

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is dated for reference purposes as of March _____, 2013 (the “**Effective Date**”), by and between **WEYERHAEUSER NR COMPANY**, a Washington corporation whose address is PO Box 9777, Federal Way, WA 98063-9777 (“**Seller**”), and **GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY**, a Washington non-profit public corporation, whose address is P. O. Box 2019, Aberdeen, WA 98520 (“**Buyer**”), (individually Buyer and Seller are referred to herein as “**Party**” and collectively as “**Parties**”).

RECITALS

- A. Seller intends, subject to the terms and conditions contained in this Agreement, to sell to Buyer the real property and all improvements thereon described in **Exhibit A** (the “**Property**”). The Property is generally depicted on **Exhibit A-1**.
- B. Seller is the Tenant pursuant to that certain Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, recorded with the Grays Harbor County Auditor’s office under recording number 2005-06020002 (the “**Aquatic Lands Lease**”). The State of Washington, acting through the Department of Natural Resources (“**State**”) is the landlord under the Aquatic Lands Lease. The Aquatic Lands Lease covers certain state-owned aquatic lands (the “**Aquatic Lands**”) that are adjacent to and contiguous with a portion of the Property.
- C. At Closing (as defined in Section 8(a) below), Seller and Buyer will enter into a Sublease of the Aquatic Lands Lease for a portion of the Aquatic Lands (the “**Sublease Property**”) generally in the form attached as **Exhibit B** (the “**Sublease**”). At Closing, Seller, Buyer, and State will enter into a Consent to Sublease of the Aquatic Lands Lease generally in the form attached as **Exhibit C** (the “**Consent**”).
- D. Upon the Effective Date, and based on conditions existing on the Effective Date, the Sublease Property is subject to potential and yet to be determined environmental investigative work and other remedial and restoration action pursuant to the terms of the Aquatic Lands Lease, the Sublease, and the Consent. Such work and action is referred to herein as the “**Sublease Property Restoration**.” The scope of the Sublease Property Restoration is to be negotiated between Buyer and State. Buyer shall pursue such negotiations diligently to completion and shall keep Seller advised at all times regarding such negotiations and the issues discussed and addressed therein, and Seller shall be entitled to participate in such negotiations, from time to time, as Seller deems appropriate. Seller and Buyer agree and acknowledge that the Sublease and the Consent require Buyer to perform the Sublease Property Restoration in its entirety with regard to the Sublease Property.
- E. The Aquatic Lands Lease requires the removal of Tenant-Owned Improvements, as defined therein, (the “**Tenant-Owned Improvements**”) unless the requirement is waived by State in accordance with the terms of the Consent. Such removal obligations are

referred to herein from time to time as the “**Tenant-Owned Improvement Removal Obligations.**” Seller and Buyer agree and acknowledge that the Sublease and the Consent require Buyer to perform the Tenant-Owned Improvement Removal Obligations in their entirety with regard to the Sublease Property.

- F. In preparation of this sale, and in conjunction with Buyer, Seller completed and paid for a survey and Boundary Line Adjustment to create a new property boundary between the Property and adjacent property that will be retained by Seller. Such services were performed by Berglund, Schmidt & Associates, Inc. in the amount of \$15,132.50 as evidenced by the invoice number 3677 dated February 20, 2013 (“**Survey and BLA Fee**”). Buyer shall reimburse Seller the Survey and BLA Fee at Closing.
- G. Buyer is willing to accept a sale of the Property from Seller on the terms and conditions set forth below in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **DEFINITIONS.** For purposes of this Agreement, each of the following capitalized terms shall have the meaning ascribed to such terms as set forth below:

(a) “**Future Remedial Measures**” means any remedial actions required by applicable law, or by Ecology, defined below, or any other federal, state or local agency with jurisdiction, including, but not limited to, further investigations, cleanup actions, monitoring and maintenance, and institutional controls.

(b) “**Ecology**” means the Washington State Department of Ecology, and its employees, agents, and authorized representatives. Ecology also means any successor or assign of Ecology under the laws of the State of Washington, including, but not limited to, any entity or instrumentality of the State of Washington authorized to perform any of the functions or to exercise any of the powers currently performed or exercised by Ecology.

(c) “**Hazardous Substance**” means any substance, which now or in the future, becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601 et seq., and Washington’s Model Toxics Control Act, RCW 70.105D.010 et seq., and shall include petroleum, petroleum products, and any derivatives thereof.

2. **PURCHASE PRICE.** The purchase price of the Property shall be the sum of Ten and No/100 Dollars (\$10.00) (the “**Purchase Price**”) and shall be paid by Buyer at Closing.

3. **FAIR MARKET APPRAISAL.** In order to determine the true and fair value of the Property, Seller engaged a qualified appraiser, McKee & Schalka Real Estate Appraisal Services & Consultants, Inc. (the “**Appraiser**”), to complete a “qualified appraisal”, as detailed

in Treas. Reg. §1.170A-13(c)(3) (the “**Appraisal**”). The Appraisal was completed as of October 8, 2012 under Appraiser’s Reference No. 32498. The Appraisal determined a market, “as-is” – fee simple value conclusion of \$2,340,000 (“**Fair Market Appraisal Value**”). Buyer has reimbursed Seller, and Seller acknowledges receipt of, the actual cost of the Appraisal in an amount of \$12,000.00 (the “**Appraisal Reimbursement**”). Under the terms of a separate letter agreement between the Parties dated September 28, 2012, Seller shall refund the Appraisal Reimbursement to Buyer in the event Seller, at Seller’s sole discretion, does not complete the sale of the Property to Buyer. Seller makes no representation or warranty regarding the accuracy or completeness of the Appraisal, or the contents thereof.

4. **CONVEYANCE OF PROPERTY.** Seller hereby agrees to convey to Buyer the Property, subject to the terms and conditions of this Agreement, including the faithful and timely performance of Buyer’s obligations contained in this Agreement, including without limitation the covenants and restrictions attached hereto and incorporated herein as **Exhibit D** (the “**Covenants and Restrictions**”). The sale shall be effective upon the Closing Date (defined below). Seller shall convey title to the Property to Buyer by Quit Claim Deed in the form attached hereto and incorporated herein as **Exhibit E** (the “**Deed**”).

5. **ACCEPTANCE OF SALE.** Buyer hereby agrees to accept the conveyance of the Property on the Closing Date by the Deed and agrees to be strictly bound by and to perform:

- (a) All terms and conditions contained in this Agreement;
- (b) The Covenants and Restrictions;
- (c) The conditions, covenants, restrictions and easements contained in the Deed; and
- (d) Any and all encumbrances whether of record or not on the Property including, without limitation, and to the extent, it applies to the Property.

6. **CONDITION OF PROPERTY; AS-IS.** Buyer acknowledges that, except as expressly provided herein, Seller has not and does not make any representation or warranty to Buyer concerning the physical condition, value, permitted uses or any other attributes or qualities of the Property. Buyer, for itself and its representatives, successors and assigns, accepts the Deed and takes possession of the Property in its “AS-IS,” “WHERE-IS” condition, and shall make no claim, demand or notice against Seller on account of the condition of the Property. The following covenant regarding the condition of the Property shall be included in the deed delivered to Buyer:

“BUYER ACKNOWLEDGES AND AGREES THAT: (A) BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATIONS, EXAMINATIONS AND INSPECTIONS AND THOSE OF BUYER’S REPRESENTATIVES AND CONSULTANTS, AND ITS OWN JUDGMENT AS TO SUCH MATTERS; (B) BUYER IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY, DIRECT OR INDIRECT, MADE BY SELLER OR ON SELLER’S BEHALF, ORAL OR WRITTEN, EXPRESS OR IMPLIED, TO BUYER OR ANY AGENTS, REPRESENTATIVES OR EMPLOYEES OF

BUYER, WITH RESPECT TO THE CONDITION OF THE PROPERTY, ITS COMPLIANCE WITH ANY LAWS, ANY RESTRICTIONS RELATED TO THE DEVELOPMENT OF THE PROPERTY, THE SUITABILITY OF THE PROPERTY FOR ANY PURPOSES WHATSOEVER, THE APPLICABILITY OF OR COMPLIANCE OF THE PROPERTY WITH ANY GOVERNMENTAL REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO ZONING, LAND USE AND ENVIRONMENTAL REQUIREMENTS PERTAINING TO, THE PROPERTY, ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS, CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY, OR TO ANY OTHER MATTER OR THING AFFECTING OR RELATING TO THE PROPERTY OR THIS AGREEMENT; AND (C) THAT SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PROPERTY.

The above provisions are specifically bargained for and represent a material part of Grantor's consideration for this conveyance."

7. OPENING OF ESCROW.

(a) Escrow; Escrow Holder. Upon the execution of this Agreement, escrow (the "Escrow") shall be opened by Seller and Buyer with Grays Harbor Title Company (the "Escrow Holder" or "Title Company").

(b) Escrow Instructions. The terms and conditions set forth in this Agreement shall constitute both an agreement between Seller and Buyer and Escrow instructions for the Escrow Holder. Seller and Buyer shall promptly execute and deliver to Escrow Holder any separate or additional Escrow instructions in commercially reasonable form requested by Escrow Holder which are consistent with the terms of this Agreement. Escrow Holder shall promptly provide both Seller and Buyer with written notice of the date on which the opening of Escrow occurs.

(c) Acceptance of Preliminary Commitment. By execution of this Agreement, Buyer acknowledges receipt of the ALTA Commitment for Title Insurance File Number A-169202 effective December 26, 2012 (the "Preliminary Commitment"), issued by the Title Company, setting forth the status of the title of the Property and showing all recorded liens, claims, encumbrances, easements, rights-of-way, encroachments, reservations, restrictions or any other matters of record affecting the Property as of such date. Seller makes no warranty or representation regarding the accuracy or completeness of the Preliminary Commitment or any matters or encumbrances mentioned, or not mentioned therein.

8. **CLOSING.**

(a) Closing. “**Closing**” shall be defined as the consummation of the sale by Seller under this Agreement. Closing shall occur on March 29, 2013, or on any other date mutually agreed to by the Parties (the “**Closing Date**”).

(b) Deposits into Escrow.

(i) Not less than two (2) business days prior to the Closing Date, Seller shall deposit into the Escrow:

- (1) The Deed;
- (2) The Bill of Sale;
- (3) A Non-Foreign Affidavit;
- (4) A duly executed excise tax affidavit with respect to the Property;
- (5) A copy of the fully executed Sublease;
- (6) A copy of the fully executed the Consent;
- (7) The Appraisal; and
- (8) Any funds or other documents required to consummate this transaction.

(ii) Not less than one (1) business day before the Closing Date, Buyer shall deposit into the Escrow:

- (1) The funds necessary to complete the Closing as outlined in this Section 8 and as further provided by the Escrow Holder;
- (2) The original executed promissory note in the amount of One Million Dollars (\$1,000,000) (the “**Note**”), in substantially the form attached hereto as **Exhibit F**; and
- (3) The Deed of Trust against Buyer’s Junction City Property (as hereinafter defined) (the “**Deed of Trust**”), in substantially the form attached hereto as **Exhibit G** securing the Note and further securing Buyer’s performances hereunder, Buyer’s performance of the Sublease Property Restoration, and Buyer’s obligations under the Sublease, the Consent and the Aquatic Lands Lease.

(iii) Seller and Buyer shall each deposit into the Escrow such other instruments and funds as are reasonably required to close the Escrow and consummate the sale of the Property in accordance with the terms of this Agreement. Seller and Buyer hereby designate Title Company as the “**Reporting Person**” for the transaction pursuant to Section 6045(e) of the

Internal Revenue Code and the regulations promulgated thereunder and agree to execute such documentation as is reasonably necessary to effectuate such designation.

(c) All real and personal property taxes shall be paid by Seller through 2013.

(d) Seller will have utility meters read as of the Closing Date. To the extent that this is not reasonably possible and to the extent that any other obligation for continuing services is incurred, and statements are rendered for such services covering periods both before and after the Closing Date, the amount will be adjusted between the Parties as of the Closing Date on a per diem basis. Seller will forward all such statements which are proper statements to Buyer and Buyer will pay the same immediately upon demand.

(e) Closing Costs Borne by Buyer. Buyer shall bear and Escrow Holder shall discharge on Buyer's behalf out of the sums deposited by Buyer hereunder:

(i) The premium for Buyer's title insurance policy (the "**Title Policy**"), if Buyer elects to purchase title insurance;

(ii) The premium for an ALTA standard lender's policy of title insurance in the amount of One Million and No/100 Dollars (\$1,000,000.00) insuring that the Deed of Trust is in first lien position against Buyer's Junction City Property (the "**Lender's Title Policy**");

(iii) The fee for recordation of the Deed, the Deed of Trust, the Sublease, and the Consent;

(iv) Any applicable sales and use taxes due in connection with the conveyance of the personal property, if any; and

(v) The Survey and BLA Fee and all other Closing and escrow fees.

(f) Closing Costs Borne by Seller. Seller shall bear all state and local excise taxes applicable to the conveyance of the Property based upon the Fair Market Appraisal Value.

(g) Actions by Escrow Holder. To Close the Escrow, Escrow Holder shall:

(i) Cause the Sublease, the Consent, the Deed and the Deed of Trust to be recorded by the County Recorder of the County of Grays Harbor, State of Washington;

(ii) Deliver to Buyer the original executed and recorded Deed, the Title Policy, if applicable, the Non-Foreign Affidavit, and, if any, any surplus funds deposited by Buyer;

(iii) Deliver to Seller the fully executed original Note and original recorded Deed of Trust and the Lender's Title Policy;

(iv) Deliver fully executed originals of the Sublease to Buyer and Seller, and deliver a fully executed original of the Consent to State, Seller and Buyer;

(v) Deliver copies of all recorded documents to Buyer and Seller; and

(vi) Pay all debts of Seller secured by liens against the Property or any portion thereof, if any, and pay all delinquent real estate taxes and assessments on the Property chargeable to Seller, if any, and, if any, deliver any surplus funds deposited by Seller to Seller.

9. CONDITIONS TO CLOSING.

The following conditions shall be satisfied on or prior to the Closing Date:

(a) Release of Lien. Buyer shall provide evidence that as of the Closing Date, all deeds of trust and all monetary encumbrances recorded against Buyer's real property located at 712 Hagara Street, Aberdeen, Washington, commonly referred to as the "**Junction City Property**", as referenced in the preliminary title report dated June 27, 2012 File Number: A-169987 prepared by the Title Company have been released and that Buyer owns the Junction City Property free and clear of all financial obligations other than property taxes that are not yet due or payable.

(b) Sublease and Consent to Sublease. Buyer and Seller shall have prepared, executed and escrowed the Sublease. Buyer, Seller and State shall have prepared, executed and escrowed the Consent.

(c) Junction City Property New Deed of Trust and Funds Escrow upon Sale. The Note in the amount of One Million and No/100 Dollars (\$1,000,000.00) shall be executed by Buyer and submitted to the Escrow Holder. The Deed of Trust against the Junction City Property and benefitting Seller shall be executed by Buyer and submitted to the Escrow Holder. The Deed of Trust shall be recorded to secure the full and faithful performance of Buyer's obligations under the terms of the Note, and further securing Buyer's performances hereunder, Buyer's performance of the Sublease Property Restoration, Tenant-Owned Improvement Removal Obligations, and Buyer's obligations under the Sublease, the Consent, and the Aquatic Lands Lease ("**Deed of Trust Secured Obligations**"). The Deed of Trust shall provide that if Buyer sells all or any portion of the Junction City Property prior to the completion of the Sublease Property Restoration and Tenant-Owned Improvement Removal Obligations, and prior to full satisfaction of Buyer's obligations under the Sublease, the Consent, and the Aquatic Lands Lease, and Buyer entering into a direct lease with State on the Sublease Property, Buyer shall escrow the sum of One Million and No/100 Dollars (\$1,000,000.00) as substitute security for the Deed of Trust to ensure the full and faithful performance of Buyer's obligations under the terms of the Sublease and the Consent. Buyer further agrees to enter into a deposit control agreement or to otherwise execute such documentation reasonably required by Seller to continue its security interest and perfection in the escrowed funds. This provision shall survive the Closing and recording of the Deed of Trust.

