

PORT OF ANACORTES

LEASE

THIS LEASE made as of June 29, 1990, by and between the **PORT OF ANACORTES**, a Washington municipal corporation, as Lessor, hereinafter referred to as "the Port", and **FRONTIER INDUSTRIES, INC.**, a Washington corporation, as Lessee, hereinafter referred to as "F.I."

WITNESSETH

In consideration of their mutual promises the parties hereto do hereby mutually agree as follows:

1. **LEASED PREMISES:** The Port hereby leases to F.I., and F.I. hereby hires and leases from the Port, the following described premises situated in Skagit County, State of Washington, and outlined on attached Exhibit "A":

one (1) maintenance building, approximately 46' X 50', located in the southwest corner of the Port of Anacortes main log yard which is located in the SW corner of Block 295 original plat of Anacortes, Section 18, Township 35 N, Range 2 E, W.M.

hereinafter called "the premises".

2. **TERM:** This lease shall be effective beginning June 15, 1990 and ending February 28, 1991.

3. **RENT:**

F.I. agrees to pay as rent for the premises the following sums per month:

Construction cost	\$79,636.57	@ 8.5%	20 years	
Monthly Base Rental Payment				\$691.10
Current Leasehold Tax (@ 12.84%)				\$ 88.74
<hr/>				
Total Monthly Rental Payment				\$779.84

The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term, and shall be payable at such place as the Port may hereinafter designate.

NOTE: RENTAL SUMS ARE SUBJECT TO APPLICABLE LEASEHOLD TAX CHARGES. (SEE ALSO PARAGRAPH TAXES BELOW) INTEREST WILL BE CHARGED DAILY ON THE MONTHLY RENT AT THE HIGHEST ALLOWABLE LEGAL PERCENTAGE RATE FOR LATE PAYMENT BEYOND THE FIRST OF EACH AND EVERY MONTH. (SEE ALSO PARAGRAPH DEFAULTS BELOW)

4. **OPTION:**

5. **BOND OR OTHER SECURITY:**

(a) F.I. shall, upon execution of this lease, file with the Port a good and sufficient corporate surety company bond, rental insurance policy, or other security (hereinafter referred to as the "Bond") in accordance with the requirements of the laws of the State of Washington to secure the full performance by F.I. of all terms and conditions of this lease, including the payment by F.I. of all amounts now or hereafter payable to the Port during the full term hereof. The form and provisions of the Bond, and the identity of the surety or insurer thereon, shall be subject to the approval of the Port. The amount of the Bond shall be based upon the rents payable hereunder and determined in accordance with the laws of the State of Washington, and shall be adjusted if required by said laws. If the amount of the Bond is not so adjusted, F.I. shall be considered in default hereunder, and subject to the Port's rights under subparagraph (b) of this paragraph and paragraph "DEFAULTS" below. No future amendment or extension to this lease shall be effective until the surety or insurer has given its consent thereto and the amount of the Bond has been adjusted as required. The Bond may provide for termination on the anniversary date thereof upon not less than one (1) year's written notice to the Port if the lease is not in default at the time of said notice. In the event of any such termination, F.I. shall obtain a new Bond, also subject to Port approval, to replace the Bond being so terminated to be effective on or before the date of termination.

(b) Until such time as F.I. furnishes the Bond in accordance with the provisions of subparagraph (a) above, and in the event F.I. at any time or times during the stated term of this lease shall cease to be in compliance with the provisions of this paragraph, the Port at its sole option may elect to exercise any or all of its rights under paragraph "DEFAULTS" below following fifteen (15) days' prior written notice to F.I.. Pending F.I.'s cure of its default or the effective date of any termination for default so elected by the Port, F.I. shall pay rent and all other sums owing to the Port under this lease computed as though this lease had been originally awarded on a month-to-month basis.

(c) It is further agreed that in the event the laws of the State of Washington applicable hereto shall hereafter be amended the provisions of this entire paragraph shall be deemed likewise automatically amended upon the effective date of such statutory amendments, to the extent and in the manner necessary to comply therewith.

