



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**Ordinance 19679**

**Proposed No. 2023-0290.2**

**Sponsors McDermott**

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 Jefferson House, LLC, located at 1401 East Jefferson  
6 Street, Seattle, within council district two, the facilities management  
7 division determined that there was not an appropriate county-owned  
8 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 1401 East Jefferson Street, Seattle, with Jefferson House, LLC, substantially

Ordinance 19679

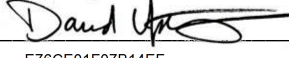
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- 12 in the form of Attachment A to this ordinance, and to take all actions necessary to  
13 implement the terms of the lease.


Ordinance 19679 was introduced on 9/12/2023 and passed by the Metropolitan King County Council on 10/17/2023, by the following vote:

Yes: 9 - Balducci, Dembowski, Dunn, Kohl-Welles, Perry, McDermott, Upthegrove, von Reichbauer and Zahilay

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

DocuSigned by:  
  
E76CE01F07B14EF...  
Dave Upthegrove, Chair

ATTEST:

DocuSigned by:  
  
8DE1BB375AD3422...  
Melani Hay, Clerk of the Council

APPROVED this \_\_\_\_\_ day of 10/26/2023, \_\_\_\_\_.

DocuSigned by:  
  
4FBCAB8196AE4C6...  
Dow Constantine, County Executive

**Attachments:** A. Lease Agreement, dated October 11, 2023

**ATTACHMENT A:**

**LEASE AGREEMENT**

Dated October 11, 2023

## LEASE

THIS LEASE AGREEMENT (“Lease”), is made and entered into between Jefferson House, LLC, a Washington limited liability company (“Landlord”), and King County, a home rule charter county and political subdivision of the State of Washington (“Tenant”), each of which may be referred to herein as a “Party” and collectively as “the Parties.”

### 1. Basic Lease Information

1.1 Lease Date: \_\_\_\_\_, 2023 (for reference purposes only)

1.2 Landlord: Jefferson House, LLC, a Washington limited liability company

1.3 Tenant: King County, a home rule charter county and political subdivision of the State of Washington

1.4 Building: Located at: Jefferson Building at 1401 East Jefferson Street, Seattle, King County, Washington 98122 on that certain real property that is legally described on the attached Exhibit A (“Real Property”).

1.5 Premises: The entire second and third floors of the Building, as depicted on the attached Exhibit B, containing approximately 21,039 rentable square feet. The portion of the Premises located on the second floor of the Building is referred to herein as the “Floor 2 Premises” and the portion of the Premises located on the third floor of the Building is referred to herein as the “Floor 3 Premises.”

Tenant’s Pro Rata Share: 44.41%

(21,039 RSF in the Premises / 47,375 RSF in the Building)

Base Year: The calendar year in which the Floor 3 Early Occupancy Date (defined below) occurs.

1.6 Permitted Use: Office and administrative space for a legal counseling and defense entity and other related uses.

1.7 Initial Term: One hundred twenty (120) full calendar months from the Commencement Date.

1.8 Extended Term(s): Two (2) options to extend for a period of sixty (60) months per option.

1.9 Commencement Date: The Commencement Date of this Lease shall be the date upon which all of the following conditions have occurred: (a) completion of the Tenant Improvements (defined on Exhibit C) in the Premises, as evidenced by a final signoff from the City of Seattle on the building permit for the Tenant Improvements or issuance of a

new occupancy permit (if required) (“Substantial Completion”); (b) adoption of an ordinance by the Metropolitan King County Council Approving this Lease (“KC Ordinance”); and (c) mutual execution and delivery of this Lease (“Effective Date”). Landlord shall have no obligation to commence the Tenant Improvements until the KC Ordinance has been adopted and delivered to Landlord. By executing this Lease, Tenant shall be deemed to be representing and warranting to Landlord that the KC Ordinance has been adopted. Landlord shall be entitled to withdraw its signature on this Lease if the KC Ordinance has not been adopted by October 31, 2023.

1.10 Rent Commencement Date: The Commencement Date. Rent for any fractional calendar month at the beginning or end of the Term shall be prorated in accordance with Section 5 and Section 8.4.

1.11 Expiration Date: One hundred twenty (120) full calendar months commencing on the Commencement Date. The period between the Commencement Date and Expiration Date (as it may be extended or earlier terminated pursuant to the terms of this Lease) shall be referred to herein as the “Term”.

1.12 Base Rent:

Months	Base Rent per rentable square foot per annum	Base Rent per Month
1-12	\$36.00	\$63,117.00
13-24	\$37.00	\$64,870.25
25-36	\$38.00	\$66,623.50
37-48	\$39.00	\$68,376.75
49-60	\$40.00	\$70,130.00
61-72	\$41.00	\$71,883.25
73-84	\$42.00	\$73,636.50
85-96	\$43.00	\$75,389.75
97-108	\$44.00	\$77,143.00
109-120	\$45.00	\$78,896.25

As used in the foregoing table, “Month” means each calendar month of the initial Term, provided however, if the Commencement Date does not occur on the first day of a calendar month, then the first Month shall commence on the Commencement Date and end on the last day of the calendar month immediately following the calendar month in which the Commencement Date occurs. In such event, Tenant shall pay Base Rent for such initial partial calendar month in which the Commencement Date occurs at the rate set forth above for Month 1, prorated based on the number of days in such initial partial calendar month.

1.13 Security Deposit: None.

1.14 Landlord’s Address for Notices: Jefferson House LLC  
c/o MaKensay Real Estate Services Inc.  
85 S. Washington Street, Suite 211

Seattle, WA 98104  
Email: [frank@makensay.com](mailto:frank@makensay.com)

With a copy to:

FKSDO  
901 Fifth Avenue, Suite 4000  
Seattle, WA 98164  
Email: [sydney@ksdo.com](mailto:sydney@ksdo.com)

1.15 Tenant's Address for Notices: King County Real Estate Services  
Facilities Management Division  
Attention: Lease Administrator  
500 Fourth Avenue, Suite 830  
Seattle, WA 98104  
Email: [RESLeaseAdmin@kingcounty.gov](mailto:RESLeaseAdmin@kingcounty.gov)

## 2. Premises; Tenant Improvements.

### 2.1 Premises.

(a) Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord for the Term set forth above, subject to the terms and conditions contained herein. Tenant, at its sole option, may elect to remeasure 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 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. As further described in this Section 2.1, Landlord's construction of the Tenant Improvements within the Premises will occur in phases, with Tenant to initially take possession of the Floor 3 Premises prior to the Commencement Date. Possession of the Floor 3 Premises shall be delivered on the Floor 3 Early Occupancy Date (defined below) and possession of the Floor 2 Premises shall be delivered on the Commencement Date. Landlord represents that upon delivery of the Floor 2 Premises and the Floor 3 Premises, the portion of the Premises being delivered shall be (i) in good operating condition, including but not limited to all mechanical, electrical, plumbing, and other systems serving that portion of the Premises; and (ii) in compliance with the TI Permits applicable to that portion of the Premises ("Delivery Condition"). To the extent that the Floor 2 Premises or Floor 3 Premises fails to comply with the prior sentence as of the date possession of that portion of the Premises is delivered to Tenant (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.

(b) Tenant is currently occupying (i) the Premises and a portion of the first floor of the Building (collectively, the "Floors 1, 2, and 3 Existing Premises") under that certain Lease Agreement dated March 26, 2014, as amended by the First Amendment

of Lease executed on December 9, 2014 (as so amended, the “Floors 1, 2, and 3 Existing Lease”), and (ii) approximately 4,429 rentable square feet on the fourth floor of the Building (“Floor 4 Existing Premises”) under that certain Lease Agreement dated March 26, 2014, as amended by the First Amendment of Lease dated April 30, 2015, and the Second Amendment to and Restatement of Lease dated September 2020 (collectively “Floor 4 Existing Lease”). The Floors 1, 2, and 3 Existing Lease terminates by its terms on May 31, 2024, and the Floor 4 Existing Lease naturally expired, with the Floor 4 Existing Premises currently being leased by Tenant on a month-to-month basis under the terms of the Floor 4 Existing Lease. Landlord and Tenant agree that effective as of the mutual execution and delivery of this Lease, Tenant’s lease of the Premises (as defined herein) shall no longer be governed by the terms of the Floors 1, 2, and 3 Existing Lease and instead shall be governed by the terms of this Lease and Tenant’s lease of the portion of the Floors 1, 2 and 3 Existing Premises located on the first floor of the Building (“Floor 1 Premises”) shall continue to be governed by the terms of the Floors 1, 2, and 3 Existing Lease (including specifically the obligation to surrender the Floor 1 Premises by the expiration of the Floors 1, 2, and 3 Existing Lease (i.e., May 31, 2024)). Notwithstanding the foregoing, the Parties agree that Base Rent and Tenant’s Share of Operating Costs and Taxes shall be paid as follows from the Effective Date until the date immediately preceding the Commencement Date:

- i. With respect to the Floor 1 Premises, Tenant shall pay monthly Base Rent equal to \$12,673.96 and shall pay Tenant’s Share of Operating Costs incurred over the Base Year (with each such term as defined under the Floors 1, 2, and 3 Existing Lease) pursuant to the terms of the Floors 1, 2, and 3 Existing Lease.
- ii. With respect to the Floor 3 Premises, Tenant shall pay monthly Base Rent equal to \$25,206.56 and shall pay Tenant’s Share of Operating Costs incurred over the Base Year (with each such term as defined under the Floors 1, 2, and 3 Existing Lease) pursuant to the terms of the Floors 1, 2, and 3 Existing Lease as if the Floor 3 Premises were still being leased by Tenant pursuant to the terms of the Floors 1, 2, and 3 Existing Lease until the date immediately preceding the Floor 3 Early Occupancy Date. Commencing on the Floor 3 Early Occupancy Date and until the date immediately preceding the Commencement Date, Tenant shall pay monthly Base Rent equal to \$31,563.00 for the Floor 3 Premises and shall pay Tenant’s Share of Operating Costs incurred over the Base Year (with each such term as defined in this Lease) pursuant to the terms of this Lease.
- iii. With respect to the Floor 2 Premises, Tenant shall pay monthly Base Rent equal to \$24,415.94 and shall pay Tenant’s Share of Operating Costs incurred over the Base Year (with each such term as defined under the Floors 1, 2, and 3 Existing Lease) pursuant to the terms of the Floors 1, 2, and 3 Existing Lease as if the Floor 2 Premises were still being leased by Tenant pursuant to the terms of the Floors 1, 2, and 3 Existing Lease until the Commencement Date.

