

**EXH. RJR-4  
DOCKETS UE-22\_\_\_/UG-22\_\_\_  
2022 PSE GENERAL RATE CASE  
WITNESS: RONALD J. ROBERTS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-22\_\_\_  
Docket UG-22\_\_\_**

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**RONALD J. ROBERTS**

**ON BEHALF OF PUGET SOUND ENERGY**

**JANUARY 31, 2022**

**LEASE**

Date: 9/04/14

**LESSOR:**

PORT OF TACOMA  
A Washington port district  
One Sitcum Way (98421)  
PO Box 1837  
Tacoma WA 98401  
253.383.5841

**LESSEE:**

PUGET SOUND ENERGY, INC.  
a Washington corporation  
10885 NE 4th St. (98004)  
PO Box 97034 - PSE 11 North  
Bellevue WA 98009-9734  
425.462.3931

1. Premises: Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, on the terms and conditions stated in this Lease, the following described area in the Port of Tacoma, Tacoma, Pierce County, Washington:

Approximately 30.15 of uplands and approximately 3 acres of submerged lands, together with all improvements located thereon at the beginning of this Lease, located at 901 and 1001 Alexander Avenue and 3533 E 11<sup>th</sup> St, Tacoma, Pierce County, Washington 98421, as generally shown and described in EXHIBIT A attached hereto (the "Premises").

If Lessee requires additional easements, licenses, or other use rights on Lessor's property in connection with Lessee's business on the Premises (including, without limitation, an easement across Lessor's property for a liquefied natural gas fuel line and related facilities), or requires necessary utility and service easements for utilities, telephone, or communication facilities for providers of such utilities or services necessary for Lessee's business on the Premises, then Lessor will consider and enter into good faith negotiations with Lessee and/or such utility or service providers regarding the same.

2. Term:

2.1 Initial Term: The term of this Lease shall commence on September 1, 2014 (the "Lease Commencement Date"), subject to Lessor's receipt of the first month's Feasibility Period Fee, Lessee providing security as described in Section 4 below, and proof of insurance as described in Section 12 below. The continuation of this Lease after the Feasibility Period is subject to the approval or deemed approval by the United States as described in Section 2.3.5 below. Unless earlier terminated during the Feasibility Period pursuant to Section 2.3 below or otherwise pursuant to this Lease or applicable law, this Lease shall terminate twenty five (25) years (the "Initial Term") after the earlier of (i) the first (1<sup>st</sup>) day of the month following the day of mechanical completion of the facilities to be constructed on the Premises by Lessee (the "Operations Date"), and (ii) 60 months after the Lease Commencement Date. Lessor and Lessee shall execute a Notice of Lease Term Dates in the form attached hereto as EXHIBIT E, setting forth the first (1st) day of such twenty-five-year (25-year) period.

2.2 Extension Term: The term of this Lease may be extended for one (1) additional period of twenty five (25) years, on and subject to the following conditions (the "Extension Term"):

2.2.1 Lessee shall give Lessor written notice of Lessee's intent to extend the term of this Lease no later than three (3) years prior to the expiration of the Initial Term (the "Extension Notice").

2.2.2 Lessor in its sole discretion may require Rent (defined in Section 3.3) during the Extension Term to (a) be adjusted annually, continuing from the Initial Term, as set forth in Section 3.5 below, or (b) be based on an appraisal, and adjusted annually thereafter in the same manner as set forth in Section 3.5 below. If Lessor decides to use an appraisal to establish Rent for the Extension Term, then the appraised amount shall be based on (i) comparable waterfront terminal (vs. industrial) property; and (ii) an appraisal completed by an MAI appraiser acceptable to both Lessor and Lessee, with the cost of said appraisal to be shared equally by the parties. Said appraisal shall determine the then current fair market rent for comparable waterfront terminal property. The Rent to be paid at the beginning of the Extension Term shall be adjusted based on the percent change, from the month that the appraised amount was established to the month in which the Extension Term commences, in the Consumer Price Index (CPI) for the Seattle-Tacoma-Bremerton area, All Items, Not Seasonally Adjusted, 1982-84=100, All Urban Consumers (CPI-U), as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the successor index or closest comparable index if the above index is no longer published. The figure for the month closest to and preceding the applicable month shall be used if no figure is published for a month described above. Provided, however, that the Rent to be paid at the start of the Extension Term shall not be decreased from the appraised amount. If the above calculation results in a negative number, then the Rent to be paid at the start of the Extension Term shall remain the same as the appraised amount.

2.2.3 If Lessor decides to use an appraisal to establish Rent for the Extension Term, then Lessor shall give Lessee written notice of the proposed beginning rent (\$/mo.) for the Extension Term based on appraisal no later than thirty (30) months prior to the start of the Extension Term. If Lessor does not timely provide such notice, then Rent shall continue to escalate annually from the Initial Term as if Lessor had elected to proceed under Section 2.2.2(a) above.

2.2.4 Lessee shall give Lessor written notice that Lessee accepts or declines the proposed beginning rent for the Extension Term based on appraisal at least twenty-four (24) months prior to the start of the Extension Term. If Lessee fails to give timely notice of intent to decline, then Lessee shall be deemed to have accepted. If declined, the Lease shall terminate at the end of the Initial Term unless otherwise mutually agreed by the parties, each acting in its sole and absolute discretion.

2.2.5 At the time Lessee gives Lessor written notice as set forth in Section 2.2.1 above, and at the beginning of the Extension Term, Lessee must be conducting business involving the sale of liquefied natural gas ("LNG") for use or transportation by

marine vessels, unless Lessor waives such requirement in its sole and absolute discretion.

2.2.6 At the time Lessee gives Lessor written notice as set forth in Section 2.2.1 above, and at the beginning of the Extension Term, marine-related sales volume (current and forecasted for the entire Extension Term) must be a minimum of 45% of total annual sales volume for LNG delivered from the Premises, including marine- and non-marine-related sales volume, unless Lessor waives such requirement in its sole and absolute discretion.

2.2.7 At the time Lessee gives Lessor written notice as set forth in Section 2.2.1 above, and at the beginning of the Extension Term, Lessee must produce a cure acceptable to Lessor for any restricted use of waterways or uplands caused by regulatory changes related to Lessee's LNG facility or operations, including but not limited to the storage, other Premises operations, terminal operations, loading/unloading, or transportation of LNG by Lessee.

2.2.8 The Extension Term shall be on the same terms and conditions as the Initial Term, except that Rent shall be as provided above, and except as otherwise mutually agreed to by the parties.

2.2.9 Lessee shall not be entitled to extend the term of this Lease if Lessee is in default (after applicable notice and cure time) of the performance of its obligations under this Lease, or under any other agreement between Lessee and Lessor related to this Lease or to Lessee's business on the Premises, at the date notice of extension is due or at the date the Extension Term is to commence.

2.2.10 Lessee shall not be entitled to extend the term of this Lease if Lessee is a corporation, limited liability company, or other entity whose stated duration will expire prior to the end of the Extension Term.

### 2.3 Feasibility Period.

2.3.1 Lessee acknowledges that some or all of the Premises are currently in use by others or may be in use by others during the Feasibility Period. Lessor represents that all of such uses affecting the Premises are evidenced by the following instruments (collectively, the "Existing Tenancies"): (a) lease dated January 28, 2013, between Lessor as lessor and EHW as lessee (the "EHW Lease"); (b) lease dated May 29, 2014, between Lessor as lessor and Safe Boats as lessee (the "Safe Boats Lease"); (c) lease dated July 14, 2010 between Lessor as lessor and PCC Logistics as lessee (the "PCC Lease") and (d) Port of Tacoma Maintenance Department occupancy of space as shown on Exhibit A-2 (the "Port Occupancy"). Except for the Existing Tenancies, during the term of this Lease, Lessor agrees not to further encumber the Premises, or modify or amend any of the Existing Tenancies or existing title encumbrances (other than to shorten the duration of or terminate such Existing Tenancies or existing title encumbrances), without the prior written consent of Lessee, which consent shall not be unreasonably withheld, conditioned, or delayed. Lessor shall give notice to Lessee of any shortened duration or termination of any Existing Tenancy or existing title encumbrance. Lessee shall not unreasonably interfere with the Existing Tenancies during the Feasibility Period.

During the Initial Term, Lessee shall have the right, commencing on the Lease Commencement Date and continuing for twelve (12) months thereafter (as the same may be extended, the "Feasibility Period"), to inspect the Premises, obtain all necessary permits, conduct feasibility studies, review title, conduct surveys, verify the berth arrangements and fees, conduct environmental studies, and perform other necessary (as determined in Lessee's sole discretion) due diligence, subject to the notice and access requirements of this Lease. Any physically intrusive boring, testing, or other activity on the Premises shall require Lessee's submittal to Lessor of a detailed written scope of work, which shall be subject to Lessor's written approval prior to any such activity occurring, and which approval shall not be unreasonably withheld, conditioned, or delayed.

2.3.2 The Feasibility Period may be extended by Lessee by written notice to Lessor on a month-to-month basis until thirty (30) days after all permits to be obtained by Lessee have been received and for such other period as may be agreed to by the parties in writing; provided that the total Feasibility Period shall not be longer than twenty-four (24) months unless otherwise agreed to by the parties in writing.

2.3.3 Lessee may terminate this Lease upon written notice to Lessor at any time prior to the expiration of the Feasibility Period. Upon such termination by Lessee, Lessee shall pay Lessor a lease termination fee of \$50,000.00 (the "Lease Termination Fee"); provided that if such termination is due to environmental conditions not caused by Lessee, or its employees, agents, representatives, contractors, subcontractors, consultants, subconsultants, customers, licensees, invitees, visitors, or guests (collectively, the "Lessee Parties"), then no Lease Termination Fee shall be due.

2.3.4 Lessor may terminate this Lease upon written notice to Lessee at any time prior to the expiration of the Feasibility Period if in Lessor's reasonable opinion the Permitted Uses (as defined in Section 5) may impair the use of the affected waterways or adjacent properties owned or controlled by Lessor; provided, however, that if Lessor makes such a determination, Lessor shall provide Lessee with a statement of the impairment and Lessee shall have the opportunity to correct or eliminate the impairment within 90 days of Lessor's notice of such impairment, or within such longer period as reasonably necessary to correct or eliminate the impairment provided that it is determined by Lessor in its reasonable and sole discretion that the impairment can be corrected or eliminated. If Lessee corrects or eliminates the impairment to Lessor's reasonable and sole satisfaction, Lessor's right to terminate based on the subject impairment shall be null and void.

2.3.5 The continuation of this Lease after the Feasibility Period is subject to approval or deemed approval by the United States of America under Section 8a. of the Quit Claim Deed recorded August 23, 2011 under Pierce County Auditor's File No. 201108230443 ("US Approval"). This Lease shall automatically terminate if such US Approval is not received before expiration or termination of the Feasibility Period.

2.3.6 If this Lease is not terminated during the Feasibility Period, then this Lease shall automatically continue.

2.3.7 At any time during the Feasibility Period and after US Approval, Lessee may give written notice to Lessor that the Premises are acceptable for Lessee's purposes and that Lessee desires to terminate the Feasibility Period and proceed with this Lease. Lessee's right to terminate the Feasibility Period is subject to: (i) Lessor's right to terminate this Lease under Section 2.3.4 above by written notice to Lessee within thirty (30) days from Lessor's receipt of Lessee's Feasibility Period termination notice; and (ii) the Existing Tenancies, subject to the provisions of Sections 2.3.8 below.

2.3.8 If Lessee terminates the Feasibility Period during the Feasibility Period and proceeds with this Lease, and the Existing Tenancies still exist on the Premises at that time, then (i) Lessee's rights under this Lease are subject to such Existing Tenancies until such Existing Tenancies are terminated; and (ii) the EHW Lease shall not be terminated effective prior to August 30, 2015, without such tenant's prior written approval, (iii) the Safe Boats Lease shall not be terminated effective prior to July 31, 2015 without such tenant's prior written approval; (iv) the PCC Logistics Lease shall not be terminated effective prior to July 31, 2015 without such tenant's prior written approval; and (v) the Port Occupancy shall not be terminated effective prior to July 31, 2015 without the Port's prior written approval.

2.3.9 At any time during the Feasibility Period and after US Approval, if Lessee reasonably decides that Lessee requires the Existing Tenancies to be terminated or improvements to be subjected to intrusive or destructive testing or removal at 901 or 1001 Alexander Avenue or 3533 E 11<sup>th</sup> Street for Lessee to complete its due diligence, then Lessee may request Lessor to terminate the Existing Tenancies and grant permission for such impacts to or removal of improvements. Lessee's rights under this section are subject to the following conditions: (i) Lessee shall use commercially reasonable efforts to avoid requesting any termination of the Existing Tenancies during the Feasibility Period; (ii) Lessee acknowledges and agrees that the Existing Tenancies at 3533 E 11<sup>th</sup> Street may not be terminated effective prior to August 30, 2015, without such tenants' approval, and may be terminated thereafter only on ninety (90) days prior written notice; and (iii) if Lessee requests such termination prior to August 30, 2015, Lessee shall pay Lessor the rent and Washington State leasehold excise tax, if applicable to Lessee, that would otherwise have been payable to Lessor from any such tenancies from the dates such tenancies are terminated through August 30, 2015 (the "Existing Tenancies Rent"), which shall be in addition to the Feasibility Period Fee to be paid by Lessee for such period. Notwithstanding the foregoing, the total amount of the Existing Tenancies Rent (and any taxes applicable thereto) and the Feasibility Period Fee shall not exceed \$239,722.93 per month.

