



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

August 28, 2018

Ordinance 18778

Proposed No. 2018-0288.1

Sponsors Upthegrove

1 AN ORDINANCE authorizing the execution of a new lease
2 to support the operation of the department of public
3 defense.

4 STATEMENT OF FACTS:

5 For the lease from Kent Valley Professional Plaza, LLC, located at 124
6 4th Avenue South, Kent, within council district five, the facilities
7 management division determined that there was not an appropriate county-
8 owned option and successfully negotiated to lease space.

9 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

10 SECTION 1. The executive is authorized to execute a lease for the property
11 located at 124 4th Avenue South with Kent Valley Professional Plaza, LLC, substantially

12 in the form of Attachment A to this ordinance, and to take all actions necessary to
13 implement the terms of the lease.
14

Ordinance 18778 was introduced on 8/20/2018 and passed by the Metropolitan King County Council on 8/27/2018, by the following vote:

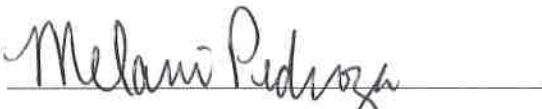
Yes: 7 - Mr. von Reichbauer, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci
No: 0
Excused: 2 - Mr. Gossett and Ms. Lambert

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

ATTEST:



Melani Pedroza, Clerk of the Council



RECEIVED
2018 AUG 31 AM 8:57
CLERK
KING COUNTY COUNCIL

APPROVED this 30 day of AUGUST, 2018.



Dow Constantine, County Executive

Attachments: A. Lease Agreement

ATTACHMENT A:
LEASE AGREEMENT

LEASE

THIS LEASE AGREEMENT ("Lease"), is made and entered into between Kent Valley Professional Plaza, LLC, a Washington Limited Liability Company, ("Landlord"), and KING COUNTY, a political subdivision of the State of Washington ("Tenant").

1. Basic Lease Information.

- 1.1 Lease Date: May 11, 2018 (*for reference purposes only*)
- 1.2 Landlord: Kent Valley Professional Plaza, LLC
- 1.3 Tenant: King County, a political subdivision of the State of Washington
- 1.4 Building: Located at: 124 4th Ave S., Kent, WA 98032, *commonly known as Kent Valley Professional Center*, on that certain real property that is legally described on the attached Exhibit A ("Real Property").
- 1.5 Premises: The area depicted on the attached Exhibit B, containing approximately 4,896 total rentable square feet ("RSF") which includes Suite 100 consisting of 2,508 RSF and Suite 250 consisting of 2,388 RSF.

Total Rentable Square Feet of the Building: 22,978

Suite 100:

Rentable Square Feet: 2,508+/-

Usable Square Feet: 2,401+/-

BOMA Load Factor: 4.0%

Suite 250:

Rentable Square Feet: 2,388+/-

Usable Square Feet: 2,112+/-

BOMA Load Factor: 12.0%

Tenant's Pro Rata Share: 21.3%

(4,896 RSF in the Premises / 22,978 RSF in the Building)

- 1.6 Permitted Use: General Office for a public defense agency and/or any other general office use.
- 1.7 Initial Term: One hundred and twenty (120) Months
- 1.8 Extended Term(s): Two (2) options to extend for a period of five (5) years per option term.
- 1.9 Lease Commencement Date: See Section 3.1
- 1.10 Rent Commencement Date: On the Lease Commencement Date.
- 1.11 Expiration Date: On the last day of the calendar month that is 120 months after the Lease Commencement Date.

1.12 Base Rent:

Months	Base Rent per rentable square foot per annum	Base Rent per month
1-12	\$20.00	\$8,160.00
13-24	\$20.60	\$8,404.80
25-36	\$21.22	\$8,657.76
37-48	\$21.85	\$8,914.80
49-60	\$22.51	\$9,184.08
61-72	\$23.19	\$9,461.52
73-84	\$23.88	\$9,743.04
85-96	\$24.60	\$10,036.80
97-108	\$25.34	\$10,338.72
109-120	\$26.10	\$10,648.80

Operating Costs: During the Term and any Extended Term, Tenant shall pay to Landlord Tenant's Pro Rata Share, as set forth in Section 8, of Operating Costs. Operating Costs for 2018 are initially estimated to be \$9.11 per rentable square foot, subject to reconciliation as provided in Section 8.5 herein.

1.13 Security Deposit: None.1.14 Landlord's Address for Notices:

Kent Valley Professional Plaza LLC
6622 Wollochet Drive NW
Gig Harbor, WA 98335

1.15 Tenant's Address for Notices:

King County Real Estate Services
500 Fourth Avenue, Suite 830
Seattle, WA 98104

2. Premises; Tenant Improvements.

2.1 Premises. Landlord hereby leases that certain office space, named in Section 1.5 (herein called "Premises"), to Tenant for the Term set forth in Section 3. Said Premises being agreed to be the approximate rentable square feet specified in Section 1.5 and situated on the floor of the building located at the address specified in Section 1.4 (hereinafter referred to as the "Building"). Tenant's Pro Rata Share of the common areas in the Building is specified in Section 1.5. Rentable Square Footage figures, and resulting Pro Rata Share, Base Rent and Operating Costs are subject to change as a result of area re-measurement by Landlord, provided Building Owners and Managers Association (BOMA) standards are used and the resulting impact on Tenant's rent is no more than 10%. Tenant may hire an architect to review these changes, in its discretion. The

legal description of the Building, land, or property of which the Premises are a part is set forth in Exhibit "A".

As set forth in the attached Work Letter, Landlord warrants that the Premises shall be delivered (i) in good operating condition, including but not limited to all mechanical, electrical, plumbing, and other systems serving the Premises; (ii) in compliance with all applicable laws, codes, ordinances, and regulations; and (iii) free of any Hazardous Material. To the extent that the Premises fails to comply with the prior sentence as of the Commencement Date (without limiting any other rights or remedies that Tenant may have under this Lease and/or at law), Landlord shall promptly correct the same at its sole cost and expense.

Landlord also grants Tenant a nonexclusive license to use those portions of the Building made available from time to time by Landlord for the common use and enjoyment of Tenant, Landlord, and other tenants of the Building and their guests and invitees (the "Common Areas"), subject to the Building Rules. Landlord shall have the right to do and perform all such acts in and to the Common Areas as Landlord shall determine in its reasonable discretion, including without limitation reconfiguring and temporarily closing the same from time to time, so long as Landlord does not adversely affect Tenant's use and enjoyment of the Premises.

Landlord shall use its commercially reasonable best efforts to obtain Energy Star certification for the Building within twenty-four (24) months after mutual execution of the Lease. With Tenant's prior written approval, Landlord may include 50% of the costs associated with obtaining the Energy Star Certification in the Operating Costs, as defined in Section 8.2 of this Lease. In the event Tenant does not approve costs associated with obtaining the Energy Star Certification within ten (10) days of written notice of such costs from Landlord, Landlord will not be required to perform said work required to obtain The Energy Star Certification.

2.2 Landlord's Demolition Work. Tenant, at Tenant's sole discretion, shall specify the required demolition work within Suite 100 of the Premises, design the demolition plans, ("Tenant's Demolition Plans"), and provide to Landlord the Tenant's Demolition Plans prior to mutual Lease Execution. Landlord, at Landlord's sole cost and expense, shall demolish and remove all specified existing alterations and improvements per Tenant's Demolition Plans in Suite 100 ("Landlord's Demolition Work") prior to Commencing "Landlord's Work" as further described in Exhibit C. As a part of the Landlord's Demolition Work, Landlord, at Landlord's sole cost and expense, shall restore the Building's standard exterior enclosure of Suite 100 to include the window replacement and ATM opening which will be removed as part of the Tenant's Demolition Plans.

3. Term.

3.1 Commencement Date. This Lease shall commence on the date ("Lease Commencement Date" or "Commencement Date") upon which the last of all four of the following conditions have occurred: (a) approval by the Metropolitan King County Council of this Lease which shall not be later than August 1, 2018; (b) mutual execution of this Lease Agreement; (c) Landlord's completion of the Tenant Improvements which shall not be later than four months following approval of this Lease by the Metropolitan King County Council; and (d) Landlord's delivery of Premises which shall be further described in Exhibit C. In the event the Metropolitan

King County Council does not approve of this Lease by August 1, Landlord may rescind this offer to lease by providing Tenant with a written notice of rescission. Landlord shall provide Tenant with at least seven (7) days advance written notice of the date on which the Commencement Date shall occur. Within thirty (30) days after the Commencement Date is established, Tenant shall confirm and reiterate said Commencement Date to Landlord in writing.

3.2 Expiration Date. This Lease shall expire on the date set forth in Section 1.11 above ("Expiration Date").

3.3 Early Access. Landlord shall allow Tenant to be present on the Premises during the period between mutual execution of the Lease Agreement and the Commencement Date for the purpose of planning, measuring, and installing Tenant's personal property, furniture, fixtures and equipment such as telephone systems and computer cabling ("Early Possession"). Any Early Possession by Tenant will be subject to all of the terms and conditions of this Lease applicable to Tenant other than the obligations to pay Base Rent and Additional Rent, including specifically without limitation all provisions relating to insurance, indemnity, and freedom from liens. Tenant shall reasonably coordinate its activities in the Premises during Early Possession with Landlord and Landlord's contractor.