(c) During the period between the Effective Date and the

Commencement Date (the “Build-Out Period”), the following shall apply: (i) Landlord shall have full access to the Premises to construct the Tenant Improvements, as further described on Exhibit C, and Tenant shall coordinate its activities with Landlord and comply with Landlord’s directives. The Parties specifically agree that (a) Tenant, as of the Effective Date, shall completely vacate the Floor 3 Premises so that Landlord can commence construction of the Tenant Improvements in the Floor 3 Premises, and with the date Landlord Substantially Completes the Tenant Improvements in the Floor 3 Premises and delivers possession of the Floor 3 Premises to Tenant in Delivery Condition being referred to herein as the “Floor 3 Early Occupancy Date”, and (b) Tenant, as of the Floor 3 Early Occupancy Date, shall completely vacate the Floor 2 Premises so that Landlord can commence construction of the Tenant Improvements in the Floor 2 Premises, and (ii) all provisions of this Lease shall apply (including without limitation all insurance, indemnity and freedom from lien provisions). Except as otherwise expressly set forth to the contrary in Section 2.3 and on Exhibit C, Landlord shall have no responsibility for constructing any improvements to the Building or the Premises in connection with this Lease or for providing a tenant improvement allowance to Tenant. Promptly following the Commencement Date, the Commencement Date and Expiration Date shall be confirmed by Landlord’s written notice to Tenant setting forth the actual Commencement Date and Expiration Date.

2.2 Common Areas. Landlord 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”). 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 on more than a temporary basis (except in the case of emergencies). Landlord shall have the right to establish and enforce reasonable rules and regulations applicable to all tenants concerning the use of the Common Areas.

2.3 Tenant Improvements. Landlord shall provide to Tenant a tenant improvement allowance (“Tenant Allowance”) of \$115.00 per rentable square foot of the Premises (i.e., \$2,419,485 total for the Premises) for TI Costs (defined in Exhibit C) incurred in connection with the construction of the Tenant Improvements. The Tenant Allowance shall be disbursed, and the Parties shall carry out the Tenant Improvement work, in accordance with the Work Letter Agreement attached hereto as Exhibit C and incorporated herein by this reference.

2.4 Parking. During the Term of this Lease, Tenant shall have the right to lease twenty-three (23) unreserved parking stalls on a month-to-month basis located either in the Building garage or in the outside lot located adjacent to and southwest of the Building on the Real Property, during normal business hours (8:00 AM to 6:00 PM) Monday through Friday. The monthly cost of the parking stalls shall be at Landlord’s then prevailing market rates as the same may be adjusted from time to time. If Tenant does not elect to lease all such stalls as of the Commencement Date, or Tenant initially leases all such stalls but



thereafter elects not to continuously lease such stalls for any subsequent month during the Term, then Tenant's right hereunder shall lapse with respect to those parking stalls not so continuously leased; provided, however, that upon ninety (90) days' prior written notice from Tenant that it desires to reinstate any lapsed parking rights, Landlord will again make up to the full number of allocated parking stalls (i.e., twenty-three (23)) available to Tenant, subject to availability (and as to parking stalls that become available, Landlord will give a preference to Tenant over other tenants who may be requesting parking stalls not allocated to them under their respective leases).

### **3. Term.**

3.1 Commencement Date. The Term of this Lease shall commence on the Commencement Date (defined in Section 1.9).

3.2 Expiration Date. This Term of this Lease shall expire at 11:59PM on the Expiration Date (defined in Section 1.11), subject to Section 3.3 below.

#### **3.3 Extension Option.**

(a) Subject to the terms of this Section 3.3, the original Tenant named herein is hereby granted two (2) consecutive options to extend the Term for a period of sixty (60) months each (each an "Extended Term"). Each option to extend may be exercised by Tenant only by giving Landlord written notice no more than twelve (12) months prior to and no less than nine (9) months prior to the last day of the initial Term or the first Extended Term, as the case may be. Tenant's extension option shall only apply to all of the Premises then leased by Tenant under this Lease. From and after the commencement of any 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) as of the commencement of the applicable Extended Term. 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 building in the Capitol Hill 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.

(b) 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 ninety (90) days prior to the expiration of the Term or an Extended Term, as the case may be, 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 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 which of the two Estimates most closely reflects the Fair Market Rent for the Premises. The Estimate chosen by such appraisers shall be binding on both Landlord and Tenant as the Fair Market Rent for the applicable Extended Term. 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 for the applicable Extended Term. 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.

(c) 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; Prohibited Uses.**

4.1 The Premises may be used by Tenant for the uses set forth in Section 1.6 above, and Tenant shall not use or permit the Premises to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's reasonable discretion. Tenant shall be responsible for obtaining, maintaining and conspicuously displaying, at its sole cost and expense, any and all permits, licenses and approvals required by any governmental authority for the operation of its business, and Landlord makes no representations or warranties regarding Tenant's ability to obtain any such permits, licenses or approvals.

4.2 Tenant shall not knowingly use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any applicable laws, statutes, ordinances, or governmental rules or regulations (collectively "Laws"). Tenant shall not

commit or suffer to be committed any waste, damage or nuisance in or upon the Premises. Tenant shall not do or permit anything to be done in or about the Premises that will obstruct or interfere with the rights of other tenants or occupants of the Building or injure them or their property. Tenant shall not, without the prior written consent of Landlord, use any apparatus, machinery or device in or about the Premises which will cause any substantial noise or vibration. Tenant shall use due care in the use of the Premises and of the Common Areas, Building or Real Property, and shall not neglect or misuse water fixtures, electric lights and heating and air-conditioning apparatuses. Moreover, regardless whether the following uses are prohibited under applicable Laws, the following uses of the Premises are prohibited under this Lease: the sale, distribution or display of marijuana or other recreational drugs or any paraphernalia commonly used in the use or ingestion of such drugs.

4.3 Tenant shall pay prior to delinquency all personal property taxes payable (if any) with respect to all property of Tenant located on the Premises or the Building and upon request shall provide satisfactory evidence of such payment. "Personal property taxes" shall include all property taxes assessed (if any) against the property of Tenant, whether assessed as real or personal property.

**5. Rent.** Tenant covenants and agrees to pay Landlord, at Landlord's Notice Address set forth in Section 1.14 above, or such other address as Landlord may designate in writing from time to time, without deduction or offset, except as otherwise expressly permitted under Section 6.1 of the Work Letter Agreement attached as Exhibit C hereto, monthly Base Rent in the amounts set forth in Sections 1.12 and 2.1, as applicable, payable in U.S. dollars in advance, without prior notice or demand, on or before the first day of each month, and all Additional Rent. "Additional Rent" means Tenant's Share of Operating Costs over the Base Year and any other amounts which Tenant is or becomes obligated to pay to Landlord under this Lease. The Base Rent and Additional Rent are collectively referred to as "Rent." Rent for any fractional calendar month at the beginning or end of the Term shall be prorated. All remedies applicable to the nonpayment of Rent shall be applicable to Base Rent and Additional Rent. Rent obligations hereunder are independent covenants. In addition to all other Landlord remedies, any Rent not paid by Tenant when due shall accrue interest from the due date at ten percent (10%) per annum, or the highest rate permitted by applicable Law, whichever is less ("Default Rate"), until payment is received by Landlord.

**6. Security Deposit.** None.

**7. Utilities and Services.**

7.1 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 under normal business operations from 8:00 AM to 6:00 PM Monday through Friday, but not Saturdays or Sundays or those legal holidays generally observed in the State of Washington, provided Tenant complies with Landlord's instructions regarding use of

window coverings and thermostats and Tenant does not utilize heat generating machines or equipment which affect the temperature otherwise maintained by the air cooling system; (iii) 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, provided, however, if unusual circumstances (such as a pandemic) arise, then such janitorial service may be decreased to meet the demands of the Tenant's occupancy; (iv) elevator service 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 general office use (not exceed an average of 4 watts per usable square foot of the Premises (or such lesser amount as may be available, based on the safe and lawful capacity of the electrical circuit(s) and facilities serving the Premises)); and (vii) sewer service. Upon request Landlord shall make available at Tenant's expense after-hours heat or air cooling. The minimum use of after-hours heat or air cooling and the cost thereof shall be determined by Landlord and confirmed in writing to Tenant, as the same may change from time to time. Tenant shall furnish its own telephone, internet, and cable service to the Premises. At Landlord's election and expense, separate meters or sub meters for such utilities and services may be installed for the Premises. Unless otherwise elected by Landlord, any utilities that are separately metered to the Premises shall be paid directly to the providing utility by Tenant.

