

**ORIGINAL**

# LEASE AGREEMENT

Between

PORT OF SEATTLE

And

ARCTIC STORM MANAGEMENT GROUP, LLC

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# LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made as of this 1 day of June 2020 by and between the PORT OF SEATTLE, a Washington municipal corporation (the "Port"), and ARCTIC STORM MANAGEMENT GROUP, LLC, a Washington Limited Liability Company (the "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 the Pier 69 Building, a legal description of which is attached hereto as Exhibit A:

1.2. Approximately nine thousand four hundred thirty (9,430) rentable square feet of office space, and ten thousand two hundred thirty (10,230) rentable square feet of storage/warehouse space located on the first floor of the Pier 69 Building, all as shown 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 interior faces of any exterior walls and from the structural flooring to the underside of the structural 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, 19,660 square feet as set forth above.

1.3. 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.

1.4. 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.

1.5. 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. This Lease shall be for a term of five (5) years, beginning June 1, 2022, (the "Commencement Date") and ending May 31, 2027.

2.2. Option to Extend. If Lessee is in compliance with the terms and conditions of this Lease, and Lessee has, upon written notice to the Port given not less than one hundred eighty (180) days written notice to the Port in advance of the expiration of the Lease Term stated in Section 2.1 of this Lease, Lessee shall have the option to renew this Lease for one (1) additional five (5) year term. In the event the Landlord and Lessee are unable to agree to Fair Market Rental Rate, then the matter will be resolved pursuant to Section 3.5.

2.3. Possession. If the Port shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, 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 Lessee shall not be liable for any Rent until such time as the Port can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, Lessee shall pay as Rent the full rent specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Port shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, 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 Premises

prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Lessee shall not be obligated to pay any Rent for the period prior to the commencement of the term of this Lease unless otherwise mutually agreed. Notwithstanding the foregoing, Lessee acknowledges that it is already in possession of the Premises pursuant to a lease dated February 25<sup>th</sup>, 2010, which expires on May 31, 2022.

**SECTION 3: RENT**

3.1. **Base Rent.** Commencing on June 1, 2022, (the "Rent Commencement Date"), Lessee agrees to pay as rent (the "Base Rent") for the Premises the following sums per month, plus applicable taxes.

**Effective on the rent Commencement Date through May 31, 2023**

9,430 sf of office @ \$22.00/sf/yr. = \$207,460.00/yr. ÷ 12 = \$17,288.33/mo.

10,230 sf of warehouse @ \$7.50/sf/yr. = \$ 76,725.00/yr. ÷ 12 = \$6,393.75/mo.

**Effective June 1, 2023 through May 31, 2024**

9,430 sf of office @ \$22.66/sf/yr. = \$213,683.80/yr. ÷ 12 = \$17,806.98/mo.

10,230 sf of warehouse @ \$7.73/sf/yr. = \$79,077.90/yr. ÷ 12 = \$6,589.83/mo.

**Effective June 1, 2024 through May 31, 2025**

9,430 sf of office @ \$23.34/sf/yr. = \$220,096.02/yr. ÷ 12 = \$18,341.35/mo.

10,230 sf of warehouse @ \$7.96/sf/yr. = \$81,430.80/yr. ÷ 12 = \$6,785.90/mo.

**Effective June 1, 2025 through May 31, 2026**

9,430 sf of office @ \$24.04/sf/yr. = \$226,697.20/yr. ÷ 12 = \$18,891.43/mo.

10,230 sf of warehouse @ \$8.20/sf/yr. = \$83,886.00/yr. ÷ 12 = \$6,990.50/mo.

**Effective June 1, 2026 through May 31, 2027**

9,430 sf of office @ \$24.76/sf/yr. = \$233,486.80/yr. ÷ 12 = \$19,457.23/mo.

10,230 sf of warehouse @ \$8.44/sf/yr. = \$86,341.20/yr. ÷ 12 = \$7,195.10/mo.

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

The Base Rent shall be paid to the Port in advance on or before the Rent Commencement Date and, thereafter, on or before 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. **Annual Increase.** As illustrated in Section 3.1, the Base Rent for the Premises as stated in Section 3.1 shall be adjusted on the anniversary of the commencement date and every twelfth (12th) month thereafter through the term of this Lease, including any extension term (if any), by increases of three percent (3%) per year.

