



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 29, 2009

Ordinance 16672

Proposed No. 2009-0532.1

Sponsors Gossett

1 AN ORDINANCE authorizing the King County executive
2 to enter into a renewal for leased space at the Graybar
3 building located at 416 Occidental Avenue, Seattle,
4 Washington.

5

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 SECTION 1. Findings:

8 A. The lease for 416 Occidental Avenue covers 33,000 square feet of space
9 occupied by a variety of King County users including but not limited to the department of
10 transportation, the facilities management division building services section, the print
11 shop, and the records and licensing division, records management section. The county
12 has leased this space since July 1999, and the current lease expired on June 30, 2009.

13 B. In accordance with K.C.C. 4.04.040 the King County council may adopt an
14 ordinance permitting the county to enter into contracts requiring the payment of funds
15 from the appropriation of subsequent fiscal years. Additionally, Ordinance 15328 was
16 passed by the King County council on November 21, 2005, amending the provisions of
17 K.C.C. 4.04.040 and limiting lease terms, where the county is the lessee, to a cumulative

18 total of two years. The lease mentioned in this section is subject to Ordinance 15328 and
19 K.C.C. 4.04.040.

20 SECTION 2. The King County executive is hereby authorized to take all actions
21 necessary to implement this lease and all actions up to now taken by county officials,
22 agents and employees consistent with the purpose and express terms of the lease
23 agreement are hereby ratified, confirmed and approved.

24 SECTION 3. If any one or more of the covenants or agreements provided in this
25 ordinance to be performed on the part of the county is declared by any court of competent
26 jurisdiction to be contrary to law, then such covenant or covenants, agreement or
27 agreements are null and void and shall be deemed separable from the remaining
28 covenants and agreements of this ordinance and in no way affect the validity of the other
29 provisions of this ordinance or of the lease.

30 SECTION 4. The King County executive is hereby authorized to execute the
31


32 lease in substantial form as attached hereto for a term of ten years at 416 Occidental
33 Avenue, Seattle.

34

Ordinance 16672 was introduced on 9/8/2009 and passed by the Metropolitan King
County Council on 9/28/2009, by the following vote:

Yes: 7 - Mr. Constantine, Mr. Ferguson, Mr. von Reichbauer, Mr. Gossett,
Mr. Phillips, Ms. Patterson and Mr. Dunn
No: 2 - Ms. Hague and Ms. Lambert
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



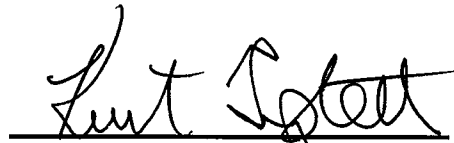
Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 8th day of October, 2009.



Kurt Triplett, County Executive

Attachments A. Agreement of Lease

RECEIVED
OCT-8 PM 2:07
KING COUNTY COUNCIL
CLERK

16672

Attachment A

AGREEMENT OF LEASE

THIS LEASE, dated the 29th day of April, 2009, is by and between BANK OF AMERICA NT&SA dba SEAFIRST BANK, Trustee U/W ROSALIND H. CLISE, Deceased, hereinafter called "Owner," and KING COUNTY, a political subdivision of the State of Washington, hereinafter called "Tenant."

I. NONSTANDARD PROVISIONS

The following constitute the nonstandard provisions of this Lease and are referred to elsewhere herein:

a. Premises are located at (the "Buildings"):

416 Occidental Avenue
Seattle, WA 98104

b. Approximate area of Premises:

Total square foot
Area of Premises: 33,000 sf

Owner and Tenant agree that reasonable attempts have been made to determine the correct square footage used in this Lease. Owner grants Tenant the option to remeasure and challenge the new Premises square footage calculation at Tenant's expense. If Tenant's square footage calculation differs from the number used in this Lease, Owner will remeasure at Owner's expense to determine which calculation is correct. Owner and Tenant agree that any challenge of the square footage calculation must be carried out within one month of the commencement date. After that time, Owner and Tenant agree to mutually waive any and all rights, claims, or liabilities against each other as it relates to the calculation of square footages to determine rents and other costs in this Lease.

c. The term of this Lease shall be ten (10) years and shall commence on the 1st day of July, 2009 and shall end on the 30th day of June, 2019.

d. Monthly Base Rent:

\$23,833.00 per month for the period July 1, 2009 - June 30, 2010
\$24,750.00 per month for the period July 1, 2010 - June 30, 2011
\$25,667.00 per month for the period July 1, 2011 - June 30, 2012
\$27,133.00 per month for the period July 1, 2012 - June 30, 2013
\$28,050.00 per month for the period July 1, 2013 - June 30, 2014
\$28,967.00 per month for the period July 1, 2014 - June 30, 2015
\$30,433.00 per month for the period July 1, 2015 - June 30, 2016
\$31,350.00 per month for the period July 1, 2016 - June 30, 2017
\$33,183.00 per month for the period July 1, 2017 - June 30, 2018
\$35,567.00 per month for the period July 1, 2018 - June 30, 2019

Tenant shall be responsible for the costs to occupy the Premises as outlined in Section 32 hereof for the Term of the Lease.

e. Additional Rent: Should Tenant at any time be in default for rental payments due and payable under this Lease, beyond the 10th day of the month, Owner will charge additional rent in the amount equal to ten percent (10%) of the then Monthly Base Rent per month until such default has been corrected.

f. Percentage Rent:

Intentionally Deleted.

g. Rent per day during any occupancy before commencement of term:

N/A

h. Reimbursement for special improvements, lump sum:

N/A

i. Use permitted on Premises:

General Administrative Office Use, King County Craft Shop (and related facilities maintenance), King County Printing Shop, and Storage and Parking.

j. Tenant's address for notices if other than Premises:

Manager, Real Estate Services
500 4th Avenue, Room 500
Seattle, WA 98104

k. Tenant's billing address if other than Premises:

Manager, Real Estate Services
500 4th Avenue, Room 500
Seattle, WA 98104

l. Tenant's Improvements to the Premises:

Owner, at Owner's sole cost and expense, shall provide the following one-time building standard improvements to the Premises, in colors and materials mutually acceptable to both parties and pursuant to the Space Plan of the Premises, attached hereto as Exhibit B and in accordance with Exhibit C Work Letter Agreement:

1. Fill and patch concrete at elevator doors at all three (3) floor levels: Owner will remove the broken mortar joint at each elevator threshold and install properly sized backer rod and infill with self leveling flexible caulk. Any additional damage will be filled with industry standard floor fill and leveling materials as needed.
2. Repair and cover hole in basement: Owner will block and reinforce the approx. 3" hole, apply bonding agent and fill with an industry standard cement product.
3. Re-glaze Building Windows: Owner will set up scaffolding as needed, remove any broken exterior window panes, and replace with single pane glass, and re-glaze as necessary the Premises' existing exterior windows comprised of steel frames and single pane glass. All four sides of the building will be re-glazed and repaired as necessary.
4. Replace existing VCT in the first floor restrooms with marmollium flooring: Owner will provide and install approx. 83 square yards of mutually acceptable marmollium in both first floor restrooms, flooring to extend 6 inches up from floor.
5. Provide functional HVAC in video area of the second floor: Owner will provide and install a five (5) ton roof top heat pump HVAC unit (Trane or equivalent) in the Premises' second floor video area and provide and install duct work as needed for distribution.
6. Provide functional HVAC in remaining second floor storage area: Owner will provide and install a 12 ton roof top heat pump HVAC unit (Trane or equivalent) in the Premises, second floor storage area. Due to the storage area's open environment, no duct work or distribution will be provided.
7. Enhance building security with keycard locks and CCTV meeting King County Building Security Standard: Owner will provide and install, at a total cost not to exceed \$80,000.00, three (3) mutually acceptable exterior CCTV cameras to be located in mutually acceptable locations on the exterior of the Building and six (6) mutually acceptable keycard locks to be located on the three (3) exterior doors and the three (3) exterior roll-up doors. Tenant shall be responsible for monitoring and maintaining the CCTV and keycard lock systems at its sole cost and expense.

8. Replace basement windows with security panels: Owner will provide and install industry standard polycoated plywood panels to replace the existing basement window coverings.
9. Replace bollard in loading dock: Owner will replace the bollard in the loading dock.
10. Seal Coat Alley: Owner will seal coat approx. 2500s.f. +/- of the alley north of and adjacent to the Premises to the midpoint of the alley. Owner will also restrripe the four parking stalls adjacent to and north of the Premises.
11. Patch concrete floors in Print Shop: Owner will provide labor and materials to patch, and/or fill divots, holes, and spalling as needed, throughout the Print Shop, with an industry standard floor patching material.
12. Repair or replace window sills throughout: At all exterior windows where there is a sill condition in place, Owner will remove damaged materials and cover with a new painted MDO material sill.
13. Tuck-point bricks outside of windows as necessary: Owner will remove loose mortar at affected areas outside the Premises' exterior windows and tuck-point with industry standard cement products.
14. Remove hallway carpet on Second Floor and replace with VCT: Owner will remove the Second Floor's existing hallway carpet floor coverings, repair, clean and prep floor using industry standard products and install new Armstrong Exelon or equivalent and vinyl base.
15. Paint stairwells, handrails, and doors: Owner will paint approx. 1600 s.f. of wall surface, 90 lin.ft. of rails, and four (4) doors and frames in mutually acceptable colors.
16. Paint stairs, landings and add slip guard treads on steps: Owner will paint approx. 40 +/- stairs and risers and four (4) landings with an industry standard flooring and high traffic paint, and will install adhesive treads on the stairs after the paint cures.

All additional costs to improve the Premises shall be Tenant's responsibility.

n. Exterior:

Tenant will not paint or decorate any part of the exterior of the Premises, or any part of the interior visible from the exterior thereof, without first obtaining Owner's prior written approval. Tenant will remove promptly upon notice from Owner, or take such other action as Owner may direct, any such paint or decoration which has been applied without the Owner's required approval.

o. Signs.

No signs will be placed by the Tenant on or in the area of the Premises, or in the windows, where they are visible from the street, without prior written approval of the Owner or the Owner's agents. Notwithstanding the foregoing, Tenant shall have the right to install one (1) exterior sign on the façade of the Building at its sole cost and expense. The size, design, colors, materials used, and location, method of attachment and text of the sign shall require Owner's prior written approval and such sign shall conform to the provisions of this Section 1(o). In the event that the Tenant shall thus place signs that are not satisfactory to the Owner, then upon demand of the Owner, Tenant shall, within a period of twenty-four hours, remove such signs, and the refusal of the Tenant to comply with such demand within twenty-four hours will constitute a breach of this Lease and entitle said Owner to immediately recover

possession of the Premises in the manner provided by law. It is understood and agreed that under no circumstances shall any signs or symbols be painted on any exterior part of the buildings themselves.

Tenant agrees that in the event Tenant causes any damage to the roof, marquee, awning or exterior of either Building's walls because of signs or other structures to be placed upon, fastened or removed from said places and failure of said places as a result thereof, direct or indirect, including foot traffic to service such structures, shall be responsibility of Tenant.

Upon termination of this Lease, including any extensions of the Lease, Tenant will cause and pay for the removal of said signs and their attachments, and further will pay the cost necessary to restore the condition of the Buildings to their condition as of the date of this Lease.