2.3.10 Lessee shall not construct, install, or make any alterations or improvements (except as described and permitted in Section 2.3.9 above) on or to the Premises during the Feasibility Period.

### 3. Feasibility Period Fee, Construction Period Rent, Rent, and Other Fees:

3.1 Feasibility Period Fee: Commencing on the Lease Commencement Date, and continuing on the first day of each month thereafter during the Feasibility Period, Lessee shall pay in advance to Lessor, as consideration for the Feasibility Period under

this Lease, \$49,725.00 per month for the first twelve (12) months of the Feasibility Period (the "Feasibility Period Fee"). If the Feasibility Period is extended past twelve (12) months, the Feasibility Period Fee shall be increased by \$7,000.00 each month. The Feasibility Period Fee shall be pro-rated per diem for partial months. The Feasibility Period Fee is not refundable under any circumstances and shall not be applied to any other period or charge. Amounts not paid when due shall incur interest at 1.5% per month from the date due until paid.

3.2 Construction Period Rent: Commencing on the first day following the end of the Feasibility Period and in all events no later than twenty four (24) months after the Lease Commencement Date, Lessee shall pay in advance to Lessor, \$146,000.00 per month, plus Washington State leasehold excise tax as now or hereafter assessed, currently assessed at 12.84% of taxable rent, but only to the extent such leasehold excise tax is applicable to Lessee, until the Full Rent Commencement Date (defined in Section 3.3) (the "Construction Period Rent"). The Construction Period Rent shall be pro-rated per diem for partial months. The Construction Period Rent is not refundable under any circumstances and shall not be applied to any other period or charge. Amounts not paid when due shall incur interest at 1.5% per month from the date due until paid.

3.3 Rent: Commencing on the first day following the Operations Date (the "Full Rent Commencement Date"), and continuing on the first day of each month thereafter during the remaining term of this Lease, Lessee shall pay in advance to Lessor rent (the "Rent") in the amount of \$212,445.00 per month, subject to annual adjustment under Section 3.5 below, plus Washington State leasehold excise tax as now or hereafter assessed, currently assessed at 12.84% of taxable rent, but only to the extent such leasehold excise tax is applicable to Lessee. Rent and leasehold excise tax (if applicable) shall be paid to Lessor in advance on or before the first day of each month. Amounts not paid when due shall incur interest at 1.5% per month from the date due until paid.

3.4 Volume Charge: In addition to Rent, Lessee shall pay a volume charge in the amount of \$0.085 per barrel ("Volume Charge"), subject to annual adjustment under Section 3.5 below, which shall apply to all LNG leaving the Premises, including but not limited to all marine, land, and pipeline deliveries from the Premises. Lessee shall report its volume by calendar month monthly in arrears on or before the twentieth (20th) day of the immediately following month, and shall pay to Lessor the Volume Charge due on its volume monthly in arrears on or before the first (1st) day of the month following the immediately following month (e.g., June 1 for April Volume Charge). Lessee shall measure and report its volume based on metered volume handled per day. Amounts not paid when due shall incur interest at 1.5% per month from the date due until paid. Upon request by Lessor made at any time during this Lease and up to two (2) years after the termination or expiration of this Lease, Lessor and its representatives are entitled to review all books and records of Lessee related to all volumes of all products handled by Lessee at the Premises and all Volume Charge paid to Lessor during the term of this Lease. If the review determines that volumes have been understated or Volume Charge underpaid, then Lessee shall immediately pay the amount underpaid with interest at 1.5% per month from the date when such payment should have been made until paid, plus the reasonable attorneys' fees and costs related to the review and the collection of amounts due. With respect to any LNG leaving the facility that is not to Totem Ocean Trailer

Express, its affiliates or each of their respective successors (collectively, "TOTE"), Lessor reserves the right to develop a Tariff item for LNG in the future, based on market standards and experience at such time, upon ten (10) years' notice to Lessee. Such Tariff, upon adoption after the 10-year notice period, shall supersede the rate and other provisions of this section to the extent inconsistent with such Tariff. Notwithstanding the foregoing, the Volume Charge for LNG leaving the facility to TOTE shall remain \$0.085 per barrel (subject, however, to the periodic CPI adjustments set forth in Section 3.5 below).

**3.5 Periodic Adjustments:** Rent and Volume Charge to be paid by Lessee under this Lease shall be automatically adjusted effective as of each anniversary of the Rent Commencement Date or effective as of each anniversary of the first day of the month following the Rent Commencement Date if the Rent Commencement Date does not fall on the first day of the month (each such date being an "Adjustment Date"), by the percent change in the Consumer Price Index (CPI) for the Seattle-Tacoma-Bremerton area, All Items, Not Seasonally Adjusted, 1982-84=100, All Urban Consumers (CPI-U), as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the successor index or closest comparable index if the above index is no longer published. The adjustment shall be calculated by: (1) determining the average of the monthly CPI-U indexes for the one year period preceding the applicable Adjustment Date for which figures are available as of the applicable Adjustment Date (e.g., May through April for an Adjustment Date on June 1), and the average of the monthly CPI-U indexes for the one year period (e.g., May through April) prior thereto; (2) determining the index point change between the two averages; and (3) determining the percent change, calculated to 2 places after the decimal point. The manner of calculating the adjustment is illustrated by the example contained in EXHIBIT B hereto. The percent change shall be multiplied by the existing monthly Rent and Volume Charge, respectively, and the product thereof shall be added to such monthly Rent and Volume Charge, respectively, to determine the monthly Rent and Volume Charge for the one (1) year period immediately following the applicable Adjustment Date. Provided, however, that the monthly Rent and Volume Charge to be paid by Lessee shall never be decreased. If the percent change for the applicable Adjustment Date is a negative number, then the monthly Rent and Volume Charge shall stay the same until the next Adjustment Date. Each adjustment shall be effective as of the applicable Adjustment Date. Within thirty (30) days of the date of Lessor's notice of adjustment after completion of an adjustment calculation, Lessee shall pay to Lessor the amount of any deficiency in Rent and Volume Charge paid by Lessee for the period following the subject Adjustment Date, and shall thereafter pay the adjusted Rent and Volume Charge until receiving the next notice of adjustment from Lessor.

**3.6 Dockage:** Dockage will not be charged by Lessor against vessels berthing at the Premises, provided that the total length of vessels berthing at the Premises at any one time shall not exceed 650 feet. If the total length of vessels berthing at the Premises at any one time exceeds 650 feet, then Lessor may charge dockage, other charges or fees under applicable Tariffs, or Impact Fees.

**3.7 Tariffs:** "Tariffs" mean the tariffs of the Port of Tacoma, as now in effect or as from time to time amended or adopted. The Tariffs include various fees and charges for services and additional rules and regulations (collectively, the "Fees and Charges").

To the extent that the Fees and Charges are covered by this Lease, the Lease shall supersede the Tariffs and shall be in lieu of the Fees and Charges under the Tariffs for such items except to the extent expressly provided for in this Lease. In addition, to the extent any provisions of the Tariffs are clearly inconsistent with the provisions of this Lease, the provisions of this Lease will take precedence and control over the Tariffs. To the extent that the Tariffs cover Fees and Charges not covered in this Lease, the Fees and Charges under the Tariffs shall apply. Upon Lessee's request, Lessor shall provide Lessee with copies of current Tariffs. Lessor represents and warrants that (a) to the best of Lessor's knowledge, there are currently no Tariffs, Fees and Charges in effect that are related to any of the terms and conditions of this Lease that are not included in this Lease, (b) Schedule 1 attached hereto and incorporated by reference lists all Tariffs, Fees and Charges in effect and/or pending adoption as of the date of this Lease, and (c) any new Tariffs, Fees and Charges applicable to Lessee's operations at the Premises will be binding on Lessee only upon ten (10) years' notice to Lessee of the same.

3.8 Payment: The Feasibility Period Fee, Construction Period Rent, Rent and leasehold excise tax (if applicable), shall be paid to Lessor in advance on or before the first day of each month. Volume Charge, dockage, and other payments shall be paid in arrears unless otherwise specified or otherwise required by context. Amounts not paid when due shall incur interest at 1.5% per month from the date due until paid.

4. Lease Security: Lessee shall at all times during the term of this Lease maintain in effect and on file with Lessor a letter of credit, cash deposit, or other security acceptable to Lessor in its sole discretion, in an amount equal to twelve (12) months rent plus Washington State leasehold excise tax. The initial security amount shall be \$596,700.00 [12x\$49,725.00 (Feasibility Period Fee)]. The amount shall be adjusted to reflect rental adjustments and other changes affecting Lessee's obligations under this Lease. The security shall be conditioned on the performance of all covenants, conditions, and obligations to be observed and performed by Lessee under this Lease. If the security is in the form of a cash deposit, then Lessor's obligations with respect to the security are those of a debtor and not a trustee, and Lessor may commingle the security deposit with its other funds. If Lessee complies with all covenants, conditions, and obligations to be observed and performed by Lessee under this Lease, then the security shall be released or returned without interest or other payment within ninety (90) days after surrender of the Premises by Lessee in the condition required by this Lease.

5. Use: The Premises may be used for LNG production, storage, and distribution, including without limitation offices; other buildings; parking; storage tanks; secondary containment systems; related pipelines; truck, rail, and marine loading facilities; natural gas compression and liquefaction facilities; natural gas pre-treatment facilities; safety and fire extinguishing facilities; pier; and emergency power generation facilities (the "Permitted Uses"). The Premises shall not be used for any other purpose without the prior written consent of Lessor, in its sole and absolute discretion. Lessee shall not under any circumstances use the Premises or permit the Premises to be used for any illegal purpose. Notwithstanding the Permitted Uses described above, nothing in this Lease authorizes Lessee to undertake any site alterations, additions or improvements in or to the Premises (collectively, the "Tenant Improvements") except as subject to the provisions of Section 7 below.

6. Condition of Premises: Lessee has inspected the Premises, is aware of their condition, and accepts them as they are, subject to (a) any work to be performed by Lessor prior to any construction by Lessee, and (b) the Existing Tenancies. In addition, the condition of the Premises includes the items set forth in EXHIBIT C attached hereto, and Lessee shall observe and perform all conditions and obligations as set forth in EXHIBIT C and in the Environmental Documents (as defined in EXHIBIT C, and as applicable to Lessee). At the expiration or sooner termination of this Lease, Lessee shall return the Premises to Lessor in the same condition in which received, subject to the provisions of Sections 7 and 8 below, and reasonable wear and tear excepted.

7. Alterations and Improvements:

7.1 Lessee anticipates making and constructing Tenant Improvements to the Premises pursuant to this Lease, which are generally described in EXHIBIT D attached hereto. The parties acknowledge that EXHIBIT D is an approximate description of the Tenant Improvements and is not meant to be an exhaustive list, and that the Tenant Improvements to be made by Lessee may change during the Feasibility Period, Construction Period, and remaining Term of this Lease. Any Tenant Improvements are subject to the review and approval process as set forth below and in EXHIBIT C. Unless otherwise agreed to in writing by Lessor and Lessee, any alterations or improvements to be made by Lessee shall be subject to Lessor's prior written approval in accordance with Lessor's Tenant Improvement Procedure, as now in effect or as hereafter amended or adopted. Lessee shall make no alterations, additions, or improvements in or to the Premises (collectively "Tenant Improvements") without the prior written consent of Lessor, which will not be unreasonably withheld, conditioned or delayed.

7.2 Lessee at its sole cost and expense shall be responsible for completing all Tenant Improvements on the Premises (uplands and submerged lands) and all off-site improvements required for Lessee's operations at the Premises. Lessee at its sole cost and expense shall be responsible for obtaining all permits and performing all construction and implementing any mitigation required by any agency as a result of the construction to complete any Tenant Improvement or off-site improvement in full compliance with all applicable laws and permit requirements.

7.3 No approval of Lessor shall be required for maintenance, repair, replacement (with same or similar), or remodeling of Tenant Improvements on the Premises, to the extent such work (a) does not increase the footprint of any existing or future improvements on the Premises, and (b) occurs above the ground surface. However, Lessee shall provide as-built drawings (or final design drawings if as-built drawings are not available) for such work to the Port no later than sixty (60) days after the completion of such work for the Port's records regarding the Premises. For any other work by or for Lessee on the Premises, including but not limited to maintenance, repair, replacement (with same or similar), or remodeling work, which occurs below the ground surface, in water, or over water, Lessee must obtain prior written approval from Lessor in accordance with Lessor's Tenant Improvement Procedure, as now in effect or as hereafter amended or adopted.