3.3. Additional Rent. In addition to the Base Rent set forth in Section 3.1, Lessee shall pay as Additional Rent, its pro rata share of the Operating Expenses as follows:

3.3.1.1. Lessee's pro rata share of the Operating Expenses shall be that proportion that the rentable square footage of the Premises bears to the total rentable square footage of the Pier 69 Building; provided, however, if any space in the Pier 69 Building is leased to a tenant who is separately responsible for paying the cost of a service that would otherwise be included in Operating Expenses, the rentable area of such tenant's space shall be excluded from the rentable area of the Pier 69 Building for the purpose of determining Lessee's pro rata share of the balance of the cost of such services and if any space in the building is leased to a tenant who creates an exemption from property taxes or any other category of Operating Expenses so as to reduce the Pier 69 Building's total cost of the same in proportion to that tenant's rentable area, then the rentable area of such tenant's space shall be excluded from the rentable area of the Pier 69 Building for the purpose of determining Lessee's percentage share of the real property tax or other category of Operating Expenses as the case may be.

3.3.1.2. It is agreed by the parties that, as of this date of this Lease, the total square footage of the Pier 69 Building is 192,320 square feet, and therefore Lessee's share of Operating Expenses is, as of the date of this Lease, 10.22%. In the event that a portion of the Pier 69 Building is damaged or condemned or any other event occurs which alters the rentable area of the Premises or the rentable area of the Pier 69 Building, the Port may adjust Lessee's pro rata share to properly reflect the proportion of the rentable area.

3.3.1.3. As used in this Lease, "Operating Expenses" shall mean those costs of operating, maintaining and repairing the Premises or the Pier 69 Building as such maintenance and repairs relate to the Premises or services to the Premises, determined in accordance with generally accepted accounting principles, and including without limitation the following: (i) insurance premiums paid by the Port and (to the extent incurred) deductibles; (ii) water, sewer and all other utility charges (other than utilities separately metered and paid directly by Lessee or other tenants); (iii) janitorial and all other cleaning services; refuse, recycling and trash removal; (iv) HVAC system service; (v) pest control; (vi) exterior lighting systems, fire detection and security services; (vii) landscape maintenance; (viii) parking lot, road, sidewalk and driveway patching, resurfacing and maintenance; (ix) snow and ice removal; (x) management fees and/or personnel costs (not exceeding the industry standard for similar buildings in the greater Seattle metropolitan area) as they apply to the services noted herein; (xi) real property taxes, unless measured by and paid based upon the Rent paid under this Lease; (xii) costs of legal and accounting services (except those incurred directly relating to a particular tenant of the Pier 69 Building, including the Landlord); (xiii) labor, supplies, materials and tools, and (xiv) all other items constituting operating and maintenance costs in connection with the Premises except as otherwise provided in this Section. Operating Expenses shall not, however, include: (a) depreciation; (b) leasing commissions; (c) repairs and restorations paid for by the proceeds of any insurance policy; (d) construction of improvements of a capital nature other than as specifically provided above, (e) ground rent or loan payments; (f) income or franchise taxes except to the extent permitted by Section 3.3.3; (g) any costs paid directly by Lessee or other tenants; or (h) replacement or repair of cracked or broken glass windows in the Premises unless the damage was caused by Lessee, its agents or affiliates. If less than ninety five percent (95%) of the rentable area of the Pier 69 Building is actually occupied during any year, Operating Expenses for that year shall be the amount that Operating Expenses would be for such period had ninety five percent (95%) of the rentable area of the Pier 69 Building been occupied during all such year, as determined by the Port.

