

EXHIBIT A

**TENANT REIMBURSEMENT AGREEMENT
SEATTLE – TACOMA INTERNATIONAL AIRPORT**

PROJECT NAME: Zone 7 Ticketing and Baggage Conversion

THIS TENANT REIMBURSEMENT AGREEMENT (“Agreement”) is entered into this _____ day of February, 2017 between the PORT OF SEATTLE, a Washington municipal corporation (“Port”) and ALASKA AIRLINES, an Alaska Corporation (“Tenant”).

Whereas, the Port and Tenant entered into a Signatory Lease and Operating, Agreement #001720 dated January 1, 2013 (“Lease”) for space at Seattle-Tacoma International Airport (“Airport”); and

Whereas, Tenant has undertaken a tenant improvement project at the premises it leases under the Lease (“Premises”); and

Whereas, Tenant was required, as part of its tenant improvement project, to undertake certain code upgrades or Port-directed improvements; and

Whereas, RCW 14.08.120 provides that the Port may reimburse Airport tenants for tenant improvements to their leased premises, so long as the reimbursement is paid solely out of funds fully collected from Airport tenants; and

Whereas, Port Commission Resolution No. 3605 delegates to the Port’s Chief Executive Officer (“CEO”) the authority to develop procedures for reimbursing tenant improvement costs, and pay such reimbursements; and

Whereas, Resolution No. 3605 further authorizes the CEO to pay for such tenant improvements to a maximum of \$200,000 or such other amount authorized by the Port Commission, and consistent with policies and procedures developed by the CEO for such reimbursement; and

Whereas, the Port has agreed to reimburse Tenant based on its actual hard construction costs in constructing certain code upgrades and other Port-directed improvements as part of the tenant improvement project;

NOW THEREFORE, the parties agree as follows:

1. DEFINITIONS

The following terms shall have the meanings specified in this Section, unless otherwise specifically provided. Other terms may be defined in other parts of the Agreement.

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1.1. Contractor. “Contractor” shall mean any individual, partnership, firm, corporation, joint venture, or other business entities employed by Tenant in connection with the Project. The term Contractor means and includes the Contractor and all of its representatives.

1.2. Eligible Tenant Improvement. “Eligible Tenant Improvement” shall mean those Tenant Improvements that the Port determines are eligible for reimbursement, as further described in Section 2 of this Agreement.

1.3. Guidelines. “Guidelines” shall mean the Port of Seattle’s Tenant Improvement Procedures and Guidelines, as may be amended by the Port.

1.4. Improvement Reimbursement Letter. “Improvement Reimbursement Letter” shall mean a letter issued by the Port identifying the Eligible Tenant Improvements and the Tenant Reimbursement Amount. The Improvement Reimbursement Letter is attached hereto as Exhibit A and incorporated herein by this reference.

1.5. Legal Requirements. “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 (including the Port), 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, specifically including the rules and regulations promulgated by the Port for general application at the Airport and the Guidelines.

1.6. Port Project Manager. “Port Project Manager” shall mean the Port’s project manager assigned to assist the Tenant through the Port processes as the Port may designate from time-to-time.

1.7. Port Representative. “Port Representative” shall mean the Port’s Aviation Property Manager or his/her designee.

1.8. Port Standards. “Port Standards” shall mean the Sea-Tac Rules and Regulations, the Rules for Airport Construction, the Tenant Design and Construction Process Manual, Seattle-Tacoma International Airport Construction General Requirements, the Safety Manual, the CAD Standards Manual, the Port’s mechanical, electrical, water and waste, and industrial waste and storm drainage standards and any other, similar document establishing requirements and/or standards for design and construction at the Airport. These materials are all generally available at <http://www.portseattle.org/Business/Construction-Projects/Airport-Tenants/Pages/Reference-Documents.aspx>.

1.9. Project. “Project” shall mean the project described in Section 2 of this Agreement.

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1.10. Project Documents. “Project Documents” shall mean a written scope of work description and drawing(s)/graphic(s) which graphically represent the location of the Project and overall Project attached as Exhibit B.

1.11. Tenant Improvement. “Tenant Improvement” shall mean those permanent physical tenant improvements that Tenant, subject to the Port’s prior written consent, makes to its current Premises in connection with the Project. Tenant Improvements do not include furniture, fixtures or equipment, except to the extent such furniture, fixtures or equipment have/will become so permanently affixed to and incorporated into the Premises that they have become part of the building of which the Premises are a part.

