been concluded.

2. Delegation. DNR hereby delegates management to the Port, and the Port hereby accepts this delegation and agrees to manage the parcels of state-owned aquatic lands listed on Exhibit A, which are attached hereto and incorporated by reference, (hereinafter referred to as the "Property"), as of the Effective Date of this Agreement in accordance with the provisions hereof.

The parties intend that this Agreement encompass all authority required for the Port to effectively manage the Property as contemplated by RCW 79.90.475. The parties acknowledge that the delegation by DNR and the management by the Port contemplated by this Agreement is subject to and in accordance with State Law and regulations, including but not limited to applicable provisions of the Washington Administrative Code, the State Environmental Policy Act, the Aquatic Lands Act, the Shoreline Management Act, and the Growth Management Act. DNR retains the authority to set state-wide aquatic lands policy through administrative code provisions or adoption of policy by the Board of Natural Resources, as provided by law. The Port is responsible for implementation of that policy.

If future circumstances indicate that additional authority is required to effectively manage the Property, the Port may request such authority from DNR, which approval shall not be unreasonably withheld.

The Port is hereby granted exclusive authority to enter into leases or other use authorizations, including leases or use authorizations to itself, for the Property or portion thereof, except as otherwise provided herein. All such leases and use authorizations shall be subject to this Agreement and shall have a copy of the Agreement attached thereto and incorporated by reference. Said leases and use authorizations shall survive this Agreement. Each lease by the Port shall contain a clause which states that upon termination of this Agreement (or successors thereof), or removal of the leased property therefrom, the lessor of said lease shall become DNR. The Port shall furnish to DNR copies of new leases, lease renewals, lease modifications, and surrender of leaseholds on parcels included in this Agreement upon execution of said lease documents.

The Port may not execute a lease or use authorization with itself for the Property to the extent the term of the lease or use authorization extends beyond the term of this Agreement.

DNR's delegation to the Port does not include the authority to bind the State or DNR to any financial obligations, to any environmental remediation of the Property, or to any habitat mitigation involving the Property without DNR's written consent.

3. Property.

Exhibit A contains a common description, legal description, planned use (if known, or if not, so stated), and map identifying each parcel of the Property. The Port may request management of any additional parcel of state-owned aquatic lands which meets the criteria established by law. Additional parcels approved by DNR for Port management shall be added to this Agreement by amending Exhibit A. DNR's approval for such requests shall be timely made and shall not be unreasonably withheld; however, DNR may consider whether the Port is meeting its current management obligations; whether DNR has invested in, planned for, or is legally committed to, a specific use which is inconsistent with the Port's proposed use for the requested parcel; whether Port acquisition would operate to release prior lessees or users to the detriment of the State; or whether litigation is pending or threatened concerning the parcel.

DNR shall respond to the Port in writing within forty-five (45) days of request either (i) approving or denying the request or (ii) identifying that additional information is needed for a decision. Once that additional information has been provided DNR shall respond to the Port in writing within forty-five (45) days, either approving or denying the request. If the DNR denies a request, DNR shall submit in writing its reasons for denial of the request. If DNR fails to submit such written responses as provided herein, the Port shall have the right to appeal to the Supervisor of the Department of Natural Resources for a decision. If DNR fails to submit a written response within ten (10) days (excluding weekends and state holidays) of receipt of appeal, then request shall be deemed approved and Exhibit A shall be amended.

Any parcel which no longer meets the criteria established by law shall cease to be covered by this Agreement and the management thereof shall return to DNR. Any parcel may be deleted from this Agreement at any time by mutual agreement. The Port shall promptly notify DNR of such parcel no longer meeting the criteria and such notice shall be deemed to amend Exhibit A. If all subject property is deleted this Agreement shall terminate. If any parcel is no longer included in this Agreement for any reason, upon cessation the Port shall promptly remit to DNR its pro rata share of any prepaid rent received for that parcel.

4. Access. It is not the intent that any parcel owned by the State which is not covered by this Agreement, or any property owned by the Port should be left without access as a result of the Port's management of the Property. Provisions for access to such parcels shall be listed on Exhibit A or its amendments.

5. Acceptance/Relinquishment of the Property Management. Except as otherwise agreed in writing the Port hereby accepts management of the Property listed on Exhibit A in its condition existing as of the Effective Date of this Agreement, or with respect to parcels added to Exhibit A in the future, the date such parcel(s) becomes listed on Exhibit A, and agrees, at its sole expense, to conform to federal, state, and local laws and regulations governing and regulating the use of the Property. DNR has disclosed to the Port all conditions known to DNR which would adversely affect the use of the Property and the Port acknowledges that neither DNR nor DNR's agent has made any warranty as to the suitability of the Property for conduct of the Port's business.

At the termination of this Agreement the Port shall relinquish management of the Property which shall be in its condition existing as of the date identified in the paragraph above,

or in a reasonable condition which would result from prudent management, except normal wear and tear as to improvements; provided, this section is not intended to address damages caused by contamination which shall be addressed under Section 8, Hazardous Substances, below.

6. Standard of Management. Management of the Property shall be consistent with Chapters 79.90 through 79.96 RCW, as amended, which state in pertinent part that: "[t]he manager of state-owned aquatic lands shall strive to provide a balance of public benefits for all citizens of the state." Management shall also be consistent with the implementing regulations adopted by the DNR or the Board of Natural Resources, and policies adopted by the Board of Natural Resources. Adoption of such policies shall be preceded by ninety (90) days notice to the Washington Public Ports Association, or its successor, with adequate opportunity for comment before the Board of Natural Resources. The DNR and the Washington Public Ports Association, or its successor, shall meet annually to review statutes, regulations and policies.

The administrative procedures for management of the Property shall be those of Title 53 RCW.

7. Use/Planning. The Port may use the Property for port purposes as authorized in Title 53 RCW so long as said use is consistent with the Washington State Constitution and laws of the state of Washington. In the event the parties develop and agree in writing upon a long-range plan for aquatic land use for the Property, the Port may enter into leases for nonwater-dependent uses consistent with that plan without DNR approval. In the absence of a long-range plan for aquatic use of a portion of the Property, if the Port contemplates the possible lease or use of that portion of the Property for nonwater-dependent uses, it shall give DNR notice of its intentions at the earliest practicable time. DNR shall promptly meet with the Port to review the proposal for its consistency with the aquatic land policies of Chapters 79.90 through 79.96 RCW, as amended, and the implementing regulations adopted by DNR.

8. Hazardous Substances.

a. Definitions.

(1) Hazardous Substances. For purposes of this Agreement, a Hazardous Substance is any substance that is or may be in the future:

(a) Designated as, or that contains components designated as, hazardous, dangerous, toxic, or harmful by applicable federal, state, or local law, regulation, statute or ordinance; and/or

(b) Subject to regulation by such laws.

(2) Application Date. For purposes of this Agreement, the Application Date is the date on which application was first made by the Port for entry into this Agreement, unless the parties agree in writing that control of properties subject to this Agreement is assumed by the Port at a later date.

(3) Liability. As used in this Section 8, "Liability" means any obligation or cost of any kind arising from the release or threatened release of Hazardous Substances, or from any alleged violation of or failure to comply with any law referenced in Subsection 8(b), where the release, threatened release, alleged violation, or failure to comply is related to or arises out of the use or control of the Property. Liability includes damages (including natural resource

damages), claims, governmental investigations, proceedings or requirements, attorney fees in any investigation, administrative proceeding, trial or appeal, or witness or consultant costs.

b. Compliance. During the term of this Agreement, the Port shall comply, at its own expense, with all applicable governmental laws, regulations, permits, orders or requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances related to or arising out of the Port's use or control of the Property. The Port, the lessees, and sublessees shall correct and remediate, if necessary, in accordance with applicable laws at their own expense any failure of compliance which occurs during the term of this Agreement.

c. Notice of Environmental Action.