3.4 Extension Option. Provided Tenant is not in Default as provided in Section 21, Tenant is hereby granted the option to extend the Initial Term for two (2) successive periods of sixty (60) months each, each period an ("Extended Term"). The options to extend may be exercised by Tenant only by giving Landlord written notice no less than one hundred and eighty (180) days prior to the last day of the Initial Term. Tenant's extension option shall apply to all of the Premises then leased by Tenant under this Lease. From and after the commencement of the Extended Term, all of the terms, covenants, and conditions of this Lease shall continue in full force and effect as written, except that Base Rent for the Extended Term shall be the then-prevailing Fair Market Rent (defined below). The term "Fair Market Rent" for the purposes of this Lease shall mean the annual amount per rentable square foot that a willing tenant would pay, and a willing landlord of a comparable building in the Kent/Auburn market would accept for new leases of similar space on or about the date on which the Fair Market Rent is being determined hereunder.

Within thirty (30) days of Tenant notifying Landlord that it intends to exercise an extension option under this Section 3.4, Landlord will advise Tenant in writing of its proposed Fair Market Rent. If Landlord and Tenant are unable to agree on a mutually acceptable Fair Market Rent not later than sixty (60) days prior to the expiration of the Term, then Landlord and Tenant, within five (5) days after such date, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Fair Market Rent for the Premises (collectively referred to as the "Estimates"). If the higher of such Estimates is not more than one hundred five percent (105%) of the lower of such Estimates, then the Fair Market Rent shall be the average of the two Estimates. If the Fair Market Rent is not established by the exchange of Estimates, then, within ten (10) days after the exchange of Estimates, Landlord and Tenant shall each select a licensed commercial real estate appraiser to determine which of the two Estimates most closely reflects the Fair Market Rent for the Premises. Each appraiser shall have had at least seven (7) years' experience within the previous ten (10) years of his/her work experience as a commercial real estate appraiser working in Kent/Auburn, Washington with working knowledge of current rental rates and practices.

Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Fair Market Rent for the Premises. The Estimates chosen by such appraisers shall be binding on both Landlord and Tenant. If the two appraisers cannot agree upon which of the two Estimates most closely reflects the Fair Market Rent within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser (the "Arbitrator") has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the Arbitrator shall make his or her determination of which of the two Estimates most closely reflects the Fair Market Rent and such Estimate shall be binding on both Landlord and Tenant as the Fair Market Rent. If the Arbitrator believes that expert advice would materially assist him or her, he or she may retain one or more qualified persons to provide such expert advice. Landlord and Tenant shall share equally in the costs of the Arbitrator and of any experts retained by the Arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert.

If the Fair Market Rent has not been determined by the commencement date of the Extended Term, Tenant shall pay Rent upon the terms and conditions in effect during the last month of the Initial Term (or preceding Extended Term, as applicable) until such time as the Fair Market Rent has been determined. Upon such determination, the Rent shall be retroactively adjusted to the commencement of the Extended Term.

4. Permitted Use. The Premises may be used by Tenant for the uses set forth in Section 1.6 above. Landlord represents and warrants to Tenant that the Premises may lawfully be used for the uses set forth in Section 1.6 above. Notwithstanding Section 1.6, Tenant shall not do or permit anything to be done in or about the Premises, nor bring or keep anything therein which will in any way substantially increase the Building utilities expense or the existing rate of or affect any fire or other insurance upon the building or any of its contents, or cause cancellation of any insurance policy covering said building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or reasonably interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful (of any federal, state or local law, regardless of whether permitted under any or more of the foregoing, e.g., marijuana dispensary) or objectionable purpose, or purposes not allowed by Landlord's mortgagee, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall not install any antennae, satellite dishes, or other apparatus visible from outside of the Premises, or use the Premises for any purpose that could reasonably be expected to create or generate radio frequency or other similar interference that affects any tenant in the Building or its systems. Tenant shall make commercially reasonable efforts to not allow or permit Tenant's employees or customers, to smoke or use tobacco products within the minimum required distances from the Building entrances as established by law, or near any ventilation or other access to the Building that could reasonably be expected to result in the infiltration of smoke or other odors into the Building, the Premises, any common areas, or access-ways used by other tenants or their customers or invitees. Landlord may provide Building signage prohibiting the use of tobacco within the minimum required distances from the Building entrances. Without limiting the generality of the foregoing, no portion

of the Premises shall in any event be used for: (i) the display, distribution or sale of any "adult" books, "adult" films, "adult" periodicals or "adult" entertainment; (ii) the establishment or maintenance of a massage parlor (except that this provision shall not prohibit day spas and medical offices and massages in connection with such day spas or medical offices), gambling operation, "adult" theater, "adult" bookstore, "sex" shop, "peep show" or bawdy house or brothel, or any use in violation of applicable zoning and other governmental laws and regulations; (iii) any use which emits an obnoxious odor, noise or sound which can be heard or smelled outside of the Premises (it being expressly understood that the entire Building may have a common air recirculation pattern or system), or which is a public or private nuisance, or which is likely to generate public protests or controversy interfering with the operation of the Building; (iv) any distilling or brewing (other than as part of a restaurant operation), refining, smelting, agricultural, animal raising or boarding (other than consumer pet shops), or mining operation; (v) any short or long term residential use; (vi) any primary use as a warehousing, assembling, manufacturing, waste processing or other industrial operation; or (vii) any place for public assembly (such as a church, mortuary or meeting hall), in each case, each of which shall be deemed objectionable and prohibited within the Premises and the Building. Landlord shall have the absolute right, in its sole and absolute discretion, to refuse consent to any use except as approved in Section 1.6 herein, sublease or assignment to any person for any such foregoing actual or proposed use.

5. Rent. Tenant covenants and agrees to pay Landlord, at Landlord's Notice Address set forth in Section 1.14 above, without deduction or offset except as otherwise set forth in this Lease, monthly rent in the amounts set forth in Section 1.12, payable in advance, without prior notice or demand, on or before the first day of each month of the Term (the "Base Rent"). Base Rent for any fractional calendar month at the beginning or end of the Term shall be prorated. In addition to the Base Rent, in the same manner and at the same time as the payment of Base Rent, Tenant shall pay its Pro Rata Share of Operating Costs as further described below in Section 8 ("Additional Rent"). Base Rent and Additional Rent are collectively referred to as the "Rent."

6. Security Deposit. None.

7. Utilities and Services. Landlord shall at all times furnish the Premises with: (i) water at those points of supply provided for general use of tenants of the Building; (ii) heated and refrigerated air conditioning as appropriate, at such temperatures and in such amounts as are required by governmental authority or as are reasonably appropriate for the Building; (iii) Common Area janitorial service, recycling, and trash removal on weekdays, other than national holidays, and such carpet cleaning and window washing as may from time to time be reasonably required; (iv) elevators for ingress and egress to the floor on which the Premises are located; (v) replacement of Building-standard light bulbs and fluorescent tubes in the Premises; (vi) electrical current reasonably sufficient for Tenant's use; and (vii) sewer service. Within the Premises Tenant shall furnish its own janitorial, telephone, internet, and cable service to the Premises. No interruption or failure of any utilities or services from any cause whatsoever shall be deemed an eviction of Tenant, provided that Landlord shall use commercially reasonable efforts to repair, replace or restore the same as quickly as possible. To the extent any interruption of services occurs due to Landlord's negligence, intentional misconduct, or breach of Lease, then Rent shall be abated for the period of interruption in the proportion of the square footage rendered unusable in addition to, and without limiting, Tenant's other rights and remedies available at law

and/or under this Lease. Landlord shall not be liable for, and Tenant shall not be entitled to, any reduction of Rent by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall not be liable under any circumstances for a loss of or injury to property, however occurring, through or in connection with or incidental to failure to furnish any of the foregoing, except as specifically provided in this Section 7. Unless otherwise elected by Tenant, any utilities that are separately metered to the Premises shall be paid directly to the providing utility by Tenant, and upon such payment Tenant shall not be assessed any percentage of the cost of such utilities in Operating Costs (other than reasonable amounts applicable to any common areas).

Tenant will not, without written consent of Landlord, use any apparatus or device in the Premises which will in any way substantially increase the amount of electricity usually furnished or supplied for the use of the Premises as general office space; nor connect with electric current except through existing electrical outlets in the Premises, any apparatus or device, for the purpose of using electric current. If Tenant shall require a substantial increase in water or electric current in excess of that usually furnished or supplied for the use of the Premises as general office space, Tenant shall first procure the written consent of Landlord, (which Landlord may refuse) to the use thereof and Landlord may cause a water meter or electrical current meter to be installed in the Premises so as to measure the amount of water and electric current consumed for any such use. The cost of any such meters and of installation, maintenance and repair thereof shall be paid for by the Tenant and Tenant agrees to pay to Landlord promptly upon demand therefore by Landlord for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility furnishing the same, plus any additional commercially reasonable expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, such substantial excess cost for such water and electric current will be established by an estimate made by a utility company or electrical engineer at Tenant's cost and expense; pending any such determination, Landlord shall have the right to estimate and allocate the increased costs based on changes in or from historical usage patterns.

8. Operating Costs.

8.1 During the Term, Tenant shall pay to Landlord the Tenant's Pro Rata Share, as set forth in Section 1.5 above, of Operating Costs. There shall be a cap on the increases of the Controllable Operating Costs (defined below in Section 8.6) in the amount of five percent (5%) on a non-cumulative basis per year. For the purposes of this Section 8, "non-cumulative basis" shall mean Landlord shall not have the ability to recapture unused increases in Controllable Operating Costs from prior years in which the cap was not entirely used. Actual increases to Controllable Operating Costs shall not exceed a five percent (5%) increase from the previous year. 2018 Operating Costs are estimated to be \$9.11 per rentable square foot.

