

2-17-88
CJL:TMC:tg

INTRODUCED BY LOIS NORTH
AUDREY GRUGER
PROPOSED NO. 88-204

MOTION NO. 7150

A MOTION authorizing the county executive to enter into a lease agreement, renting certain premises to the Shoreline Public Schools.

WHEREAS, King County has recently negotiated the acquisition of the Cromwell Park School from the Shoreline Public Schools, and

WHEREAS, that acquisition is conditional on a lease-back agreement, wherein King County would allow the School District to continue to occupy the existing improvements for up to eleven years, and

WHEREAS, in accordance with KCC 4.56.190, the King County council must approve of any lease agreement having an original term exceeding five years;

NOW THEREFORE, BE IT MOVED by the Council of King County:

The King County executive is authorized to enter into a lease-back agreement, leasing a portion of the property acquired for the Shoreline district court to the Shoreline Public Schools, a copy of which is hereby attached.

The terms of the lease-back agreement allow for one year of no rent, five years at \$1,250 per month, and an option of an additional five years at no more than \$2,500 per month. The School District is leasing the buildings in an "as is" condition.

PASSED this 11th day of April, 1988.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Gary Grant
Chair

ATTEST:

Jane M. Owens
Clerk of the Council

LEASE AGREEMENT

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1. PARTIES. This Lease dated the _____ day of _____, 19_____, is between King County, a municipal corporation and a political subdivision of the State of Washington, and Shoreline Public Schools, herein called "Lessee."

2. PREMISES. King County hereby leases to Lessee, upon the following terms and conditions, premises located in King County, Washington legally described as follows:

Lots 3 and 4, Echo Lake Garden Tracts less the westerly 300 feet

including any trade fixtures and personal property that are affixed to the property. These items shall be included within the meaning of premises unless specifically excluded.

Post Office Address: 17077 Meridian Avenue N.
Seattle, WA 98133

3. TERM.

A. This lease term shall commence forthwith and end on the 31st day of August, 1994.

B. Lessee shall have the option to extend this agreement for a five year term pursuant to provision #2 of the General Terms and Conditions and upon 90 days written notice of its intent to exercise the option.

4. RENT. Lessee shall pay to King County a rent of TWELVE HUNDRED AND FIFTY (\$1,250.) DOLLARS payable in advance on or before the first (1st) day of each and every calendar month of the lease term commencing March 1, 1989. No lease payment shall be due before said date. Lessee shall also pay a Leasehold Excise Tax of -None- (\$ 0) DOLLARS per _____.

The rent is adjustable as set forth in the King County General Terms and Conditions. All rents and tax shall be made payable to the KING COUNTY FINANCE OFFICE and are to be received in the office of the:

King County Real Property Division
500A King County Administration Building
500 Fourth Avenue
Seattle, Washington 98104

Said rental is exclusive of any other sale, franchise, business or occupation, or other tax based on rents. Should any such taxes apply during the life of this lease, the rent shall be increased by such amount.

5. USE. Lessee shall use said premises for the following purposes and no others without prior written consent of King County:

General School purposes and existing sublease agreements.

6. GENERAL TERMS AND CONDITIONS. Attached hereto and incorporated herein by reference are King County General Terms and Conditions. Prior to signing this Lease Agreement, the parties modified paragraph(s) 2, 2E, 5B, 6, 14, 15, 18, 19, 27&28 and deleted paragraph(s) 8, 9, 10 & 11 therein.

7. SPECIAL TERMS AND CONDITIONS. Attached hereto and incorporated herein by reference are Special Terms and Conditions.

8. ENTIRE AGREEMENT - AMENDMENTS. This printed lease together with the attached Terms and Conditions and any and all exhibits expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

9. NOTICES. Required notices except legal notices shall be given in writing to the following respective address:

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To King County: Manager, Real Property Division
500A King County Administration Building
500 Fourth Avenue
Seattle, Washington 98104

To Lessee: Business Manager
Shoreline School District No. 412
17077 Meridian Ave. North
Seattle, Washington 98133

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed.