(1) The Port shall promptly notify DNR, upon discovery of all spills, discharges or releases of any Hazardous Substances affecting the Property which are required to be reported to any federal, state, or local regulatory agency.

(2) DNR and Port shall promptly notify each other, upon discovery of any failure to comply with federal, state, or local laws or regulations with respect to the Property. Each shall promptly notify the other, upon discovery of any inspections on the Property by any regulatory entity, any fines, any regulatory orders for response or interim cleanup actions (actual or proposed), or any negotiations with any regulatory entity for a consent decree under any herein mentioned authority, or concerning any plans for any independent cleanup or mitigation and restoration of natural resources on the Property. This provision shall apply to orders issued to DNR or the Port or any third party concerning the Property.

d. Indemnity. To the extent permitted by law, the Port agrees to defend, indemnify, and hold the State, as the owner of aquatic lands, and DNR, as manager of aquatic lands, harmless from any imposition or attempted imposition of Liability upon the State or DNR related to or arising out of the use and control of the Property by the Port or anyone acting under authority of the Port from the Application Date through the end of the Term. This indemnity shall not apply to any imposition or attempted imposition of Liability that is related to or arises out of the use and control of the Property by the State or anyone acting under the authority of the State, other than the Port or anyone acting under the authority of the Port. This indemnity applies to the State solely in its capacity as the owner of aquatic lands and to DNR in its capacity as the manager of aquatic lands and does not extend to other units of state government or to the State in any capacity other than as owner of aquatic lands. Notwithstanding this provision or any other provision of this Agreement, the Port shall not be precluded from seeking relief from any other agency of state government other than DNR under the State Model Toxics Control Act, CH. 70.105D RCW ("MTCA"), the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et. seq. ("CERCLA"), other similar statutes, or common law, for contribution, cost recovery, damages or other reimbursement for remediation of Hazardous Substance releases.

e. Pre-existing Contamination. The parties intend that this Agreement not alter or affect whatever Liability or responsibility either party may have for Hazardous Substance releases, or threatened releases, that occurred prior to the Application Date ("Pre-existing Contamination") under CERCLA, MTCA, or other laws that create cleanup obligations. In order to effectuate this intent, the parties agree that this Agreement will not be construed to be an indemnification or assignment of liability for any Pre-existing Contamination. Any determination of liability or responsibility for addressing Pre-existing Contamination shall be undertaken without regard to this Agreement.

9. Port Regulations. The Port may adopt written policies and regulations to implement this Agreement and to direct the management of the Property. All such policies and regulations shall be submitted to DNR for review and comment prior to becoming effective. Any such policies or regulations must be consistent with this Agreement.

10. Rent. The following shall apply:

a. Port Use. The Port shall pay to DNR no rent for use of any portion of the Property or any state-owned improvements. In the event the Port engages in a nonwater-dependent use of any portion of the Property or any state-owned improvements, the Port shall establish the full fair market rental in dollars according to WAC 332-30-125 and shall remit, in dollars, to DNR eighty-five percent (85%) of that amount.

b. Third Party Uses. If the use of any portion of the Property involves a lease or other use authorization to a third party, rent for such portion shall be collected and distributed according to law. In the event the use is nonwater-dependent, the Port shall establish the fair market rental in dollars and shall remit, in dollars, to DNR that portion required by law.

11. Insurance and Performance Security. When the Port uses or leases any portion of the Property (including state-owned improvements) to a third party, the Port shall require the following:

a. Insurance.

(1) Liability. Bodily injury liability, including death, and property damage liability in an amount of not less than one million dollars (\$1,000,000) or such lesser amount approved by DNR, which approval shall not be unreasonably withheld. If the Port makes written request for a lower insurance amount, DNR has forty-five (45) days following rec the request to respond in writing either approving or rejecting the request. If DNR fails to respond within forty-five (45) day period, the Port shall have the right to appeal to the Su of the Department of Natural Resources for a decision. If DNR fails to submit a written request within ten (10) business days (excluding weekends and state holidays) of receipt of appeal request shall be deemed approved.

(2) Casualty. Fire and extended coverage for the insurable replacement of any state-owned improvements identified in Exhibit B. DNR shall provide the Port with replacement cost value within sixty (60) days of the Port's request.

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(3) In each of the cases above the State shall be named as an additional insured.

b. Performance Security.

(1) Rent Security. For those portions of the Property leased to third parties the Port shall require the third party to provide to the Port a bond, rent insurance, or other security in accordance with the requirements of RCW 53.08.085; provided, the Port commission shall not waive the rent security requirement or lower the amount of such requirement.

(2) Other Security. In addition, as is appropriate for the use occurring on the Property, the Port may require security for the performance of other lease terms including removal of improvements, trade fixtures, personal property, and hazardous substances.

c. Interim Use. When the Port leases any portion of the Property (including state-owned improvements) to a third party for a period of ninety (90) days or less, the third party shall not be required to provide insurance and performance security as stated in this Section 11 if the Port has its own insurance in the same amounts on the Property and the State is named as an additional insured

12. Removal of Valuable Materials. Except as permitted by RCW 79.90.150 no valuable materials as referred to in Chapters 79.90 - 79.96 RCW shall be removed from any parcel subject to this Agreement without the prior written approval of DNR. If any approved removal requires payment to DNR for the value of the valuable materials removed, such payment shall be made within ninety (90) days of the removal.

13. Fills.

a. "Fill" defined. For the purposes of this Agreement, the term "Fill" means any material which has been added to increase the elevation of State-owned aquatic lands and includes rip rap, bulkheads, drainage systems or paving. "Fill" does not include confined disposal of contaminated sediments which is addressed under Section 14.

b. Adding or Removing Fill. If the Port or any of the Port's tenants proposes adding fill or removing fill from any portion of the Property, the Port shall give DNR notice of such intention at the earliest practical time. DNR shall promptly meet with the Port to review the proposal. If the proposed fill is consistent with Chapters 79.90 through 79.96 RCW, as amended, and implementing regulations, DNR shall issue written approval, which approval shall not be unreasonably withheld.

c. Rent. Except as provided for below in Subsection 13(d), rent for state-owned aquatic lands underlying the fill will be determined by the use occurring on the fill and distribution of rent will be in accordance with Section 10 of this agreement.

d. Fills with Upland Characteristics. The Port and DNR disagree as to whether filled state-owned aquatic lands with the characteristics of uplands are a nonwater-dependent use of the underlying aquatic lands. Until and unless the legislature or a court of competent jurisdiction interprets RCW 79.90.480(6) to indicate the contrary, the Port and DNR agree that the following principles control the establishment and distribution of rent between the Port and DNR for filled state-owned aquatic lands:

(1) The aquatic lands policies of RCW 79.90 control the establishment and distribution of rent for filled state-owned lands.

(2) As provided in statute, rent for state-owned aquatic lands that have been filled to the point of having the characteristic of uplands will be the full fair market rental value of the filled land pursuant to WAC 332-30-125, or as amended, if the State owns the fill and has a right to charge for the fill.

(3) Rents for filled state-owned aquatic lands which have the characteristics of uplands will be distributed according to the use of the filled state-owned aquatic lands. Rents for water-dependent uses shall be paid to the Port. Rents for nonwater-dependent uses shall be divided between the Port and DNR. These understandings are set forth in detail in Section 10 of this Agreement.

e. Owner of Fill Identified. Fills placed on the Property prior to the Effective Date of this agreement and during the term of this Agreement shall be listed on Exhibit C. The owner of any fill which remains severed from the aquatic land shall be identified. Otherwise the fill shall be considered part of the aquatic lands, and shall be so identified.