1.12. Tenant Reimbursement Amount. “Tenant Reimbursement Amount” shall mean the amount the Port determines (in accordance with the terms hereof) it will reimburse to Tenant for the Project as provided in Section 2.2 of this Agreement. The Tenant Reimbursement Amount is identified on Exhibit A.

2. PROJECT

2.1. Description. The tenant improvement project is the Alaska Zone 7 Ticketing and Baggage Conversion Project (the “Project”) for upgrading the existing conveyor/baggage system and ticket counters.

2.2. Project Eligibility. The Port Representative has reviewed the Project Documents and the work completed by the Tenant and has issued the Improvement Reimbursement Letter attached as Exhibit A. The Tenant Improvement Reimbursement Letter identifies the Eligible Tenant Improvements and establishes the Tenant Reimbursement Amount. The Tenant Reimbursement Amount is detailed on the attachment to Exhibit.

2.3. Prevailing Wages. In order for the Tenant to be eligible for and obtain the Tenant Reimbursement Amount, Tenant shall, in connection with the labor associated with the construction of the Eligible Tenant Improvements, comply with all prevailing wage laws in the State of Washington applicable to the Port, as set forth in RCW 39.12 and the regulations thereunder. The Port will provide such assistance as Tenant may reasonably request in complying with this requirement. Tenant specifically acknowledges that, unless the Eligible Tenant Improvements were separately contracted by Tenant, this requires payment of prevailing wages for all of Tenant’s tenant improvement project and not just the Eligible Tenant Improvements.

3. CONSTRUCTION OF PROJECT

3.1. General. Tenant shall construct the Project in a good and workmanlike manner and in complete conformance with the Port Standards and all Legal Requirements. Without limiting the generality of the foregoing, those Port Standards may require Tenant to submit to the

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Port construction schedules and submittals, safety plans, O&M manuals, commissioning plans and punch lists.

3.2. Port Approvals. During the course of the Project, Tenant may be required by the Port Standards and/or Legal Requirements to submit certain information to the Port for its review and approval. Tenant shall incorporate any comment or condition of the Port's approval prior to proceeding with the portion of the Project for which the Port provided such comment or condition. Tenant shall not proceed with any portion of the Project for which the Port has notified Tenant of its disapproval. In the event that Tenant fails to incorporate any such comment or condition or proceeds with any work disapproved by the Port, the Port shall specifically have the right to require the removal of the particular portion of the Project (and any other portion dependent thereon) to the extent that the portion violates a Legal Requirement, the Port Standards or, in the Port's reasonable opinion, negatively affects the building or structure of which the Project is a part; otherwise, the Port shall have the right to remove the particular portion from the Eligible Tenant Improvements and Tenant Reimbursement Amount. In that event, Tenant may proceed and assume responsibility for all costs associated with the affected portion of the Project.

3.3. Non-Conforming Construction. The Port has the right to inspect the Project as it progresses through completion and specifically reserves the right to issue notice to Tenant (a "NCR") of any non-conforming construction. Tenant shall resolve any issues identified in a NCR to the Port's reasonable satisfaction. In the event that Tenant fails to resolve such items to the Port's reasonable satisfaction, the Port shall specifically have the right to require the removal of the particular portion of the Project (and any other portion dependent thereon) that is noted in the NCR to the extent that the portion violates a Legal Requirement, the Port Standards or, in the Port's reasonable opinion, negatively affects the building or structure of which the Project is a part; otherwise, the Port shall have the right to remove the particular portion from the Eligible Tenant Improvements and Tenant Reimbursement Amount.

3.4. Warranties. All contracts that are subject to reimbursement under this Agreement shall contain a provision: (i) that the Port of Seattle is a third-party beneficiary of the agreement, and (ii) that all representations, warranties and guaranties are fully assignable to, and may specifically be enforced by, the Port of Seattle.

4. REIMBURSEMENT PROCESS

4.1. Procedure for Reimbursement. Upon completion of Project construction, Tenant shall submit to the Port Representative reasonable documentation establishing that Tenant has incurred all costs for which reimbursement is sought. At a minimum, Tenant shall provide the Port the documents set forth on Exhibit C. The invoice shall be accompanied by approved Affidavit(s) of Wages Paid for any Contractor(s) for which payment is requested. The Port Representative and Port Project Manager shall review the documentation and reasonably verify

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that the particular work for which reimbursement is sought has been performed and is in compliance with all of the requirements of the Guidelines. Following the Port Representative's acceptance of the Project and all close out requirements, the Port shall pay Tenant the Tenant Reimbursement Amount within forty-five (45) days.

