
Term Sheet between the Port of Tacoma and Tacoma School District No. 10 for a Ground Lease Interlocal Agreement for a Maritime Skills Center

Lessee: Tacoma School District No. 10, a political subdivision of the State of Washington

Lessor: Port of Tacoma, a public port district organized under the laws of the State of Washington

Project Name: South Puget Sound Maritime Skills Center

Premises Address: Port Parcel #94. Currently addressed at 1203 East D Street, Tacoma, Washington

Premises: Approximately 30,830 square feet of land will be leased for the construction and operation of the Skills Center (academic building). In addition to the Premises, the Port will provide the Lessee non-exclusive use of the following planned improvements on Port property: (1) parking areas; (2) bus drop-off areas; (3) future dock and beach access. Condition of use and maintenance responsibilities for the non-exclusive areas will be covered in the Joint Use Agreement, which is a supplemental exhibit to the lease.

Conditions Precedent:

The Parties obligations under the lease are conditioned upon (1) Lessee obtaining all necessary permits and approvals; (2) Lessee obtaining all required funding for construction; (3) Lessor obtaining a Crossing Right, over and across the BNSF easement on Port property and the Parties' consent to the terms of a Private Grade Crossing License Agreement, or similar instrument between Lessor and BNSF necessary for the Crossing Right; and (4) the Parties' execution of the Joint Use Agreement referenced above.

These conditions must be satisfied by January 1, 2025, or either Party may terminate the Ground Lease upon thirty (30) days written notice to the other Party. If the Lease is terminated under this provision, each Party will bear its own costs associated with the Project incurred

through the date of termination. The January 1, 2025 deadline may be extended or otherwise modified by written agreement of the Parties.

Consideration:

In lieu of Lessee paying monthly rent as consideration over the Initial Term of this Ground Lease, the Parties agree that Lessee will share in the cost of certain capital site improvements on Port property adjacent to the Premises which are necessary for access and occupancy of the Skills Center. The Capital Site Improvements and estimated Lessee cost share are described below:

CAPITAL SITE IMPROVEMENT	USER	ESTIMATED LESSEE COST SHARE
Utilities	Shared utility corridor for Port and District.	\$1 MILLION
Parking Lots/Driveways	Shared; cost share based on required parking area for District, available for public use outside of school hours.	\$3 MILLION
Safety Improvements Required for BNSF Crossing Right/License	Shared	50% of actual cost of required safety improvements

Term:

Initial term of fifty (50) years plus one thirty (30) year extension option; consideration for Extension Term to be determined at time option is exercised, and may, but is not required to be in the form of a one-time payment towards capital improvements or payment of fair market monthly rent determined by appraisal. If fair market rent is chosen, escalation is via CPI.

Security Deposit: None required.

Insurance Requirements:

- Public liability insurance with a minimum coverage of \$2M, payable to any one person for personal injury or death arising out of any one event, \$2M for all such personal injuries or death resulting out of one occurrence arising from use of the Premises. The Lessee and the Port agree to re-evaluate coverage amounts once every year to update both the coverage amounts and types of coverage required to then

existing commercially reasonable coverage limits.

- Fire and extended coverage insurance covering all structures and all improvements made by the Lessee to the Premises and all personal property of the Lessee within the Premises in the amount of the full replacement value thereof.
- All insurance required under this Ground Lease shall include public liability and property damage coverage for any construction activities conducted by the Lessee on the Premises.
- All insurance required of the Lessee may be provided through private insurers authorized to transact business in the State of Washington and with a company acceptable to the Port, or in the alternative through a State authorized risk pool.

Utilities: Lessee is responsible to pay utilities for their 30,830 square foot building.

Maintenance: Lessor will be responsible for all maintenance pertaining to all parking areas, landscaping around all buildings and shoreline access. Allocation of maintenance costs will be determined within the Joint Use Agreement. The Lessee will be responsible for maintenance of their own building.

Environmental Requirements: The lease is subject to environmental requirements associated with prior and ongoing remediation associated with the Premises incorporated within the terms of the lease. The Port assumes all obligations/responsibility associated with pre-existing contamination.