3.3.1.4. Prior to the commencement date of this Lease, and by each January 31st thereafter, and at any other time the Port deems adjustment necessary, the Port shall submit to Lessee a statement of the Lessee's anticipated prorated share of Operating Expenses through the following December, and Lessee shall pay one-twelfth (1/12) thereof monthly, concurrent with the payment of Rent. Within ninety (90) days after the end of each calendar year, the Port shall give Lessee a statement showing the total actual Operating Expenses for the prior calendar year and Lessee's Pro Rata Share thereof. In the event that the total of the monthly payments which Lessee has made for such calendar year is less than Lessee's actual pro rata share, Lessee shall pay the difference within fifteen (15) days after receipt of such statement from the Port. Any overpayment by Lessee shall be credited toward the Additional Rent next becoming due or, in the event that the Lease has expired (and there is no outstanding default), refunded to Lessee. Notwithstanding the above, any delay or failure of the Port in computing or

billing Additional Rent shall not constitute a waiver of or in any way impair Lessee's obligation to pay the Base Rent, Additional Rent or any other sum hereunder. In the event of any such delay or failure, Lessee shall continue paying the Additional Rent currently being paid until notified by the Port of the adjustment. Lessee, at its cost, shall have the right to inspect, in the Port's offices during usual business hours, the Port's records regarding the Operating Expenses referred to in the annual statement for a period of ninety (90) days following delivery of the statement. If within such ninety day period neither party delivers notice to the other a notice referring in reasonable detail to one or more errors in such statement or calculation, the information and calculation in such statement shall conclusively be deemed correct.

3.4. Option Term Market Rate. In the event Lessee elects to extend this Lease pursuant to the option in Section 2.2, promptly following Lessee's notice, the parties shall negotiate in good faith for a renegotiated Base Rent for the option term; such renegotiated Base Rent shall be the fair market value of the Premises. The value of any improvements to the Premises financed by Lessee at no cost to the Port shall be excluded in determining the fair market value of the Premises. In the Port's initial offer during renegotiation of Base Rent, the Port may rely on appraisals of properties that the Port deems comparable. If the parties cannot agree on the Base Rent prior to sixty (60) days before the effective date for renegotiated rent, each party shall select an arbitrator, each of whom shall be an MAI real estate appraiser in the Seattle Chapter of the Appraisal Institute. Each MAI real estate appraiser will need to have been active, over the five (5) year period ending on the effective date for renegotiated rent, in the evaluation of similar space in the same market area of the Premises subject to this Lease (a person meeting the foregoing criteria shall be referred to herein as a "Qualified Appraiser"). If either party fails to timely select its arbitrator prior to sixty (60) days before the effective date for renegotiated rent, and the other party timely selects its arbitrator, the selected arbitrator shall select the second arbitrator. Each arbitrator shall prepare and submit a report to the other party's arbitrator within thirty days of his or her selection. The report shall set forth a determination as to Base Rent, utilizing an approach to valuation consistent with the standards of professional appraisal practice. The reports shall include reference to the fair market rental value of comparable properties as selected by the arbitrator. In preparing such reports, the arbitrators may ask questions and request further information from each party. After submission of both reports, the two arbitrators shall meet within the next fourteen days to reconcile their reports and to agree upon the Base Rent. In the event that the two arbitrators are unable to reach a consensus as to Base Rent within such fourteen-day period, they shall select a third arbitrator (who shall also be Qualified Appraiser). The third arbitrator shall evaluate the reports of the two original arbitrators and within fourteen (14) days of submission of the issue to him or her, such third arbitrator shall make his or her own determination as to the new Base Rent. The determination of this arbitrator (absent, fraud, bias or undue prejudice) shall be binding upon the parties. Each party shall compensate the arbitrator selected by such party, and any third arbitrator shall be compensated in equal shares by both parties. Each party shall cooperate to expedite the selection of its arbitrator and in no case may either party delay the selection of its arbitrator.

3.5. 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.

3.6. Late Charges.

3.6.1. 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 the greater of five dollars (\$5.00) or 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.

3.6.2. In the event that a late charge is payable in this Lease or otherwise, whether or not collected, for three (3) installments of Rent and/or other remuneration in any 12-month period, then the Port reserves the right to require that Rent and/or other remuneration become due and payable quarterly in advance, rather than monthly, notwithstanding Section 3.1 or any other provision of this Lease to the contrary.

3.6.3. 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, provided, however, the minimum charge of interest shall be five dollars (\$5.00).

#### 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 in an amount equal SEVENTY-FIVE THOUSAND THREE AND 76/100 DOLLARS (\$75,003.76) 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.