7.2 No interruption or failure of any utilities or services from any cause whatsoever shall be deemed an eviction of Tenant nor shall render Landlord liable for damages, provided that Landlord shall use commercially reasonable efforts to repair, replace or restore the same as quickly as possible to the extent such repair, replacement or restoration is in Landlord's reasonable control. 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. Unless otherwise elected by Tenant, any utilities that are separately metered to the Premises shall be paid directly to the providing utility by Tenant.

## **8. Operating Costs.**

8.1 Commencing as of the first calendar month following the Base Year, as defined in Section 1.5 above, and thereafter throughout the Term, Tenant shall pay to Landlord Tenant's Pro Rata Share of increases in the total Operating Costs above the total amount of Operating Costs for the Base Year. If the average occupancy of the Building is less than ninety-five percent (95%) during the Base Year or any calendar year thereafter, Operating Costs for the applicable calendar year shall be determined as if the Building had been ninety-five percent (95%) occupied during that calendar year (i.e., Landlord shall determine the amount of variable Operating Costs that would have been paid during the applicable calendar year had the Building been ninety-five percent (95%) occupied and shall adjust the total Operating Costs for that calendar year accordingly). The Operating Costs for the Base Year will be calculated and stated as an annual sum of dollars against which future actual Operating Costs for subsequent calendar years shall be compared for purposes of determining increases or decreases in the Operating Costs payable by Tenant.

In no event shall a decrease in total Operating Costs below the Base Year ever decrease the Base Rent or give rise to a credit in favor of Tenant (and instead Tenant's Pro Rata Share of Operating Costs for that year shall be \$0.00). Landlord shall provide a detailed written statement of how Operating Costs were grossed up for each calendar year at the same time that Landlord provides its statement of actual Operating Costs for such calendar year. Operating Costs for the Base Year only shall not include costs incurred due to extraordinary circumstances or other non-recurring charges, including market-wide labor rate increases due to boycotts and strikes; utility rate increases due to extraordinary circumstances or other non-recurring charges, including conservation surcharges, boycotts, embargos or other shortages; insurance deductibles; or amortized costs relating to capital improvements.

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 ownership, management, maintenance, replacement and operation of the Premises, Building, and Real Property, subject to the exclusion of those items listed in Section 8.3.

(a) The cost of all reasonable and necessary repairs, replacements, maintenance and operation of the Building, 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 cost of Permitted Capital Items (defined in Section 8.3(c));

(c) 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, which is currently 4% of gross revenues per annum), 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;

(d) 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;

(e) 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);

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

(g) General real estate taxes levied against the Building and Real Property that accrue and are payable during the Term, and all assessments, governmental

charges or other similar fees ("Real Estate Taxes"). If any portion of the Building is not subject to payment of all or a portion of Real Estate Taxes based on a Building tenant's status as a non-profit entity, governmental body, or other similar entity that is not subject to payment of all or a portion of the Real Estate Taxes, then the Real Estate Taxes for the Building shall be calculated based upon what the Real Estate Taxes would have been payable if no tenant in occupancy of the Building was exempt from the payment of such 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; provided, however, the foregoing exclusions do not include any tax (e.g., B&O tax) imposed directly on the rents or revenues derived from the Real Property, which shall be deemed to be included within the term "Real Estate Taxes" for purposes hereof. 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 the Real Property is fully assessed as a completed and occupied unit (it being acknowledged and agreed that Seattle University, an existing tenant of the Building, has received a partial real property tax exemption under the provisions of RCW 84.36.050). If Landlord receives a refund or abatement from a taxing authority for any portion of the Real Property Taxes allocable to the Base Year, the Real Property Taxes for the Base Year shall be reduced by the amount of such refund or abatement.

Landlord shall at all times use commercially reasonable 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 Real Property, 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 charged by Landlord directly to 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 the replacement or repair of any Capital Items or for any Capital Items 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 Capital Items 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 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 Items to the extent each such Capital Item costs less than Five Thousand Dollars (\$5,000.00) (with any matter described in (A), (B) or (C) constituting a "Permitted Capital Item" hereunder);

(d) Costs incurred by Landlord for the repair of damage to the Building to the extent that Landlord is actually reimbursed by insurance proceeds (or would have been so reimbursed 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 as permitted in Section 8.2(b);

(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.

8.4 Payment of Operating Costs. Landlord shall reasonably estimate the Operating Costs for each calendar year wholly or partially included within the Term following the Base Year and shall send notice of the estimate to Tenant at least thirty (30) days before the first day of the calendar year following the Base Year and each subsequent year, as applicable. If Tenant requests, Landlord will give Tenant reasonably detailed documentation supporting Landlord's estimate and Tenant shall not be required to pay any portion of such estimate until Landlord has provided summary 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<sup>th</sup>) of the applicable estimate of the increase in Operating Costs above the Base Year Operating Costs 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 summary 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. Not later than one hundred twenty (120) 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, 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. Landlord's statement shall also include the Base Year Operating Costs broken down by component expenses. If Landlord does not furnish Tenant with a certified statement of Operating Costs within one hundred twenty (120) 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 (not working on a contingency fee basis), 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 five percent (5%), Landlord promptly 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.**

9.1 Subject to Landlord's obligations under this Lease, Tenant shall be responsible for the maintenance and non-structural repairs to the interior of the Premises, which shall be maintained and repaired in a commercially reasonable manner.

9.2 Landlord shall maintain, repair and replace, if necessary, the Building; all Building systems, including but not limited to interior Building standard lighting (including replacement of Building standard light bulbs, ballasts and starters as required); plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual) (with any replacement of a heating, ventilating and air-conditioning system in the Building constituting a permitted Capital Item under Section 8.3(c)); floor coverings; window coverings; elevators (including communications systems); inside and outside walls (including windows and entrance and exit doors); all structural portions of the Building (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 (if any); 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.); provided, however, if floor

coverings or window coverings within the Premises require repair or replacement or if any other Landlord work under this Section 9.2 is necessitated by the negligence, willful misconduct or breach of this Lease by Tenant or its employees, agents, guests or invitees, Tenant shall reimburse Landlord for all costs incurred by Landlord in connection with the same within ten (10) business days after Landlord's notice.

9.3 Notwithstanding the foregoing, in the event the Premises or Building are damaged or destroyed by fire, earthquake or other casualty, to the extent that they are untenable in whole or in part, the terms of this Section 9 shall not apply and Section 12 shall govern.

## **10. Sublease and Assignment.**

10.1 Tenant shall not assign this Lease in whole or in part, or sublet all or any portion of the Premises (each, a "Transfer"), without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. Tenant shall pay Landlord's actual and reasonable attorneys' fees incurred in connection with any Transfer request within thirty (30) days after written invoice from Landlord, which amount shall not exceed \$1,500 so long as Tenant and the proposed transferee use Landlord's standard consent form without any Lease modifications requested.

10.2 Tenant shall pay to Landlord forty percent (40%) of any Transfer Premium received by Tenant in connection with a Transfer. "Transfer Premium" means all rent payable by the transferee in excess of the Base Rent and Additional Rent payable by Tenant under this Lease (on a per rentable square foot basis if less than all of the Premises is the subject of the Transfer) less the out-of-pocket expenses actually incurred by Tenant in connection with the Transfer.

## **11. Alterations and Improvements.**

11.1 Tenant shall be entitled to perform alterations and/or improvements to the Premises (including, without limitation, the installation of fixtures and signs) ("Alterations") subject to Landlord's consent, which shall not be unreasonably withheld, conditioned, or delayed. Tenant may from time to time remove any Alterations installed by Tenant in or to the Premises and not paid for out of the Tenant Allowance; provided that Tenant agrees to repair any damage caused by such removal. Any Alterations by Tenant shall be done at Tenant's expense, in conformity with plans and specifications approved by Landlord, by contractors approved by Landlord, and subject to Landlord's reasonable rules and regulations regarding such construction. In addition, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant's contractor carries "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require. Notwithstanding the foregoing, Tenant may perform Alterations to the Premises without obtaining Landlord's prior consent so long as such Alterations are non-structural in nature and: (i) do not exceed \$25,000 per project or \$75,000 in the aggregate per calendar year, (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, (iv) do not require penetrations into the roof of the Building, and (v) do not require a building permit ("Cosmetic Alteration"). Tenant shall provide Landlord with notice of any Cosmetic Alteration prior to or promptly following its performance.

## **12. Damage and Destruction.**

12.1 If the Premises or the Building is 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 for Tenant's intended purpose, and the Landlord neglects or refuses to restore the Premises to its former condition within one hundred eighty (180) days of such damage or destruction for any reason other than Force Majeure delays, then Tenant may terminate this Lease upon thirty (30) days written notice to Landlord. For the sake of clarity, if the Premises or the Building is destroyed or damaged by fire, earthquake or other casualty so as to render the Premises or a material portion of the Building untenable, Landlord shall have the right to terminate this Lease upon thirty (30) days written notice to Tenant. If neither party elects to terminate this Lease as provided above, then, subject to receipt of sufficient insurance proceeds, Landlord shall promptly restore the Premises. 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. Tenant shall promptly notify Landlord of any casualty or accident occurring in or about the Premises.