14. Confined Disposal of Contaminated Sediments.

a. Definition. Confined Disposal of Contaminated Sediments means containment or isolation of contaminated sediments. This includes nearshore confined disposal, multi-user confined disposal, deep water confined aquatic disposal, and capping of contaminated sediments.

b. Exclusion from Agreement. Confined Disposal of Contaminated Sediments is not covered under this Agreement, and is not considered a Fill for the purposes of Section 13.

c. Agreement with DNR. A separate written agreement addressing Confined Disposal of Contaminated Sediments may be negotiated between the Port and DNR.

15. Improvements.

a. State-Owned Improvements. All state-owned improvements located on the Property are listed on Exhibit B. Improvements that become the property of the State during the term of this Agreement shall be listed on Exhibit B. These improvements shall remain the property of the State and shall be maintained at the Port's sole expense in a good condition and state of repair. Upon the cessation or termination of this Agreement as to any portion of the Property, the Port shall return said portion, together with the state-owned improvements, to DNR in a condition as good as when received, normal wear and tear excepted.

b. Non-State Owned Improvements. A management agreement or lease shall be deemed continuous from one term to the next (even after the expiration date) so long as the Port or the third party controls physical possession of the improvements and is diligently pursuing issuance of a new Agreement or lease.

(1) At any time during the continuous term of this, or any successor, Agreement(s), the Port shall determine whether improvements placed on the Property during the term of any lease are to be removed, and no compensation shall be due to the State for any such removal. DNR shall make such determination as to then existing improvements on final expiration or termination of this Agreement. The Port or the third party owner shall bear all costs of removal and of returning the parcel to the condition existing prior to placement of the improvements.

(2) Title to Improvements.

(a) Title to Port-constructed improvements shall remain with the Port so long as the parcel upon which they are located is continuously subject to a management agreement or lease with the State. Thereafter, title shall pass to the State.

(b) Title to third party-constructed improvements shall remain with the third party so long as the parcel upon which they are located is subject to a continuous lease. Thereafter, title shall pass to the State; provided, the Port may purchase the improvements from the third party for value; and further provided, the Port shall give notice to DNR if said improvements are being purchased from a bankruptcy trustee.

16. Easements.

a. Easements Granted by DNR.

(1) DNR may grant permanent easements across any portion of the Property. For purposes of this Agreement, outfalls of any type and sediment impact zones are considered permanent easements. DNR shall obtain the Port's written approval prior to making such grants, which approval shall not be unreasonably withheld. The Port has forty-five (45) days following receipt of the request to respond in writing either approving or rejecting the request. If the Port fails to respond within the forty-five (45) day period, the State shall have the right to appeal to the Port Commission for a decision. If the Port fails to submit a written response within ten (10) business days (excluding weekends and state holidays) of receipt of appeal, the request shall be deemed approved.

(2) Any request to DNR by the Port and its Lessee for a permanent easement across any portion of the Property shall be promptly considered and approval shall not be unreasonably withheld or delayed.

(3) If DNR grants any easements, DNR shall require the grantee to indemnify the Port to the same extent that the grantee indemnifies the State.

b. Easements Granted by Port. The Port may grant non-permanent easements without DNR approval so long as the term of each grant does not exceed the maximum term allowed by statute for leases of the burdened portion of the Property. Under no condition shall the term of any non-permanent easement exceed the Term of this Agreement unless approved by DNR.

17. Local Improvement Districts. Pursuant to RCW 79.44.040, the Commissioner of Public Lands (Commissioner) shall have the exclusive authority to consent or withhold consent to the inclusion of any portion of the Property in any local improvement district (LID). The Commissioner shall not withhold consent if the Port agrees to pay any assessment against the Property by such LID, regardless of when levied. The Port shall be responsible, during the term of this Agreement, for installments due on pre-existing LID assessments.

18. Taxes. Except for taxes and other governmental charges imposed by law on third parties, the Port shall be responsible for, and shall pay when due, all taxes, fees, licenses, and other governmental charges of whatever character or arising out of, or attributable to, the Property or to the Port's management, use and/or leasing thereof during the term of this Agreement.

19. Entry. Upon reasonable notice DNR shall have right of entry to the Property at reasonable times for any lawful purposes. Such entry, however, will be subject to reasonable security and safety regulations and shall not unreasonably interfere with the use of the Property.

20. Audits. DNR may periodically review the management of the Property by the Port for consistency with the Agreement, all applicable laws, chapters 79.90 through 79.96 RCW, policies adopted by the Board of Natural Resources, and administrative code provisions. DNR will promptly notify the Port if it believes the Port is not complying.

The Port shall make all records concerning the management of any portion of the Property available to DNR upon request.

21. Liens and Encumbrances. The Port shall keep the Property free from liens and other encumbrances (other than leases and other use authorizations authorized in Sections 2 Delegation, 16 Easements, and 17 Local Improvement Districts). **Nothing in this Agreement shall be construed as authorizing the Port to obligate the State, directly or indirectly, to any costs, expenses, or financial liability on account of the management, use, lease, or other actions taken by the Port with respect to the Property.**

22. Eminent Domain. If at any time during the term of the Agreement the Property or any part thereof is taken or condemned by any authority having the power of eminent domain, the Port, DNR, and any other person having a legal interest shall have the right to appear in **such** proceedings and be represented by their respective counsel, and each may claim just compensation for its respective loss or damage sustained by the taking or condemnation. **Any award, compensation, damages, or payment by reason of such taking shall be apportioned within such proceeding and each party shall take such amount, if any, as may be awarded to it.**

23. Non-Waiver. The failure of either party to insist upon the strict performance of any of the covenants or conditions of this Agreement in any one or more instances shall not be construed to be a waiver thereof. In the event that a default is for other than the payment of money, the acceptance by either party of payments required under the Agreement shall not be deemed as a waiver of such default.

24. Dispute Resolution.

a. Dispute. Means that whenever the Port and DNR cannot agree on the factual circumstances necessary to interpret this Agreement, or whenever the Port and DNR cannot agree on the application of any operative sections of this Agreement, **either party may declare that a dispute exists concerning the Agreement.**

b. Dispute Resolution.

(1) If either party declares the **existence of a dispute concerning this Agreement**, the declaring party shall so notify the other party and shall provide a written statement of the facts, its interpretation of the Agreement, and its position concerning such dispute. Within fifteen (15) days the other party shall provide to the declaring party a written statement addressing those same three elements. Within fifteen (15) days after the declaring

has received the other party's written statement, the parties shall meet and try to resolve the dispute.

(2) If the parties fail to resolve the dispute as provided in Subsection 24(1) above, then either party may request further review within fifteen (15) days by giving notice to the other party. Thereafter, the Supervisor of the Department of Natural Resources and the Port's Chief Administrative Officer (in the event the Port has no Chief Administrative Officer, then such person shall be designated by the Port Commission) shall meet within thirty (30) days of the request and try to resolve the dispute.

(3) In the event the dispute is not resolved within sixty (60) days after their first meeting as provided by Subsection 24(2) above, either party may request a meeting between the Commissioner of Public Lands and a member of the Port Commission empowered to represent the Port. Within sixty (60) days after such request, said two individuals shall meet and attempt to resolve such dispute. In the event they are unable to resolve the dispute within said sixty (60) day period, either party may petition the Superior Court for resolution of the dispute.