4.2. Transfer of Security. Notwithstanding the foregoing, the Port currently has SEVENTY-FIVE THOUSAND THREE AND 76/100 DOLLARS (\$75,003.76) in cash deposit provided by Lessee in connection with that certain lease between the Port and Lessee dated February 22, 2010 (the "Expiring Lease"). Except to the extent required to remedy any failure to comply with the terms of the Expiring Lease, the Port and Lessee agree that this amount will be transferred and applied to the Security for this Lease as of the Commencement Date.

4.3. 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 sixty (60) 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.

4.4. 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 and Access. Lessee shall use the Premises for general office and/or professional business purposes and related storage and equipment repair for a water-dependent user. Lessee shall have access 24 hours a day, 7 days a week and shall not use them for any other purpose without the written consent of the Port.

5.2. Moorage and Access. Lessee shall have access to and use of the vessel berth for moorage at Pier 69 subject to preferential berth agreement rates or the Ports posted tariff rates. Vessel moorage will be on a non-continuous vessel-by-vessel basis as well as use of the adjacent dock/apron area located between the Pier 69 Building and the vessel berth north of the building. Lessee may use this adjacent dock/apron area for storage and vessel access only when Lessee's vessel is at this berth at Pier 69. Lessee shall at all times maintain safe ingress/egress access to the end of the pier for public benefit and the Seattle Fire Department. Preferential berth

agreements for vessel moorage at this berth shall be negotiated between Lessee and the Port's Dock Operations group which is part of the Maritime Division.

Lessee has reviewed and is familiar with the current design and configuration of the piers fenders, cleat/bollards systems and location of fire protection system piping and valves located at this vessel berth along the edge of the dock and agrees to manage vessel mooring lines when using this berth to protect these systems from damage (extra concern during extreme low tide cycles).

### 5.3. General Standards Regarding Use.

5.3.1. 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 refurbishing or for reasons beyond Lessee's reasonable control.

5.3.2. 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) constitute a public or private nuisance; (v) impair or interfere with, in the Port's reasonable judgment, 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 at any time during the term of this Lease.

5.3.3. 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.

5.4. 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.

### 5.5. Terminal Security.

5.5.1. Without limiting the generality of either Section 5.3 or 5.4, 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 their 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.



5.5.2. 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 the Port 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.

5.6. 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.

5.7. Signs. No signs, symbols, canopies 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. 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, symbols, canopies or other advertising matter.

5.8. Parking. Lessee shall have the right to rent up to five (5) parking stalls with 24 hours per day/seven days per week access) located on Pier 69 at prevailing market rate plus leasehold tax under a separate agreement. Parking is also available at the Bell Street Pier Garage at prevailing monthly rates on an unassigned, self-park basis.

Twenty (20) parking spaces (one (1) per 1,000 rsf of leased space) 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 parking spaces will be available to Lessee on a space available basis and pursuant to the terms and conditions established by the third-party operator of the Bell Street Pier Garage. Lessee's use of parking in the Bell Street Pier Garage is subject to all rules and regulations of Port or of 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.

5.9. Security of Premises. Lessee shall be responsible for the security of the Premises. Lessee may install its own security system to secure the Premises. The Port shall provide for security roves around the exterior of the Pier 69 Building after normal business hours.

5.10. Telephone, Internet, Television/Rooftop Devices. Lessee shall contract directly with the vendor of its choice for telephone, internet, television and other communications service. Subject to the Port's prior review and approval, the Lessee may install an antenna or satellite dish ("Rooftop Devices") on the rooftop of the Pier 69 Building. Lessee will not be charged a fee for use of the conduit or rooftop to install Rooftop Devices. Lessee shall indemnify and hold the Port harmless for any interference caused by Lessee's Rooftop Devices with other reception facilities located on the rooftop of the Pier 69 building. In the event that the Port gives written notice that Lessee's Rooftop Devices interferes with other reception facilities of the Port or other tenants, Lessee shall promptly remove the rooftop devices or immediately remedy such interference. Any installation by Lessee shall comply with all Legal Requirements and shall not disrupt rooftop communications of the Port's existing tenants. Upon the expiration or early

termination of this lease, the Lessee shall remove the Rooftop Devices and supporting equipment and restore the rooftop of the Pier 69 Building to its original condition.

