



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

### Ordinance 18976

**Proposed No.** 2019-0333.1

**Sponsors** Balducci

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

3           STATEMENT OF FACTS:

4           For the lease from M4, LLC, located at 901 Auburn Way N, Auburn,  
5           within council district seven, the facilities management division  
6           determined that there was not an appropriate county-owned option and  
7           successfully negotiated to lease space.

8           BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

9           SECTION 1. The executive is authorized to execute a lease for the property  
10          located at 901 Auburn Way N, Auburn, with M4, LLC, substantially in the form of

- 11 Attachment A to this ordinance, and to take all actions necessary to implement the terms
- 12 of the lease.

Ordinance 18976 was introduced on 8/21/2019 and hearing held/closed and passed by the Metropolitan King County Council on 9/4/2019, by the following vote:

Yes: 8 - Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci  
Excused: 1 - Mr. Gossett



KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

Rod Dembowski, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this 13 day of SEPTEMBER 2019.

Dow Constantine, County Executive

**Attachments:** A. Lease Agreement

RECEIVED  
2019 SEP 13 PM 1:11  
CLERK  
KING COUNTY COUNCIL

Ordinance 18976

**ATTACHMENT A:**  
**LEASE AGREEMENT**

## LEASE

THIS LEASE AGREEMENT ("Lease"), is made and entered into between M-4, 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: January 1, 2019 (for reference purposes only)
- 1.2 Landlord: M-4, LLC
- 1.3 Tenant: King County, a political subdivision of the State of Washington
- 1.4 Building: Located at: 901 Auburn Way N. Auburn, WA 98002, 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 8,500 rentable square feet  
  
Tenant's Pro Rata Share of Building: 58.820%  
  
(8,500 RSF in the Premises / 14,451 RSF in the Building)  
  
Tenant's Pro Rata Share of Real Property: 18.498%  
  
(8,500 RSF in the Premises / 45,951 RSF in the Real Property)
- 1.6 Permitted Use: Public health clinic.
- 1.7 Initial Term: Five (5) years
- 1.8 Extended Term(s): One (1) option to extend the term for five (5) years.
- 1.9 Lease Commencement Date: The date of mutual execution and delivery of this Lease.
- 1.10 Rent Commencement Date: The date of mutual execution and delivery of this Lease.
- 1.11 Expiration Date: Five (5) full years after the Lease Commencement Date.

1.12 Base Rent: (Dates to be adjusted to reflect Rent Commencement Date)

Begin	End	Annual Rate
1/1/2019	12/31/2019	\$21.00/NNN
1/1/2020	12/31/2020	\$21.63/NNN
1/1/2021	12/31/2021	\$22.28/NNN
1/1/2022	12/31/2022	\$22.95/NNN
1/1/2023	12/31/2023	\$23.64/NNN

1.13 Security Deposit: N/A

1.14 Landlord's Address for Notices:

c/o Jane Hughes  
Kidder Mathews  
1201 Pacific Avenue, Suite 1400  
Tacoma, WA 98402

1.15 Tenant's Address for Notices:

King County Real Estate Services Section  
500 4<sup>th</sup> Avenue, Suite 830  
Seattle, WA 98104

**2. Premises; Tenant Improvements.**

2.1 Premises. Landlord hereby leases the Premises to Tenant for the Term set forth above. Tenant or Landlord, at their sole option, may elect to re-measure the Premises pursuant to the most recent, applicable measurement methodology published by the Building Owners and Managers Association (BOMA), and if the rentable square footage of the Premises varies by more than five percent (5%) from that set forth in Section 1.5 above, the parties hereto shall promptly amend this Lease to modify any variables that are dependent upon the same.

The parties acknowledge that Tenant has occupied the Premises for ten (10) years under a triple net lease agreement dated June 30, 2008 (the "2008 Lease"), and pursuant to the King County Code Tenant has requested that Landlord and Tenant execute this Lease.