6. **USE OF PREMISES:** F.I. shall use the premises for the maintenance, repair, and storage of machinery, equipment, and materials necessary for operations and maintenance in the Port of Anacortes log yard area, and F.I. shall not use them for any other purpose without the written consent of the Port. F.I. shall use the entire premises for the conduct of said business in a good workmanlike manner in line with the standards of the industry continuously during the entire term of this lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or redecorating or for reasons beyond F.I.'s reasonable control. F.I. agrees that it will not disturb the Port or any other tenant of the Port by making or permitting any disturbance or any unusual noise, vibration or other condition on or in the premises. F.I. shall comply with any and all signs affixed by the Port in the premises as of the commencement of the lease term relative to maximum floor loadings.

7. **UTILITIES:** F.I. shall be liable for, and shall pay throughout the term of this lease, all charges for all utility services furnished to the premises, including, but not limited to, light, heat, electricity, gas, water, sewerage, garbage disposal and janitorial services. In the event that the premises are part of any larger premises to which any utility services are furnished on a consolidated or joint basis, F.I. agrees to pay to the Port F.I.'s pro rata share of the cost of any such utility services. F.I.'s pro rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required.

8. **ACCEPTANCE OF PREMISES:** F.I. has examined the premises, accepts them in their present condition, and agrees to make any changes in the premises necessary to conform to federal, state and local law applicable to F.I.'s use of the premises.

9. **MAINTENANCE AND REPAIR:** At the expiration or sooner termination of this lease, F.I. shall return the premises to the Port in the same condition in which received (or, if altered by F.I. with the Port's consent, then the premises shall be returned in such altered condition), reasonable wear and tear and damage by fire or unavoidable casualty excepted. F.I. shall, at its own expense, at all times keep the premises neat, clean and in a safe and sanitary condition, free from infestation of pests and conditions which might result in harborage for, or infestation of pests. (The word "pests" as used herein, shall include, without limitation, rodents, insects and birds in numbers to the extent that a nuisance is created.) F.I. shall also keep the glass of all windows and doors on the premises clean and presentable, and shall maintain and keep the premises in a good state of repair, and shall commit no waste of any kind, and, without limiting the generalities thereof, shall replace all cracked, broken, or faulty glass in the premises, and keep the electrical system and the sprinkler system and all drains clean and in a good state of repair, and shall protect the sprinkler system and all pipes and drains so that they will not freeze or become clogged: Provided, that F.I.'s said obligation to make all necessary repairs shall not extend to any repairs to the roof (structure or covering) or to the foundations of the building or structure (but expressly excluding from the term "foundations" all flooring and decking, whether structural or finish) of which the premises are a part, or to any repairs to any bearing columns or bearing walls or to the exterior walls of the building or structure that may be necessary to maintain the structural soundness of those columns or walls, except to the extent that any of the repairs described in this proviso may be required as a result of damage caused by negligence of F.I. or its agents, employees, invitees or licensees. F.I. shall remove all snow and ice from the roof of the premises.

10. **ALTERATIONS AND IMPROVEMENTS:** F.I. shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from the Executive Director of the Port and subject to any and all conditions in such approval. In the event any alterations or improvements shall be made or fixtures (other than trade fixtures which can be removed without injury to the premises) installed by F.I., they shall at once become a part of the realty and become the property of the Port. Movable furniture and trade fixtures which are removable without injury to the premises shall be and remain the property of F.I..

11. **INSPECTION "FOR RENT" SIGNS:** The Port reserves the right to inspect the premises at any and all reasonable times throughout the term of this lease: Provided, that the Port shall not interfere unduly with F.I.'s operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the premises, and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place

and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this lease.

12. **OUTSIDE AREAS AND ROOF:** The use of the outside area of the walls (other than the front of the premises) and the roof of the building included in the premises is reserved to the Port, which shall have the right to utilize the same for any purpose, including the maintenance of signs.

13. **POSSESSION:** If the Port shall be unable for any reason to deliver possession of the premises, or any portion thereof, at the time of the commencement of the term of this lease, the Port shall not be liable for any damage caused thereby to F.I., nor shall this lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event F.I. shall not be liable for any rent until such time as the Port can deliver possession. If F.I. shall, in the interim, take possession of any portion of the premises, F.I. shall pay as rent the full rent specified herein reduced pro rata for the portion of the premises not available for possession by F.I.. If the Port shall be unable to deliver possession of the premises at the commencement of the term of this lease, F.I. shall have the option to terminate this lease by at least ninety (90) days' written notice unless the Port shall deliver possession of the premises prior to the effective date of termination specified in such notice. If F.I. shall, with the Port's consent, take possession of all or any part of the premises prior to the commencement of the term of this lease, all of the terms and conditions of this lease shall immediately become applicable, with the exception that F.I. shall be obligated to pay only the pro rata amount of rent for the period prior to the first day of the first full month of possession of the premises by F.I..

