

Nathan Torgelson
DPR Bldg 11 Lease Amend ORD EXH H
March 17, 2011
Version #3

**EXHIBIT H
LETTER OF INTENT
BETWEEN BUILDING 11 LLC AND SAIL SAND POINT**

BUILDING 11 LLC
NORTHSHORE RECREATION DISTRICT
MAGNUSON PARK

August 25, 2008

Mr. Jeff Reinhold
Sail Sand Point
Building 11
Magnuson Park

RE: Building 11, Magnuson Park LEASE PROPOSAL

Dear Jeff:

This non-binding proposal outlines the general terms and conditions that Building 11 LLC ("Landlord") will enter into Lease negotiations with Sail Sand Point, a Washington non-profit corporation ("Tenant"). Upon mutual acceptance of the general terms set forth herein, the Landlord shall draft a definitive lease agreement ("Lease") for review and approval. There shall be no agreement between the Landlord and Tenant until after the Landlord has delivered a fully accepted Lease to the Tenant, but both Landlord and Tenant agree to keep the terms of this proposal confidential. The business points of this proposal follow below.

PROJECT: Building 11 is a 58,700 sf two-story building located on the north end of Magnuson Park in Seattle, Washington. Landlord intends to enter into a master lease with the City of Seattle, and sub-lease individual spaces to parks-oriented tenants. The legal description and site location are attached hereto as Exhibit A-1 and Exhibit A-2, respectively.

LANDLORD: Building 11 LLC
2620 Second Avenue
Seattle, WA 98121
206-973-1304
206-985-0102 fax

TENANT: Sail Sand Point
7777 62nd Avenue NE #101
Seattle, WA 98115

Tel. : 206-525-8782
Email: morgan@sailsandpoint.org

TRADE NAME: Sail Sand Point

Sail Sand Point LOI

August 11, 2008

BUILDING 11 LLC
NORTHSHORE RECREATION DISTRICT
MAGNUSON PARK

LEASE PREMISES:	Space XXX containing approximately 2,572 square feet shown as hi-lighted on the attached Exhibit C. Square footage will be confirmed by actual measurement.
LEASE TERM:	Ten (10) years, with seven options of five (5) years each to extend the lease, on the same terms and conditions as the original lease, exercised at Tenant's option, with notification no less than 180 days prior to the end of the then-current lease term.
LEASE COMMENCEMENT DATE:	On the Commencement Date of the lease between Building 11 LLC and the City of Seattle, estimated to be around July 1, 2009. This Date shall coincide with the termination date of the existing Concession Agreement between Sail Sand Point and the City of Seattle, as it may be extended.
RENT COMMENCEMENT DATE:	On the Lease Commencement Date.
TERMINATION DATE:	Tenth (10 th) anniversary from Rent Commencement Date.
TENANT IMPROVEMENT PERIOD:	None. Tenant will maintain continuous occupancy, and Landlord will undertake renovation work as required.
FIXED MINIMUM RENT:	Year 1: \$12.00 per square foot per year. Years 2 through 10: Annual rent increases equal to 3% of the Fixed Minimum Rent on each anniversary date. Option terms: Annual 3% increases, as in the base term.
TAXES, INSURANCE, COMMON AREA MAINTENANCE CHARGES:	Landlord is responsible for Leasehold Excise Tax, if any, insurance and common area expenses.
UTILITIES AND HVAC CHARGES FOR TENANT'S PREMISES:	Tenant will be responsible for any utilities that are individually-metered for Tenant's space, for which Tenant can be billed directly by utility provider. Landlord shall be responsible for all utilities that are shared with other tenants, or that apply to the common areas.
ADDITIONAL RENT:	Tenant will pay as additional rent an amount that is 25% of the actual gross rental income from dry boat storage in excess of a baseline of \$70,000.00 per year. This amount

BUILDING 11 LLC
NORTSHORE RECREATION DISTRICT
MAGNUSON PARK

shall be payable semi-annually in March and September
for the preceding calendar half-year.

PERMITTED USES:

A non-motorized small-craft center with boat rentals, dry
moorage, classes and training programs and other water-
related activities available to members and to the general
public.

SECURITY DEPOSIT:

None.

GUARANTOR:

None.

**ADDRESS OF
GUARANTOR:**

None.

**DESCRIPTION OF
LANDLORD'S AND
TENANT'S WORK:**

Landlord will remodel the premises sufficiently to comply
with all applicable building codes. Landlord will provide
new electrical service and new HVAC systems. Additional
improvements shall include interior and exterior paint, and
selective door and window replacement.

**BROKERS COMMISSION;
AGENCY DISCLOSURE:**

Neither Landlord nor Tenant is represented by Brokers, so
no commissions are due to any third parties.

PARKING:

Tenant, Tenant's guests and invitees may use the
available parking on a non-exclusive basis. Under
Landlord's Lease with the City of Seattle, City is to
provided and maintain 300 parking spaces adjacent to the
building for use of Building 11 tenants and guests.

OTHER CONDITIONS

Financials:

This letter of intent to lease space shall be contingent upon
the Landlords acceptance of the Tenant's financial
condition. The Tenant shall submit a current balance
sheet and income statements for the business for the last
three years.

Signage:

Nathan Torgelson
DPR Bldg 11 Lease Amend ORD EXH H
March 17, 2011
Version #3

BUILDING 11 LLC
NORTHSHORE RECREATION DISTRICT
MAGNUSON PARK

Subject to Landlord criteria and sign codes to be developed by the City of Seattle and the Landlord.

Additional City Lease:

The Lease shall be contingent on Sail Sand Point and the City of Seattle executing a separate lease for the exclusive use of covered moorage in Building 31, dry boat storage area as shown on Exhibit C, and the non-exclusive use of Building 275, for a similar term and duration.

**EXCLUSIVE
NEGOTIATIONS BASED
UPON LETTER:**

This is a non binding Proposal except that, upon full acceptance by the Landlord and Tenant, both agree to cooperate with each other and exercise good faith to negotiate, prepare and execute a mutually acceptable Lease.

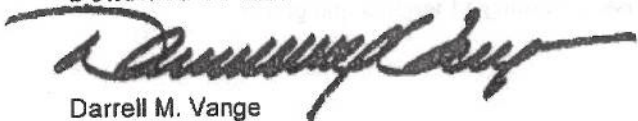
**ACCEPTANCE OF THIS
PROPOSAL:**

Tenant shall have until 5:00 PM Pacific Time September 2, 2008, for its acceptance of the general business terms set forth in this proposal.

We hope that this Proposal meets with your approval. We started this process in an effort to save Sail Sand Point at its current location, and hope that this agreement will signal to the City our genuine intent for the Building 11 project to be a water-oriented recreational center.

Sincerely,

BUILDING 11 LLC


Darrell M. Vange
Manager

Landlord:	Tenant:
Approved and accepted this	Approved and accepted this
<u>27</u> day of <u>Aug</u> , 2008	<u>31</u> day of August, 2008
Building 11 LLC	Sail Sand Point
By 	By <u>Jeff Reinhold, Pres</u>
Its: <u>Magnuson</u>	By <u>Jeff Reinhold, Pres</u>

Sail Sand Point LOI

Page

August 11, 2008