Tenant will not place or suffer to be placed or maintained on the exterior of the Premises, or in the interior of the Premises if it is visible from the exterior, or in any vestibule of the Premises, any sign, lettering, advertising matter, or other item of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Premises without the prior written consent of Owner.

p. Window Displays:

Tenant shall not include anything in Tenant's window displays which in Owner's reasonable opinion: (i) may injure the reputation of the Buildings; (ii) may be offensive to other tenants of the Buildings; or (iii) is contrary to the standards of the Buildings as established by Owner.

q. Brokers:

Each party represents to the other that there are no individuals or entities entitled to any brokerage commissions or finder's fees in connection with this transaction other than Garth Q. Olsen of GVA Kidder Mathews (collectively, the "Broker"). Owner shall pay Broker a commission in accordance with the terms of a separate agreement. If any claims for brokerage commissions or finder's fees or like payments from other than Broker arise out of or in connection with this transaction, all such claims shall be defended by and, if sustained, paid by the party whose alleged actions or commitments form the basis of such claim.

r. Option to Renew:

Provided Tenant is not in default or has not received more than one default notice during the term of the Lease, Tenant shall have the option to extend the Term of this Lease for one (1) successive period of five (5) years (the "Extension Option"), provided Tenant gives Owner written notice of its election to exercise the Extension Option at least twelve (12) months prior to the then expiration of the Term of this Lease. If Tenant exercises the Extension Option, this Lease shall continue on all of the terms and conditions herein set forth, and the "Term" shall be deemed to include the applicable extension period. The rental rate for the extension term shall be the then prevailing market rent rate for similar quality and style buildings in the Downtown Seattle (including Pioneer Square) office market (the "Market") in similar locations, taking into account the absence or presence of market concessions and allowances, the size of the space, the quality of the tenant and the presence or absence of costs such as commissions, retrofit allowance, etc (the "Market Rental Rate"). If Owner and Tenant are unable to agree on the Market Rental Rate within thirty (30) days following Tenant's exercise of this option, then the Lease shall terminate on the termination date provided in Section 1(c).

s. Refurbishment Allowance:

Owner, at Owner's sole cost and expense, will provide Tenant with a Refurbishment Allowance up to One Hundred Ten Thousand and no/100 Dollars (\$110,000.00) prior to the sixth (6th) year of the Lease Term, to refurbish the first and second floors of the Premises. Such refurbishment shall be based upon a mutually acceptable space plan, shall be provided per the terms of Exhibit C Work Letter Agreement and shall be provided in building standard colors and materials mutually acceptable to Owner and Tenant.

2. **RENT**

Tenant shall pay Owner the monthly rental that is set forth in Article 1(d) in United States currency in advance on or before the first day of each calendar month during said term, at the office of Clise Properties, Inc. 1700 7th Avenue, Suite 1800, Seattle, WA 98101, or at such other place as Owner may from time to time designate in writing or by wire transfer as agreed between Owner and Tenant. The installment of rent payable for any portion, less than all, of a calendar month shall be a pro-rata portion of the installment payable for a full calendar month.

3. **SECURITY DEPOSIT**

Intentionally deleted.

4. **PARKING**

Provided Tenant is not in default of any terms or conditions of this Lease, Tenant shall have the right to the exclusive use of twenty-two (22) parking stalls in the basement level of the Building and four (4) parking stalls adjacent to and north of the Building ("Tenant's Parking Area"), at no additional rent, for the term of the Lease. Tenant, at Tenant's sole cost and expense, shall be responsible for monitoring and enforcing Tenant's exclusive use of these parking stalls, and Owner shall not be liable therefore. Owner agrees to consent to Tenant's reasonable monitoring and enforcing of Tenant's exclusive use of Tenant's parking stalls, including but not limited to the placement of signage (as approved by Owner) designating such exclusive use.

5. **EXHIBITS**

The following drawings and special provisions are attached hereto as exhibits and are made a part of this Lease:

- Exhibit A - floor plan of the Premises designated in Article 1(a), herein called "Building."
- Exhibit B - Space Plan of Premises.
- Exhibit C - Work Letter Agreement.
- Exhibit D - Rules and Regulations.
- Exhibit E - Hazardous Materials.

6. **PREMISES**

That certain building and appurtenances and the land situated on the South 105 feet of Lots 7 and 8, Block 12, Plat of an Addition to the Town, now City of Seattle, laid off by D. S. Maynard, and also that portion of what is known as the "Mackintosh Strip" in the David S. Maynard Donation Claim No. 43, Township 24 North, Range 4 East, W. M. described as follows:

Beginning at the southeast corner of Lot 7, Block 12, Maynard's Plat of the Town (now City) of Seattle, thence westerly along the southerly line of Lots 7 and 8 of said block a distance of 111 feet, more or less, to the easterly line of Occidental Avenue as now established; thence southerly along said Avenue line 22.267 feet,

more or less, to the North line of King Street; thence easterly along said street line to the alley in said Block 12; thence North 23.417 feet to beginning, the said property being a tract of approximately 125 X 111 feet in dimensions, situated at the Northeast corner of Occidental Avenue and King Street in said City of Seattle, King County, State of Washington; otherwise known as the Graybar Building.

The areas so leased are called "Premises."

7. USE

Premises may be used and occupied only for the purpose set forth in Article 1(i) and for no other purpose or purposes without the written consent of Owner. No use shall be made of Premises nor act done in or about Premises, which is unlawful, or which will increase the existing rate of insurance upon the Buildings. Tenant shall not commit or allow to be committed any waste upon Premises, or any public or private nuisance or other act or thing that disturbs the quiet enjoyment of any other tenant in the Buildings, nor shall Tenant, without the written consent of Owner, use any apparatus, machinery or device in or about Premises that shall cause any substantial noise or vibration. If any of Tenant's office machines and equipment should disturb the quiet enjoyment of any other tenant in the Buildings, then Tenant shall provide adequate insulation, or take such other action as may be necessary to eliminate the disturbance. Tenant shall observe such reasonable rules and regulations as may be adopted by Owner for the safety, care and cleanliness of Premises or the Buildings, and the preservation of good order therein, but only to the extent such rules and regulations do not materially interfere with the purpose of Tenant's use or quiet enjoyment of the Premises.

8. POSSESSION

In the event of Owner's inability to deliver possession of Premises ready for occupancy at the commencement of the Lease term, Owner shall not be liable for any damage caused thereby, except as otherwise expressly stated herein, nor shall this Lease become void or voidable, but in such event, no rental shall be payable by Tenant to Owner for any portion of the Lease term prior to actual delivery to Tenant of possession of Premises ready for occupancy by Tenant unless Tenant shall have failed to meet its obligations under this Lease. If Tenant, with Owner's permission, enters into possession of Premises before commencement of the Lease term, all the terms and conditions of this Lease shall apply during such prior period, except that rental shall be the amount set forth in Article 1(f) for each calendar day during such period.