14. **DAMAGE OR DESTRUCTION:** Should the premises or the buildings or structures of which the premises are a part be damaged by fire or other casualty, and if the damage is repairable and satisfactory financing for said repairs is obtainable (with the repair work and the preparations therefor to be done during regular working hours on regular working days), the premises may be repaired at the sole option of the Port. Should the Port opt to make such repairs the monthly rent shall be abated in the same proportion that the untenable portion of the premises bears to the whole thereof, for the period from the occurrence of the damages to the completion of the repairs. In the event the damage is extensive and/or satisfactory financing for repairs is not obtainable and the Port decides not to repair or rebuild, this lease, at the option of the Port, shall be terminated upon written notice to F.I. within thirty (30) days of the occurrence of the damage and the rent shall, in such event, be paid to or adjusted as of the date of such damage, and F.I. shall thereupon vacate the demised premises and surrender the same to the Port.

15. **HOLD HARMLESS:**

F.I. shall protect, indemnify, defend and hold and save harmless the Port, its elected officials, agents and employees, their successors and assigns, heirs, executors, and administrators from and against all liabilities, obligations, fines, claims, claims for mechanics' liens, damages, penalties, causes of action, costs and expenses (including without limitation attorney's fees and expenses), and any and all claim by or on behalf of any person or persons, firm or corporation, in connection with any such items of actual or alleged injury or damage,

- arising out of acts or omissions of F.I., its servants, agents, invitees, guests and employees on or about Port property, or

- arising out of the use of Port property or any part thereof, including but not limited to, floats, docks or piers, ramps and approaches, buildings, sidewalks, curbs, parking lots, streets or ways, or

- due to or arising out of any failure on the part of F.I. to perform or comply with any rule, ordinance, or law to be kept and performed.

- F.I. HEREBY WAIVES (GIVES UP) ITS IMMUNITY UNDER THE INDUSTRIAL INSURANCE ACT RCW TITLE 51 AND/OR THE LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT.

- F.I. HEREBY AGREES TO INDEMNIFY THE PORT FOR THE CONCURRENT NEGLIGENCE OF THE PORT AND F.I..

This indemnify agreement does not apply when such damage or injury be caused solely by negligent or intentional acts of the Port, its elected officials, agents and/or employees.

16. **INSURANCE:**

(a) F.I. shall procure and maintain, at its own expense, comprehensive liability insurance in full force and effect at all times while operating on or about Port property, insuring the Port from all claims, demands, and/or for damage to property and/or cargo, regardless of how such injury or damage to property and/or cargo be caused, sustained or alleged to have been sustained by F.I. or by others as a result of any condition or occurrence whatsoever related in any way to F.I.'s operation on or about Port property, in such amounts as to meet the minimum liability coverage specified below. Such insurance shall be placed with a reputable insurance company(ies) or underwriter(s) satisfactory to the Port. The insurance policy or policies shall be for standard comprehensive general liability (with watercraft exclusion deleted), including contractual liability coverage, or protection and indemnity coverage under marine insurance, or both, as solely

determined by the Port, covering all operations of F.I. so that the risks of liability created by F.I. are covered. The Port shall be named as an additional insured by endorsement to the policy or policies. F.I. shall furnish the Port with appropriate documentation in form and content satisfactory to the Port evidencing the coverage required to be kept in full force and effect. The coverage shall not be less than \$500,000.00 combined single limit for property damage, bodily injury or death, and \$1,000,000. automobile liability coverage including non-owned and hired vehicle coverage. The insurance policy or policies shall not be subject to cancellation except after written notice to the Port at least ten (10) days prior to the date of such cancellation or material change. The insurance requirement under this section shall, amongst other things, provide coverage for the indemnitor undertakings in the preceding section entitled "HOLD HARMLESS".

