

August 21, 1987  
2514B:CH:mls:ple

INTRODUCED BY Gary Grant

PROPOSED NO 87-531

ORDINANCE NO. 8195

AN ORDINANCE authorizing the county to enter into a multi-year, masterlease in the Smith Tower.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The King County council authorizes the King County executive to sign a multi-year, masterlease which includes a grant of right of first refusal to purchase the Smith Tower and an offer to enter into an option to purchase the Smith Tower. The Smith Tower lease dated March 1, 1987, the offer to enter into option to purchase the Smith Tower dated August 21, 1987, and the grant of right of refusal to purchase the Smith Tower dated July 28, 1987, are attached as approved amendments to the masterlease.

SECTION 2. The council, in adopting the 1987 budget, has appropriated sufficient lease funds to cover lease costs for those departments and agencies included in the masterlease.

INTRODUCED AND READ for the first time this 20<sup>th</sup> day of July, 1987.

PASSED this 24<sup>th</sup> day of August, 1987.

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

Gary Grant  
Chairman

ATTEST:

Dorothy M. Owens  
Clerk of the Council

APPROVED this 1<sup>st</sup> day of September, 1987.

D. Hill  
King County Executive

Amendment No. 1 - July 28, 1987

OFFER TO ENTER INTO OPTION TO PURCHASE  
THE SMITH TOWER

This offer to enter into a option to purchase (herein after referred to as the "Offer") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1987 by and among the Smith Tower Limited Partnership ("Owner") and King County.

R E C I T A L S

WHEREAS, King County is a charter county in the state of Washington and is authorized to enter into real estate purchase agreements, and

WHEREAS, the Smith Tower Limited Partnership is the owner of certain real property commonly known as the Smith Tower located at 506 Second Avenue, King County, Washington, and more particularly described in Exhibit A attached hereto, by this reference incorporated herein (the "Smith Tower") which has been improved with the Smith Tower building, and

WHEREAS, King County has a lease dated March 1, 1987 to lease space for its employees in the Smith Tower, and

WHEREAS, King County wishes to keep open its alternatives for ownership of working space for its employees in the downtown core;

NOW, THEREFORE, in consideration of the payment of \$1.00, of the mutual covenants and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Smith Tower Limited Partnership (Owner) hereby offers to King County the right and option to purchase the building and real property known as Smith Tower, on the terms and conditions set forth below.

I. Option to Purchase

A. Accepting Offer.

This offer may be accepted by King County on or after August 15, 1987, until 5:00 p.m. December 31, 1987 unless extended pursuant to ¶I.C. of this section. Acceptance must be in writing and is effective upon delivery at the offices of Owner in the Smith Tower. Upon receipt of the acceptance, King County shall have acquired the option to purchase the Smith Tower subject to the payment set forth in ¶B. of this section. Unless earlier accepted or rejected, this offer will expire after 5:00 p.m. December 31, 1987 without notice to King County, and is otherwise irrevocable until that time.

B. Preserving the Option.

1. In order for King County to preserve the option to purchase Smith Tower, King County must pay \$50,000 to Owner by July 1, 1989.

2. King County shall have sole discretion whether to make the option payment and maintain the option.

3. Failure to make the payment within 10 days after the due date constitutes default and may cause the option to expire in Owner's absolute discretion. No payment will be refunded.

C. The dates contained in paragraphs A. and B. of this section and the periods for action thereby created are based on the scheduled completion prior to July 1, 1987, of the fully restored and operational elevator cars including the hall call signal and annunciation system. If the Owner has not given final acceptance to the contractor for the elevator restoration by August 15, 1987, the dates for the King County acceptance and option payments contained in paragraphs A. and B. of this section shall be changed to add one additional day for each day past August 15, 1987, until the Owner grants final acceptance

of the elevators. So for example, if the Owner's final acceptance occurred on August 25, 1987, then the County may accept the offer from August 25, 1987 until January 9, 1988. The Owner shall provide the County a copy of the final acceptance of the elevators.

D. Exercise of Option.

King County may exercise the option to purchase by giving written notice to Owner (at its offices in the Smith Tower) on or after July 1, 1992 until 5:00 p.m., September 30, 1992. The option may be exercised only if King County is not in default of this agreement at the time of notice and exercise. King County shall have sole discretion whether to exercise the option.

E. Purchase Price.

The total purchase price will be \$20,100,000, to be paid by King County if the option is exercised. This price was calculated to approximate the estimated fair market value of the property in 1992, based on projected rental income streams and a generally accepted rate of return. The sum paid for the option (\$50,000) shall not be credited to the total purchase price. The full sum (\$20,100,000) will be due upon closing.

F. Closing.

1. Conveyance. Owner shall execute, acknowledge and deliver to the County a good and sufficient warranty deed conveying a fee simple title to said land and all buildings and improvements thereon and everything appurtenant thereto, free and clear of all liens, encumbrances and other defects in title. The title to the land shall be exclusively subject to approval by the County, and all the costs and expenses of curing any defect or defects in the title shall be borne by the Owner; and such costs and expenses,

together with all moneys required for the satisfaction of taxes, liens or encumbrances may be reserved from the purchase price and applied directly to the curing of such defects, if any, and to the satisfaction and release of such taxes, liens and encumbrances. All taxes for the year 1992 shall be paid by the Owner up to the date title is vested in the County.

2. Escrow. At the option of the County, the deed or deeds of conveyance, and the purchase price, shall be deposited in escrow with any bank or trust company designated by the County, to be held under the usual deed and money escrow, and said escrowee shall have the power to pay out of the purchase price all moneys required for the satisfaction of all taxes, liens, claims, interests and encumbrances, liquidated or otherwise, against said land.

3. Time of Closing. Closing will occur on or before December 31, 1992. The Owner shall be responsible for all closing costs.

G. Failure to Exercise Option. All option payments made shall be retained by Owner, free of all claims of King County.

H. Assignment.

The option to purchase is expressly nontransferable. Any attempted assignment is null and void.

I. Any agreement for the disposition of the Smith Tower is subject to limited partner approval. Such approval for this Option Agreement has been obtained and the General Partner has full authority to enter into this Agreement on behalf of the Smith Tower Limited Partnership.

11. Other Provisions.

A. If the option is acquired, Owner reserves the right to lease no more than 35% of the Smith Tower's rentable area to King County, unless there are no adverse federal income tax consequences in exceeding this limitation. It is understood that the currently leased space on floors 2 through 11 does not exceed this limit.

B. Successor and Assigns. This Agreement shall be binding upon the parties hereto and their respective officers, employees, agents, contractors, consultants and on the Owner's successors, heirs and assigns.

C. This Agreement will be governed by the laws of Washington and a local forum will preside over any dispute. In the event either party must seek redress to enforce this Agreement, the prevailing party or the party which substantially prevails will be entitled to recover its reasonable attorneys' fees and expenses of its suit in addition to such other relief a Court may award.

D. Time is of the essence of each and every provision of this Agreement. Dates must be strictly adhered to as they are a material aspect of consideration.

E. The persons signing below acknowledge their full authority to do so.

F. This option constitutes the entire agreement between the parties with respect to an option to purchase the Smith Tower contemplated hereby and supercedes any and all prior and contemporaneous agreements and understandings between the parties hereto relating to the option agreement.

G. Counterparts. - This agreement may be executed in any number of

counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

H. Amendments. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Agreed:  
King County

Agreed:  
Smith Tower Limited Partnership

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

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

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

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

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

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

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING

On this \_\_\_\_\_ day of \_\_\_\_\_, 1987, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the general partner of SMITH TOWER LIMITED PARTNERSHIP, a certified limited partnership, that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificated above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State  
of Washington, residing at

My commission expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING

On this \_\_\_\_\_ day of \_\_\_\_\_, 1987, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of \_\_\_\_\_, a political subdivision of the State of Washington, the county that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said county, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificated above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State  
of Washington, residing at

My commission expires: \_\_\_\_\_



## AMENDMENT NO. 2 - July 28, 1987

## GRANT OF RIGHT OF FIRST REFUSAL TO PURCHASE THE SMITH TOWER

This grant of the Right of First Refusal to purchase the Smith Tower (hereinafter referred to as the "Right of First Refusal") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1987, by and among the Smith Tower Limited Partnership ("Owner") in King County.

R E C I T A L S

WHEREAS, King County is a charter county in the State of Washington and is authorized to enter into real estate purchase agreements, and

WHEREAS, the Smith Tower Limited Partnership is the owner of certain real property commonly known as the Smith Tower located at 506 Second Avenue, King County, Washington, and more particularly described in Exhibit A attached hereto, by this reference incorporated herein (the "Smith Tower") which has been improved with the Smith Tower building, and

WHEREAS, King County has a lease dated March 1, 1987 to lease space for its employees in the Smith Tower, and

WHEREAS, King County wishes to keep open its alternatives for ownership of working space for its employees in the downtown core;

NOW, THEREFORE, in partial consideration of King County on the execution of the lease of Smith Tower premises as provided in the lease dated March 1, 1987, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Smith Tower Limited Partnership (Owner) hereby grants to King County the Right of First Refusal to purchase the Smith Tower on the terms and conditions set forth below.

## I. Right of First Refusal

### A. Duration of Right

King County will have the Right of First Refusal to purchase Smith Tower so long as King County occupies the equivalent of at least three full floors which is defined as 26,823 sq. ft. and is not in default of the lease when the opportunity to exercise the right arises.

### B. Procedure and Terms

Any agreement for the disposition of the Smith Tower is subject to limited partner approval. In the event the Owner should decide to sell the Smith Tower based on any bonafide offer made by or to any third party, Owner shall first offer to sell the property to King County. Owner will promptly notify King County in writing of the offer and its terms. King County may exercise its right to purchase by giving notice delivered to the Office of the Owner of the Smith Tower in writing within 30 calendar days of this notification, upon the same terms and conditions specified in the third party offer, less 3% of the purchase price specified therein. Failure to respond in writing within the 30 calendar day period will be deemed a rejection of the right, and all first refusal privileges will cease forever.

C. The Owner agrees not to condominiumize or similarly subdivide the Building while the first refusal privilege is in force. This grant and right is expressly nontransferable and may not be assigned. Attempted transfers are void.

## II. Other Provisions.

A. Owner will make available to King County and its agents for inspection upon reasonable notice all premises, books, records and plans pertinent to an informed purchase decision.

B. Owner has requested and the County has agreed to a time of only 30 days from the time of a formal notice of an offer made by or to any third party to sell the bona fide property. The County has agreed to this short time based on the commitment of the Owner to provide pre-notification of the possibility of an offer as soon as possible. The Owner commits to provide such pre-notification and both parties recognize such early prenotification is necessary to the reasonable and informed exercise of the rights granted herein.

C. Successor and Assigns. This Agreement shall be binding upon the parties hereto and the their respective officers, employees, agents, contractors, consultants and the Owner's successors, heirs and assigns.

D. This agreement will be governed by the laws of Washington and a local forum will preside over any dispute. In the event either party must seek redress to enforce this Agreement, the prevailing party will be entitled to recover its attorneys' fees in addition to such other relief a Court may award.