9. SERVICES PROVIDED BY OWNER

After reasonable notice from Tenant, Owner shall repair the roof, exterior walls (excluding storefronts, doors and windows), foundations and common areas and facilities, if any, and the cost thereof shall be shared as provided in Section 32 hereof, except for damage occasioned by the act or failure to act of Tenant, which shall be paid solely by Tenant. Owner will maintain a preventative maintenance contract providing for the regular inspection, maintenance and repair of the heating and air conditioning systems with a licensed mechanical contractor, maintain the Premises' landscaping, and maintain a preventative maintenance contract providing for the regular inspection, maintenance and repair of the elevator, the costs of which will be paid by Tenant as Additional Rent as provided in Section 32 hereof.

Owner shall not be liable for damages, nor shall the rental herein reserved be abated (except as provided in Section 8), for failure to furnish or delay in furnishing any of the forgoing services, when such failure or delay is caused by accident or conditions beyond the control of Owner, or by labor disturbances or labor disputes of any character, or by inability to secure fuel, supplies, machinery, equipment or labor after reasonable efforts to do so, or by making of necessary repairs or improvements to Premises or the Buildings, nor shall the temporary failure to furnish any of such services be

construed as an eviction of Tenant or relieve Tenant from the duty of observing and performing any of the provisions of this Lease.

Should Owner be required to make changes or additions to the Buildings or real property at any time during the term of this Lease as a result of any laws, rules, or codes, or regulations (such as, for example, the installation of a Building-wide sprinkler system), then Tenant shall pay on demand by Owner, as additional rent, the actual cost of the change or addition. Such additional rent shall commence upon substantial completion of each such change or addition and shall continue to the end of the term of this Lease.

10. MAINTENANCE

Subject only to Owner's completion of the Improvements to the Premises described in Section 1(1) in accordance with Exhibit C attached hereto, Tenant agrees by taking possession that the Premises is in tenantable and good condition. Owner shall, on behalf of Tenant and at Tenant's expense, keep, maintain, repair and replace the following portions of the Premises: storefronts, exterior doors and windows, exterior walls (including graffiti removal), Tenant division walls, electrical, ventilation, cooling, sprinkler and other utility systems, together with connections to utility distribution systems, in good condition, repair and order and in accordance with applicable laws, ordinances, rules, regulations and requirements of government authorities and insurance rating bureaus. Tenant shall, at Tenant's sole costs and expense, keep, maintain, and repair the Premises, including but not limited to plumbing systems, heating systems, snow and ice removal, and adjoining common areas, in a neat, clean, safe and sanitary condition including all janitorial services; and protect water, drain, gas and other pipes to prevent freezing or clogging. Owner shall, on behalf of Tenant and at Tenant's expense, repair all leaks and damage caused by freezing and clogging; replace all glass and panels in windows and doors of the Premises which become cracked, broken or damaged. All such repairs and maintenance shall be provided by Owner on behalf of Tenant at Tenant's expense. Except as set forth in Section 20 of this Lease, Tenant hereby waives any right to make repairs at Owner's expense. All damage or injury done to the Premises by Tenant, or by any persons who may be in or upon the Premises with the consent of Tenant, or by any act of vandalism, accident or through unrelated third parties, shall be paid for by Tenant and Tenant shall pay for all damage to the Buildings. Tenant shall reimburse Owner within thirty (30) days of Owner's invoice to Tenant for providing such services on behalf of Tenant in this Section 10, the cost of such services being excluded from Additional Rent.

11. UTILITIES AND FEES

Tenant agrees to contract directly for and pay promptly when due all charges for light, heat, water, sewer, garbage, daily janitorial service, lighting replacement, toilet room supplies, fire protection and other utilities and services to the Premises, and all license fees and other governmental charges levied on Tenant's property and the operation of Tenant's business on the Premises. Owner shall not be liable for any injury or damages suffered as a result of the interruption of utilities or services by fire, or other casualty, strike, riot, vandalism, the making of necessary repairs or improvements, or other causes beyond Owner's reasonable control.

12. ALTERATIONS

After obtaining the prior written consent of Owner, Tenant may make minor alterations, additions and improvements in said Premises (so long as such alterations, additions or improvements are not structural in nature and not visible from the exterior of the Premises) at its sole cost and expense. Tenant agrees to save Owner harmless from any damage, loss or expense arising therefrom and to comply with all laws, ordinances, rules and regulations. Upon termination of this Lease, all alterations, additions and improvements made in, to or on the Premises (including without limitation all electrical, lighting, plumbing, heating, air conditioning, and communications equipment and systems, doors, windows, partitions, signs, drapery, carpeting, shelving, counters, and physically attached fixtures unless excluded by written

agreement annexed hereto), shall remain upon and be surrendered as a part of the Premises; provided, however, upon Owner's request, Tenant shall remove its communications cabling and those additions, alterations, or improvements as may be specified by Owner, and repair and restore the Premises to its original condition at Tenant's sole cost and expense prior to expiration of the Term. For additional terms related to the initial improvements to the Premises, see the Work Letter attached as Exhibit C. Owner may make any alterations or improvements which Owner may deem necessary for the preservation, safety or improvement of the Premises or the Buildings.

13. ENTRY AND INSPECTION

Tenant will permit Owner and its agents to enter into and upon Premises at all reasonable times for the purpose of inspecting the same or for the purpose of repairing, altering or improving Premises or the Buildings and, when reasonably necessary, may close entrances, doors, corridors, elevators or other facilities, without liability to Tenant by reason of such closure, and without such action by Owner being construed as an eviction of Tenant or relieve the Tenant from duty of observing and performing any of the provisions of this Lease. Owner shall have the right to enter the Premises for purpose of showing the Premises to prospective tenants for a period of 270 days prior to the expiration of Lease term.