7.4 At the expiration or earlier termination of this Lease, the Tenant Improvements shall either be removed by Lessee at its expense or shall remain in place and become the property of Lessor, in whole or in part, at Lessor's option in its sole discretion and at no cost to Lessor. Lessor shall give Lessee written notice of the Tenant Improvements to be removed from the Premises and those to be retained by Lessor no later than eighteen (18) months prior to the expiration of the Lease. Lessor shall give as much prior notice as is reasonably practicable under the circumstances if this Lease terminates prior to its expiration. If this Lease is terminated prior to its expiration, then Lessee shall have the right to holdover possession of the Premises for a period of time reasonably necessary for Lessee to complete removal of the Tenant Improvements which Lessor has required to be removed, but in no event longer than eighteen (18) months. Such possession shall be month to month at the Rent in effect immediately prior to the holdover possession and subject to termination by Lessee upon thirty (30) days' written notice at any time. All equipment and trade fixtures of Lessee, including but not limited to, racking, shelving, fixtures, furnishings, furniture, equipment, portable partitions and cabinets, and all personal property of Lessee (collectively, "Lessee Property"), shall remain the property of Lessee and shall be removed on or before the expiration or earlier termination of this Lease or any extension thereof unless Lessor consents to Lessee not removing certain Lessee Property; provided that Lessee shall make any repairs necessary to restore the Premises pursuant to Section 6 above. Any Tenant Improvements required by Lessor to be removed by Lessee or Lessee Property not removed by Lessee as required, may be removed and disposed of by Lessor at Lessee's expense or shall become the property of the Lessor, at Lessor's option in its sole discretion and at no cost to Lessor.

8. Maintenance and Repair:

8.1 Lessee shall at all times at its sole cost and expense keep the Premises and all buildings and other improvements now or hereafter located thereon and all appurtenances thereto, including but not limited to drainage and storm water facilities (except to the extent any of the foregoing is subject to or encumbered by any of the Existing Tenancies), in good repair and condition during the term of this Lease. The above obligations include maintenance, repair, renewal, and replacement as and when necessary.

8.2 As truck volumes increase beyond Lessee's Baseline Usage, Lessor shall have the right to charge Lessee an annual road maintenance fee based on a reasonable estimate of the annual repairs necessitated by, and/or the wear and tear caused by, Lessee's increased use. "Lessee's Baseline Usage" for the Construction Period and for the period after the Operations Date shall be determined by Lessee and approved by Lessor during the Feasibility Period. Lessor's reasonable estimates of the annual road repairs and/or wear and tear contributed by Lessee's increased vehicle use shall be determined in conjunction with total truck volume in the Port of Tacoma and any resulting road maintenance fees will be assessed as a Tariff and also apply to other tenants of Lessor.

9. Compliance with all Laws: Lessee shall keep the Premises and all improvements now or hereafter located thereon (except to the extent any of the foregoing

is subject to or encumbered by any of the Existing Tenancies) in a clean and safe condition and shall comply with all applicable laws, rules, regulations, standards, ordinances, permits and permit requirements, orders, and decrees of all governmental bodies having authority over the Premises or any activity conducted thereon including, but not limited to, those pertaining to police, fire, coast guard, safety, sanitation, environment, storm water, odor, dust emissions, noise, and track-out, as currently in effect or as may be hereafter amended or issued. Lessee shall also comply with the requirements of Exhibit C. Lessee shall defend, indemnify, and hold Lessor harmless against all claims, costs (including but not limited to reasonable attorneys' fees), fees, fines, penalties, liabilities, losses, and damages that Lessor may incur to the extent related to any charge, claim, litigation, or enforcement action related to any actual or claimed violation of any of the foregoing by Lessee or any Lessee Parties.

10. Taxes: Lessee shall pay and save Lessor harmless from any tax, assessment, charge, or fee imposed on the interest of either party in the Premises during the term of this Lease or imposed on the parties or either of them by reason of this Lease or any improvement now or hereafter located on the Premises (except to the extent any of the foregoing is related to any of the Existing Tenancies). Lessor and Lessee understand that only Construction Period Rent and Rent are subject to Washington State leasehold excise tax, and that such leasehold excise tax may not be applicable to Lessee; however, Lessor and Lessee acknowledge that the issue may be determined otherwise by governmental agencies and courts, and Lessee further acknowledges and agrees that, without limiting the first sentence of this section, Lessee shall be responsible for payment of any and all leasehold excise tax as now or hereafter assessed applicable to Lessee. In no event shall Lessee be liable for any estate taxes or inheritance taxes, transfer, gift or franchise taxes or gross receipts taxes of Lessor, any "roll back" or similar taxes attributable to periods before the Initial Term or any federal, state or local income taxes, any tax in lieu of net income tax, or any penalties or interest other than those attributable to Lessee's failure to comply timely with its obligations pursuant to this Lease.

11. Utilities: Lessee shall be liable for, and shall pay during the term of this Lease after the expiration or termination of the Feasibility Period all charges for all utility services furnished to the Premises, including, but not limited to, light, heat, electricity, gas, water, sewage, storm sewer, storm water, waste water, requested janitorial services, and garbage disposal; provided that Lessee shall not be responsible for payment of any utility service related to an Existing Tenancy until termination of such Existing Tenancy. If the Premises or any part thereof are part of a building or are part of any larger premises to which any utility services are furnished on a consolidated or joint basis, Lessee shall pay Lessee's pro rata share of the cost of any such utility services, which may be computed by Lessor on any reasonable basis, and separate metering or other exact segregation of cost shall not be required. All charges for utility installation or improvements by, for, or on behalf of Lessee shall be paid by Lessee. All utility installations and improvements shall be subject to the prior written approval of Lessor.

12. Insurance: Lessee shall, at its own expense, maintain commercial general liability or marine terminal operator insurance or equivalent with a reputable company(ies) with an A.M. Best Rating of A- VII or better (or equivalent) with minimum limits from the Lease Commencement Date through the Feasibility Period of Ten Million Dollars

(\$10,000,000) per occurrence and in the aggregate (per policy year), and with minimum limits after the Feasibility Period of Fifty Million Dollars (\$50,000,000) per occurrence and in the aggregate (per policy year), for bodily injury, death, property damage, and contractual liability, combined single limit per occurrence, and which shall include Lessor as an additional insured. Lessee shall also maintain pollution legal liability insurance providing coverage for bodily injury, death, and property damage, and including coverage for environmental damage and related remediation and cleanup costs, with minimum limits of Ten Million Dollars (\$10,000,000) per occurrence and in the aggregate (per policy year), and which shall also include Lessor as an additional insured. Commencing on the Rent Commencement Date, Lessee shall also maintain an all-risk property insurance policy insuring all improvements placed on the Premises by Lessee at their full replacement cost. Lessee shall also maintain business auto liability coverage insuring all owned, rented, or leased vehicles to minimum limits of Three Million Dollars (\$3,000,000) combined single limit per occurrence. Lessee shall maintain Workers' Compensation Insurance as required by law, and Employer's Liability Insurance with minimum limit of One Million Dollars (\$1,000,000) each accident. Lessee shall insure all personal property, equipment, and fixtures on the Premises or kept or stored thereon in such amounts as deemed reasonable by Lessee. Lessee may at its option self-insure for a portion of the above coverages. In such event, Lessee shall provide Lessor with a Self Insurance Warranty Letter to the effect that: (i) Lessee is self-insured and maintains a self-insurance program wherein the self-insured amount is no greater than twenty percent (20%) of the above-required minimum limits; (ii) Lessee's self-insurance program will respond to the same extent as if an insurance policy specifically named the Port as an additional insured; and (iii) Lessee will maintain such self-insurance program for its obligations, including but not limited to its obligations to Lessor under this Section 12, for the duration of this Lease. All policies issued on a claims-made basis shall provide for extended reporting periods of not less than two (2) years following the end of the Lease term. Lessee shall deliver to Lessor certificates of such insurance evidencing all required coverage and Lessor's additional insured status, and at Lessor's request, shall also deliver to Lessor a copy of all policies of such insurance and all endorsements thereto. Lessor shall be given at least thirty (30) days' (ten (10) days' for non-payment of premiums) prior written notice of any cancellation or non-renewal of any required insurance. After the fifth (5<sup>th</sup>) anniversary of the Lease Commencement Date, Lessor, in its reasonable discretion, may request an increase or decrease in the amounts of insurance coverage required herein at any time and from time to time during the term of this Lease (but no more often than once every five (5) years) by giving one hundred twenty (120) days' written notice to Lessee; provided however, that such request by Lessor shall be limited to amounts of insurance coverage that is commonly purchased for similar projects.

13. Waiver of Subrogation: If either Lessor or Lessee experiences any injury, loss or damage to themselves or their respective real or personal property, and if that injury, loss or damage was then insured against under any or all of their respective insurance policies, including any extended coverage endorsements thereto, then the appropriate insurance company(ies), and not Lessor or Lessee, shall be solely liable to compensate the party(ies) who experienced the injury, loss or damage, and this shall be so regardless of whether Lessor or Lessee was responsible for such injury, loss or damage, to the extent permitted by law. To this end, Lessor and Lessee hereby waive any rights each may have against the other as a result of any injury, loss or damage which

is then insured against by either. This waiver is effective only to the extent that the insurance company(ies) actually pay(s) for such injury, loss or damage. In addition, Lessor and Lessee agree to cause their respective insurance companies to waive any right of subrogation. This paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of Lessor or Lessee.

14. Hold Harmless and Indemnity: All personal property and Tenant Improvements on the Premises shall be at the sole risk of Lessee. Lessor, its employees and agents shall not be liable for any injury to or death of any person, or damage to property, sustained or alleged to have been sustained by Lessee or others as a result of any condition (including future conditions) in the Premises or any building or improvement on the Premises, or due to the happening of any accident or occurrence of whatsoever kind or nature and from whatsoever cause in and about the Premises, except to the extent any of the foregoing is proven by Lessee to have been caused by, arisen from or relate to the negligence or intentional misconduct of Lessor, or its employees, agents, contractors, or subcontractors (collectively, the "Lessor Parties").

Lessee agrees to indemnify, defend and hold Lessor, its commissioners, directors, officers, employees and agents harmless from any and all third party claims, and any and all costs (including but not limited to reasonable attorneys' fees), fees, fines, penalties, liabilities, losses, injuries and/or damages suffered or alleged to have been suffered by any person, firm or corporation on or about the Premises, or related to Lessee's tenancy under this Lease, or related to any operation or act or omission of Lessee or Lessee Parties on or about the Premises or related to Lessee's tenancy under this Lease, and arising out of or based on or caused by or related to any act or event or incident or occurrence occurring during the Initial Term or Extension Term or any holdover term of this Lease, including but not limited to any and all claims for damages for loss of access, business interruption or loss, death, personal injuries, property damage, natural resource damages, attorney fees, consultant fees, fines, penalties, and any other costs or damages, except to the extent such loss or damage is proven by Lessee to result from (i) any environmental conditions not caused by or contributed to or exacerbated by Lessee or Lessee Parties or related to Lessee's tenancy under this Lease or any operation or act or omission of Lessee or Lessee Parties (except as otherwise provided in Section 21(h)(C) of this Lease), or (ii) the negligence or intentional misconduct of Lessor or Lessor Parties. Lessee's obligations under this section shall survive expiration or other termination of this Lease.

Lessor agrees to indemnify, defend and hold harmless Lessee and its shareholders, directors, officers, employees and agents (collectively, the "Lessee Indemnitees"), from and against any and all third party claims, and any and all costs (including but not limited to reasonable attorneys' fees), fees, fines, penalties, liabilities, losses, injuries and/or damages suffered or alleged to have been suffered by any person, firm or corporation to the extent resulting from the negligence or intentional misconduct of Lessor or Lessor Parties. Lessor's obligations under this section shall survive expiration or other termination of this Lease.

Notwithstanding anything in this Lease to the contrary, if a court of competent jurisdiction determines that any activity covered by the indemnities under this section of this Lease is subject to RCW 4.24.115, then, in the event of liability for damages or any other loss, fines, costs, and expenses caused by or resulting from the concurrent negligence or other act or omission of Lessor or Lessor Parties, and Lessee or Lessee Parties, the Lessor's and Lessee's liability hereunder shall be only to the extent of each such party's negligence or other act or omission. It is further specifically and expressly agreed that each party hereby waives any immunity it may have under industrial insurance, RCW Title 51, solely for the purposes of the indemnification obligations of this Section 14, and only to the extent necessary to render the parties' indemnity obligations enforceable. This waiver was mutually negotiated by the parties.

15. Property Conservation: Lessee agrees to comply with all reasonable occupancy and use restrictions as may be required by Lessor's or Lessee's insurance property underwriter or agents and all applicable laws. At the request of Lessee, and at Lessee's sole cost and expense, Lessor may (but shall not be required to), or allow Lessee to, install or upgrade systems or other improvements including but not limited to sprinkler or fire suppression systems as may be required to reduce occupancy or use restrictions.