IN WITNESS WHEREOF, the parties hereto have subscribed their names as of the _____ day of _____, 19 _____.

LESSEE:
SHORELINE PUBLIC SCHOOLS

LESSOR:
KING COUNTY, WASHINGTON

BY _____

BY _____
Tim Hill

TITLE _____

TITLE _____
County Executive

BY _____

APPROVED AS TO FORM:

TITLE _____

BY _____
Fred Kaseburg

TITLE _____
Deputy Prosecuting Attorney

KING COUNTY GENERAL TERMS AND CONDITIONS1. LATE PAYMENT, TAXES AND LICENSES.

A. LATE PAYMENTS. There will be a late collection charge of five percent (5%) or THIRTY AND NO/100 (\$30.00) DOLLARS, whichever is greater, plus one percent (1%) per month interest for any delinquent rental not delivered to King County by the tenth (10th) day of the month.

B. LEASEHOLD TAX. A leasehold excise tax is levied pursuant to the Revised Code of Washington (R.C.W.) Chapter 82.29A. The Lessee agrees to pay this tax to King County. If the State of Washington or King County changes the Leasehold Excise Tax, the tax payable shall be correspondingly changed.

C. LICENSE AND TAXES. Lessee shall pay throughout the term of this lease, all applicable taxes, and all license and excise fees covering the business conducted on the premises.

D. OTHER CONSIDERATION. No offset, reduction, or credit toward rent shall be allowed unless it is in writing and signed by the Manager of the Real Property Division of King County.

2. RENT ADJUSTMENT.

To ensure a fair rent based upon the fair market value of the premises, King County may adjust the rent to the then current fair market rental value every three (3) years, the first adjustment to occur three (3) years after the beginning of the term of this lease, for the last 5 years of this lease; i.e. September 1, 1994, through August 31, 1999.

A. FAIR MARKET RENTAL VALUE DEFINED. For all purposes required under this lease, "Fair Market Rental Value" is defined as: An amount in the competitive market that a well-informed and willing Lessor, who desires but is not required to lease, would accept, and which a well-informed and willing Lessee, who desires but is not required to lease, would pay for the use of the premises, after due consideration of all the elements reasonably affecting value. In no event shall the rental exceed \$2,500 per month.

B. NOTICE OF RENTAL ADJUSTMENT. When it elects to adjust the rent, King County will give Lessee written notice of the adjusted rent. Within thirty (30) days following receipt of notice from King County, Lessee will give King County written notice of its acceptance or rejection of the adjusted rent. If Lessee does not notify King County within the thirty (30) day period, the rent as adjusted by King County will become the rent.

C. ARBITRATION. If Lessee and King County cannot agree upon the rent adjustment, the rent for the period will be adjusted by arbitration. Lessee and King County will select one arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selection of the two, either Lessee or King County will apply to the presiding Judge of the Superior Court in King County for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent body. If in the future, a licensing requirement for real estate appraisers is imposed by any legislative body, each arbitrator shall be licensed. The three arbitrators will determine the Fair Market Rental Value for the premises; but the arbitrators may not reduce the rent below the sum fixed for the last preceding period. The decision of a majority of the arbitrators will bind both Lessee and King County. At the conclusion of the arbitration, the arbitrators will submit written reports to Lessee and King County, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion.

D. COST OF ARBITRATION. The cost of the arbitration will be divided equally between Lessee and King County.

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E. RENT PENDING ADJUSTMENT. In the event resolution of the rental adjustment is not completed prior to the commencement of the term being considered, Lessee shall, pending resolution of such rental adjustment, continue to pay King County the rental then in effect; and King County, ~~at its option, may elect to require that interest in the amount of twelve percent (12%) per annum be payable on any sum due as a result of a retroactive rental increase determined under the terms of this lease,~~ and shall upon termination of the arbitration, pay the additional rent, if any, retroactively due from the beginning of the term.