(d) Bill of Sale. Seller shall have executed a bill of sale generally in the form of the attached **Exhibit H** (the "**Bill of Sale**") conveying the remaining personal property and equipment on the Property in its as-is, where-is condition to Buyer and deposited the original with Escrow.

10. COVENANTS AND RESTRICTIONS.

(a) Property Subject to Covenants and Restrictions. Seller shall convey the Property and Buyer shall accept the Property, strictly subject to the Covenants and Restrictions all of which are bargained for provisions between Seller and Buyer and are a material part of Seller's consideration for the sale of the Property to Buyer.

(b) Junction City Property Restrictive Covenant. Buyer covenants and agrees to faithfully and promptly perform its obligations at the Junction City Property under the terms of the Restrictive Covenant recorded in Grays Harbor County on February 11, 2004 under Auditor's file 2004-0126009 (the "**Junction City Restrictive Covenant**"). Buyer shall diligently and fully satisfy the terms of the Junction City Restrictive Covenant and to cause a No Further Action letter in commercially reasonable form to be issued by Ecology, including the performance of any required Future Remedial Measures. This covenant of Buyer expressly survives the Closing and recording of the Deed.

(c) Compliance with the Sublease and the Consent to Sublease. Buyer shall at all times comply with the terms of the Sublease and the Consent, including specifically, but not limited to, all requirements of State for Sublease Property Restoration and Tenant-Owned Improvement Removal Obligations.

11. **REMEDIES.** Upon any violation or breach of any term or condition of this Agreement by Buyer ("**Violation**"), which is not remedied by Buyer to the reasonable satisfaction of Seller within thirty (30) days following the notice of said Violation, Seller may seek any and all legal remedies available at law or in equity to enforce the terms of this Agreement including the right to specific performance; provided that no provision herein shall be construed or intended to impose any obligation, by law or by contract, on Seller to take any such action to enforce the terms of this Agreement. Further, if a Violation is not remedied by Buyer to the reasonable satisfaction of Seller within thirty (30) days following the notice of said Violation, Seller shall have the absolute and unfettered right, but not the obligation to:

(a) Sue on the Note;

(b) Foreclose on the Deed of Trust against the Junction City Property,

(c) If Buyer has sold the Junction City Property prior to the Violation, instruct the Escrow Holder to make full distribution of the One Million and No/100 Dollars (\$1,000,000.00) held in escrow by the Escrow Holder pursuant to Paragraph 9(c) of this Agreement; or

(d) Pursue any and all other remedies under this Agreement, the Sublease, the Deed of Trust against the Junction City Property, or applicable law.

12. **RELEASE; INDEMNIFICATION.** Buyer, and anyone claiming by, through or under Buyer, hereby fully and irrevocably releases Seller, and its agents and representatives, from any and all claims that it may now have or hereafter acquire against Seller or its agents or representatives for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to any defects, errors or omissions on or in the Property, the presence of Hazardous Substances on, in or about the Property, or any other conditions (whether patent, latent, or otherwise) affecting the Property or relating to a condition

of the Property. Buyer further acknowledges and agrees that this release shall be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. Buyer will indemnify, defend and hold harmless Seller and Seller's agents and their respective officers, directors, beneficiaries, shareholders, employees, agents and contractors (the “**Parties Indemnified by Buyer**”) from and against any and all loss, damage, claim, demand, liability or expense (including reasonable attorneys' fees) resulting from claims by third parties and based on any violation or any breach by Buyer and its employees, agents, and contractors, successors and assigns under this Agreement, the Sublease, the Consent, Deed or Covenants and Restrictions, including, without limitation the performance of the Sublease Property Restoration and Tenant-Owned Improvement Removal Obligations, the presence, release, discharge, or disposal of Hazardous Substances on the Property, and the conduct of or failure to perform any Future Remedial Measures. Buyer will have the obligation to assume the defense of any claim covered by this indemnity on behalf of both itself and the Parties Indemnified by Buyer with lawyers reasonably satisfactory to the Parties Indemnified by Buyer. The Parties Indemnified by Buyer may participate in the defense of such claim at their own expense. The provisions of this paragraph will survive the expiration or sooner termination of this Agreement.

13. MISCELLANEOUS.

(a) Counterparts. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

(b) Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

(c) Survival. The provisions of this Agreement shall survive the Closing Date and shall not be merged into the execution and delivery of the Deed.

(d) General Provisions. This Agreement contains the entire agreement of the Parties hereto, and no representations, inducements, promises, or agreements, oral or otherwise, between the Parties not embodied herein shall be of any force or effect. Any amendment to this Agreement shall not be binding upon Seller or Buyer unless such amendment is in writing and executed by both Seller and Buyer. The provisions of this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives, successors, and permitted assigns. Time is of the essence in this Agreement. The headings inserted at the beginning of each paragraph are for convenience only, and do not add to or subtract from the meaning of the contents of each paragraph. This Agreement shall be construed and interpreted under the laws of the State of Washington.

(e) Attorneys' Fees. If Seller or Buyer brings an action at law or equity against the other in order to enforce the provisions of this Agreement or as a result of an alleged

default under this Agreement, the prevailing Party in such action shall be entitled to recover court costs and reasonable attorneys' fees actually incurred from the non-prevailing Party.

(f) Brokers. Neither Seller nor Buyer were represented by a broker or any other agent with respect to this transaction and each Party shall protect and indemnify the other from any claims made for commissions or other compensation.

(g) Notices. All notices under this Agreement shall be in writing and sent by:

(i) Certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, or

(ii) A nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, as follows:

If to Seller:	Weyerhaeuser Company
	Attention: RES – CH1L30
via United States Mail	P.O. Box 9777
	Federal Way, WA 98063-9777

via Overnight Courier	33663 Weyerhaeuser Way South
	Federal Way, WA 98003

If to Buyer:	Grays Harbor Historical Seaport Authority
via United States Mail	P.O. Box 2019
	Aberdeen, WA 98520

After Closing	
via Overnight Courier	500 North Custer Street
	Aberdeen, WA 98520

The addresses above may be changed by written notice to the other Party; provided, however, that no notice of a change of address shall be effective until actual receipt of the notice.

(h) Consent. Whenever consent or approval is required under this Agreement, except as otherwise expressly provided in this Agreement, Seller may grant or withhold such consent or approval in Seller's sole and absolute discretion.

(i) Public Corporation. The Grays Harbor Historical Seaport Authority is organized pursuant to RCW 35.21.730-755 and the Aberdeen City Code Chapter 1.98. RCW 35.21.750 provides as follows: All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and credit of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority.

(j) Cross Default. Any default or breach by Buyer under the Sublease, the Consent, Note or Deed of Trust shall constitute a default, breach, and a Violation hereunder.

(k) Entire Agreement. The Parties acknowledge that this Agreement expresses their entire understanding and agreement, and that there have been no warranties, representation, covenants or understandings made by either Party to the other. The Parties further acknowledge that this Agreement supersedes, terminates and otherwise renders null and void any and all prior agreements or contracts, whether written or oral, entered into between Buyer and Seller with respect to the matters expressly set forth in this Agreement.

Exhibits:

- A Property
- A-1 Depiction of Property
- B Sublease
- C Consent to Sublease
- D Covenants and Restrictions
- E Quit Claim Deed
- F Promissory Note
- G Deed of Trust
- H Bill of Sale
- H-1 Personal Property

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the Effective Date.

SELLER:
WEYERHAEUSER NR COMPANY

BUYER:
GRAYS HARBOR HISTORICAL
SEAPORT AUTHORITY

Sandy D. McDade
Senior Vice President

Laura Pilgrim Rust
Chairperson of the Board of Directors

Dated: March ____, 2013

Dated: March ____, 2013

EXHIBIT A

Legal Description of Property

GRAYS HARBOR COUNTY, WASHINGTON

Parcel 1 of Boundary Line Adjustment dated December 19, 2012, recorded December 31, 2012, under Grays Harbor Auditor's File No. 2012-12310001;

Lots 1 through 6, inclusive, Block D

Lots 1 through 6, inclusive, Block E

Lots 1 through 6, inclusive, Block F

Lots 1 through 5, inclusive, Block 1;

Lots 7 through 10, inclusive, Block 2;

Lots 1 through 18, inclusive Block 3;

Lots 1 through 12, inclusive, Block 4;

The Westerly 5 feet of Lot 5 and all of Lots 6 thru 8, Block 9,

All in the Town of South Aberdeen, an Addition to the City of Aberdeen, as per plat recorded in Volume 1, page 125, records of Grays Harbor County;

TOGETHER WITH those portions of vacated alleys, Columbus Street, Wood Street, Front Street, Custer Street, and Lewis Street adjacent thereto, which attach by operation of law;

EXCEPTING THEREFROM that portion deeded to the City of Aberdeen, by Quit Claim Deed dated June 21, 1995, and recorded August 15, 1995, under Auditor's File No. 950816074;

Lots 1 through 4, inclusive and that portion of Lot 5, Tract 11, described as follows:

Beginning at a point 194.87 feet North 18° 44' 30" West of the southeast corner of said Lot 5;

thence North 18° 44' 30" West 65.18 feet;

thence South 66° 59' 51" West 50.20 feet;

thence South 17° 59' East 66.00 feet;

thence North 65° 42' East 50.20 feet to the place of beginning;

All in Aberdeen Tide and Shore Lands, as shown on the official map thereof filed in the Office of the Commissioner of Public Lands at Olympia, Washington;

TOGETHER WITH those portions of vacated streets which would attach thereto by operation of law.

EXHIBIT A-1

Depiction of Property

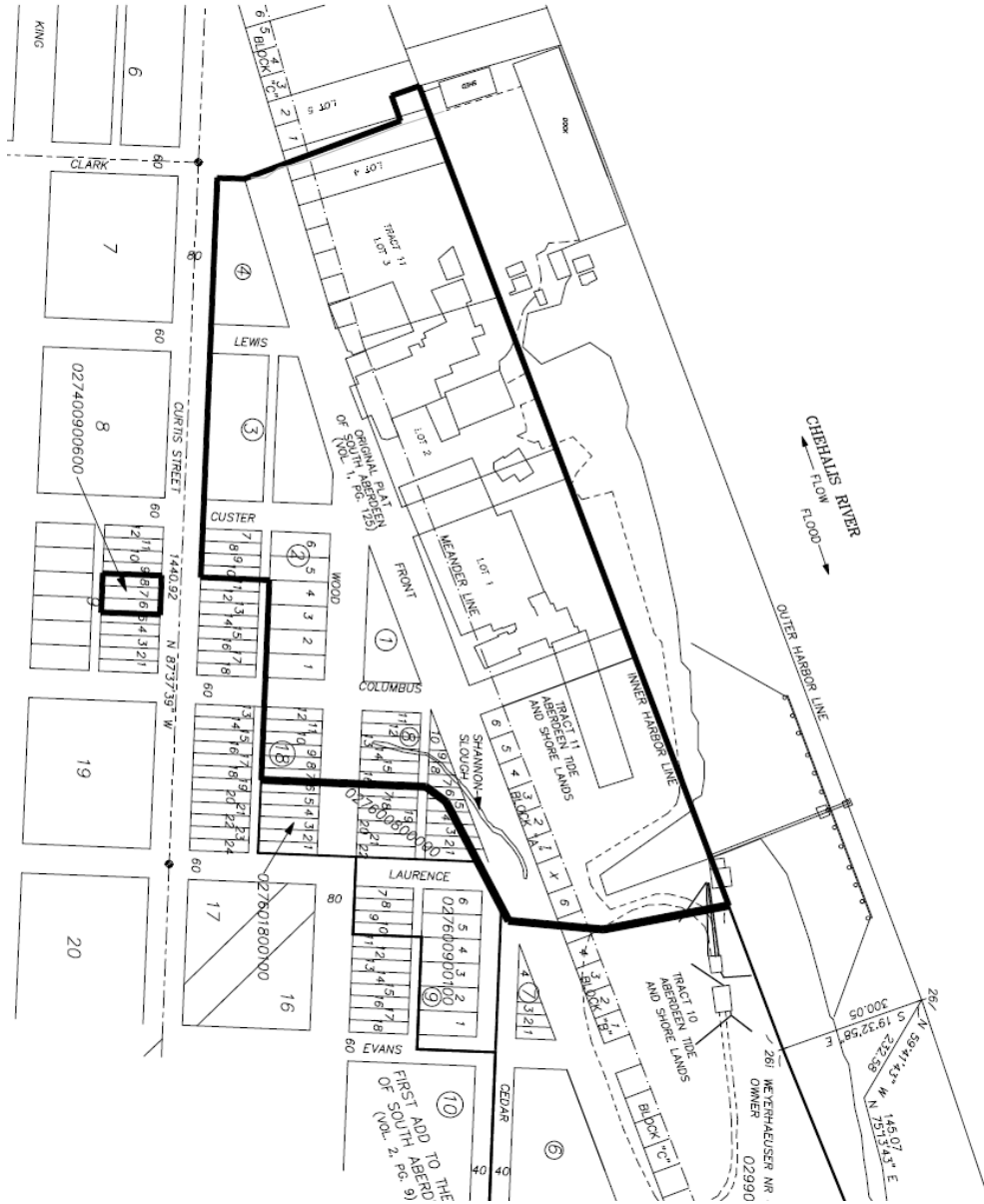


EXHIBIT B

Sublease

SUBLEASE

WEYERHAEUSER NR COMPANY (“SUBLESSOR”)

AND

GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY (“SUBLESSEE”)

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SUBLEASE OF AQUATIC LANDS LEASE NO. 22-A02150

THIS SUBLEASE OF AQUATIC LANDS LEASE NO. 22-A02150 (the “**SUBLEASE**”) is dated for reference purposes as of March 14, 2013 and is made by and between **WEYERHAEUSER NR COMPANY**, a Washington corporation, whose address is 33663 Weyerhaeuser Way S., Federal Way, Washington (“**Sublessor**”); **GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY**, a Washington non-profit public corporation, whose address is P. O. Box 2019, Aberdeen, WA 98520, (“**Sublessee**”) (individually Sublessor and Sublessee are referred to herein as “**Party**” and collectively as “**Parties**”).

RECITALS

- A. Weyerhaeuser NR Company is the Tenant pursuant to Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, recorded with the Grays Harbor County Auditor’s office under recording number 2005-06020002 (the “**Master Lease**”), attached hereto as Exhibit A. The State of Washington, acting through the Department of Natural Resources (“**State**”) is the landlord under the Master Lease. The Master Lease covers certain state-owned aquatic lands more particularly depicted in the survey dated July 14, 2000, recorded with the Grays Harbor County Auditor’s office under recording number 2000-07140029 (the “**Leased Property**”).
- B. Sublessor desires to sublease a portion of the Leased Property to Sublessee, which portion of the Leased Property is more particularly described below and as further depicted in Exhibit C (the “**Sublease Property**”) and as shown on the survey recorded with the Grays Harbor County Auditor’s office under recording number 2012-12270016.
- C. Sublessor and Sublessee are Parties to that certain Purchase and Sale Agreement (“**Agreement**”) dated March 14, 2013 to transfer title from Sublessor to Sublessee those certain uplands property that a portion of which are contiguous to the Sublease Property. Such Agreement and the Deed (as therein defined) are subject to Sublessee’s satisfaction of the terms and conditions of this Sublease and the Consent to Sublease of Aquatic Lands Lease No. 22-0A02150 (the “**Consent to Sublease**”), of which this Sublease is Exhibit C.
- D. As a condition to such Agreement Sublessee has expressly agreed to complete certain potential and yet to be determined environmental investigative work and other remedial and restoration action for conditions that existed prior to the commencement of this Sublease pursuant to the terms of the Aquatic Lands Lease and the Consent to Sublease, which this Sublease is an exhibit of. Such work and action is collectively referred to herein as the “**Sublease Property Restoration**” and to remove the Tenant-Owned Improvements, as defined in the Master Lease.
- E. This Sublease shall be contingent and conditioned upon consent from State and pursuant to the terms and condition of the Consent to Sublease.