(4) During dispute resolution arising under Section 1(b)(2), the parties agree to extend the existing Agreement, as provided for in Section 1(b)(2).

25. Termination for Default. DNR may cancel this Agreement or remove any portion of the Property therefrom for any failure by the Port to perform its obligations under this Agreement on six (6) months written notice to the Port, unless, within that time, the Port cures such default. DNR's decision whether to cancel the Agreement or to remove any portion of the Property shall be reasonably exercised. If the default is of a character which cannot be remedied within six (6) months, the Port shall notify DNR and the parties shall agree on a reasonable period to remedy the default. In the event the parties cannot agree on a period, that shall be referred to resolution as provided in Section 24, Dispute Resolution. Failure to cure the default within such period may result in cancellation or removal of any portion of the Property upon notice. The decision by DNR to give notice of its intention to cancel this Agreement, or to remove a portion of the Property for default after expiration of the period for cure, shall constitute a dispute and shall be appropriate for resolution under Section 24, Dispute Resolution, herein.

26. Notices. All notices required by law or this Agreement shall be in writing and may be personally served or sent by first class mail. If such notice is served personally, service shall be conclusively deemed made at the time of service. If service is by first class mail, service shall be conclusively deemed made three (3) days after the deposit thereof in the United States mail, postage prepaid, addressed to the parties to whom such notice is to be given. Any notice may be given at the following address (or such other address as either party may notify the other, in writing):

DNR: DEPARTMENT OF NATURAL RESOURCES
Aquatic Resources Division
1111 Washington Street SE
PO Box 47027
Olympia, WA 98504-7027

PORT: PORT OF SEATTLE
P.O. Box 1209
Seattle, WA 98111

27. Attorney Fees. In the event either party shall be required to bring any action to enforce any of the provisions of this Agreement or shall be required to defend any action brought by the other with respect to this Agreement the prevailing party in such action shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements.

28. Assignment. No part of this Agreement may be assigned or otherwise transferred.

29. Severability. If any provision of this Agreement or its application to any person, or circumstance is held invalid, the remainder of the Agreement or the application of the provision to other persons or circumstances is not affected.

30. Amendments/Supplemental Provisions.

a. If, during the term of this Agreement, the Board of Natural Resources approves amendments to the Model Port Management Agreement pursuant to RCW 79.90.475, DNR shall give notice of that fact to the Port. Either party may request that this Agreement be amended to conform to the newly approved Model Port Management Agreement.

b. If unique conditions relating to management of the Property arise during the term of this Agreement, either party may request that a supplemental provision be added to this Agreement to accommodate those unique conditions. Such supplemental provisions shall not address issues of general port industry interest or interest to any other Washington port district, as determined by the Washington Public Ports Association (WPPA), or its successor organization. WPPA shall be given sixty (60) days to review the terms of any supplemental provision. WPPA shall give notice to DNR if WPPA determines the proposed terms are of general port district interest or of interest to any other Washington port district.

c. Acceptance of a subsequent Model Port Management Agreement or inclusion herein of a supplemental provision must be by mutual agreement of the parties.

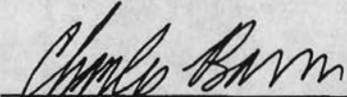
31. Survival. All obligations of the parties to be performed under the terms and conditions of this Agreement, including but not limited to, obligations occurring after the termination of this Agreement or removal of any portion of the Property from this Agreement shall not cease upon termination or removal, and shall continue as obligations until fully performed.

32. Entire Agreement. This is the entire agreement between the parties. There are no other agreements, either oral or written, that have not been incorporated into this Agreement. No amendments to this Agreement shall be binding unless the amendment is in writing and signed by the parties.

Signed this 30th day of September, 1998.

STATE:

STATE OF WASHINGTON
DEPARTMENT OF NATURAL
RESOURCES

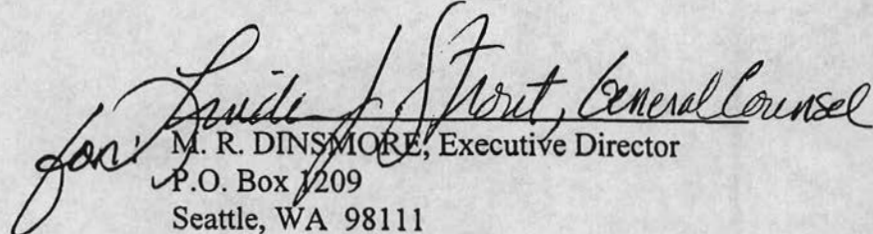


CHARLES BAUM, Supervisor

Signed this 30th day of Sept, 1998.

PORT:

PORT OF SEATTLE



M. R. DINSMORE, Executive Director
P.O. Box 1209
Seattle, WA 98111

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TABLE OF EXHIBITS
PMA 22-080031
Port of Seattle

1. Exhibit A, including:
 - Seattle Harbor Vicinity Plan
 - No. 1 Shilshole Bay Marina
 - No. 2 Fisherman's Terminal
 - No. 3 Pier 2
 - No. 4 Terminal 3
 - No. 5 Terminal 5
 - No. 6 Terminal 18 - South
 - No. 7 Terminal 18 - North
 - No. 8 Terminal 25
 - No. 9 Terminal 30
 - No. 10 Terminal 37 - Pier 48
 - No. 11 Terminal 64/65 & Pier 66
 - No. 11.1 Pier 64/65 & Pier 66
 - No. 12 Pier 69
 - No. 13 Pier 86
 - No. 14 Terminal 91
 - No. 15 Terminal 2 - East
 - No. 16 Pier 27
 - No. 17 Terminal 30 - North

Each of the individual parts of the Exhibit includes:

- (a) Legal Description and maps showing ports management boundaries
 - (b) Fill locations
 - (c) Improvement locations
 - (d) Upland ownership information
2. Exhibit A-1 Current and Planned Uses
 3. Exhibit B List of Improvements
 4. Exhibit C List of Fill
 5. List of environmental reports pertaining to specific properties

Exhibit A-1 Current and Planned Uses
PMA 22-080031
Port of Seattle

1. **Shilshole Bay Marina:** The facility is a public marina used primarily for pleasure craft, but with some fishing and commercial vessel moorage. There are no Port facilities on any portion of the harbor area in front of the marina. All water-dependent uses. Previous lease: 22-001669.
2. **Fishermen's Terminal:** This is a public marina reserved primarily for commercial fishing vessels. The harbor area subject to the Port's PMA application contains a pier which is used by fishing vessels. All water-dependent uses. Previous lease: Waterway Permit # 215.
3. **Pier 2:** The harbor area contains no facilities. The abutting upland is part of a Port of Seattle marine facility. The upland facility is currently leased to Crowley Marine Services, Inc., for use as a barge loading/unloading site. All water-dependent uses. Previous Lease: 22-002359.
4. **Terminal 3:** Area commonly known as the Lockheed properties. The harbor area contains fill-created uplands and some improvements left by the previous site owner. The Port is developing the site for a future marina container facility and expects to construct a 100' berth extension on the existing dock located on the south end of the waterway. Port shall pay \$118,662.23 in back rent owed under the leases prior to the Port's amending the PMA application to include the Lockheed leases. All water-dependent uses. Previous Leases: 22-090033, 22-090032, 22-090031.
5. **Terminal 5:** The terminal is the site of an existing marine container terminal. The abutting harbor area is used by ships mooring at the terminal. The area is part of the ongoing Southwest Harbor Project. All water-dependent uses. Previous Lease: Waterway Permit # 212.
6. **Terminal 18-South:** The terminal is the site of an existing marine container terminal. The harbor area contains some upland fill which is used as a container yard. Terminal 18-South abuts Terminal 18-North. All water-dependent uses. Previous Leases: 22-001689, 22-002012, 22-002022, 22-002023, 22-002267.