16. Inspection and Access: Lessee shall allow Lessor, any governmental or regulatory entity overseeing the environmental conditions described in the Environmental Documents (collectively, the "Environmental Regulatory Entities"), any potentially responsible party for the environmental conditions described in the Environmental Documents, or their respective representatives, access to the Premises during reasonable times upon at least one (1) business day's prior written notice, unless an applicable Environmental Document or applicable law requires or allows for a different period for access under such Environmental Document, or upon such lesser notice period as Lessee may agree to, except that in all cases in case of an emergency no notice shall be required, provided that Lessor shall give as much notice as reasonably possible, for the purpose of inspecting, monitoring, sampling, performing environmental remediation pursuant to the Environmental Documents, or in the case of Lessor, for other purposes permitted by this Lease or by applicable law. With any entry on the Premises, all parties shall comply with Lessee's reasonable health, safety, and security rules for the Premises. Lessee may require Lessor and its contractors to sign a commercially reasonable form of nondisclosure agreement, consistent with the Washington State Public Records Act, prior to entry by Lessor or its contractors.

17. Default: A default of this Lease shall occur if any of the following occurs:

(a) Lessee fails to pay any installment of rent or any other amount due under this Lease and such failure is not cured within ten (10) days after Lessee's receipt of written notice thereof from Lessor.

(b) Lessee fails to comply with any term, provision, or covenant of this Lease other than payment of rent or other amount, and such failure is not cured within thirty (30) days after Lessee's receipt of written notice thereof from Lessor; provided that if the nature of the default cannot reasonably be cured within thirty (30) days, then Lessee shall

have such additional cure period as is reasonably necessary to cure the default, provided that Lessee gives written notice to Lessor of the additional cure period required, the reasons such additional cure period is required, and the actions to be taken by Lessee, and Lessee promptly commences and continuously and diligently pursues the cure to completion, but in no event longer than six (6) months unless otherwise agreed by Lessor.

(c) Lessee becomes insolvent, or allows placement of any liens arising out of any work performed or materials furnished or obligations incurred by Lessee and fails to cause the release of same or provide adequate bond or other security for the payment of same within ten (10) days after notice of the placement of said lien, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors, or a receiver, assignee or other liquidating officer is appointed for the business of Lessee and same is not discharged within sixty (60) days after appointment, or shall file a petition in bankruptcy under any section of the Bankruptcy Laws, provided that any involuntary insolvency, bankruptcy or similar filing against Lessee shall not be a default unless Lessee fails to discharge same within sixty (60) days after such filing.

18. Remedies: Upon any default by Lessee and expiration of any applicable cure period, Lessor's remedies are to:

(a) Terminate this Lease, in which case Lessee shall immediately surrender the Premises to Lessor. If Lessee fails to surrender the Premises, Lessor may, in compliance with applicable law, enter upon and take possession of the Premises and expel and remove Lessee, Lessee's property, and any parties occupying all or any part of the Premises. In case of termination, Lessor shall receive as damages the sum of (a) all Rent and other amounts accrued under this Lease through the date of termination of this Lease and not yet received by Lessor, (b) the Lease Termination Fee, to the extent not yet received by Lessor and to the extent the Feasibility Period has not yet expired, and (c) an amount equal to the total Rent that Lessee would have been required to pay for the remainder of the Term (escalating at 3% per year) discounted to present value based on an interest rate of five percent (5%), minus the amount of damages (rent and other amounts) that Lessee proves could reasonably have been avoided (mitigation), similarly discounted; or

(b) Terminate Lessee's right to possession of the Premises (without terminating the Lease), and, in compliance with applicable law, expel and remove Lessee, Lessee's property, and any parties occupying all or any part of the Premises. If Lessor terminates Lessee's possession of the Premises, Lessor shall take reasonable efforts to relet the Premises for such uses and such parts as Lessor in its absolute discretion shall determine. Lessor may collect and receive all rents and other income from the reletting. Lessee shall pay Lessor all Rent and other amounts as and when becoming due hereunder (with a credit being given for any rent or other income received by Lessor as a result of reletting or the granting of any other use rights to the Premises to third parties, up to the Rent and other amounts due under this Lease), and all reasonable costs of reletting (which shall be prorated if the Premises are relet for a longer term than the remaining term of this Lease). Lessor shall not be responsible or liable for the failure to relet all or any part of the Premises or for the failure to collect any Rent, but shall make reasonable efforts to mitigate its damages. The re-entry or taking of possession of the

Premises shall not be construed as an election by Lessor to terminate this Lease unless a written notice of termination of this Lease is given to Lessee; or

(c) With respect to a maintenance, repair or replacement obligation described in Section 8.1, cure such event of default if such event of default creates an imminent risk of or to health or safety or bodily injury or death, harm to the environment, or damage to property, and recover the costs thereof, including without limitation reasonable attorneys' fees and interest on the costs so incurred at the rate of 12% per year, which shall be recoverable as additional rent.

19. [Intentionally deleted]

20. Assignments and Subleases: Lessee shall not, except by prior written consent of Lessor in its sole and absolute discretion, assign any part or all of this Lease or sublease any part or all of the Premises. This Lease may not be assigned or transferred by operation of law or by any process or proceeding of any court or otherwise. Notwithstanding the foregoing, Lessee may, but no later than the Operations Date, and only upon the prior written consent of Lessor, not to be unreasonably withheld, conditioned or delayed, partially assign the Lease to an entity that is a minority owner of the Tenant Improvements and/or Lessee Property and does not have a majority or controlling beneficial interest or controlling managerial interest in Lessee; provided, however, that Lessee shall not be released from any obligations under this Lease, and Lessor may look solely to Lessee with respect to all obligations under this Lease. Any transfer of this Lease by merger, consolidation, redemption, or liquidation, or any change(s) in ownership of, or power to vote or manage, which singularly or collectively represents a majority of the beneficial interest in Lessee or managerial control of Lessee, shall constitute an assignment under this section. Transfers among beneficial owners shall not constitute an assignment under this section. Lessee shall pay Lessor's reasonable attorneys' fees and other costs incurred as a result of any request to assign or sublet with respect to this Lease.

21. Hazardous Substances:

a) Hazardous Substances Defined: As used in this Lease, the term "Hazardous Substances" means any hazardous, toxic, dangerous or extremely dangerous substance, material, vapor, or waste, pollutant, or pollution, which is or becomes regulated by the United States Government, the State of Washington, or any local governmental authority. The term includes, without limitation, any substance containing constituents regulated as specified above.

b) Release Defined: As used in this Lease, the term "Release" shall be defined as provided in 42 U.S.C. § 9601 and RCW 70.105D.020. In the event a conflict exists between the two definitions, the broader definition shall apply. For purposes of this Lease, the term Release shall also include a threatened Release.

c) Use, Storage and Disposal: Notwithstanding any other provision of this Lease, Lessee shall not use, store, treat, generate, sell or dispose of any Hazardous Substances in violation of any applicable Laws (as defined below) or this Lease

(including, without limitation, Exhibit C) on or in any manner that affects the Premises or improvements located thereon without the prior written consent of the Lessor; provided, however, that use of the Premises for its Permitted Uses as specified in Section 5 in accordance with this Lease and all applicable law does not violate this section.

d) Compliance with Laws: Lessee shall, at its sole cost and expense, comply with all laws, rules, regulations, ordinances, permits and permit requirements, orders, decrees, and other governmental requirements regarding the proper and lawful generation, use, sale, transportation, storage, treatment and disposal of Hazardous Substances (hereinafter "Laws") on or in any manner that affects the Premises.

e) Monitoring: Lessor or its designated agents may, in Lessor's reasonable discretion and upon reasonable notice to Lessee as set forth in Section 16 above, enter upon the Premises for the purpose of (1) monitoring Lessee's activities conducted thereon with respect to Lessee's obligations under this Lease, and (2) conducting environmental testing and sampling to determine compliance with applicable Laws and the terms of this Lease (collectively "Monitoring Activities"). Lessor shall conduct all Monitoring Activities at its sole cost and expense and so as not to unreasonably interfere with Lessee's normal business operations or use of the Premises. Notwithstanding the foregoing, if such Monitoring Activities disclose the presence or Release of Hazardous Substances caused by Lessee or related to Lessee's tenancy under this Lease in violation of either applicable Laws or this Lease, the reasonable cost of such Monitoring Activities shall be paid by Lessee pursuant to subsection "h". In addition, within five (5) days of Lessor's written request, Lessee shall provide Lessor with a detailed written description of Lessee's generation, use, sale, transportation, storage, treatment, and disposal of Hazardous Substances on or which may otherwise affect the Premises, and any Release of Hazardous Substances on or which may otherwise affect the Premises, and copies of any correspondence or other communications between Lessee and any regulatory agency with respect thereto. Lessor's discretionary actions pursuant to this subsection shall not constitute a release, waiver, or modification of Lessee's obligations otherwise specified in this Lease, or of any of Lessor's rights under this Lease.

f) Notifications: Lessee shall notify Lessor and any applicable governmental agency required to be notified under applicable Laws within 24 hours of the discovery (unless any applicable law requires a shorter period for notice, in which case such shorter period shall apply) of any Release of Hazardous Substances that may affect the Premises, and shall promptly provide Lessor with a copy of any notifications given to any governmental entity regarding any such Release. Lessee shall promptly provide Lessor with copies of any inspection report, order, fine, request, notice or other correspondence from any governmental entity regarding the Release of Hazardous Substances that may affect the Premises. Lessee shall provide Lessor with a copy of all reports, manifest, material safety data sheets (MSDs), and identification numbers regarding Hazardous Substances at the same time they are submitted to the appropriate governmental authorities.

g) Environmental Assessment: Lessee shall, upon written request from Lessor, based on a reasonable belief there has been a Release of Hazardous Substances on or about the Premises during the term of this Lease caused by Lessee or Lessee

Parties or related to Lessee's tenancy under this Lease, or (ii) a discovery (either during or after the term of this Lease) of Hazardous Substances reasonably believed by Lessor to be caused by Lessee or related to Lessee's tenancy under this Lease, provide Lessor with an environmental assessment prepared by a qualified professional approved in advance by Lessor (which approval shall not be unreasonably withheld). The environmental assessment shall, at a minimum, certify that a diligent investigation of the Premises has been conducted, including a specific description of the work performed, and either (1) certify that diligent investigation of the Premises has revealed no evidence of a Release of Hazardous Substances or violation of applicable Laws, or (2) if a Release or violation of applicable Laws is detected, identify and describe: (i) the types and levels of Hazardous Substances detected; (ii) the nature and extent of the Release, including the physical boundaries thereof and whether the Release extends to or otherwise impacts property other than the Premises; (iii) the actual and potential risks to human health and/or the environment from such Release or violation; and (iv) the procedures and actions necessary to fully remedy the Release or violation in compliance with applicable Laws. Lessee shall pay the expense of obtaining the environmental assessment and of performing all remediation related to such Release in accordance with subsection "h", provided that the Release was caused by Lessee or Lessee Parties or related to Lessee's tenancy under this Lease. Lessee shall also conduct an environmental assessment of the Premises at the termination of this Lease pursuant to subsection "l" below. Lessee's obligations under this subsection shall survive expiration or other termination of this Lease.

h) Hold Harmless and Indemnity; Provisions for Certain Contaminated Media: (A) Lessee shall defend, indemnify and hold Lessor and the Lessor Parties harmless from any loss, claim, fine or penalty arising from a Release of Hazardous Substances affecting the Premises to the extent caused by Lessee or the Lessee Parties or related to Lessee's tenancy under this Lease. Such obligation shall include, but shall not be limited to, environmental response and remedial costs, other cleanup costs, environmental consultants' fees, reasonable attorneys' fees, fines and penalties, laboratory testing fees, claims by third parties and governmental authorities for death, personal injuries, property damage, business disruption, lost profits, natural resource damages, and any other costs, and Lessor's expenses incurred pursuant to subparagraph "e". Lessee's obligations under this subsection shall survive expiration or other termination of this Lease.

(B) Lessee shall have no obligation under this subsection "h" if Lessee can establish that the Release of Hazardous Substances and the damages resulting therefrom were caused solely by:

- (1) An act of God;
- (2) An act of war;
- (3) An act or omission of a third party other than (i) an employee or agent of Lessee or (ii) any person whose act or omission occurs in connection with a contractual relationship existing, directly or indirectly, with Lessee (except where the sole contractual arrangement arises from a published tariff and acceptance for carriage by a

common carrier by rail), if Lessee establishes by a preponderance of the evidence that Lessee (a) exercised due care with respect to the Hazardous Substances concerned, taking into consideration the characteristics of such Hazardous Substances, in light of all relevant facts and circumstances, and (b) took reasonable precautions against foreseeable acts or omissions of any such third party and the foreseeable consequences of such acts or omissions;

(4) Lessor; or

(5) Any combination of the foregoing paragraphs.

(C) Notwithstanding the foregoing or anything else to the contrary, in the event that Lessee encounters Hazardous Substances in the soil or groundwater (the "Contaminated Media") on the Premises, Lessor and Lessee agree as follows: for Contaminated Media encountered at depths up to five (5) feet below ground surface, Lessor shall be responsible for the removal and disposal of such Contaminated Media at its sole cost and expense, except to the extent caused, contributed to, released, or exacerbated by, Lessee or Lessee Parties; for Contaminated Media encountered below depths of five (5) feet, Lessee shall be responsible for the removal and disposal of such Contaminated Media, but only (i) to the extent necessary for construction of any Tenant Improvements or demolition of any improvements on the Premises at any time during the Lease, and (ii) to the extent such Contaminated Media was caused, contributed to, released, or exacerbated by, Lessee or Lessee Parties.

