



010839-001

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is entered into as of ~~March 26~~, 1986 by and between the PORT OF SEATTLE, a Washington municipal corporation, as Lessor, hereinafter referred to as the "Port", and AMERICAN PRESIDENT LINES, LTD., a Delaware corporation, hereinafter referred to as "Lessee", with regard to Lease dated September 26, 1985 by the Port to Lessee of premises at the Port's Terminal 5 which was approved by the Federal Maritime Commission under the designation Agreement T-224-01839, hereinafter referred to as "the Basic Lease".

RECITALS:

A. The Basic Lease superseded the Port's prior Leases to Lessee of Terminal 46 premises dated April 14, 1981 (FMC Agreement T-3968), and of Terminal 25 premises dated May 12, 1981 (FMC Agreement T-3968A) by providing for new premises for Lessee at Terminal 5 to be reconstructed by the Port with major improvements to Lessee's specifications. Due to the time requirements for this construction at Terminal 5 the Basic Lease provided for a phased transfer of Lessee's operations from Terminals 46 and 25 to Terminal 5 in Basic Lease paragraphs 9(b) and 11(b). These paragraphs required the Port to proceed to complete specified improvements at Terminal 5 in a good and workmanlike manner and as promptly as possible and required both parties during this period of construction to cooperate to minimize any disruption of Lessee's terminal operations or the Port's construction work. Basic Lease paragraphs 11(a) and (c) authorized Lessee to continue to occupy Terminal 46 and use its container cranes until March 1, 1986 and to occupy certain premises at Terminal 5 and Terminal 115 on a temporary basis through December 31, 1986.

B. The parties now conclude that their objectives of minimizing disruptions to Lessee's terminal operations and achieving prompt and workmanlike completion of the Port's construction of improvements at Terminal 5 can best be achieved by extending Lessee's temporary use and occupancy of Terminal 46 until approximately October 1, 1986 with Lessee paying previously applicable rates and charges for use, maintenance and fueling of specified container cranes at Terminal 46.

C. The parties further conclude that certain cost sharing provisions of Basic Lease Exhibit B shall be modified to reflect (i) construction cost savings to be realized and (ii) operational impact on Lessee resulting from the postponement of its move to Terminal 5 referenced in Recital B.

NOW, THEREFORE, in consideration of the foregoing recitals and their mutual promises the parties hereby agree as follows:

- 1. To reflect pavement loadings and other engineering, design, and survey data developed for Terminal 5 since the signing of the Basic Lease on September 26, 1985, Port Drawing No. PM-5-23 attached to the Basic Lease is hereby superseded and replaced as Exhibit A by Port Drawing No. PM-5-24 attached to this First Amendment, for all purposes stated in the Basic Lease as amended. Remaining in full force and effect is similar Port Drawing No. PM-5-8560 attached to the Basic Lease to illustrate radio stations' KJLF and KJR underground easement and grounding radials referenced in Basic Lease Exhibits A-1 and A-2.

POS 3/17/86

-1-

2. Basic Lease paragraph 11(a) "Provision for Interim Use and Possession" is hereby amended in its entirety to read as follows:

"(a) During the period of construction, improvement and/or acquisition of the Premises the Lessee shall be provided with interim occupancy of a portion of the Premises, and certain other premises as provided below, at a rental adjusted to reflect partial occupancy as more particularly provided on Exhibit C hereto. More particularly, until October 1, 1986 or a later date mutually agreed upon by the parties but in no event later than November 15, 1986, Lessee shall continue to occupy Terminal 46, as described in FMC agreement T-3968. During that occupancy Lessee shall continue to have the right of preferential use on a non-continuous ship-by-ship basis (in no event to exceed five (5) consecutive days) of three (3) Port-owned container cranes at Terminal 46. These cranes shall be Hitachi Nos. 40 and 41 and Starporter No. 35 or their equal or better, hereinafter collectively "the Terminal 46 Cranes", all in full operating condition. Lessee agrees to pay crane use fees, maintenance charges (based on "crane operating rental hours") and fueling (or electricity to the extent that the Terminal 46 Cranes are converted to such operation) from and after May 15, 1986 at the rates set forth in Exhibit C-1 attached hereto. Maintenance and repair of the Terminal 46 Cranes at Terminal 46 shall be the sole responsibility of the Port. From the time of occupancy of Terminal 5 to December 31, 1986, the Lessee shall have the use and occupancy of 30 acres within the shaded area of Exhibit A hereto, and, to accommodate construction activity disruption, this area shall be supplemented by up to 10 acres of vacant off-premises property owned or leased by the Port and located at Terminal 115 or such other comparable location as may be mutually agreed to by the parties. During Phase 2, being the period from January 1, 1987 to December 31, 1988, the Lessee shall have the use and occupancy of the entire premises shown on Exhibit A, excepting approximately 7 acres delineated by shading on Exhibit A. From January 1, 1989 through the end of the lease term the Lessee shall have the use and occupancy of the entire Premises shown on Exhibit A."

3. Item 2 of Part I of Basic Lease Exhibit B is hereby amended to read as follows:

"2. Administration Building

Approximately 15,000 square feet of office building, complete with utilities and air conditioning and appropriate signs, similar to those at Terminal 46. (Lessee to pay unamortized portion of Port's cost per Part III.2 of this exhibit and Item II.B of Exhibit C in the event of early termination.)"