E. Time is of the essence of each and every provision of this Agreement. Dates must be strictly adhered to as they are a material aspect of consideration.

F. The persons signing below acknowledge their full authority to do so.

G. This Right of First Refusal Agreement constitutes the entire agreement between the parties with respect to Right of First Refusal to purchase the Smith Tower contemplated hereby and supercedes any and all prior and contemporaneous agreements and understandings between the parties hereto relating to this grant of Right of First Refusal.

H. Counterparts. This agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

I. Amendments. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Agreed:

King County

Agreed:

Smith Tower Limited Partnership

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

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

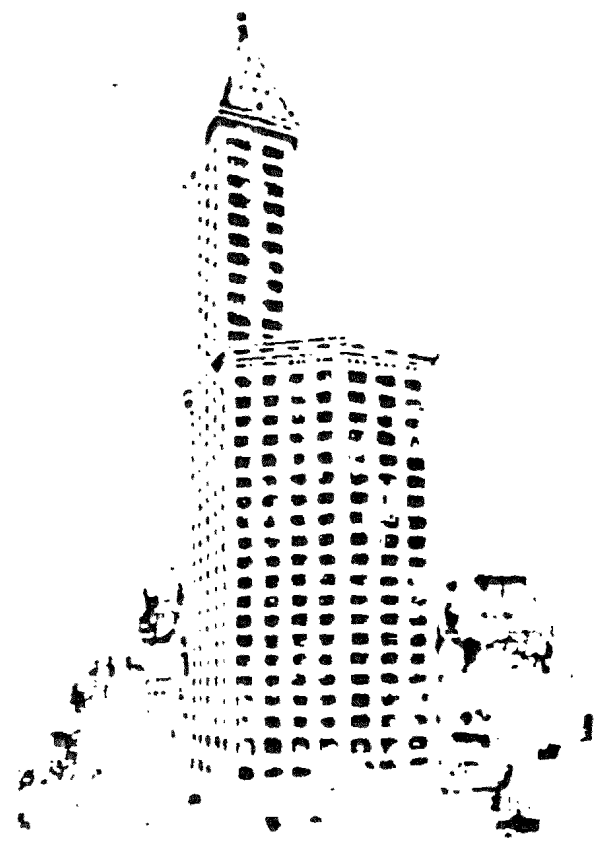
Title: \_\_\_\_\_

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

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

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





*A Landmark Since 1914*

STATE OF CALIFORNIA) CORPORATE  
COUNTY OF ALAMEDA ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19\_\_\_\_\_, before me  
personally appeared \_\_\_\_\_ to me known to be  
\_\_\_\_\_ and \_\_\_\_\_ to me know to be  
the \_\_\_\_\_ of \_\_\_\_\_

The corporation that executed the within and foregoing instrument, and acknowledged the same instrument to be the free and  
voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were  
authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State  
California, residing at \_\_\_\_\_

STATE OF WASHINGTON) INDIVIDUAL  
COUNTY OF KING ) ss.

This is to certify that on this \_\_\_\_\_ day of \_\_\_\_\_  
A.D. 19\_\_\_\_\_, before me the undersigned, a Notary Public in and for the State of Washington duly comm.  
qualified, personally appered \_\_\_\_\_

\_\_\_\_\_ to me know to be the individual \_\_\_\_\_ described in and who executed the within and foregoing instrument,  
and acknowledgment to me that \_\_\_\_\_ signed and sealed the same as \_\_\_\_\_  
free and voluntary act and deed, and that \_\_\_\_\_  
authorized to do so for the uses and purpose therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State  
of Washington, residing at \_\_\_\_\_

THIS LEASE, dated this 1 day of March, 1987, between Smith Tower Limited Partnership (a Washington Limited Partnership), hereinafter called Lessor, and King County, a Political Subdivision of the State of Washington hereinafter called Tenant.

1. Lessor leases to Tenant and Tenant leases from Lessor, in accordance with the terms hereof, the premises situated in the City of Seattle, County of King, Washington, legally described as follows: 6,561 square feet on floor two ; 8,193 square feet on floor three; all (8,941 square feet each) of floors four, five, six, seven, eight, and eleven; 7,093 square feet on floor nine; and 4,524 square feet on floor ten in the building situated on Lots 5 and 8, Block 2 of Boren and Denney's Addition to the City of Seattle as recorded in Volume F, page 27, Book of Plats, records of King County, Washington, commonly known as the Smith Tower.

**Post Office Address:**

506 Second Avenue, Seattle, Wa. 98104  
Exhibit A.)

hereafter called Premises (See

2. **BUSINESS PURPOSE.** The Premises shall be used for the purpose of administrative offices of King County and for no other purpose without the prior written consent of Lessor.

3. **TERM.** The term of this lease shall be seventy-two months, commencing approximately 4/01/87 and expiring 3/31/93. (See paragraph 51 concerning phased and early occupancy, however.)

4. **RENT.** Tenant agrees to pay to Lessor at the office designated by Lessor, as rental for said Premises, payable in advance on the first day of each calendar month of the lease term or any period prior or subsequent thereto the minimum monthly rent without offset or deduction:

\$54,438.17 per month for the first thirty-six months of this lease, \$61,106.25/mo. for the next twenty-four months of this lease, and \$67,774.33 for the final twelve months of the lease, subject to paragraphs 43,44, and 51 of this lease. (See also paragraph 47 regarding extension rights.)

Rent for a partial month shall be prorated. Said rental is exclusive of any sales, franchise, business or occupation or other tax based on rents and should any such taxes apply during the term of this lease the rent shall be increased by such amount. Rent is also subject to escalation as called for in Clause 7, Rent Adjustment Based on Operating Expenses.

For each and every month of the term of this lease that Tenant has not paid its rental when due, Tenant shall pay a collection charge of \$100 together with an additional penalty on all past due rent at the rate of 1-1/2% per month, or any applicable lower legal maximum.

5. **SECURITY DEPOSIT.** N/A

6. **PERCENTAGE OF OCCUPANCY.** If the extension privilege is exercised per paragraph 47, then it is agreed the Tenant's percentage of building occupancy shall be determined by dividing the number of square feet leased by the Tenant by \_\_\_\_\_ square feet (the rentable building area less the retail footage).

7. **RENT ADJUSTMENT BASED ON OPERATING EXPENSES.** It is agreed by Lessor and Tenant that the monthly rental called for herein is subject to increase on May 1st of each year of the term of any extension pursuant to paragraph 47, beginning in 1994. Such increase, if any, shall be based on changes in Lessor's cost of operating the entire rentable office space in the building in which the Premises are located. These operating costs shall include, but not be limited to, the following: Real estate taxes and assessments, amortization of the capital costs of operating expense reducing improvements, utilities, elevator and air conditioning maintenance, janitorial service, building security, refuse and garbage and all other expenses constituting direct operating costs according to standard accounting practices, together with 7% of such increased costs for administrative overhead. Depreciation, interest, commissions, expenditures for capital items and similar expenses will not be included as operating costs. Any change in rental shall be determined as follows:

(a) Each May 1st, or as soon thereafter as can reasonably be determined, the operating costs of the building for the preceding 12 months shall be computed. (b) Operating costs for the following 12 months shall then be calculated by applying to the operating costs referred to in (a) above, the dollar change that has occurred in the cost of each item of operating expense between May 1st of the preceding year and those in effect on the current May 1st. The net difference shall then be determined and 1/12th of this difference times the percentage factor described in clause 6 above shall be the amount by which the monthly rental shall be changed. (c) Any rental adjustment so determined shall be effective as of May 1st of each year of the term of this lease and continue at least until April 30th of the following year or until the termination of this lease, whichever occurs first. Tenant shall be notified in writing of such adjustment and Lessor shall make available to Tenant upon request the accounting information on which any change in rental is based. In no event, however, shall the rental be reduced below the monthly rental called for in Clause 4, Rent. (d) During the term of this lease, the costs of cost-saving improvements will be included, for the purpose of this clause only, as an operating expense by amortizing such costs together with reasonable interest on a schedule consistent with generally accepted accounting practices. However, compliance work for which the actual cost was specifically identified prior to the execution of this lease shall not be included herein.



8. **REPAIRS.** Tenant shall take good care of the Premises and shall, as and when needed, make all repairs which are made necessary by the misuse or neglect of Tenant. All such repair work shall be in quality and class equal to the original work, and shall be done only at such times and in such manner as may be approved in writing by Lessor. Upon prior written notice to Tenant, Lessor may repair, at the expense of Tenant, any damage to the Premises or to the building of which they are part, or to its fixtures, grounds, facilities, appurtenances and equipment caused by Tenant or caused by moving property of Tenant into or out of the Premises, or from any other cause due to the negligence or improper conduct of Tenant or Tenant's employees, family, agents or visitors. The cost of such repairs shall be payable by Tenant as additional rent on the rent payment date next following the submission of a statement by Lessor.

9. **UTILITIES.** Lessor shall, during ordinary business hours of generally recognized business days, furnish a reasonable amount of electricity for normal lighting, heat, elevator services, water, sewer, trash removal and janitor service. Lessor shall not be liable nor shall rental be abated for unavoidable interruption of any services. As determined by Lessor, if Tenant uses more than a reasonable amount of such services or utilities, Tenant shall upon notification pay the excess cost thereof.

10. **ACCIDENTS.** All personal property on the leased Premises shall be at the risk of Tenant. Lessor shall not be liable for theft or any damage either to any person or to any property whether sustained by Tenant or others and for any cause or reason whatsoever. Tenant agrees to defend and hold Lessor harmless for any and all claims or damages sustained or alleged to be sustained in or about the lease Premises by any person, firm or corporation unless caused by the negligence of the Lessor.

11. **COMPLIANCE WITH LAWS AND REGULATIONS.** Tenant shall at all times keep and use the Premises in accordance with all laws and regulations including rules and regulations of any health officer, fire marshal, building inspector or other official officer, at the sole cost and expense of Tenant. Tenant will permit no waste, damage or injury to the Premises and will not use or permit in said Premises anything that will increase the rate of fire insurance, nor will Tenant maintain anything that may be dangerous to life or limb; or overload floors; or permit any objectionable noise or odor; nor permit anything to be done in the premises that will tend to create a nuisance or disturb any other Tenant; nor use or permit the use of the Premises for lodging or sleeping purposes or any immoral or illegal purpose.

12. **LIENS AND SOLVENCY.** Tenant shall keep the leased Premises and the property in which the leased Premises are situated, free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant and hold the Lessor harmless therefrom including all costs and attorney's fees. In the event Tenant becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Tenant, then the Lessor may cancel this lease at Lessor's option and the Tenant shall nevertheless be liable for any further losses or damages sustained by Lessor so caused by the Tenant.