Landlord shall deliver the Premises (i) with all systems into and serving the Premises in good operating condition, including but not limited to all mechanical, electrical, plumbing, and other systems (ii) in compliance with all applicable laws, codes, ordinances and regulations, with the exception of any specific legal requirements that are only required as a result of Tenant's use of the Premises as a public health clinic; and (iii) to the knowledge of Landlord, as defined in Section 24.2, 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, except as otherwise set forth in this Lease.

Landlord also grants Tenant a nonexclusive license to use those portions of the Building and the Real Property made available from time to time by Landlord for the common use and enjoyment of Tenant, Landlord, and other tenants of the Building and other buildings in the shopping center located on the Real Property, and their guests and invitees (the "Common Areas"). 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.

Tenant agrees to direct Tenant's employees to park along the southwestern portion of the western boundary line of the Real Property, and not in the parking spaces to the north, or in the parking spaces directly in front of the Premises, which spaces shall be left available for clients/customers of Tenant. If in the reasonable opinion of Landlord, the pattern of parking becomes a problem and Landlord is successful in securing more parking within 200 yards of the Real Property, Tenant agrees to direct Tenant's employees to start parking in this newly designated area.

2.2 Tenant Improvements. Landlord, at Landlord's sole cost and expense shall complete the Tenant Improvements, as defined in Exhibit C, to Tenant's reasonable acceptance within one hundred twenty (120) calendar days of the date permits are issued, per Exhibit C.

### **3. Term.**

3.1 Commencement Date. This Lease shall commence on the date set forth in Section 1.9 above ("Lease Commencement Date" or "Commencement Date").

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

3.3 Extension Option. Tenant is hereby granted the option to extend the initial Term for one (1) successive period of five (5) years ("Extended Term"). This option to extend may be exercised by Tenant only by giving Landlord written notice no less than six

(6) months 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, comparable, new, non-expansion, non-renewal, non-equity tenant would pay, and a willing, comparable landlord of a comparable medical office building in the Auburn, WA market would accept under the transaction as further defined above, for new leases of similar space in the same geographic area as the Premises, considering, size, use type, and creditworthiness of tenant 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 3.3, 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 one hundred twenty (120) 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 MAI commercial real estate appraiser to determine 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 Seattle, 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 the Fair Market Rent for the Premises. The Fair Market Rent agreed upon by such appraisers shall be binding on both Landlord and Tenant. If the two appraisers cannot agree upon 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 the Fair Market Rent which 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 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 a public health clinic/facility, and for no other use without Landlord's prior written consent. In no event shall Tenant operate a retail pharmacy dispensing drugs to persons other than in-house patients of Tenant.

**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) electrical current reasonably sufficient for Tenant's use; and (iv) sewer service. Tenant shall furnish its own 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 this 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. 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.

**8. Operating Costs.**

8.1 This is a triple net lease. 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 as they



relate to the Building in which the Premises is located, and also to the entire Real Property which includes the Common Areas.

8.2 Costs Included in Operating Costs. The term "Operating Costs" means only 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, Real Property, Common Areas, parking areas, sidewalks and grounds associated with the Premises, including but not limited to the contracts for and costs associated with the maintenance of HVAC on the Premises, roof of the Premises, the monitoring contracts for the fire alarm and sprinkler systems for the Premises, charges for trash, water, sewer and other services (other than those separately metered), landscape and parking lot maintenance, 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 and projects) not to exceed 4% of gross cash 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 and Real Property that is required by this Lease or that is customarily carried by operators of comparable buildings and projects 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, including 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, 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 Property for any time prior to the Term. Landlord represents and warrants that to the Landlord's actual knowledge, 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 operate the Building and Real Property commensurate with good building management practices, and in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable buildings or projects 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, which exception shall not include any Health Clinic Requirements; (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); (C) the annual amortization (amortized over the useful life as reasonably determined by Landlord and consistent with generally accepted accounting principles) of costs incurred by Landlord if such Capital Items relate to replacement of HVAC components, or the roof on the Building, or (D) 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 or Real Property, to the extent that Landlord is 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), to the extent Landlord is reimbursed by insurance proceeds;

(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, except to the extent Tenant is responsible for such costs under this Lease;

(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.