In the event Tenant ceases to occupy the Premises on a daily business day schedule Owner may, at its option, change locks or take other measures to prevent unauthorized invasion of the Premises.

14. DAMAGE OR DESTRUCTION

If Premises or the Buildings are damaged by fire, wind, or other such casualty, the damage shall be repaired by and at the expense of Owner, provided such repairs (to restore Premises to useable condition) can be made within sixty (60) days after the occurrence of such damage without the payment of overtime or other premiums, and until such repairs are completed, the rent shall be abated in proportion to the part of Premises which is unusable by Tenant in the conduct of its business (but there shall be no abatement of rent by reason of any portion of Premises being unusable for a period equal to one day or less).

If such repairs cannot be made within (60) days Owner may, at its option, make them within a reasonable time, and in such event this Lease shall continue in effect and the rent shall be abated in the manner provided above. Owner's election to make repairs must be evidenced by written notice to Tenant within thirty (30) days after the occurrence of the damage.

If Owner does not elect to make such repairs, which cannot be made within sixty (60) days, then either party may, by written notice to the other, terminate this Lease. A total destruction of the Buildings shall automatically terminate this Lease.

15. ADVERTISING

Subject to Sections 1(n), 1(o), and 1(p) herein, Tenant shall not inscribe any inscription or post, place, or in any manner display any sign, notice, placard or poster, or any advertising matter whatsoever, anywhere in or about Premises or the Buildings at place visible (either directly or indirectly as outline or shadow on a glass pane) from anywhere outside Premises without first obtaining Owner's written consent thereto.

16. INDEMNITY, LOSS AND WAIVER OF SUBROGATION

Tenant shall protect, defend, indemnify and hold Owner harmless from and against any and all losses, liabilities, damages, costs, or expenses, including attorneys' fees, arising from any act, omission or negligence of Tenant or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of Tenant in or about leased Premises or the Building, provided that the foregoing provision shall not be construed to make Tenant or any of

its successors, assigns, officers, directors, parent companies or affiliates responsible for loss, damage, liability, or expense resulting from damage to property of and injuries to third parties (including Tenant's employees) proximately caused by the negligence of Owner or of any officer, contractor, licensee, agent, servant, or employee of Owner. Owner shall not be responsible for providing security and Tenant hereby releases Owner from any claim for damage or loss of property that may arise as a result of vandalism or theft in leased Premises or the Building.

17. INSURANCE

Tenant has represented to Owner that it is self insured and is in compliance with all laws and regulations pertaining to self insurance by Tenant. If at any time during the term of this Lease Tenant ceases to have a self insurance program which complies with all requirements of applicable laws and regulations, then Tenant at its sole cost and expense shall obtain and maintain in full force and effect during the Lease term commercial general liability insurance insuring against any and all claims for injury to or death of persons and loss of or damage to property occurring in, on or about the Premises in form and amounts satisfactory to Owner, but in any case with a single combined liability limit of not less than \$5,000,000. All such insurance shall be written by companies satisfactory to Owner, shall name Owner as an additional insured, and shall contain a provision requiring thirty days' written notice to Owner and to Owner's mortgagees (if any) before cancellation or change in coverage, scope or amount of insurance. Tenant shall furnish Owner with the certificate of such policy, and renewal certificates shall be furnished to Owner prior to the expiration of any expiring policy. The right to self insure the risks enumerated herein is specifically limited to King County as Tenant and may not be assigned to any assignee or subtenant of King County. Tenant's self insurance shall be primary and not contributing to nor in excess of any coverage Owner may maintain. Tenant may elect whether or not to obtain insurance covering its personal property and Tenant improvements (including alterations, fixtures and trade fixtures) in the leased Premises and the Building. This election shall be made in the Tenant's sole discretion but nothing in this Lease shall be interpreted as requiring Owner to obtain any insurance covering loss or damage to any such personal property or tenant improvements.

Property Insurance:

- (1) During the term of this lease and any renewal thereof, Owner shall procure and maintain standard fire and extended coverage insurance (including earthquake insurance) upon the Building on the Premises and the building fixtures, as a part of its blanket insurance on other buildings which Owner owns. The insurance policy providing this protection shall be in the name of the Owner only, with waiver of subrogation in favor of Tenant. If the premises are destroyed by reason of an insured event, all advance or unaccrued rentals shall be reimbursed to Tenant from the date of the insured event. The cost of the above-described insurance shall be paid by the Tenant, and Tenant shall be billed on a monthly basis as provided in Section 32 of this Lease.
- (2) In the event King County sublets or assigns the Premises to any third party, such assignee or sublessee shall, throughout the term of this Lease and any renewal hereof, at its own expense, keep and maintain in full force and effect, standard fire and extended coverage insurance on such assignee or subtenant's personal property and equipment in the Premises in an amount not less than the current one hundred percent (100%) replacement value thereof.
- (3) Failure to Maintain Insurance: If Tenant fails or refuses to maintain any insurance required (with the understanding that so long as King County is the Tenant, King County shall be permitted to self insure as set forth in this Section 17), Owner may, at its option, procure insurance for its interest and any and all premiums paid by Owner therefore shall be deemed additional rent and shall be due on the payment date of the next rent installment hereunder. Owner shall not be responsible to procure insurance for Tenant's interests.

(4) Worker's Compensation Insurance: Tenant shall maintain all worker's compensation coverages required by law.

18. LIENS AND INSOLVENCY

Tenant shall keep Premises and the Buildings free from any liens or encumbrances arising out of any work performed by Tenant, materials furnished by Tenant, or obligations incurred by Tenant. Owner may terminate this Lease by giving Tenant notice of its election to do so: (i) if Tenant files a voluntary petition in bankruptcy, or for reorganization under the bankruptcy laws, or is adjudged bankrupt by a court of competent jurisdiction, (ii) if Tenant makes an assignment for the benefit of creditors, or if a receiver is appointed for Tenant's business, or (iii) if any other action is taken by or against Tenant under any State or Federal insolvency or bankruptcy act. No interest in this Lease or estate hereby created in favor of Tenant shall pass by operation of law under any such bankruptcy or insolvency act to any person whomsoever without the prior express written consent of Owner. Any purported transfer in violation of this Article shall constitute a default by Tenant.