13. **ASSIGNMENT.** Tenant shall not assign this lease or any part thereof nor let or sublet the whole or any part of the Premises without the written consent of Lessor. Said consent shall not be unreasonably withheld. This lease shall not be assignable by operation of law. If Tenant is a corporation, then any transfer of this lease from Tenant by merger, consolidation, liquidation or any change in the ownership of, or power to vote, the majority of its outstanding stock shall constitute an assignment for the purposes of this paragraph. Any assignment of the lease shall not extinguish or diminish the liability of the Tenant herein. In the event of any assignment or subletting consented to by Lessor, Tenant shall pay a minimum charge of 10% of one month's rent to Lessor as consideration for consenting to such assignment or subletting and any increase in rent or other charges shall belong to Lessor. Consent once given by the Lessor to the assignment or subletting shall not relieve Tenant from obtaining written consent to any new or future assignment or subletting as required herein. Notwithstanding the foregoing, Lessor shall have a right of first refusal to lease or sublease such space on the same terms as are committed to by any third party or upon the terms of Tenant's existing lease (at sole election of Lessor) by written election to be sent to Tenant within 20 days after receipt of Tenant's request for consent.

14. **ACCESS.** Tenant will allow Lessor or Lessor's agent access at all reasonable times to said Premises for the purposes of inspection, cleaning, or making repairs, additions or alterations to the Premises or to any property owned by or under the control of Lessor. The Lessor shall have the right to place and maintain "For Rent" signs in a conspicuous place on said Premises and to show the Premises to prospective tenants for 30 days prior to the expiration of this lease.

15. **POSSESSION.** In the event of the inability of Lessor to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this lease, neither Lessor nor Lessor's agents shall be liable for any damage caused thereby, nor shall this lease thereby become void or voidable, nor shall the term herein specified be in any way extended, but in such event, Tenant shall not be liable for any rent until such time as Lessor can deliver possession. If the Tenant shall take possession of the Premises prior to the commencement date of this lease, Tenant and Lessor agree to be bound by all of the provisions and obligations hereunder during such prior period, including payment of rent at the rate stated herein.

16. **DAMAGE OR DESTRUCTION.** In the event the Premises are damaged to such extent as to render the same untenable in whole or in substantial part and Lessor elects to repair or rebuild, the work shall be prosecuted without unnecessary delay. Rent shall be abated while such work is in progress, in the same ratio that the portion of the

Premises unfit for occupancy shall bear to the whole of the leased Premises. If after a reasonable time the Lessor shall fail to proceed to repair or rebuild, Tenant shall have the right to declare this lease terminated by written notice served upon the Lessor. In the event the building, in which the Premises leased are located, shall be destroyed or damaged to such extent that in the opinion of the Lessor it shall not be practicable to repair or rebuild, it shall be optional with Lessor to terminate this lease by written notice mailed to Tenant within 20 days after such damage or destruction.

17. **SIGNS.** No sign, picture, advertisement or notice shall be displayed, inscribed, painted or affixed to any of the glass or woodwork or other part of the Premises hereby demised, except those approved by the Lessor in writing and painted by a sign painter designated by the Lessor and at cost of Tenant. All such signs shall be removed at Tenant's expense prior to termination of tenancy. No signs or devices shall be hung or placed against the windows of said Premises nor on the exterior wall of the building; and no furniture, curtain or other obstruction of any kind or size shall be placed against or in front of any glass partition dividing said Premises from the corridors of said building, or place in any way so as to interfere with the typical and ordinary appearance of the Premises as viewed from the corridor.

18. **ALTERATIONS.** Lessor shall not be called upon to make improvements of any kind to the Premises except as specifically set forth in Exhibit C. Tenant shall not make any alterations, additions, or improvements in said Premises without first obtaining the consent of Lessor in writing. All such alterations, additions and improvements which shall be at the cost and expense of Tenant, and shall become the property of the lessor and shall remain in and be surrendered with the Premises as a part thereof at the termination of this lease, without disturbance, molestation, or injury except for any improvements that Lessor may elect to request Tenant to remove. If the Tenant shall perform work with the consent of the Lessor, as aforesaid, Tenant agrees to comply with all laws, ordinances, rules and regulations of the appropriate city or county, and any other authorized public authority. Tenant further agrees to hold Lessor harmless from damage, loss or cost arising out of the said work. Tenant agrees that Lessor has the right to make alterations to the Premises and to the building in which the Premises are situated and Lessor shall not be liable for any damage which Tenant might suffer by reason of such undertaking.

19. **DEFAULT AND RE-ENTRY.** If any rent above reserved, or other obligations provided herein, or any part thereof, shall be and remain unpaid when the same shall become due, or if Tenant shall violate or default in any of the covenants and agreements herein contained then the Lessor may cancel this lease upon giving sixty days notice and re-enter said Premises, using such force as may be lawful. Notwithstanding such re-entry by the Lessor, the liability of the Tenant for the rent provided for herein shall be extinguished for the balance of the term of this lease, and Tenant covenants and agrees to make good to the Lessor any deficiency arising from re-entry and reletting of the Premises at a lesser rental than agreed to herein. The Tenant shall pay such deficiency each month as the amount thereof is ascertained by the Lessor. In the event it becomes reasonably necessary to make any changes, alterations or additions to the Premises or any part thereof for the purpose of reletting said Premises or any part thereof, Tenant shall also be responsible for such cost.

20. **NON WAIVER.** The failure of the Lessor to insist upon strict performance of any of the covenants and agreements of this lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such, or any other covenants or agreements, but the same shall be and remain in full force and effect. Acceptance of rent shall not be deemed to be a waiver of any preceding breach of this lease regardless of Lessor's knowledge.

21. **COST AND ATTORNEY'S FEES.** All costs and expenses, including attorney's fees in a reasonable amount, incurred by Lessor or by Tenant in enforcing the obligations of Tenant or the Lessor under this lease, shall be paid by the defaulting party to the prevailing party upon demand.

22. **REMOVAL OF PROPERTY.** In the event of any re-entry or taking possessions of the leased Premises for default, the Lessor shall have the right, but not the obligation, to remove from the leased Premises all personal property located therein, and may store the same in any place selected by Lessor, including but not limited to a public warehouse, at the expense and risk of the owner's thereof, with the right to sell such stored property, without notice to Tenant, after it has been stored for a period of 30 days or more. The proceeds of such sale are to be applied first to the sums of money which may then be due from Tenant to Lessor under any of the terms hereof, the balance if any without interest to be paid to Tenant. Tenant hereby waives all claims for damages that may be caused by Lessor's re-entering and taking possession of the Premises or removing and storing the property of Tenant as provided in this lease, and will hold Lessor harmless from loss, costs or damages occasioned Lessor thereby. No such re-entry shall be considered or construed to be a forcible entry.

23. **TERMINATION FOR GOVERNMENT USE.** In the event that any federal, state or local government or agency or instrumentality thereof shall be condemnation, or otherwise, take title, possession or the right to possession of the Premises, or any part thereof, the Lessor may at its option terminate this lease as of the date of such taking and if the Tenant is not in default under any of the provisions of this lease on said date, any rent prepaid by Tenant shall to the extent allowable for any period subsequent to the effective date of the termination be promptly refunded to Tenant.

24. **TRANSFER BY LESSOR.** If Lessor shall assign its interest under this lease or transfer its interest in the Premises, Lessor shall be relieved of any obligation accruing hereunder after such assignment or transfer, and such transferee shall thereafter be deemed to be the Lessor hereunder. Lessor shall transfer Tenant's security to such transferee, and Tenant shall look solely to such transferee for the return of such deposit.

25. **HEIRS AND SUCCESSORS.** Subject to the provisions hereof pertaining to assignment and subletting, the covenants and agreements of this lease shall be binding upon the heirs, legal representatives, successors and assigns of the Tenant. There are no intended third party beneficiaries of this lease.

**26. CONDITIONS OF OCCUPANCY.** Tenant agrees to abide and be bound by the following rules and policies of Lessor, which shall be considered as covenants of this lease:

(a) **Light and Air.** This lease does not grant or purport to grant any rights of access to outside light or air and this lease does not warrant or protect against interferences with light, air or view from the leased Premises.

(b) **Admittance by Lessor.** The Lessor shall not be liable for the consequences of admitting by master key or refusing to admit to said Premises the Tenant or any of the Tenant's agents or employees. No additional lock shall be put on any door without the written consent of Lessor.

(c) **Electrical Installations.** Tenant shall not operate or install any electrical equipment or machinery (other than ordinary office equipment) without the written consent of Lessor, nor replace or move any electric light fixtures without the written consent of Lessor. Tenant may, with the consent of Lessor, replace building light fixtures with fixtures of Tenant's own choice provided that such installation will not increase Tenant's consumption of electricity, and the cost of such fixtures and installation shall be at Tenant's expense. Tenant shall at the expiration or sooner termination of the lease, upon demand of Lessor, pay the cost of replacing the light fixtures belonging to Lessor.

(d) **Awnings.** No awnings shall be attached to the outside of any windows or doors of the building of which the Premises are a part without Lessor's written consent.

(e) **Windows.** The Tenant shall not allow anything to be placed on the outside window ledge of said Premises, and nothing shall be hung or thrown by the Tenant or others out of the windows of said building.

(f) **Floor Coverings.** The Tenant or other person shall not lay any resilient floor covering, carpeting or other covering with any materials that cannot be easily removed with water. The use of cement or similar adhesive material is prohibited. The tacking or fastening of any flooring material to the baseboard or baseboard molding is prohibited. Tacking strips installed by Tenant with Lessor's consent, shall, at the option of Lessor, be removed and the floor repaired at the expiration of the lease, at Tenant's expense.

(g) **Furniture and Bulky Articles.** Safes and bulky furniture or articles shall only be moved in or out of said Premises at such hours and in such manner as shall least inconvenience other Tenants, as determined by Lessor. Safes or other articles of over 1,000 pounds shall be moved into said Premises only with the consent of Lessor, and Lessor shall have the right to fix the location of any article of such weight in said Premises.

(h) **Miscellaneous.**

(1) Tenant shall use great care not to leave windows open when it rains, snows, or during windstorms. Damage resulting to Lessor or to other Tenants from failure to observe this precaution shall be chargeable to the Tenant in whose Premises the neglect occurred. If space is air conditioned, windows shall be kept closed while in operation.

(2) Water closets and other water fixtures shall not be used for any purposes other than those for which they are intended and any damage resulting from misuse on the part of the Tenant, its agents or employees, shall be paid for by Tenant. No person shall waste water by interfering or tampering with faucets or otherwise. Leaking faucets or valves shall be immediately reported to the Lessor.

(3) Lessor reserves the right to close and keep locked all entrance and exit doors of the building during such hours as Lessor may deem to be advisable for adequate protection of security.

(4) Lessor reserves the right to make such other and further regulations that may be reasonably necessary or desirable for the security, safety, care and cleanliness of the Premises and the building and the preservation of good order therein.

**27. HOLDOVER.** If the Tenant shall, with the written consent of Lessor, holdover after the expiration of this lease, such tenancy shall be for any indefinite period of time on a month-to-month tenancy, which tenancy may be terminated as provided by law. During such tenancy Tenant agrees to pay to the Lessor the same rental as provided herein multiplied by 150%, unless a different rent is agreed upon, and to be bound by all of the applicable terms and conditions of this lease.