#### 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 or attributable to the Premises, including, but not limited to, light, heat, electricity, fire alarm monitoring, gas, water, sewerage and drainage (which includes removal and disposal of sewerage and surface water), recycling, garbage disposal, and janitorial services, specifically including reasonable costs and charges associated with the management of such utility 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. 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.

6.4. Stormwater/drainage. Surface water, or drainage, is managed by the Port of Seattle Marine Stormwater Utility ("Utility"), which is also responsible for billing of stormwater utility charges. Tenant charges are subject to rates established by the Utility and are adjusted each January. Drainage charges are itemized separately from Base Rent on billing invoices/statements and are subject to the same late charges set forth in Section 3.7.

#### SECTION 7: ALTERATIONS; OWNERSHIP OF CERTAIN INSTALLATIONS

7.1. Limitation on Alterations. Lessee shall make no 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.

7.2. Lessee Reimbursement. Port shall contribute a "Lessee Improvement Allowance" not to exceed ONE HUNDRED FORTY-ONE THOUSAND, FOUR HUNDRED FIFTY DOLLARS AND 00/100 (\$141,450.00) towards the Lessee's costs and expenses associated with improvements described in Section 7.3 below. The Port shall reimburse Lessee within thirty (30) business days after the Lessee has submitted an invoice for Lessee's tenant improvements. Lessee agrees to use best efforts to request reimbursement within ninety (90) business days from substantial completion of Lessee Improvements, but in any event such request shall be provide to the Port no later than June 30, 2023. The Port's obligation to pay the Lessee Improvement Allowance is expressly conditioned upon Lessee's timely request for such Lessee Improvement Allowance and submission of all documentation requested by the Port to verify and document the Lessee Improvements described in Section 7.3. Lessee's work performed pursuant to the Lessee Improvement Allowance shall be subject to the requirements of this Section 7.

7.3. Lessee Improvements. As of the Commencement Date, Lessee accepts the Premises in an as-is condition and may enter the Premises to make certain “Tenant Improvements” related to flooring and paint upgrades.

7.4. Requirements for All Alterations. In addition to, and not in lieu of, conditions imposed by the Port pursuant to Section 7.1, 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.

7.5. 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.

7.6. Prevailing Wage. Lessee shall, in connection with the labor associated with any Tenant Improvements or Alterations under this Lease, comply with all prevailing wage laws in the State of Washington, as set forth in RCW 39.12 as amended, and the rules and regulations of the Department of Labor and Industries. The wage rates to be paid all laborers, workers and mechanics that perform any part of the work on any Tenant Improvements or Alterations shall meet or exceed the prevailing wage rates as required by Chapter 39.12 of the Revised Code of Washington, as amended. This requirement applies to laborers, workers and mechanics whether they are employed by Lessee, Contractors, Subcontractors, Sub-subcontractors, or any other person who performs a portion of the work on any Tenant Improvements or Alterations.

7.6.1. The rules and regulations of the Department of Labor and Industries and the schedule of prevailing wage rates for the locality or localities where any work under this Lease will be performed as determined by the Industrial Statistician of the Department of Labor and Industries, are by this reference made a part of this Lease as though fully set forth herein. The Washington Administrative Code Chapter 296-127 relating to prevailing wage can be found at: <http://apps.leg.wa.gov/wac/default.aspx?cite=296-127>. In any contracts for Tenant Improvements or Alterations approved by the Port, Lessee’s contract with any general contractor and/or sub-contractor shall require the payment of the local prevailing wage.

7.6.2. In connection with this Lease, Lessee will be required to submit to the Port “Statements of Intent to Pay Prevailing Wages” for its employees, contractors and subcontractors at all tiers prior to commencing work. The Statements of Intent require the approval of the industrial statistician of the Department of Labor and Industries — which shall include the contractor’s registration certificate number; the prevailing rate of wage for each classification of workers entitled to prevailing wages under RCW 39.12.020; and the estimated number of workers in each classification. Lessee shall ensure that each Statement of Intent to Pay Prevailing Wages that is submitted to the Port has been approved by the industrial statistician of the Department of Labor and Industries before said statement is submitted to the Port. Such Statements of Intent shall be filed in accordance with the practices and procedures required by the Department of Labor and Industries.

