Environmental Covenant:
South Baxter

Grantor: Port Quendall Company
Grantee: State of Washington, Department of Ecology
Legal: That portion of the “North Parcel,” as shown on Survey recorded under King County Recording No. 20000519000896, Records of King County, Washington, lying Southerly of the following described line: Beginning at the most Northerly corner of said “North Parcel,” Thence S 45 26' 31” W along the Northwesterly line thereof a distance of 912.56 feet to the True Point of Beginning of the herein described line; Thence S 58 13' 14” E a distance of 918.82 feet to a point on the Southeasterly line of said “North Parcel,” distant thereon 267.64 feet Northerly of the angle point in said Southeasterly line and the terminus of the said line;
Tax Parcel Nos.: 2924059001
Cross Reference: N/A

Grantor, Port Quendall Company, a Washington corporation, hereby binds Grantor and its successors and assigns to the land use restrictions identified herein and grants such other rights under this environmental covenant (hereafter “Covenant”) made this 26th day of May, 2010 in favor of the State of Washington, Department of Ecology, and its successors and assigns (hereinafter “Ecology”). Ecology shall have full right of enforcement of the rights conveyed under this Covenant pursuant to the Model Toxics Control Act (MTCA), RCW 70.105D.030(1)(g), and the Uniform Environmental Covenants Act, Chapter 64.70 RCW.

This Declaration of Restrictive Covenant is made pursuant to RCW 70.105D.030(1)(f) and (g) and WAC 173-340-440 by Port Quendall Company, its successors and assigns, and Ecology.

A remedial action (hereafter “Remedial Action”) occurred at the property that is the subject of this Covenant. The Remedial Action conducted at the property is described in the
following documents: (1) Prospective Purchaser Consent Decree, entered by court order on May 18, 2000, in King County Superior Court matter number 00-2-11779-5KNT; and (2) Cleanup Action Plan attached to said Consent Decree. These documents are on file at Ecology’s Northwest Regional Office (NWRO).

This Covenant is required because the Remedial Action resulted in residual concentrations of certain hazardous substances which exceed the MTCA Method B Residential Cleanup Levels for soil and groundwater established under WAC 173-340-740. These cleanup levels are described in the Cleanup Action Plan referenced above.

The undersigned, Port Quendall Company, is the fee owner of real property (hereafter “Property”) in King County, Washington, that is subject to this Covenant. The Property is legally described as set forth in Exhibit A, attached.

Port Quendall Company makes the following declaration as to limitations, restrictions, and uses to which the Property may be put and specifies that such declarations shall constitute covenants to run with the land, as provided by law and shall be binding on all parties and all persons claiming under them, including all current and future owners of any portion of or interest in the Property (hereafter “Owner”).

Section 1. Without prior written consent of Ecology, except as provided below, following implementation of the Cleanup Action Plan, the Owner shall not alter, modify, or remove any structures or caps required by the Cleanup Action Plan in a manner that may result in the release or exposure to the environment of contaminated soil or create a new exposure pathway. The structures and caps required by the Cleanup Action Plan are described in the attached Exhibit B. Structure or cap maintenance is permitted without notice to Ecology so long as appropriate health and safety protocols are followed. A Soil Management Plan on file at Ecology’s NWRO, and hereby incorporated by reference and made a fully enforceable part of this Covenant, outlines specific protocols associated with future soil excavations, including health and safety standards, soil stockpiling, analytical testing, and soil reuse or disposal options. In accord with the Soil Management Plan, limited excavation, utility placement or repair, minor site grading, or other pre-approved activities connected with site development and construction are permitted so long as appropriate health and safety protocols are followed and a structure or cap that provides protection from direct contact as required by the Cleanup Action Plan is provided following development.

Section 2. Any activity on the Property that may interfere with the integrity of the Remedial Action and continued protection of human health and the environment as provided for in
the Cleanup Action Plan is prohibited. The Cleanup Action Plan permits and contemplates
development of the Property as a mixed use (residential, retail, and commercial) property.