4.2. Port Review. Nothing that the Port may do, or fail to do, as part of its review of any request for reimbursement sought by Tenant shall relieve Tenant of the full responsibility to comply with this Agreement, any other agreement between the parties or any Legal Requirements or Port Standards related to the Project. Tenant shall render such assistance in review and verification as the Port Representative or Port Project Manager may reasonably request.

4.3. Tenant Project Records. With respect to any Eligible Tenant Improvement for which reimbursement is sought by Tenant, Tenant shall keep true and accurate records which shall clearly show all invoices, reimbursement requests, reimbursement payments and relevant supporting documentation. Tenant further agrees to keep or make available electronically or in the Seattle area such records as the Port may reasonably request, relating to the Eligible Tenant Improvements. Such Project records of Tenant shall be open for inspection by authorized representatives of the Port and available at all reasonable appointment times during business hours. Tenant shall retain all of its records related to any Project costs or expense for which reimbursement is sought until the date set forth in Section 4.4 for the commencement by the Port of an audit or such later time as any audit commenced by the Port within such time is completed.

4.4. Audit. The Port shall have the right for up to two (2) years following the date of final reimbursement to Tenant under this Agreement, to authorize one or more audits of Tenant's Project records pertaining to any request for reimbursement under this Agreement. Such audits shall be undertaken by the Port's auditor or a reputable firm of certified public accountants satisfactory to the Port. The cost of such audits shall be borne by the Port, unless the results of such audits reveal an overpayment by the Port of more than five percent (5%) of the total amounts determined by audit to be due under this Agreement for the period of audit. In case of such overpayment, the cost of the audit shall be borne by Tenant. In any event, Tenant shall immediately repay all amounts overpaid together with interest at a rate equal to the prime rate published by Bank of America plus three percent (3%) per annum from the date of overpayment until repaid by Tenant. If circumstances arise whereby Tenant causes the auditor to incur excess costs, due to lack of timely preparation for the audit or lack of appropriate attention during the course of the audit, the excess costs will be passed on to Tenant. Tenant at its own expense shall supply all record forms in a type, style and form reasonably satisfactory to the Port.

5. TITLE TO IMPROVEMENTS

Consistent with Exhibit H of SLOA III, the Port shall own all Tenant Improvements for which reimbursement is made pursuant to this Agreement, and Tenant shall have no interest therein.

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6. MISCELLANEOUS

6.1. No Other Agreement. This Agreement sets forth all covenants, promises, agreements, conditions or understandings between the parties concerning the reimbursement of Tenant Improvements for the Project. There are no covenants, promises, agreements, conditions or understandings, either oral or written, between the parties other than as are set forth in this Agreement.

6.2. Modification. No subsequent alteration, amendment, change or addition to this Agreement shall be binding unless reduced to writing and signed by both parties hereto.

6.3. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Washington without regard to choice of law principles. In the event that any term, covenant, condition or other provision of this Agreement is held to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement shall remain in full force and effect.

6.4. Fair Construction. The parties acknowledge and agree that the language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any of the parties. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections nor in any way affect this Agreement.

6.5. Attorneys' Fees. In the event any party requires the services of an attorney in connection with enforcing the terms of this Agreement or in the event that suit is brought for the breach of any representation, covenant or condition of this Agreement, the prevailing party shall be entitled to a reasonable sum for attorneys' fees, consultants' or experts' fees, witness fees and other costs and expenses, including any arbitration fees and fees of any arbitrator.

6.6. Successors and Assigns. This Agreement and each of its covenants and conditions shall be binding upon, and shall inure to the benefit of, the parties hereto and the respective successors and assigns.

6.7. Relationship of the Parties. Nothing contained in this Agreement shall be deemed or construed as creating the relationship of principal and agent, partnership, or joint venture partners, and no provision contained in this Agreement, nor shall any acts of the Port and Tenant be deemed to create any relationship other than that of landlord and tenant.

6.8. Exhibits. The Exhibits outlined below are attached to this Agreement after the signatures and by this reference are incorporated herein:

Exhibit A: Improvement Reimbursement Letter, including Eligible Tenant Improvements and Tenant Reimbursement Amount.