7. **Terminal 18-North:** The area is used by ships mooring at the terminal. See # 6 above. All water-dependent uses.
Previous Lease: Waterway Permit # 212.
8. **Terminal 25:** The terminal is the site of an existing marine container terminal. The abutting waterway area is used by ships mooring at the terminal. All water-dependent uses.
Previous Lease: Waterway Permit # 212.
9. **Terminal 30:** The terminal is the site of an existing marine container terminal. The abutting waterway area is used by ships mooring at the terminal. All water-dependent uses.
Previous Lease: Waterway Permit # 212.
10. **Terminal 37/42/46 & Pier 48:** These terminals are the site of existing marine container terminals. The abutting waterway area and harbor area contain portions of docks used as container yards and for moorage of ships calling at the terminals. Pier 48 is the site for passenger vessel activity, including the Victoria Line service. Approximately one-half of the westerly portion of the facility lies within the harbor area. From May through October of each year, Victoria Lines occupies the north side of the Pier. The west and south sides are used by barges and fishing vessels. *From October through April of each year beginning in 1994, the Port has been renting out the terminal building to various nonwater-dependent events. Currently, the Port is charging a flat fee of approximately \$3,000 per day.* The improvements within the harbor area include the dock and terminal building used to support the vessel activity. All water-dependent uses EXCEPT for the renting out of the terminal building from October through April of each year, which is classified as **nonwater-dependent**. The agreement with the Port is for payment of ten (10) percent over the normal water-dependent rate for special nonwater-dependent events. The rent formula is: (Upland Value) x (Land Area) x (Aquatic Value @30%) x (Rate of Return @7%) x (1.10). This rental rate shall be subject to annual adjustment and provision as provided for in RCW79.90.480 (for water-dependent rental calculation and supporting WACs). For calendar year 1997, the rent amount is \$60.59 per day (\$55.09 plus \$5.50) to the extent nonwater-dependent uses take place on this parcel.
Previous Leases: For Terminal 37/42/46: 22-002443.
For Terminal 48: 22-002075.

11. **Pier 64/65 & Pier 66:** Pier 64/65 is commonly referred to as the Bell Harbor Marina. This harbor area will be the site of a public short-stay marina which is part of the Port's Central Waterfront Project. **Pier 66** is the site of the main portion of the Port's Central Waterfront Project. The Port is currently developing the site by building a facility which will hold two fish processing plants (Elliott Bay Seafoods aka Bell Street Fish Market and the Fishin' Place), an international conference center (Bell Harbor International Conference Center), a maritime (Odyssey) museum, a restaurant (Anthony's Home Port Restaurant, the Bell Street Diner and the Fish 'n Chip Bar), retail areas (Bell Street Grocery and Deli), office sites, and public access areas. All are water-dependent or water-oriented uses EXCEPT for: Bell Harbor International, Anthony's Home Port Restaurant, Bell Street Diner and the Fish 'n Chip Bar; Bell Street Grocery and Deli; and the office sites are not water-dependent or water-oriented uses, and are classified as **nonwater-dependent**. The annual rent for these nonwater-dependent uses for 1997-1998 is \$81,231.00. The basis for calculating the rent was negotiated under Lease Agreement No. 22-002780. Future nonwater-dependent rent will be determined per exhibit A-11.1, areas designated as public use will not be charged rent. Areas designated as water-dependent will be charged rent in accordance with WAC 332-30-123 and RCW 79.90.480. Areas designated as category two nonwater-dependent will be charged rent in accordance with WAC 332-30-125 and RCW 79.90.500. Areas designated as category one nonwater-dependent use will be charged rent at a rate Ten Dollars (\$10.00) per square foot less then the category two nonwater-dependent rate. These methods shall remain in effect until:

1. **The Port of Seattle makes any change** in the uses on Pier 64,65 and 66 that affect the square footage assignment as depicted on Exhibit A-11.1. The Port shall **immediately** notify DNR when any such changes occur;
2. The Port of Seattle request additional areas of state-owned aquatic land be added to this agreement;
3. The Port and DNR agree to modify the rent calculation methods as a result of DNR conducting a study to determine the relationship of water-dependent, water-oriented, and nonwater-dependent uses on Pier 64/65 and 66.
4. Or upon Mutual Agreement.

Areas designated as **Public Access** on Exhibit A-11.1 and constructed in whole or in part with ALEA or IAC grant funds shall display all signs required by the grant document. In addition, any portion of these areas which are gated or restrict public access for any purpose shall contain signage which informs the public how access may be obtained.

Previous Leases: 22-001776 (terminated), 22-002500 (terminated), 22-002780.

12. **Pier 69:** The harbor area is used as the headquarters for the Port and for the site of two tenants (Victoria Clipper and Seafloor Survey International). The two tenants are classified water-dependent. The Port and DNR are currently in disagreement regarding whether the Port offices are considered a non-water dependent or water oriented use. This issue is now subject to litigation in King County Supreme Court, case number 97-2-22329-65EA.
Previous Lease: 22-002404.
13. **Pier 86:** The upland and harbor area portions are used as a public park, a grain terminal, and a public fishing pier. The Happy Hooker, a small concessionaire type business, is a tenant of the Port. All uses are water-dependent EXCEPT for the Happy Hooker, which is a **nonwater-dependent** use. No rent is being charged for this small public amenity.
Previous Lease: 22-002479.
14. **Terminal 91:** This terminal is used for transshipment of fruit, automobiles, and other products. Fishing and other commercial vessels also moor at the facility. The abutting harbor area contains a portion of the two piers. All water-dependent uses.
Previous Lease: None.
15. **Pier 27:** This is a newly acquired piece of property which is currently not being used by the Port. The Port expects to develop the area as part of a larger marine project involving container terminals to the north and south. The abutting waterway area currently contains a moorage ramp.
Previous Lease: None.
16. **Terminal 2 East:** Commonly referred to as the Wyckoff/PSR properties. The harbor area contains fill-created uplands and some improvements left by the previous owner of the site. The Port is currently in the midst of developing the site for a container and intermodal on-dock rail facility. The tenant for the site will be American President Lines. **The use is water-dependent.**
Previous Lease: None

17. **Terminal 30 North:** This parcel, previously occupied by GATX Corporation, will be used as a moorage facility for large vessels, while the area behind the sheetpile bulkhead will be used for maritime commercial activities. All uses are water-dependent.
Previous Leases: 22-090002 (GATX)

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Exhibit B - Improvements
PMA 22-080031
Port of Seattle

1. **Shilshole Bay Marina:**
 - (a) Breakwater - Owned by Federal Government
 - (b) Marina related improvements (docks, pilings, slips) - Owned by Port
2. **Fishermen's Terminal:**
 - (a) Marina related improvements (concrete pier/pilings) - Owned by Port
3. **Pier 2:**
 - (a) None
4. **Terminal 3:**
 - (a) Concrete dock and pilings - Owned by Port
5. **Terminal 5:**
 - (a) Docks, pilings and aprons - Owned by Port
6. **Terminal 18 - South:**
 - (a) Docks, pilings, aprons and cranes - Owned by Port
7. **Terminal 18 - North:**
 - (a) Docks, pilings, apron and cranes - Owned by Port
8. **Terminal 25:**
 - (a) Docks, pilings, apron and cranes - Owned by Port
9. **Terminal 30:**
 - (a) Docks, pilings, apron and cranes - Owned by Port
10. **Terminal 37/42/46:**
 - (a) Docks, pilings, apron and cranes - Owned by Port
11. **Terminal 48:**
 - (a) Docks, pilings, apron, cranes and a 100,000 sf wooden building - Owned by Port
12. **Pier 64/65:**
 - (a) Marina related improvements (dock, slips, pilings) - Owned by Port