8.4 Payment of Operating Costs. 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, Landlord will give Tenant reasonably detailed documentation supporting Landlord's estimate. During each calendar year included in the Term for which Tenant is to pay Operating Costs, Tenant shall pay one twelfth (1/12<sup>th</sup>) of the applicable estimate each month to Landlord together with the monthly Base Rent. 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.

Notwithstanding anything in this Lease to the contrary, the amount of controllable Operating Costs charged to and payable by Tenant for a calendar year shall not exceed the amount of controllable Operating Costs paid by Tenant for the prior calendar year by

more than five percent (5%). Controllable Operating Costs shall not include utilities, Real Estate Taxes, insurance and winter services provided due to weather.

8.5 Reconciliation and Audit Rights. Not later than ninety (90) days after the expiration of each calendar year included in the Term, Landlord shall submit to Tenant a written, certified statement containing the amount of actual Operating Costs for such year broken down by component expenses, the Operating Cost increase for the year, the amount of Tenant's Pro Rata Share of the Operating Cost increase (capped, if applicable), the amount paid by Tenant towards the Operating Costs increase, and the amount if any Tenant owes Landlord or the amount Landlord owes Tenant as a refund for such year. If Landlord does not furnish Tenant with a certified statement of Operating Costs within ninety (90) days after the end of the year, then Landlord shall be deemed to have waived forever any and all claims for reimbursement from Tenant for underpayment of Operating Costs for the year, in addition to any other rights and remedies to which Tenant may be entitled under this Lease. Tenant or its audit representatives shall have the right to inspect and audit Landlord's books and records with respect to this Lease once each year to verify actual Operating Costs. Landlord's books and records shall be kept in accordance with generally accepted accounting principles. If Tenant's audit of the Operating Costs reveals an overcharge of more than ten percent (10%), Landlord shall reimburse Tenant for the cost of the audit. Any overcharge or underpayment of Operating Costs shall be due from one party to the other within thirty (30) days.

9. **Maintenance and Repairs.** Subject to Landlord's obligations under this Lease, Tenant, at its sole cost, shall be responsible for the maintenance and non-structural repairs to the interior of the Premises, including windows and doors, which shall be maintained and repaired in good repair and in a commercially reasonable manner. Landlord shall maintain, repair and replace (subject to Section 12 relating to Damage and Destruction), if necessary, all structural portions of the Building (including the foundation, exterior walls and roof). Landlord will also maintain and repair those nonstructural portions of the building outside the Premises, along with the Real Property and Common Areas, including 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.) , which nonstructural costs shall be included in Operating Costs subject to the exceptions in Section 8.3. During the Term, and any Extended Term if applicable, Tenant shall be responsible for arranging for, and the cost of, any maintenance, repairs, or alterations, which are mandated by governmental requirements, which are applicable to the Premises solely by virtue of Tenant's decision to operate a public health clinic in the Premises (the "Health Clinic Requirements"). Health Clinic Requirements are not an item included within the definition of Operating Costs pursuant to Section 8.2.