3. COMPLIANCE WITH ALL LAWS AND REGULATIONS.

In using the premises, Lessee ^{and King County} will comply with all applicable laws, ordinances and regulations, from any and all authorities having jurisdiction. The Lessee specifically agrees to comply and pay all costs associated with achieving such compliance without any notice of requirement or requirements from King County, and that King County does not waive this section by giving notice of demand for compliance in any instance.

4. UTILITIES.

Lessee shall pay for ^{it uses} all costs, expenses, fees, services and charges of all kinds for heat, light, water, gas and telephone and for all other public utilities ~~used~~ on said premises so that the same shall not become a lien against the leased premises.

5. IMPROVEMENTS AND ALTERATIONS.

A. Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from King County.

B. Unless otherwise stipulated, all improvements or alterations erected or made on the premises shall, upon expiration or earlier termination of this lease, belong to King County without compensation to the Lessee, ~~however, King County shall have the option to be exercised on expiration or earlier termination of the lease, to require the Lessee, at Lessee's expense, to remove any or all such improvements or alterations.~~

6. CONDITION OF PREMISES.

The Lessee ^{having sold the premises to King County} ~~has inspected~~ and knows the condition of the premises, and it is understood and agreed that the premises are leased on an "as is" basis without any obligation on the part of the King County to make any changes, improvements, or to incur any expenses whatsoever for the maintenance or repair of the premises.

7. CONSTRUCTION DEFECTS.

King County shall not be liable to the Lessee for claims or damages arising from any defect in the construction of or the present condition of the premises, whether known or unknown, or for damage by storm, rain or leakage or any other occurrence.

8. MAINTENANCE.

A. Lessee shall throughout the term of this lease, without cost or expense to King County, keep and maintain the leased premises and all improvements, landscaping, fixtures and equipment which may now or hereafter exist thereon, in a neat, clean and sanitary condition, and shall except for reasonable wear and tear, at all times preserve the premises in good and safe repair. Upon the expiration or sooner termination of the lease, Lessee shall forthwith return the same in as good condition as that existing at the commencement of occupancy, ordinary wear and tear excepted.

~~B. If, after thirty (30) days' notice from King County, Lessee fails to maintain or repair any part of the leased premises or any improvement, landscaping, fixtures or equipment thereon, King County may, but shall not be obligated to, enter upon leased premises and perform such maintenance or repair and Lessee agrees to pay the costs thereof to King County upon receipt of a written demand. Any unpaid sums under this paragraph shall be payable as additional rent on the next rent payment date due following the written demand, and will bear interest at the maximum rate allowed by Washington State Law.~~

~~9. HOLD HARMLESS.~~

~~Lessee agrees to protect and save King County, its elected and appointed officials, employees and agents, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising in favor of Lessee's employees or third parties on account of but not limited to personal injuries, death or damage to property, arising out of the premises leased by Lessee or in any way resulting from acts or omissions of the Lessee or its agents, employees or representatives.~~

~~10. INSURANCE.~~

~~A. No use shall be made or permitted to be made of the premises, nor acts done, which will increase the existing rate of insurance upon the premises or cause the cancellation of any insurance policy covering the premises, or any part thereof, nor shall Lessee sell, or permit to be kept, used or sold, in or about the premises, any article which may be prohibited by the standard form of fire insurance policies. Lessee shall, at its sole cost and expense, comply with any and all requirements, pertaining to the premises. Lessee agrees to pay to King County as additional rent, any increase in premiums on policies which may be carried by King County on the premises covering damages and loss of rent caused by fire and the perils normally included in extended coverage above the rates for the least hazardous type of occupancy for industrial, warehousing, office and distribution operations.~~