**28. SUBORDINATION.** This lease is subordinate to all present and future mortgages, deeds of trust and other encumbrances affecting the demised premises or the property of which the premises are a part. Tenant agrees to execute, at no expense to Lessor, any instrument which may be deemed necessary or desirable by the Lessor to further effect the subordination of this lease to any mortgage, deed of trust, or encumbrance. So long as Tenant performs its obligations under this lease, no foreclosure of, or sale pursuant to the encumbrance shall affect the Tenant's rights under this lease.

**29. MUTUAL RELEASE AND WAIVER.** To the extent it is covered by insurance in force, the Lessor and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire or other insurance policies, including any extended coverage endorsements thereto; provided, that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of the Lessor or the Tenant.

**30. COMMISSION.** Lessor and Tenant warrant that no real estate commissions or finders fees are due any person or entity except None

**31. NOTICES.** All notices to be given by the parties hereto shall be in writing and may be deposited in the United States mail, postage prepaid, by either certified mail or regular mail; if to Lessor, to be addressed to: Smith Tower Executive Office, 2nd Floor, 506 Second Avenue, Seattle, Washington 98104; and if to Tenant, to be addressed to: Manager, Real Property Division, 500 A King County Administration Building, Seattle, Washington 98104.

**32. TIME IS OF THE ESSENCE OF THIS LEASE.**

**33. RIDERS.** None; however, see Exhibits A through E.

**34. RELOCATION.** Lessor reserves the right to relocate Tenant to comparable space elsewhere in the building, and Tenant agrees to so relocate within ninety (90) days of receipt by Tenant of written notice from Lessor. Lessor shall reimburse Tenant's actual out of pocket moving costs, including costs attendant with telephone and computer relocation.

**35. APPLICABLE LAW AND INVALIDITY.** This Lease is subject to the laws of the State of Washington, and it is agreed between the parties hereto that if any word, phrase, clause, sentence, article, provision, or paragraph of this Lease is or shall be held invalid or unlawful under the laws of the State of Washington for any reason, the same shall be deemed severed from the remainder hereof, and stricken therefrom, and shall in no way affect or impair the validity of this Lease or any other portion thereof.

36. **OFFSET STATEMENT.** Tenant shall at any time and from time to time, upon not less than ten days prior request by Lessor, execute, acknowledge, and deliver to Lessor a statement in writing, and in recordable form, unmodified and in full force and effect (or if there has been modification, that the same is in full force and effect as modified and stating the date of the modification) and further stating the dates to which the rent and other charges have been paid, and setting forth such other matters as may reasonably be requested by Lessor.

37. **WRITING ETC.** This lease may be modified in writing only. It constitutes the entire agreement of the parties who acknowledge that no oral or other representations have been made by themselves or any agent of either of them, with respect to the condition of said Premises or any obligation of the Lessor hereunder or otherwise. The parties agree to execute any documents necessary to carry this Lease into effect.

38. **RULES AND REGULATIONS.** Tenant shall faithfully observe and comply with the rules and regulations attached to this Lease as Exhibit B, and all reasonable modifications of and additions thereto from time to time put into effect by Lessor, provided that Lessor shall give written notice thereof to Tenant. Lessor shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any said rules and regulations or any violation of other lease provisions.

39. **TENANT'S INSURANCE.** Lessee shall obtain and maintain continuously, public liability insurance and/or other insurance necessary to protect the public with limits of liability not less than:

- \$100,000 each person, personal injury
- \$300,000 each occurrence, personal injury
- \$100,000 each occurrence, property damage, or
- \$500,000 single limit liability.

At Lessee's option, Lessee may self insure the coverages required by this paragraph.

40. **LESSOR'S FIRE INSURANCE.** Lessor shall, at Lessor's expense, maintain on the Smith Tower a policy of standard fire insurance with extended coverage in an amount of its replacement value. Lessor may cause such insurance to name Tenant as a co-insured. All proceeds of any such insurance shall be payable to Lessor and shall be applied to the restoration of the Premises and the Smith Tower to the extent provided in Paragraph 16; any proceeds of such insurance remaining after such restoration shall belong to Lessor.

41. **QUIET ENJOYMENT.** Lessor covenants and agrees that Tenant, upon performance of all of Tenant's obligations under this lease, shall lawfully and quietly hold, occupancy and enjoy the Premises during the term of this lease without disturbance by lessor or by any person having title paramount to Lessor's title or by any person claiming under Lessor, subject to the other terms and provisions of this lease and subject to all mortgages, underlying leases and other underlying matters of record to which this lease is or may become subject to and subordinate.

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

43. **GENERAL EXPANSION PRIVILEGES.** Tenant will have the privilege of expanding its premises up to a total of 110,000 square feet during the lease term and any extension period, subject to the following:

Expansion space at or above the twelfth floor will be subject to availability in ascending order and on the "last applicable terms" for leases of like duration, as established at arm's length with third parties and treating floor 12-16, 17-21, 22-26, and 27-33 alike. At least ninety days written notice is required for exercise of the expansion privilege. Lessor may require at least sixty days allowance for construction and remodeling of the expansion premises after the prior tenant vacates.

Lessor will apprise tenant in writing on a quarterly basis of space availability and of the prevailing last applicable terms beginning April 1987.

44. **CONTIGUOUS SPACE OPTION.** During the entire term of this lease and any extension, Tenant shall have the option of expanding on to the remaining 748 square feet on the Third Floor, the remaining 1848 square feet on the Ninth Floor, and the remaining 4417 square feet on the Tenth Floor (see crosshatching, Exhibit A). This expansion privilege shall be on the same terms and conditions of this Lease and may be exercised by delivering written notice to Lessor, provided Tenant is not in default of this Lease upon exercise.

45. **BUILDOUT ALLOWANCES.** Lessor agrees to improve the premises covered by this Lease, subject to applicable law and regulation, with a \$10/square foot cost allowance for floors two through eleven; and with an allowance established by the "last applicable terms" for all other space. In addition, if Tenant does not relocate from its tenth floor premises, it may apply any buildout allowance savings to other premises.

46. **SUMMER WORK SPACE.** Summer Work Program plans to occupy approximately 2,185 square feet on the Third Floor. (See Exhibit C.) This space may be vacated in its entirety from October 1 until March of each year of the term of this Lease. If so, a reduction in monthly rental of \$1457.33 for the first three years of this Lease and \$1639.50 for the next two years, and \$1821.67 for the final year of this Lease will be made during the months this space is not occupied.

47. EXTENSION. Tenant may extend this Lease by two, three, or four years on 80% to 100% of the then existing premises subject to the following conditions: (1) Tenant is not in default of this Lease, (2) Tenant gives lessor written notice of its intent to exercise extension privilege at least twelve months prior to expiration of the initial five-year term, and (3) the extended premises are as contiguous as possible on floors three through eleven.

The lease rate for the extended term for Floors three through eleven shall be \$10/square foot during years one and two of the extension and \$11/aquare foot thereafter with prorata increases in operating costs and taxes beginning in year 2 of the option period (see paragraphs 6 and 7 of the Lease), all for areas having a rate of \$8/foot for the first three years of the original lease term and \$9/foot for the REXT two years. Rates for other areas will be established by the "last applicable terms" as defined in Paragraph 43 above. There will be no further buildout allowance, but substantial maintenance and repair is anticipated. For example, some repainting and touch-up, cleaning or replacement of light lens, and carpet cleaning, repair and some replacement in heavy traffic areas is expected.

48. PARKING. Two parking spaces will be provided Tenant on the Second Avenue level of the parking garage to the west of the building across Second Avenue during the term of this Lease at no charge to Tenant.

49. ACCESS. Access will be provided to the Premises 24 hours a day, seven days a week notwithstanding the Rules and Regulations. Lessor will instruct Tenant personnel on elevator operation from time to time at Tenant's direction.

50. DEDICATED ELEVATORS. Two elevators will be dedicated to serve floors two through eleven. If floors two through fifteen are occupied, a third elevator will be dedicated.

51. PHASED OCCUPANCY AND RENT COMMENCEMENT. Lessor and Tenant acknowledge that Tenant presently occupies the entire Third Floor, most of the Fifth, about one half of the Sixth, and parts of Eleven, Nineteen and Twenty on a month to month basis. All of these occupancies except a portion of the Fifth will relocate into the improved Premises. Tenant also occupies a portion of the Tenth floor under a separate lease. It is the parties' intent to first complete the Ninth floor (Systems Services' area) and then to improve the vacated space on Four and Six in the reasonable order specified by Tenant, ultimately moving the occupancies on the Third to the Sixth, thereafter improving the Third Floor and finally the rest of the Ninth and the Fifth (after Emergency Medical Services has either moved to alternative space on Seven, Eight, Ten, or Eleven on a month-to-month or more permanent basis if expansion privileges are exercised, or has relocated outside the Building).

Until an existing occupancy relocates to finished space, it will continue to pay at its existing month to month rate. Tenant may not, however, unreasonably delay its move and must begin making all arrangements relating to moving to ensure occupancy can reasonably coincide with dates space is available and with Lease execution.

This Lease therefore supersedes the current month to month leases on an orderly, phased basis. It is expected that all space will be improved and occupancies relocated by year end. If some occupancies occur later, the commencement date of this Lease is not changed, the expiration date being the only relevant fixed reference point.

IN WITNESS WHEREOF, the Lessor and Tenant have executed this lease the day and year first above written.

Smith Tower Limited Partnership  
a Washington Partnership-

King County

By:

By:

Lessor

Tenant

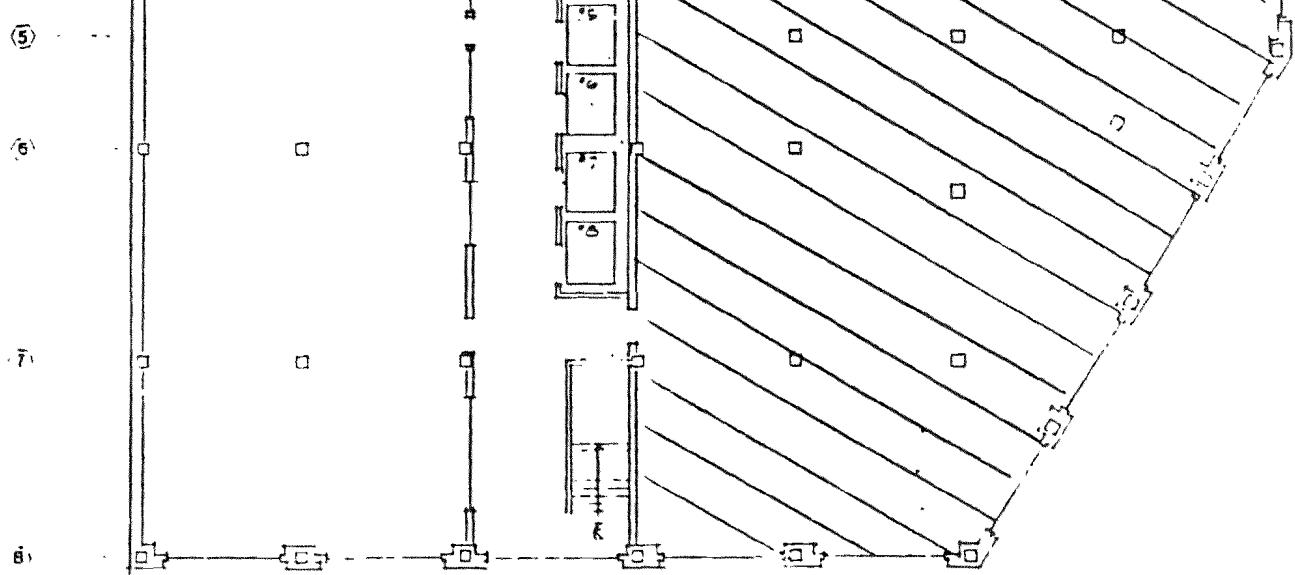
Exhibit AA-1: King County Rental and Square Footage Detail - By Floor