AGREEMENT

THEREFORE, in consideration of the above recitals and the mutual promises set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. **RELATIONSHIP OF THE PARTIES.** It is acknowledged that Sublessor is a Tenant of the State. Sublessee acknowledges that no privity of contract exists between Sublessee and State. The Sublessor assumes no liability for any willful misconduct, gross negligence or negligence of State and Sublessor covenants only to deliver such services, if any, as are provided in this Agreement. Sublessee's sole remedy for Sublessor's failure to deliver such services is rescission. The Sublessee further agrees to observe and follow all terms and conditions promulgated by State.

2. **SUBLEASED PROPERTY.** Sublessor hereby subleases to Sublessee and Sublessee hereby subleases from Sublessor for the Term, as hereinafter defined, and upon all of the terms and conditions set forth herein, that certain Sublease Property described in Exhibit B, subject to the terms of the Master Lease as further provided therein, except as otherwise provided herein. The Sublease Property comprises approximately 14.41 acres and represents approximately 84.96% ("Sublessee's Proportionate Share") of the total Leased Property, 16.96 acres.

3. **TERM.**

a) Term. The term of this Sublease shall be for a term commencing on the effective date of State's consent as defined in the Consent to Sublease ("Commencement Date") and ending on the expiration date, March 9, 2015, or earlier termination of the Master Lease ("Term").

b) Delay in Commencement. Notwithstanding the Commencement Date, if for any reason Sublessor cannot deliver possession of the Sublease Property to Sublessee on the Commencement Date, Sublessor shall not be subject to any liability therefore, nor shall such failure affect the validity of this Sublease or the obligation of Sublessee hereunder. The Term shall not be extended as a result of any such delay. Sublessee shall not be obligated to pay the Rent described below until possession of the Sublease Property is tendered to Sublessee; provided however, if Sublessor shall not have delivered possession of the Sublease Property within sixty (60) days from the Commencement Date, Sublessee may, upon providing written notice to Sublessor, cancel this Sublease, in which event the Parties shall be discharged from all obligations contained in this agreement.

4. **ANNUAL RENT.** Sublessee shall pay to Sublessor 84.96% of the Annual Rent as provided under the terms of the Master Lease, which represents Sublessee's Proportionate Share. Upon receipt of the invoice from the State, Sublessor shall invoice Sublessee annually for the Annual Rent based upon Sublessee's Proportionate Share. Sublessor shall provide Sublessee a copy of such invoice received from State. Sublessee shall submit payment to Sublessor within thirty (30) days of receipt of Sublessor's invoice. Annual Rent shall be paid to Sublessor at the

address stated herein or at another address designated in writing by Sublessor. No prepayment of Annual Rent shall be permitted.

5. **SECURITY DEPOSIT.** None.

6. **USE.**

a) Sublessee shall use and occupy the Sublease Property only for those purposes specifically authorized pursuant to the terms of the Consent to Sublease. The Sublease Property shall be used for no other purposes. Any other use or the failure to obtain necessary consents shall be deemed a material breach of this Sublease.

b) Sublessee shall not do or permit anything to be done in or about the Sublease Property nor bring or keep anything therein that will increase the existing rate for insurance or cause a cancellation of any insurance policy covering the Sublease Property or the Leased Property.

c) Sublessee shall, at Sublessee's expense, comply at all times with all applicable statutes, ordinances, rules, regulations or other laws during the Term relating to Sublessee's use and occupancy of the Sublease Property. Sublessee shall not use or permit the use of the Sublease Property in any manner that will tend to create waste or a nuisance. Sublessee and Sublessee's employees, contractors and invitees shall conduct themselves in a responsible manner while on the Sublease Property and shall not violate any laws. Failure to comply with the terms of this paragraph shall be deemed a material breach of this Sublease.

7. **CONDITION OF THE SUBLEASED PROPERTY.** Sublessee acknowledges that, except as expressly provided herein, Sublessor has not and does not make any representation or warranty to Sublessee concerning the physical condition, value, permitted uses or any other attributes or qualities of the Sublease Property. Sublessee, for itself and its representatives, successors and assigns, accepts the Sublease and takes possession of the Sublease Property in its "AS-IS," "WHERE-IS" condition, and shall make no claim, demand or notice against Sublessor on account of the condition of the Sublease Property. **SUBLESSEE ACKNOWLEDGES AND AGREES THAT: (A) SUBLESSEE IS RELYING SOLELY ON ITS OWN INVESTIGATIONS, EXAMINATIONS AND INSPECTIONS AND THOSE OF SUBLESSEE'S REPRESENTATIVES AND CONSULTANTS, AND ITS OWN JUDGMENT AS TO SUCH MATTERS; (B) SUBLESSEE IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY, DIRECT OR INDIRECT, MADE BY SUBLESSOR OR ON SUBLESSOR'S BEHALF, ORAL OR WRITTEN, EXPRESS OR IMPLIED, TO SUBLESSEE OR ANY AGENTS, REPRESENTATIVES OR EMPLOYEES OF SUBLESSEE, WITH RESPECT TO THE CONDITION OF THE SUBLEASE PROPERTY, ITS COMPLIANCE WITH ANY LAWS, ANY RESTRICTIONS RELATED TO THE DEVELOPMENT OF THE SUBLEASE PROPERTY, THE SUITABILITY OF THE SUBLEASE PROPERTY FOR ANY PURPOSES WHATSOEVER, THE APPLICABILITY OF OR COMPLIANCE OF THE SUBLEASE PROPERTY WITH ANY GOVERNMENTAL REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO ZONING, LAND USE AND ENVIRONMENTAL**

REQUIREMENTS PERTAINING TO, THE SUBLEASE PROPERTY, ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS, CLAIMS ON OR AFFECTING OR PERTAINING TO THE SUBLEASE PROPERTY, OR TO ANY OTHER MATTER OR THING AFFECTING OR RELATING TO THE SUBLEASE PROPERTY OR THIS SUBLEASE; AND (C) THAT SUBLESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SUBLEASE PROPERTY.

Any and all alterations or improvements constructed by Sublessee shall be removed prior to the end of the Term unless Sublessor and State specifically agree otherwise. Sublessee shall have no right to make alterations or improvements to any portion of the Subleased Property, except as expressly otherwise provided in the Consent to Sublease.

8. MASTER LEASE.

a) Subject to Master Lease. This Sublease is subject to and subordinate to all the provisions, terms covenants, and condition of the Master Lease. Sublessee acknowledges receipt of a copy of the Master Lease. In the event of a conflict between the Master Lease and this Sublease the terms of the Master Lease shall control. As between Sublessor and Sublessee the terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease that are specifically excluded or are inconsistent with the terms of the Sublease. Therefore, for the purpose of this Sublease, the term Tenant in the Master Lease is deemed to mean Sublessee herein and the term State in the Master Lease is deemed to mean Sublessor herein.

b) Master Landlord Consent. Neither Party shall have any rights or obligations under this Sublease unless and until the written consent of the State for this Sublease in a form acceptable to the Parties (the "Master Landlord Consent") is obtained and delivered to Sublessor and Sublessee as required under the Master Lease. If Master Landlord Consent is not obtained by April 30, 2013, then upon notice from either Party to the other delivered prior to the obtaining of the Master Landlord Consent, this Sublease shall terminate. In addition, to the extent the Assumed Master Lease Obligation (defined below) requires Sublessee to obtain the consent or approval of State, those obligations shall be deemed to require the consent or approval of both Sublessor and State. Once Sublessor's consent or approval is obtained, Sublessor shall cooperate with Sublessee's efforts to obtain State's consent or approval.

c) Duties and Obligations under Master Lease. Sublessee assumes, agrees to perform, and observe all provisions, terms covenants, and conditions of Sublessor under the Master Lease as the same relate to the Sublease Property and to Sublessee's use and occupancy of the Sublease Property during the Term, except as may be expressly provided to the contrary herein (collectively, the assumed obligations are referred to herein as the "Assumed Master Lease Obligations"). The Assumed Master Lease Obligations do not include the following provisions of the Master Lease: Section 2.1, 3.2, 9, 10.2, 10.5, Tenant's Notice address in

Section 17, and Exhibit B, subsections 1, 2, 3, 4, and 9, which obligations are being retained by Sublessor. Except for the Assumed Master Lease Obligations, which are to be performed by Sublessee, Sublessor agrees to fully and timely perform all of Sublessor's duties and obligations under the Master Lease as to the extent that failure to do so jeopardizes Sublessee's rights under this Sublease.

d) Master Lease Time Periods. When, pursuant to the Assumed Master Lease Obligations, Sublessee is required to perform some act or to make some payment within a given number of days after an event, in each such instance the given number of days shall be deemed reduced by the lesser of (a) one-half of the number of days specified in the Master Lease; or (b) five business days, so that Sublessor shall have an opportunity (but not an obligation) to cure any default of Sublessee under the Assumed Master Lease Obligations before a default occurs under the Master Lease. If the resulting number of days is not a whole number, it shall be deemed rounded up to the nearest whole number of days.

e) No Knowledge of Default under Master Lease. Sublessor warrants and represents that Sublessor has received no notice, and has no knowledge of any default or material breach by Sublessor of any of its obligations under the Master Lease.

f) Modifications of Master Lease. Sublessor agrees to refrain from entering into any amendment to or modification of the Master Lease that would conflict with or limit the rights granted to Sublessee by this Sublease.

g) State's Obligations. Sublessor's only obligation to Sublessee with respect to the enforcement of State's obligations under the Master Lease shall be to use Sublessor's good faith efforts to do so, but Sublessor may elect not to enforce its right under the Master Lease without incurring any liability to Sublessee whatsoever if enforcing such rights, in the reasonable judgment of Sublessor, would be detrimental to the overall relationship between Sublessor and State.

h) Sublessee's Obligations. Sublessee shall hold Sublessor free and harmless of and from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys' fees arising out of Sublessee's failure to comply with or perform Sublessee's obligations hereunder.

9. ASSIGNMENT AND SUBLETTING. Sublessee shall not assign, mortgage, pledge, hypothecate, or otherwise encumber this Sublease, or any interest herein or any right or privilege appurtenant hereto. Sublessee may not sublet all or any portion of the Sublease Property. Any assignment, transfer or sublease made in violation of this Section shall be void. Any such subletting or assignment of this Sublease or the Sublease Property shall be a material breach of this Agreement and result in an immediate termination of the Sublease.

10. ENTRY AND INSPECTIONS. Sublessor reserves the right to enter the Sublease Property at any time to inspect the Sublease Property. Sublessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, interference with quiet enjoyment, or other damage arising out of Sublessor's entry on the Sublease Property as

provided in this section, except damage, if any, resulting from the negligence or willful misconduct of Sublessor or its authorized representatives.

11. **INDEMNIFICATION OF SUBLESSOR.** Sublessee shall hold Sublessor harmless from any claims arising from Sublessee's use and occupancy of the Sublease Property or from any activity permitted by Sublessee in or about the Sublease Property, and any claims arising from any breach or default in Sublessee's performance of any obligation under the terms of this Sublease or the Master Lease. If any action or proceeding is brought by reason of any such claim in which Sublessor is named as a Party, Sublessee shall defend Sublessor therein at Sublessee's expense by counsel reasonably satisfactory to Sublessor. The Sublessor and its agents shall not be liable for any damage to property, nor for loss or damage to any property by theft or damage, nor from any injury to or damage to persons or property resulting from any cause whatsoever, unless caused by or due to the negligence or willful misconduct of Sublessor, its agents or employees.

12. **INSURANCE.**

a) Sublessee shall assume the risk of damage to any fixtures, goods, inventory, merchandise, equipment, improvements, and Sublessor shall not be liable for injury to Sublessee's business or any loss of income relative to such damage. The Sublessee shall, at all times during the Term, and at its own cost, procure and continue in force insurance coverage in accordance with the terms of the Master Lease. Sublessee shall deliver to Sublessor prior to occupancy of the Sublease Property copies of the policies of insurance required, and naming Sublessor and State as additional named insureds.

b) Waiver of Subrogation. As long as their respective insurers so permit, Sublessor and Sublessee each hereby waive any and all rights of recovery against the other for any loss or damage occasioned to such waiving Party or its property of others under its control to the extent that such loss or damage is insured against under any fire or extended coverage insurance policy that either may have in force at the time of such loss or damage. Each Party shall obtain any special endorsement, if required by their insurer, to evidence compliance with this waiver.

13. **SUBLESSOR'S REMEDIES UPON DEFAULT.** Except as expressly otherwise provided in this Sublease, if Sublessee:

a) fails to deliver possession of the Sublease Property upon termination of this Sublease in the condition it is required to be delivered under the terms of the Master Lease upon the expiration or earlier termination of the Master Lease, or as otherwise specifically provided in the Consent to Sublease;

b) defaults under the Assumed Master Lease Obligations as the same may be modified by the terms of this Sublease;

c) fails to pay any Annual Rent within five (5) business after the same is due or fails to pay any other sum payable under this Sublease or the Master Lease when due; or

d) fails to perform or observe any other covenant, term, provision, or condition of this Sublease, which failure continues for ten (10) business days after written notice from Sublessor to Sublessee describing such failure, then in each instance, Sublessee shall be in default under this Sublease and Sublessor shall be entitled to all the right and remedies available to State under the Master Lease following an event of default by the tenant thereunder and to any other rights and remedies available to a landlord under applicable law.

14. **BROKERS.** Sublessor and Sublessee each warrant that they have not involved a Broker in this Sublease and that no commissions or other fees of any kind are owed to any individual or entity. Further, both Parties hereby agree to indemnify and hold harmless the other Party for any and all claims for any real estate commissions or other compensation.

15. **ATTORNEY'S FEES.** If either Party brings an action to enforce the terms of this Sublease or to otherwise declare rights hereunder, the prevailing Party in said action, on trial and appeal, shall be entitled to recover reasonable attorneys' fees from the non-prevailing Party(s) as fixed by the Court.

16. **WAIVER.** No failure of the either Party to enforce any term of this Agreement shall be deemed to be a waiver.

17. **NOTICES.** Any notice that either Party hereto may, or is required to, give shall be given by mailing the same to:

SUBLESSOR: WEYERHAEUSER NR COMPANY
Attention: Real Estate Services CH 1L30

By USPS: PO BOX 9777
Federal Way, WA 98063-9777

By Overnight: 33663 Weyerhaeuser Way South
Federal Way, WA 98003

SUBLESSEE: GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY
P.O. Box 2019
Aberdeen, WA 98520

Each Party will notify the other promptly of any change in address. The additional provisions of Notice in the Master Lease and Consent to Sublease shall control.

18. **RECORDING.** Sublessee shall record this Sublease in accordance with the terms of the Master Lease and shall provide such recording information to Sublessor and State upon completion.

19. **SEVERABILITY.** If any provision of this Agreement is found invalid or unenforceable under judicial decree or decision, the remainder shall remain valid and enforceable according to its terms. Without limiting the previous, it is expressly understood and agreed that each and every provisions of this Agreement that provides for a limitation of liability,

disclaimer of warranties, or exclusions of damages is intended by the Parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy under this Agreement is determined to have failed of its essential purpose, all other limitations of liability and exclusion of damages set forth in this Section shall remain in full force and effect.

20. **PUBLIC CORPORATION.** The Grays Harbor Historical Seaport Authority is organized pursuant to RCW 35.21.730-755 and the Aberdeen City Code Chapter 1.98. RCW 35.21.750 provides as follows: All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and credit of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority.