12.2 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 completes its restoration obligations under this Section 12. If damage is due to the fault or neglect of Tenant or its agents, employees, invitees, or licensees, there shall be no abatement of Rent and Tenant shall not have the right to terminate this Lease.

**13. Condemnation.** If any portion of the Premises, including its Building or the 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 commercially reasonable 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, then 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 this Lease is not terminated by either Landlord or Tenant in accordance with the foregoing, 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.**

14.1 Subject to Section 15.3, 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, except in case of a Tenant holdover under Section 19 or Tenant's breach of Section 24) (collectively, "Claims") to the extent caused by (i) the negligence or willful misconduct of their respective agents, officers and employees, or (ii) a breach of such Party's 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.

14.2 Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord, for injury or damage to any person or property in or about the Premises, Building, Real Property or Common Areas arising from any acts or omissions of any other tenants, licensees or invitees of the Building, except to the extent caused by Landlord's negligence, willful misconduct or breach of this Lease.

14.3. The provisions of this Section 14 shall survive expiration or earlier termination of this Lease.

#### **15. Insurance.**

15.1 During the Term of this Lease, Tenant, at its sole cost and expense, shall continuously maintain the following types of insurance coverage: (i) "All Risk" or Causes of Loss - Special Form Property (ISO CP 10 30 or its substantial equivalent) insurance, covering furniture, fixtures, equipment, inventory and other personal property located on the Premises in an amount of not less than one hundred percent (100%) replacement value; (ii) workers' compensation insurance in an amount equal to at least the minimum statutory amount required in the State of Washington, and employer's liability insurance with limits not less than \$1,000,000 per employee, \$1,000,000 per incident and \$1,000,000 per policy;

and (iii) commercial general liability (CGL) insurance (on a form at least as broad as the ISO CG 00 01) insuring Tenant against any liability arising out of its use, occupancy or maintenance of the Premises or Building, or the business operated by Tenant pursuant to this Lease, personal and advertising injury liability damage with a per-occurrence limit of no less than \$5,000,000 (or, in the alternative, a primary CGL policy with a per-occurrence limit of \$2,000,000 combined with an Excess Limits (Umbrella) Policy in the amount of no less than \$3,000,000), and fire legal liability; and (iv) Business Automobile Liability Insurance (on a form at least as broad as the ISO CA 00 01) for Tenant owned, hired and non-owned vehicles in the amount of \$1,000,000 combined single limit (property damage and liability) per accident. The amount of any deductible or self-insured retention for the coverages described in (i) and (iii) shall not exceed \$25,000.

Notwithstanding the requirements of the preceding paragraph, Landlord acknowledges that Tenant, a Charter County Government under the Constitution of the State of Washington, maintains a fully funded self-insurance program consistent with King County Code Ch. 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-insurance 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-insurance program and shall provide Landlord with a letter 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-insurance program or a Commercial General Liability Insurance Policy, each in an amount sufficient to cover its liability exposure under this Lease (and at a minimum, as reflected in the preceding paragraph). All deductibles, retentions and/or uninsured amounts shall be paid by, assumed by, for the account of, and at Tenant's sole risk. Landlord shall not be responsible for payment of any deductible or self-insured retention or uninsured amount. Tenant's right to assume a deductible and/or retention exceeding \$25,000 or to self-insure shall terminate at any time the original Tenant named herein Transfers its entire interest in this Lease to a third party.

15.2 Landlord shall maintain throughout the Term commercially reasonable policies of property insurance covering loss of or damage to the Building (including the Tenant Improvements and any subsequent Alterations of which Landlord has been notified of) in the full amount of its replacement cost with endorsement to cover code changes. Tenant agrees that any increase in insurance premiums related to Landlord insuring the Tenant Improvements or any subsequent Alterations shall be paid by Tenant on a monthly basis together with Tenant's Additional Rent payment.

15.3 Landlord and Tenant each hereby waive and release any right of recovery (including by way of subrogation) against the other, its officers, employees and agents, for any loss or damage sustained to property located within or constituting the Building or

Premises or any portion thereof, to the extent such loss or damage is actually covered by property insurance carried by either party and in force at the time of such loss or damage or to the extent such loss or damage would have been covered had the insurance required hereunder been maintained or not self-insured at the time of such loss or damage. This waiver applies whether or not the loss is due to the negligent acts or omissions of Landlord or Tenant, or their respective officers, directors, employees, agents, contractors, or invitees.

**16. Rights Reserved by Landlord.** Tenant shall permit Landlord to enter the Premises at all reasonable times and with reasonable notice (except in the event of emergency or any routine entry for the performance of Landlord's obligations under this Lease (e.g., janitorial), where no prior notice shall be required) for any reasonable purpose. Landlord reserves the right to make replacements, restorations, renovations, alterations, additions and improvements, structural or otherwise, in and to the Building or Real Property or any part thereof (other than the Premises).

**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, whether by Tenant or Landlord; and Tenant and Landlord shall each 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, so long as Tenant is not in Default hereunder, shall have and quietly enjoy the Premises for the Lease Term subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord.

**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. 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.

**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, status as a family caregiver, military status or status as a veteran who was

honorably discharged or who was discharged solely as a result of the person's sexual orientation or gender identity or expression, 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, King County Charter Section 840, King County Code, 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' 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, and which breach continues for a period of thirty (30) days after written notice by Landlord to Tenant of the breach. Provided, that if the nature of Tenant's failure is such that more time is reasonably required in order to cure, then 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. Provided, that if the nature of Landlord's failure is such that more time is reasonably required in order to cure, then Landlord shall not be in default if Landlord commences to cure promptly and thereafter diligently prosecutes such cure to completion. If Landlord fails to cure any such default within the allotted time ("Landlord Default"), Tenant may, in its sole discretion and without limiting Tenant's other rights or remedies under this Lease and/or at law, seek 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. Notwithstanding the foregoing or anything to the contrary in this Lease, in no event shall (i) Landlord be liable to Tenant for lost profits, business interruption or other consequential damages, and (ii) except as otherwise expressly provided to the contrary (including Sections 20 and 27), Tenant have the right of self-help, to perform repairs or any other obligation of Landlord, or the right to withhold or set-off Rent, or terminate this Lease, and Tenant hereby expressly waives the benefit of any Laws to the contrary.

**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 or in equity.

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.

**23. Costs and Attorney's Fees.** If Tenant or Landlord engage the services of an attorney 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 substantially losing party shall pay the substantially 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. 70A.305 ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70A.300; 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 Landlord's knowledge, there is no Hazardous Material on, in or under the Premises or the Real Property as of the Commencement Date.

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 de minimis quantities typical for general office use and then only 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 (including consequential 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 Section 24.3, 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 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 To the extent required under applicable Law, Landlord shall remediate any Hazardous Material discovered in the course of constructing the Tenant Improvements at Landlord's sole cost and expense if and only if the same is not attributable to Tenant or to Tenant's employees, agents, contractors, customers, clients, visitors, guests, or other licensees or invitees.

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, judgments, 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 Notices. All notices under this Lease shall be in writing and effective when (i) deposited with a nationally recognized overnight delivery service such as FedEx, (ii) mailed by certified mail, return receipt requested, postage prepaid, or (iii) personally delivered, in each case to the address of the receiving party set forth in Section 1. Every notice or other communication hereunder shall be deemed to have been given as of the third business day following the date of such mailing (or as of any earlier date evidenced by a receipt from such national air courier service or the United States Postal Service) or immediately if personally delivered. Either Party may change its address for notices by notice to the other from time to time. Notwithstanding the foregoing, a Party may provide notice electronically via the email addresses listed in Sections 1.14 and 1.15 with delivery confirmation or read receipt (or both). A Party providing electronic notice shall bear the burden to prove the date that notice was delivered.

25.2 Light, Air, and View; Name. Landlord does not guarantee the continued present status of light, air, or view in, to or from the Premises. Tenant shall not use the

name of the Building for any purpose other than as an address of the business conducted by the Tenant in the Premises. Landlord may change the Building name at any time.

25.3 Heirs and Assigns. This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns. In the event of any sale of the Building or Real Property, or any assignment of this Lease by Landlord, Landlord shall be relieved of all liability under this Lease arising out of any act, occurrence, or omission occurring after such sale or assignment.

25.4 Brokers' Fees. Tenant warrants to Landlord that Tenant has not dealt with any broker, agent or finder, in connection with the negotiation or execution of this Lease other than Dan Flinn of Flinn Ferguson Cresa ("Tenant's Broker"). Tenant's Broker shall be compensated by Landlord in connection with this Lease pursuant to a separate written agreement between Landlord and Tenant's Broker. Tenant represents and warrants to Landlord that it has not engaged any other broker, finder or other person, who would be entitled to any commission or fees for the negotiation, execution or delivery, of this Lease and Tenant 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. Except for Frank R. Buchanan of MaKensay Real Estate Services Inc. ("Landlord's Broker"), Landlord represents and warrants to Tenant that it has not engaged any other broker, finder or other person, who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and Landlord 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. Landlord's Broker shall be compensated by Landlord in connection with this Lease pursuant to a separate written agreement.