<u>Floor</u>	<u>Rent/Sq.Ft.</u>			<u>Number of Square Feet</u>
	<u>First 36 mo.</u>	<u>Next 24 mo.</u>	<u>Last 12 mo.</u>	
2	\$10.	\$11.	\$12.	6,561
3	8.	9.	10.	8,193
4	8.	9.	10.	8,941
5	8.	9.	10.	8,941
6	8.	9.	10.	8,941
7	8.	9.	10.	8,941
8	8.	9.	10.	8,941
9	8.	9.	10.	7,093
10	8.	9.	10.	4,524
11	8.	9.	10.	8,941

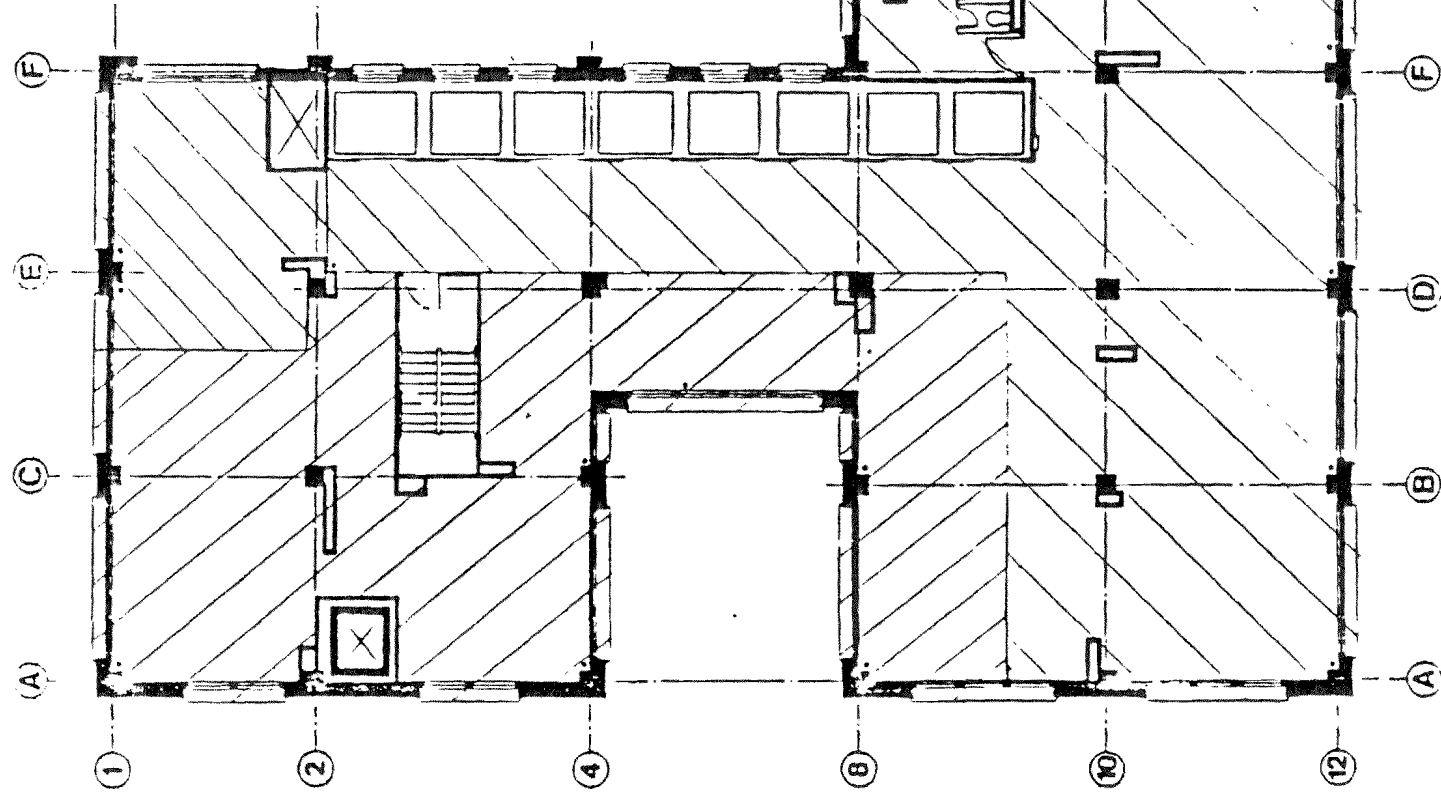
King County Rental and Square Footage Detail - By Department/Division\*

<u>Dept./Division</u>	<u>Square Footage Allocation</u>	<u>Rental Allocation</u> /Month
HUMAN RESOURCES		
- Cooperative Extention	8,941	\$5,960.67
- Human Services Administration, Planning & Evaluation, Aging, Mental Health, Dev. Disabilities, Fiscal Management	6,396	4,264.00
- Involuntary Treatment Services	4,760	3,173.33
- Veteran's Program	1,580	1,053.33
- Work Training Program	5,006	3,337.33
- Dept. Administration & Community Services Div. Admin.	1,619	1,079.33
- Women's Programs	514	342.67
- Youth Service Bureaus	416	277.33
- Public Defense	3,154	2,102.67
- Summer Work Training	2,186	1,457.33
TOTAL	34,572	\$23,047.99
PARKS, PLANNING & RESOURCES		
- P&CD, Resource Planning	19,210	\$12,806.67
- Director's Office	2,371	1,580.66
- Cultural Resources	5,242	3,494.67
TOTAL	26,823	\$17,882.00
PUBLIC HEALTH		
- Alcoholism	4,524	\$ 3,016.00
- Environmental Health	7,005	5,763.50
TOTAL	11,529	\$ 8,779.50
EXECUTIVE ADMINISTRATION		
- Systems Services	7,093	\$ 4,728.67

- \*This schedule is intended for Tenant's internal accounting purposes and no other.



2<sup>ND</sup> FLOOR - Exhibit A-2  
Cross hatched area denotes  
leased premises



Level 4 in Floor Plan

1 x 1/2 in 1/4



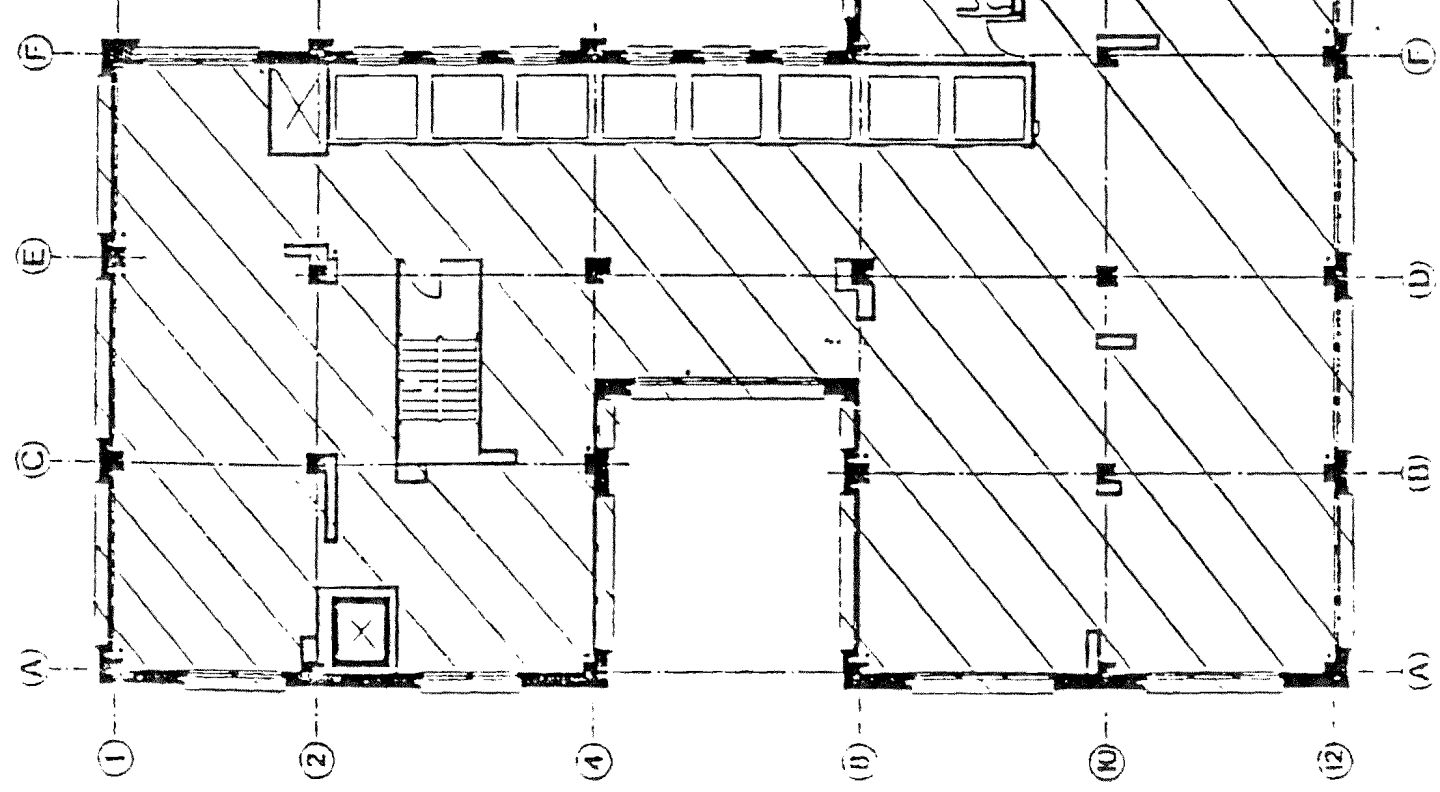
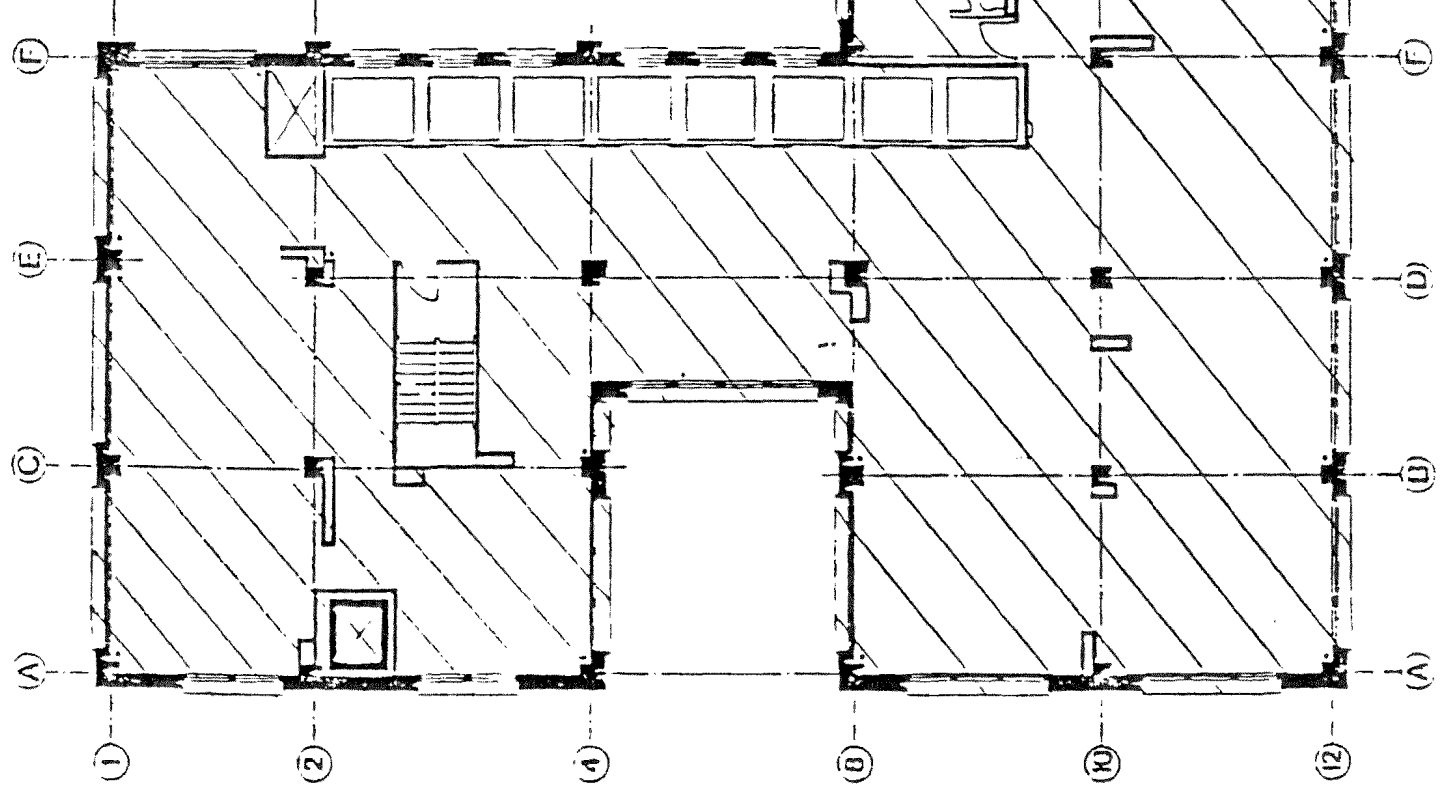