(b) F.I. shall, if it desires coverage from loss, carry insurance against loss by fire or other insurable cause upon its fixtures, furniture and equipment situate on the leased premises during the term of this lease, and, at F.I.'s election on F.I.'s leasehold interest.

17. **WAIVER OF SUBROGATION:** The Port and F.I. hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under the respective fire insurance contracts, including any extended coverage endorsements thereto: provided, that 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 Port or F.I..

18. **INCREASE IN COST OF INSURANCE:** F.I. shall not use the premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the premises are a part, and to the extent allocable to the term of this lease, may be added to the amount of rent hereinabove specified and shall be paid by F.I. to the Port upon the monthly rental day next thereafter occurring.

19. **TAXES:** F.I. shall be liable for, and shall pay throughout the term of this lease, all license fees and all excise taxes payable for, or on account of, the activities conducted on the premises and all taxes on the property of F.I. on the premises and any taxes on the premises and/or on the leasehold interest created by this lease and/or any taxes levied in lieu of a tax on said leasehold interest and/or any taxes levied on, or measured by, the rentals payable hereunder, whether imposed on F.I. or on the Port. F.I. shall reimburse the Port for all such taxes paid or payable by the Port. With respect to any such taxes payable by the Port which are on or measured by the rent payments hereunder, F.I. shall pay to the Port with each rent payment an amount equal to the

tax on, or measured by, that particular payment. All other tax amounts for which the Port is or will be entitled to reimbursement from F.I. shall be payable by F.I. to the Port at least fifteen (15) days prior to the due dates of the respective tax amounts involved: Provided, that F.I. shall be entitled to a minimum of ten (10) days' written notice of the amounts payable by it.

20. **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** F.I. agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other realty of which the premises are a part now in existence or hereafter promulgated for the general safety and convenience of the Port, its various tenants, invitees, licensees and the general public. F.I. further agrees to comply with all applicable federal, state and municipal laws, ordinances and regulations, including without limitation those relating to environmental matters. Any fees for any inspection of the premises during or for the lease term by any federal, state or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by F.I..

21. **ASSIGNMENT OR SUBLEASE:** F.I. shall not assign or transfer this lease or any interest therein nor sublet the whole or any part of the premises, nor shall this lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of the Port first had and obtained. If F.I. is a corporation, F.I. further agrees that if at any time during the term of this lease more than one-half (1/2) of the outstanding shares of any class of stock of F.I. corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this lease or to members of their immediate families, such change in the ownership of the stock of F.I. shall be deemed an assignment of this lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.

22. **DEFAULTS:** Time is of the essence of this agreement. F.I. will be charged and pay interest daily at the highest allowable legal percentage rate, on all sums owing to the Port under this lease, commencing the first day after the date each sum is due and payable. In the event of the failure of F.I. to pay the rents, interest, and any and all other charges provided for in this lease at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth to be kept and performed, including without limitation the provisions of the paragraph relating to the Bond which must be furnished by F.I. and maintained throughout the term of this lease, the Port may elect to terminate this lease and reenter and take possession of the premises with or without process of law: Provided, however, that F.I. shall be given fifteen (15) days' notice in writing stating the nature of the default in order to

permit such default to be remedied by F.I. within said fifteen (15) day period. Payment by F.I. to the Port of interest on rents and/or on any other charges due and owing under this lease shall not cure or excuse F.I.'s default in connection with such rents and/or other charges. Interest, default and all other remedies of the Port hereunder are cumulative and not alternative. If upon such reentry there remains any personal property of F.I. or of any other person upon the premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and F.I. shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to F.I., after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from F.I. to the Port, and the balance, if any, shall be paid to F.I.. Notwithstanding any such reentry, the liability of F.I. for the full rents and interest provided for herein shall not be extinguished for the balance of the term of this lease, and F.I. shall make good to the Port any deficiency arising from a reletting of the premises at a lesser rental than that hereinbefore agreed upon. F.I. shall pay such deficiency each month as the amount thereof is ascertained by the Port.

23. **TERMINATION:** In the event that the Port, at its sole discretion, shall choose to terminate this lease for public or private use in connection with the operation of the business of the Port, then this lease may be terminated by the Port by written notice delivered or mailed by the Port to F.I. not less than one hundred and twenty (120) days before the termination date specified in the notice.