21. **ENTIRE AGREEMENT.** The Parties acknowledge that this Agreement expresses their entire understanding and Agreement, and that there have been no warranties, representation, covenants or understandings made by either Party to the other. The Parties further acknowledge that this Agreement supersedes, terminates and otherwise renders null and void any and all prior agreements or contracts, whether written or oral, entered into between Sublessee and Sublessor with respect to the matters expressly set forth in this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

THIS AGREEMENT requires the signature of all Parties and is executed as of the date of the last signature below.

SUBLESSOR:
WEYERHAEUSER NR COMPANY

SUBLESSEE:
GRAYS HARBOR HISTORICAL
SEAPORT AUTHORITY

Sandy D. McDade
Senior Vice President

Laura Pilgrim Rust
Chairperson of the Board of Directors

Dated: March ____, 2013

Dated: March ____, 2013

SUBLESSOR ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Sandy D. McDade is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Senior Vice President of Weyerhaeuser NR Company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____
(Seal or stamp)

(Signature)

(Print Name)
Notary Public in and for the State of Washington,
residing at _____
My appointment expires _____

SUBLESSEE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

I certify that I know or have satisfactory evidence that Laura Pilgrim Rust is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it as the Chairperson of the Board of Directors of Grays Harbor Historical Seaport Authority to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____
(Seal or stamp)

(Signature)

(Print Name)
Notary Public in and for the State of Washington,
residing at _____
My appointment expires _____

EXHIBIT A
MASTER LEASE

EXHIBIT B

SUBLEASED PROPERTY

SUBLEASE DESCRIPTION OF PARENT LEASE NO. 22-A02150

THAT PORTION OF THE HARBOR AREA LYING IN FRONT OF LOTS 1 THROUGH 5, TRACT 11, LOTS 54 THROUGH 60, TRACT 10, ABERDEEN TIDE LANDS, AS DEPICTED ON PLATES 3 AND 4, "ABERDEEN TIDE LANDS", DATED JANUARY 15, 1907 AND ON FILE IN THE OFFICE OF THE COMMISSIONER OF PUBLIC LANDS IN OLYMPIA WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT ANGLE POINT 26i ON THE INNER HARBOR LINE AS DEPICTED ON SAID PLATE 3; THENCE SOUTH 69°26'26" WEST ALONG SAID INNER HARBOR LINE A DISTANCE OF 2110.25 FEET; THENCE NORTH 16°17'56" WEST A DISTANCE OF 300.83 TO A POINT ON THE OUTER HARBOR LINE 1075.33 FEET NORTH 69°26'26" EAST OF ANGLE POINT 27; THENCE NORTH 69°26'26" EAST ALONG SAID OUTER HARBOR LINE A DISTANCE OF 2093.19 FEET TO ANGLE POINT 26 AS DEPICTED ON SAID PLATE 4; THENCE SOUTH 19°32'58" EAST A DISTANCE OF 300.05 FEET TO SAID ANGLE POINT 26i AND THE POINT OF BEGINNING.

THIS LEASE CONTAINS 14.48 ACRES

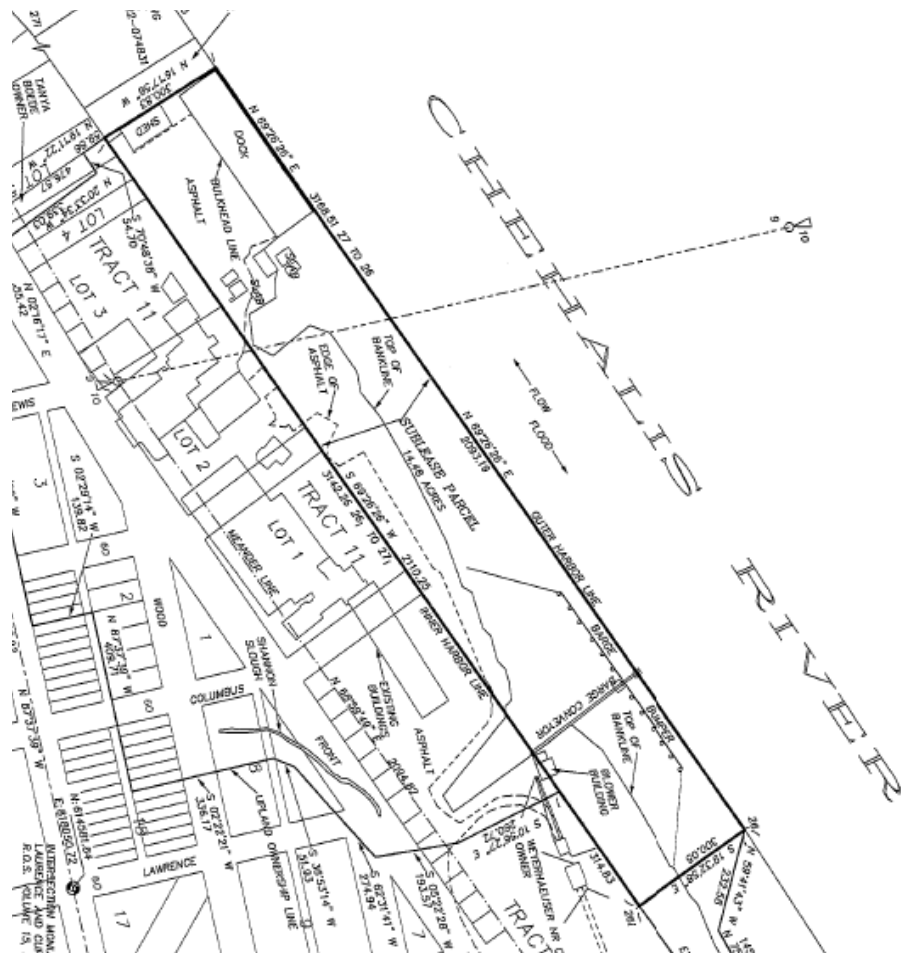


EXHIBIT C

Consent to Sublease



WASHINGTON STATE DEPARTMENT OF
Natural Resources
Peter Goldmark - Commissioner of Public Lands

CONSENT TO SUBLEASE

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CONSENT TO SUBLEASE OF AQUATIC LANDS LEASE NO. 22-A02150

THIS AGREEMENT is made by and between **WEYERHAEUSER NR COMPANY**, a Washington corporation (“Sublessor”); **GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY**, a Washington non-profit public corporation (“Sublessee”); and the **STATE OF WASHINGTON**, acting through the Department of Natural Resources (“State”) (individually Sublessor, Sublessee and State are referred to herein as “Party” and collectively as “Parties”).

RECITALS

- A. State is the landlord and Sublessor is the tenant pursuant to Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, on file with State and recorded with the Grays Harbor County Auditor’s office under recording number 2005-06020002 (the “Lease”). The Lease covers certain state-owned aquatic lands more particularly depicted in Exhibit A (the “Leased Property”).
- B. Sublessor desires to sublease a portion of the Leased Property to Sublessee, which portion of the Leased Property is more particularly described in Exhibit B (the “Subleased Property”). The Lease prohibits subleasing without State’s consent. State is willing to give its consent to the Sublease, but only on the terms and conditions set forth in this “Agreement”.
- C. In the future, Sublessee would like to use the Subleased Property as part of a home port facility for the tall ships *Lady Washington* and *Hawaiian Chieftain*. State supports projects that provide enhanced access to state-owned aquatic lands, and is supportive conceptually of Sublessee’s intended future use of the Subleased Property. However, State lacks sufficient information regarding the Subleased Property and Sublessee’s future plans to provide any assurances or warranties that State will approve Sublessee’s plans in the future or that the Subleased Property is suitable for Sublessee’s intended use. Without in any way limiting its discretion to approve or reject any application for use of the Subleased Property, State acknowledges that (1) it has not withdrawn the Subleased Property from leasing pursuant to RCW 79.10.210; (2) moorage for the *Lady Washington* and *Hawaiian Chieftain* would be a water-dependent use under RCW 79.105.060; and (3) fostering water-dependent uses of state-owned aquatic lands is among the public benefits State strives to provide pursuant to RCW 79.105.030.
- D. In conjunction with the execution of the Sublease, Sublessor and Sublessee shall complete a separate transaction to transfer title to certain upland property owned by Sublessor that a portion of which abuts the Subleased Property, (the “Upland Property”), from Sublessor to Sublessee. Accordingly, the Parties intend for this Agreement to become effective on the closing date of the transfer of the Upland Property. For purposes of this Agreement the term “Closing” or “Closing Date” shall mean the date on which all documents necessary to transfer title to the Upland Property to Sublessee have been recorded and the monies paid to complete the transaction, if any, are available for disbursement to Sublessor.

AGREEMENT

THEREFORE, in consideration of the above recitals and the mutual promises set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Consent to Sublease.** In reliance on the representations, warranties, and covenants of Sublessor and Sublessee in Paragraphs 2 and 3 below, and subject to the satisfaction of the conditions set forth in paragraph 4 below, State hereby consents to the sublease of the Subleased Property to Sublessee on the terms and conditions set forth herein and on the exact terms and conditions set forth in the sublease attached hereto as Exhibit C (the "Sublease"), which Sublease shall not be valid unless and until this Agreement is fully executed by State and the Closing Date on the Upland Property has occurred as provided herein.

2. **Representations, Warranties and Covenants of Sublessor.** Sublessor hereby represents, warrants and covenants to State as follows. Sublessor acknowledges the representations, warranties, and covenants below have been relied upon by State in granting its consent to the Sublease:

- (a) The Lease is in full force and effect;
- (b) Sublessor is not in default or breach of the Lease;
- (c) Sublessor has no knowledge of any claims, offsets, or defenses of the tenant under the Lease; and,
- (d) To the best of Sublessor's knowledge, the Leased Property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws, regarding its use and occupancy of the Leased Premises. Sublessor shall defend, indemnify, and hold State harmless from any breach of the foregoing warranties.

3. **Representations, Warranties, and Covenants of Sublessee.** Sublessee acknowledges the representations, warranties, and covenants below have been relied upon by State in granting its consent to the Sublease. Sublessee hereby represents, warrants, and covenants to State as follows:

- (a) Sublessee shall perform faithfully and be bound by all of the terms, covenants, conditions, provisions, and agreements of the Lease for the period of the Sublease;
- (b) The Sublease is neither given as security for a loan nor shall it be given as security or otherwise encumbered during the term of the Sublease or any subsequent agreement without State's consent; and
- (c) Sublessee acknowledges receipt of a copy of the Lease from Sublessor.

4. **Conditions to State's Consent.** State's consent to the Sublease is expressly conditioned on the satisfaction of the following conditions:

(a) Sediment sampling that complies with WAC 173-340-820(3) and the Department of Ecology's *Guidance on the Development of Sediment Sampling and Analysis Plans Meeting the Requirements of the Sediment Management Standards* (Ecology Publication No. 03-09-043(2008)) must be completed according to the following schedule:

(i) A draft sediment sampling and analysis plan ("SAP") for the Subleased Property must be submitted by Sublessee to State for review and approval no later than three (3) months from the Effective Date, as hereinafter defined in Section 7(j). State approval of the SAP shall not be unreasonably withheld. State may seek review of the SAP by the Department of Ecology, and any comments provided by the Department of Ecology regarding approval or revision of the SAP that are adopted by State shall be deemed reasonable.

(ii) Sublessee must revise the SAP in accordance with State comments and re-submit the plan to State within four (4) months of Effective Date or within 20 days of the date Sublessee receives comments from State, whichever date occurs last.

(iii) The later of six (6) months from the Effective Date or two (2) months after State approves the revised SAP, Sublessee must complete sediment sampling in accordance with the SAP.

(iv) The later of nine (9) months from the Effective Date or three (3) months after the sediment sampling is complete per subsection (iii) above, a sampling and analysis results report ("SARR") shall be developed by Sublessee and submitted to State.

(b) State shall notify Sublessee within sixty (60) days of receipt of the SARR of its determination whether or not a remedial investigation / feasibility study ("RI/FS") is warranted. If State fails to provide notice to Sublessee, it shall be presumed that a RI/FS is warranted for the Subleased Property. Should State determine that a RI/FS is warranted, Sublessee shall complete an RI/FS that meets the requirements of WAC 173-340-350 according to the following schedule:

(i) Within three (3) months of receipt of State's determination as provided above, Sublessee shall meet with State to discuss the development of an RI/FS work plan, which will include timelines for expected work under the RI/FS.

(ii) Within three (3) months following such meeting as provided in subsection (i) above, Sublessee shall submit a draft RI/FS work plan to State for review.

(iii) No later than twenty (20) days after the date Sublessee receives comments from State on the RI/FS draft work plan, Sublessee must revise the RI/FS work plan in accordance with State's comments and submit a "Final RI/FS Work Plan" for approval to State.

(iv) Within thirty (30) days after receipt of State approved Final RI/FS Work Plan Sublessee shall commence the work required by the Final RI/FS Work Plan.

(v) Sublessee shall prosecute the work required by the Final RI/FS Work Plan with diligence and continuity until all the work required by the Final RI/FS Work Plan is complete.

(c) Except for sampling activities reasonably necessary for the work identified in the SAP, Sublessee may not undertake any activity on the Subleased Property below the existing line of ordinary high water on the Subleased Property, until a Final RI/FS Work Plan is approved by State or, if State determines no RI/FS is warranted, until such determination is made. Notwithstanding the foregoing, with prior written State approval:

(i) Sublessee may be permitted to utilize the surface of the existing dock in the Subleased Property for recreational, educational and tourist activities; and

(ii) To accommodate use of the surface of the existing dock, Sublessee may construct public safety improvements (fencing, barriers, lighting, etc.) on the existing dock, provided such improvements do not significantly alter the dock and all necessary permits are secured prior to any such construction activity; and

(iii) Such other activities as are approved in writing by State.

Provided that all such activities approved by State under this Subsection 4(c) are expressly authorized by Sublessor in advance and do not disturb sediments on the Subleased Property. State's approval pursuant to this Subsection 4(c) shall not be deemed a waiver of Sublessor's obligation to remove Tenant-Owned Improvements under the Lease. The Sublease shall provide that, on or before the termination date of the Sublease, Sublessee shall remove any improvements placed by Sublessee. If Sublessee fails to remove improvements made by Sublessee, such improvements shall be removed by Sublessor as Tenant-Owned Improvements under the Lease, unless State waives the requirement of removal pursuant to Subsection 4(d).

(d) Pursuant to the terms of Aquatic Lands Lease No. 22-A02150, which expires on March 10, 2015, Sublessor shall remove Tenant-Owned Improvements, as defined in Section 7.2 of the Lease, from the Leased Property prior to the expiration date of the Lease. State, in State's sole discretion, may waive the requirement of removal of some or all of the Tenant-Owned Improvements if, in accordance with this subsection, State receives a plan of redevelopment for the Subleased Property and approves a written request contained therein to allow some or all of the Tenant-Owned Improvements to remain. No later than one (1) year before the end of the term of the Sublease, Sublessee may submit to State written plans for future redevelopment of the Subleased Property that include a written request to State to waive the requirement of removal of some or all of the Tenant-Owned Improvements which are located within the Subleased Property that Sublessee intends to maintain, restore and / or reuse. State shall respond to such request by Sublessee to waive the requirement to remove such Tenant-Owned Improvements within sixty (60) days of receipt of the plans for redevelopment containing the written waiver request. State's failure to respond in writing to Sublessee within sixty (60)

days of receipt of the written request to waive the requirement of removal of such Tenant-Owned Improvements on the Subleased Property shall be deemed a denial of the request to waive the removal requirement.

(e) Nothing in this Agreement shall be construed to relieve, increase or modify Sublessor's obligations or rights under the Lease, including, but not limited to, Section 8 of the Lease (Environmental Liability/Risk Allocation).