8.2 Costs Included in Operating Costs. The term "Operating Costs" shall include Controllable Operating Costs as defined in Section 8.6, costs of obtaining an Energy Star Certification for the Building with Tenant's prior written approval as described in Section 2.1, and the following Operating Costs actually and reasonably incurred by Landlord in the management

and operation of the Premises and the Building, subject to the exclusion of those items listed in Section 8.3:

(a) The cost of all reasonable and necessary repairs, maintenance and operation of the Building and Premises, including Building systems within the Premises, light bulb replacements, lighting ballasts and starters, and window coverings that are within the Premises, quarterly maintenance and service for the HVAC systems, common areas, parking areas, sidewalks and grounds associated with the Premises, including the cost of ordinary materials and supplies consumed in connection with any such maintenance, repair, and operation that in accordance with generally accepted accounting principles would not be capitalized, except that Landlord shall first look to any existing warranties and/or guaranties or other responsible third parties to pay such costs;

(b) The reasonable and customary management fee for Landlord or Landlord's managing agent for the Building (in accordance with the local marketplace for comparable buildings) not to exceed five percent (5%) of gross receipts which shall be inclusive of any cost of materials and supplies used in connection with such management, Landlord's general overhead, a rental office for management, and salaries and benefits of Landlord's personnel, officers and executives;

(c) Salary of Landlord's employees directly engaged in the operation and maintenance of the Premises based on the percentage of time each such employee devotes to the Building;

(d) Premiums incurred by Landlord for insurance coverage maintained by Landlord for the Building that is required by this Lease or that is customarily carried by operators of comparable buildings in the area, which coverage shall include reasonable and customary deductibles (but not to exceed \$10,000);

(e) The cost of the utilities and services identified in Section 7 above;

(f) General real estate taxes levied against the Building and Real Property that accrue and are payable during the Term, but not any special assessments or taxes in the nature of improvement or betterment assessments ("Real Estate Taxes"). Real Estate Taxes shall exclude, without limitation, any income, franchise, gross receipts, corporation, capital levy, excess profits, revenue, rent, inheritance, gift, estate, payroll or stamp tax or any increase in tax (or any tax protest) arising out of a reassessment on all or part of the Building or Real Property upon the sale, transfer or assignment of Landlord's title or estate, which at any time may be assessed against or become a lien upon all or any part of the Premises, Building or Real Property. In addition, Real Estate Taxes shall exclude any penalties or interest, and shall further exclude any liens or taxes that are levied or assessed against the Premises, Building or Real Estate for any time prior to the Term. Landlord represents and warrants that the Real Property is fully assessed as a completed and occupied unit with all improvements contemplated by this Lease as of the Commencement Date.

Landlord shall at all times use its best efforts to operate the Building in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable

buildings in the area. Landlord agrees that (i) Landlord will not collect or be entitled to collect Operating Costs from all of its tenants in an amount which is in excess of one hundred percent (100%) of the Operating Costs actually paid by Landlord in connection with the operation of the Building, and (ii) Landlord shall make no profit from Landlord's collection of Operating Costs.

8.3 Exclusions from Operating Costs. Notwithstanding the generality of Section 8.2, the following items shall be excluded or deducted, as the case may be, from the calculation of Tenant's Pro Rata Share of Operating Costs:

- (a) Any costs borne directly by Tenant under this Lease;
- (b) Any ground lease or master lease rental;
- (c) Costs of capital repairs, replacements, improvements and equipment ("Capital Items"), except for: (A) the annual amortization (amortized over the useful life as reasonably determined by Landlord without interest) of costs incurred by Landlord after the Commencement Date for any capital improvements installed or paid for by Landlord and required by any new (or change in) laws, rules, or regulations of any governmental or quasi-governmental authority which are enacted after the Commencement Date; (B) the annual amortization (amortized over the useful life as reasonably determined by Landlord without interest) of costs of any equipment, device, or capital improvement purchased or incurred as a labor-saving measure or to affect other economics in the operation or maintenance of the Building, provided the annual amortized cost does not exceed the actual annual cost savings realized and such savings do not redound primarily to the benefit of any particular tenant other than Tenant); or (C) minor capital improvements, tools, or expenditures to the extent each such improvement or acquisition costs less than Five Thousand Dollars (\$5,000.00);
- (d) Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is entitled to be reimbursed by insurance proceeds (or would have been so entitled had it purchased the insurance required by this Lease) and cost of earthquake repairs in excess of Ten Thousand Dollars (\$10,000.00) per earthquake (which for this purpose, an earthquake is defined collectively as the initial earthquake and the aftershocks that relate to such initial earthquake);
- (e) Costs, including permit, license, and inspection costs, incurred with respect to the installation of tenants' or other occupants' improvements in the Building or incurred in renovating or otherwise improving, decorating, painting, or redecorating vacant space for tenants or other occupants of the Building;
- (f) Depreciation, amortization, and interest payments;
- (g) Marketing costs, including without limitation, leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, advertising and promotional expenditures, the cost of signs in or on the Building identifying the owner, management, or other tenants, and other costs and expenses incurred in connection with lease, sublease and/or

assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

(h) Expenses in connection with services or other benefits that are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant;

(i) Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis for comparable buildings;

(j) Costs incurred in connection with upgrading the Building to comply with the current interpretation of disability, life, fire, and safety codes, ordinances, statutes, or other laws in effect prior to the Commencement Date, including, without limitation, the Americans With Disabilities Act, including penalties or damages incurred due to such non-compliance;

(k) Costs for which Landlord has been compensated by a management fee, and any management fees in excess of those management fees which are normally and customarily charged by comparable landlords of comparable buildings;

(l) Costs arising from the negligence or fault of other tenants or Landlord, its employees or agents;

(m) Costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitration pertaining to Landlord and/or the Building;

(n) Any entertainment, dining, or travel expenses of Landlord for any purpose;

(o) Any flowers, gifts, balloons, etc. provided to any entity whatsoever, including, but not limited to, Tenant, other tenants, employees, vendors, contractors, prospective tenants and agents, and any tenant relations parties, events, or promotions;

(p) Costs for parking facilities (unless parking is provided free of charge), and any "validated" parking for any entity;

(q) Legal fees;

(r) Any expenses incurred by Landlord for use of any portions of the Building to accommodate special events including, but not limited to shows, promotions, kiosks, private events or parties beyond the normal expenses attributable to providing Building services, and any "above standard" services, including, but no limited to, those carried out to meet specific requirements of other tenants.

(s) Any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as Operating Costs by comparable landlords of comparable buildings.

(t) Any costs incurred for the repair and maintenance of the Building or Premises as a result of the gross negligence of the Landlord or its affiliates, vendors, employees, or third parties.

8.4 Payment of Operating Costs. As provided in Section 5, in addition to paying Base Rent, Tenant shall pay as Additional Rent its Pro Rata Share of Operating Costs, as determined in Section 8.2 and 8.3. Operating Costs are in the amount specified in Section 8.1 annually for year one or as adjusted per Section 8.5 below, if reconciliation has occurred between date of mutual execution of this Agreement and the Lease Commencement Date. Landlord shall reasonably estimate the Operating Costs for each calendar year wholly or partially included within the Term and shall send notice of the estimate to Tenant at least thirty (30) days before the Commencement Date or the first day of each subsequent year, as applicable. If Tenant requests within thirty (30) days after Landlord's delivery of the estimate to Tenant, Landlord will give Tenant reasonably detailed documentation supporting Landlord's estimate and Tenant shall not be required to pay any portion of such revised estimate until Landlord has provided documentation supporting such estimate that is reasonably acceptable to Tenant. During each calendar year included in the Term for which Tenant is to pay Operating Costs, Tenant shall pay one twelfth ($1/12^{\text{th}}$) of the applicable estimate each month to Landlord together with the monthly Base Rent, subject to the five percent (5%) cap on Controllable Operating Costs as set forth in Section 8.1 above and further defined in Section 8.6. If Landlord does not give Tenant an estimate within the time period stated above, then Tenant shall continue to make estimated payments based upon the preceding year's estimate and within thirty (30) days after receipt of the new estimate for the current year (subject to Landlord's obligation to provide supporting documentation, as set forth above in this paragraph), Tenant shall commence payment of the new estimated monthly amount and shall pay in a lump sum any retroactive amounts due from the beginning of the new year. The monthly charge for estimated Operating Costs shall be prorated for any partial month by dividing the Operating Cost charge by three hundred sixty-five (365) and multiplying the result by the number of days in the partial month for which Operating Costs are owed.