(D) Except as otherwise set forth in this Lease, Lessor shall not at any time hereafter commence, maintain or prosecute any action at law or otherwise, or assert any claim against Lessee or the Lessee Parties, for any actions, causes of action, obligations, costs, expenses, damages, losses, claims, liabilities, and demands of whatever character in law or in equity arising out of or in any way relating to the presence or future discovery of Hazardous Substances present at, on or under the Premises as of the Lease Commencement Date and not caused, contributed to, released, or exacerbated by, Lessee or Lessee Parties ("Pre-Existing Contamination").

i) Default and Cure: Notwithstanding any other provision of this Lease, in the event of a Release of Hazardous Substances or violation of applicable Laws affecting the Premises caused by Lessee or Lessee Parties or related to Lessee's tenancy under this Lease, Lessor shall give written notice of default to Lessee, and Lessee shall diligently pursue remediation and/or monitoring of any such Release and cure of such violation of applicable Laws, as necessary to comply with applicable laws and/or the requirements of any governmental entity with jurisdiction over such Release or violation; provided that if such Release or violation affects any area outside the Premises, or if such Release or violation affects the Premises and any remedial activity may continue for longer than the remaining term of this Lease, then at Lessor's request Lessee shall pursue a remedy as quickly as commercially, technically and legally practicable, notwithstanding that any governmental entity may allow a longer period for a remedy. Lessor shall not be entitled to exercise its remedies under Section 18 unless or until Lessee fails to remediate the Release in accordance with the terms of this provision. If Lessee fails to diligently pursue a remedy as stated above, then following thirty (30) days written notice to Lessee, Lessor

may take steps to remediate such Release of Hazardous Substances or violation of applicable Laws and impose a rent surcharge sufficient to recover Lessor's reasonable expenses together with interest at 1.5% per month, for such portion of the unexpired term of this Lease as the Lessor may deem proper, and such remedy if elected by Lessor shall be in lieu of other remedies under Section 18.

j) Release of Hazardous Substances: Notwithstanding any other provision of this Lease, and without prejudice to any other such remedy, Lessor, in the event of an uncured default due to a (i) Release of Hazardous Substances by Lessee or Lessee Parties, a violation of applicable Laws by Lessee or Lessee Parties, or a breach of Section 21 of this Lease by Lessee, shall be entitled to the following rights and remedies, at Lessor's option:

(1) To recover any and all damages associated with the default, including but not limited to cleanup costs and charges, civil and criminal penalties and fees, any and all damages and claims asserted by third parties, and Lessor's attorneys' fees and costs.

(2) To renegotiate the terms of this Lease to recover any return on expenditures made by Lessor which were reasonably necessary to ensure that the Premises and the use of such Premises comply with all applicable Laws.

k) Benchmark Environmental Assessments: Prior to the expiration of the Feasibility Period and continuation of this Lease, Lessee, at its sole cost and expense, shall obtain and provide Lessor with a Phase II environmental assessment of the Premises (prepared by a qualified professional approved in advance by Lessor), reasonably satisfactory to Lessor, to establish an environmental baseline at the commencement of Lessee's occupancy under this Lease. Upon termination of this Lease, Lessee, at its sole cost and expense, shall provide Lessor with a Phase II environmental assessment (prepared by a qualified professional approved in advance by Lessor), reasonably satisfactory to Lessor, to verify Lessee's compliance with the requirements of Section 21 of this Lease. Lessee shall be responsible for remediation of all Hazardous Substances on or about the Premises and any other areas, caused by Lessee or related to Lessee's tenancy under this Lease. Lessee's obligations under this subsection shall survive the termination of this Lease.

22. Lessor's Lien and Security Interest: Lessor waives any constitutional, statutory, or contractual landlord's lien or security interest on or in the assets of Lessee located on the Premises, including without limitation the Lessee Property. Lessor shall, at Lessee's request and cost, execute a reasonable lien waiver and access agreement requested by a reputable institutional lender providing financing for Lessee's Property so long as such party agrees (1) to provide Lessor with at least ten (10) business days prior notice before exercising any remedy to remove Lessee's Property, (2) to allow a representative of Lessor to be present during the exercise of any such remedy, (3) to repair and restore any damage caused by the removal of Lessee's Property, (4) to carry at least the same level of insurance as required of Lessee during any time that such third party is on the Premises, (5) to indemnify, defend and hold harmless Lessor from any claims arising out of or relating to the financing party's exercise of its rights, (6) that there

will be no private or public auctions conducted at the Premises, (7) that if such party removes any part of Lessee's Property, then Lessor shall have the right to require Lessee and such party to remove, in whole or in part, Lessee's remaining fixtures, equipment, and improvements, including but not limited to Lessee's Property, at Landlord's option in its sole discretion and at no cost to Landlord, and (8) that the term of such financing shall not extend beyond, and the lien or security interest shall in all events automatically terminate on, the expiration or other termination of this Lease.

23. Signs: All signs or symbols placed by Lessee in the windows or doors of the Premises, upon any exterior part of any building, or in any other location on the Premises, shall be subject to the prior written consent of Lessor, which shall not be unreasonably withheld, conditioned, or delayed, and will be consistent with Lessor's signage policy and all applicable law. Any signs so placed on the Premises shall be so placed upon the understanding and agreement that Lessee will remove the same at the termination of this Lease and repair any damage or injury to the Premises caused thereby, and if not so removed by Lessee, then Lessor may remove the same at Lessee's expense.

24. Waiver: No word, act or omission of Lessor or Lessee (as applicable) shall be deemed to be a waiver of any default or noncompliance by Lessee or Lessor (as applicable) under the terms of this Lease or of any right of Lessor or Lessee (as applicable) hereunder or of any notice given by Lessor or Lessee (as applicable) hereunder unless Lessor or Lessee (as applicable) so advises Lessee or Lessor (as applicable) in writing. The acceptance of rental by Lessor for any period or periods after a default or non-compliance by Lessee hereunder shall not be deemed a waiver of such default. No waiver by Lessor or Lessee (as applicable) of any default or noncompliance hereunder by Lessee or Lessor (as applicable) shall be construed to be or act as a waiver of any subsequent default or noncompliance by Lessee or Lessor (as applicable).

25. Incorporation of Exhibits and Schedules; Entire Agreement; Amendments: The schedules and exhibits attached hereto are each incorporated by reference. To the extent any provision in the schedules or exhibits conflicts with any provision contained in the main body of this Lease, then the provision that is the most demanding on Lessee shall control. This Lease constitutes the complete agreements between Lessor and Lessee regarding its subject matter. There are no terms, obligations, covenants or conditions regarding its subject matter other than those contained herein. No modification or amendment of this Lease shall be valid and effective unless evidenced by an agreement in writing signed by the party to be bound.

26. Invalidity of Particular Provision: It is the intention of the parties that each term or provision of this Lease be enforceable to the fullest extent permitted by law. If any term or provision of this Lease or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Lease and 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.

27. Real Estate Commission: Each party represents and warrants that it is not represented by any broker, agent, or other person in connection with any of the transactions contemplated by this Lease, and that it has not dealt with any broker, agent, or other person to which a commission or other fee is due in connection with any of the transactions contemplated by this Lease, and that insofar as it knows, no broker, agent, or other person is entitled to any commission, charge, or fee in connection with any of the transactions contemplated by this Lease. Each party agrees to indemnify, defend, and hold harmless the other party against any loss, liability, damage, cost, claim, or expense, including interest, penalties, and reasonable attorneys' fees, that the other party incurs or suffers by reason of a breach by the first party of the representations and warranties set forth in this section.

28. Attorneys' Fees: The substantially prevailing party in any and all actions and proceedings related to this Lease, including but not limited to arbitrations, lawsuits, bankruptcy proceedings, and all appeals, shall be awarded its reasonable attorneys' fees and costs.

29. Venue; Applicable Law: All actions and proceedings related to this Lease shall be filed and held in Pierce County, Washington. This Lease shall be governed by Washington law, without regard to doctrines regarding choice of law.

30. Notices: All notices permitted or required under this Lease may be given by personal service, by certified or registered mail, or by email if so provided by a party, at the addresses stated on Page 1 of this Lease. Notice by personal service or certified or registered mail shall be effective on receipt or refusal by the addressee. Notice by email shall be effective upon written acknowledgment of receipt by the addressee. Each party may change its notice address and information by written notice to the other party pursuant to this section.

31. Casualty: If the Premises, or any improvements or Tenant Improvements located thereon, are damaged by fire or other casualty, then Lessor shall have no obligation to repair or restore the same. Lessee shall repair or restore the improvements and Tenant Improvements then located on the Premises and damaged by such casualty, or shall construct replacement improvements, subject to Lessor's prior written approval pursuant to Section 7 above; provided however, that Lessee's obligation shall not apply to any damage to improvements existing on the Lease Commencement Date and subject to any Existing Tenancy, except to the extent such damage was caused by Lessee or Lessee Parties; and provided however: (i) if the Premises are damaged by earthquake, lahar, tsunami, or other catastrophe to such an extent that the Premises and improvements or Tenant Improvements cannot be repaired or restored within a reasonable time period; or (ii) if the damage occurs in the last five (5) years of the term of this Lease, then Lessee shall have no obligation to repair or restore the improvements or Tenant Improvements located on the Premises, and at its option, may terminate the Lease by giving written notice to Lessor within forty five (45) days from such damage. Any termination under this section is effective as of the date of such notice of termination. Upon such termination, Lessee will be entitled to be reimbursed for any prepaid rent on a pro rata basis based on the date of termination. No damages or other compensation shall be payable by Lessor for any inconvenience, loss of use, loss of business,

annoyance, or any other loss or claim, by Lessee directly, incidentally, or consequentially arising from any damage to the Premises or any improvements or Tenant Improvements, by fire or other casualty or from any repair to the Premises, any other areas used by Lessee, any Lessor-owned improvements, any Tenant Improvements, or any part of any of the above.

32. Condemnation: If all or any part of the Premises or this Lease is taken by condemnation or conveyed under a threat of condemnation, then this Lease shall automatically terminate with respect to such part of the Premises or this Lease taken by the condemnation as of the earlier of the date title vests in the condemning authority or the condemning authority first takes possession of the Premises. If all or any part of the Premises or this Lease is taken by condemnation or conveyed under a threat of condemnation and Lessee in its reasonable discretion deems the remaining Premises unsuitable for Lessee's use and gives written notice thereof to Lessor within thirty (30) days from the earlier of the date title vests in the condemning authority or the condemning authority first takes possession of the Premises such taking, then this Lease shall automatically terminate in its entirety as of the earlier of the date title vests in the condemning authority or the condemning authority first takes possession of the Premises. If this Lease is not terminated in its entirety following any condemnation or conveyance in lieu of condemnation, the Rent shall be reduced by the percentage of the Premises so taken. All proceeds from any taking or condemnation related to the land and any improvements not constructed or installed by Lessee shall belong to and be paid to Lessor, and all proceeds from any taking or condemnation related to the Tenant Improvements or the Lessee Property shall belong to Lessee; provided that any award to Lessee shall be separately designated and shall not reduce Lessor's recovery with respect to the land and the improvements not constructed or installed by Lessee. Lessee waives any and all claims to any portion of such proceeds related to the land and any improvements not constructed or installed by Lessee, including but not limited to any claim related to any value of the leasehold or unexpired term of this Lease. All awards shall be separately designated to each party.

33. Holdover: If Lessee without written consent of Lessor stays in possession of the Premises after the expiration or termination of this Lease, the tenancy shall be a holdover tenancy on a month-to-month basis, on the terms and conditions of this Lease, except that rent shall be increased to 200% of the rent last payable under this Lease. This section does not grant any right to Lessee to holdover, and Lessee is liable to Lessor for any and all damages and expenses of Lessor as a result of any holdover.

34. Impact Indemnification and Impact Fee:

34.1 In addition to, and without limiting or otherwise affecting the provisions of Section 14 above, Lessee shall indemnify, defend (with attorneys reasonably satisfactory to Lessor), protect, and hold harmless Lessor against any costs, claims, liabilities, or damages (whether general, consequential (except that consequential damages shall be limited to consequential damages claimed by third parties), direct, or otherwise), resulting from Lessee's landside or in-water operations. Lessee shall be responsible for any and all financial burdens incurred by Lessor or as a result of any obligation of Lessor or Lessee to indemnify, defend, or hold harmless any and all other persons arising out of or related

to Lessee's operations at the Port of Tacoma. The parties agree and intend that Lessor shall not suffer any burdens, costs, claims, damages, liabilities, or losses of any kind or nature whatsoever as a result of Lessee's operations, and Lessee shall fully defend, indemnify, protect, and hold harmless Lessor therefrom.

34.2 If regulatory or required operating changes of Lessee's operations at the Port of Tacoma after the Lease Commencement Date impair the use of any water or uplands in the Port of Tacoma area, as determined by Lessor, Lessee shall be granted ninety (90) days to cure or mitigate said impacts to Lessor's reasonable satisfaction; provided that Lessee reimburses Lessor its costs to compensate water and upland users the amount of their increased costs resulting from said regulations or operating changes during the period of impairment.