Section 3. Unless authorized by the Cleanup Action Plan or this Covenant, no activity is
permitted that may result in the release or exposure to the environment of a hazardous substance
that remains on the Property, or create a new exposure pathway. The Cleanup Action Plan permits
and contemplates development and use of the Property as a mixed use (residential, retail, and
commercial) property.

Section 4. Unless authorized by the Cleanup Action Plan, the Owner will not withdraw, or
allow others to withdraw, groundwater from the Property.

Section 5. Mitigation actions required by the Cleanup Action Plan shall be maintained as
set forth in the Baxter Mitigation Analysis Memorandum, which is an enforceable provision of the
Cleanup Action Plan.

Section 6. Following implementation of the Cleanup Action Plan, residential use on the
Property is permitted so long as a building, or other structure (as described in the Cleanup Action
plan) is present such that the residential use is located over structural parking or other structures,
placing the first occupied floor at least one level above the soil and prevents direct contact with all
soil that exceeds Method B Cleanup Levels.

Section 7. The Owner must give thirty (30) day advance written notice to Ecology of the
Owner's intent to convey a fee interest in a substantial portion of the Property. No conveyance of
fee title in a substantial portion of the Property shall be consummated by the Owner without
adequate and complete provision for continued monitoring, operation, and maintenance of the
Remedial Action, including the mitigation measures. Fee interests in less than a substantial
portion of the Property may be conveyed without notice to Ecology.

Section 8. The Owner must restrict leases, easements, and other agreements which include
access to the Property to uses and activities consistent with the Covenant and notify all potentially
impacted lessees, easement holders, and other holders of rights to access the Property of the
restrictions on the use of the Property.

Section 9. The Owner must notify and obtain approval from Ecology prior to any use of
the Property that is inconsistent with the terms of this Covenant. Ecology may approve any
inconsistent use only after public notice and comment.

Section 10. The Owner shall allow authorized representatives of Ecology the right to enter
the Property at reasonable times for the purpose of evaluating the Remedial Action; to take
samples, to inspect remedial actions conducted at the property, and to inspect records that are related to the Remedial Action. Ecology shall use reasonable efforts to minimize any interference and use reasonable efforts not to interfere with the operations of the Property occupancy.

Section 11. The Owner reserves the right under WAC 173-340-440 to record an instrument that provides that this Covenant shall no longer limit use of the Property or be of any further force or effect. However, such an instrument may be recorded only if Ecology, after public notice and opportunity for comment, concurs.

PORT QUENDALL COMPANY,
a Washington corporation

[Lance Lopes]
Vice President/Secretary

Dated: 5/26/10

STATES OF WA-
COUNTY OF KING

On this 20th day of MAY, 2010, I certify that LANCE LOPES personally appeared before me, acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute this instrument, and acknowledged it as the VP/SECRETARY [type of authority] of PORT QUENDALL COMPANY [name of party being represented] to be the free and voluntary act and deed of such party for the uses and purposes mentioned in the instrument:

[Kim Lindbeck]
Notary Public in and for the State of Washington; residing at PENTON. My appointment expires 3/15/12.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

[Robert Warren]
Section Manager
Toxics Cleanup Program
Northwest Regional Office
425-649-7054
Dated: 7/27/10
Exhibit A
Legal Description

That portion of the “North Parcel,” as shown on Survey recorded under King County Recording No. 20000519000896, Records of King County, Washington, lying Southerly of the following described line: Beginning at the most Northerly corner of said “North Parcel;” Thence S 45 26'31" W along the Northerly line thereof a distance of 912.56 feet to the True Point of Beginning of the herein described line; Thence S 58 13'14" E a distance of 918.82 feet to a point on the Southeasterly line of said “North Parcel;” distant thereon 267.64 feet Northerly of the angle point in said Southeasterly line and the terminus of the said line.