4. Item 4 of Part I of Basic Lease Exhibit B is hereby amended to read as follows:

4. Container Yard

Pre-cast concrete bumper blocks will be placed throughout the container yard. Yard striping and traffic control pavement striping and regular signing (paint on pavement and elevated signs similar to those at Terminal 46 will be provided). Asphalt concrete paving adequate to support the loads as designated on revised Exhibit A attached to the First Amendment. Demolition of a portion of the existing Salmon Terminals building and development of such area into container yard. (Lessee to pay unamortized portion of Port's cost per Part III.3. of this Exhibit and Item II.B. of Exhibit C in the event of early termination).

5. Item 2 of Part II of Basic Lease Exhibit B, which specifies certain improvements to be constructed by the Port on a cost sharing basis, is hereby amended to read as follows:

*2. Container Freight Station

Approximately 100,000 square feet of container freight station space, with utilities, including ancillary office space, with restrooms to support container freight station activities. The office space to be heated, ventilated, and air conditioned. The remainder of the space will not be heated, ventilated, and air conditioned. Lessee to amortize 20% of costs less one-half the actual construction cost savings to be realized due to the reduced size of the Administration Building currently estimated at \$200,000 per Item II.A of Exhibit C. (Estimated total cost - \$3,000,000.) (Port to absorb the cost of portion not amortized by Lessee unless Lessee becomes obligated to pay the unamortized portion of Port's costs due to early termination per Part III.5 of this Exhibit and Item II.B of Exhibit C.)"

6. Item 3 as Part II of Basic Lease Exhibit B as amended to read as follows:

*3. Maintenance and Repair Facility Upon Lessee's presentation to the Port of proper documentation, including the actual cost of rehabilitation of the existing maintenance and repair facility which rehabilitation is required for Lessee's sole benefit and convenience and which may be accomplished in phases, and further upon subsequent prompt review, audit, and satisfaction of said documentation by the Port's Engineering Department, the Port will reimburse Lessee, in phases if the construction is to occur in such manner, for Lessee's actual construction costs, but no event will the amount reimbursed by the Port exceed \$375,000. The amount reimbursed shall be amortized under the provisions of Item II.A of Exhibit C. Additional costs in excess of \$375,000, if any, to be paid by Lessee without reimbursement and amortization.

7. Item 5 of Part II of Basic Lease Exhibit B is hereby amended to read as follows:

POS 3/17/86*

-3-

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5. Miscellaneous Yard Improvements

Pneumatic tube systems, intercom, scale/computer/intercom interface, transfer dock, data transmission between buildings, CFS/gate intercom and other improvements as may be mutually agreed upon by the Port and the Lessee. (Estimated total cost - \$446,700). The parties agree that part of the actual costs of these improvements are to be amortized by Lessee per Item IIA of Exhibit C in the proportion that the unabsorbed cost bears to the total actual cost of such improvements. As used in the foregoing provision, the term "unabsorbed cost" means the remaining portion of total costs after excluding the sole costs in the amount of \$324,000, to be absorbed by the Port and included in the premises rental specified in Item I of Exhibit C, provided however, Lessee shall be obligated to pay the unamortized portion of the Port's costs in the event of early termination per Part III.7 of this Exhibit and Item II.B of Exhibit C."

8. Except as expressly amended herein, all provisions of the Basic Lease shall remain in full force and effect and shall govern the interim use of Terminal 46 and other supplemental premises which may be provided.

9. This First Amendment to Lease shall become effective upon the occurrence of both of the following:

(a) Lessee shall have furnished to the Port written consent, in form satisfactory to the Port, to this Amendment on the part of Lessee's lease bond surety; and

(b) This Amendment shall have been filed with the Federal Maritime Commission under Section 5 of the Shipping Act of 1984 and implementing regulations and shall have become effective under Federal Maritime Commission procedures.

IN WITNESS WHEREOF, the parties have signed this First Amendment to Lease as of the date first stated above.

ATTEST:
By: [Signature]
Secretary

PORT OF SEATTLE
By: [Signature]
President VICE PRESIDENT
AMERICAN PRESIDENT LINES, LTD.

ATTEST:
By: [Signature]
Secretary

By: [Signature]
Its

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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On this 25th day of April, 1986, before me personally appeared JIM WRIGHT and HENRY M. ARONSON known to be the President and Secretary of the Port of Seattle Commission that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act 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. I certify that I know or have satisfactory evidence that the above-named individuals signed this instrument, on oath stated that they were authorized to execute the instrument, and acknowledged it in the above-stated capacities to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

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

MAE M. SHORT
NOTARY PUBLIC
STATE OF WASHINGTON
Commission expires ARLINS
My appointment expires 2/1/89

Mae M. Short
Notary Public in and for the State
of Washington, residing
at Seattle

NOTAR 172

CALIFORNIA
STATE OF WASHINGTON)
) ss.
COUNTY OF KING ALAMEDA)

On this 21st day of MARCH, 1986, before me personally appeared F. K. PENTIMENTI and Vicki Res to me known to be the Vice Pres and of AMERICAN PRESIDENT LINES, LTD. that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act 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. I certify that I know or have satisfactory evidence that the above-named individuals signed this instrument, on oath stated that they were authorized to execute the instrument, and acknowledged it in the above-stated capacities to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

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

Mary J. Smith
Notary Public in and for the State
of Washington residing
at CALIFORNIA ALAMEDA COUNTY
My appointment expires 11/23/88

Mary J. Smith
Notary Public in and for the State
of Washington residing
at CALIFORNIA ALAMEDA COUNTY

POS 3/17/86

-5-

MARY J. SMITH
NOTARY PUBLIC - CALIFORNIA
ALAMEDA COUNTY
My Commission Expires Nov. 23, 1988