13. **Pier 66:**
 - (a) Various buildings -- conference center, restaurant, museum, diner, retail store, and offices -- Owned by Port
14. **Pier 69:**
 - (a) Office building - Owned by Port
 - (b) Concrete apron - Owned by Port
 - (c) Dock - Owned by Victoria Clipper
15. **Pier 86**
 - (a) Concrete fishing pier - Owned by Port
 - (b) Small concession building - Owned by Port
 - (b) Elevated conveyor belt structure - Owned by Cargill
16. **Terminal 91:**
 - (a) Tip ends of piers 90 & 91 - Owned by Port
17. **Pier 27:**
 - (a) Wood ramp - Owned by Port
18. **Terminal 2 East:**
 - (a) None. However, Port has future plans to install rail lines (on filled aquatic lands) which it will own.
19. **Terminal 30 North:**
 - (a) Sheetpile bulkhead -Owned by Port
 - (b) Wooden dock - Owned by Port

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Exhibit C -- Fills on State-Owned Aquatic Lands
PMA 22-080031
Port of Seattle

Please refer to Exhibit A -- Maps and Legal Description for information regarding fill location with reference to the following properties:

1. Terminal 2 East
2. Terminal 3
3. Terminal 5
4. Terminal 18
5. Terminal 25
6. Terminal 27
7. Terminal 30
8. Terminals 37- Pier 48
9. Pier 66
10. Pier 86

EXHIBIT D

TENANT 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 Tenant Improvements, as reflected generally in the scope of work referenced on the Work Letter prepared by Burgess Design dated 3/10/2012 attached as D-1, the Demo Plan attached as D-2 and the Space Plan attached as D-3, including cabling, which Burgess Design work will be revised and presented to the Landlord for review and approval. The Tenant 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 Tenant Improvements shall not serve to abate the payment of Rent or otherwise extend the Rent Commencement Date under the Lease.

2. Cost of the Work. Except as provided hereinafter, Lessee shall pay all costs (the "Costs of the Work") associated with the Tenant 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 Tenant Improvements.

3. Review and Approval.

3.1. Working Drawings and Engineering Report.

3.1.1. Submission. No later than thirty (30) 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 Tenant.

3.1.2. Review. Landlord shall, within five (5) 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.

3.2. Change Orders. No changes, modifications, alterations or additions to the attached exhibits or the approved Working Drawings may be made without the prior written consent of Landlord after written request therefore by Lessee (a "Change Order"). In the event that the Premises are not constructed in accordance with said exhibits and approved Working Drawings and any approved Change Order, 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 exhibits, approved Working Drawings and approved Change Orders; in such case, the Rent shall nevertheless commence to accrue and be payable as otherwise provided in the Lease.

3.3. Final Inspection. Landlord's acceptance of the Tenant Improvements as being complete in accordance with the attached exhibits, approved Working Drawings, and approved Change Orders 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 Tenant Improvements.

3.4. Landlord's Approval.

3.4.1. Landlord shall not unreasonably withhold approval of any 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.

3.4.2. Landlord's approval of the attached exhibits and Lessee's 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 Tenant Improvements, or the design thereof, or of its compliance with Laws, codes and other legal requirements.

4. Compliance. The Tenant 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 Tenant Improvements shall also comply with the requirements of Landlord's insurer.

5. Architects, Engineers, and Contractors.

5.1. Qualified Professionals. The Working Drawings, Engineering Report and the Tenant 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 Sections 11.2.1.1 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 Tenant 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 Tenant Improvements shall conform with the Working Drawings approved by Landlord in writing, and Landlord may periodically inspect the Tenant Improvements for such compliance. The Tenant Improvements shall be coordinated under Landlord's direction with other work being done or to be performed for or by other tenants in the building so that the Tenant Improvements will not interfere with or delay the completion of any other construction work in the building.

6.2. Lessee shall perform the Tenant Improvements in a thoroughly safe, first-class and workmanlike manner in conformity with the attached exhibits, the approved Working Drawings, and any approved Change Orders, 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 Tenant Improvements, copies of which shall be provided to Landlord prior to commencement of the Tenant 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 Tenant 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 Tenant 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 Tenant 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 Tenant 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 Tenant 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 Tenant 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 Tenant 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 Tenant 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. All construction activities shall be coordinated with the Port. Lessee acknowledges that the Port's Pier 66 facility is used for cruise ship operations during the period May through October and that such uses shall have priority during this period. Accordingly, use of the parking lot in front of the Pier 66 property or access to the apron behind the Pier 66 property may be limited or prohibited during certain periods.

6.13. Landlord may impose reasonable additional requirements from time to time in order to ensure that the Tenant 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 Tenant 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 Tenant 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. 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 (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), (6) any other details or features required to reasonably delineate the Work to be performed and if applicable: (7) electrical outlet locations, circuits and anticipated usage therefore, (8) reflected ceiling plan, including lighting, switching, and any special ceiling specifications, (9) duct locations for heating, ventilating and air-conditioning equipment, (10) dimensions of all equipment and cabinets to be built in, (11) location of all Lines (as defined in the Lease), (12) 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, (13) weight and location of heavy equipment, and anticipated loads for special usage rooms, and (14) 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 Tenant 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.

10. Lessee Reimbursement. Landlord shall contribute a Tenant Improvement Allowance of up to \$23.00 per rentable square foot for an amount of ONE HUNDRED TWELVE THOUSAND SEVEN HUNDRED SIXTY-NINE AND NO/100 DOLLARS (\$112,769) (the "Tenant Improvement Allowance") towards Lessee's hard and soft costs and expenses incurred by Lessee in designing, permitting, and constructing the Tenant Improvements. Landlord shall reimburse Lessee within ten (10) business days after Lessee has submitted to Landlord: (i) an invoice for the Tenant 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 ninety (90) days of the substantial completion of the Tenant Improvements provided by the Lessee; provided, that Lessee shall be granted such additional time as may be reasonably necessary to allow Lessee to obtain third party documentation and information required to complete Lessee's reimbursement submission to Landlord. Landlord's obligation to pay the Tenant Improvement Allowance is expressly conditioned upon the Lessee's timely request for such Tenant Improvement Allowance and submission of all documentation required to make such request for the Tenant Improvement Allowance. Any unused/unclaimed portion of the Tenant Improvement Allowance shall be forfeited and not otherwise payable to Lessee.



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1326 Fifth Avenue Suite 500 . Seattle . WA 98101 TEL: 206.587.7120 FAX: 206.587.7122

Project Name **Wounded Warriors Project**
Project No: **12-PT04-00**
Date: **3-10-12**
Revision Date: **3-21-12**

TENANT IMPROVEMENT SCOPE OF WORK. The following area descriptions are given for intent only and are to be used solely as placeholders for the purpose of generating R.O.M. (Rough Order of Magnitude) budget numbers for further review and discussion. Please refer to the attached Space Plan dated 03.21.12 and contractor field verification for additional information. Shaded areas on plans are assumed N.I.C. (not in contract) unless otherwise noted.

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Entry:

- Infill existing doors and relites to a consistent finish.
- New paint throughout.
- Retrofit existing door with an automated opener and push buttons on both sides.
- Provide matching base as required.
- No change to power, lights and ceiling.