EXHIBIT A

Exhibit B: Project Documents

Exhibit C: Required Reimbursement Records

Executed for and on behalf of;

PORT OF SEATTLE

ALASKA AIRLINES,

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

EXHIBIT A

EXHIBIT A

Improvement Reimbursement Letter



Seattle-Tacoma
International Airport
P.O. Box 58727
Seattle, WA 98168

www.portseattle.org

Mr. Gabriel Orvold
Project Manager, Seattle Airport Real Estate
Alaska Airlines
PO Box 68900 SEAPZ
Seattle, WA 98168

Re: Exhibit A – Improvement Reimbursement Letter for the Zone 7 Ticketing Conversion Project

Dear Gabe:

This letter confirms that the Port has reviewed the Project Documents and work conducted by Alaska Airlines for certain tenant improvements made for space leased in the Zone 7 ticketing area under SLOA III Agreement #001720 dated January 1, 2013. Consistent with the terms of the Tenant Reimbursement Agreement (TRA) to which this letter will be attached, the Port has determined that the following tenant improvements undertaken by its Contractor are Eligible Tenant Improvements:

- Design and Engineering services for Zone 7 Ticketing Conversion
- Demolish existing conveyor and counters
- Furnish and install new takeaway conveyors
- Furnish and install 19 each new pier conveyors with integral scales
- Furnish and install 2 each new motor control panels located in the north terminal bagwell where directed for conveyor power and control.

Consistent with a Schedule of Values attached hereto as Attachment A, the Port has determined that the Tenant Reimbursement Amount is \$880,448.66.

If you have any questions concerning any of these matters, please contact Denise Trogdon at (206) 787-7935.

Sincerely,

A handwritten signature in black ink that reads "Denise Trogdon".

Denise Trogdon
Senior Property Manager

EXHIBIT A

ATTACHMENT A

- Schedule of Values -

SEA - Zone 7 Conveyor Installation					
Schedule of Values (SOV)					
		Actual Unit Cost	Unit	Multiplier	Requested Amount
Div 0	General Conditions	\$ 91,052.00		0.37	\$ 33,689.24
Div 2	Site Work and Demolition	\$ 20,000.00		0	\$ -
Div 3	Concrete (MCP Pads)	\$ 5,000.00		1	\$ 5,000.00
Div 4	Masonry				\$ -
Div 5	Metals and Structural Steel (Bull Rails for MCP Protection)	\$ 5,000.00		1	\$ 5,000.00
Div 6	Wood, Plastics and Composites				\$ -
Div 7	Thermal and Moisture Protection				\$ -
Div 8	Doors and Windows (Access Doors for Conveyors)	\$ 5,700.00		1	\$ 5,700.00
Div 9	Finishes (Patch & Paint for Access Doors and Repair Wall Damage)	\$ 4,500.00		1	\$ 4,500.00
Div 10	Specialties				\$ -
Div 11	Equipment				\$ -
Div 12	Furnishings				\$ -
Div 13	Special Construction				\$ -
Div 14	Conveying Systems - Mechanical				
	a-Power Turns with SS	\$ 41,099.00		1	\$ 41,099.00
	b-Collection Conveyors with SS	\$ 200,321.00		1	\$ 200,321.00
	c-Scale Conveyors	\$ 432,403.00		0	\$ -
	d-Dispatch Conveyors with SS Pole/Console	\$ 339,386.00		0	\$ -
	Conveying Systems - Controls				\$ -
	e-MCP's	\$ 138,118.00		1	\$ 138,118.00
	f-VFD Panels	\$ 3,671.00		1	\$ 3,671.00
	g-Other control Equipment	\$ 46,679.00		0	\$ -
	h-Programming & Testing	\$ 162,771.00		0.32	\$ 52,086.72
Div 15	Mechanical	\$ 1,000.00		1	\$ 1,000.00
Div 16	Electrical	\$ 418,000.00		0.5	\$ 209,000.00
Div 17	Communications				\$ -
					\$ -
	Subtotal of Direct Construction Costs				\$ 699,184.96
Div 00	Contractor Fee - 15%			0.15	\$ 104,877.74
	Subtotal Construction, GRs, GCs, and Fee				\$ 804,062.70
	Washington State Sales Tax	9.5%			\$ 76,385.96
	Final Reimbursement Amount including Tax				\$ 880,448.66

EXHIBIT A

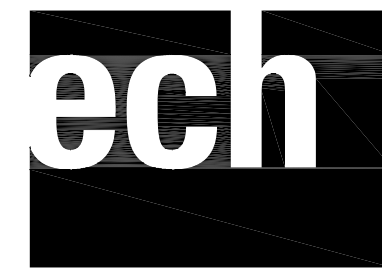
EXHIBIT B

Project Documents



SEA-TAC INTERNATIONAL AIRPORT

ALASKA AIRLINES ZONE 7 TICKETING CONVERSION

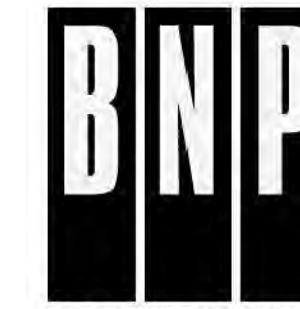


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GENERAL	02
ARCHITECTURAL	02
ELECTRICAL	06
COMMUNICATIONS	07
BAGGAGE SYSTEMS	12
SHOP DRAWINGS	07
TOTAL	36