8.5 Reconciliation and Audit Rights. The parties acknowledge the intent that Operating Cost charges are estimated in advance and paid prospectively in installments throughout the year, and that Tenant shall, in any event, be responsible for its share of the actual expenses incurred or accrued during its period of occupancy. Landlord shall endeavor to give Tenant, on or before the first day of March of each year, a reconciliation and comparison of actual Operating Cost expenses for the previous calendar year, together with the calculation of Tenant's share thereof, and the amount by which Tenant's estimated payments is either greater or less than Tenant's actual share (the "Reconciliation"). Any amount by which Tenant's actual share exceeds its payments for the preceding period shall be due within thirty (30) days of Landlord's delivery of the invoice therefor. Any amount by which Tenant's estimated payments exceeds Tenant's actual share shall be credited toward future monetary obligations. Notwithstanding the foregoing, final payment of amounts due from Tenant may be deferred if, during the thirty (30) days following delivery of the reconciliation any Tenant delivers a notice of objection to the Reconciliation. Tenant shall have thirty (30) days from receipt of the Reconciliation to challenge or object to Landlord's

determination of Tenant's share, and failure to deliver written notice during such period shall be conclusive acceptance of such calculation. Any dispute shall be referred to the CPA that prepares the Landlord's tax return for resolution, and the cost thereof shall be paid by Landlord if the CPA's determination of Tenant's share is 95% or less than Landlord's determination; in all other cases, the cost of the CPA shall be paid by Tenant upon presentation of the invoice(s) therefor from the CPA.

8.6 Controllable Operating Costs. "Controllable Operating Costs" is hereinafter defined as all Operating Costs, except: (i) Real Estate Taxes as defined in Section 8.2 (f); (ii) insurance carried by Landlord pursuant to Section 15.2; (iii) the costs of utilities required pursuant to Section 7.

9. Maintenance and Repairs. Subject to Landlord's obligations under this Lease, Tenant shall be responsible for the cost and facilitation of maintenance and non-structural repairs to the interior of the Premises, which shall be maintained and repaired in a commercially reasonable manner, with the exception that Landlord shall be responsible for facilitating light bulb replacements, lighting ballasts and starters, and window coverings that are within the Premises which shall be included in the Operating Costs. Landlord shall be responsible for the repair, maintenance, or replacement of any Building systems within the Premises which shall be included in the Operating Costs. The Landlord shall maintain, repair, and replace, if necessary, the Building; all Building systems, including but not limited to electrical, interior lighting (including replacement of light bulbs, ballasts and starters as required); plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings; window coverings; elevators (including communications systems); interior and exterior walls (including windows and entrance and exit doors); all structural portions of the Building; the Building envelope (including the roof and the watertight integrity of same); porches, stairways; sidewalks; exterior lighting; parking lot (including snow removal, cleaning and restriping as required); wheel bumpers; drainage; landscaping and continuous satisfaction of all governmental requirements (example: fire, building, energy codes, indoor air quality, and requirements to provide architecturally barrier-free premises for persons with disabilities, etc.).

Tenant acknowledges that Landlord does not warrant any repairs, improvements, or alterations to the Premises or the Building, except to the extent such repairs, improvements, or alterations are warranted by third parties, provided such warranties are commercially reasonable.

10. Sublease and Assignment. Tenant shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants, and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, conditioned, or delayed. If such consent is granted, Tenant will be responsible for any legal or administrative fees related to the preparation of documents and agreements, and any other costs incurred by the process, which in the case of administrative fees shall not exceed \$1,250 in connection with any one transaction. Consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be consent to any subsequent assignment, subletting, occupation, or use by another person. Any

such assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, constitute a default under this Lease.

11. Alterations and Improvements. Tenant shall be entitled to perform alterations and/or improvements to the Premises (including, without limitation, the installation of fixtures and signs) subject to Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall not be required to restore the Premises upon the expiration of the Lease, or required to remove any improvements or alterations provided those improvements or alterations are approved in writing in advance by Landlord. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, and any contractor or person selected by Tenant to make the same must first be approved of in writing by the Landlord. With the exception of King County Facilities Management Division employees (other than in the case of work on electrical systems), any and all work performed in the Premises must be performed by a licensed and bonded contractor in the State of Washington and performed at such times and upon such conditions as may be imposed by Landlord to minimize and/or avoid disruption of other tenants of the Building, including, for example, requiring that any activities generating noise, vibration, or odors shall be conducted outside of the ordinary business hours of other tenants. Tenant may from time to time remove any fixtures, alterations, or improvements installed by Tenant in or to the Premises; provided that Tenant agrees to repair any damage caused by such removal.

Notwithstanding the foregoing, Tenant may perform alterations and/or improvements to the Premises without obtaining Landlord's prior consent so long as such alterations and/or improvements: (i) do not exceed \$15,000 per project, (ii) are not visible from the exterior of the Premises, (iii) do not adversely affect any Building system or the structural strength of the Building, and (iv) do not require penetrations into the roof of the Building.

12. Damage and Destruction. In the event the Premises or Building are destroyed or damaged by fire, earthquake, or other casualty so as to render the Premises or Building, in Tenant's sole judgment, unfit for occupancy or Tenant's intended purpose, and the Landlord neglects or refuses to restore the Premises to its former condition within ninety (90) days of such damage or destruction, Tenant may terminate this Lease upon thirty (30) days written notice to Landlord. In the event of such termination, Landlord and Tenant shall have no further obligations hereunder, except those obligations that expressly survive the expiration or earlier termination of the Lease. In the event the Premises are damaged by any of the aforesaid events, the Rent shall be abated in proportion to the percentage of untenable space in the Premises as relates to the total square footage of the Premises until such time that Landlord restores the Premises to its pre-casualty condition. If, in the sole discretion of Tenant, the untenable portion of the Premises or the Building renders the Premises unusable for the Permitted Use, Tenant may unilaterally terminate this Lease upon thirty (30) days written notice to Landlord.

13. Condemnation. If any portion of the Premises, Building, or real property upon which the same are situated (including, without limitation, any parking areas associated with the Premises and/or Building) which is necessary, in Tenant's sole judgment, for Tenant's occupancy or intended use of the Premises, or fifty percent (50%) or more of the rentable area of the Building, is made untenable by eminent domain or conveyed under a threat of condemnation, this Lease

shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises or the portion of the underlying real property taken by the condemning authority. All Rents and other payments shall be paid to that date. If the condemning authority takes a portion of the Premises or of the Building or the underlying real property necessary for Tenant's occupancy or intended use that does not render them, in Tenant's sole judgment, untenable, then this Lease shall continue in full force and effect and the Rent shall be proportionately reduced based on the percentage by which the floor area of the Premises is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. If the Tenant, in its sole judgment, determines that the condemnation has rendered the Premises unsuitable for the Permitted Use, Tenant shall be entitled to terminate this Lease upon thirty (30) days advance written notice to Landlord. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses if Tenant terminates the Lease under this section, provided that in no event shall Tenant's claim reduce Landlord's award.

14. Indemnity and Hold Harmless. Each party shall defend, indemnify and hold the other harmless from and against any claims, suits, causes of action, judgments, damage, loss or liability for injuries to persons or property (excluding consequential damages such as lost profits) (collectively, "Claims") to the extent caused by the negligent acts or omissions of their respective agents, officers and employees, arising out of or incidental to the exercise of rights and obligations under this Lease. Where such Claims result from the concurrent negligence of the parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of each party's negligence. Each of the parties agrees that its obligations under this Section 14 extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to each of the other party's only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW. In the event that any of the parties incurs any judgment, award, and/or cost arising therefrom, including attorney fees, expenses, and costs shall be recoverable from the responsible party to the extent of that party's negligence.

15. Insurance.

15.1 Landlord acknowledges that Tenant, a Charter County Government under the Constitution of the State of Washington, maintains a fully funded self-insurance program as defined in King County Code 2.21 for the protection and handling of the Tenant's liabilities, including injuries to persons and damage to property. Tenant shall, at its own expense, maintain, through its self-funded program, coverage sufficient for all of its liability exposures for this Lease. Tenant shall provide Landlord with at least thirty (30) days prior written notice of any material change in Tenant's self-funded program and shall provide Landlord with a certificate of self-insurance as proof of coverage. Landlord further acknowledges that Tenant does not maintain a commercial General Liability Insurance policy and is a self-insured government entity; therefore, Tenant does not have the ability to add Landlord as an additional insured to such policy. Should Tenant cease self-insuring its liability exposure and purchase a Commercial General Liability

Insurance Policy, Tenant shall add Landlord as an additional insured to such policy. Tenant shall at all times maintain its self-funded program or a Commercial General Liability Insurance Policy, each in an amount sufficient to cover its liability exposure under this Lease.

15.2 Landlord shall maintain throughout the Term commercially reasonable policies of property insurance covering loss of or damage to the Building (including tenant improvements and subsequent alterations) in the full amount of its replacement cost with endorsement to cover code changes. Landlord hereby waives and releases any right of recovery (including by way of subrogation) against Tenant, its officers, employees, and agents, for any loss or damage sustained by Landlord with respect to the Building, or Premises or any portion thereof or the contents of the same or any operation therein, to the extent such loss or damage is actually insured against or is required hereunder to be insured against.

16. Intentionally Deleted.

17. **Liens.** Landlord and Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant or Landlord and each shall indemnify and hold harmless the other from and against all liabilities, losses, damages, and costs (including reasonable attorney fees and costs) incurred in connection with any such lien. Landlord or Tenant may contest the validity or amount of any such lien or encumbrance in good faith provided that, within forty-five (45) days after the filing of such lien or encumbrance, Landlord or Tenant discharges the same by providing and recording a bond which complies with the requirements of RCW 60.04.161 eliminating said lien and/or encumbrance.

18. **Quiet Possession.** Landlord covenants that as of the Commencement Date, Landlord will have good right to lease the Premises for the purpose and uses stated herein and Tenant shall have and quietly enjoy the Premises for the Lease Term.