(f) Whenever a period of time or a duty is prescribed for action to be taken by either Party hereto, said Party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to "force majeure". For purposes of this Agreement, a "force majeure" includes events beyond the reasonable control of the Parties, including a judicial, governmental or appeal action that prohibits, impairs or prevents performance, unreasonable or unforeseen delays in permitting by local, state and federal agencies, Acts of God, war, riot, sabotage, act of public enemy, terrorist act or gang violence, earthquake or other earth movement, flood or other natural disaster. For purposes of this Agreement, the term "unreasonable or unforeseen delays" shall not include any period during which a local, state or federal agency is considering a permit application in accordance with time limits set by law.

(g) The Party claiming a delay due to the causes set forth in Subsection 4(f) shall notify each of the other Parties to this Agreement orally within five (5) days and in writing within ten (10) days of the date on which the Party claiming delay becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall: (i) describe fully such cause(s) and its effect on performance; (ii) state whether performance under the contract is prevented or delayed; and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The Party claiming delay shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as each of the other Parties to this Agreement may reasonably request. After receipt of such notification and supporting documentation, the time for performance shall be extended by State as reasonably necessary to compensate for the delay.

5. Effect of the Sublease and of State's Consent or Further Actions.

(a) State's consent to the Sublease does not release Sublessor of its obligations under the Lease or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Lease.

(b) Notwithstanding the express provisions of the Sublease, the Sublease is and shall at all times be subject and subordinate to the Lease.

(c) Neither the Sublease nor this Agreement shall: (i) release or discharge Sublessor from any liability, whether past, present, or future, under the Lease; (ii) operate as State's consent to or approval of any of the terms, covenants, conditions, provisions, or agreements of the Sublease, and State shall not be bound thereby; or (iii) be construed to modify, waive, release, or otherwise affect any of the terms, covenants, conditions, provisions, or

agreements of the Lease, waive any breach of the Lease, waive any of State's rights as landlord under the Lease, enlarge or increase State's obligations as landlord under the Lease, or enlarge or increase Sublessor's and/or Sublessee's rights and benefits in excess of the rights and benefits applicable to Sublessor under the Lease. Provided however, that should State provide a waiver under Section 4(d) of this Agreement to Sublessee it shall constitute a waiver of Sublessor's obligation under Section 7.4 of the Lease with respect to any Tenant-Owned Improvements that are identified in the Section 4(d) waiver.

(d) Except as expressly provided in Subsection 4(c), this Agreement is not a consent to any improvement or alteration to or in the Subleased Property, and prior to the undertaking by Sublessee of any improvement or alteration to or in the Subleased Property, Sublessee shall obtain State's prior written consent.

6. Rights of State.

(a) The acceptance of Rent by State from Sublessee or Sublessor shall not be deemed a waiver by State of any provisions of the Lease.

(b) In the event of any Default of Sublessor under the Lease, State may proceed directly against Sublessor, any guarantors or anyone else liable under the Lease or the Sublease without first exhausting State's remedies against any other person or entity liable thereon to State. Sublessor expressly acknowledges and agrees that the exercise by State of any of the foregoing rights and remedies shall not constitute an election of remedies and shall not in any way impair State's entitlement to pursue other rights and remedies available under the Lease or at law directly against Sublessor.

(c) In the event that Sublessor shall commit a Default under the Lease, and fail to cure such Default as required in the Lease, in addition to any other remedies available to it, State, at State's option, may unilaterally require Sublessee to attorn to State, in which event State shall undertake the obligations of Sublessor under the Sublease from the time of the exercise of said option until termination of the Sublease, but State shall not be liable to Sublessee for any prepaid rents nor any security deposit paid by Sublessee, nor shall State be liable for any defaults of Sublessor under the Sublease. The provisions of this subparagraph (c) shall not limit State's remedies available against Sublessor pursuant to the Lease or at law or in equity.

7. Miscellaneous.

(a) Time is of the essence of every provision of this Agreement and of the Lease of which time is an element, notwithstanding the time periods for performance or payment by Sublessee set forth in the Sublease or as elsewhere provided in this Agreement. Nothing in the Sublease shall supersede or have any effect on the interpretation or enforcement of the Lease.

(b) In the event that any provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void, or illegal, the remaining provisions shall nevertheless remain in full force and effect to the maximum extent permitted by law and not be affected thereby.

(c) No provision of this Agreement may be amended or added to except by an instrument in writing signed and acknowledged by the parties hereto. State's prior written consent is required for: (i) any further subleasing of the Leased Property; (ii) any assignment of the Sublease or Lease; and (iii) any amendment to or modification of the Sublease.

(d) Any notice required or permitted to be made or given to State or to Sublessor under this Agreement shall be in writing and shall be given in the manner set forth in the Lease and to the address set forth in the Lease, which may be amended from time to time by the Parties. Any notice to Sublessee permitted or required hereunder shall be given to Sublessee in the manner and at its address set forth in the Sublease attached hereto, or to such other address as Sublessee may direct by written notice to State.

(e) Sublessor shall not be released from any liability under the Lease, nor shall any liability of Sublessor be decreased, because of State's failure to give notice of Default under or in respect of any of the terms, covenants, conditions, provisions, or agreements of the Lease or because of State's direct conversations, communications, or other dealings with Sublessor and / or Sublessee.

(f) No waiver of any provision of this Agreement shall be deemed to be a waiver of any other provision hereof or of the subsequent application of the provision as to which such waiver is given or suffered. Agreement to or approval of any act by State shall not be deemed to render unnecessary the obtaining of State's consent to or approval of any subsequent act.

(g) The representations, warranties, and covenants of State, Sublessor and Sublessee herein shall survive the execution and delivery of this Agreement and of the Sublease.

(h) The captions of the paragraphs and subparagraphs of this Agreement are for convenience only, are not a part of this Agreement, and do not in any way limit or amplify the terms and provisions hereof. This Agreement shall be construed, interpreted, and applied in accordance with the laws of the State of Washington.

(i) The Grays Harbor Historical Seaport Authority is organized pursuant to RCW 35.21.730-755 and the Aberdeen City Code Chapter 1.98. RCW 35.21.750 provides as follows: All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and credit of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority.

(j) **Effective Date.** This Agreement shall be effective on the Closing Date (the "Effective Date"). The Closing Date shall be as soon as practical after the execution of this Agreement to facilitate an orderly Closing, but no later than April 30, 2013. If the Closing Date does not occur on or before April 30, 2013, this Agreement, including but not limited to State's consent to sublease provided herein, shall be deemed null and void and of no force or effect as if this Agreement had never been executed.

(k) **Escrow.** As soon as practicable following execution of this Agreement by State, State shall deposit this Agreement with Grays Harbor Title Company (“Escrow Holder”), whose address is 219 West Market, Aberdeen, Washington 98520 to the attention of Kim Imhoff referencing transaction #A-169202, which has been arranged by Sublessor and Sublessee. Under the terms of a separate agreement, Sublessor and Sublessee shall pay all costs to the Escrow Holder associated with such escrow and the recording of this Agreement. Upon the Closing Date, Escrow Holder shall return fully executed originals to each of the Parties to this Agreement and copies of the recorded Sublease and Consent to Sublease to Sublessor and Sublessee.

(l) **Counterparts.** This Agreement may be executed simultaneously or in counterparts by the Parties, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

(m) **General Provisions.** This Agreement contains the entire agreement of the Parties hereto, and no representations, inducements, promises, or agreements, oral or otherwise between the Parties not embodied herein shall be of any force or effect. Any amendment to this Agreement shall not be binding upon Sublessor, Sublessee or State unless and until such amendment is in writing and executed by the Parties to this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

SUBLESSOR:

WEYERHAEUSER NR COMPANY

Sandy D. McDade
Senior Vice President

Dated: _____, 2013

SUBLESEE:

*GRAYS HARBOR HISTORICAL SEAPORT
AUTHORITY*

Laura Pilgrim Rust
Chairperson of the Board of Directors

Dated: _____, 2013

**STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES**

Dated: _____, 2013

By: _____
PETER GOLDMARK
Title: Commissioner of Public Lands

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Sandy D. McDade is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Senior Vice President of Weyerhaeuser NR Company to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____

(Seal or stamp)

(Signature)

(Print Name)
Notary Public in and for the State of Washington,
residing at _____
My appointment expires _____

REPRESENTATIVE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

I certify that I know or have satisfactory evidence that Laura Pilgrim Rust is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Chairperson of the Board of Directors of Grays Harbor Historical Seaport Authority to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____

(Seal or stamp)

(Signature)

(Print Name)
Notary Public in and for the State of Washington,
residing at _____
My appointment expires _____

STATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

I certify that I know or have satisfactory evidence that PETER GOLDMARK is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Commissioner of Public Lands, an ex officio administrator of the Department of Natural Resources of the State of Washington to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____

(Seal or stamp)

(Signature)

(Print Name)

Notary Public in and for the State of Washington,
residing at _____

My appointment expires _____

EXHIBIT D

Covenants and Restrictions

1. **DEFINITIONS.** For purposes of the Deed, each of the following capitalized terms shall have the meaning ascribed to such terms as set forth below:

(a) **“Aquatic Lands Lease”** means that certain Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, recorded with the Grays Harbor County Auditor’s Office under recording number 2005-06020002. The State of Washington, acting through the Department of Natural Resources (**“State”**) is the landlord and Seller is the tenant under the Aquatic Lands Lease.

(b) **“Aquatic Lands”** means that certain property defined in the Aquatic Lands Lease, which is adjacent to and contiguous with a portion of the Property.

(c) **“Consent”** means that certain Consent to Sublease of the Aquatic Lands Lease dated of even date herewith and recorded with the Grays Harbor County Auditor’s Office, entered into between Seller as Sublessor, Buyer as Sublessee, and State as landlord.

(d) **“Future Remedial Measures”** means any remedial actions required by applicable law, or by the State of Washington Department of Ecology or any other federal, state, or local agency with jurisdiction over environmental issues, including, but not limited to, further investigations, cleanup actions, monitoring and maintenance, and institutional controls.

(e) **“Hazardous Substance”** means any substance, which now or in the future, becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601 *et seq.*, and Washington’s Model Toxics Control Act, RCW 70.105D.010 *et seq.*, and shall include petroleum, petroleum products, and any derivatives thereof.

(f) **“Sublease”** means that certain Sublease of the Aquatic Lands Lease dated of even date herewith and recorded with the Grays Harbor County Auditor’s Office, entered into between Seller as Sublessor and Buyer as Sublessee.

(g) **“Sublease Property”** means that certain property defined in the Sublease, which is adjacent to and contiguous with a portion of the Property.

2. **COVENANTS AND RESTRICTIONS:**

(a) **Use of the Property.** Buyer shall not occupy or allow any other person or entity to occupy or use the Property for any purpose except in full compliance with these Covenants and Restrictions. The Parties agree that the sole permitted uses of the Property shall be those permitted by the applicable zoning code for the Property, in strict compliance with applicable law. Notwithstanding the foregoing, the Property will be forever restricted against residential use of any type, including, but limited to, single and multi-family homes, and

apartments, and shall also be forever restricted against use as a day care facility, school, or any other similar type of use, provided, Buyer's use of the Property for transitory educational, training and interpretive programs is permitted.

(b) **Compliance with the Sublease and the Consent to Sublease.** Buyer shall at all times comply with the terms of the Sublease and the Consent, including specifically, but not limited to, all environmental investigative work and other remedial and restoration action and removal of Tenant-Owned Improvements, as defined in the Aquatic Lands Lease.

(c) **Restrictive Covenant.** To the extent applicable to the Property, Buyer shall at all times comply with the Rescission and Replacement of Restrictive Covenant recorded with the Grays Harbor County Auditor's Office under recording number 980406028 (the "**Restrictive Covenant**").

(d) **Compliance with Law; Future Remedial Measures.** Buyer, at its sole cost and expense, shall comply with any and all present or future applicable laws, statutes, ordinances, codes and regulations with respect to the Property. Buyer shall be responsible for any and all known and unknown remedial or restoration requirements on the Property ("**Future Remedial Measures**").

(e) **Release.** Buyer, and anyone claiming by, through, or under Buyer, hereby fully and irrevocably releases Seller, and its agents and representatives, from any and all claims that it may now have or hereafter acquire against Seller or its agents or representatives for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to any defects, errors or omissions on or in the Property, the presence of Hazardous Substances on, in or about the Property, or any other conditions (whether patent, latent, or otherwise) affecting the Property or relating to a condition of the Property. Buyer further acknowledges and agrees that this release shall be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action.

(f) **Indemnification.** Buyer and anyone claiming by, through or under Buyer agrees to indemnify, protect, defend and hold Seller and Seller's agents, employees, and representatives harmless, for, from, against and regarding any and all claims, liabilities, damages, costs and expenses incurred (including reasonable attorney fees and legal expenses), that may be caused by, related to or otherwise result from change in the use of or zoning on the Property or Buyer's violation or breach of any of the Covenants and Restrictions or failure to comply with or perform Future Remedial Measures or failure to remove the Tenant-Owned Improvements as required under the Sublease and the Aquatic Lands Lease, or obtain a waiver therefor.

(g) **Conveyance Restriction.** Any conveyance of any interest in the Property shall be subject to and in compliance with the provisions of these Covenants and Restrictions.

(h) **Covenants to Run with Land.** The terms and restrictions of these Covenants and Restrictions shall run with the land in perpetuity.

EXHIBIT E

Quit Claim Deed

AFTER RECORDING MAIL TO:

Grays Harbor Historical Seaport Authority
P.O. Box 2019
Aberdeen, WA 98520

QUIT CLAIM DEED

Grantor: Weyerhaeuser NR Company

Grantee(s): Grays Harbor Historical Seaport Authority

Abbreviated Legal: Parcel 1 of BLA under Auditor's File No. 2012-12310001
Lots 1-6, Blk D, Town of South Aberdeen, Vol. 1, Pg 125
Lots 1-6, Blk E, Town of South Aberdeen, Vol. 1, Pg 125
Lots 1-6, Blk F, Town of South Aberdeen, Vol. 1, Pg 125
Lots 1-5, Blk 1, Town of South Aberdeen, Vol. 1, Pg 125
Lots 7-10, Blk 2, Town of South Aberdeen, Vol. 1, Pg 125
Lots 1-18, Blk 3, Town of South Aberdeen, Vol. 1, Pg 125
Lots 1-12, Blk 4, Town of South Aberdeen, Vol. 1, Pg 125
Lots 5-8, Blk 9, Town of South Aberdeen, Vol. 1, Pg 125
Lots 1-4, Ptn Lot 5, Tract 11, Aberdeen Tide and Shore Lands

Additional legal(s) on page: 5

Assessor's Tax Parcel Number(s): 027401900000; 027400100000; 027400200700; 027400200900;
027400300100; 027400400000; 027400301700; 027400900600; 029901100100; 029901100501;
027400200100; Ptn 027600800000; Ptn 027601800100; Ptn 027600300000; Ptn 029901000100; Ptn
027600900100; and C052161

THE GRANTOR, **WEYERHAEUSER NR COMPANY**, a Washington corporation, for and in consideration of Ten dollars and other valuable consideration, in hand paid, conveys and quit claims to **GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY**, a Washington non-profit public corporation, the GRANTEE, the real property situated in **Grays Harbor County, Washington**, described on **Exhibit A** attached and by this reference made a part hereof (herein the "Property"), together with all after acquired title of the Grantor therein, and subject to the terms and conditions set forth in **Exhibit B**.

