

Item No.	4d_attach 3
Date of Meeting	November 22, 2016

FIRST AMENDMENT TO PHASE III GROUND LEASE AGREEMENT

THIS FIRST AMENDMENT TO PHASE III GROUND LEASE AGREEMENT (herein “Amendment”) dated as of November __, 2016 is made by and between PORT OF SEATTLE, a Washington municipal corporation (“Landlord”), and DES MOINES CREEK BUSINESS PARK PHASE III, LLC, a Delaware limited liability company (“Tenant”).

RECITALS

A. Landlord and Tenant are parties to that certain Ground Lease Agreement dated as of May 31, 2016, as memorialized by that certain Memorandum of Ground Lease dated as of May 31, 2016 by and between Landlord and Tenant, recorded in the records of King County, Washington, on June 6, 2016, as document number 20160606000793 (collectively, the “Ground Lease”).

B. Landlord and Tenant desire to amend the Ground Lease as set forth herein.

NOW, THEREFORE, for and in consideration of the above recitals, the agreements, covenants and conditions herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

AGREEMENT

1. Section 24.1.3. Section 24.1.3 of the Ground Lease is hereby amended and restated in its entirety to read as follows:

No assignment, other than a Permitted Assignment or any assignment to which Landlord has provided its consent pursuant to this Section 24, shall relieve Tenant of any obligation under this Agreement, including Tenant's obligation to pay Base Rent, Additional Rent or other amounts due hereunder. Any purported assignment contrary to the provisions hereof without consent shall be void. The consent by the Port to any assignment shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. Notwithstanding the foregoing, provided that an assignment is a Permitted Assignment or an assignment to which Landlord has provided its consent pursuant to this Section 24, Tenant shall be released from all obligations of Tenant under this Agreement arising from and after the effective date of such assignment, including any obligations to pay Base Rent, Additional Rent or other amounts due hereunder, and from the performance of any of the covenants, representations or warranties of Tenant under this Lease.

2. ROFO. The following provisions shall be added to the Ground Lease as new Section 26.20 immediately following Section 26.19:

26.20 Right of First Offer.

26.20.1 The Port, as Landlord, shall have a one-time right of first offer to purchase Tenant's leasehold interest in the Property and fee interest in the Project (collectively, the "Leasehold") during the period (the "ROFO Term") commencing on the Commencement Date and ending on the third anniversary of the Commencement Date. If, during the ROFO Term, Tenant elects to market the Leasehold for sale, other than an Excluded Sale (defined below), then, prior to listing, marketing or selling the Leasehold, Tenant shall notify Landlord of the purchase price and any other terms which Tenant is willing to accept for the sale of the Leasehold, as determined in Tenant's sole discretion ("Tenant's Notice"). Landlord shall have twenty (20) business days from receipt of Tenant's Notice ("Landlord's Response Period") to notify Tenant in writing of whether Landlord (or an Affiliate of Landlord) elects to exercise its one-time right of first offer to purchase the Leasehold on the terms contained in Tenant's Notice (the "ROFO") subject to approval by the Port Commission of the Port of Seattle ("Port Commission"). If Landlord fails to notify Tenant whether it elects to exercise the ROFO prior to the expiration of Landlord's Response Period, Landlord shall be deemed to have declined to exercise the ROFO. Landlord's exercise of the ROFO shall be irrevocable once approved by the Port Commission and delivered to Tenant.

26.20.2 If Landlord declines (or is deemed to have declined) to exercise the ROFO, Landlord's ROFO and this Section 26.20 shall immediately terminate and Tenant shall be free to list, market and/or sell the Leasehold on any terms in its sole discretion, but subject to Landlord's rights pursuant to Sections 24 and 25 of this Agreement.

26.20.3 If Landlord notifies Tenant of its election to exercise the ROFO during Landlord's Response Period, then Landlord (or its Affiliate) and Tenant shall, within ten (10) business days of the day Landlord notifies Tenant of its election to exercise the ROFO, use commercially reasonable efforts to mutually agree on the definitive terms of a purchase and sale agreement (a "PSA"), which shall include all of the terms proposed in Tenant's Notice, and execute such PSA, which PSA shall provide that the sale shall close within thirty (30) days following execution of such PSA or on such other date mutually agreed to by the parties. Pursuant to the PSA, (i) all closing costs will be allocated in accordance with local standards and customs; (ii) each party shall be responsible for any commissions or other costs due any broker engaged by such party; and (iii) the mutually agreed upon purchase price shall not be reduced by implied broker commissions or any other imputed offsets. If Landlord (or its Affiliate) and Tenant are unable to reach agreement, execute, or close upon the PSA within the timeframes set forth above, then the ROFO and this Section 26.20 shall terminate and Tenant may list, market and/or sell the Leasehold with no further obligation to Landlord with respect to the ROFO, but subject to Landlord's rights pursuant to Sections 24 and 25 of this Agreement.

26.20.4 TIME IS OF THE ESSENCE WITH REGARD TO EACH AND EVERY OBLIGATION OF LANDLORD CONTAINED IN THIS SECTION.

26.20.5 The ROFO shall be personal to the Port (and its Affiliates), and any and all rights of Landlord with respect to the ROFO and/or this Section 26.20 shall terminate if the Port (or an Affiliate of Port) is no longer the Landlord under this Agreement. For the avoidance of doubt, after the expiration of the ROFO Term, the ROFO and this Section 26.20 shall terminate and Tenant shall have no obligation to notify Landlord prior to listing, marketing and/or selling the Leasehold.

26.20.6 Notwithstanding anything to the contrary in this Section, Landlord's ROFO as provided herein shall not apply to (i) any Permitted Assignment or Permitted Sublease, (ii) any sale or assignment to an Affiliate of Tenant, MetLife, or any fund or entity managed by MetLife or any Affiliate of MetLife, (iii) any foreclosure, deed in lieu of foreclosure or other exercise of remedies by a Leasehold Mortgagee, or (iv) the first subsequent sale of the Leasehold by any Leasehold Mortgagee or Foreclosure Purchaser (each an "Excluded Sale").

3. Effect of Amendment. Except as provided in this Amendment, all other terms, conditions and provisions of the Ground Lease remain unchanged and shall continue in full force and effect as set forth in the Ground Lease.

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IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Amendment as of the date set forth above.

LANDLORD:

PORT OF SEATTLE,
a Washington municipal corporation

By: _____

Name: _____

Its: _____

TENANT:

DES MOINES CREEK BUSINESS PARK PHASE III, LLC,
a Delaware limited liability company

By: DMCBP Phase III Venture, LLC,
a Delaware limited liability company,
Sole Member

By: PDC DMCBP, LLC,
a Delaware limited liability Company,
Managing Member

By: PDC Seattle LLC,
a Delaware limited liability company,
Manager

By: _____
Bart Brynestad,
Local Partner