19. **Holding Over.** If Tenant remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord, but in any event shall not exceed 18 months (the "Holdover Period"). In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Rent during Tenant's holding over shall be one hundred twenty-five percent (125%) of the Base Rent payable in the last full month prior to the termination hereof. Acceptance by Landlord of rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law. During the Holdover Period, either Landlord or Tenant may terminate this Lease by providing thirty (30) days' prior written notice.

20. **Non-Discrimination.** Landlord shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Ch. 12.16.125. Landlord shall comply fully with all applicable federal, state and local laws,

ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Lease and may result in ineligibility for further agreements with King County. Notwithstanding anything to the contrary, Tenant shall be entitled to terminate this Lease effective upon written notice to Landlord in the event that Landlord violates the requirements of this Section 20.

21. Default.

21.1 The following occurrences shall each constitute a default by Tenant (an "Event of Default" or "Default"):

A. Failure To Pay. Failure by Tenant to pay any sum, including Rent, due under this Lease where such failure shall continue for a period of five (5) days after written notice thereof by Landlord to Tenant.

B. Vacating Premises. The vacating or abandonment of the Premises by Tenant; or the failure to materially and actively conduct Tenant's usual business from the Premises (unless due to fire or other insured casualty).

C. Other Non-Monetary Defaults. The breach by Tenant of any agreement, term, or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section or elsewhere in this Lease, which breach continues for a period of thirty (30) days after written notice by Landlord to Tenant of the breach (provided, if the nature of Tenant's failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure promptly and thereafter diligently prosecutes such cure to completion).

21.2 Landlord Default; Remedies. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord. If Landlord fails to cure any such default within the allotted time, Tenant may, in its sole discretion and without limiting Tenant's other rights or remedies under this Lease and/or at law, terminate this Lease upon thirty (30) days advance written notice to Landlord. Tenant shall have all remedies available at law or in equity. Nothing herein contained shall relieve Landlord from its duty to perform any of its obligations to the standard prescribed in this Lease.

22. Remedies. Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

22.1 Termination of Lease. Landlord may terminate Tenant's interest under the Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease

term, less (i) the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's reasonable, actual reletting expenses, or (ii) such amounts as Tenant proves may reasonably be avoided.

22.2 Re-Entry and Reletting. Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord its reasonable, actual reletting expenses; second, to pay any indebtedness of Tenant to Landlord other than Rent; third, to the Rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs for securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

Landlord may also maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under the Lease, including the right to recover the rent as it becomes due hereunder.

Landlord may also pursue any other remedy now or hereafter available to Landlord under the laws and/or judicial decisions of the State of Washington.

23. Costs and Attorney's Fees. If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding. The hourly rates for any award of attorneys' fees will be calculated based on the rate that would be charged for the services provided by an attorney who is in private practice, of the same expertise and experience as the prevailing party's attorney(s).

24. Hazardous Material.

24.1 For purposes of this Lease, the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington Water Pollution Control Act, RCW ch. 90.48, and any laws concerning above ground or underground storage tanks. For the purposes of this Lease, the term "Hazardous Material" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law.

24.2 Landlord represents and warrants to Tenant that, to the best of Landlord's knowledge, there is no Hazardous Material on, in, or under the Premises or the Real Property as of the Commencement Date. If there is any Hazardous Material on, in, or under the Premises or the Real Property which has been or thereafter becomes released, then Landlord (i) shall be solely responsible, at its sole cost, for promptly remediating the same to the extent required by Environmental Law and (ii) shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred either during or after the Lease term as the result of such release.

24.3 Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the Real Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except in strict compliance with all applicable federal, state, and local laws, regulations, codes, and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred either during or after the Lease term ("Claims") to the extent that said Claims are a result of said breach. Tenant shall promptly notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises or the Real Property.

24.4 Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept, or used in or about the Premises or the Real Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any release of any Hazardous Material on the Premises or the Real Property, Tenant shall be solely responsible, at its sole cost, for promptly remediating the same to the extent required by Environmental Law. Landlord's approval of such remediation shall first be obtained, which approval shall not be unreasonably withheld, conditioned or delayed, provided, however, that Tenant shall be entitled to respond immediately to an emergency without prior approval from

Landlord, including but not limited to taking actions necessary to prevent the release from migrating, leaching or otherwise spreading, and actions necessary to respond to any immediate obligations imposed on Tenant by Environmental Law. To the extent such Hazardous Material becomes commingled with Hazardous Material released by Landlord or other parties, nothing in this Lease shall prevent Tenant from seeking to recover costs, expenses or any other damages incurred as a result of the presence of such Hazardous Material that was released by Landlord or other parties.

24.5 Landlord shall remediate any Hazardous Material discovered in the course of carrying out Landlord's Work at Landlord's sole cost and expense.

24.6 Each of the parties agrees that its obligations under this Section 24 extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to each of the other party's only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW.

24.7 The provisions of this Article 24 shall survive expiration or earlier termination of this Lease.

24.8 All claims, judgements, damages, penalties, fines, costs, liabilities and losses involving the release or presence of Hazardous Material shall be subject to this Section 24, and not the indemnity and liability provisions of Section 14.

24.9 Mold Disclaimer. As of the date of occupancy, Tenant has inspected the Premises and found no evidence of mold or other toxic materials, or materials that may be considered toxic (or if found, will deliver written notice to Landlord). Tenant acknowledges that (a) spores that cause mold occur and are naturally present in the environment; (b) that mold growth inside the Premises requires a source of moisture; (c) Landlord does not and will not routinely inspect the Premises for signs of moisture or mold; and (d) that conditions within the Premises are within the control of and are the responsibility of Tenant.

LANDLORD DISCLAIMS ANY AND ALL LIABILITY, AND TENANT AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS LANDLORD FROM AND AGAINST, ANY AND ALL CLAIMS (INCLUDING BUT NOT LIMITED TO ANY CLAIMS FOR PERSONAL OR BODILY INJURY, ADVERSE HEALTH EFFECTS OR OTHERWISE) AGAINST TENANT OR LANDLORD RELATED TO THE PRESENCE OF MOLD OR ANY DERIVATIVE THEREOF WITHIN THE PREMISES, WHEN THE PRESENCE OF SUCH MOLD OR DERIVATIVE IS THE RESULT OF TENANT'S SOLE NEGLIGENCE.

25. General.

25.1 Heirs and Assigns. This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, and assigns.

25.2 Brokers' Fees. Tenant was represented in this transaction by Cushman & Wakefield USA, Inc., ("Tenant's Broker"). Landlord agrees to pay Tenant's Broker a market real estate fee of \$1.00 per square foot per year for the Lease Term and/or any proportionate share for any partial year thereof for the full Lease Term per a mutually agreed upon and mutually executed Commission Agreement. Landlord represents and warrants to Tenant that it has not engaged any broker, finder, or other person who would be entitled to any commission or fees for the negotiation, execution, or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability, or expense incurred by Tenant as a result of any claim asserted by any such broker, finder, or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.

25.3 Entire Agreement. This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified, or amended except in writing, signed by Landlord and Tenant.

25.4 Severability. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision of this Lease.

25.5 Force Majeure. Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war, or other strife.

25.6 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington. Venue of any action shall be in Pierce County, Washington.

25.7 Addenda/Exhibits. The following Exhibits are made a part of this Lease. The terms of any Addendum to Lease and the Exhibits shall control over any inconsistent provision in the sections of this Lease:

- Exhibit A: Legal Description
- Exhibit B: Diagram of the Premises
- Exhibit C: Work Letter
- Exhibit D: Rules and Regulations
- Exhibit E: Parking Map

25.8 Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which constitute but one original.

25.9 Waiver. The waiver by Tenant or Landlord of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition on any subsequent breach of the same or any other term, covenant, or condition of this Lease, other than

the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

25.10 Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States mail, personal delivery or nationally recognized overnight private carrier, postage prepaid, addressed to the Tenant at Tenant's office located in the Building, or to such other person or place as the Tenant may from time to time designate in a notice to the Landlord.

25.11 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or a sum due from Tenant shall not have been received by Landlord or Landlord's designee within five (5) days after said amount is due (without requirement of notice or demand therefor), then Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount but such late charge shall not be less than \$50.00. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by the Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

25.12 Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

25.13 Sale of Premises by Landlord. In the event of any sale of the Building, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence, or omission occurring after the consummation of such sale. The purchaser, at such sale or any subsequent sale of the Premises, shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease. Landlord shall transfer any deposits that it received from the Tenant to the purchaser of the Building.

25.14 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

25.15 Light, Air, and View. Landlord does not guarantee the continued present status of light, air, or view over any premises adjoining or in the vicinity of the Building.

25.16 **Due Date.** Any payments or other performance due hereunder, if due on a Saturday, Sunday, or legal holiday, shall be due on the next regular business day.

26. **Early Termination.** Intentionally omitted.

27. **Signage.** Landlord shall install Building-standard suite and lobby directory signage for Tenant, at Landlord's sole cost and expense. For all other signage, including but not limited to exterior signage, Tenant shall obtain Landlord's written consent, which shall not be unreasonably withheld, conditioned, or delayed, as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant's sole cost and expense and in compliance with all applicable laws.