GRANTEE ACKNOWLEDGES AND AGREES THAT: (A) GRANTEE IS RELYING SOLELY ON ITS OWN INVESTIGATIONS, EXAMINATIONS AND INSPECTIONS AND THOSE OF GRANTEE'S REPRESENTATIVES AND CONSULTANTS, AND ITS OWN JUDGMENT AS TO SUCH MATTERS; (B) GRANTEE IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY, DIRECT OR INDIRECT, MADE BY GRANTOR OR ON GRANTOR'S BEHALF, ORAL OR WRITTEN, EXPRESS OR IMPLIED, TO GRANTEE OR ANY AGENTS, REPRESENTATIVES OR EMPLOYEES OF GRANTEE, WITH RESPECT TO THE CONDITION OF THE PROPERTY, ITS COMPLIANCE WITH ANY LAWS, ANY RESTRICTIONS RELATED TO THE DEVELOPMENT OF THE PROPERTY, THE SUITABILITY OF THE PROPERTY FOR ANY PURPOSES WHATSOEVER, THE APPLICABILITY OF OR COMPLIANCE OF THE PROPERTY WITH ANY GOVERNMENTAL REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO ZONING, LAND USE AND ENVIRONMENTAL REQUIREMENTS PERTAINING TO, THE PROPERTY, ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS, CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY, OR TO ANY OTHER MATTER OR THING AFFECTING OR RELATING TO THE PROPERTY; AND (C) THAT GRANTOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PROPERTY.

The above provisions are specifically bargained for and represent a material part of Grantor's consideration for this conveyance.

[SIGNATURES ON FOLLOWING PAGE]

Dated: March ____, 2013.

**GRANTOR:
WEYERHAEUSER NR COMPANY**

By: _____
Sandy D. McDade,
Senior Vice President

By: _____
Title: Assistant Secretary

**GRANTEE:
GRAYS HARBOR HISTORICAL SEAPORT
AUTHORITY**

By: _____
Laura Pilgrim Rust,
Chairperson of the Board of Directors

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of March 2013, before me personally appeared Sandy D. McDade and _____, to me known to be the Senior Vice President and Assistant Secretary, respectively, of **WEYERHAEUSER NR COMPANY**, 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 mentioned.

Notary Public in and for the
State of Washington
My appointment expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

On this _____ day of March, 2013, before me personally appeared Laura Pilgrim Rust, to me known to be the Chairperson of the Board of Directors of **GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY**, the public non-profit corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said public non-profit corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to executed said instrument.

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

Notary Public in and for the
State of Washington
My appointment expires: _____

EXHIBIT A

GRAYS HARBOR COUNTY, WASHINGTON

Parcel 1 of Boundary Line Adjustment dated December 19, 2012, recorded December 31, 2012, under Grays Harbor Auditor's File No. 2012-12310001;

Lots 1 through 6, inclusive, Block D

Lots 1 through 6, inclusive, Block E

Lots 1 through 6, inclusive, Block F

Lots 1 through 5, inclusive, Block 1;

Lots 7 through 10, inclusive, Block 2;

Lots 1 through 18, inclusive Block 3;

Lots 1 through 12, inclusive, Block 4;

The Westerly 5 feet of Lot 5 and all of Lots 6 thru 8, Block 9,

All in the Town of South Aberdeen, an Addition to the City of Aberdeen, as per plat recorded in Volume 1, page 125, records of Grays Harbor County;

TOGETHER WITH those portions of vacated alleys, Columbus Street, Wood Street, Front Street, Custer Street, and Lewis Street adjacent thereto, which attach by operation of law;

EXCEPTING THEREFROM that portion deeded to the City of Aberdeen, by Quit Claim Deed dated June 21, 1995, and recorded August 15, 1995, under Auditor's File No. 950816074;

Lots 1 through 4, inclusive and that portion of Lot 5, Tract 11, described as follows:

Beginning at a point 194.87 feet North 18° 44' 30" West of the southeast corner of said Lot 5;

thence North 18° 44' 30" West 65.18 feet;

thence South 66° 59' 51" West 50.20 feet;

thence South 17° 59' East 66.00 feet;

thence North 65° 42' East 50.20 feet to the place of beginning;

All in Aberdeen Tide and Shore Lands, as shown on the official map thereof filed in the Office of the Commissioner of Public Lands at Olympia, Washington;

TOGETHER WITH those portions of vacated streets which would attach thereto by operation of law.

EXHIBIT B

1. **DEFINITIONS.** For purposes of this Deed, each of the following capitalized terms shall have the meaning ascribed to such terms as set forth below:

(a) **“Aquatic Lands Lease”** means that certain Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, recorded with the Grays Harbor County Auditor’s Office under recording number 2005-06020002. The State of Washington, acting through the Department of Natural Resources (**“State”**) is the landlord and Grantor is the tenant under the Aquatic Lands Lease.

(b) **“Aquatic Lands”** means that certain property defined in the Aquatic Lands Lease, which is adjacent to and contiguous with a portion of the Property.

(c) **“Consent”** means that certain Consent to Sublease of the Aquatic Lands Lease dated of even date herewith and recorded with the Grays Harbor County Auditor’s Office, entered into between Grantor as Sublessor, Grantee as Sublessee, and State as landlord.

(d) **“Future Remedial Measures”** means any remedial actions required by applicable law, or by the State of Washington Department of Ecology or any other federal, state, or local agency with jurisdiction over environmental issues, including, but not limited to, further investigations, cleanup actions, monitoring and maintenance, and institutional controls.

(e) **“Hazardous Substance”** means any substance, which now or in the future, becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601 *et seq.*, and Washington’s Model Toxics Control Act, RCW 70.105D.010 *et seq.*, and shall include petroleum, petroleum products, and any derivatives thereof.

(f) **“Sublease”** means that certain Sublease of the Aquatic Lands Lease dated of even date herewith and recorded with the Grays Harbor County Auditor’s Office, entered into between Grantor as Sublessor and Grantee as Sublessee.

(g) **“Sublease Property”** means that certain property defined in the Sublease, which is adjacent to and contiguous with a portion of the Property.

(h) **“Sublease Property Restoration”** means that certain potential and yet to be determined environmental investigative work and other remedial and restoration action pursuant to the terms of the Aquatic Lands Lease, the Sublease, and the Consent on the Sublease Property.

(i) **“Tenant-Owned Improvements”** means those certain improvements as defined in the Aquatic Lands Lease.

(j) “**Tenant-Owned Improvement Removal Obligations**” means the requirement associated with the removal of Tenant-Owned Improvements, as defined herein, unless the requirement is waived by State in accordance with the terms of the Consent.

2. **COVENANTS AND RESTRICTIONS:**

(a) **Use of the Property.** Grantee shall not occupy or allow any other person or entity to occupy or use the Property for any purpose except in full compliance with these “**Covenants and Restrictions**”, as expressly stated herein. The parties agree that the sole permitted uses of the Property shall be those permitted by the applicable zoning code for the Property, in strict compliance with applicable law. Notwithstanding the foregoing, the Property will be forever restricted against residential use of any type, including, but not limited to, single and multi-family homes, and apartments, and shall also be forever restricted against use as a day care facility, school, or any other similar type of use, provided, Grantee’s use of the Property for transitory educational, training and interpretive programs is permitted.

(b) **Compliance with Law; Future Remedial Measures.** Grantee, at its sole cost and expense, shall comply with any and all present or future applicable laws, statutes, ordinances, codes and regulations with respect to the Property. Grantee shall be responsible for any and all known and unknown remedial or restoration requirements on the Property (“**Future Remedial Measures**”).

(c) **Release.** Grantee, and anyone claiming by, through, or under Grantee, hereby fully and irrevocably releases Grantor, and its agents and representatives, from any and all claims that it may now have or hereafter acquire against Grantor or its agents or representatives for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to any defects, errors or omissions on or in the Property, the presence of Hazardous Substances on, in or about the Property, or any other conditions (whether patent, latent, or otherwise) affecting the Property or relating to a condition of the Property. Grantee further acknowledges and agrees that this release shall be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action.

(d) **Indemnification.** Grantee and anyone claiming by, through or under Grantee agrees to indemnify, protect, defend and hold Grantor and Grantor’s agents, employees, and representatives harmless, for, from, against and regarding any and all claims, liabilities, damages, costs and expenses incurred (including reasonable attorney fees and legal expenses), that may be caused by, related to or otherwise result from change in the use of or zoning on the Property or Grantee’s violation or breach of any of the Covenants and Restrictions or failure to comply with or perform Future Remedial Measures.

(e) **Covenants to Run with Land.** The terms and restrictions of these Covenants and Restrictions shall run with the land in perpetuity.

3. **ACCESS RESERVATION.** Grantor hereby reserves unto itself, and / or its successors and assigns, an easement for ingress to and egress from the Property to the Sublease Property. In addition to ingress to and egress from, Grantor, and its successors and assigns, may

make any necessary use of the Property as needed to comply with the provisions of the Consent and the Aquatic Lands Lease as it applies to the Sublease Property. This easement shall run with the land. The term of this easement shall be perpetual and bind Grantee and Grantee's successors and assigns. Notwithstanding the foregoing sentence, this easement shall terminate upon Grantee's completion of the Sublease Property Restoration, the Tenant-Owned Improvement Removal Obligations, Grantee's obligations under the Sublease, the Consent, and the Aquatic Lands Lease, and Grantee entering into a direct lease with State on the Sublease Property. Grantor's execution and recordation of a Termination of Easement, which Grantor shall complete, at Grantee's request, promptly after Grantee's full performance of the obligations detailed in this paragraph.

4. **STORMWATER RESERVATION.** Grantor hereby reserves unto itself, its successors and / or assigns, the right for surface stormwater runoff from Grantor's property lying easterly of Parcel 1 of the Property as detailed in BLA No. 2012-12310001, to drain over and across the Property and into Shannon Slough.

EXHIBIT F

Promissory Note

PROMISSORY NOTE

\$1,000,000.00

March _____, 2013

This Promissory Note (“**Note**”) is entered into by **GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY, a Washington non-profit public corporation (“Maker”)**, and **WEYERHAEUSER NR COMPANY, a Washington corporation (“Holder”)**. Holder may, at Holder’s sole option, designate by written notice to Maker, a designee for the receipt of payments due from Maker hereunder.

RECITALS

A. Holder is the Tenant pursuant to that certain Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, recorded with the Grays Harbor County Auditor’s office under recording number 2005-06020002. The State of Washington, acting through the Department of Natural Resources (“**State**”) is the landlord under such lease (the “**Aquatic Lands Lease**”). The Aquatic Lands Lease covers certain state-owned aquatic lands containing approximately 16.96 acres (the “**Aquatic Lands**”).

B. Holder as Sublessor and Maker as Sublessee are parties to that certain Sublease of the Aquatic Lands Lease dated of even date herewith and recorded with the Grays Harbor County Auditor’s Office (the “**Sublease**”), and that certain Consent to Sublease by and between Holder, Maker, and the State of Washington, acting through the Department of Natural Resources as landlord, dated of even date herewith and recorded with the Grays Harbor County Auditor’s Office (the “**Consent**”), related to a portion of the Aquatic Lands containing approximately 14.41 acres (the “**Sublease Property**”). Pursuant to the Sublease and the Consent, Maker has agreed to complete certain environmental investigative work and other remedial and restoration action, as may be required under the terms of the Consent and the Aquatic Lands Lease.

C. The Aquatic Lands Lease requires the removal of Tenant-Owned Improvements, as defined therein, (the “**Tenant-Owned Improvements**”) unless the requirement is waived by the State pursuant to the Consent.

D. Holder and Maker are also parties to a Purchase and Sale Agreement dated March 14, 2013 (the “**Agreement**”), pursuant to which Holder as “Seller” is donating that certain property described in the Agreement (the “**Uplands Property**”), a portion of which is adjacent to the Sublease Property, to Maker as “Buyer.”

E. This Note is made and delivered pursuant to Section 6(b)(ii) of the Agreement.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. **Payment.** The entire unpaid principal amount, together with all interest and costs, including without limitation reasonable attorneys' fees, due pursuant to this Note shall be due in its entirety upon demand by Holder; provided, however, that Holder shall make no demand for payment until an Event of Default (defined below) hereunder, or earlier if Maker fails to diligently, timely, and faithfully perform and complete all covenants and obligations under this Note, and all the "**Deed of Trust Secured Obligations**" (as defined in section 9(c) of the Agreement) .

2. **Interest Rates.** Unless and until an Event of Default under this Note occurs, the principal balance due under this Note shall not accrue any interest. On and after an Event of Default under this Note, Maker will pay interest on the unpaid principal amount at the annual rate of twelve percent (12%), compounding annually, unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law.

3. **Place of Payments.** All payments under this Note shall be made to Holder or its designee at P.O. Box 9777, Federal Way, WA 98063-9777, Attention: Real Estate Services or any other address that Holder may designate by notice to Maker.

4. **Application of Payments.** All payments under this Note will apply first to any fees, costs and expenses due to Holder, then to the unpaid principal amount and finally to all accrued interest pursuant to the terms of this Note.

5. **Security.** This Note is secured by a first-priority Deed of Trust recorded against certain property owned by Maker and located in Grays Harbor County, Washington (the "**Deed of Trust**"). All amounts and obligations due and payable under this Note, together with all obligations and sums due under the Deed of Trust, all other instruments or agreements executed in connection with the Agreement, the Sublease and the Consent, including all applicable attorneys' fees and costs, are collectively referred to herein as the "**Debt.**"

6. **Events of Default.** Each of the following is an "**Event of Default**" under this Note:

- a. Maker fails to make any payment required by this Note when due;
- b. Maker fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker's debts as they become due, or makes a general assignment for the benefit of creditors;

c. A proceeding with respect to Maker is commenced under any applicable law for the benefit of creditors, including, but not limited to, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; and

d. Maker fails to complete all of **Deed of Trust Secured Obligations** or fails to perform any obligation under the Agreement.

7. **Remedies.** On and after an Event of Default under this Note, Holder may exercise the following remedies, which are cumulative and which may be exercised singularly or concurrently:

a. The whole of the Debt, including without limitation, the principal sum of this Note, all accrued interest, all late charges and all other sums due under this Note and the Deed of Trust, shall become immediately due and payable at the option of Holder, without notice;

b. Any remedy available to Holder under any agreement guaranteeing or securing the performance of any of the obligations of Maker under this Note or any of the obligations of any guarantor of this Note or any guarantor of any portion of the Debt;

c. Any remedy available pursuant to the Deed of Trust pursuant to applicable law; and

d. Any other remedy available to Holder at law or in equity.

Exercise of any allowable remedy shall not be deemed an election of remedies.

8. **Time of Essence.** Time is of the essence with respect to all dates and time periods in this Note.

9. **Amendment.** This Note may be amended only by a written document signed by the party against whom enforcement is sought.

10. **Waiver.**

a. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker's liability.

b. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder's waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision.

11. **Severability.** If a provision of this Note is determined, by a court of competent jurisdiction, to be unenforceable in any respect, the enforceability of the provision in any other

respect and of the remaining provisions of this Note will not be impaired. The parties intend and desire that any such provisions be enforceable to the full extent permitted by law.

12. **Governing Law.** This Note is governed by the laws of the State of Washington, without giving effect to any conflict-of-law principle of any jurisdiction.

13. **Venue/Jurisdiction.** Any action or proceeding arising out of this Note will be litigated in courts located in Grays Harbor County, Washington. Maker consents and submits to the jurisdiction of any local, state or federal court located in or serving Grays Harbor County, Washington.

14. **Attorneys' Fees.** If there is an Event of Default by Maker under this Note, Maker agrees to pay the reasonable attorneys' fees and other costs incurred by Holder in enforcing or commencing to enforce the provisions of this Note. In addition, if either party institutes any civil action to collect the amounts due under this Note, or to enforce any covenants or provisions of this Note, or to obtain any of the remedies provided in this Note, the prevailing party shall be entitled to recover the sum that the trial judge or appeals court may adjudge reasonable as attorneys' fees in such action, including any appeal taken by either party in such action or any claim or proceeding brought in bankruptcy.

15. **Costs and Expenses.** If an Event of Default under this Note occurs and Holder does not institute any arbitration or litigation, Maker will pay to Holder, upon Holder's demand, all reasonable costs and expenses, including, but not limited to, reasonable attorneys' fees and collection fees, incurred by Holder in attempting to collect the indebtedness evidenced by this Note.