19. DEFAULT AND RE-ENTRY

Except for a default under the preceding paragraph for which immediate right of termination is given to Owner, if Tenant fails to pay any installment of rent when due (plus interest on past due amounts at the maximum legal rate from the date due) without demand or written notice, or to perform any other covenant under this Lease within thirty (30) days after written notice from Owner stating the nature of the default, Owner may re-enter and take possession of Premises using all necessary force to do so; provided, however, that if the nature of such default other than for non-payment of rent is such that the same cannot reasonably be cured within such thirty-day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion. Notwithstanding such retaking of possession by Owner, Tenant's liability for the rent provided herein shall not be extinguished for the balance of the term of this Lease. Upon such re-entry, Owner may terminate this Lease, in which event Tenant shall immediately pay to Owner a sum equal to (i) the total rent that Tenant would have been required to pay for the remainder of the Lease term discounted to present value at a discount rate of 3.5% per annum *minus* (ii) the then present fair rental value of the Premises for the remainder of the Lease term as also determined using a discount rate of 3.5% per annum *plus* (iii) all costs incident to re-leasing the Premises including, but not limited to remodeling expenses, attorneys' fees and real estate commissions.

In the event of any such retaking of possession of Premises by Owner as herein provided, Tenant shall remove all personal property located thereon and, upon failure to do so upon demand of Owner, Owner may, in addition to any other remedies allowed by law, remove and store the same in any place selected by Owner, including but not limited to a public warehouse, at the expense and risk of Tenant. If Tenant shall fail to pay any sums due hereunder or the cost of storing any such property after it has been stored for a period of thirty (30) days or more, Owner may sell any or all of such property at public or private sale and shall apply the proceeds of such sale first, to the cost of such sale; second, to the payment of the charges for storage, if any; and third, to the payment of any other sums of money which may be due from Tenant to Owner under the terms of this Lease; and the balance, if any, to Tenant. Tenant hereby waives all claims for damages that may be caused by Owner's lawfully re-entering and taking possession of Premises or lawfully removing and storing or selling the property of Tenant as herein provided, and will save Owner harmless from loss, costs or damages occasioned Owner thereby, and no such lawful re-entry shall be considered or construed to be a forcible entry.

20. DEFAULT BY OWNER

Owner's failure to perform or observe any of its obligations under this Lease or to correct a breach of any warranty or representation made in this Lease within thirty (30) days after receipt of written

notice from Tenant setting forth in reasonable detail the nature and extent of the failure referencing pertinent Lease provisions or if more than thirty (30) days is required to cure the breach, Owner's failure to begin curing within the thirty (30) day period and diligently prosecute the cure to completion, shall constitute a default.

If Owner commits a default that materially affects Tenant's use of the Premises, and Owner has failed to commence to cure such default within thirty (30) days (or such shorter time as is commercially reasonable in the case of an emergency threatening imminent harm to persons or property), Tenant may, without waiving any claim for damages for breach of agreement, thereafter cure the default for the account of the Owner. Such notice shall include notice of Tenant's plans to undertake the cure if Owner does not do so within thirty (30) days (or less as provided above). The reasonable cost of such cure shall be deemed paid or incurred for the account of Owner, and Owner shall reimburse Tenant for these costs. Owner shall reimburse Tenant within thirty (30) days after completion of the cure and invoice to Owner itemizing the costs of cure; provided, however, that if Owner disputes either the necessity of the cure or the cost thereof, Tenant shall have the right to pursue an action against Owner to determine the necessity of the cure or the fees and costs thereof in the Superior Court of King County, Washington. The prevailing party shall be entitled to an award of reasonable attorney's fees.

21. SURRENDER OF POSSESSION

Tenant shall, prior to the termination of this Lease or of Tenant's right to possession, remove from the Premises all personal property which Tenant is entitled to remove and those alterations, additions, improvements or signs, which may be required by Owner to be removed, including cabling and exterior signage, pursuant to Sections 12 and 1(1) above, and shall repair or pay for all damage to the Premises caused by such removal. All such property remaining and every interest of Tenant in the same shall be conclusively presumed to have been conveyed by Tenant to Owner under this Lease as a bill of sale, without compensation, allowance, or credit to Tenant. Tenant shall upon termination of this Lease or of Tenant's right of possession, deliver all keys to Owner and peacefully quit and surrender the Premises without notice, neat and clean, and in as good condition as when Tenant took possession, except for reasonable wear and tear as determined by Owner and with all components and systems in good working order and repair.

22. HOLD OVER

If Tenant, with the express consent of Owner, shall hold over after the expiration of the term of this Lease, Tenant shall remain bound by all the covenants and agreements herein, except that (a) the tenancy shall be from month-to-month and (b) the monthly rent to be paid by Tenant shall be, for the first three months of the approved holdover, the monthly rent then in effect immediately preceding the expiration of this Lease, thereafter the monthly rent shall be determined by multiplying the monthly rent in effect immediately preceding the expiration of the Lease times 125%. If Tenant holds possession of the Premises after the expiration of the Lease without the express written consent of Owner, Tenant shall remain bound by all the covenants and agreements herein, except that (a) the tenancy shall be from month-to-month and (b) the monthly rent to be paid by Tenant shall be the greater of 150% the monthly rent in effect immediately preceding such expiration or the total loss to Owner as a result of Tenant's holdover, if, effective during the term of such holdover, Owner has leased all or part of the Premises to other Tenant(s). Any such tenancy may be terminated with twenty (20) days prior notice as provided by Washington State Law.

In the event of any unauthorized holding over, Tenant shall also indemnify and hold Owner harmless from and against all liability, losses, claims, causes of action, damages, costs and expenses (including without limitation attorney fees) resulting from Tenant's failure to surrender the Premises, including without limitation claims made by succeeding Tenants resulting from Tenant's failure to surrender the Premises.