28. **Self Help.** Notwithstanding anything to the contrary, if Landlord fails to make and complete any maintenance or repair obligation of Landlord within twenty-four (24) hours of notice from Tenant with respect to any item of maintenance or repair that is deemed necessary by Tenant for its use of the Premises, or within thirty (30) days of notice from Tenant with respect to any other Landlord maintenance or repair obligation, then Tenant shall be entitled to take such actions and make such repairs to the Premises, Building, or property associated with the same, as Tenant may deem necessary to correct such interruption, and Landlord shall reimburse Tenant for the cost of the same within thirty (30) days of invoice.

29. **Subordination, Nondisturbance, and Attornment.** This Lease shall be subordinate to all existing and future mortgages and/or deeds of trust on the Premises, or the Building, and Tenant agrees to subordinate this Lease to any future mortgage or deed of trust and to attorn to Landlord's successor following any foreclosure, sale, or transfer in lieu thereof, provided that the mortgagee, transferee, purchaser, lessor, or beneficiary ("Landlord's Successor") agrees in a written instrument in form and substance satisfactory to Tenant that Tenant's use or possession of the Premises shall not be disturbed, nor shall its obligations be enlarged or its rights be abridged hereunder by reason of any such transaction. Notwithstanding any foreclosure or sale under any mortgage or deed of trust (or transfer by deed in lieu thereof), this Lease shall remain in full force and effect.

30. **Estoppel Certificates.** Upon Landlord's written request, Tenant will execute, acknowledge and deliver to Landlord a written statement in form satisfactory to Landlord certifying: (a) that this Lease is unmodified and in full force and effect (or, if there have been any modifications, that the Lease is in full force and effect, as modified, and stating the modifications); (b) that this Lease has not been canceled or terminated; (c) the last date of payment of Rent and the time period covered by such payment; (d) whether there are then existing any breaches or defaults by Landlord under this Lease known to Tenant, and, if so, specifying the same; and (e) such other factual statements as Landlord, any lender, prospective lender, investor, or purchaser may reasonably request. Nothing herein shall, be construed to create or impose a duty upon Tenant to conduct an investigation or incur any out of pocket costs in responding to Landlord's request for an estoppel certificate. For purposes of clause (d) of the preceding sentence, Tenant's knowledge may be limited to the actual knowledge of an authorized representative of Tenant with responsibility for the administration of this Lease. Tenant will deliver the statement to Landlord

within fifteen (15) business days after Landlord's request. Landlord may give any such statement by Tenant to any lender, prospective lender, investor, or purchaser of all or any part of the Premises, Building, or Project and any such party may conclusively rely upon such statement as true and correct.

31. Rules and Regulations. Tenant shall be bound by and shall comply with the rules and regulations attached as Exhibit D to the extent those rules and regulations are not in conflict with the terms of this Lease, as well as any reasonable rules and regulations hereafter adopted by Landlord for all tenants of the Building, upon notice to Tenant thereof (collectively, the "Building Rules").

32. Surrender of Premises. At the end of the term of this Lease or any extension thereof or other sooner termination, Tenant will peaceably deliver to Landlord possession of the Premises, in the same condition as received, except for ordinary wear and tear, and Tenant will deliver all keys to the Premises to Landlord. Tenant shall also remove all equipment, trade fixtures, and personal property from the Premises. At Tenant's election, Tenant may, but shall not be required to, remove any alterations installed by Tenant or elements of the Landlord's Work at no cost to Landlord, provided that Tenant shall repair any damaged to the Premises caused by such removal.

33. Parking. Landlord shall provide five (5) dedicated parking stalls for Tenant's exclusive use in the parking lot adjacent to the Building, as set forth on the Parking Map attached as Exhibit E. Additional shared parking, including short term visitor parking in the Building parking garage is available for Tenant's use, which is subject to a reasonable parking ratio for Building tenants, determined by Landlord.

34. Right to Negotiate Purchase. In the event Landlord offers the Real Property for sale, Landlord shall use commercially reasonable efforts to notify Tenant and to keep Tenant reasonably apprised of the material deadlines for bids and offers. In the event Landlord receives a bona fide written offer from a third-party to purchase the Real Property, Landlord shall provide written notice to Tenant stating the general terms and conditions of the offer. Tenant shall have seven (7) days after receipt of such notice to provide Landlord with an unequivocal, irrevocable, written offer to purchase the Real Property. Landlord may accept or reject any offer from Tenant to purchase the Real Property in Landlord's sole and absolute discretion, and Landlord is under no obligation to sell the Real Property to Tenant either on the terms of an offer from Tenant as provided herein, or otherwise.

35. Right of First Refusal to Lease. During the Term of this Lease, including any Extended Term, Tenant shall have the right of first refusal on unoccupied space in the Building. Upon the receipt of written notice that Landlord has received a bona fide offer from a third party for the lease of space in the Building, which shall state the general terms and conditions of the offer, Tenant shall have seven (7) days to provide Landlord with an unequivocal, irrevocable, written commitment to lease space upon the same terms set forth in the third party's offer. If Tenant fails to provide Landlord with such notice within the seven (7) day period, Landlord shall be free to lease space in the Building to the third party. Notwithstanding the foregoing, in the event Tenant exercises its right of first refusal as provided herein during the first six (6) months of the Term, the same general terms and conditions of this Lease shall be used to govern the lease of the unoccupied

space, as to the amount of base rent per rentable square foot. In the event Tenant exercises its right of first refusal as provided herein after the first six (6) months of the Term, the terms of the third party's offer shall govern unless otherwise mutually agreed in writing between Landlord and Tenant.

36. Legal Description. In the event any legal description of the Premises or Building as set forth herein shall be deemed lacking, or otherwise insufficient or erroneous, Landlord and Tenant agree that either party hereto has the power to place the Lease in the hands of an attorney licensed to practice in the State of Washington to fill in, attach, or otherwise supplement this Lease with a sufficient legal description, with the same force and effect as if it had been included when this Lease was first executed. The parties acknowledge and agree that part performance by Tenant's taking possession of the Premises shall be sufficient to resolve any ambiguity or question regarding the parties' intent with respect to the identification of the Premises, and agree to waive any claim or defense with respect to the sufficiency of the legal description or failure to attach an accurate legal description. The parties further agree and acknowledge that if the Premises is a part of a Building, and/or if the Building is less than all of the parcel of land (i.e., a building in a shopping center), that the Premises may not have a discreet legal description and that the legal description of the larger parcel shall, in any event, be sufficient.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year set forth below.

LANDLORD:

KENT VALLEY PROFESSIONAL PLAZA, LLC

By: 

Name: DANNY KRUSE

Title: AUTHORIZED AGENT

Date: 5/14/18

TENANT:

KING COUNTY, a political subdivision of the State of Washington

By: _____

Name: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

By: _____
Chris Leopold
Senior Deputy Prosecuting Attorney

**APPROVED BY CUSTODIAL
AGENCY:**

By: _____

Date: _____

STATE OF WASHINGTON)

) ss.

COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Danny Kruse 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 authorized agent of Kent Valley Professional Plaza a WAits LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 19th day of May, 2018.

Notary Public KL Fairall
Print Name KAREN LYNN FAIRALL
My commission expires 10/02/20



(Use this space for notarial stamp/seal)

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that _____ signed this instrument, on oath stated that _____ was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2018

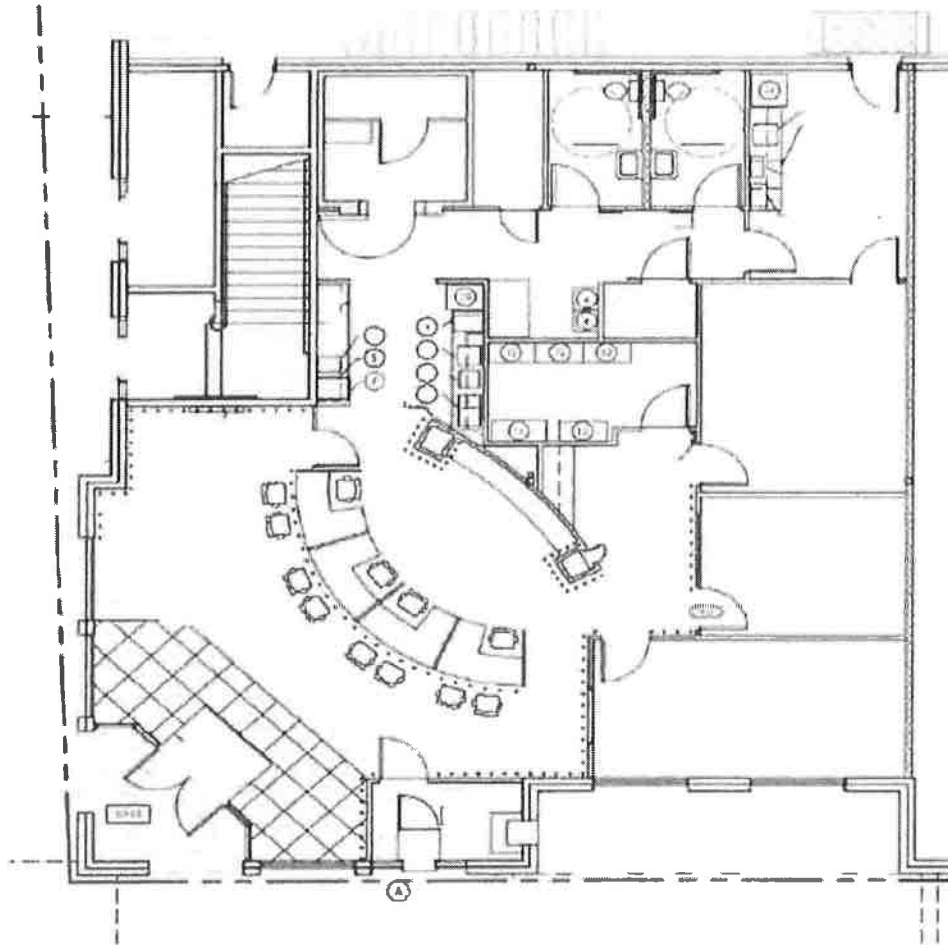
Notary Public
Print Name
My commission expires