10. **Sublease and Assignment.** Subject to Section 4, Tenant may assign this Lease in whole or in part, or sublet all or any portion of the Premises, with the prior written

consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

**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 consent, which shall not be unreasonably withheld, conditioned or delayed. Upon Tenant's request, Landlord agrees to perform such alterations or improvements on Tenant's behalf, subject to prior agreement on the terms and pricing of a contract for the work and reimbursement from Tenant for Landlord's actual and reasonable costs. Subject to Section 32, 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 \$25,000 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, Building are destroyed or damaged by fire, earthquake or other casualty and Landlord determines that the Premises can be restored within one hundred twenty (120) days and that insurance proceeds are available to pay for all the restoration, this Lease shall continue and the restoration shall be completed. If Landlord determines that restoration is not possible as set forth above, Landlord shall provide Tenant written notice thereof, and either Landlord or Tenant may terminate this Lease by written notice. If Landlord has not completed the restoration of the Premises to its former condition within one hundred twenty (120) 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 have already accrued hereunder or 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. Landlord shall not be required to repair or replace any of Tenant's property that is not covered by the insurance carried by Landlord. Notwithstanding the above, if the destruction or damage occurs during the last year of the Term (unless Tenant does exercise the option for the Extended Term) or the last year of the Extended Term, Landlord may terminate this Lease upon thirty (30) days notice to Tenant.

**13. Condemnation.** If any portion of the Premises, Building or Real Property upon which the same are situated (including, without limitation, any significant parking areas associated with the Premises and/or Building) which would prevent or materially interfere with Tenant's occupancy or intended use of the Premises, 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, by written notice to the other, as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises, Building 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 that does not prevent or materially interfere with Tenant's occupancy or intended use, 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. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building or Real Property 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 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. Tenant shall provide Landlord evidence of such insurance upon reasonable request by Landlord.

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.

**16. Waiver of Subrogation.** Landlord and Tenant hereby waive and release any right of recovery against the other, their officers, employees and agents, for any loss or damage to property sustained to the extent such loss or damage to property is actually insured against or is required hereunder to be insured against, under policies of property insurance, provided that such waiver is available under the insurance.

**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, subject to the Terms of this Lease, 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 month to month tenancy. 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 plus the Additional Rent. 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.



**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 following ten (10) business days' written notice from Landlord of the failure to pay.

B. 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 written notice by Tenant to Landlord (provided, if more time is reasonably required to perform, Landlord shall not be in default if Landlord commences the performance promptly and thereafter diligently prosecutes the work to completion). If Landlord fails to cure any such default within the allotted time, Tenant may use the self-help provisions of Section 28 without limiting Tenant's other rights or remedies under this Lease and/or at law. 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 re-letting shall be applied: first, to pay Landlord its reasonable, actual re-letting 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 re-letting, 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 as they become due hereunder if repossession had not occurred, less the net proceeds, if any, after re-letting 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.

**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). With Tenant's consent, Tenant agrees to reimburse Landlord on a one-time basis for legal fees of up to one thousand, two hundred and fifty dollars (\$1,250.00) for review of this lease agreement which Landlord incurs as a result of transitioning to a new lease form.

**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 Landlord has no actual knowledge of the presence of 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, except to the extent Tenant introduced such Hazardous Material to the Premises during the term of this Lease. The actual knowledge of Landlord hereunder shall mean the knowledge of Ed Urquhart, a member of Landlord, without further investigation or inquiry.

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, 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 ("Hazardous Waste Claims") to the extent that said Hazardous Waste 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 through no fault of Landlord, 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 (however, Tenant shall leave a message on Landlord's 24 hour emergency line or send an email that action is being taken), 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 comingled 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 Tenant Improvement 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 Section 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.

## **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 represents and warrants to Landlord 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 Landlord against any loss, cost, liability or expense incurred by Landlord 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 Tenant. 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. Time is of the essence as to the performance of all agreements and provisions under this Lease.

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.

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: Tenant Improvement Addendum/ Work Letter

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 **Right of Entry.** Landlord reserves the right at reasonable times, unless there is an emergency, to enter the Premises, inspect the same, to show the Premises to prospective purchasers, mortgages, or tenants. Landlord shall ensure that such entry does not interfere with Tenant's use of the Premises, and shall attempt to minimize impact if entry is required in the event of an emergency. Except for emergencies, Landlord shall give reasonable notice before entry. Tenant agrees to allow "for lease" signs of reasonable size to be placed around the Premises during the last 180 days of the Lease.