Tenant's obligations under this Section 22 shall survive the expiration or early termination of this Lease.

23. COSTS AND ATTORNEYS' FEES

If Tenant or Owner shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Owner for the recovery of rent or possession of Premises, the losing party shall pay the successful party a reasonable sum for attorneys' fees in such suit, and such attorneys' fees shall be deemed to have accrued on the commencement of such action.

24. NON-WAIVER

Waiver by Owner of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant, or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Owner shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted regardless of Owner's knowledge of such preceding breach at the time of acceptance of such rent.

25. ASSIGNMENT AND SUBLETTING

A. Assignment or Sublease. Tenant shall neither assign, mortgage, encumber or otherwise transfer this Lease nor sublet the whole or any part of the Premises without in each case first obtaining Owner's written consent, which may be withheld at Owner's sole discretion; provided, however, Owner will not unreasonably withhold its consent (unless Owner elects to terminate the Lease, as set forth below) if Tenant's proposed assignee or subtenant ("Assignee") meets the following conditions:

- (i) the use and occupancy of Premises by the Assignee will be consistent with the operation and maintenance of the Building as a first class office building;
- (ii) the proposed assignment or sublease will not result in a default by Owner under any financing secured by the Building and will not otherwise be in conflict with any other Building lease;
- (iii) the Assignee or Sublessee (and its guarantors, if any) shall have a net worth, determined in accordance with accepted accounting standards, reasonably acceptable to Owner; and
- (iv) the Assignee or Sublessee shall provide Owner with insurance certificates pursuant to Section 17 of this Lease.

No such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease. Consent to any such assignment, subletting or other transfer shall not operate as a waiver of the necessity for consent to any subsequent assignment, subletting or transfer. If consent is requested for a total assignment of this Lease for the remainder of the Lease Term, or if consent is requested for a sublease of the entire Premises for the remainder of the Lease Term, then Owner reserves the right to terminate this Lease, with respect to the portion for which such consent is requested, at the proposed effective date of such assignment or subletting, in which event Owner shall enter into the relationship of Owner and Tenant with any such subtenant or assignee, based on the rent (and/or other compensation) and the term agreed to by such subtenant or assignee and otherwise upon the terms and conditions of this Lease, and Tenant, at Owner's sole option, will be released from all obligations of the Lease for that portion of the Premises recaptured, except for those obligations of the Lease that expressly survive the expiration or early termination of this Lease. Tenant shall pay to Owner a fee equal to the actual costs incurred by Owner in connection with processing such

request, for an assignment or sublease, not to exceed FIVE THOUSAND AND NO/100 DOLLARS \$5,000.00) in the aggregate.

In the event King County sublets or assigns the Premises to any third party, the following provisions shall apply to such third party for purposes of this Section 25:

(a) If such sublessee or assignee is a corporation, any transfer of this Lease by merger, consolidation or liquidation, or any change in the ownership of, or power to vote, a majority of its outstanding voting stock, shall constitute an assignment for the purpose of this Section.

(b) If such sublessee or assignee is a partnership, or a limited liability company, any transfer of this Lease by merger, consolidation, liquidation, dissolution, or any change in the ownership of a majority of the partnership interests, or abusive interests, shall constitute an assignment for the purpose of this Section.

B. Assignee Obligations. As a condition to Owner's approval, any potential assignee otherwise approved by Owner shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant for the payment of Rent and performance of all terms, covenants and conditions of this Lease.

C. Sublessee Obligations. Any sublessee shall assume all obligations of Tenant as to that portion of the Premises which is subleased and shall be jointly and severally liable with Tenant for rental and other payments and performance of all term, covenants, and conditions of such approved sublease.

26. SUCCESSORS

All of the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Owner and Tenant and their respective heirs, executors, successors, and assigns.

27. TAX ON RENTAL

If any governmental authority or unit under any present or future law effective at any time during the term of this Lease shall in any manner levy a tax on rentals payable under this Lease or on rentals accruing from use of Premises under this Lease, or a tax in any form against Owner because of or measured by income derived from the leasing or rental of Premises, the amount of the next succeeding month's rent following payment of such tax by Owner shall be increased by an amount equal to such tax paid by Owner, and for Tenant's default in paying the rent thus revised, Owner shall have the same remedies as upon failure to pay rent. Tenant shall not be liable to pay any amount because of income tax of a general nature applicable to Owner's various interests or sources of income or tax imposed on or measured by rentals or otherwise. In the event that it shall not be lawful for Tenant to pay such tax, the rental payable to Owner under this Lease shall be revised to net Owner the same net rental after imposition of any such tax as would have been payable to Owner prior to the imposition of such tax.

28. PRIORITY

This Lease shall automatically be subordinate to any mortgage or deed of trust heretofore or hereafter placed upon the Buildings, to any and all advances made or to be made thereunder, to the interest on the obligations secured thereby, and to all renewals, replacements and extensions thereof; provided, however, that in the event of foreclosure of any such mortgage or deed of trust or exercise of power of sale thereunder, Tenant shall attorn to the purchaser of the Buildings at such foreclosure or sale and recognize such purchaser as Owner under this Lease if so requested by such purchaser. If any mortgagee or beneficiary elects to have this Lease superior to the lien of such mortgage or deed of trust, whether this Lease is dated or recorded before or after the mortgage or deed of trust. Within fifteen days of presentation, Tenant shall execute, acknowledge, and deliver to Owner (i) any subordination or

nondisturbance agreement or other instrument that Owner may require to carry out the provisions of this article, and (ii) any estoppel certificate requested by Owner from time to time in the standard form of any such mortgagee or beneficiary certifying in writing, if such be true, that Tenant shall be in occupancy, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other charges shall have been paid, and that there shall be no rental offsets or claims.