~~B. Lessee shall maintain in full force and effect on all of its fixtures and equipment in the premises a policy or policies of fire and extended coverage insurance with standard coverage endorsement to the extent of at least eighty per cent (80%) of their insurable value. During the term of this lease the proceeds from any such policy or policies of insurance shall be used for the repair or replacement of the fixtures and equipment so insured. King County shall have no interest in the insurance upon Lessee's equipment and fixtures and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Lessee. King County will not carry insurance on Lessee's property. Lessee shall furnish King County with a certificate of such policy and whenever required shall satisfy King County that such policy is in full force and effect within thirty (30) days of the commencement of this lease.~~

~~C. The Lessee will carry fire and extended coverage insurance, with rent interruption endorsement, in an amount equal to the full insurable value of all improvements, structures and buildings located on the premises. The policy shall include King County as an insured for its vested interest in the property. A certificate of insurance must be provided to King County.~~

~~D. In the event of the total or partial destruction by fire, regardless of origin, or otherwise of the building, structures or facilities currently on the premises or subsequently constructed by the Lessee, the Lessee shall have the obligation to reconstruct such facilities to their original condition within six (6) months after their destruction.~~

11. LIABILITY INSURANCE.

The Lessee shall procure and maintain in force throughout the duration of this lease, comprehensive general liability insurance in the amount of \$500,000 combined single limit for bodily injury and property damage. Lessee shall be responsible for any policy deductible under its liability insurance coverage. Said policy shall name King County as an additional insured and state that it is primary over any insurance carried by King County. In the event of nonrenewal, cancellation or material change in the coverage provided, thirty (30) days written notice will be furnished King County prior to the date of nonrenewal, cancellation or change.

12. MUTUAL RELEASE AND WAIVER.

To the extent a loss is covered by insurance in force, King County and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided, that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of King County or the Lessee.

13. SURRENDER OF PREMISES.

At the expiration or earlier termination of this lease, Lessee shall promptly surrender possession of the premises to King County, and shall deliver to King County all keys that it may have to any and all parts of the premises.

14. DEFAULT AND RE-ENTRY.

and shall fail to cure the default after ten days written demand,
If any rents above reserved, or other obligations provided herein, or any part thereof, shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default on any of the covenants and agreements herein contained, then King County may cancel this lease upon giving the notice required by law, and re-enter said premises, using such force as may be required. Notwithstanding such re-entry by King County, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this lease, and Lessee covenants and agrees to make good to King County any deficiency arising from a re-entry and reletting of the premises at a lesser rental than agreed to herein. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by King County. In the event it becomes reasonably necessary to make any changes, alterations or additions to the premises or any part thereof for the purpose of reletting said premises or any part thereof, Lessee shall also be responsible for such cost.

15. ASSURANCE OF PERFORMANCE.

In the event a default in the performance of any obligation under this lease which remains uncured for more than ten (10) days after ^{written} demand, King County may request and the Lessee shall provide adequate assurance of the future performance of all obligations under this lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to King County, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and King County may in its discretion terminate this lease.

16. ADVANCES BY KING COUNTY FOR LESSEE.

If Lessee fails to pay any fees or perform any of its obligations under this lease other than payment of rent, King County will mail notice to Lessee of its failure to pay or perform. Twenty (20) days after mailing notice, if Lessee's obligation remains unpaid or unperformed King County may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by King County under this paragraph, Lessee will reimburse King County within twenty (20) days.

17. NON-WAIVER.

It is hereby agreed that no waiver of any condition or covenant in this lease or any breach thereof, shall be taken to constitute waiver of any subsequent breach.

18. SIGNS.

except for the type of signs presently being used, No sign, advertisement, notice or other lettering will be exhibited, inscribed, painted or affixed by Lessee on any part of the outside of the premises without the prior written consent of King County; provided, that such consent shall not be unreasonably withheld. If Lessee violates this provision, King County may remove the sign without any liability, and may charge the expense incurred by such removal to the Lessee; provided, however, King County shall give Lessee written notice of Lessee's violation of this provision and Lessee shall have forty-eight (48) hours after receiving said notice to comply with the terms of this provision. All signs erected or installed by Lessee shall be subject to any federal, state or local statutes, ordinances or regulations applicable to signs.