7.6.3. Lessee will further be required to submit to the Port “Affidavits of Wages Paid” for its employees, contractors and subcontractors at all tiers. The Affidavits of Wages Paid require the certification of the industrial statistician of the Department of Labor and Industries — which shall include the contractor’s registration certificate number; the prevailing rate of wage for each classification of workers entitled to prevailing wages under RCW 39.12.020; and the estimated number of workers in each classification. Lessee shall ensure that each Affidavit of

Wages Paid that is submitted to the Port has been certified by the industrial statistician of the Department of Labor and Industries before said Affidavit is submitted to the Port. Such Affidavits of Wages Paid shall be filed in accordance with the practices and procedures required by the Department of Labor and Industries.

7.6.4. Pursuant to WAC 296-127-040 and WAC 296-127-045, Lessee shall be responsible for payment to the Department of Labor and Industries the applicable processing fee(s) set forth in RCW 39.12.070 due with the submittal of each "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid." Lessee shall monitor contractors' and subcontractors' compliance with the requirements of this Section 7.6; any failure by Lessee or contractor or subcontractor at any tier to meet the requirements of this Section 7.6 or violation of prevailing wage laws or regulations shall be a material breach of this Lease.

7.6.5. Although not required, the Port encourages Lessee to examine the applicability of a Project Labor Agreement ("PLA") in light of any: (i) project needs for labor continuity and stability, including analysis of labor needs by trade; (ii) project complexity, including cost and duration; (iii) value of having uniform working conditions; (iv) potential impact of PLA on small business opportunities; (v) past labor disputes or issues indicating risk of delay; (vi) potential PLA impact on project cost; (vii) project presents specific safety concerns to the public; (viii) value of an established PLA grievance process to resolve labor-management or jurisdictional disputes; and (ix) any other considerations particular to the project.

## 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 all Alterations, equipment and installations within the Premises – 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 systems in good repair (including the portion of the HVAC located within the Premises), shall keep all drains 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. Lessee shall also specifically remove all snow and ice from the walkways and sidewalks in front of the Premises.

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, and all of the HVAC system that is not within 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 based on or measured by the Base Rent payments hereunder, Lessee shall pay to the Port with each Base 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 times 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 creating a duty to do so or 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 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 of the Premises or out of the occupancy by the Lessee or any sublessee, 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, any of its sublessees, 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 any 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 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 two million dollars (\$2,000,000) per occurrence. A copy of the additional insured endorsement shall be submitted to the Port at the inception of the Lease and annually thereafter. The policy shall be primary and non-contributory to any insurance the Port carries. The policy shall contain a waiver of transfer of rights of recovery against others in favor of the Port. The policy shall contain a minimum \$250,000 sub-limit that covers damage to premises rented or leased to Lessee, including fire damage.

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 property insurance using an ISO CP 1020 Cause of Loss Broad Form (or an equivalent manuscript form) insuring Lessee's personal property and Alterations (specifically including "betterments" and "improvements") made by or for Lessee against physical damage, including loss of use, 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 damaged property 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 procured on a replacement cost basis. 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. *Deductibles and Retentions.* No insurance required herein shall contain a deductible or self-insured retention in excess of \$100,000 without the prior written consent of the Port.

11.2.2.3. *Termination; Renewal.* Insurance is to remain current throughout the term of the Lease. The Port shall receive documentation annually to include a certificate of insurance and any applicable endorsements to validate the insurance required herein has been purchased and is compliant with the Lease requirements within ten (10) days of each insurance renewal. Should any insurance required herein be terminated, cancelled, or not renewed, the Lessee will have five (5) days to obtain replacement insurance from the date of the termination, cancellation or non-renewal notice Lessee receives from their insurer(s). In the event the insurance is not replaced within five (5) days, the Lease will be considered under Default in accordance with Section 14.