25.5 Reserved.

25.6 Entire Agreement. This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises (other than the Floors 1, 2, and 3 Existing Lease). No other 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.

25.7 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.

25.8 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.

25.9 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to its choice of law rules or conflicts of law provisions.

25.10 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 Agreement

25.11 Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which constitute but one original. Signatures transmitted by email or electronic signatures affixed hereto through a nationally-recognized electronic signature service provider such as DocuSign or DocVerify shall have the same effect as delivered original ink signatures. Either Party's or both Parties' signatures may be notarized electronically or by remote online notary as long as such notarization is permitted by and complies with the Laws by which this Lease is governed.

**26. 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. Prior to the expiration of this Lease, or immediately following any earlier termination, Tenant shall remove any such signage so installed and shall repair any damage to the Premises or Building resulting from such removal (which, in the case of any Building exterior signage approved by Landlord, shall include patching and painting the damaged area as necessary to be generally consistent with the remainder of the Premises or Building, as applicable).

**27. 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. If Landlord does not timely pay Tenant any amounts due under this Section 27, Tenant shall give Landlord written notice of such delinquency, and if Landlord does not pay the delinquent amount within ten (10) days after such written notice or dispute its obligation to so pay the delinquent amount, Tenant shall be entitled (but not obligated) to offset such unpaid and undisputed amount against Tenant's Base Rent then due and payable (or next coming due) under the terms of this Lease until such unpaid and

undisputed amount has been offset in full.

**28. Waiver.** Time is of the essence of this Lease and each of its provisions. No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing signed by Landlord's duly authorized representatives. The waiver by either party of any provision of this Lease shall not be deemed to be a waiver of such provision or any other provision, in any subsequent instance. The acceptance of Rent by Landlord shall not be deemed to be a waiver of any preceding Default or breach by Tenant under this Lease, whether known or unknown to Landlord, other than the failure of the Tenant to pay the particular Rent so accepted.

**29. Subordination, Nondisturbance and Attornment.** This Lease shall be subordinate to all existing and future mortgages and/or deeds of trust or ground leases on the Premises or the Building, unless the holders of any of the foregoing require this Lease to be superior thereto. Tenant shall attorn to Landlord's successor following any foreclosure, sale, or transfer in lieu thereof, provided that the mortgagee, transferee, purchaser, lessor or beneficiary or successor after a termination of any ground lease ("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 during the Term so long as Tenant is not in Default hereunder, nor enlarge Tenant's obligations nor abridge Tenant's rights 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. The foregoing subordination and attornment provisions are self-operative. Tenant shall execute and deliver within fifteen (15) business days following Landlord's request any instruments confirming or further evidencing such subordination or attornment, provided, that any such instrument (i) provides that Tenant's possession of the Premises during the Term will not be disturbed so long as no Default exists hereunder; and (ii) contains such commercially reasonable modifications requested by Tenant.

**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 this Section 30, 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. Surrender of Premises.** At the end of the Term of this Lease or any extension thereof or other earlier 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 in Tenant's possession to the Premises to Landlord. Tenant shall also remove all equipment (including all cabling, wiring and other related equipment installed by or for Tenant (whether under this Lease or the Floors 1, 2, and 3 Existing Lease)) (collectively, "Cabling"), trade fixtures, and personal property from the Premises. At Tenant's election, Tenant may, but, subject to Exhibit C, shall not be required to, remove any Alterations installed by Tenant or elements of the Tenant Improvements paid for by Tenant and not out of the Tenant Allowance at no cost to Landlord, provided that Tenant shall repair any damage to the Premises resulting from such removal. All property of Tenant remaining on the Premises after reentry or termination of this Lease shall conclusively be deemed abandoned. The provisions of this Section 30 shall survive expiration or earlier termination of this Lease. Notwithstanding any provision in this Section 31 to the contrary, if Tenant installs Cabling prior to occupancy, or upgrades it during the Term, and if the Cabling (Cat6 or higher) can be utilized by a new tenant for the Premises and such new tenant so elects to use such Cabling, then Tenant shall not be required to remove its Cabling upon the expiration or earlier termination of this Lease.

*[Signature Pages Follow]*

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

**LANDLORD:**

JEFFERSON HOUSE, LLC, a Washington limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date \_\_\_\_\_

**TENANT:**

KING COUNTY, a political subdivision of the State of Washington

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date \_\_\_\_\_

**APPROVED BY CUSTODIAL  
AGENCY:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO FORM ONLY:**

By: \_\_\_\_\_  
Senior Deputy Prosecuting Attorney

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 he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of Jefferson House, LLC, a Washington limited liability company, 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 \_\_\_\_\_, 2023.

Notary Public  
Print Name  
My commission expires

(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 home rule charter county and 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 \_\_\_\_\_, 2023.

Notary Public  
Print Name  
My commission expires

(Use this space for notarial stamp/seal)



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

Lots 4, 5, 6 and 7, Block 11, SQUIRE PARK ADDITION TO THE CITY OF SEATTLE, according to the Plat thereof recorded in Volume 8 of Plats, Page 6, in King County, Washington;

EXCEPT the East 8 feet of Lots 4 and 7 conveyed to the City of Seattle for alley.

Situate in the County of King, State of Washington.

## EXHIBIT B Diagram of Premises

### Floor-2



### Floor-3



## EXHIBIT C

### **WORK LETTER AGREEMENT FOR TENANT IMPROVEMENTS**

This Work Letter Agreement is part of and incorporated into that certain Lease (the "Lease") between Jefferson House, LLC, a Washington limited liability company ("Landlord"), and King County, a home rule charter county and political subdivision of the State of Washington ("Tenant") (each a "Party" and collectively the "Parties"), for the Building and Premises, as defined in Sections 1.4 and 1.5 of that certain Lease between the Parties and dated \_\_\_\_\_. Capitalized terms in this Work Letter Agreement ("Work Letter") have the meanings set forth in the Lease. If there is any conflict, ambiguity, or other difference between the definitions or terms used in the Lease and in this Work Letter, then the definitions contained herein will control for purposes of this Work Letter.

#### **1. Work Plans and Project Schedule**

##### **1.1 Work Plans.**

(a) It is the intent of this Work Letter that Landlord's Contractor (as defined below) shall construct improvements to the Premises (the "Tenant Improvements" or the "Work") in accordance with the Space Plan and TI Permitted Plans (each as described below). Tenant Improvements shall not include furniture, trade fixtures or equipment (such as moveable furniture partitions, appliances, telephones, computers, cabling and wiring) or fine finish items such as artwork and specialty wall coverings.

(b) Tenant, at Tenant's sole cost and expense (and not deductible from the Tenant Allowance) has executed a contract with an architect approved by Landlord ("Tenant's Architect"), and may engage a project manager ("Tenant's Project Manager"), for the purpose of developing a space plan for the Premises depicting the layout and designation of all rooms and other partitioning within the Premises and their intended use ("Space Plan") and all other TI Plans (defined below). Tenant shall submit the Space Plan to Landlord for its approval by no later than the date that is thirty (30) days after the mutual execution and delivery of the Lease. Landlord shall approve or disapprove of the Space Plan within ten (10) business days of receipt. If Landlord disapproves the Space Plan, Tenant shall promptly revise and resubmit the Space Plan for approval by Landlord under this Section 1.1(b). As used herein, "Approved Space Plan" means the Space Plan approved by Landlord in accordance with this Section 1.1(b).

(c) Tenant's Architect and Tenant's Project Manager shall (i) create a project schedule identifying key milestones for the design and construction of the Tenant Improvements (as approved by Landlord, the "Project Schedule"), (ii) prepare design development documents or their substantial equivalent for the Tenant Improvements, which shall describe and/or depict all aspects of the design of the Tenant Improvements, including the materials and finishes to be used ("TI Design Plans"), and (iii) develop a

permitting strategy, all of which shall be done in consultation with Landlord and Landlord's Contractor. The Project Schedule shall be submitted to Landlord for its approval concurrently with Tenant's submission of its Space Plan and shall be finalized concurrently with the finalization of the Approved Space Plan. The TI Design Plans shall be submitted to Landlord for its approval by no later than the deadline specified in the Project Schedule. Landlord shall approve or disapprove of the TI Design Plans within the time frame permitted by the Project Schedule. If Landlord disapproves the TI Design Plans, Tenant shall promptly revise and resubmit the TI Design Plans for approval by Landlord under this Section 1.1(c) and Section 1.1(e). As used herein, "Approved TI Design Plans" means the TI Design Plans approved by Landlord in accordance with this Section 1.1(c) and Section 1.1(e).