19. INSPECTION AND "FOR RENT" SIGNS.

King County reserves the right to inspect the premises at any and all reasonable times throughout the term of this lease; provided, that King County shall not interfere ~~unduly~~ with Lessee's operations. The right of inspection reserved to King County hereunder shall impose no obligation on King County to make inspections to ascertain the condition of the premises, and shall impose no liability upon King County for failure to make such inspections. King County shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this lease.

20. LIENS.

It is understood and agreed that this lease is executed and delivered upon the express condition that the Lessee will not and cannot contract any debt or debts for labor, materials services or otherwise which will or may become a lien against the interest of King County in the premises and King County hereby denies to Lessee any right, power or authority to do any act or contract any obligation or liability which would in any way subject the interest of King County in the premises to any lien, claim or demand whatsoever.

21. ASSIGNMENT OR SUBLEASE.

- A. Lessee shall not assign or transfer this lease or any interest therein nor sublet the whole or any part of the premises, nor shall this lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of King County first had and obtained, which consent shall not be unreasonably withheld. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this lease one-half (1/2) or more of the outstanding shares of any class of stock of Lessee's corporation shall belong to any stockholders other than those who own one-half or more of the outstanding shares of that class of stock at the time of the execution of this lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this lease within the meaning of this paragraph. If King County shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the County's consent.
- B. If Lessee desires to assign or transfer this lease or any interest therein, it shall notify King County in writing of said desire to assign or transfer and the details of the proposed agreement, at least thirty (30) days prior to the proposed date of assignment or transfer to a third party. The notification shall include, but not be limited to a financial statement of the proposed assignee, including but not limited to a full disclosure of the monetary

payment or any other considerations involved, and an affidavit from the proposed assignee stating he has examined this lease, understands this lease, agrees to assume and be bound by all of the Lessee's obligations and covenants under this lease, the same as if it were the original Lessee hereunder, and the proposed date of assignment, transfer or sub-lease.

- C. King County will review the request and respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date. Disapproval of any such request shall be final and binding on the Lessee and not subject to any arbitration, provided that any approval will not be unreasonably withheld. King County shall charge to the Lessee a reasonable fee for administrative costs in reviewing and processing any assignment or sublease. Lessee may assign this lease to any wholly owned subsidiary without obtaining King County's consent or payment of fees.

22. CONDEMNATION.

- A. King County and Lessee will give to the other immediate written notice of the receipt of notice of any proceedings with respect to a condemnation and of any intention of any authority to exercise the power of eminent domain.
- B. If all of the premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this lease, this lease terminates as of the date condemnor takes possession, and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvement taken by the condemnor made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.
- C. If part of the premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this lease, King County or Lessee may choose to terminate this lease as of the date the condemnor takes possession. If neither King County nor Lessee elects to terminate this lease, the rent will be reduced in the same proportion that the value of the portion of the premises to be taken bears to the value of the entire premises as of the date condemnor takes possession. Lessee will have no claim or interest in or to any award of just compensation or damages except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in the part taken by the condemnor of any improvements made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.
- D. If temporary use of all or a portion of the premises is taken by any lawful authority for a period, which would reduce the leasehold and consequently, would cause the premises to be untenable for the use by Lessee for the purposes set forth in the section of this lease titled "Use," at Lessee's determination, then King County or Lessee may choose to terminate this lease. If King County or Lessee elect to terminate the lease, the lease will terminate the date the condemnor takes possession and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvements made to the premises by the Lessee. If neither King County or Lessee elects to terminate this lease, the lease will continue in full force and Lessee will be entitled to receive any award from the condemnor for the use of all or part of the premises, EXCEPT that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event the Lessee shall not be entitled to any portion of the award attributable to said use.

E. It is understood and agreed that Lessee shall not be party to any negotiation or proceedings at law wherein King County claims compensation other than that which is defined statutorily as constituting "just compensation."

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23. ANTI-DISCRIMINATION.