(Use this space for notarial stamp/seal)

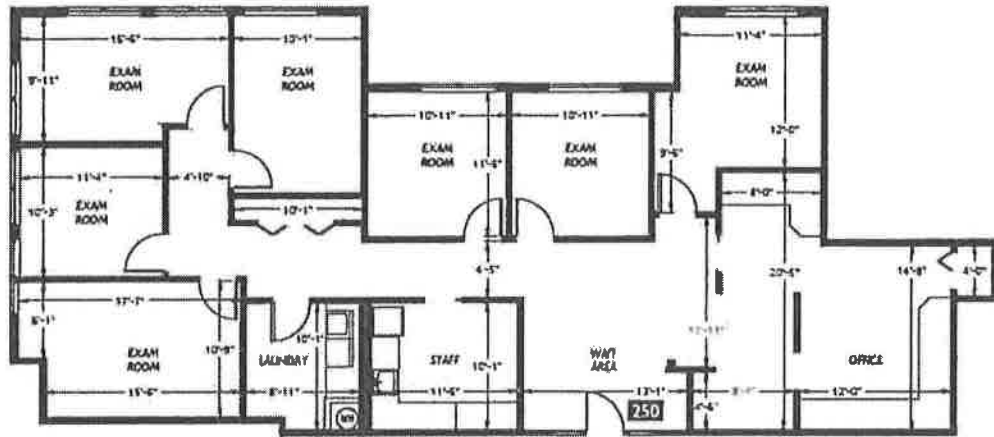
EXHIBIT A
Legal Description

YESLER'S FIRST ADDITION TO KENT LOTS 1 & 2 AND LOTS 19 & 20 BLK 6 (AS
DESCRIBED & DELINEATED PER CITY OF KENT LOT LINE ADJUSTMENT NO LL-2004-2
RECORDING NO 20040304002066)

EXHIBIT B
Diagram of Premises



Suite 100 - 2,508 Rentable Square Feet



Suite 250 - 2,388 Rentable Square Feet Total

EXHIBIT C Work Letter

This Exhibit C ("Work Letter") is part of that certain Lease Agreement ("Lease") dated May 11, 2018, by and between Kent Valley Professional Plaza, LLC, a Washington limited liability company ("Landlord"), and King County, a political subdivision of the State of Washington ("Tenant"), under which Tenant has leased certain space ("Premises") from Landlord, as more particularly described in the Lease. Capitalized terms not defined herein shall have the meaning assigned to them in the Lease.

1. COMPLETION SCHEDULE.

Within three (3) business days following the execution of the Lease, or within fourteen (14) business days following receipt of Landlord's Work Plans, as defined below in Paragraph 3, whichever is later, Landlord shall deliver to Tenant a schedule ("Work Schedule") setting forth a timetable for the planning, design and completion of the installation of Landlord's Work to be constructed in the Premises, which Work Schedule is subject to Tenant's review and approval. The Work Schedule shall set forth each of the various items of work to be done by or approval to be given by Landlord and Tenant in connection with the completion of Landlord's Work. Landlord shall be responsible for ensuring the completion of Landlord's Work in accordance with the Work Schedule and shall inform Tenant within one (1) business day of Landlord becoming aware of any changes to the same, which changes are subject to Tenant's review and approval. If Landlord's approval or consent is needed with respect to any element of the design or construction of Landlord's Work, then Landlord agrees to provide the same within three (3) business days of request, unless another time frame is set forth in the Work Schedule.

2. LANDLORD'S WORK.

Reference herein to "Landlord's Work" shall include all work to be done in the Premises pursuant to Landlord's Work Plans described in Paragraph 3 below. Reference in the Lease to "Tenant Improvements" shall mean the "Landlord's Work" as described herein.

3. LANDLORD'S WORK PLANS.

The elements of Landlord's Work will be depicted in the permit and bid documents to be prepared by Tenant's architect, WJA, which will be approved by Landlord and Tenant. Landlord and Tenant and its architect shall cooperate with each other in order to facilitate prompt and efficient completion of such drawings and specifications. Once approved by Landlord and Tenant, such drawings and specifications may be referred to herein as "Landlord's Permitting Plans" to be used for permitting and bidding purposes only. Landlord's Permitting Plans shall be submitted to the appropriate governmental body by Tenant for plan checking and the issuance of a building permit. Tenant's architect shall cause to be made any changes in Landlord's Permitting Plans necessary to obtain the building permit, subject to Landlord's and Tenant's approval of such changes. Landlord agrees not to unreasonably withhold, condition or delay its approval of the Landlord's Permitting Plans or any changes to the same requested by Tenant. The construction documents, referred to herein

as "Landlord's Work Plans" includes all plans and specifications necessary to construct the Landlord's Work.

4. CONSTRUCTION OF LANDLORD'S WORK.

a. Landlord warrants to Tenant that its preferred general contractor, Rush Commercial Construction, Inc. ("Rush"), is a qualified, licensed and bonded commercial general contractor with the experience and capacity to manage, oversee and cause the prompt and efficient construction of Landlord's Work. In reliance on such warranty, Tenant agrees that Rush shall serve as the general contractor for the performance of Landlord's Work. To the extent that Landlord is to receive any fee, profit or other payment or reimbursement for Rush serving as the general contractor in such capacity, all such amounts must be fully disclosed in writing and in advance to Tenant and must be approved of by Tenant. Landlord agrees that the cost to Tenant to have Rush serve as the general contractor for Landlord's Work will not exceed the cost that Tenant would incur by competitively bidding such work to other similarly qualified general contractors in Kent, Washington.

b. After Landlord's Permitting Plans have been prepared and approved by Tenant and Tenant's architect, and upon Tenant's confirmation that Tenant is ready to have such plans put out for bid to subcontractors, Landlord and Rush shall prepare the bid package for Landlord's Work, which bid package must be approved of by Tenant in writing. Landlord agrees to cause, and to require all subcontractors performing Landlord's Work to cause, all laborers, workers and mechanics (as such terms are defined in Chapter 39.12 of the Revised Code of Washington) performing the work to be paid the prevailing rate of wages (as defined in Chapter 39.12 of the Revised Code of Washington). Upon Tenant's approval of the bid package, Landlord shall bid such Landlord's Work to a list of qualified subcontractors approved by Tenant. Landlord shall provide copies of the bids from such subcontractors to Tenant (including all back-up and detail) and the selection of subcontractors to perform Landlord's Work shall be subject to Tenant's written approval. Rush shall enter into contracts with the selected subcontractors for the installation of Landlord's Work in accordance with Landlord's Work Plans, which contracts shall be subject to Tenant's written approval.

c. Upon the mutual approval of the bids of all subcontractors needed to perform Landlord's Work and any fee, profit, payment or other reimbursement to be paid to Rush for its services as general contractor, the parties shall mutually agree in writing on the total not-to-exceed cost to construct Landlord's Work ("Guaranteed Maximum Price" or "GMP"). The GMP is to include the cost of all permits, easements and variances required to construct the Landlord's Work with the exception of the City of Kent building permit that will be obtained and paid for by the Tenant. No changes to the approved GMP or subcontracts may be made without Tenant's prior written approval.

d. Landlord shall supervise the completion of Landlord's Work and shall secure completion of such work in accordance with the Work Schedule. Landlord shall ensure that the construction of Landlord's Work is performed in compliance with all applicable laws, codes, ordinances and regulations. During the performance of Landlord's Work, Landlord shall arrange for weekly meetings to include Landlord, Tenant's Project Manager or Tenant's Representative and Tenant's architect, for the purpose of reviewing the progress of Landlord's Work. Landlord shall arrange for such meetings at a mutually convenient time and location.

e. The cost of Landlord's Work shall be paid as provided in Paragraph 5 below. Without limitation, Landlord shall be solely responsible for, and shall indemnify and defend Tenant from and against, any costs, claims, losses, damages, suits or expenses arising out of (i) remedying any errors or defects in Landlord's Work and/or for any failure of Landlord's Work to comply with Landlord's Work Plans; (ii) the acts or omissions of Landlord, Rush, and/or any subcontractors pertaining to this agreement; and/or (iii) any cost to construct Landlord's Work that is in excess of the GMP approved by Tenant. In addition, Landlord shall be solely responsible for performing and paying for any additional work that must be performed to the Premises or the Building due to (i) the presence of asbestos or other hazardous materials; structural issues; mold; or substandard conditions or construction; and/or (ii) the acts or omissions of Rush, or any subcontractor. Landlord hereby warrants to Tenant that Landlord, to the best of its current knowledge, is not aware of any condition or deficiency in the Premises or Building that is likely to increase the cost of Landlord's Work (such as, without limitation, any code violation or the presence of asbestos or any hazardous material). Landlord agrees to defend, indemnify, and hold harmless the Tenant for claims by Landlord or Rush's employees and agrees to waive its immunity under Title 51 RCW, (only with respect to its obligations to Tenant), which waiver has been mutually negotiated by the parties.