(d) Promptly following Landlord's approval of the TI Design Plans, Tenant shall cause Tenant's Architect to provide Tenant with fully dimensioned architectural construction drawings and specifications, and any required engineering drawings (including mechanical, electrical, plumbing, air-conditioning, ventilation and heating), for the Tenant Improvements, which shall include all items described in the Approved TI Design Plans, and if applicable: (i) electrical outlet locations, circuits, and anticipated usage therefor; (ii) reflected ceiling plan, including lighting, switching, and any special ceiling specifications; (iii) duct locations for heating, ventilating, and air-conditioning equipment; (iv) details of all millwork; (v) dimensions of all equipment and cabinets to be built in; (vi) furniture plan showing details of space occupancy; (vii) keying schedule; (viii) lighting arrangement; (ix) location of print machines, equipment in lunch rooms, concentrated file and library loadings, and any other equipment or systems (with brand names wherever possible) which require special consideration relative to air-conditioning, ventilation, electrical, plumbing, structural, fire protection, life-fire-safety system, or mechanical systems; (x) special heating, ventilating, and air conditioning equipment and requirements; (xi) weight and location of heavy equipment, and anticipated loads for special usage rooms; (xii) demolition plans; (xiii) partition construction plans; (xiv) type and color of floor and wall-coverings, wall paint, and any other finishes; and (xv) any other details or features required to completely delineate the Work to be performed ("TI Construction Plans"). Tenant's Architect shall also deliver to Landlord a compact disc (CD) containing the TI Construction Plans in AutoCAD format and a hard copy of same. The TI Construction Plans shall be consistent with, and a logical extension of, the Approved Space Plan and Approved TI Design Plans. The TI Construction Plans are intended to be in a form satisfactory to appropriate governmental authorities responsible for issuing permits and licenses required for construction of the Tenant Improvements. The TI Construction Plans shall be submitted to Landlord for its approval by no later than the deadline specified in the Project Schedule. Landlord shall approve or disapprove of the TI Construction Plans within the time frame permitted by the Project Schedule. If Landlord disapproves the TI Construction Plans, Tenant shall promptly revise and resubmit the TI Construction Plans for approval by Landlord under this Section 1.1(d) and Section 1.1(e). In connection with Landlord's review of the TI Construction Plans, Landlord shall inform Tenant whether Landlord will require the removal of any element of the Tenant Improvements upon the expiration or any early termination of the Lease Term; provided, however, Landlord shall not require the removal of any Tenant Improvement if the same is customary for traditional

office space, as determined by Landlord in its reasonable discretion. As used herein, "Approved TI Construction Plans" means the TI Construction Plans approved by Landlord in accordance with this Section 1.1(d) and Section 1.1(e), including any changes thereto made pursuant to any TI Change Authorization (as defined below).

(e) Landlord's approval of the proposed Space Plan, TI Design Plans, and TI Construction Plans (collectively, "TI Plans" and the approved versions are, collectively, "Approved TI Plans") shall not be unreasonably withheld, conditioned, or delayed; provided, however, to the extent that any element of the TI Plans may (i) affect the exterior of the Building, (ii) adversely affect the structural portions of the Building, (iii) adversely affect the Building systems, (iv) fail to comply with applicable Laws, or (v) fail to meet or exceed the base Building specifications, then Landlord may grant or withhold its approval of the TI Plans in its sole discretion. Landlord's review and approval of the TI Plans shall not be a representation or warranty of Landlord that such drawings are adequate for any use or comply with any applicable Law, but shall merely be the consent of Landlord thereto. For the avoidance of doubt, the Parties acknowledge and agree that Landlord's review and approval of the TI Plans shall not obligate Landlord to review such TI Plans (or constitute a representation or warranty that Landlord has so reviewed such TI Plans) for quality, suitability, design, code compliance, or other like matters. Accordingly, notwithstanding that any TI Plans are prepared by Tenant's Architect and reviewed by Landlord or Landlord's Contractor, agents, or consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord, Landlord's Contractor, or Landlord's other agents, or consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the TI Plans. ANY MODIFICATION BY TENANT OF ANY OF THE APPROVED TI PLANS, ONCE APPROVED IN ACCORDANCE WITH THIS SECTION 1.1 SHALL ONLY BE MADE THROUGH A TI CHANGE AUTHORIZATION IN ACCORDANCE WITH SECTION 1.2 BELOW AND TENANT SHALL BE SOLELY RESPONSIBLE FOR ANY INCREASES IN THE TI COSTS (DEFINED IN AND SUBJECT TO SECTION 4 BELOW) AND DELAYED COMPLETION OF THE WORK RESULTING FROM SUCH MODIFICATIONS. LANDLORD SHALL HAVE NO LIABILITY OR RESPONSIBILITY FOR SUCH ADDED COSTS OR DELAYS.

(f) Tenant's Architect will submit the Approved TI Plans to the appropriate municipal authorities for all applicable building permits and other governmental or utility approvals required to commence and perform the Work ("TI Permits"). After the Approved TI Plans have been submitted to the appropriate municipal authorities for permitting, no changes, modifications or alterations in the Approved TI Plans may be made without the prior written consent of Landlord and Tenant in accordance with Section 1.2 below. Tenant shall use best efforts to obtain the TI Permits within the time frame set forth in the Project Schedule. Landlord shall not be responsible for any delay or denial of a TI Permit. As used herein, "TI Permit Plans" means the Approved TI Plans, as may have been modified (using the TI Change Authorization process described below) to address the comments and changes required by the municipal authorities in connection with processing and issuing the TI Permits.

1.2 Changes. If, after the Approved TI Plans have been approved by the Parties under

Section 1.1, Tenant requires any changes or substitutions to the Approved TI Plans, each iteration of the Approved TI Plans (including changes necessitated to address the comments and changes required by the municipal authorities in connection with processing and issuing the TI Permits) may only be modified by a written “TI Change Authorization” executed by Landlord and Tenant, which clearly describes (i) the change, (ii) the anticipated impact on the TI Costs, and (iii) any modification of the TI Permit Plans necessitated by such TI Change Authorization. Neither Landlord nor Tenant shall unreasonably withhold or delay its approval of any such change (whether requested by a Party or required by an applicable Law). Without limiting other bases for reasonably withholding approval, it shall be deemed reasonable for Landlord to withhold approval if the proposed change would (a) affect the exterior of the Building, (b) adversely affect the structural portions of the Building, (c) adversely affect the Building systems, (d) fail to comply with applicable Laws, (e) fail to meet or exceed the base Building specifications, (f) unreasonably delay construction of the Tenant Improvements and the Commencement Date of the Lease, or (g) trigger concerns about Tenant’s ability to pay the added costs. All costs incurred in connection with any TI Change Authorization shall be paid by Tenant, subject to Section 4 below.

## **2. Landlord’s Contractor**

Landlord shall employ a commercial contractor or general contractor, qualified, licensed, and bonded, with the experience to construct the Tenant Improvements (“Landlord’s Contractor”). Landlord agrees to cause, and to require its contractor or general contractor and all subcontractors performing the Tenant Improvements 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). To the extent that Landlord’s Contractor is to receive any fee, profit, or other payment or reimbursement for its 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. The construction contract entered into between Landlord and Landlord’s Contractor (“TI Construction Contract”) shall provide that (i) Tenant is a third-party beneficiary to such contract and is entitled to the rights and benefits of Landlord under such contract and may enforce the provisions of such contract as if it were a party thereto, provided that insurance and indemnification obligations shall run to the injured party, and (ii) the Work will be handled on an “open book” basis so that Tenant shall have full and current access to all material information related to major elements of the Work (including all costs, budgets, and subcontracts).

## **3. Construction of Tenant Improvements**

3.1 Once (i) the Final TI Cost Estimate (as defined in Section 4) has been approved in accordance with Section 4, and (ii) the TI Permits have been issued, Landlord’s Contractor shall construct the Tenant Improvements substantially in accordance with the TI Permit Plans. Landlord and its agents and consultants shall have complete access to the Premises during the Build-Out Period to perform the Work and any interference by Tenant with such

access shall be a Tenant Delay (as defined below) hereunder to the extent that such interference delays the progress of the Work. Landlord's Contractor shall commence construction of the Tenant Improvements promptly following the receipt of TI Permit Plans therefor and diligently pursue completion of the Work. Tenant (through Tenant's Project Manager) shall supervise the completion of the Work and shall use commercially reasonable efforts to secure completion of such Work in accordance with the Project Schedule, as the same may be revised and updated with approval by the Parties. Landlord shall also perform any Work to areas outside the Premises that is required by municipal authorities as a condition to the granting of a TI Permit or certificate of occupancy, except that, subject expressly to Section 3.5(iii) below, Tenant shall be responsible for the cost of any such Work (in addition to any Work required by such municipal authorities inside the Premises) and if there are insufficient funds in the Tenant Allowance to pay for such Work, Tenant shall pay for such Work in accordance with Section 4.5.

3.2 Landlord shall notify Tenant and Tenant's Project Manager when Landlord will be inspecting the Work for purposes of preparing a written list identifying all Work punch list items ("Work Completion Inspection"). Such notice shall be given at least ten (10) business days prior to the scheduled date for the Work Completion Inspection. Tenant, Tenant's Architect, and Tenant's Project Manager shall participate in the Work Completion Inspection. Unless Tenant notifies Landlord of any defects in the Work identified by Tenant ("Tenant Identified Work Defects") within five (5) business days after the Work Completion Inspection, Tenant is deemed to have accepted the Work in its then "as is" condition as of the date of the Work Completion Inspection, subject only to (i) completion of those Work punch list items ("Work Punch List Items") identified by the other participants in the Work Completion Inspection, and (ii) those defects in the Work that could not be reasonably detected through visual inspection during the Work Completion Inspection ("Work Latent Defects"). For the sake of clarity, Tenant Identified Work Defects may not include Work Punch List Items. If Tenant's Architect determines that the Tenant Identified Work Defects are valid, Landlord shall promptly direct Landlord's Contractor to correct such Tenant Identified Work Defects and, upon the completion of such corrections, shall schedule a new Work Completion Inspection in accordance with this Section 3.2. If Tenant fails to participate in a scheduled Work Completion Inspection, Tenant is deemed to have accepted the Work in its then "as is" condition and with no Tenant Identified Work Defects as of the date of the Work Completion Inspection, subject only to (i) completion of those Work Punch List Items identified by the other participants in the Work Completion Inspection, and (ii) any Work Latent Defects.