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, Lessee (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 Port, its officers, agents and employees (whether in contract or in tort) on account of any loss or damage occasioned to Lessee arising out of or incident to the perils required to be insured against under this Lease, and the Port (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 Lessee its officers, managers, agents

and employees, (whether in contract or in tort) for damages to the Premises caused by fire or other casualty events to the extent covered by property insurance. Accordingly, Lessee shall cause each insurance policy required by Section 11.2, and the Port shall cause any such property insurance policy, to further contain a waiver of subrogation clause. The effect of such releases and waivers 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"), Lessee shall give immediate written notice thereof to the Port. The Port may, except to the extent the Port 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 shall have no obligation to repair and restore any Alterations or any of Lessee's personal property, specifically including that which Lessee retains ownership of under Section 7.5.

12.2. Right to Terminate. The Port 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 thirty (30) 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 the Port elects to terminate this Lease, the Port shall advise Lessee of that fact within thirty (30) days of the date the Port is notified of the Casualty and notify Lessee of the date, not more than ninety (90) days after the Casualty, on which the Lease will terminate.

12.3. Lessee's Fault. Notwithstanding anything herein to the contrary, if the damages by Casualty to the Premises or any buildings or structures of which the Premises are a part results from Lessee's fault, negligence, or breach of the terms of this Lease, Lessee shall be liable to the Port for the cost and expense of any repair and restoration of the Premises or any buildings or structures of which the Premises are a part.

12.4. Abatement of Rent. Unless the damages by Casualty result from Lessee's fault, 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 the Port is notified of the Casualty through the date of substantial completion of the repairs to the Premises (or to the date of termination of 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.

12.5. 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 unless the Sublease or assignment is to a subsidiary or affiliate of Lessee which is wholly-owned by, or within the control of, Lessee. As used in this



Section, "Sublease" and "Sublessee" shall mean and refer to any subleasing under the Lease at any level and between any parties. 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, Sublessee or licensee including, without limitation, the name, address, nature of business, ownership, financial responsibility and standing of such proposed assignee, Sublessee or licensee. Within twenty (20) business days after receipt of all required information, the Port may, in its sole discretion, consent to such proposed assignment, Sublease or license. The Port's failure to provide Lessee with such written consent within the stated twenty (20) day period shall constitute the Port's refusal to consent to the proposed assignment, Sublease or license. Notwithstanding the foregoing, the consent of the Port shall not be unreasonably withheld, delayed or conditioned.

13.1.1. As a condition for the Port's consent to any assignment, Sublease or license, 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 Sublessee or licensee, at the request of the Port, will attorn to the Port and the Sublease or license, if the Port so requests, shall continue in effect with the Port, but the Port shall be bound to the Sublessee 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, Sublease 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, Sublease or license contrary to the provisions hereof without consent shall be void. The consent by the Port to any assignment, Sublease or license shall not constitute a waiver of the necessity for such consent to any subsequent assignment, Sublease or license.

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, subleasing or licensing contained in this Section 13 shall be construed to include a prohibition against any assignment, subleasing or licensing 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, Sublessee, licensee 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, Sublease, license, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, Sublessee, licensee 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 for thirty (30) days after written notice is provided by the Port to Lessee (or 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 7.5, 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 attorney's 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 Port's sole 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 a portion of the Premises or any buildings or structures of which the Premises are a part, which are not, in the Port's sole judgment, 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. 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 any 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 include 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 providers, 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 its leased area for an unreasonable period of time, not to exceed thirty (30) working days, without consent of Lessee.

16.2.2. In the event that the Port permanently deprives Lessee from such beneficial use or occupancy, then an equitable adjustment in Rent, or in the cost required to modify its Premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse Lessee for the cost required to modify its Premises for the temporary period that Lessee is inconvenienced by such Port entry. 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 the Port 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 the Port of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Port. The consent or approval of the Port to or of any act by Lessee requiring the Port's consent or approval shall not be deemed to waive or render unnecessary the Port's consent or approval to or of any subsequent similar acts by Lessee.

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 any 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 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.