5. PAYMENT OF COST OF LANDLORD'S WORK.

a. Landlord hereby grants to Tenant a "Tenant Allowance" up to and not to exceed seventy-five Dollars (\$75.00) per rentable square foot of the Building. The Tenant Allowance may be used by Tenant for:

- (1) Construction of Landlord's Work, including, without limitation, the following:
 - (a) Installation within the Premises of all partitioning, doors, floor coverings, ceilings, wall coverings and painting, millwork and similar items.
 - (b) All electrical wiring, cabling, lighting fixtures, outlets and switches, and other electrical work to be installed within the Premises.
 - (c) The furnishing and installation of all mechanical equipment, duct work, terminal boxes, diffusers and accessories required for the completion of the heating, ventilation and air conditioning systems within the Premises, including the cost of meter and key control for after-hour air conditioning.
 - (d) Any additional Tenant requirements including, but not limited to, odor control, special heating, ventilation and air conditioning, noise or vibration control or other special systems.
 - (e) All fire and life safety control systems such as fire walls, sprinklers, halon, fire alarms, including piping, wiring and accessories installed within the Premises.
 - (f) All plumbing, fixtures, pipes and accessories to be installed within the Premises.

- (g) Testing and inspection costs.
- (h) Subcontractors' fees, including but not limited to any fees based on general conditions.
- (i) Tenant selected furnishings, fixtures and equipment.

(2) All other costs to be properly expended by, or owing to, Tenant or Landlord in the design, permitting and construction of Landlord's Work, including without limitation, those costs incurred by Tenant for design and construction of elements of Landlord's Work.

b. The cost of constructing Landlord's Work shall be charged against the Tenant Allowance. If the cost of Landlord's Work (according to the GMP approved by Tenant) exceeds the Tenant Allowance, Tenant shall pay any such overage within thirty (30) days of Landlord's first monthly billing (in which the Tenant Allowance is exceeded), which billing shall occur on the 15th day of each month. Landlord shall submit with each billing written back-up for the costs reflected in such billing for the reasonable review and approval of Tenant.

c. In the event that, after Landlord's Work Plans have been prepared and a GMP has been approved by Tenant, Tenant shall require any changes or substitutions to Landlord's Work Plans (each one a "Tenant Change Proposal"), any additional costs thereof shall be paid by Tenant to Landlord within thirty (30) days of Landlord's monthly billing in which such costs are reflected. Landlord shall first apply towards such increase any remaining balance in the Tenant Allowance.

d. Any increase for any reason whatsoever to the cost of Landlord's Work above the GMP (approved by Tenant), including without limitation the requirements of any governmental agency, shall require Tenant's prior written approval. Landlord shall be solely responsible for all costs of constructing Landlord's Work that exceed the GMP that are not attributable to a Tenant Change Proposal.

e. Upon completion of Landlord's Work, any unused portion of the Tenant Allowance shall be applied to the Rent next owing under the Lease.

f. Tenant or its accountants shall have the right to inspect and audit Landlord's books and records with respect to Landlord's Work to verify actual costs thereof. Tenant shall exercise this right by giving written notice to Landlord of its intent to audit, which notice shall be given by Tenant within six (6) months after the completion of Landlord's Work. Upon giving such notice, Tenant or its accountants, at Tenant's sole cost (except as otherwise provided below), shall have the right for the succeeding sixty (60) days to inspect and audit Landlord's books and records with respect to Landlord's Work to verify the actual costs thereof. Tenant shall not pay any person or entity conducting such an audit on a contingency basis. Any overcharge or underpayment shall be due from one party to the other within thirty (30) days after the amount of the overcharge or underpayment has been mutually agreed upon or established by a court of competent jurisdiction. If an overcharge against Tenant of more than five percent (5%) of Landlord's Work is discovered, Landlord shall also reimburse Tenant for the cost of the audit within thirty days of receipt of invoice.

6. PUNCH LIST; DEFICIENCIES IN LANDLORD'S WORK

- a. Landlord shall notify the Tenant when Landlord's Work is "Substantially Complete." "Substantial Completion" or "Substantially Complete" shall mean that the Landlord's Work is complete to the extent that Tenant may reasonably use and occupy the Premises for the Permitted Use, subject to minor details typically listed in a punch list that remain to be completed by Landlord, as evidenced by: (i) issuance of a certificate of substantial completion executed by Tenant's architect; and (ii) issuance of a certificate of temporary or permanent occupancy by the City of Kent.
- b. Landlord and Tenant will, within ten (10) business days from the date that Landlord's Work for each Phase of Landlord's Work is Substantially Complete, inspect the Premises and prepare a list of any outstanding work or items to be completed by Landlord ("Punch List"). Landlord agrees to complete the Punch List work or item(s) with commercially reasonable diligence and speed, and within thirty (30) days after the Punch List is delivered to Landlord.
- c. Landlord shall warrant and be solely responsible for the industry standard one (1) year from the completion of the Inspection Period, for promptly remedying any defects in Landlord's Work, at Landlord's sole cost (excluding normal wear and tear as the result of Tenant's use and Tenant's maintenance obligations pursuant to Section 9 of this Lease).

7. REPRESENTATIVES

Tenant has designated Denise Thompson as its sole representative with respect to the matters set forth in this Work Letter, who, until further written notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter. Landlord has designated (Danny Kruse) as its sole representative with respect to the matters set forth in this Work Letter, who, until further written notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Work Letter.

8. MISCELLANEOUS

A default or the failure to perform under this Work Letter shall be a default under the Lease, and without limiting the non-defaulting party's other rights, the non-defaulting party shall be entitled to all of its remedies under the Lease with respect to such default.

9. RESTORATION

Tenant shall not be required to restore the Premises upon expiration of the Lease, or required to remove any improvements or alterations provided those improvements or alterations are approved in writing in advance by Landlord. Tenant shall be required to remove any low voltage cabling, except Tenant shall not be responsible for removing any low voltage cabling pre-existing Tenant's occupancy.

EXHIBIT D
Rules and Regulations

In addition to the provisions as set forth in the attached Lease, Tenant agrees to abide by the following:

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Tenant may furnish and install a building standard window covering on all exterior windows. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevator and stairways shall not be obstructed by any of the Tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be deposited or disposed of therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.
5. Tenant shall not in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord and all moving of the same into the Building shall be done at such time and in such manner as Landlord shall designate.
7. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done

to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.

8. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise (including, but not limited to singing, playing musical instruments, loud operation of a radio or television, shouting, and boisterous conduct), odors (including, but not limited to cigarette, pipe or cigar smoking) and/or vibrations, or interfere in any way with other Tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building with the exception of service animals as defined by RCW 49.60.218.
9. Any cooking or food preparation that is done in the Premises shall be done with the use of proper ventilation, in such a way as not to produce any odors throughout the building. The Premises will not be used for the storage of merchandise, for washing clothes or for lodging or for any improper, objectionable or immoral purposes.
10. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or flammable or combustible fluid or material with the exception of medical gases used by the Tenant in its course of business, or use any method of heating or air conditioning other than that supplied by Landlord.
11. Tenant shall not use space heaters in the Premises or the Building.
12. Landlord will direct electricians as to where and how telephone, low voltage, data and fiber cabling are to be introduced. No boring or cutting for cabling will be allowed without the consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.
13. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 PM to 8:00 AM the following day, access to the Building, or to the halls, corridors, elevator or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge, or is known by the person or employee of the Premises and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other such commotion, the Landlord reserves the right to prevent access to the Building during the continuous of the same by closing of the doors or otherwise, for the safety of the Tenants and protection of property in the Building.

12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine(s) or non-office machine(s) of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.
14. Landlord shall have the right, exercisable with reasonable notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part. However, Landlord agrees to make any such change in a manner least disruptive to local telephone advertisement.
15. Tenant shall not disturb, solicit or canvass any occupant of the Building and shall cooperate to prevent same.
16. Tenant shall have the right to use the name of the Building in connection with and in promoting or advertising of the business.
17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the Tenants in such manner as it deems best for the benefit of the Tenants generally.
18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises.
19. Any regulations or restrictions, either temporary or permanent, which shall be imposed by public agencies and which Landlord has no control, shall automatically supersede any provisions of this lease or its rules and regulations and be followed by Tenant.
20. Landlord shall not be responsible for the loss or theft of Tenant's or Tenant's invitees property in the premises.
21. The work of the custodian, janitor or gardener shall not be interfered with by Tenant.
22. Tenant must contact Landlord or Landlord's designated agent immediately upon the occurrence or noting any occurrence of damage to the premises or its fixtures, furnishings and common equipment.
23. Smoking is strictly prohibited within the premises.

24. Tenant shall ensure its children or the children of its employees and invitees are supervised at all times and are in compliance with the general nuisance provisions stated in Paragraph 7 herein.
25. Tenant shall be expected to cooperate in parking its privately owned vehicle(s) in an on-site location that facilitates convenient and accessible parking for all patrons using the building.
26. Each Tenant, upon the termination of the lease, shall deliver to Landlord the keys of offices, rooms, and toilet rooms that shall have been furnished the Tenant or which the Tenant shall have had made. In the event of loss of any keys so furnished, the Tenant shall pay Landlord for them.

EXHIBIT E Parking Map

Proposed Plan of a Small Trucking Site Including Proposed Parking, 1988-89, 11-11-88