24 JUNE 2016 RECORD DRAWINGS

SHEET NO.	SHEET TITLE	SHEET NO.	SHEET TITLE	SHEET NO.	SHEET TITLE	APPROVED AS-BUILT SET	
	GENERAL PROJECT PLANS		ELECTRICAL COMMUNICATIONS		KIOSK SHOP DRAWINGS	<p>THIS DRAWING SET REPRESENTS A RECORD OF HOW THE PROJECT WAS CONSTRUCTED AND DOES NOT REPRESENT DESIGN OR CHANGE APPROVAL</p> <p>APPROVED BY _____</p> <p>DATE _____</p> <p>WORK PROJECT NO. <u>U00194 ASZONE7_0TH</u> PORT OF SEATTLE NO. + SHEET NUMBER <u>STIA-T1510 G0.00</u></p>	
G0.00	TITLE SHEET	EC1.02	PARTIAL SITE PLAN – CONCOURSE LEVEL	1.0	TICKET COUNTER EXAMPLE		
G0.01	GENERAL NOTES, ABBREVIATIONS, PROJECT DATA & SYMBOLS	EC5.01	CABLE ONE-LINE DIAGRAM AND CABLE SCHEDULE	2.0	TICKET COUNTER		
	ARCHITECTURAL	EC5.02	FIRE RATED DETAILS	SHEET 1	STAND ASSEMBLY		
A3.00	FLOOR PLANS – TICKETING LEVEL	EC5.03	ELECTRICAL DETAILS	SHEET 2	STAND ASSEMBLY		
A3.01			BAGGAGE HANDLING SYSTEM	SHEET 1	ALASKA AGENT SUPPORT PODIUM		
	ELECTRICAL	B0.00	COVER SHEET	SHEET 2	ALASKA AGENT SUPPORT PODIUM		
E0.00	SYMBOLS AND ABBREVIATIONS	B0.01	LEGEND, SYMBOLS, ABBREVIATIONS, AND BHS DRAWING LIST	SHEET 1	PODIUM SHELL		
EC1.01	COMMUNICATIONS PLAN – TICKETING LEVEL	B1.00	OVERALL PLAN – BHS DEMOLITION				
EP1.01	POWER PLAN – TICKETING LEVEL	B1.01	PARTIAL PLAN – BHS DEMOLITION				
E5.00	ELECTRICAL ONE LINE	B2.00	OVERALL PLAN – BHS INSTALLATION				
E6.00	PANEL SCHEDULES	B2.01	PARTIAL PLAN – BHS INSTALLATION				
E8.00	ELECTRICAL DETAILS	B2.02	PARTIAL PLAN – BHS TEMPORARY INSTALLATION				
	ELECTRICAL COMMUNICATIONS	B3.01	ENLARGED PLAN – CHECK-IN CONFIGURATION				
EC0.01	SYMBOLS AND ABBREVIATIONS	B6.01	CONVEYOR MANIFEST				
EC0.02	PARTIAL SITE PLAN – BRIDGE LEVEL	B7.01	PARTIAL PLAN – CONTROL STATION LAYOUT				
EC1.01	PARTIAL SITE PLAN – BRIDGE LEVEL	B8.01	TYPICAL DETAILS – LOADING DETAILS				
		B8.02	TYPICAL DETAILS – BHS SAFETY SIGNAGE				

EXHIBIT A

EXHIBIT C

Required Reimbursement Records

The following list specifies the records necessary for Port processing and reimbursement to the Tenant of the Final Tenant Reimbursement Amount.

1. Approved Statement of Intent to Pay Prevailing Wage for Contractor and each subcontractor performing work on the Project.
2. Approved Affidavit of Wages Paid for Contractor and each subcontractor performing work on the Project.
3. Reasonable documentation establishing that Tenant has incurred all costs for which reimbursement is sought.
4. All commissioning and close-out documentation required by the Port Standards, including (without limitation) final as-built documents and O&M manuals.
5. Proof of payment and release of liens for Contractor and each subcontractor performing work on the Project.