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

27. **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 and will remove the signage at the expiration or earlier termination of the Lease and restore the areas where the signage was installed to its prior condition.

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 necessary for Tenant to be open for business in the Premises, or within thirty (30) days of notice from Tenant with respect to any other Landlord maintenance or repair obligation (provided that if Landlord has commenced the repair within 30 days, Landlord will have a reasonable amount of time to complete the repair), then Tenant shall be entitled to take such actions and make such repairs to the Premises, or Building, as Tenant may deem reasonably necessary to correct such interruption, and Landlord shall reimburse Tenant for the cost of the same within thirty (30) days of invoice. Tenant agrees that if it elects to perform repairs, Tenant shall first provide Landlord notice of the timing, cost and vendor who will be performing the work. This Section is subject to the provisions of Section 7 with regard to an interruption of utilities and services.

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 or Real Property, 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 reasonably 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 so long as Tenant is not in default under this Lease. 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 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 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. Tenant may at its own election, but shall not be required to, remove any alterations installed by or on behalf of Tenant or elements of the tenant improvements at no cost to Landlord, provided that Tenant shall repair any damaged to the Premises caused by such removal. Tenant shall not remove any alterations or improvements at any time during the term hereof without Landlord's prior written approval.

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

**LANDLORD:**

M-4, LLC, a Washington Limited Liability Company



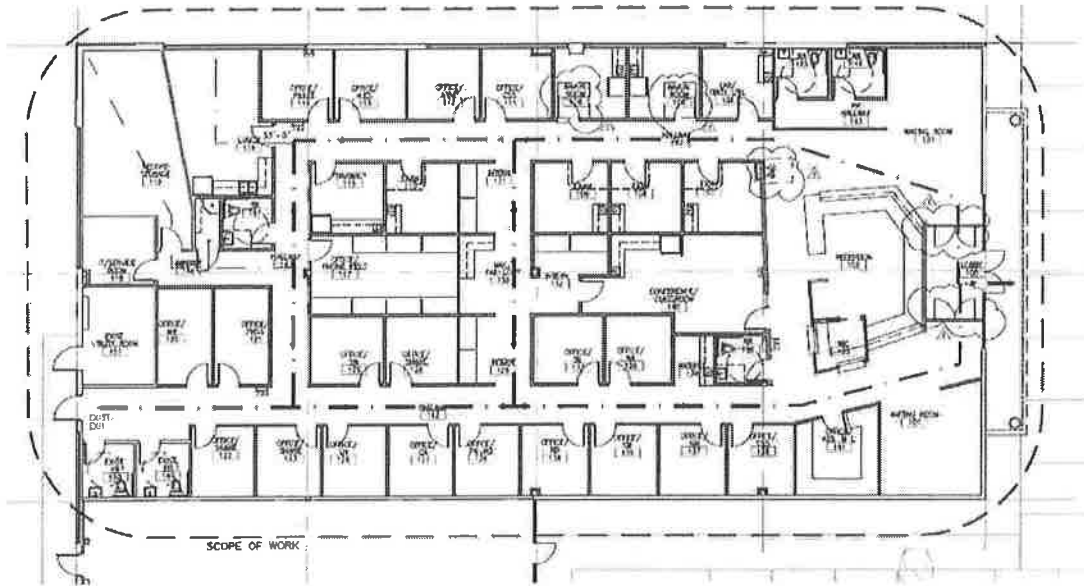




**EXHIBIT A**  
**Legal Description**

LOT 3 OF AUBURN SHORT PLAT # SPL0009-98 REC #9904202125 SD SHORT PLAT BEING POR OF SE 1/4 OF SW 1/4 & OF GL 4 DAF - BEG SW COR OF SEC 7 TH N 01 -25-25 E ALG W LN OF SD SEC 655.59 FT TH N87-16-60 E 255.17 FT TH N 88-25-08 E 173.06 FT TH N 87-15-30 E 217.2 FT TO TPOB TH CONT N 87-15-30 E 200.61 FT TH N 87-45-26 E 195.91 FT TH N 0-39-19 E 228.34 FT TH E 583.97 FT TO NWLY MGN OF AUBURN WAY N TH ALG SD MGN & THE ARC OF A SPIRAL CRV CONCAVE TO NW THE CHORD OF WCH IS S 31-01-17 W 287.28 FT TH S 33-25 -44 W 190.44 FT TO BEG OF A CRV CONCAVE TO NW RAD OF 1402.5 FT TH ALG ARC OF SD CRV THRU C/A OF 06- 06-24 A DIST OF 149.48 FT TH S 39 -32 W 34.94 FT TH N40-27-52 W 81.1 FT TO BEG OF A CRV CONCAVE TO SW RAD OF 700 FT TH ALG THE ARC OF SD CRV THRU A C/A OF 52-16 -38 A DIST OF 638.69 FT TO POB - LESS PORS FOR STS (AKA PCL B OF AUBURN LLA #LLA-0008-89 REC # 8911131464) LESS POR LY NLY OF LN DAF - BEG AT MOST NLY NW COR OF ABOVE DESC PCL TH N 89-55-52 E ALG N LN THOF 573.27 FT TO W MGN OF AUBURN WAY N TO TPOB OF SD DESC LN TH S 89-11-09 W 573.41 FT TO W LN OF ABOVE DESC PCL & TERMINUS OF SD DESC LN (AKA PCL A OF AUBURN LLA #LLA0022-98 REC #9812111807)