16. **Business Purpose.** Maker acknowledges that this Note and the Debt are for business purposes and not for residential or agricultural purposes.

17. **Successors & Assigns.** This Note shall be binding upon the heirs, successors and permitted assigns (if any) of Maker, and shall inure to the benefit of Holder and its successors and assigns.

18. **Notices.** All notices or other communication under this Note shall be in writing and sent by (i) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, or (ii) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, as follows:

If to Holder:	Weyerhaeuser Company
	Attention: RES – CH1L30
via United States Mail	P.O. Box 9777
	Federal Way, WA 98063-9777
via Overnight Courier	33663 Weyerhaeuser Way South
	Federal Way, WA 98003

If to Maker:
via United States Mail

Grays Harbor Historical Seaport Authority
P.O. Box 2019
Aberdeen, WA 98520

Overnight Courier

500 North Custer Street
Aberdeen, WA 98520

The addresses above may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of the notice.

19. **Public Corporation.** The Grays Harbor Historical Seaport Authority is organized pursuant to RCW 35.21.730-755 and the Aberdeen City Code Chapter 1.98. RCW 35.21.750 provides as follows: All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and credit of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Maker and Holder have duly executed this Promissory Note to be effective the day and year first above written.

Maker:

GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY,
a Washington Non-Profit Public Corporation

Laura Pilgrim Rust
Chairperson of the Board of Directors
Dated: _____, 2013

NOTICE. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Accepted by:

Holder:

WEYERHAEUSER NR COMPANY,
a Washington corporation

Sandy D. McDade
Senior Vice President

EXHIBIT G

Deed of Trust

After recording, please return to:

WEYERHAEUSER NR COMPANY
ATTENTION: LAND TITLE – CH 1F23
PO BOX 9777
FEDERAL WAY WA 98063-9777

**Until a change is requested, all
tax statements should be mailed to:**

No Change

Document Title: **Deed of Trust**

Grantor(s) 1. Grays Harbor Historical Seaport Authority, a Washington non-profit public corporation
Grantee(s) 1. Weyerhaeuser NR Company, a Washington corporation
Legal Description Ptn Gov. Lots 10, 11 & 12; Ptn SE ¼ W & Ptn of Sec. 2 of the SE ¼ & vac. Sec. 11 T17N R 9W The full legal description is included on <u>Exhibit A</u> of the document.
Assessor's Property Tax Parcel or Account Number 170911440000
Reference Numbers of Documents Assigned or Released N/A

DEED OF TRUST

Date: March ___, 2013

Among: Grays Harbor Historical Seaport Authority (“Grantor”)
Via United States Mail P.O. Box 2019
Aberdeen, WA 98520

Via Overnight Courier 500 North Custer Street
Aberdeen, WA 98520

and: Weyerhaeuser NR Company (“Beneficiary”)
Via United States Mail P.O. Box 9777
Federal Way, WA 98063-9777

Via Overnight Courier 33663 Weyerhaeuser Way South
Federal Way, WA 98003

and: Grays Harbor Title Company (“Trustee”)
P. O. Box 386
Aberdeen, WA 98520

Grantor, pursuant to a Promissory Note (defined below) and the agreements referenced therein, and in consideration of the indebtedness and obligations recited in the Promissory Note and the trust created in this Deed of Trust, irrevocably grants and conveys to Trustee, in trust, with power of sale, the property located in Grays Harbor County, Washington, which is more particularly described in attached **Exhibit A**, which is incorporated herein by this reference (the “**Land**”);

TOGETHER with all the improvements now or hereafter erected on the Land (including without limitation any subdivision thereof), and all easements, rights, appurtenances, rents (subject however to the rights and authorities given in this Deed of Trust to Beneficiary to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the Land, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with the Land are referred to in this Deed of Trust as the “**Property**.”

TO SECURE to Beneficiary (a) the payment of all amounts due and the performance of all obligations under that certain Promissory Note dated on or about the date hereof (the “**Promissory Note**”) and any extension or amendment thereof; (b) the performance of all of the “**Deed of Trust Secured Obligations**” (as defined in Section 1 of the Promissory Note), including but not limited to Grantor’s obligations to perform certain environmental investigative work and other remedial and restoration action, and removal of Tenant-Owned Improvements, as those terms are defined in the Aquatic Lands Lease (defined below) and to perform all obligations of Grantor with regard to certain property (the “**Sublease Property**”) located in the State of Washington, County of Grays

Harbor, which is a portion of the property that is subject to the Aquatic Land Lease. On or about the date hereof, Grantor as Sublessee has or will enter into a Sublease with Beneficiary as Sublessor for the Sublease Property (the “**Sublease**”) and the Consent to Sublease by and between Grantor, Beneficiary and the State of Washington, acting through the Department of Natural Resources, as landlord (the “**Consent**”), related to that certain Aquatic Lands Lease No. 22-A02150, which commenced on March 11, 2000, recorded with the Grays Harbor County Auditor’s office under recording number 2005-06020002; (c) the performance of all of Grantor’s obligations and performances due pursuant to that certain Purchase and Sale Agreement dated effective March 14, 2013 (the “**Agreement**”) (d) the repayment of all other sums, with interest thereon, advanced in accordance with the terms of this Deed of Trust to protect the security of this Deed of Trust; and (e) the performance of the covenants and agreements of Grantor contained in this Deed of Trust (collectively, the “**Obligations**”).

GRANTOR COVENANTS that (a) Grantor is lawfully seized of the estate conveyed by this Deed of Trust and has the right to grant and convey the Property; (b) the Property is unencumbered, except for the matters of record listed on **Exhibit B** attached hereto and incorporated herein (“**Prior Encumbrances**”); and (c) Grantor will warrant and defend the title to the Property against all claims and demands, subject to any Prior Encumbrances and the lien of this Deed of Trust.

Grantor and Beneficiary covenant and agree as follows:

1. **Payment of Obligations.** Grantor shall promptly pay when due the amounts due pursuant to the Promissory Note; shall promptly pay any other charges as provided in this Deed of Trust and the principal of and interest on any other advances secured by this Deed of Trust; and shall timely satisfy all of the Obligations hereunder.

2. **Application of Payments.** All payments received by Beneficiary under the Promissory Note and Section 1 above shall be applied by Beneficiary as set forth in the Promissory Note.

3. **Taxes, Assessments and Liens.** Grantor shall pay as and when due all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents (if any) by Grantor making payments, when due, directly to the payee thereof. If requested by Beneficiary, Grantor shall promptly furnish to Beneficiary all notices of amounts due under this Section 3 and receipts evidencing such payments. Grantor may pay taxes and assessments pursuant to the assessor’s installment schedule. Grantor shall promptly discharge any lien which has priority over this Deed of Trust, except any Prior Liens.

4. **Insurance.**

a) **Requirement to Maintain Property and Liability Insurance.** Grantor shall obtain and maintain at all times “all risk” property insurance, together with endorsements for replacement cost, inflation adjustment, and all other endorsements as Beneficiary may from time to time require, all in amounts not less than the full replacement value of all improvements now existing or hereafter erected on the Property, without reduction for co-insurance. Grantor shall obtain and maintain at all times a comprehensive general liability insurance policy from a

responsible company acceptable to Beneficiary, in Beneficiary's sole discretion, covering injuries to all persons, damage to property personal and advertising injury liability, and medical payments. The limits shall be no less than One Million Dollars (\$1,000,000) for injury to one person, with a combined single limit of Two Million Dollars (\$2,000,000) per occurrence and One Million Dollars (\$1,000,000) for damage to property. Such insurance shall cover all risks arising directly or indirectly out of Grantor's activities on, or any condition of the Property, whether or not related to an occurrence caused or contributed to by Beneficiary's negligence. Such insurance shall name Beneficiary as an additional insured. Certificates evidencing such insurance and bearing endorsements requiring 30 days' written notice to Beneficiary prior to any change or cancellation for cause shall be furnished to Beneficiary.

b) **Insurance Carrier; Premium Payments.** The insurance carrier or carriers providing the insurance shall be chosen by Grantor subject to approval by Beneficiary. All premiums on insurance policies shall be paid by Grantor making payment, when due, directly to the insurance carrier.

c) **Form of Policies; Proof of Loss.** All insurance policies and renewals thereof shall be in forms acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary shall have the right to hold the policies and renewals thereof, and Grantor shall promptly furnish to Beneficiary all renewal notices and all receipts of paid premiums. In the event of loss, Grantor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor.

d) **Proceeds.** Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restoration of the Property damaged, if restoration is economically feasible based upon fixed bids for restoration from the insurance proceeds, but if restoration is not economically feasible the insurance proceeds shall be applied to the sums secured by this Deed of Trust subject to the rights of any Prior Lienholders (defined below), if any. If the Property is abandoned by Grantor, or if Grantor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Grantor indicating that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option to restoration of the Property or to the sums secured by this Deed of Trust.

e) **No Postponement of Payments; Right to Proceeds.** Unless Beneficiary and Grantor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payments referred to in Section 1 of this Deed of Trust or change the amount of such payments. If under Section 15 of this Deed of Trust the Property is acquired by Beneficiary, all right, title and interest of Grantor, or Grantor in and to any insurance policies, and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

f) **Insurance Warning.**

i) Unless Grantor provides Beneficiary with evidence of the insurance coverage required by this Deed of Trust, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Beneficiary purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

ii) Grantor is responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to the Obligations. If the cost is added to the Obligations, the interest rate on the Promissory Note will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

iii) The coverage Beneficiary purchases may be considerably more expensive than insurance Grantor can obtain on its own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

5. **Compliance with Laws.** Grantor represents, warrants, and covenants that: (a) the Property, has been or will be developed, and all improvements located on the Property, if any, have been or will be constructed and maintained, in full compliance with all applicable laws, statutes, ordinances, regulations, and codes of all federal, state, and local governments (collectively "Laws"), and all covenants, conditions, easements, and restrictions affecting the Property (collectively "Covenants"); and (b) Grantor and its operations upon the Property currently comply, and will hereafter comply in all material respects with all applicable Laws and Covenants.

6. **Environmental Covenants, Warranties and Compliance.**

a) **Environmental Law Definition.** For purposes of this Deed of Trust, "Environmental Law" means any federal, state, or local law, statute, ordinance, or regulation pertaining to Hazardous Substances (defined below), health, industrial hygiene, or environmental conditions, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended, 42 USC §9601-9675, the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, 42 USC §§6901-6992, and Washington's Model Toxics Control Act, RCW 70.105D.010 *et seq.*

b) **Hazardous Substance Definition.** For the purposes of this Deed of Trust, "Hazardous Substance" includes, without limitation, any material, substance, or waste that is or becomes regulated or that is or becomes classified as hazardous, dangerous, or toxic under Environmental Law or any other federal, state, or local statute, ordinance, rule, regulation, and shall include petroleum, petroleum products, and any derivatives thereof.

c) **No Generation or Use.** Grantor will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Property or the Property's groundwater, or transport to or from the Property, any Hazardous Substance and will not permit

any other person to do so, except for such Hazardous Substance that may be used in the ordinary course of Grantor's business in diminimis amounts and in compliance with all Environmental Law, including, but not limited to, those relating to licensure, notice, and recordkeeping.

d) **Compliance**. Grantor will keep and maintain the Property in compliance with, and shall not cause or permit all or any portion of the Property, including groundwater, to be in violation of any Environmental Law or any encumbrance.

e) **Indemnification**. Grantor and anyone claiming by, through or under Grantor agrees to hold Beneficiary, and its heirs, successors, and assigns, harmless from, indemnify them for, and defend them against any and all losses, damages, liens, costs, expenses, and liabilities directly or indirectly arising out of or attributable to any violation of any Environmental Law, any breach of Grantor's warranties in this Section 6, or the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under, or about the Property, including without limitation the costs of any required repair, cleanup, containment, or detoxification of the Property, the preparation and implementation of any closure, remedial or other required plans, attorneys' fees and costs (including, but not limited to, those incurred in any proceeding and in any review or appeal), fees, penalties, and fines.

f) **Representations**. Grantor represents and warrants to Beneficiary that, except as otherwise set forth in restrictive covenants and reports detailed in the Declaration of Restrictive Covenant between Grantor and Department of Ecology, dated December 9, 2003 and recorded on January 25, 2004 under Grays Harbor County Auditor recording number 2004-01260009, a copy of which has been provided to Grantee and acknowledged hereby: (a) neither the Property nor Grantor are in violation of or subject to any existing, pending, or threatened investigation by any governmental authority under any Environmental Law; (b) Grantor has not and is not required by any Environmental Law to obtain any permit or license other than those it has obtained to construct or use the improvements located on the Property; and (c) to the best of Grantor's knowledge, no Hazardous Substance has ever been used, generated, manufactured, produced, stored, released, discharged, or disposed of on, under, or about the Property in violation of any Environmental Law.

g) **Survival**. All representations, warranties, and covenants in this Section 6 shall survive the satisfaction of the Obligations, the reconveyance of the Property, or the foreclosure of this Deed of Trust by any means.

7. **Preservation and Maintenance of Property**. Grantor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property, and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold.

8. **Protection of Beneficiary's Security**.

a) **Appearances; Disbursements**. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, or, notwithstanding Section 3 of this Deed of Trust, if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, including, but not limited to, construction lien foreclosure, eminent domain, insolvency,

code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary, at Beneficiary's option, may make such appearances, disburse such sums and take such action as is necessary to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable costs and attorneys' fees, and entry upon the Property to make repairs.

b) **Interest on Disbursements.** Any amounts disbursed by Beneficiary pursuant to this Section 8, with interest thereon, shall become additional indebtedness of Grantor secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof, and shall bear interest from the date of disbursement at the rate of twelve percent (12%) per annum, unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this Section 8 shall require Beneficiary to incur any expense or take any action under this Deed of Trust.

9. **Inspection.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property during business hours after prior written notice to Grantor.

10. **Condemnation.**

a) **Assignment of Proceeds.** The proceeds of any award or claim for damages, direct or consequential, in connection with condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the rights of any prior lienholders up to the sum of the Note.

b) **Total and Partial Taking.** In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by any Prior Encumbrances and this Deed of Trust, with the excess, if any, paid to Grantor up to the amount of the Note. In the event of a partial taking of the Property, unless Grantor and Beneficiary otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking with the balance of the proceeds paid to Grantor.

c) **Property is Abandoned; Failure to Respond.** If the Property is abandoned by Grantor, or if, after notice by Beneficiary to Grantor that the condemnor offers to make an award or settle a claim for damages, Grantor fails to respond to Beneficiary within 30 days after the date such notice is mailed, Beneficiary is authorized to collect and apply the proceeds, at Beneficiary's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

d) **No Postponement of Payments.** Unless Beneficiary and Grantor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payments referred to in Section 1 of this Deed of Trust or change the amount of such payments.

11. **Grantor Not Released.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor or

any of the successors in interest of Grantor. Beneficiary shall not be required to commence proceedings against such successor, refuse to extend time for payment, or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor or Grantor's successors in interest.

12. **Forbearance by Beneficiary Not a Waiver.** Any forbearance by Beneficiary in exercising any right or remedy under this Deed of Trust, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

13. **Remedies Cumulative.** All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

14. **Due on Sale.** If all or any part of the Property or any interest in the Property is sold, transferred, assigned, conveyed, pledged, hypothecated, or given, either voluntarily or involuntarily, or by operation of law, without Beneficiary's prior written consent, or in the event of a default with respect to any Prior Encumbrances, and if any lien or encumbrance subordinate to the lien of this Deed of Trust is placed or allowed to remain on the Property which adversely affects the lien of this Deed of Trust, Beneficiary may, at Beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable, and seek any and all other remedies available under this Deed of Trust, the Promissory Note or under applicable law.