3.3 Landlord shall direct Landlord's Contractor to complete (or repair) the Work Punch List Items with commercially reasonable diligence and speed, and within thirty (30) days after the Work Completion Inspection, provided that if the nature of any of the Work Punch List Items is such that they cannot be completed within thirty (30) days, then within such longer period of time as is reasonably necessary to complete the same.

3.4 The TI Costs of the Tenant Improvements will be paid as provided in Section 4 below.

3.5 As between the Parties, Landlord shall be solely responsible to perform and to pay for (i) any additional work that must be performed to the Premises or the Building due to the negligence or intentional misconduct of Landlord, (ii) any additional work that must be performed to the Premises or the Building due to the presence of asbestos or other hazardous materials or mold, or due to structural issues, if not caused by Tenant or Tenant's agents, guests or invitees, and (iii) any additional work that the City of Seattle requires to be performed to the Building (other than the Premises) to correct code violations existing as of the Effective Date hereof and which are required to be corrected as a condition to the issuance of the TI Permits or the certificate of occupancy (or equivalent) for the Premises. Tenant shall be solely responsible for paying for any work (a) that must be performed to the Premises or the Building due to the negligence or intentional misconduct of Tenant, (b) any additional work that must be performed to the Premises or the Building due to the presence of asbestos or other hazardous materials or mold, or due to structural issues, if caused by Tenant or Tenant's agents, guests or invitees, and (c) any additional work that must be performed to the Premises (but not outside the Premises) due to code violations existing as of the Effective Date hereof. Landlord and Tenant have no knowledge of any code violation in the Building, or the presence of asbestos or any other hazardous material in the Building.

3.6 Notwithstanding anything to the contrary herein, Tenant acknowledges and agrees that Landlord is not providing any express or implied warranties of any kind or nature with respect to the Tenant Improvements or any Work Latent Defects, and Tenant shall solely rely on and pursue its third-party beneficiary rights under the various agreements with Landlord's Project Team (defined in Section 4.1) to address any design or construction defect issues arising out of the Tenant Improvements.

#### **4. Payment**

4.1 As used herein "TI Costs" means all direct and indirect costs and charges incurred by Landlord in connection with the construction of the Tenant Improvements, including without limitation: (i) payments to Landlord's Contractor and all subcontractors retained by Landlord in connection with the Work (collectively, "Landlord's Project Team"); (ii) taxes, fees, charges and levies by governmental and quasi-governmental agencies for TI Permits or for inspections of Work; (iii) a construction oversight fee payable to Landlord's property manager in an amount equal to 1% of all TI Costs; (iv) costs incurred to correct any Tenant Identified Work Defects or Work Latent Defects; (v) fees, premiums, deductibles, and retainage in connection with all insurance directly related to the Tenant Improvements (including builders risk, worker's compensation, stop gap and liability insurance and Landlord's insurance set forth in Section 5.2 below); (vi) the cost of any changes in the base Building, but only to the extent (a) such changes are required by the TI Permit Plans (including, without limitation, if such changes are due to the fact that such work is prepared on an unoccupied basis), and (b) such changes are not Landlord's responsibility under Section 3.5 of this Work Letter, such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith; and (vii) the costs incurred in connection with providing Building services required during or in connection with construction of the Tenant Improvements (such as electricity and other



utilities and refuse removal). The Parties acknowledge and agree that the extent of Landlord's obligation to pay for TI Costs is limited solely to Landlord's disbursement of the Tenant Allowance, which disbursement obligations are expressly subject to the terms and conditions of this Section 4, provided, however, Landlord shall be responsible for those costs described in Section 3.5 of this Work Letter. All other TI Costs shall be Tenant's sole responsibility, and will be payable by Tenant to Landlord in accordance with Sections 4.4 and 4.5 of the Work Letter below.

4.2 Any portion of the Tenant Allowance that has not been spent on TI Costs as of the date which is twelve (12) months after the Commencement Date shall revert to Landlord, and such amount shall no longer be available to fund, pay, or reimburse TI Costs or any other costs (and, for the avoidance of doubt, in no event shall any such unspent and unapplied amounts be available to Tenant as a cash payment).

4.3 Promptly after approval of each iteration of the Approved TI Plans, and prior to Landlord's execution of the TI Construction Contract, Landlord shall cause Landlord's Contractor to provide Landlord and Tenant with a preliminary cost estimate ("TI Cost Estimate") for the total estimated costs for the Work based on the then applicable Approved TI Plans or TI Permit Plans. Within five (5) business days after receipt of any TI Cost Estimate, Tenant shall provide Landlord with its approval of the same, or, if the latest TI Cost Estimate is materially greater than the previously approved TI Cost Estimate, Tenant may request reasonable modifications to the then-current Approved TI Plans in order to reduce costs. If Tenant fails to notify Landlord of specific modifications within such five (5) business day period, Tenant shall be deemed to have approved the latest TI Cost Estimate. The TI Cost Estimate for the Tenant Improvements based on the TI Permit Plans and approved by Tenant in accordance with this Section 4.3 shall be referred to herein as the "Final TI Cost Estimate."

4.4 If the Final TI Cost Estimate exceeds the Tenant Allowance, the TI Costs shall be paid for on a monthly basis by Landlord and Tenant on a pari pasu basis (e.g., if the Tenant Allowance covers 80% of the Final TI Cost Estimate, then Landlord shall be required to disburse the Tenant Allowance to cover 80% of monthly draws and Tenant shall cover the remaining 20% with Tenant's funds delivered to Landlord within thirty (30) days of Landlord's written request (time being of the essence)). Any funds not timely funded by Tenant under this Section 4.4 shall accrue interest at the Default Rate. Notwithstanding anything to the contrary in this Work Letter or the Lease, Landlord shall not be required to make any disbursements of the Tenant Allowance during any period when Tenant is in default under this Work Letter or the Lease beyond any applicable notice and cure periods expressly granted herein or in the Lease.

4.5 If (i) any TI Change Authorization is approved, and such TI Change Authorization results in an increase to the total TI Costs above the then remaining balance of the Tenant Allowance, or (ii) Landlord otherwise reasonably determines that the estimated total TI Costs have exceeded or are likely to exceed the sum of the Tenant Allowance, then the Final TI Cost Estimate shall be adjusted accordingly and Landlord and Tenant shall continue to fund each monthly draw on a pari pasu basis in accordance with the terms of

Section 4.4 above.

#### 4.6 Delay Costs

(a) For purposes of this Work Letter, "Tenant Delays" means any delay in the completion of the Tenant Improvements resulting from any or all of the following: (i) Tenant's failure to timely perform any of its obligations pursuant to this Work Letter, including any failure to complete, on or before the due date therefor, any action item which is Tenant's responsibility pursuant to the Project Schedule; (ii) Tenant's changes to the Space Plan, the Approved TI Plans or the TI Permit Plans; (iii) changes to the Building resulting from changes to the Approved TI Plans or TI Permit Plans; (iv) Tenant's request for materials, finishes, or installations which are not readily available or which are incompatible with Landlord's standard specifications for tenant improvements for the Building; or (5) any other act or failure to act by Tenant, Tenant's employees, agents, architects, independent contractors, consultants and/or any other person performing or required to perform services on behalf of Tenant (including any interference with Landlord's performance of the Work to the extent that such interference delays completion of the Work).

(b) For purposes of this Work Letter, a Landlord Delay is a delay caused by any act or failure to act by Landlord or Landlord's Project Team in breach of Landlord's obligations under this Work Letter and will be deemed to commence to occur only upon the first business day immediately following Landlord's receipt of written notice from Tenant specifying (i) the specific act or omission causing such delay and (ii) the date that such act or omission occurred (if it has ended) or commenced (if it is ongoing). Electronic communication will suffice for the written notice required under this Section 4.6(b).

(c) For purposes of this Work Letter, "Force Majeure Delays" means any actual delay in the construction of the Tenant Improvements, caused by or arising out of anything beyond the reasonable control of Landlord or Tenant, as the case may be, including but not limited to the examples of Force Majeure described in Section 25.8 of the Lease. In order to benefit from a Force Majeure Delay, the affected Party shall first provide written notice to the other Party, and such Force Majeure Delay will not begin to accrue until the date immediately following the delivery of such notice.

(d) TI Costs incurred due to Tenant Delays or Force Majeure Delays, other than any Force Majeure Delays attributable to matters that are Landlord's responsibility to perform and pay for under Section 3.5 of this Work Letter, shall be added to total TI Costs and paid in accordance with Section 4.4 above. TI Costs incurred due to Landlord Delays shall not be added to the cost of the Work and shall not be billed against the Tenant Allowance or otherwise charged to Tenant or paid for by Tenant.