**EXHIBIT B**  
**Diagram of Premises**



## EXHIBIT C

This Exhibit C (“Work Letter”) is part of that certain Lease Agreement (“Lease”) dated \_\_\_\_\_, 2019, by and between M-4, 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 one hundred twenty (120) calendar days after issuance of all permits needed, Landlord shall complete all Tenant Improvements, described herein, at its sole cost and expense except at otherwise set forth herein. Because Tenant is currently in occupancy of the Premises and will remain in occupancy throughout the progress of Landlord’s Work, Landlord agrees to perform all Landlord’s Work outside of Tenant’s normal business hours.

### 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 are depicted in the attached space plan (“Space Plan”), which is attached hereto as Exhibit C-1, and which has been approved by Landlord and Tenant.

### 4. CONSTRUCTION OF LANDLORD’S WORK.

a. Landlord warrants to Tenant that Landlord shall have all of Landlord’s Work completed by 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.

b. Landlord shall supervise the completion of Landlord’s Work and shall secure completion of such work in accordance with the Space Plan and this Work Letter. Landlord shall ensure that the construction of Landlord’s Work is performed in compliance with all applicable laws, codes, ordinances and regulations. Before the commencement of Landlord’s Work, Landlord agrees to meet with Tenant to review Landlord’s safety and security plans for performance of Landlord’s Work and to discuss any Tenant concerns related to the same. Landlord shall also work with Tenant to ensure that Landlord’s Work does not interfere with Tenant’s use of the Premises.

c. The cost of Landlord's Work shall be paid as provided in Paragraph 5 below. Except to the extent caused by the negligence of any of Tenant's contractors or Tenant's subcontractors working on the Premises, Landlord shall be solely responsible for, and shall indemnify and defend Tenant from and against, any costs, claims, losses, damages, suits or expenses related to (i) remedying any errors or defects in Landlord's Work and/or for any failure of Landlord's Work to comply with the Space Plan; and/or (ii) the negligence or misconduct of Landlord and/or any subcontractors. 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) any condition of the Premises or Building that may be discovered during the course of designing or constructing Landlord's Work (such as, without limitation, the presence of asbestos or other hazardous materials; code violations; structural issues; mold; substandard wiring; etc.); and/or (ii) the negligence or intentional misconduct of Landlord, the contractor or any subcontractor. Landlord hereby warrants to Tenant that Landlord 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).