Chillax (Chill and relax) Room:

- Remove portion of wall and create soffit to match existing conditions. Wall and wall finish requirements.
- New paint throughout.
- Provide matching base as required.
- Provide power and cabling outlet box for tenant's new wall mounted TV. Provide blocking as needed.
- No change to power, lights and ceiling, uno.

Existing Conference Room:

- Provide power and cabling outlet box for tenant's new wall mounted TV. Provide blocking as needed.
- New paint throughout.

Flex Space:

- Infill existing doors and relites to a consistent finish.
- Remove all floor tile base and replace with rubber base. Repair GWB as needed.
- Remove all paper and prepare for paint finish.
- New paint throughout.
- Provide power and cabling outlet box for tenant's new wall mounted TV. Provide blocking as needed.
- No change to power, lights and ceiling, uno.

Coffee / Break Room:

- Infill existing doors and relites to a consistent finish.
- New paint throughout.
- Retrofit existing casework from location nearby.
- Provide rubber base
- Provide new VCT throughout space.
- Adjust existing light fixtures and switching as needed for new layout.

- Provide new electrical and voice data for relocation of kitchen appliances and copier.

Open Office:

- Provide new partitions as needed in space. Demising wall shall be insulated.
- Paint through out.
- Provide new carpet and rubber base.
- This area has a majority of an existing two story space. When the office is demolished contractor shall provide all necessary finish to make the newly ceilingless area look similar to the majority of the space. This would include providing GWB above the eight foot line of the space as needed and painting both new and existing gwb as needed. Assume that the bottom level of paint will match the WWP main paint color and the upper portion to match the existing paint color.
- Provide power and voice data boxes for 10 workstations. Verify furniture and future furniture requirements with tenant.
- Provide new B/S hanging pendants lights and remove any wall mount fixtures. Provide enough fixtures to cover .9 watts a foot of area.
- Rework switching as required. .

Mezzanines (there are two and only one is shown on plan):

- New paint throughout.
- No work to be performed in mezzanines except power and voice data for 5 work stations
- Un-shown mezzanine is approximately 200 square feet. Review site for painting.

Stairs:

- Repair GWB and paint throughout.
- Special Note; contractor shall coordinate installation of a handicap stair lift that will be done under a separate permit. All costs associated with this lift including the coordination will be directed to the tenant under a separate permit. See tenant for information on selected subcontractor. Work includes electrical but no additional structural.

All other Rooms:

- Repair GWB and paint throughout.

General Requirements:

A. Guidelines for Proposed Tenant Improvement:

1. Contractor to comply with the current "general conditions," and building requirements as provided by the building owner.
2. Contractor shall be responsible for providing all work and materials in accordance with the latest local Building Codes and Ordinances.
3. The Contractor shall immediately notify Architect of any discrepancies in the Space Plan and of any field conditions, which may cause deviation from the Space Plan.
4. All materials to be new unless noted otherwise.
5. Contractor to provide all fire/emergency systems as required by all applicable codes. Fire/emergency systems include, but are not limited to, sprinkler modifications, fire extinguishers, audible alarms, sprinklers, smoke and heat detectors, strobes, and exit signs.
6. Mechanical, plumbing and electrical to be design build under separate permit.
7. Remove all graphic, signage, artwork, etc. and temporarily store in protected area.

B. Demolition:

1. Refer to attached Space Plan for extent of demolition.
2. Remove all abandoned low voltage cabling in ceiling plenum.
3. Remove and fill all abandoned floor mounted devices. Remove all associated cabling and conduit on floor below, back to source.

C. Doors, Sidelights and Frames:

1. Any door to be used on this project will be relocated. Clean and repair door and hardware as needed.
2. Automatic opener shall comply with SBC 1008.1.4.2
3. Touch-up and clean existing doors, door frames and side light frames as needed.
4. Finish Hardware: Reuse and/or new hardware to match Building Standard.

D. Woodwork and Casework:

1. Retrofit existing casework as described.

E. Partition Construction:

1. Framing: minimum 2-1/2" 25 gauge steel studs at 24" o.c. with 5/8" type "X" GWB to ACT ceiling unless noted otherwise.
2. In areas infilling existing conditions, match conditions.
3. Sound insulation in demising walls only.

F. Ceilings:

1. Existing suspended grid to remain. Provide seismic bracing as required by code.
2. Provide new B/S ACT in areas currently without ceilings.
3. Provide new GWB ceilings/soffits where noted.
4. Clean HVAC grilles and other devices in ceiling.

G. Floor Finish:

1. New Carpet, Standard direct glue/over pad: spec, color TBD. Match existing conditions and quality for bidding purposes.
2. Existing Carpet, repair at demolition and clean though out.
3. Base: 4" rubber cove base.
4. VCT: Two-color Armstrong Standard Excelon ¼ turn in full tile pattern.
5. Prepare floor with light weight concrete underlay where required to provide approved substrate

H. Wall Finish:

1. Paint all walls, column and GWB ceiling/soffit surfaces.
2. Colors: Provide allowance for one (1) neutral field color and two (2) deep-color accent.
3. Prime all wall surfaces, and unless otherwise noted, paint with minimum of two (2) finish coats of Sherman Williams eggshell finish latex paint or approved equal at all GWB surfaces. See plan for accent locations.
4. Paint for the light surfaces to conform to the requirements of the "Architectural Specifications Manual" (AWS) for paint systems. Latex paint: AWS System 3-B "custom" (2-coat) grade deep tone paint finish on gypsum board surfaces.

I. Miscellaneous Requirements:

1. Provide ADA compliant sink and faucet as required.
2. Retro fit sink base for ADA if not conforming.
3. Relocate all appliances and necessary MEP infrastructure. See existing conditions.

J. HVAC:

1. Modify existing HVAC system with all materials, equipment, and labor for complete and operable HVAC system. System shall be air balanced per building specifications.
2. HVAC requirements for the following area shall be designed for, but not limited to:
 - a. Typical office or work station: One (1) PC and monitor.
 - b. Mail Room/Copy area: Typical BTU loads for full size photocopier(s), postage machines, fax machine, etc.

K. Electrical:

1. Modify existing electrical system with all materials, equipment, and labor for complete and operable electrical system.
2. Verify appliance circuits and provide new dedicated power at server room for card reader system.
3. Separate electrical circuitry as necessary for new suite configuration.
4. All voice/data cabling and equipment associated with voice/data service including work from building/floor d-mark to server room shall be furnished and installed by Tenant. Contractor shall install mud ring and pull string only, uno.

L. Lighting:

1. Provide occupancy and daylight sensors as per the latest Washington State Energy Code (WSEC) or Seattle Energy Code (SEC).
2. Switching shall be integrated into the new suite configuration.
3. Lighting shall be reused and reconfigured in a uniform pattern to match the new room requirements uno. (Up to 20% per SEC.)
4. Provide new B/S pendant lights in the two story open office area.

M. Fire-Life Safety:

1. Fire protection system per building standard and Local Regulations and Ordinances.
2. Provide all emergency lighting, exit signs, fire alarm speakers, strobes and bells as required by code. Design and install the same in compliance with the Americans with Disabilities Act.
3. Provide sprinklers, fire rated doors and frames, fire extinguishers, etc. as required by applicable local codes and laws.
4. Fire extinguishers shall be by Underwriter's Laboratory 2A-10BC 5-lb, multi-purpose extinguisher with squeeze-type handle and flexible discharge hose with visible pressure gauge.
5. Fire extinguishers shall be installed in Building Standard cabinets.