Exhibit A-  
[unclear]  
[unclear]



Level 5  
1/4" = 1'-0"

Exhibit A-2  
Floor Plan

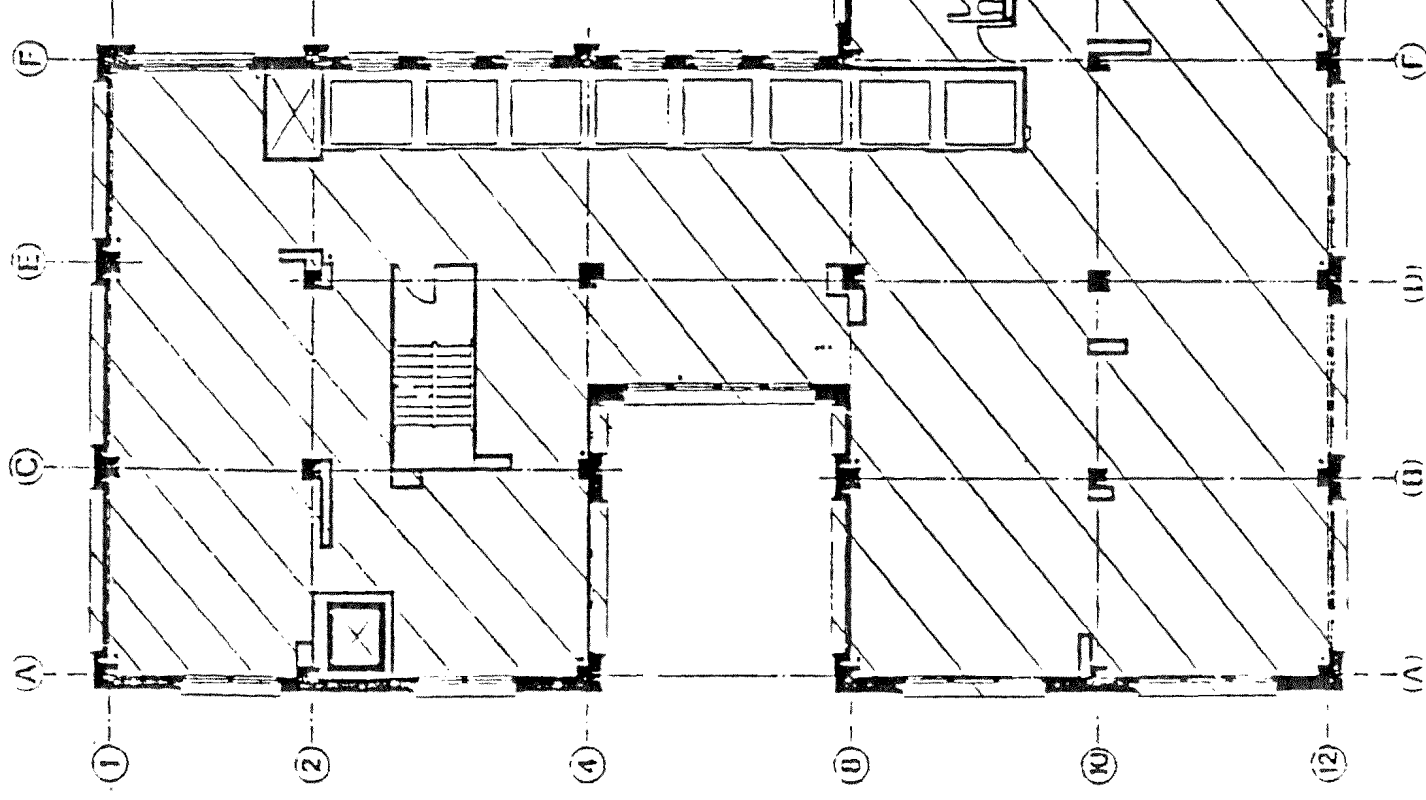
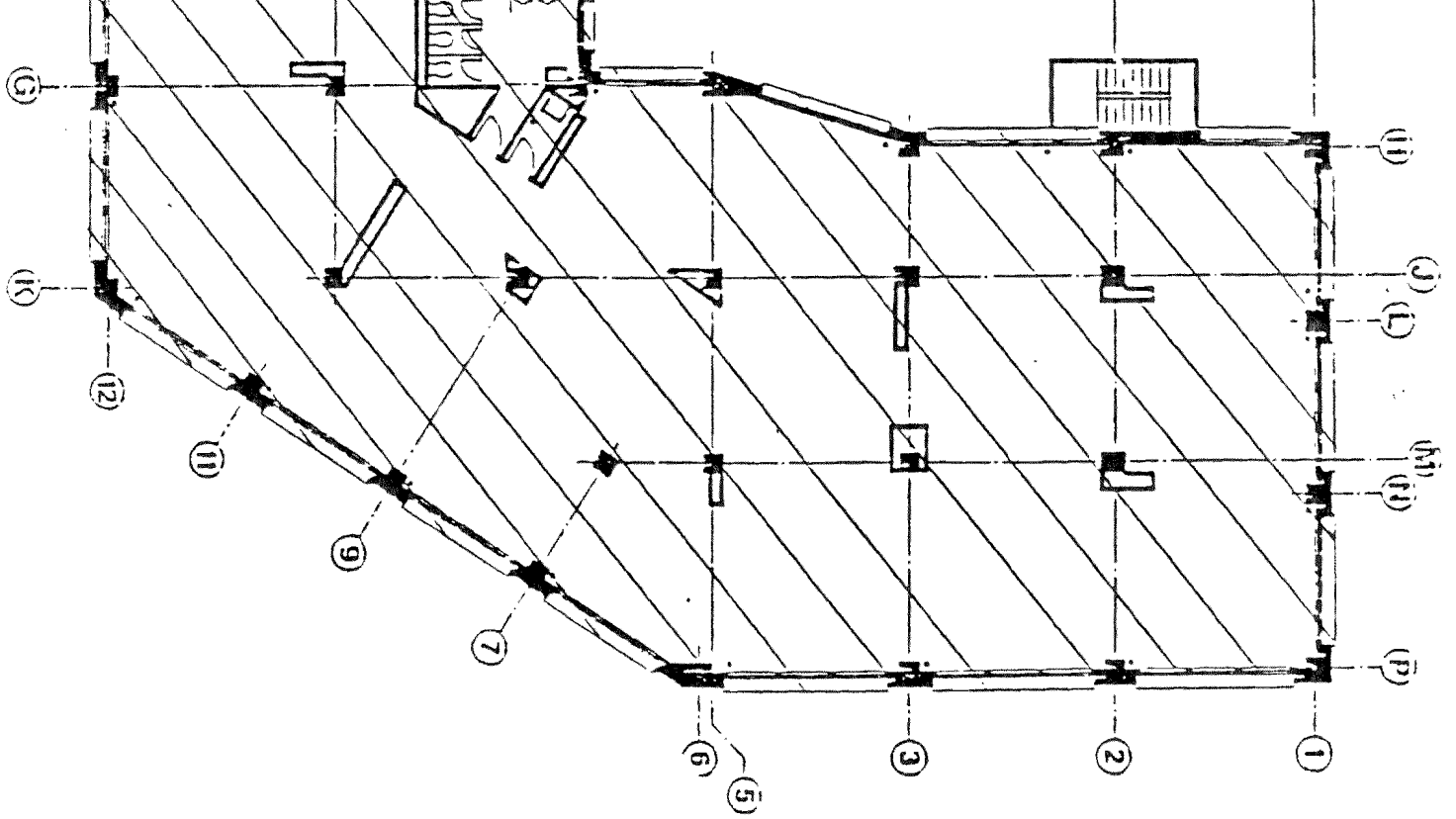
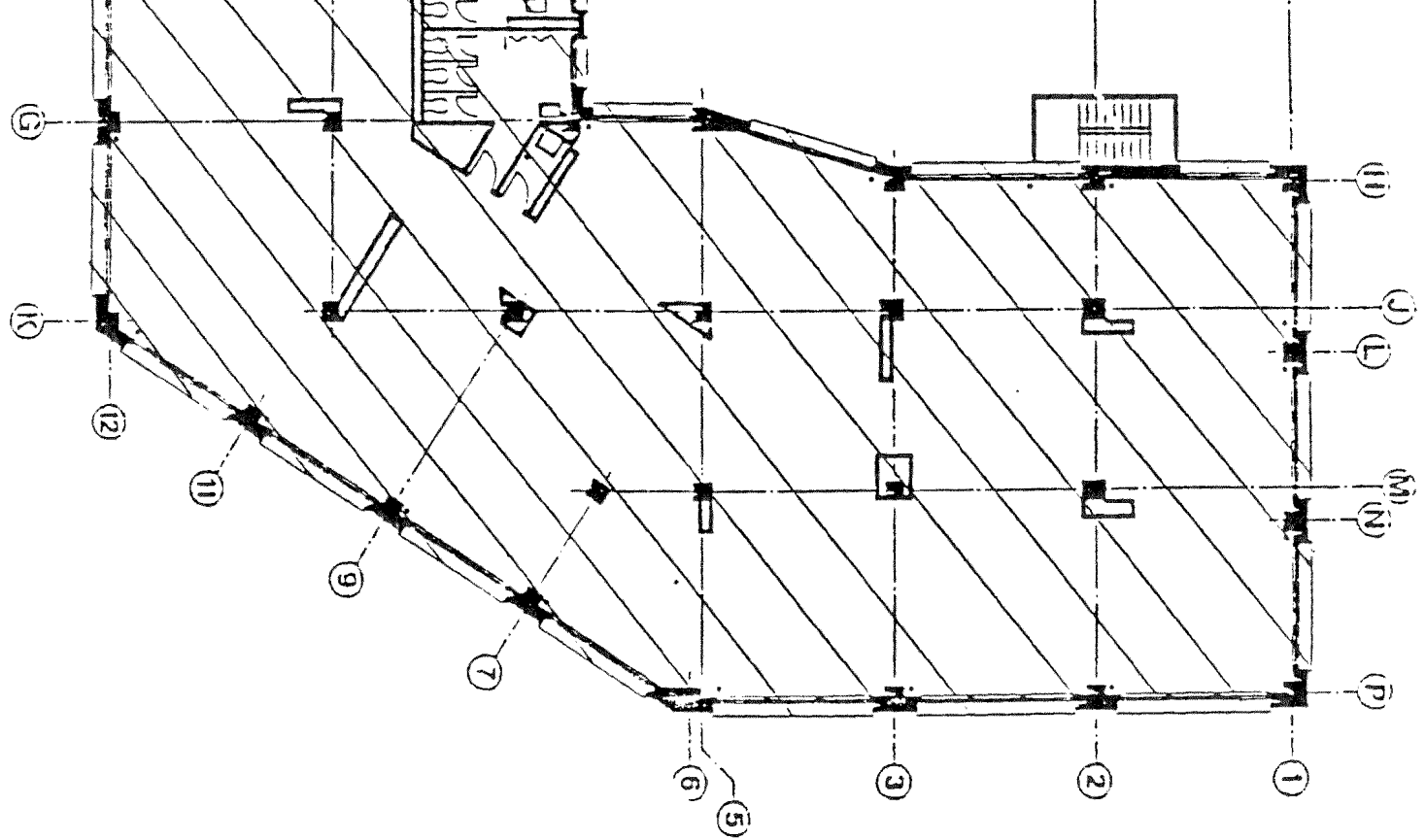
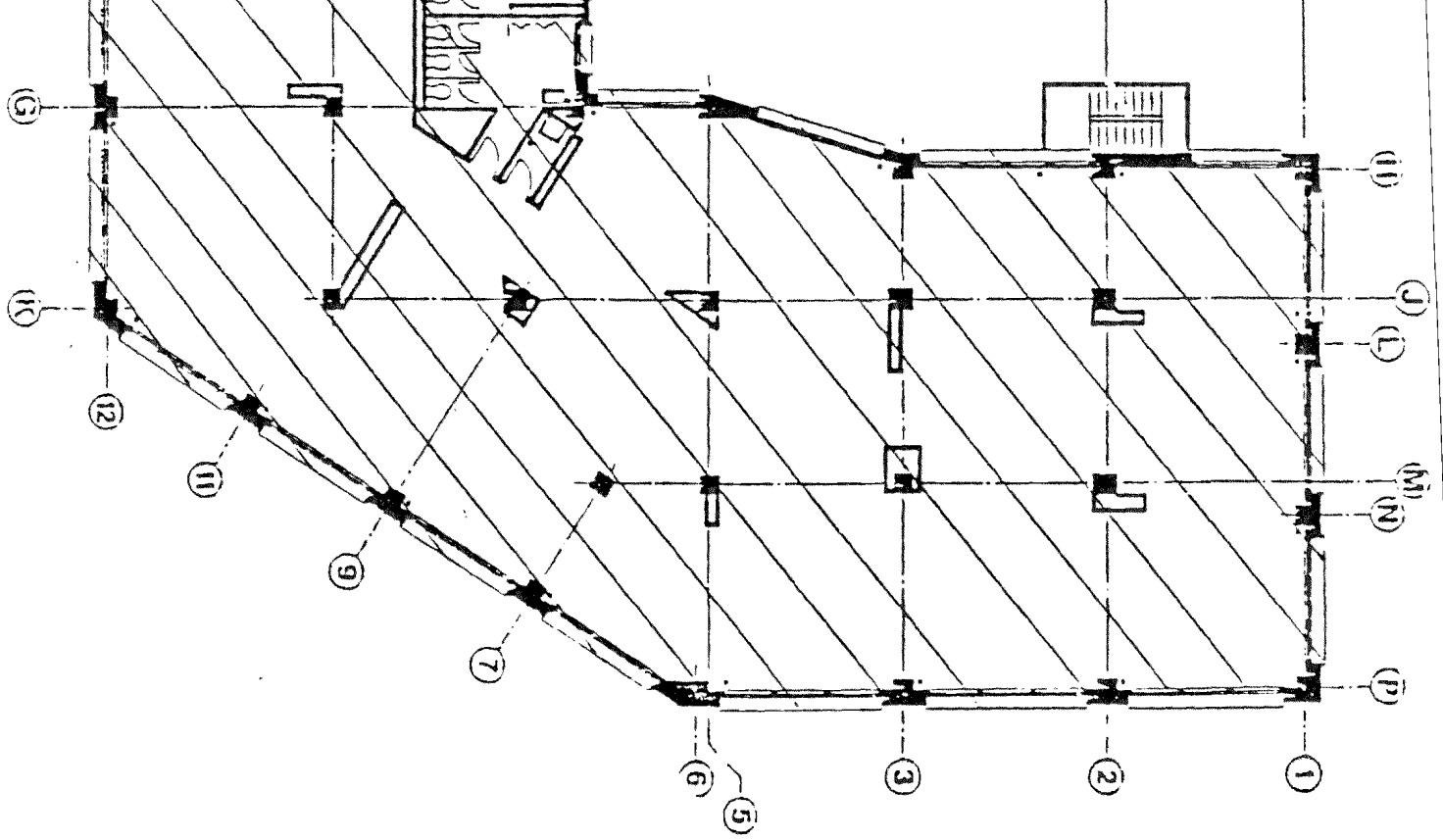