#### **5. PAYMENT OF COST OF LANDLORD'S WORK.**

a. Landlord shall be solely responsible for the payment of all Landlord's Work up to the agreed upon allowance of \$60,000, including:

- (1) Payment of the cost of preparing the Space Plan and the final working drawings and specifications, including without limitation mechanical, electrical, plumbing and structural drawings and of all other aspects of Landlord's Work Plans.
- (2) The payment of plan check, permit and license fees relating to construction of Landlord's Work.
- (3) 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, lighting fixtures, outlets and switches, and other electrical work to be installed within the Premises.
  - (c) All plumbing, fixtures, pipes and accessories to be installed or relocated within the Premises to accommodate the Space Plan.
  - (d) Testing and inspection costs.
  - (e) Subcontractors' fees, including but not limited to any fees based on general conditions.

(4) A construction management fee equal to six percent (6%) of the actual cost of Landlord's Work.

(5) All other costs to be properly expended by, or owing to, Tenant or Landlord in the design, permitting and construction of Landlord's Work.

b. Prior to commencement of Landlord's Work, the Parties agree that if the construction bids for Landlord's Work exceed the agreed upon allowance of \$60,000, the Parties shall meet to review the construction bids and Space Plan. At Tenant's discretion, Tenant may amend the Space Plan or scope of work to keep the cost under \$60,000, or agree to pay the additional cost. Once Landlord's Work commences, Landlord agrees to pay any cost overruns above the agreed construction bid amount and Tenant will reimburse Landlord for any agreed costs exceeding the \$60,000 Tenant Improvement allowance within forty-five (45) days of project delivery. Tenant hereby acknowledges that it shall be responsible for the moving and storage of conference room furniture and the decommissioning of two (2) work stations that will be displaced as a result of Landlord's work. Any work stations impacted by carpet replacement and installation shall be the responsibility of the flooring vendor to lift off the floor as needed to complete installation.

c. In the event Landlord's Work is completed at a cost below \$60,000, the unused portion of that allowance shall be applied to the Base Rent as a rent credit.

#### **6. PUNCHLIST; DEFICIENCIES IN LANDLORD'S WORK**

a. Landlord and Tenant will, within five (5) business days from the date that Landlord's Work is completed ("Inspection Period"), inspect the Premises and prepare a list of any outstanding work or items to be completed by Landlord ("Punch List items"). Landlord agrees to complete (or repair) the Punch List item(s) with commercially reasonable diligence and speed, and within thirty (30) days after the Punch List is delivered to Landlord.