34.3 If such cure or mitigation reasonably requires more than ninety (90) days, Lessee may be granted additional time at Lessor's sole discretion based on Lessee's delivery of a reasonable plan or work in progress for a successful cure or mitigation of the impairment and satisfactory compensation to all parties adversely impacted.

34.4 If Lessee is unable to cure or mitigate said impacts to Lessor's satisfaction, Lessor shall have the right to charge Lessee an impact mitigation fee as reasonably determined by Lessor based on Lessor's actual or projected loss and Lessor's actual or projected liability to third parties (the "Impact Fee"). In the event Lessee determines in its commercially reasonable discretion that the Impact Fee renders Lessee's operations at the Premises uneconomical, Lessee shall have the right to terminate this Lease upon thirty (30) days' notice.

35. Premises Security: Lessee at its sole cost and expense shall provide security for the Premises, including, if required by applicable law, the preparation and maintenance of a U.S. Coast Guard approved Facility Security Plan And Assessment for the Premises. Lessor and Lessee shall maintain the confidentiality of the Facility Security Plan And Assessment to the greatest extent allowed by applicable law.

36. Vessel Traffic: Several marine terminals are presently located on the Hylebos Waterway on which the Premises are located, and on other waterways that may be affected by Lessee's operations. Throughout the term of this Lease (including all extensions), Lessee agrees to cooperate with Lessor and other marine terminal operators to coordinate through Lessor, or through Lessor's designee or a separate association for the management of vessel traffic in the Hylebos Waterway or other waterways or Commencement Bay, as the case may be, the entry and exiting and movement of Lessee's vessels, to maximize the efficient traffic of all vessels and avoid interference with such traffic.

37. Force Majeure: Neither party shall be held responsible for delays in the performance of its obligations hereunder when caused by industry wide strikes, industry-wide lockouts or labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor that could not reasonably have been anticipated, governmental restrictions, regulations, or controls, delay in issuance of permits beyond time periods typical for the area, enemy or hostile governmental action, civil commotion,

fire or other casualty, any of which could not reasonably have been anticipated by such party, are beyond the reasonable control of such party and which, by the exercise of due diligence, such party is unable, wholly or in part, to prevent or overcome ("Force Majeure"), provided that this shall not apply to excuse any failure of either party to comply with any monetary obligations hereunder.

38. Survival of Indemnity Obligations: All obligations of a party to defend, indemnify, hold harmless, or release the other party shall survive the expiration or other termination of this Lease.

**SIGNATURES APPEAR ON FOLLOWING PAGES**

LESSOR: PORT OF TACOMA

By: [Signature]

Title: CEO

Date: Sept. 4, 2014

State of Washington )  
  ) ss  
County of Pierce )

I certify that I know or have satisfactory evidence that John Wolfe is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the CEO of the PORT OF TACOMA to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

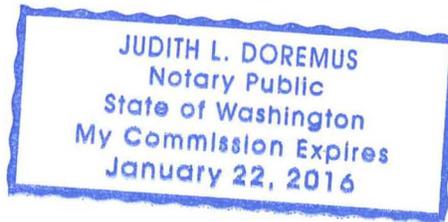
Dated: 9/04/14

[Signature]

Printed Name of Notary: Judith L. Doremus  
Notary Public in and for the State of Washington  
My commission expires on 1/22/16

APPROVED AS TO FORM:

[Signature] 9/4/14  
Counsel for Port of Tacoma



LESSEE: PUGET SOUND ENERGY, INC.

By: *Paul M. Wiegand*  
Paul M. Wiegand  
Senior Vice President  
Energy Operations  
Puget Sound Energy  
Its: \_\_\_\_\_  
Date: 8/28/2014

State of Washington ) ss  
County of King )

I certify that I know or have satisfactory evidence that Paul M. Wiegand is the person who appeared before me, and said person acknowledged that he/~~she~~ signed this instrument, on oath stated that he/~~she~~ was authorized to execute the instrument and acknowledged it as the Sr. Vice President of PUGET SOUND ENERGY, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8/28/2014

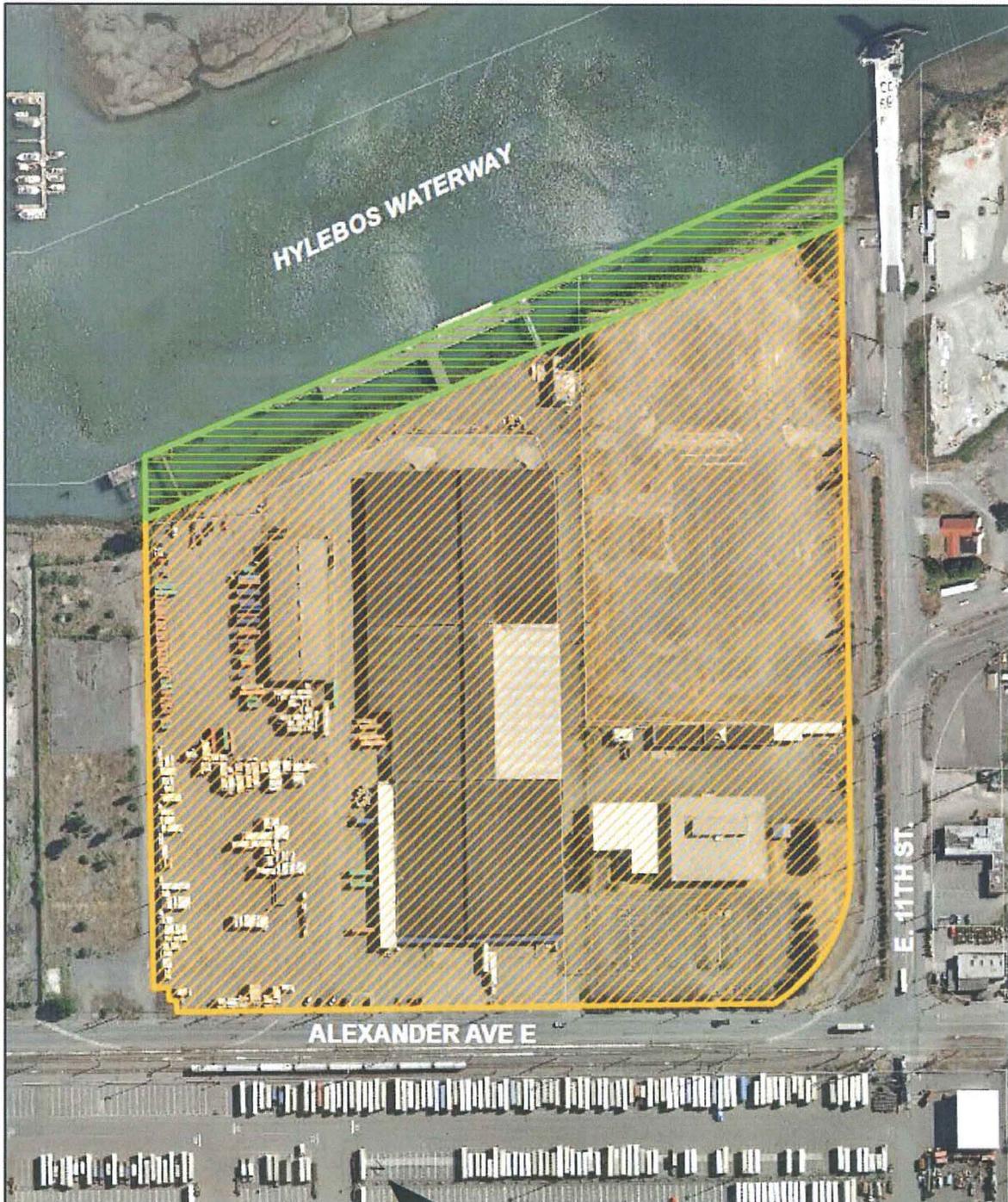
*W. Jonah Brummett*  
Printed Name of Notary: W. Jonah Brummett  
Notary Public in and for the State of Washington  
My commission expires on 6/19/2015



**SCHEDULE 1  
SCHEDULE OF TARIFFS, FEES AND CHARGES**

**No later than October 31, 2014, Lessor shall provide to lessee a list of additional applicable tariffs, fees or charges, if any, that would be effective under this Lease based on the Port of Tacama Terminal Tarrif No. 300, effective June 28, 2014.**

**EXHIBIT A  
PREMISES**



<p><b>EXHIBIT A</b> SHEET: 1 OF 2 PURPOSE: LEASE EXHIBIT DATE: 04/15/2014</p>	<p><b>PSE LEASE</b> 901/1001 ALEXANDER AVE TACOMA, WA 98421 PORT PARCEL # 2, 4, &amp; 119</p>	<p> SUBMERGED = 3 ACRES  UPLAND = 30.16 ACRES</p>	
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[EXHIBIT A, SHEET 2 OF 2]



EXHIBIT A

SHEET: 2 OF 2

PURPOSE: LEASE EXHIBIT

DATE: 08/09/2014

PSE LEASE

901/1001 ALEXANDER AVE

TACOMA, WA 98421

PORT PARCEL #2, 4, & 119

-  04.1E ACRES = EHW Constructors
-  18.06 ACRES = PCC Logistics
-  00.51 ACRES = Port Maintenance
-  04.04 ACRES = Safe Boats
-  09.3E ACRES = Vacant



PARCEL A:

Block 6A, STATE LAND COMMISSIONER'S REPLAT of Blocks 13 to 48, inclusive, Tacoma Tide Lands, formerly in King County, sometimes known as the "ASHTON REPLAT" in Sections 26 and 27, Township 21 North, Range 3 East, W.M.;

TOGETHER WITH the following described property:

Beginning at a point which is the most Southerly corner of said Block 6A, said point being on the Northwesterly edge of the East 11th Street, as now laid out by the City of Tacoma, which is the True Point of Beginning of this description; THENCE along the Northwesterly boundary line of East 11th Street South 42°44'24" West a distance of 727.803 feet to a point; THENCE North 47°15'36" West a distance of 456 feet, more or less, to a point which point bears South 42°44'24" West a distance of 780.55 feet, more or less, from the most Easterly corner of the Commissioning Pier as now constructed; THENCE North 42°44'24" East a distance of 780.55 feet, more or less, to a point which is on the most Easterly corner of the Commissioning Pier as now constructed; THENCE South 69°23' East a distance of 233.167 feet, more or less to the most Northerly corner of said Block 6A; THENCE South 42°44'24" West a distance of 140.982 feet to the most Westerly corner of said Block 6A; THENCE South 47°15'36" East 240 feet to the Point of Beginning;

Situate in the County of Pierce, State of Washington.

PARCEL B:

That portion of Block 11, STATE LAND COMMISSIONER'S REPLAT of Blocks 13 to 48, inclusive, Tacoma Tide Lands, formerly in King County, sometimes known as the "ASHTON REPLAT", described as follows:

Commencing at the City Monument in the intersection of Alexander Avenue and East Eleventh Street; THENCE North 47°15'36" West along the center line of Alexander Avenue 596 feet to a Point; THENCE leaving Alexander Avenue parallel to East Eleventh Street, North 42°44'24" East a distance of 60 feet to the True Point of Beginning of this description; THENCE North 42°44'24" East, along the Southeasterly side of Building 50 a distance of 920 feet, more or less, to the Northeast corner of Building 50; THENCE North 17°44'24" East a distance of 77 feet, to a Point; THENCE North 47°15'36" West, a distance of 230 feet, to a point; THENCE North 69°23' West a distance of 250 feet, more or less, to the North line of property owned by the United States of America, line being the Northwesterly line of the property acquired by the United States of America under Civil #447 in the District Court of the United States in and for the Western District of Washington, Southern Division, by final judgment dated March 29, 1944; THENCE South 42°44'24" West a distance of 900.83 feet, more or less, to a point on the Northeasterly line of Alexander Avenue; THENCE South 47°15'36" East, along the Northeasterly line of Alexander Avenue 496.94 feet, more or less, to the True Point of Beginning;

TOGETHER WITH the following described property:

All that part of Block 11, of STATE LAND COMMISSIONER'S REPLAT of Blocks 13 to 48, inclusive, Tacoma Tide Lands, formerly in King County, sometimes known as the "ASHTON REPLAT" in the Southeast quarter of the Southeast quarter of Section 27, Township 21 North, Range 3 East, Willamette Meridian, described as follows:

Beginning on the Northerly line of Alexander Avenue as now established at a point on said line 200 feet South 47°15'36" East from the corner of Blocks 11 and 12 on said plat; THENCE North 42°44'24" East to the Southerly line of Hylebos Creek Waterway as said line is designated upon said recorded plat; THENCE Southeasterly along said Southerly line 215.895 feet; THENCE South 42°44'24" West to the above mentioned Northerly line of Alexander Avenue; THENCE North 47°15'36" West 200 feet to the Point of Beginning;

EXCEPT THEREFROM the following: Beginning at said point located on the North line of Alexander Avenue South 47°15'36" East 200 feet from the corner of Blocks 11 and 12 on said plat; THENCE North 42°44'24" East 38.40 feet; THENCE South 47°15'36" East 25.60 feet; THENCE South 42°44'24" West 21.30 feet; THENCE South 47°15'36" East 12.60 feet; THENCE South 42°44'24" West 17.10 feet to the Northerly line of Alexander Avenue; THENCE North 47°15'36" West to the Point of Beginning;

AND EXCEPT the following: Commencing at the point of intersection of the Northeast line of Alexander Avenue and the Northwest line of said Block 11; THENCE South 47°15'36" East 200 feet; THENCE North 42°44'24" East to a point on the Southwesterly line of Hylebos Waterway, the Point of Beginning; THENCE South 69°23'00" East 215.895 feet; THENCE South 42°44'24" West 185 feet; THENCE North 51°21'06" West 200.24 feet, to an existing fence corner; THENCE North 42°44'24" East 118 feet, to the Point of Beginning;

Situate in the County of Pierce, State of Washington.