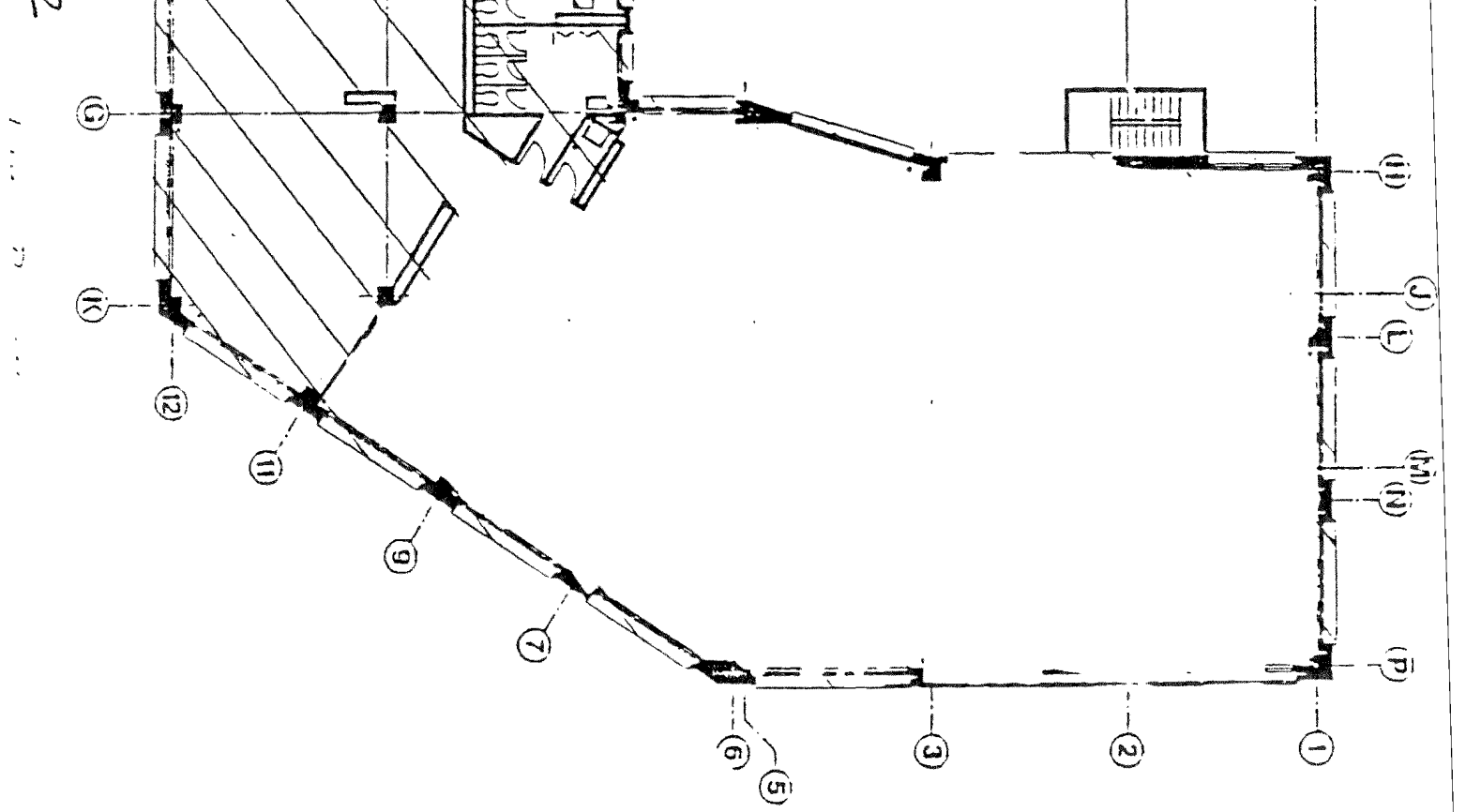


Exhibit A  
Level 1













## EXHIBIT B

## RULES AND REGULATIONS

Lessee agrees to the establishment of, and shall abide by, the following Rules and Regulations established for the use of the Building, as provided in Paragraph 2 of the Lease:

1. Lessee shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premise without obtaining Lessor's prior written consent. Lessee shall bear the cost of any lock changes or repairs required by Lessee. Two keys will be furnished by Lessor for every Suite, and any additional keys required by Lessee must be obtained from Lessor at a cost to be established by Lessor. The cost of other keys or entry devices shall be borne by Lessee. Upon termination of tenancy all keys to the Building and the leased premises shall be surrendered to Lessor.
2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress of the leased premises.
3. Lessor reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as Lessor may deem to be advisable for the adequate protection of persons and property. Lessee, its employees or agents must ensure that the doors to the building are securely closed and locked when leaving the Building after the normal Building hours. Any Lessee, his employees or agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the building register when so doing. Access to the building may be refused unless the person seeking access is known to the employee or agent of the Lessor responsible for the premises, or unless the person seeking access has proper identification or has a previously arranged pass for access to the building. The Lessor and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the building of any person. In case of invasion, mob riot, public excitement, or other commotion, the Lessor reserves the right to prevent access to the Building during the continuance of same by any means it deems appropriate for the safety and protection of life and property.
4. All directory strips and suite door identification signs must be Building standard as established by Lessor. All suite door signs and directory strips are to be ordered through Lessor at Lessee's expense. The Directory of the Building will be provided exclusively for the display of the name and location of Lessee only and Lessor reserves that right to exclude any other names therefrom. Any signs which are installed that have not been approved by the Lessor may be removed by the Lessor at the sole expense of the Lessee.
5. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to and approval of Lessor. All moving of the same into or out of the Building shall be scheduled with Lessor and done only at such time and in such manner as Lessor shall designate. Lessor shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the time and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Lessor, stand on supports of such thickness as is necessary to properly distribute the weight. Lessor will not be responsible for loss or damage to any such safe or property from any cause. All damage done to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility of the Lessee and any expense for said damage or injury shall be borne solely by the Lessee. No deliveries of any kind will be permitted during the following hours, Monday through Friday 7:30-9:30 a.m., 11:30-1:30 p.m., 3:30-6:00 p.m. requiring the removal of an elevator from service (other than Tenant's dedicated elevator.)
6. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such specific elevator car as shall be designated by the Lessor. Lessor reserves the right to require tenants to retrieve deliveries from a common area at a regular time.
7. Lessor shall have the right to control and operate the public portions of the Building, the public facilities, the heating and air conditioning, and any other facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
8. Lessor shall enable heat and ventilation during the hours of 8:00 a.m. to 6:00 p.m., Monday through Friday, except for holidays. In the event Lessee requires heating and air conditioning at other times, Lessor may, on written notice from Lessee, provide this at an hourly rate to be established by Lessor.
9. The requirements of Lessee will be attended to only upon application at the Office of the Building or at such office locations designated by Lessor. Employees of Lessor shall not perform any work or do anything outside of their regular duties unless under special instructions from the Lessor.
10. Lessee shall not disturb, solicit, or canvass any occupant of or visitor to the building and shall cooperate with Lessor or Agent of Lessor to prevent same.
11. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by the Lessee, whether caused by Lessee, its employees or its agents.
12. Lessee shall not overload the floor of the premises, nor mark, drive nails, screws, or drill into the partitions, woodwork or plaster or in any way deface the premises or any part thereof without Lessor's consent first had and obtained.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the premises without the written consent of the Lessor.
14. Lessee shall not use or keep in or on the premises of the Building any kerosene, gasoline or other inflammable or combustible fluid or material.
15. Lessee shall not use any method of heating or air conditioning other than that which may be supplied by Lessor without written consent from lessor.
16. Lessee shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the premises, or permit or allow the premises to be occupied or used in a manner offensive or objectionable to the Lessor or other occupants of the Building by reason of noise, odors, vibrations or interfere in any way with other Lessees or those having business therein.
17. Lessee shall not bring into or keep within the Building premises any animals, birds, bicycles or other vehicles.
18. No cooking shall be done or permitted by any Lessee on the premises, nor shall the premises be used for the storage of merchandise, for lodging, or for any improper, objectionable or immoral purposes.
19. Lessor will approve where and how telephone and telegraph wires are to be introduced to the leased premises. No boring or cutting for wires shall be allowed without the consent of the Lessor. The location of telephones, call boxes and other office equipment affixed to the premises shall be subject to the approval of Lessor.

20. Lessor reserves the right to exclude or expel from the Building any person who, in the judgment of Lessor, is intoxicated or under the influence of liquor or drugs, or who shall in any manner act in violation of any of the rules and regulations of the Building.

21. Lessor shall have the right, exercisable without notice and without liability to Lessee, to change the name and the street address of the Building of which the premises are a part.

22. Without the written consent of Lessor, Lessee shall not use the name of the Building in connection with or in prompting or advertising the business of Lessee except when included as a portion of Lessee's address.

23. Lessee shall not employ or admit any person or persons other than the janitor of Lessor for the purpose of cleaning or maintaining Lessee's premises unless agreed to in writing by Lessor. Any damage to the premises caused by Lessee, its employee or agents while engaged in the cleaning or maintaining of the leased premises, whether or not the use of said individuals by Lessee has been approved by Lessor, will be the sole responsibility of Lessee and any expense for damage or injuries shall be born entirely by Lessee. Janitor service, if provided by Lessor, shall include ordinary dusting and vacuuming by the janitor assigned to such work and shall not include cleaning of carpets or rugs or windows, except normal vacuuming, nor moving of furniture or other special services. Lessor shall in no way be responsible to Lessee for any loss of or damage to property on the premises however occurring.


24. Lessee, its employees and agents shall not loiter in nor leave waste or personal property in the entrances or corridors, nor in any way obstruct the sidewalks, lobby, halls, stairways and elevators or any other common area of the building and shall use the same only as a means of ingress and egress for their leased premises.

25. In all carpeted areas where desks and chairs are utilized, Lessor may require Lessee, at Lessee's own cost, to install mats in order to protect carpeting from unnecessary wear and tear.

26. Lessor reserves the right to change these Rules and Regulations in its discretion from time to time as deemed necessary for the safety and cleanliness of, and for the preservation of good order in and the efficient operation of the Building.

# SMITH TOWER

Executive Offices • 506 Second Avenue • Seattle, Washington 98104 • (206) 622-4004



Ms. Pearl McElheran, Administrative Assistant  
Dept. of Executive Administration  
King County Courthouse Suite 401  
Seattle, WA 98104

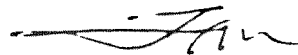
Dear Pearl:

In reference to the proposed lease dated March 1, 1987 between Smith Tower Limited Partnership and King County, we offer the following as further clarification and explanation:

1. On the fifth floor, we will install some type of after hours heating system in the two sleeping rooms and adjacent work room. There will be no extra charge for this provided the areas are not materially expanded.
2. Partitions and desks can be left in the Summer Work Training area all year without any rent liability as long as no workers use the area.
3. The mobile files on the fifth floor and any steelcase manufactured (or similar) landscape office partitions shall remain the property of King County.
4. We will inspect all radiators in your space for proper operation prior to occupancy. Any radiators not operating properly will be repaired prior to occupancy.

We believe these are all of the issues needing clarification. If you require anything further, please let me know.

Best regards,  
Smith Tower



Thomas G. Ryan  
Leasing Director

## Exhibit D

Improvements to be made in accordance with this Exhibit D and in general conformance to the Building Standard specifications attached hereto as Exhibit D-1. Minor modifications may be made to this Exhibit D.

## Exhibit D-1

## BUILDING STANDARD SPECIFICATIONS

CARPET: Designweave's Westbridge or Stonecliff 30 ounce, antistatic antron nylon carpet is standard.

LIGHTING: Four-tube, four foot wrap-around prismatic lensed light fixtures by Lithonia.

BASEBOARD: The original building standard baseboards handcrafted metal with an enamel mahogany-like grain finish. As an alternative, rubber baseboard is available.

DOORS: Building standard doors and frames are metal with a baked enamel, mahogany-like grain finish.

HARDWARE: Locksets and latchsets are those specifically manufactured by Russwin Hardware with L.C. Smith's initials monogrammed into the handle.

WINDOW TREATMENT: Bright copper Levolor blinds at all exterior windows.

WALL FINISH: Smooth finish sheetrock walls with low luster paint in a color to be selected from Lessor's range of standard colors.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE, dated as of the 1 day of March, 1987, is between Smith Tower Limited Partnership, a Washington Limited Partnership (herein called "Lessor") and King County, a Political Subdivision of the State of Washington (herein called "Tenant").

1. Premises. Lessor hereby leases to Tenant, upon the terms and conditions of the Lease between the parties (herein called the "Lease") of even date herewith, which terms and conditions are incorporated by this reference, a portion of the real property, situated in the City of Seattle, King County, Washington, legally described as follows (herein called "Smith Tower"):

The building situated on Lots 5 and 8, Block 2 of Boren and Denny's addition to the City of Seattle as recorded in Volume F, Page 27, Book of Plats, records of King County, Washington, commonly known as the Smith Tower.

The portion of the Smith Tower leased to Tenant shall be 6,561 rentable square feet on floor two, 8,193 rentable square feet on floor three, the entire floors four - eight, 7,093 square feet on floor nine, 4,524 square feet on floor ten, and the entire floor eleven, as located and cross-hatched on the exhibit attached hereto as Exhibit A-2 (herein called "Premises").

2. Term. This Lease shall be for a term of six (6) years commencing approximately April 1, 1987 and ending March 31, 1993 with a renewal option of two, three, or four years.

3. Purpose of Memorandum of Lease. This memorandum of lease is prepared for the purpose of recordation, and it in no way modifies the Lease.

IN WITNESS WHEREOF, the parties hereto have subscribed their names as of the \_\_\_\_\_ of \_\_\_\_\_, 1987.

LESSOR:

LESSEE:  
KING COUNTY, WASHINGTON

By \_\_\_\_\_

By Tim Hill

TITLE \_\_\_\_\_

TITLE \_\_\_\_\_

STATE OF CALIFORNIA)                    CORPORATE  
COUNTY OF ALAMEDA )                    ss.

On this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19\_\_\_\_\_, before me personally appeared \_\_\_\_\_ to me known to be \_\_\_\_\_ and \_\_\_\_\_ to me know to be the \_\_\_\_\_ of \_\_\_\_\_

The corporation that executed the within and foregoing instrument, and acknowledged the same instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State  
California, residing at \_\_\_\_\_

STATE OF WASHINGTON)                    INDIVIDUAL  
COUNTY OF KING )                    ss.

This is to certify that on this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19 \_\_\_\_\_, before me the undersigned, a Notary Public in and for the State of Washington duly commissioned and qualified, personally appeared \_\_\_\_\_

\_\_\_\_\_ to me know to be the individual \_\_\_\_\_ described in and who executed the within and foregoing instrument, and acknowledgment to me that \_\_\_\_\_ signed and sealed the same as \_\_\_\_\_ free and voluntary act and deed, and that \_\_\_\_\_ authorized to do so for the uses and purpose therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State  
of Washington, residing at \_\_\_\_\_