24. **TERMINATION FOR GOVERNMENT USE:** In the event that any federal, state or local government or agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the premises or any part thereof, the Port may, at its option, terminate this lease as of the date of such taking, and, if F.I. is not in default under any of the provisions of this lease on said date, any rent prepaid by F.I. shall to the extent allocable to any period subsequent to the effective date of termination, be promptly refunded to F.I..

25. **TERMINATION BECAUSE OF COURT DECREE:** In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this lease, then either party hereto may terminate this lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If F.I. is not in default under any of the provisions of this lease on the

effective date of such termination, any rent prepaid by F.I. shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to F.I..

26. **SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on or within the premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by F.I. shall be removed by F.I. at its own expense, and F.I. shall repair any damage or injury to the premises and correct any unsightly condition caused by the maintenance and removal of said signs, etc.

27. **INSOLVENCY:** If F.I. shall file a petition in bankruptcy or if F.I. shall be adjudged bankrupt or insolvent by any court, or if a receiver of the property of F.I. shall be appointed in any proceeding brought by or against F.I., or if F.I. shall make an assignment for the benefit of creditors, or if any proceedings shall be commenced to foreclose any mortgage or any other lien on F.I.'s interest in the premises or on any personal property kept or maintained on the premises by F.I., the Port may, at its option, terminate this lease.

28. **NONWAIVER:** The acceptance of rent by the Port for any period or periods after a default by F.I. hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise F.I. in writing. No waiver by the Port of any default hereunder shall be construed to be or act as a waiver of any subsequent default by F.I.. After any default shall have been timely cured by F.I., it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of paragraph "DEFAULTS" hereof.

29. **PROMOTION OF PORT COMMERCE:** F.I. agrees that throughout the term of this lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. F.I. further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to F.I..

30. **SURRENDER OF PREMISES - ATTORNEYS' FEES:** At the expiration or sooner termination of this lease, F.I. shall promptly surrender possession of the premises to the Port, and shall deliver to the Port all keys that it may have to any and all parts of the premises. In the event that either party shall be required to bring any action to enforce any of the provisions of this lease, or shall be required to defend any action brought by the other party with respect to this lease, and in the further event that one party shall entirely prevail in such action, the losing party shall, in addition to all other payments required therein, pay all of the

prevailing party's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorneys' fees in the trial court and in any appellate courts.

31. **HOLDING OVER:** If F.I. shall, with the consent of the Port, hold over after the expiration or sooner termination of the term of this lease, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, F.I. shall pay to the Port the same rate of rent as set forth herein, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this lease insofar as they may be pertinent.

32. **ADVANCES BY PORT FOR F.I.:** If F.I. shall fail to do anything required to be done by it under the terms of this lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of F.I., and upon notification to F.I. of the cost thereof to the Port, F.I. shall promptly pay the Port the amount of that cost.

33. **LIENS AND ENCUMBRANCES:** F.I. shall keep the premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by F.I.. At the Port's request, F.I. shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the premises if not paid, or provide indemnification in form satisfactory to the Port should F.I. resist the payment of any item which would or might constitute the basis for such a lien.

34. **NOTICES:** All notices and payments hereunder may be delivered or mailed. If mailed, they shall be sent to the following respective addresses:

To Lessor:

The Port of Anacortes
P. O. Box 297
Anacortes, Washington 98221

To F.I.:

Frontier Industries, Inc.
1610 Commercial Avenue
Anacortes, Washington 98221

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices and payments sent by certified or registered mail and subsequently received by either party shall be deemed to have been given when and if properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

35. **JOINT AND SEVERAL LIABILITY:** Each and every party who signs this lease, other than in a representative capacity, as F.I., shall be individually, jointly and severally liable hereunder.

36. **SINGULAR/PLURAL, GENDER, ETC.:** It is understood and agreed that for convenience verbs and pronouns in the singular number and neuter gender are uniformly used throughout this lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, Lessees under this agreement.

37. **CAPTIONS:** The captions in this lease are for convenience only and do not in any way limit or amplify the provisions of this lease.

38. **INVALIDITY OF PARTICULAR PROVISIONS:** If any term or provision of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease or the application of such term or provision to person or circumstances other than as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

39. **NONDISCRIMINATION - SERVICES:**

(a) F.I. agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, sex, age, creed, color or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby.