PARCEL C:

That portion of Block 11 of STATE LAND COMMISSIONER'S REPLAT of Blocks 13 to 48, inclusive, Tacoma Tide Lands, known as "ASHTON'S REPLAT", filed December 23, 1918, records of Pierce County Auditor, being more particularly described as follows:

Commencing at the Brass Cap marking the intersection of Alexander Avenue with East 11th Street, from said Brass Cap the Brass Cap marking the Point of Curvature of the centerline of said Alexander Avenue bears South 45°53'37" East 8,119.35 feet;

THENCE along the Northwesterly prolongation of the center line of said Alexander Avenue North 45°53'37" West 596.02 feet;

THENCE leaving said centerline North 44°06'23" East 60.00 feet to the Northeasterly margin of said Alexander Avenue and the True Point of Beginning, also being the most Westerly corner of Parcel B of Survey recorded under Recording No. 8405090242;

THENCE along said Parcel B the following courses:

North 44°24'59" East 126.35 feet;

North 44°04'51" East 792.24 feet;

North 19°05'46" East 77.00 feet;

North 45°54'14" West 230.00 feet;

North 68°01'38" West 253.57 feet to a point on the Southeasterly line of Parcel A of said Survey;

THENCE along the said Parcel A South 44°05'46" West 37.09 feet to the South corner thereof;

THENCE along said Parcel A North 50°46'12" West 200.72 feet to the West corner thereof;

THENCE along said Parcel A North 44°06'30" East 120.27 feet to a point on the Southwesterly pier head line of the Hylebos Waterway;

THENCE along said pier head line South 68°00'54" East 215.67 feet to the East corner of said Parcel A;

THENCE continuing along said pier head line South 68°00'54" East 590.72 feet to the most Easterly corner of said Parcel B;

THENCE along said Parcel B South 44°05'46" West 780.39 feet;

THENCE continuing along Parcel B South 45°54'14" East 455.68 feet to a Point on the Northwesterly margin of East 11th Street;

THENCE along said Northwesterly margin South 44°05'46" West 242.20 feet to the beginning of a curve to the right having a radius of 280.00 feet;

THENCE continuing along said Northwesterly margin Southwesterly along the arc of said curve 288.38 feet through a central angle of 59°00'40" to the Northeasterly margin of Alexander Avenue;

THENCE along said Northeasterly margin North 45°53'37" West 370.17 feet to the True Point of Beginning;

Situate in the Southwest quarter of Section 26 and the Southeast quarter of Section 27, in Township 21 North, Range 3 East, W.M., in Pierce County, Washington.



**EXHIBIT C  
ENVIRONMENTAL REQUIREMENTS**

**Port Parcel 2 – 901 Alexander Avenue E.  
Port Parcel 4 – 3533 E. 11<sup>th</sup> Street  
Port Parcel 119 – 1001 Alexander Avenue E.  
Port Parcel 56 – Hylebos Waterway  
Tacoma, WA 98421**

***Use***

The Premises located at the above addresses (and Port Parcel numbers) and as defined in Section 1 of the Lease, may be used for the purposes stated in Section 5 of the Lease. The Premises shall not be used for any other purpose without the prior written consent of Lessor, in its sole and absolute discretion.

***General***

During the term of this Lease, Lessee and Lessee's employees, agents, representatives, contractors, subcontractors, consultants, subconsultants, customers, licensees, invitees, visitors, and guests (collectively, the "Lessee Parties") shall, at Lessee's sole cost and expense, and as stated in the Lease, comply with all applicable federal, state, and local laws, statutes, ordinances, regulations, rules, permits and permit requirements, orders, and decrees, of all governmental bodies having authority over the Premises or any activity conducted thereon, as currently in effect or as may be hereafter amended or issued.

***Environmental Agreements/Consent Decrees/Conditions***

Some areas of, and adjacent to, the Premises (as used in this Exhibit, the term Premises includes Premises existing at the commencement of the Lease and areas added to the Premises thereafter) are within the boundaries of current remediation (or cleanup) "sites" (and in the future, may be within or adjacent to the boundaries of future such sites) under the oversight of the United States Environmental Protection Agency (EPA) and/or Washington State Department of Ecology (Ecology) due to historical contamination. These include, but are not necessarily limited to, the following:

- The Commencement Bay / Nearshore Tidelands (CB/NT) Superfund Site (pursuant to 42 U.S.C. 9601 et seq.), which includes the Hylebos Waterway (Port Parcel 56) at the Leasehold. Restrictions and obligations of Lessor and Lessee and Lessee Parties (as applicable) are outlined in the following documents:
  1. "RD/RA Consent Decree, Mouth of Hylebos Waterway Problem Area, Commencement Bay Nearshore/Tidelands Superfund Site – Consent Decree C05-5103FDB".
  2. Navy & Marine Corps Reserve Center (NMCRC) Tacoma, Washington, *Right of Entry Agreement* between Navy (Port of Tacoma through acquisition) and Occidental Chemical Corporation, Navy Contract No. N4425504RP00T12 (June 2004).

As a result of this consent decree or any future related consent decree or agreed order or agreement, Lessee shall coordinate its design, planning, construction, and operation of Lessee's Tenant Improvements with Lessor's cleanup requirements as requested by Lessor.

- Ecology Facility/Site 3831 (Tacoma Port Parcel 4), listed as Federal (Superfund) Cleanup Site and as a State Cleanup Site due to shoreline contamination. A cleanup project was conducted along the shoreline of Port Parcel 4 in the mid 1990s.
- Former petroleum storage sites at 709 and 721 E Alexander Avenue, listed as Ecology State Cleanup Sites “Glenn Springs Holdings, Inc.” (Facility/Site 1246) and “Alexander Avenue Petroleum Tank Facilities” (Facility/Site 1377), respectively. The site at 721 Alexander Avenue is no longer a separate property, but rather is now the western four acres of Port Parcel 2 at 901 Alexander Ave. Restrictions and obligations of Lessor and Lessee and Lessee Parties (as applicable) are outlined in the Agreed Order DE 9835.
  1. This order requires Lessor to complete a remedial investigation, feasibility study, and draft cleanup action plan. Once completed, Lessor will be required to amend this order or negotiate a new order to implement the clean up action plan as approved by Ecology. If Ecology requires Lessor to perform any additional investigation or remediation beyond what would be required in the absence of Lessee’s Tenant Improvements, then Lessee shall reimburse Lessor for such incremental costs beyond those that would be incurred in the absence of Lessee’s Tenant Improvements.
  2. As a result of this order or any future related order or agreement, Lessee shall coordinate its design, planning, construction, and operation of Lessee’s Tenant Improvements with Lessor’s cleanup requirements as requested by Lessor.
- A release of petroleum products from an Underground Storage Tank at 1001 Alexander Avenue, listed as Ecology Cleanup Site “Naval Reserve Center Tacoma” (Facility/Site 93581722).
- The Occidental Cleanup Site, 605 Alexander Avenue, which is associated with the Commencement Bay Nearshore/Tideflats Superfund Site and is also listed as Ecology State Cleanup Site “Occidental Chemical Corp” (Facility/Site 1212). The boundaries of this cleanup site extend onto the Premises; restrictions and obligations of Lessor and Lessee and Lessee Parties (as applicable) are outlined in the following documents:
  1. *Administrative Order on Consent for Removal Activities, Embankment and Area 5106*, US EPA Docket No. 10-97-0011-CERCLA and its 2005 Amendment.
  2. *Environmental Notice, Special Procedures Required for Port Activities Near Occidental Site*, Port of Tacoma (notice1, rev6; Jan. 2012).
  3. *Occidental Site Area – Update on Work, Mouth of Hylebos Waterway Area, Commencement Bay Nearshore/Tideflats Superfund Site, Tacoma, WA*, United States Environmental Protection Agency – Region 10 (November 2012).

The documents listed above, and any additional or future Agreements, Orders, Consent Decrees, and other documents regarding environmental conditions on or affecting the

Premises due to historical contamination, are each an "Environmental Document" and are collectively the "Environmental Documents." Lessor will provide a copy of each Environmental Document to Lessee.

Lessee acknowledges that it has received the Environmental Documents listed above prior to execution of this Lease.

Puget Sound Energy, Inc.

By:   
Printed Name: Paul M. Wiegand  
Title: Senior Vice President  
Date: 8/20/2014 Puget Sound Energy

**Additional Lessee Environmental Requirements**

Lessee acknowledges and agrees that:

- i) Lessee shall not damage or destroy any currently installed remediation infrastructure (e.g., groundwater extraction and monitoring wells and associated vaults and piping) of which Lessee has knowledge or notice, and shall not damage or destroy any remediation infrastructure installed on the Premises at a later date, so long as Lessee has knowledge or notice of such infrastructure.
- ii) Lessor, Ecology, or EPA may require access as, or by, Potentially Responsible Parties, and/or by the agencies or their assigns, to portions of the Premises for remediation activities (e.g., investigations, remedial actions, inspections, maintenance, and monitoring). Lessee shall use reasonable efforts to provide the required access to the Premises, at no cost to Lessor, on reasonable terms to third parties, and during reasonable times on at least one (1) business day's prior written notice unless the applicable Environmental Document or applicable law requires or allows for a different period, or on such lesser notice period as Lessee may agree to, except that in case of an emergency no notice shall be required, provided that Lessor shall give as much notice as reasonably possible. Such access may be for short or extended periods, or may be for small or larger areas, but commercially reasonable efforts will be used to minimize interference with Lessee's normal business operations or use of the Premises. Such entry may require Lessee to move non-fixed equipment and/or material of Lessee and Lessee Parties located on the Premises. With any entry on the Premises, all parties shall comply with Lessee's reasonable health, safety, and security rules for the Premises. Lessee may require Lessor and its contractors to sign a commercially reasonable form of nondisclosure agreement, consistent with the Washington State Public Records Act, prior to entry by Lessor or its contractors.
- iii) Lessee and Lessee Parties shall comply with and not interfere with any source control or institutional controls required pursuant to an Environmental Document, provided that Lessee has knowledge or notice of such controls.
- iv) Lessee shall inform Lessor of any environmental or regulatory issues, including but not limited to spills or releases, within twenty four (24) hours of discovery (unless any applicable law requires a shorter period for notice, in which case

such shorter period shall apply), and shall promptly provide Lessor with copies of all environmental compliance related notices and correspondence related to the Premises as required under Section 21 of the Lease.

- v) Releases of Hazardous Substances into the water and/or sediments of the Hylebos Waterway, or upland where they can migrate to adjacent remediation sites could result in Lessee liability under federal Superfund and/or Clean Water Act laws and/or under State MTCA laws.

#### ***Lessee Alterations to Premises and Associated Permitting***

Lessee is responsible for obtaining pertinent federal, state and local development and environmental permits associated with any work performed by Lessee on the Premises. Lessee shall give prior written notice thereof to Lessor and shall coordinate with Lessor regarding all permitting, design, construction, and operation activities. In addition, at Lessor's request, Lessee shall provide a copy of all permit applications and similar and related documents to Lessor. Lessee, at its sole cost and expense, shall be responsible for demonstrating compliance with applicable requirements for environmental review under the State Environmental Policy Act at Ch. 43.21C RCW and the National Environmental Policy Act at 42 U.S.C. 4321 et seq., prior to undertaking any Tenant Improvements under this Lease. Lessee acknowledges that per Port of Tacoma Commission Resolution 2011-06, *Revised State Environmental Policy Act (SEPA) and Procedures* adopted September 15, 2011, as amended or revised, Lessor can serve as SEPA lead agency. If Lessee requests Lessor to serve as SEPA lead agency and an Environmental Impact Statement (EIS) is required, then Lessee shall reimburse Lessor for its time and expenses associated with those SEPA EIS efforts, including but not limited to Lessor's staff time costs and consultants' time and costs.

#### ***Hazardous Substances***

Hazardous Substances shall be managed (including but not limited to, handling, secondary containment, and disposal) in accordance with Lessee's operating permits, all pertinent and applicable federal, state, and local regulatory requirements, and as required under the Lease.

#### ***Air Quality***

Lessee shall, at its sole cost and expense, comply with all applicable federal, state, and local laws, statutes, ordinances, regulations, rules, permits and permit requirements, orders, and decrees, including, but not limited to, air quality and odor, of all governmental bodies having authority over the Premises or any activity conducted thereon.