15. **Default and Remedies.**

a) **Events of Default.** Each of the following shall constitute an "Event of Default" under this Deed of Trust:

i) **Nonpayment.** Failure of Grantor to pay any of the Obligations on or before the due date.

ii) **Breach of Other Covenants.** Failure of Grantor to perform or abide by any other covenant included in the Obligations, including without limitation those covenants relating to the performance of the Deed of Trust Secured Obligations, and those set forth in the Promissory Note, in this Deed of Trust or in any other loan document or agreement between Grantor and Beneficiary and the failure to cure any such nonperformance within any applicable cure period.

iii) **Other Default.** The occurrence of any other event of default under the Promissory Note or any of the other Obligations.

iv) **Other Liens.** The occurrence of any default under the terms and conditions of any Prior Encumbrances or any subordinate lien authorized in writing by Beneficiary.

b) **Remedies.**

i) **Acceleration.** Upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law.

ii) **Sale by Trustee.** If Beneficiary invokes the power of sale, Beneficiary shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold, and shall cause such notice to be recorded in Grays Harbor County. Beneficiary or Trustee shall give notice of sale in the manner prescribed by applicable law to Grantor and to the other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Grantor, or Grantor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

iii) **Trustee's Deed.** Trustee shall deliver to the purchaser, a Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee and attorneys' fees and costs of title evidence; (b) to all sums secured by any Prior Encumbrances, if any; (c) to all sums secured by this Deed of Trust; and (d) the excess (if any) to the person or persons legally entitled thereto.

iv) **Other Remedies.** Beneficiary may exercise any other rights or remedies available to Beneficiary under this Deed of Trust, the Agreement, or any other loan document or agreement between Grantor and Beneficiary, or otherwise allowed under applicable law.

v) **Cumulative Remedies.** All remedies under this Deed of Trust are cumulative and not exclusive. Any election to pursue one remedy shall not preclude the exercise of any other remedy. An election by Beneficiary to cure shall not constitute a waiver of the default or of any of the remedies provided in this Deed of Trust. No delay or omission in exercising any right or remedy shall impair the full exercise of that or any other right or remedy or constitute a waiver of the default.

vi) **Costs and Expenses.** Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including, but not limited to, reasonable costs and attorneys' fees, as provided below in Section 21.5.

16. **Right to Reinstate.** Notwithstanding Beneficiary's acceleration of the Obligations secured by this Deed of Trust, Grantor shall have the right to cure and reinstate this Deed of Trust pursuant to the provisions of RCW 61.24.090. Upon such cure and reinstatement by Grantor, this

Deed of Trust and the Obligations secured by this Deed of Trust shall remain in full force and effect as if no acceleration had occurred.

17. **Assignment of Rents; Appointment of Receiver; Beneficiary in Possession.** As additional security under this Deed of Trust, Grantor hereby assigns to Beneficiary the rents of the Property (if any), provided that Grantor shall, prior to acceleration under Section 15 of this Deed of Trust or abandonment of the Property, have the right to collect and retain such rents as they become due and payable. Upon acceleration under Section 15 of this Deed of Trust or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property (if any), including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver fees, premiums on receiver's bonds and reasonable attorneys' fees and costs, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents actually received.

18. **Reconveyance.** Upon satisfaction of all of the Trust Deed Reconveyance Conditions (as defined below), Beneficiary shall promptly request Trustee to reconvey the Property. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The "**Trust Deed Reconveyance Conditions**" are as follows:

a) Grantor shall have fully completed all the "**Sublease Property Restoration**" and all the "**Tenant-Owned Improvement Removal Obligations**" as those terms are defined in the Agreement;

b) Grantor as lessee shall have entered into a direct lease with the State of Washington, acting through the Department of Natural Resources, as landlord, for the Sublease Property;

c) Beneficiary shall have been released from liability and all obligations under the Aquatic Lands Lease with regard to the Sublease Property;

d) Grantor shall have faithfully and fully performed all of the Obligations.

Upon reconveyance of the Property as provided herein, the Promissory Note shall be cancelled.

19. **Substitute Trustee.** In accordance with applicable law, Beneficiary may from time to time remove Trustee and appoint a successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee in this Deed of Trust and by applicable law.

20. **Escrow of Sale Proceeds; Grant of Security Interest.** Beneficiary agrees that in the event the sale of all or any portion of the Property prior to Grantor's performance of all Obligations, proceeds up to the full amount due hereunder may be held in an escrow solely for the purposes of securing completion of the Obligations and as continuing security for all Obligations. Grantor hereby grants a continuing security interest in any such sale proceeds and agrees and

covenants to enter into a deposit control account agreement or other written agreement, as required in Beneficiaries sole discretion, to confirm and perfect its ongoing security interest in any sale proceeds.

21. **Miscellaneous.**

a) **Notices.** Except for any notice required under applicable law to be given in another manner, (i) any notice to Grantor provided for in this Deed of Trust shall be given by certified mail, return receipt requested, first class postage prepaid, to Grantor at Grantor's address stated on the first page of this Deed of Trust, or to such other address that Grantor may designate by notice to Beneficiary as provided in this Deed of Trust, and (ii) any notice to Beneficiary shall be given by certified mail, return receipt requested, first class postage prepaid, to Beneficiary at Beneficiary's address stated on the first page of this Deed of Trust or to such other address as Beneficiary may designate by notice to Grantor as provided in this Deed of Trust. Any notice provided for under this Deed of Trust shall be in writing and sent by (1) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail; or (2) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier.

b) **Business Purposes.** The sums borrowed pursuant to the Promissory Note shall be used for business or commercial purposes and not primarily for agricultural use or for Grantor's personal, household or family purposes.

c) **Governing Law.** The provisions of this Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.

d) **Successors and Assigns Bound; Captions.** The covenants and agreements contained in this Deed of Trust shall bind, and the rights under this Deed of Trust shall inure to, the respective successors, heirs, and assigns of Beneficiary and Grantor. The captions and headings of the sections of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions of this Deed of Trust.

e) **Attorneys' Fees.** If Beneficiary refers any of the Obligations to an attorney for collection or seeks legal advice following a default; if Beneficiary is the prevailing party in any litigation instituted in connection with any of the Obligations; or if Beneficiary or any other person initiates any judicial or non-judicial action, suit, or proceeding in connection with any of the Obligations or the Property (including, but not limited to, proceedings under federal bankruptcy law, eminent domain, under probate proceedings, or in connection with any state or federal tax lien), and an attorney is employed by Beneficiary to (i) appear in any such action, suit, or proceeding, or (ii) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve, or enforce Beneficiary's interests, then in any such event Grantor shall pay reasonable attorneys' fees, costs, and expenses incurred by Beneficiary or its attorney(s) in connection with the above-mentioned events or any appeals related to such events, including, but not limited to, costs incurred in searching records, the cost of title reports, and the cost of surveyors' reports. Such amounts shall be secured by this Deed of Trust and, if not paid upon demand, shall bear interest at the rate specified in Section 8(b).

f) **Standard for Discretion.** In the event this Deed of Trust is silent on the standard for any consent, approval, determination, or similar discretionary action, the standard shall be interpreted to mean the Beneficiary's sole and absolute discretion.

g) **Conflicts.** In the event that the terms and conditions of this Deed of Trust conflict in any way with the terms and conditions of any Prior Encumbrances, the terms and conditions of such Prior Encumbrances shall control.

h) **Time is of the Essence.** Time is of the essence with respect to all covenants and obligations of Grantor under this Deed of Trust.

i) **Public Corporation.** The Grays Harbor Historical Seaport Authority is organized pursuant to RCW 35.21.730-755 and the Aberdeen City Code Chapter 1.98. RCW 35.21.750 provides as follows: All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and credit of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the day and year first above written.

GRAYS HARBOR HISTORICAL SEAPORT
AUTHORITY, a Washington non-profit
public corporation

By: Laura Pilgrim Rust, Chairperson of the
Board of Directors

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

I certify that I know or have satisfactory evidence that Laura Pilgrim Rust is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Chairperson of the Board of Directors of Grays Harbor Historical Seaport Authority to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

(Signature)

(Print Name)

Notary Public in and for the State of Washington,
residing at _____

My appointment expires _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Government Lot 10 in Section 11, Township 17 North, Range 9 West of the Willamette Meridian;

EXCEPT right-of-way of the Northern Pacific Railway Company (now Burlington Northern, Inc.);

ALSO EXCEPT a strip of land 60 feet in width running across said lot which was conveyed to the City of Aberdeen by deed recorded February 18, 1946, by Auditor's File No. 454983;

ALSO;

Government Lot 11 in Section 11, Township 17 North, Range 9 West of the Willamette Meridian;

ALSO;

Government Lot 12 in Section 11, Township 17 North, Range 9 West of the Willamette Meridian;

EXCEPT a strip of land 60 feet in width running across said lot which was conveyed to the City of Aberdeen by deed recorded February 18, 1946, by Auditor's File No. 454983;

ALSO;

The South Half of the Southeast Quarter, AND

The Southeast Quarter of the Southwest Quarter of Section 11, Township 17 North, Range 9 West of the Willamette Meridian;

Situate in the County of Grays Harbor, State of Washington.

EXHIBIT B

PRIOR ENCUMBRANCES

4. Easement, and the terms, covenants and provisions thereof for electric transmission and/or distribution line, together with wires for telephone purposes and together with necessary appurtenances, as granted by instrument;
Recorded: September 24, 1946
File No.: 464148, Volume 270 of Deeds, page 128
To: Public Utility District No. 1 of Grays Harbor County, Washington

5. Easement, and the terms, covenants and provisions thereof for electric transmission and/or distribution line, together with wires for telephone purposes, to place and use two parallel pole lines whose centers are 50 feet apart and the right to clear 100 foot right-of-way of all trees which might endanger the same and together with necessary appurtenances, as granted by instrument;
Recorded: October 6, 1948
File No.: 493830, Volume 296 of Deeds, page 425
Grantee: Public Utility District No. 1 of Grays Harbor County, Washington

6. Reservations contained in instrument recorded May 20, 1957, under Auditor's File No. 20477, Volume 374 of Deeds, page 585, substantially as follows:

"Reserving all oil, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing, and working the same; and providing that such rights shall not be exercised until provision has been made for full payment of all damages sustained by reason of such entry.

7. Agreement, and the terms and conditions thereof;
Recorded: January 30, 1974
File No.: 46765, Volume 127 of General, page 342
Between: Alexander Snell and Mary Snell, husband and wife; and Port of Grays Harbor, a municipal corporation; and Public Utility District No. 1 of Grays Harbor County, Washington, a municipal corporation; and Weyerhaeuser Company, a Washington corporation
For: requiring Snells to perform certain repairs and improvements to the roadway and ditches. Snell grants to the P.U.D. the right to the use of the road upon the property for the purpose of maintaining the power line adjacent to said road. Snell hereby grants to the Port the right to place dredging spoils dredged from the Grays Harbor estuary in the Chehalis River on the property and for this purpose does permit the Port employees and representatives to construct dikes, lay disposal pipes and appurtenances upon the property all in reasonable fashion for the purpose of depositing such dredging spoils.

8. Easement, and the terms and conditions thereof;
Recorded: March 15, 1974
File No.: 48499, Volume 130 of General, page 314
Grantee: Public Utility District No. 1 of Grays Harbor County, Washington
For: ingress and egress purposes upon, across, over and/or under the existing roads.
Easement right of access shall be over existing roads or roads which may be constructed in the future located upon the above described property. Grantor shall have the right to relocate existing roads to suit their future needs provided and on the condition that equivalent roads are constructed by Grantor at their cost to provide Grantee equivalent access.

9. Reservations, and the terms and conditions thereof;
Recorded: January 31, 1975
File No.: 61278, Volume 149 of General, page 354
Reserved by: Alexander R. Snell and Mary H. Snell whose names also appear of record as A. R. Snell and Mary Snell, husband and wife .
As follows: Sellers reserve all oil, gas fossils, and mineral rights; shall retain buildings, machinery and wooden bridge (with planks) with a one (1) year right of removal; retain a right-of-way over the existing road for access to property owned by them to the South, and agree that maintenance of said road shall be shared and prorated in relation to the use made of such road by the parties.

10. Easement, and the terms and conditions thereof;
Recorded: May 11, 2000
File No.: 2000-05110024
Grantee: Grays Harbor Audubon Society, a non Profit Corporation
For: an easement for ingress and egress over and across the existing PUD road and the former County Road located on herein described property

11. Restrictive Covenant Grays Harbor Historical Seaport Authority, Seaport Property, and the terms and conditions thereof;
Recorded: February 11, 2004
File No.: 2004-02110024
As follows: restrictive covenant is required because the Remedial Action will result in solid waste remaining on the property beneath a soil cover and because concentrations of residual petroleum hydrocarbons and some metals exceed the Model Toxic Control Act Method A Cleanup Level for soil and groundwater.

Said Restrictive Covenant is a rerecording of Restrictive Covenant recorded under Auditor's File No. 2004-01260009. Said document was rerecorded to add Exhibit D.

EXHIBIT H

Bill of Sale

THIS BILL OF SALE (“**Bill of Sale**”) is made, executed and delivered effective as of the ____ day of March, 2013 (the “**Effective Date**”), for the sum of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration by and between WEYERHAEUSER NR COMPANY, a Washington corporation (“**Seller**”), and GRAYS HARBOR HISTORICAL SEAPORT AUTHORITY, a Washington non-profit public corporation (“**Buyer**”). Unless otherwise defined herein, capitalized terms appearing in this Bill of Sale shall have the meanings ascribed to such terms in the Purchase and Sale Agreement dated March 14, 2013 (“**Agreement**”) by and between the Buyer and Seller.

WHEREAS, in connection with the Agreement, Seller desires to sell, transfer, assign and otherwise grant unto Buyer the Personal Property, more specifically defined on the attached Exhibit H-1, and Buyer desires to purchase, accept and receive the Personal Property pursuant to the terms and conditions of the Agreement, on and subject to the terms and conditions set forth in this Bill of Sale;

NOW THEREFORE, pursuant to the Agreement and in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed:

1. **Sale of Personal Property.** Seller hereby absolutely and irrevocably conveys, grants, bargains, sells, transfers, assigns, delivers and confirms unto Buyer, its successors and assigns, all of Seller’s right, title and interest in and to the Personal Property to have and to hold all said rights, privileges, properties and assets hereby assigned, transferred and conveyed unto Buyer, its successors and assigns, forever.

THE PERSONAL PROPERTY IS CONVEYED IN ITS “AS IS, WHERE IS” CONDITION, WITH ALL FAULTS AND EXCLUDING WARRANTIES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTY OF MERCHANTABILITY, THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, OR OTHER WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY.

2. **Binding Effect.** This Bill of Sale will be binding upon, and will inure to the benefit of, the Seller, Buyer, and their respective successors and assigns.

3. **Governing Law.** This Bill of Sale will be governed by and construed and enforced in accordance with the internal laws of the State of Washington, without regard to its conflicts of laws principles.

4. **Counterparts.** This Bill of Sale may be executed by original signature in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

5. **Agreement.** Nothing contained in this Bill of Sale will be deemed or construed as relieving the Seller or Buyer of their respective duties and obligations under the Agreement.

6. **Notices and Consents.** Each Party shall sign and give such notices and consents as shall be necessary to confirm the provisions of this Bill of Sale to any other persons having rights or obligations, as the other may execute and deliver to the other such agreements as the other may reasonably require to make this Bill of Sale effective.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Seller and Buyer have caused this Bill of Sale to be duly executed and delivered as of the day, month and year first above written.

(“Seller”)
WEYERHAEUSER NR COMPANY,
a Washington corporation

By: _____
Sandy D. McDade
Senior Vice President

(“Buyer”)
GRAYS HARBOR HISTORICAL SEAPORT
AUTHORITY, a Washington non-profit public
corporation

By: _____
Laura Pilgrim Rust
Chairperson of the Board of Directors

EXHIBIT H-1

Personal Property

Any and all Personal Property found on the Property as of the Closing Date.