(b) It is agreed that F.I.'s noncompliance with the provisions of this clause shall constitute a material breach of this lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law.

40. **NONDISCRIMINATION - EMPLOYMENT:** F.I. covenants and agrees that in all matters pertaining to the performance of this lease, F.I. shall at all times conduct its business in a manner which assures fair, equal and nondiscriminatory treatment of all persons without respect to race, sex, age, color, creed or national origin and, in particular:

(a) F.I. will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities, and

(b) F.I. will comply strictly with all requirements of applicable federal, state and local laws or regulations issued pursuant thereto relating to the establishment of nondiscriminatory

requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, sex, age, creed, color or national origin.

41. **LABOR UNREST:** F.I. agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.

42. **EASEMENTS:**

(a) The parties recognize that the Port facilities are continuously being modified to improve the utilities, services and premises used and provided by the Port. The Port, or its agents, shall have the right to enter the premises of F.I., and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate the sewer, water, and drainage lines, and the electrical service, and all other services and facilities required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the premises of F.I., without any additional cost to the Port for the purposes expressed hereinabove. Provided, however, that the Port by virtue of such use, does not substantially deprive F.I. from its beneficial use or occupancy of its leased area for an unreasonable period of time, not to exceed thirty (30) working days, without consent of F.I., provided, however, said consent will not be unreasonably withheld as to reasonable requests.

(b) In the event that the Port permanently deprives F.I. from such beneficial use or occupancy, then an equitable adjustment in rent, or in the cost required to modify its premises to allow F.I. to operate its business, will be negotiated and paid by the Port to F.I.. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse F.I. for the cost required to modify its premises for the temporary period that F.I. is inconvenienced by such Port entry. The Port will not be responsible to F.I. for any reduced efficiency or loss of business occasioned by such entry.

43. **ENTIRE AGREEMENT - AMENDMENTS:** This lease shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

IN WITNESS WHEREOF the parties hereto have signed this lease as of the day and year first above written.

FRONTIER INDUSTRIES, INC.
Lessee

By

President

By

ATTEST:

By

Secretary/Treasurer

(Corporate Seal)

By

PORT OF ANACORTES
Lessor

By

Executive Director

ATTEST:

By

Patsy M. ...

(ACKNOWLEDGEMENT FOR MUNICIPAL CORPORATION)

STATE OF WASHINGTON)
 :SS
COUNTY OF SKAGIT)

On this 29th day of June, 1990 personally appeared Joseph E Baier, to me known to be the Executive Director of the PORT OF ANACORTES, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute the same, and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

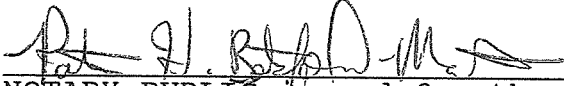
Patricia A Howe
NOTARY PUBLIC in and for the State of
Washington, residing Mount Vernon

My appointment expires: 5-5-93

STATE OF Washington)
):SS
COUNTY OF Skagit)

On this 29th day of June, 1990, before me, personally appeared Mike Johnson and Oscar Johnson to me known to be the President and Secretary, respectively, of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.


NOTARY PUBLIC in and for the State of
Washington, residing at Mt. Vernon


My appointment expires: 4-12-91

(ACKNOWLEDGEMENT FOR INDIVIDUAL LESSEE)

STATE OF WASHINGTON)
 : SS
COUNTY OF SKAGIT)

On this 29th day of June, 1990 before me,
personally appeared Mike Johnson, and
Oscar Johnson, to me known to be the individual(s)
described in and who executed the within and foregoing
instrument, and acknowledged they signed and sealed the same as
their free and voluntary act and deed for the uses and purposes
therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and affixed
my official seal the day and year first above written.



Notary Public in and for the State of
Washington, residing at Mt. Vernon.