#### ***Water and Sediment Quality Protection***

*Municipal/Industrial Stormwater:* Environmental Permits for Lessor-owned stormwater systems are maintained by Lessor unless amended in accordance with applicable permit processes. Lessee recognizes Lessor as a municipality, and shall satisfy all requirements of Ecology's National Pollution Discharge Elimination System (NPDES) General Municipal Stormwater (MS4) Permit to the extent applicable to the Premises and Lessee's facilities, activities, and operations thereon, including but not limited to those of any subtenants. Based on Lessee's facilities, operations, and activities, Lessee also may be required to obtain an Industrial Stormwater General Permit (ISGP) or individual stormwater permits from Ecology.

It is Lessee's responsibility, during the term of the Lease, to comply with the applicable stormwater permit based on Lessee's facilities, activities, and operations at the sole cost of the Lessee, during the term of the Lease or as required by Ecology. A Stormwater Pollution Prevention Plan (SWPPP) is a requirement of Lessor's MS4 Permit. Lessee must submit to Lessor's Environmental Programs Department a SWPPP, and all subsequent revisions to the SWPPP, that is compliant with Lessor's MS4 Permit, or if applicable, the Lessee's ISGP or other applicable Ecology issued stormwater permit (Lessor can provide to Lessee a MS4 or ISGP SWPPP template at Lessee's request). Lessee shall defend, indemnify, and hold harmless Lessor against any and all costs (including but not limited to reasonable attorney fees), expenses, damages, fines, penalties, and liabilities of any kind incurred by Lessor as a result of Lessee's stormwater discharge.

Wastewater Discharge: Lessee shall, at its sole cost and expense, comply with the City of Tacoma Municipal Sewer System Industrial Wastewater Discharge Permit requirements, as applicable.

Coatings for Galvanized Metals: Un-coated galvanized metals shall not be used on equipment or structure surfaces exposed to natural elements, nor stored or staged out of doors without sufficient protection, in order to reduce the potential of exceeding standards for zinc or other metals in stormwater runoff; provided, however, that Lessee may continue to use the existing galvanized metal fence until such use is no longer permitted by any applicable law or governmental agency.

Emergency/Spill Response: Lessee and Lessee Parties shall have an effective spill response plan in accordance with all applicable federal, state, and local regulations and permits, and Lessee shall have all necessary equipment and supplies on-hand to conduct an emergency or spill response. Lessee shall initiate spill response immediately after a spill and notify Port of Tacoma Security (253-383-9472) during any incident or event. If a spill response is undertaken by Lessor at Lessee's request, or is determined to be necessary by Lessor to prevent risk of bodily injury or death, or to prevent risk of damage to the environment, or to prevent risk of damage to property, then Lessee shall reimburse Lessor for spill response to spills originating from Lessee and Lessee Parties, whether on or off the Premises.

### ***Environmental Safety***

Personnel Protection and Liability Management: Due to the presence of historic contamination on and adjacent to the Premises, all subsurface disturbances or excavations upland or offshore and all over-water work, including but not limited to operation and maintenance (O&M) activities, (i) must be pre-approved by Lessor's Facilities Development Department, and (ii) shall be conducted by workers trained and certified to respond to, or handle hazardous materials, such as Occupational Safety and Health Administration (OSHA) Hazardous Waste Operations and Emergency Response (HAZWOPER) certification if required by law or the Environmental Documents.

Noise control: Lessee shall comply with the City of Tacoma's Ordinance No. 27673 and Tacoma Municipal Code Title 8, Chapter 8.122, entitled "Noise Enforcement" or any

variances granted to Lessee therefrom. Lessor shall not be required to support any request by Lessee for any variance.

***Invasive Species Control***

The Lessee shall take measures to prevent and control invasive species from entering or infesting the Premises or surrounding areas. If an invasive species infestation is discovered, the Lessee shall take measures to control and eliminate the invasive species from infected areas both on and off the Premises to the extent it is linked to Lessee or Lessee Parties, all at the sole cost of Lessee.

*Vineyard Snail Eradication Area:* The Premises are located within a Washington State Department of Agriculture (WDA) and United States Department of Agriculture (USDA) Vineyard Snail eradication area which encompasses the area of the Blair-Hylebos Peninsula from Lincoln Avenue, north to the northern-most extent of the peninsula. The eradication program consists of properly conducted debris removal, vegetation removal and disposal, and molluscicide applications. Lessee shall not remove debris, vegetation, or soil from the Premises prior to a review by the Port's Environmental Programs Department. The Port will determine, as necessary, the proper treatment and disposal methods for debris, vegetation, and soil from the Premises in order to comply with Vineyard Snail eradication measures.

***Environmental Stewardship***

*Habitat and Critical Areas Protection:* Lessor shall identify and notify Lessee of all known critical habitats and jurisdictional wetlands adjacent to or on the Premises as of the Lease Commencement Date. Thereafter, Lessee shall update as necessary the list of all such areas. Lessee shall comply with all legal requirements with respect to all such areas. The Premises are located along the Hylebos Waterway and therefore may be subject to the City of Tacoma's Critical Areas Preservation Ordinance (Ordinance 27728, Tacoma Municipal Code [TMC] 13.11), the City of Tacoma's Shoreline Management Area of Washington State's Shoreline Management Act of 1971 (RCW 90.58) propagated under the TMC 13.10, and the Hylebos Waterway may be designated as "Waters of the United States", under the Clean Water Act of 1972 (33 U.S.C. §1251 et seq. and as amended and clarified). These aforementioned ordinances, codes, and acts restrict certain land uses or activities within these areas and may require an exemption or development permits for certain uses or activities. The Lessee is required to comply with all requirements and restrictions of these ordinances and codes.

*Renewable Energy:* Lessee agrees to consider the use of renewable energy and electric powered equipment where practical and feasible.

*Clean Ship:* To the extent practicable, vessels owned, leased, or otherwise controlled by Lessee shall switch to distillate or low sulfur bunker fuel in main or auxiliary engines during transit, maneuver and at berth. When appropriate, Lessee shall equip the vessels owned, leased, or otherwise controlled by Lessee calling Port of Tacoma with the most recent best reasonable available emission control technologies, such as seawater scrubbers, catalytic converters, diesel particulate filtration system or equivalent.

Low Impact Development: Lessee will consider adopting low impact practices including LEED Certification and sustainable building practices for all Tenant Improvements.

***Emission Control***

Northwest Ports Clean Air Strategy: Lessee shall assist Lessor to meet the goals and objectives of the Northwest Ports Clean Air Strategy by implementing programs, policies, plans or procedures to meet Actions and Performance Targets as listed in the Northwest Ports Clean Air Strategy 2013 update, as amended or revised.

At reasonable request by Lessor, Lessee shall participate, at commercially reasonable cost to Lessee, in small scale emission reduction pilot studies or projects that tests the feasibility and effectiveness of technology or change in operation. Lessor and Lessee will mutually explore potential pilot technology and funding.

Emission Inventory: At reasonable request by Lessor, Lessee shall provide, at commercially reasonable cost to Lessee, equipment data, terminal activity data, and available air testing results needed for Lessor's air quality assessment, and provide reasonable access to allow monitoring by Lessor's staff and consultants and contractors, subject to Section 16 of the Lease.

Anti-Idling and Energy Conservation: Lessee agrees to post anti-idle signs and develop and implement, as feasible and practicable, an anti-idle policy for all equipment on the Premises. Lessor and Lessee will mutually explore technical idle reduction technology and funding.

***Periodic Review***

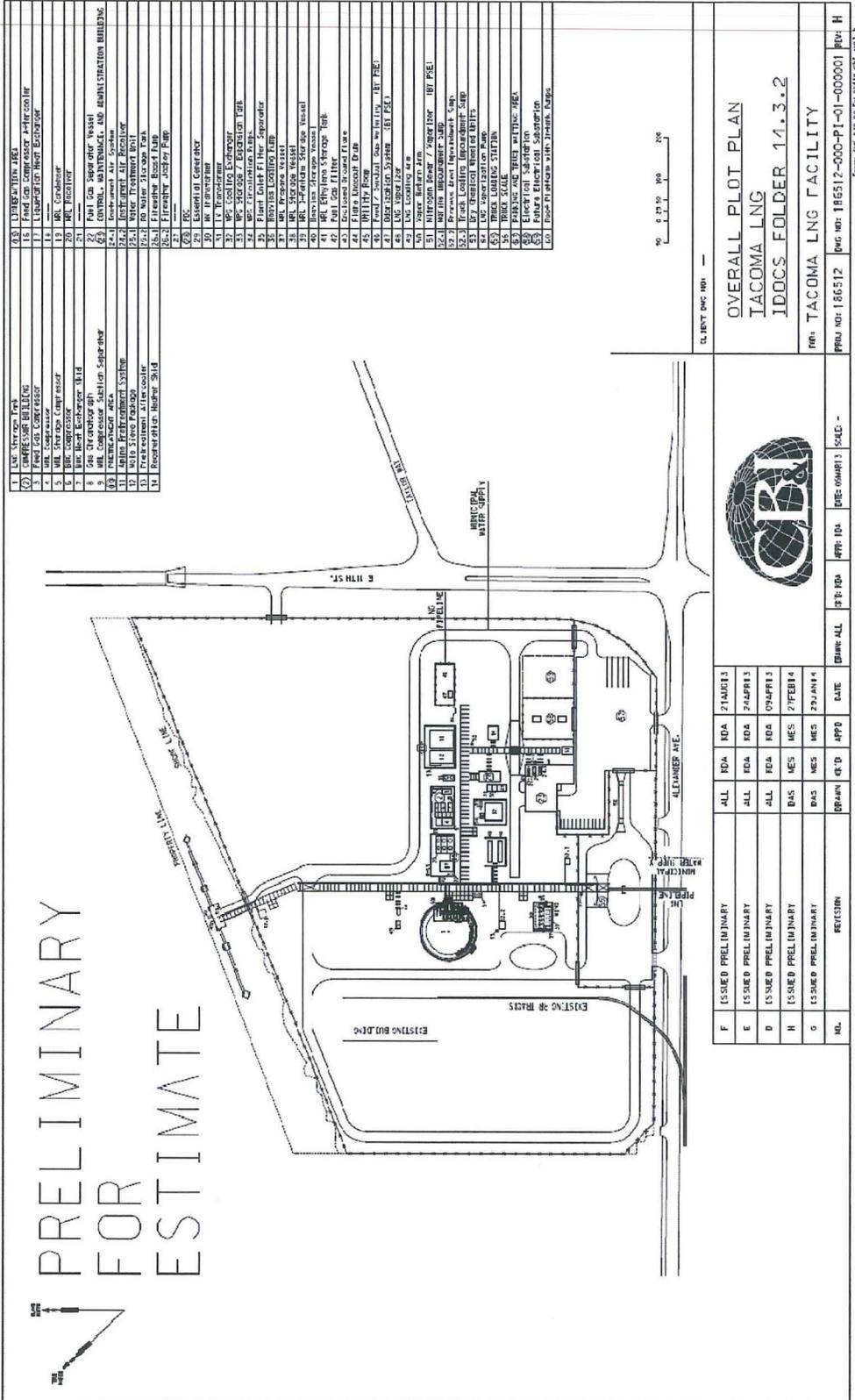
Lessor and Lessee shall periodically review and adjust Lessee's environmental performance requirements at Lessor's reasonable request. Such request by Lessor shall be reasonable based on applicable law at such time and other relevant facts and circumstances up to and at such time.

## **EXHIBIT D ALTERATIONS AND IMPROVEMENTS**

Alterations and improvements to the Premises include demolition of several existing buildings, soil improvement, installation and improvement of underground utilities, and construction of the LNG Plant.

The LNG Plant consists of process equipment required to produce 250,000 gallons per day of LNG, an 8 million gallon storage tank, a vaporizer to re-gasify LNG into the PSE distribution system, a truck rack and pier for product delivery via truck or barge, and an underground pipeline to the TOTE terminal. The plant also includes ancillary features such as a Tacoma Power substation, a control building, and associated site utility and security infrastructure.

See the attached preliminary drawing.



**EXHIBIT E**  
**FORM OF NOTICE OF LEASE TERM DATES**

Date: \_\_\_\_\_

To: Puget Sound Energy, Inc.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: Lease dated \_\_\_\_\_, 2014, between Port of Tacoma, a Washington port district ("Lessor"), and Puget Sound Energy, Inc., a Washington corporation ("Lessee"), concerning the Premises located at 901 and 1001 Alexander Avenue and 3533 E 11th St, Tacoma, Pierce County, Washington 98421 (the "Lease")

In accordance with the Lease, Lessor and Lessee agree as follows:

That the first (1st) day of the twenty-five-year (25-year) period described in Section 2.1 of the Lease was \_\_\_\_\_. Unless terminated sooner, the Lease shall expire on \_\_\_\_\_.

**Lessor:**

PORT OF TACOMA,  
a Washington port district

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Lessee:**

PUGET SOUND ENERGY, INC.,  
a Washington corporation

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_