18.2. Removal of Wires. Within ten (10) days following the expiration or earlier termination of this Lease, the Port may elect by written notice to Lessee to either:

18.2.1. Retain, without necessity of payment, any or 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. In the event that the Port elects to retain the wiring, Lessee covenants that: (i) it is the sole owner of the assets transferred or passing to the Port; (ii) it shall have right to surrender the assets transferred or passing to the Port; (iii) the Wiring transferred or passing to the Port are free from all liens and encumbrances; (iv) the Wiring transferred or passing to the Port is in good condition, working order, in safe condition and comply with the requirements of this Agreement; and (v) that all wiring or cables included within the Wiring transferred or passing to the Port is properly labeled at each end, in each telecommunications/electrical closet and junction box, and otherwise as may be required by Port regulations. OR

18.2.2. Remove, or require Lessee to remove, all such Wiring 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.

This Section shall survive the expiration or earlier termination of this Lease.

18.3. 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 provisions of this Lease.

18.4. 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 any manner that could be a detriment to the Premises or 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 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 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. Stormwater Management. Lessee acknowledges that the Premises are subject to the requirements of the City of Seattle ("City") ordinance regarding stormwater drainage, source control, and other applicable City requirements, as well as the federal Clean Water Act and Washington State Department of Ecology ("Ecology") stormwater regulations and permits, which may include the Industrial Stormwater General Permit ("ISGP"), Boatyard General Permit, Construction General Permit, individual permits, and the Phase I Municipal Separate Storm Sewer System Permit ("MS4 Permit") (collectively, the "Stormwater Regulations"). Lessee will comply with all applicable requirements of the Stormwater Regulations, including at minimum Ecology's MS4 Permit, and shall apply for and hold as permittee any other applicable stormwater permit. It shall be Lessee's sole responsibility to determine which requirements and permit(s) are applicable. Lessee shall implement and perform all best management practices ("BMPs") necessary to meet the requirements of the Stormwater Regulations. If any regulatory authority (including but not limited to Ecology) or citizen cites or alleges the Port has violated any Stormwater Regulation, Lessee will fully defend and indemnify the Port for any damages, penalties, or other assessments made against the Port for the violations. Lessee will pay the Port's attorneys' fees in connection with such claims, notices, citations, and/or enforcement actions.

19.8. 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 (i) made, commenced or incurred during the term of this Lease, or (ii) 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, or by recognized overnight courier addressed as follows:

*To Lessor:*

Port of Seattle  
Attn: Lease Administration  
2711 Alaskan Way  
Seattle, WA 98121

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

Port of Seattle  
P. O. Box 24507  
Seattle, WA 98124-0507

*To Lessee:*

Doug Christensen, President & CEO  
Arctic Storm Management Group, LLC  
2727 Alaskan Way, Pier 69  
Seattle, WA 98121

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; or (iii) 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 Jones Lang LaSalle (Conan Lee) ("Tenant's 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 finder's fee(s) shall be paid to Lessee, employee(s) of Lessee or any unlicensed representative of Lessee. The Port will pay Tenant's Broker pursuant to a separate agreements with such Broker; *provided, however*, the Port's Broker (if any) shall be free (but without obligation, except as separately agreed between the Port's Broker and Lessee's Broker) to share the commission payable to it with Lessee's Broker as the Port's Broker sees fit.

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 instruments 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 the 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. Promotion of Port Commerce. Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.

20.10. Nondiscrimination - Services.

20.10.1. It is the basic policy of the Port to provide equal opportunity to the users of all Port services and facilities and all contracting entities. Lessee covenants and agrees that it will not discriminate by segregation or otherwise against any person or persons 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. Specifically, the PORT will not tolerate discrimination against any persons on grounds of age, race, color, national origin/ancestry, ethnicity, religion, disability, Family Medical Leave Act (FMLA) use, pregnancy, sex/gender, sexual orientation, whistleblower status, military affiliation, marital status, workers' compensation use, transgender status, political beliefs, or any other protected status, as guaranteed by local, state and federal laws.

20.10.2. 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.

20.11. 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, in particular:

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

20.11.2. 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.

20.12. 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.

20.13. Federal Maritime Commission Regulations. This Lease may be subject to the Shipping Act of 1984, the Shipping Act of 1916, the Ocean Shipping Reform Act of 1998, and their respective implementing regulations. No future amendment or modification to this instrument will be effective until the appropriate procedures, if any, have been completed in accordance with the procedures of the appropriate federal agency which has jurisdiction over the Shipping Acts.

20.14. 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.

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

20.16. 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.

20.17. 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.

20.18. 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.

20.19. 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.

20.20. 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.

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