My appointment expires: 4-12-91

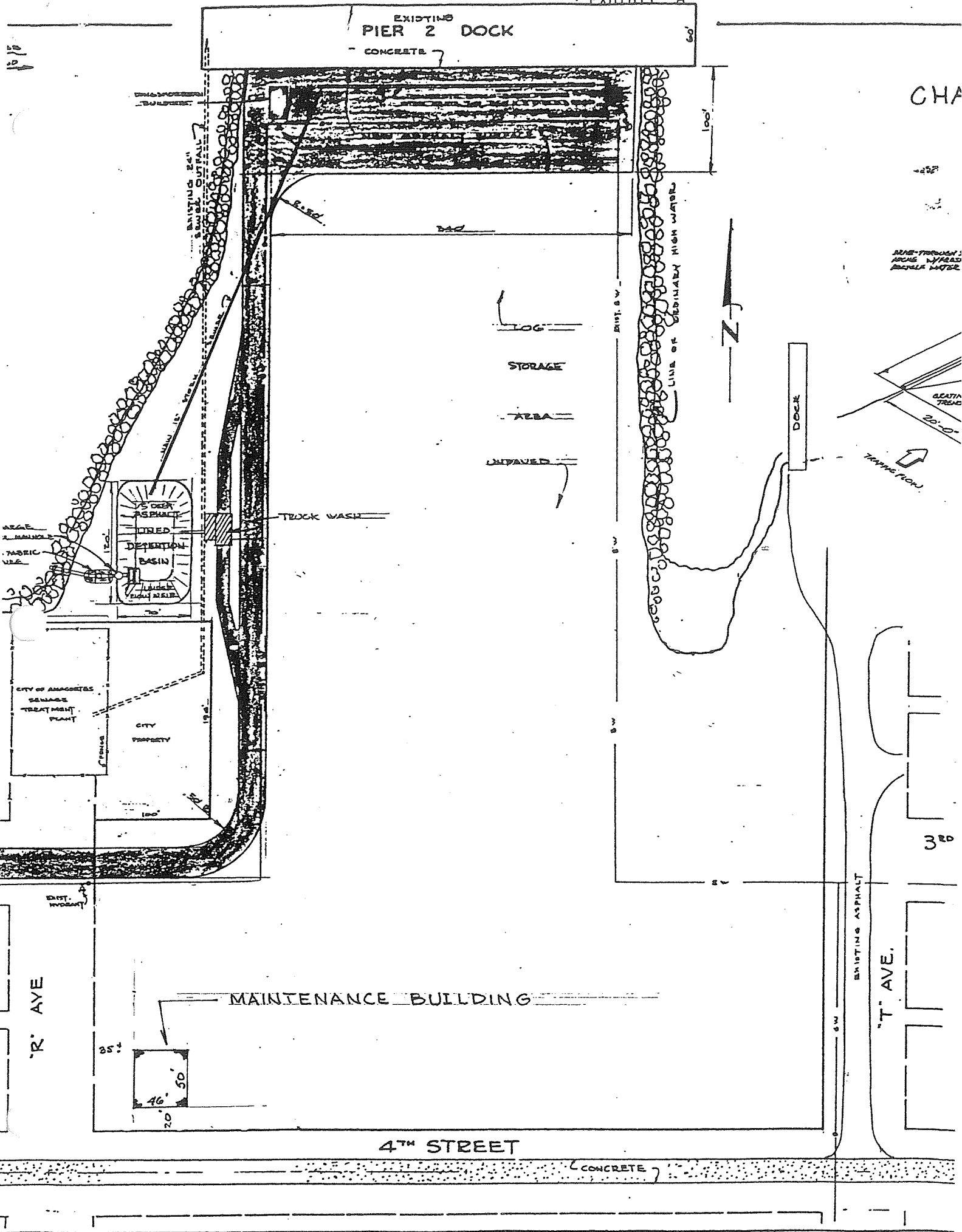
EXISTING
PIER 2 DOCK
CONCRETE

CHA

DRIVE THROUGH
ARCHES W/ FEED
BRASSIA WATER

GRAVITY
TRENCH

TRAFFIC SIGN



10 10

WEDGE
A MANHOLE
FABRIC
VIBR

CITY OF ANACOSTIA
SEWAGE
TREATMENT
PLANT

R AVE

25'
46'
50'
20'

MAINTENANCE BUILDING

4TH STREET

CONCRETE

EXIST. S.W.

S.W.

S.W.

S.W.

EXISTING ASPHALT

T AVE.

3RD

N

DOCK