In all services or activities, and all hiring or employment made possible by or resulting from this lease there shall be no discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessee shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964, or any other applicable federal, state, or local law or regulations regarding non-discrimination. Any violation of this provision shall be considered a violation of a material provision of this lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the lease by the County and may result in ineligibility for further County agreements. The Lessee will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

24. HEIRS, AGENTS AND ASSIGNS.

Without limiting any provisions of this lease pertaining to assignment and subletting, the provisions of this lease bind the heirs, legal representatives, successors, agents and assigns of any of the parties to this lease.

25. CAPTIONS.

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

26. TIME IS OF THE ESSENCE.

Time is of the essence of this lease, and in the event of the failure of Lessee to pay any charges at the time in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.

27. CUMULATIVE REMEDIES.

No provision of this lease precludes ^{either party} ~~King County~~ from pursuing any other remedies for ^{the other's} ~~Lessee's~~ failure to perform his obligations.

28. ATTORNEY'S FEES/COLLECTION CHARGES.

In the event legal action is brought by either party to enforce any of the terms, conditions or provisions of this lease, the prevailing party shall recover against the other party, in addition to the costs allowed by law, such sum as the court may adjudge to be a reasonable attorney's fee. ~~In addition to all other charges, Lessee shall pay a charge of \$150.00 to King County for preparation of a demand for delinquent rent or a notice of default.~~

29. SEVERABILITY.

If any term or provision of this lease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this lease, or the application of the term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected and will continue in full force.

END OF GENERAL TERMS AND CONDITIONS

1. MAINTENANCE.

Lessee shall throughout the term of this lease, without cost or expense to King County, keep and maintain the leased premises and all improvements to the extent that the same shall remain in a neat, clean, safe and sanitary condition. As a record of the present condition of the leased premises, both parties have caused to be made a video tape of the premises for purposes of future comparison.

2. HOLD HARMLESS.

The Lessee and Lessor agree that as to all third party claims, actions, or causes of actions of whatsoever kind or nature made or asserted against either or both of them and arising out of the use or operation of the leased premises, each will be liable to the other only to the extent of each party's fault or causation and shall indemnify the other for such amount. As to all such third party claims, actions, or causes of action which are a consequence of the sole fault, negligence or causation of a party to this lease agreement, such party shall have the duty to defend, save and hold the other harmless, and upon failure to do so shall pay reasonable fees, costs and expenses incurred by the other party to this lease agreement in defense of any such third party claims or actions.

3. SUBLEASE.

Lessee presently leases part of the premises. The portion of the premises presently being leased is illustrated by the darkened areas on the diagram, Exhibit "B" hereto attached. It is specifically understood that Lessee may continue to lease (sublease) those portions of the premises and that any such arrangement is not included in Section 21 of the King County General Terms and Conditions.

4. CONDEMNATION.

It is understood that any notice from King County to Lessee under this section shall be sufficient time to permit Lessee to give its subtenants adequate notice.

5. FIRE INSURANCE

- A. Lessee shall for the duration of the lease maintain Fire Legal Liability Insurance in the amount of at least \$250,000 on the premises. A Certificate of Insurance shall be provided to King County.
- B. In the event all or any portion of the premises are severely damaged or destroyed by fire, determination of whether to effect substantial repairs or rebuild any building on the premises shall be solely within the discretion of King County. In the event King County shall determine not to effect substantial repairs, the rental shall not be abated. In the event King County shall determine not to rebuild, Lessee shall not have a right to a refund of any lease payments or any other form of remuneration. However, King County shall advise Lessee of its determination under this paragraph within fifteen days after the occurrence. Lessee shall then have thirty days in which to terminate the lease, and if it shall do so, any rent paid for use beyond that date shall be refunded.

6. LIABILITY INSURANCE

Lessee shall maintain in force for the duration of this Lease comprehensive general liability insurance in the amount of at least \$500,000 combined single limit for bodily injury and property damage, and Lessee shall be responsible for any policy deductible under its liability insurance coverage.