### **5. Insurance; Ownership of Tenant Improvements; Indemnification**

5.1 Tenant shall at all times during the Build-Out Period (and the Term of the Lease), comply with Tenant insurance obligations set forth in Section 15.1 of the Lease.

5.2 Landlord shall maintain, at its own expense but as part of the TI Costs and deductible from the Tenant Allowance, and throughout the term of construction of the Tenant Improvements only, Commercial General Liability Insurance coverage sufficient for all of its liability exposures, including injuries to persons and damage to property, which shall include Tenant as additional insured for full coverage and policy limits, and a Special Form Property Insurance policy covering loss of or damage to Tenant Improvements in the full amount of the Tenant Improvements' 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 officials, employees, and agents, for any loss or damage sustained by Landlord with respect to the Building, Tenant Improvements, Premises, or any portion thereof or the contents of the same, or any operation therein, to the extent such loss or damage is required hereunder to be insured against. Notwithstanding the foregoing, Landlord shall comply with Landlord's insurance obligations set forth in Section 15.2 of the Lease throughout the Term of the Lease.

5.3 All of Landlord's contractors and subcontractors shall carry (i) worker's compensation insurance as required by law covering all of their respective employees, (ii) Employer's Liability coverage with minimum limits of \$500,000 each accident; \$500,000 disease, policy limit; \$500,000 disease, per employee; (iii) Broad Form Commercial General Liability with minimum policy limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate covering bodily injury and property damage; such insurance shall include, but not be limited to, premises liability, personal and advertising injury, ongoing operations, products and completed operations, and contractual liability; (iv) Auto Liability coverage with a minimum \$1,000,000 combined single limit per accident; (v) Property Insurance coverage for tools and equipment brought onto and/or used on the Property by the applicable contractor in an amount equal to the replacement costs of all such tools and equipment; and (vi) any additional insurance coverage deemed appropriate and reasonable by Landlord to cover the contractor's and subcontractor's liabilities given the scope of work and the services being provided herein. All liability insurance policies (except Professional Liability and Workers Compensation) maintained by the contractors must include King County, its officials, agents, and employees as additional insured for full coverage and policy limits. Landlord is obligated to require and verify that all contractors maintain insurance and ensure that the County is included as additional insured. Upon request by the County, and within five (5) business days, the Landlord must provide evidence of its contractors' insurance coverage, including endorsements.

5.4 As of the Commencement Date, Landlord shall be deemed to own the Tenant Improvements.

5.5 Landlord and Tenant's indemnification obligations under Section 14 of the Lease shall apply to this Work Letter as if the same were fully set forth herein; provided, however, Tenant acknowledges and agrees that Landlord is contracting with Landlord's Contractor for the construction of the Tenant Improvements solely at the request of and as an accommodation to Tenant and consequently, Landlord's indemnification obligations under this Work Letter shall be specifically limited to third-party Claims (as defined in Section 14) to the extent caused by the negligent acts or negligent omissions of Landlord (and not Landlord's

Contractor), or arising from any willful misconduct of Landlord or default by Landlord under this Work Letter beyond applicable notice and cure periods. Tenant expressly waives all Claims against Landlord arising from any acts or omissions of Landlord's Contractor and shall pursue any such Claims against Landlord's Contractor directly.

## **6. Administration; General Terms and Conditions**

6.1 Tenant, or its accountant, shall have the right to inspect and audit Landlord's books and records with respect to the Work to verify the actual TI Costs thereof. Tenant shall exercise this right by giving written notice to Landlord of Tenant's intent to audit, which notice shall be given by Tenant not later than six (6) months after the completion of the Work. Upon giving such notice, Tenant, or its accountant, at Tenant's sole cost (except as otherwise provided in this paragraph), shall have the right for the succeeding sixty (60) days to inspect and audit Landlord's books and records with respect to the Work to verify the actual TI Costs thereof. Tenant shall not pay any person or entity conducting such an audit on a contingency basis. If Landlord in good faith disputes the results of Tenant's audit, Landlord shall be entitled to engage an independent auditor reasonably approved by Tenant and not working on a contingency basis to review the results of Tenant's audit. The determination of the auditor so engaged by Landlord shall control. Any undisputed overcharge or underpayment shall be due from one Party to the other within thirty (30) days after the amount of the undisputed overcharge or underpayment has been mutually agreed upon or established by a court of competent jurisdiction; provided, that Tenant may elect to apply any overcharge against Tenant's future Rent under the Lease until such overcharge has been fully recouped by Tenant. If an undisputed overcharge against Tenant of more than five percent (5%) of the total TI Costs is discovered, then Landlord shall also reimburse Tenant for the cost of Tenant's audit within thirty (30) days of receipt of a statement. If Landlord fails to timely reimburse Tenant, then Tenant may deduct such amount from future Rent due to Landlord under the Lease until such reimbursement has been fully realized

6.2 Tenant has designated Stephen Cugier 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 Tenant as required in this Work Letter. Landlord has designated Frank Buchanan as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of Landlord as required in this Work Letter.

6.3 Landlord and Tenant agree to use their best efforts to resolve any disputes arising under this Work Letter using good-faith negotiations between Landlord's representative and Tenant's representative designated under Section 6.2. Landlord and Tenant further agree to communicate regularly to discuss matters arising under this Work Letter and to prevent disputes from arising. Except as otherwise provided in this Work Letter, the Parties agree to use the following dispute escalation process.

- A. STEP ONE. Landlord's representative and Tenant's representative designated under Section 6.2 or their designees shall confer and attempt to

resolve the dispute within two (2) business days of written notification by either Party.

- B. STEP TWO. In the event Landlord and Tenant or their designees are unable to resolve the dispute within two (2) business days as provided in Step One, either Party may refer the dispute to Landlord's trustees and Tenant's Director of the King County Facilities Management Division or their designees. They shall confer and attempt to resolve the dispute within three (3) business days of receiving the referral.
- C. STEP THREE. In the event Landlord's trustees and Tenant's Director of the King County Facilities Management Division or their designees are unable to resolve the dispute within three (3) business days as provided in Step Two, either party may refer the dispute to Landlord's outside legal counsel (Sydney Conway with FKSDO) and Tenant's legal counsel at the King County Prosecuting Attorney's Office. They shall confer and attempt to resolve the dispute within five (5) business days after receiving the referral.

The Parties agree to exhaust each of the above procedural steps before seeking to resolve disputes in a court of law or any other forum. At all times during the course of the conflict or dispute resolution efforts, the Parties agree to continue to perform their respective responsibilities under this Work Letter with due diligence. Good-faith dispute resolution under this Section 6.3 shall not constitute Tenant Delay, Landlord Delay, or Force Majeure Delay, under Section 4.6.

6.4 This Work Letter is part of the Lease. The Parties consent to and ratify the terms of this Work Letter by their execution of the Lease.

6.5 A default or failure to perform under this Work Letter shall be a default under the Lease, and without limiting the non-defaulting Party's other rights or remedies, the non-defaulting Party shall be entitled to all of its remedies under the Lease with respect to such default if such default continues beyond any applicable notice and cure periods set forth in the Lease for such default.

6.6 Where Tenant's approval is required under this Work Letter, Tenant agrees that it shall not unreasonably withhold, condition, or delay its approval.

6.7 Time is of the essence in this Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

**Certificate Of Completion**

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Source Envelope:	
Document Pages: 2	Signatures: 3
Supplemental Document Pages: 43	Initials: 0
Certificate Pages: 5	Envelope Originator:
AutoNav: Enabled	Cherie Camp
Enveloped Stamping: Enabled	401 5TH AVE
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	SEATTLE, WA 98104
	Cherie.Camp@kingcounty.gov
	IP Address: 198.49.222.20

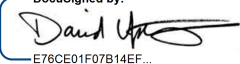
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Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: King County-Council	Location: DocuSign

**Signer Events**

Dave Upthegrove  
dave.upthegrove@kingcounty.gov  
Chair  
Security Level: Email, Account Authentication (None)

**Signature**

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**Timestamp**

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Signed: 10/18/2023 1:03:21 PM

**Electronic Record and Signature Disclosure:**

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Melani Hay  
melani.hay@kingcounty.gov  
Clerk of the Council  
King County Council  
Security Level: Email, Account Authentication (None)

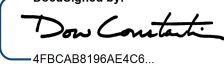
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**Electronic Record and Signature Disclosure:**

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Dow Constantine  
Dow.Constantine@kingcounty.gov  
King County Executive  
Security Level: Email, Account Authentication (None)

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**Electronic Record and Signature Disclosure:**

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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Kaitlyn Wiggins kwiggins@kingcounty.gov Executive Legislative Coordinator King County Executive Office Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign	<div style="border: 2px solid blue; padding: 5px; display: inline-block;"><b>COPIED</b></div>	Sent: 10/18/2023 1:10:50 PM Viewed: 10/18/2023 1:48:51 PM
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Signing Complete	Security Checked	10/26/2023 1:19:53 PM
Completed	Security Checked	10/26/2023 1:19:53 PM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, King County-Department of 02 (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**



Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

### **How to contact King County-Department of 02:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov)

### **To advise King County-Department of 02 of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

### **To request paper copies from King County-Department of 02**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with King County-Department of 02**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify King County-Department of 02 as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by King County-Department of 02 during the course of your relationship with King County-Department of 02.