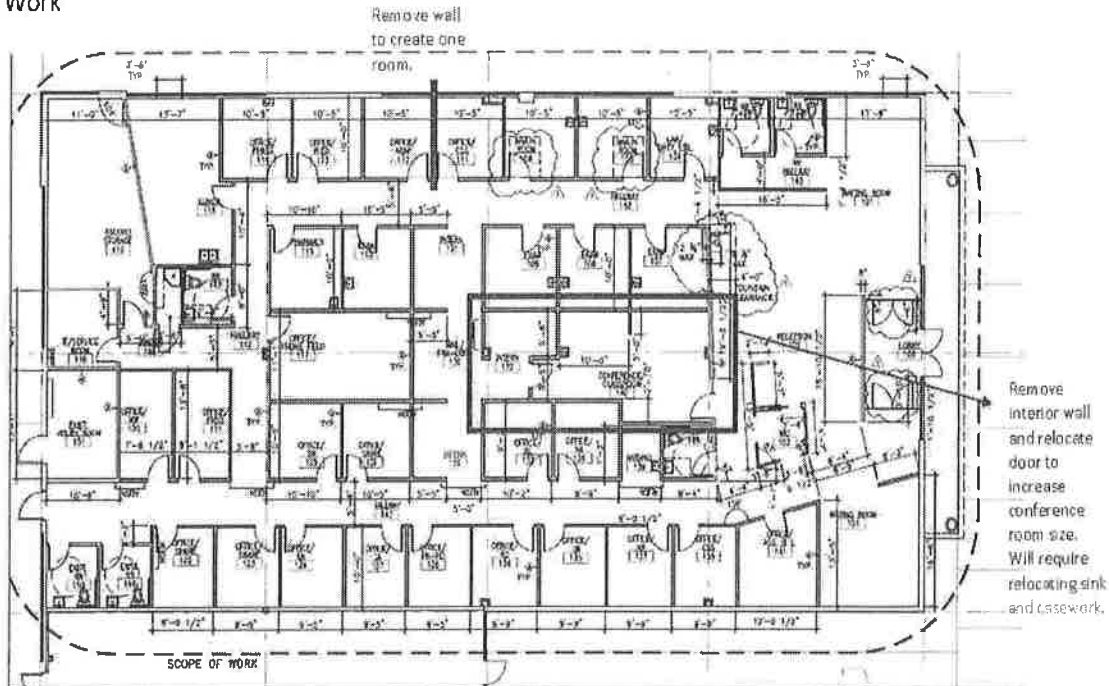
b. Landlord shall be solely responsible, throughout the Term of the Lease, for promptly remedying any defects or deficiencies in Landlord's Work, at Landlord's sole cost.

#### **7. 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.

**EXHIBIT C-1**  
**SPACE PLAN**

**Auburn Public Health**  
**Proposed TI Work**



1. **WALLS:** Demo as required, per plan.
2. **PAINT:** Professionally repaint lobby and main hallway walls. All new or patched walls to receive one coat of building standard PVA primer and two coats of Eggshell latex. Colors to match existing or be selected by Tenant.
3. **WALL BASE:** Provide new building standard 4" rubber base at all locations as needed. Color to be selected by tenant or to match existing.
4. **FLOORCOVERING:** Install new carpet in all hallways and in the lobby area and match vinyl tile in conference room. Prepare floors as required.
5. **DOORS:** Relocate door, per plan (re-use existing)
6. **HARDWARE:** Provide or re-use building standard hardware, conforming to all ADA standards at all locations.
7. **CASEWORK:** Relocate casework, per plan
8. **ELECTRICAL:** Re-wire or decommission electrical wiring connections as required, per plan
9. **PLUMBING:** Relocate or re-route plumbing and associated fixtures as required, per plan.



# King County

## MEMORANDUM

September 11, 2019

EPH 9/11/19

TO: Hon. Dow Constantine, King County Executive  
FM: Melani Pedroza, Clerk of the Council  
RE: Ordinance Passed by the Council

The following ordinances were adopted by the Council at its meeting of Wednesday, September 4, 2019.

18976

*These ordinances are hereby presented to you on September 11, 2019 for your signature or veto and your return to the Clerk's Office on September 21, 2019 pursuant to Section 230.20 of the King County Charter<sup>1</sup>. If that deadline date falls on a Saturday or Sunday, you must either:*

1. return the ordinance before 4:30 p.m. on the preceding Friday, or
2. make arrangements with the Clerk's Office no later than noon on that Friday for the Clerk to open the Clerk's Office outside normal business hours for the purpose of receiving your return of the ordinance prior to the expiration of the return.

An ordinance not returned prior to the deadline shall be deemed enacted without the Executive's signature and this shall be reflected on the official records of the Clerk.

MP:cc  
Enclosure

1. Section 230.20 of the King County Charter provides:

Within ten days after its presentation, the county executive shall either sign the ordinance and return it to the county council, veto the ordinance and return it to the county council with a written and signed statement of the reasons for his or her veto or sign and partially veto an appropriation ordinance and return it to the county council with a written and signed statement of the reasons for his or her partial veto. If an ordinance is not returned by the county executive within ten days after its presentation it shall be deemed enacted without his or her signature.