N. Tenant's Access Security System:

1. Provide wiring and dedicated circuit at server room for tenant installed security system. Coordinate with tenant's security vendor on card reader locations. This will include card readers at corridor doors

End of Work Letter-KK.

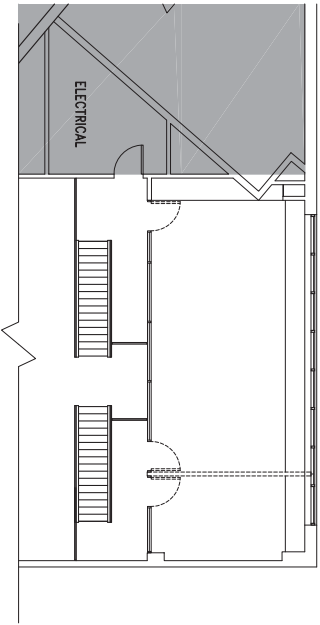


EXHIBIT D-2

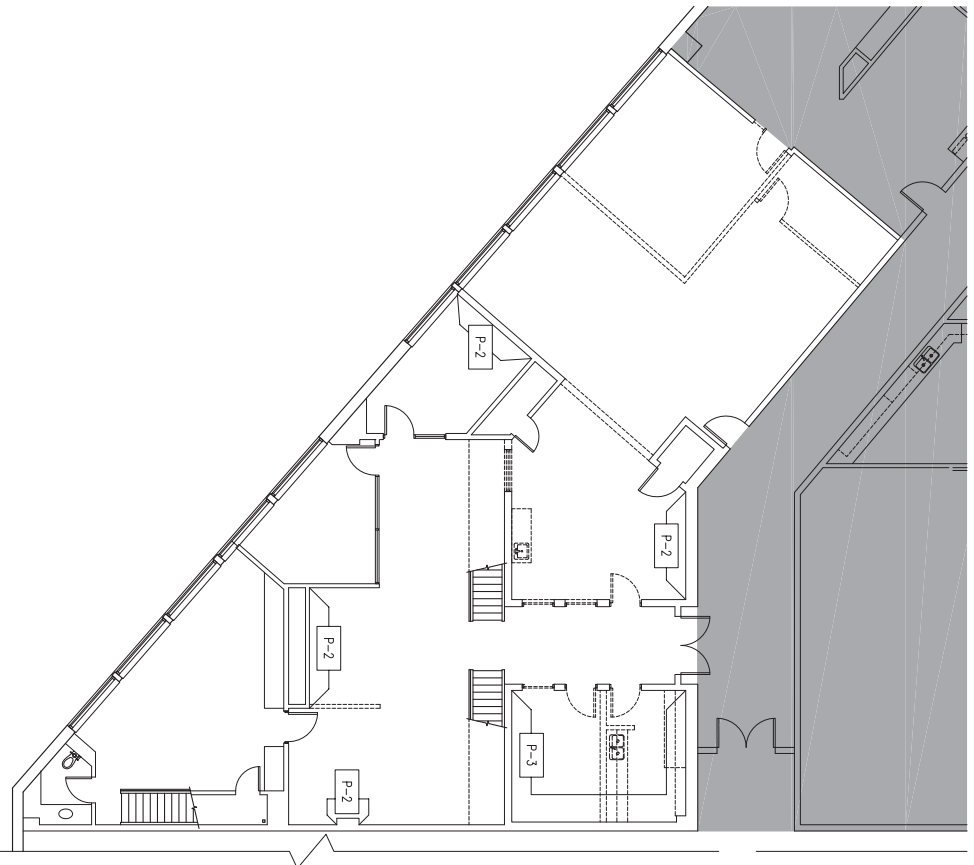


Project no: 12-PT04-00
 Location: PIER 66, SUITE 220

Legend:
 [Solid line] EXISTING CONSTRUCTION TO REMAIN
 [Dashed line] EXISTING CONSTRUCTION TO REMOVE



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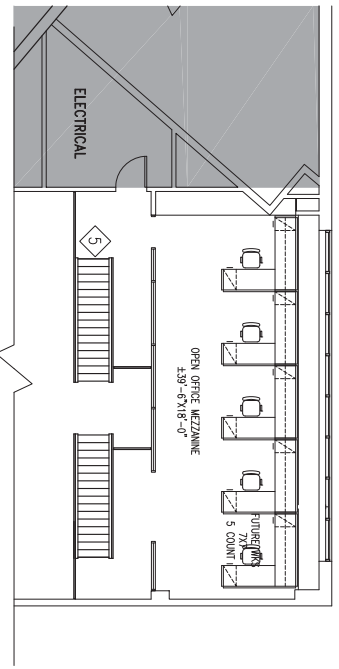


Issued to:
 Revision:
 Date: 02/07/12

Title:
Demo Plan for Wounded Warrior Project
 THIS PLAN WAS CREATED FOR SPACE PLANNING PURPOSES ONLY; NOT INTENDED FOR PRELIMINARY BUDGET UNLESS ACCOMPANIED BY A BURGESS DESIGN WORKLETTER. FURNITURE SHOWN FOR DESIGN INTENT ONLY. ALL FURNITURE DESIGNED BY TENANT'S FURNITURE VENDOR.

Drawn by: KK
 Scale: NTS
 Sketch No.: DP-1

EXHIBIT D-3



KEYED SHEET NOTES

- 1 PROVIDE NEW CARPET TO COORDINATE WITH EXISTING.
- 2 DEMO EXISTING TILE BASE AND REPLACE WITH 4" COVERED RUBBER BASE. REPAIR PARTITIONS AS NEEDED.
- 3 RETAIN EXISTING SOFFIT LINE WITH DEMOLITION OF WALL.
- 4 PROVIDE POWER/DATA/AND CABLE FOR TENANT PROVIDED TV
- 5 PROVIDE NEW ADA CHAIR LIFT ON STAIRWAY. (MORE INFORMATION PENDING)
- 6 REUSE EXISTING CASEWORK.
- 7 PROVIDE AUTOMATED PUSH BUTTON ADA OPENER ON EXISTING DOUBLE DOOR.

PAINT SCHEDULE

P-1	SHERWIN WILLIAMS	GRB EGG-SHELL FINISH COLOR: SW 6107 NOMADIC DESERT
P-2	SHERWIN WILLIAMS	GRB EGG-SHELL FINISH COLOR: SW 6203 RAINSTORM
P-3	SHERWIN WILLIAMS	GRB EGG-SHELL FINISH COLOR: SW 6718 OVERT GREEN



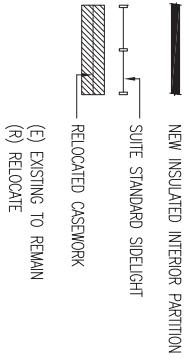
Project no.: 12-PT04-00 Location: PIER 66, SUITE 220



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Legend:



Notes:

- 1. PROVIDE P-1 THROUGHOUT, UON.
- 2. REUSE & MATCH 3 TYPES OF BASE. IF STEEL USE STEEL. IF RUBBER USE RUBBER, WHEN NEW USE RUBBER.

Issued to: Jemilia Messeri

Revision: 02.29.12
Date: 02.07.12

Title: Space Plan for Wounded Warrior Project

THIS PLAN WAS CREATED FOR SPACE PLANNING PURPOSES ONLY. NOT INTENDED FOR PRELIMINARY BUDGET UNLESS ACCOMPANIED BY A BURGESS DESIGN WORKLETTER. FURNITURE SHOWN FOR DESIGN INTENT ONLY. ALL FURNITURE DESIGNED BY TENANT'S FURNITURE VENDOR.

Drawn By: KK
Scale: NTS
Sketch No.: SP-1