29. CONDEMNATION

If the whole of the Premises, or if such portion of either Premises or the facilities in the Buildings as may be required for the reasonable use of Premises shall be taken by virtue of any condemnation or eminent domain proceedings, this Lease shall automatically terminate as of the date of such condemnation or as of the date possession is taken by the condemning authority, whichever is earlier. Current rent shall be apportioned as of the date of such termination. In case of a taking of a part of Premises or a portion of the facilities in the Buildings not required for the reasonable use of Premises, then this Lease shall continue in full force and effect and the rental shall be equitably reduced based on the proportion by which the rentable area of Premises is reduced, such rent reduction to be effective on the date of such partial taking. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Owner any award which may be made if such taking or condemnation together with any and all rights of Tenant now or hereafter arising in or to the same or any part thereof, provided, however, that nothing herein shall be deemed to give Owner any interest in or to require Tenant to assign to Owner any award made to Tenant for the taking of personal property or fixtures belonging to Tenant, for the interruption of or damage to Tenant's business or for Tenant's moving expenses.

30. SPECIAL IMPROVEMENTS

Intentionally deleted.

31. PERSONAL PROPERTY TAXES

Tenant shall pay all taxes levied upon personal property located within the Premises or attached to the Building and pertaining to the Premises.

32. MONTHLY OPERATING EXPENSE ADJUSTMENTS

Tenant shall pay as additional monthly rent ("Additional Rent") all expenses incurred by Owner for operation of the Premises during the term or any extension hereof, as follows (the "Operating Expenses"):

- A. Tenant agrees to reimburse Owner, upon the due date, for real property taxes and assessments, including such assessments as local improvement district assessments, levied against the Premises. Only the assessment due during the particular year or any partial year will be passed to Tenant.
- B. Owner's cost of insurance for the Premises.
- C. Owner's cost to maintain and repair the Premises' heating, ventilating and air conditioning system, elevator and the Premises' landscaping.
- D. Usual and necessary costs of operation, security, maintenance, repair, and replacement as determined by standard accounting practice, including without limitation, all utilities and services not metered or charged directly to Tenant, including painting, upkeep and repair of building exterior, roofing, and all common areas and facilities. If any portion of the Premises or any system or equipment is replaced by Owner, the cost of such replacement will be depreciated and amortized over its useful life.

- E. Operation and Maintenance rent equal to four percent (4%) of Tenant's monthly rent, including Monthly Base Rent and any Additional Rent.
- F. Within forty-five (45) days after the end of each Calendar Year, Owner shall estimate and provide notice to Tenant of its monthly expense based upon existing or expected costs. Such monthly estimated amount shall be paid by Tenant on or before the first day of each month. Owner, annually or as soon as practicable following termination hereof, shall compute Tenant's actual expenses. Any overpayment shall be applied as a credit to Tenant against future expense payments. Any deficiency shall be paid to Owner by Tenant within fifteen (15) days after the date of Owner's statement. Owner's records showing expenditures made for such expenses shall be available for Tenant's inspection at any reasonable time.

The determination of actual costs and estimated costs allocable to the Premises shall be made by Owner. Owner or its agent shall keep records showing all expenditures made for the items enumerated above, which records shall be available for inspection and review by Tenant. The Tenant shall have the right, at reasonable times and upon reasonable prior notice to the Owner to review the Owner's records relating to the actual costs and estimated costs allocable to the Premises for a particular Lease Year, which review must be conducted within (6) months after Tenant's receipt of the statement of actual costs allocable to the Premises for that particular Lease Year. If such review is not conducted within such six (6) month period, then the matters set forth in the statement of actual costs allocable to the Premises for that particular Lease Year shall be deemed conclusive. The Tenant shall pay the costs and expenses of such review unless such review reveals that the Owner has overstated the Operating Expenses for the Lease Year in question by an amount equal to five percent (5%) or more for that particular Lease Year in which event the Owner shall pay up to \$1,000 in payment of the actual costs incurred by Tenant in the performance of such review.

- G. Operating Expenses shall not include the following:
- (1) Costs of repairs, restoration, replacements or other work occasioned by (i) fire, windstorm or other casualty of an insurable nature (whether such destruction be total or partial) and either (a) payable (whether paid or not) by insurance required to be carried by Owner under this Lease, or (b) otherwise payable (whether paid or not) by insurance then in effect obtained by Owner, (ii) the exercise by governmental authorities of the right of eminent domain, whether such taking be total or partial, (iii) the negligence or intentional tort of Owner, or any subsidiary or affiliate of Owner, or any representative, employee or agent of same (including the costs of any deductibles paid by Owner), or (iv) the act of any other tenant in the Building, or any other tenant's agents, employees, licensees or invitees to the extent Owner has the right to recover the applicable cost from such person;
 - (2) Leasing commissions; attorneys' fees, except as for those reasonable attorney's fees as provided elsewhere in this Lease; costs disbursements and other expenses incurred in connection with negotiations for leases with tenants, other occupants, or prospective tenants or other occupants of the Building, or similar costs incurred in connection with disputes with tenants, other occupants, or prospective tenants, or similar costs and expenses incurred in connection with negotiations or disputes with consultants, management agents, purchasers or mortgagees of the Building;
 - (3) Allowances, concessions and other costs and expenses incurred in completing, fixturing, furnishing, renovating or otherwise improving, decorating or redecorating space for tenants (including Tenant), prospective tenants or other occupants and prospective occupants of the Building;

(4) Payments of principal and interest or other finance charges made on any debt and rental payments made under any ground or underlying lease or leases;

(5) Costs incurred in connection with the sales, financing, refinancing, mortgaging, selling or change of ownership of the Building, including brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges;

(6) Costs, fines, interest, penalties, legal fees or costs of litigation incurred due to the late payments of taxes, utility bills and other costs incurred by Owner's failure to make such payments when due;

(7) Costs incurred by Owner for trustee's fees and partnership or organizational expenses;

(8) Owner's income and franchise taxes, special assessments and other business taxes except those business taxes which relate solely to the Building and the Premises and/or the operation thereof;

(9) All amounts which would otherwise be included in operating expenses which are paid to any affiliate or subsidiaries of Owner, or any representative, employee or agent of same, to the extent the costs of such services exceed the competitive rates for similar services of comparable quality rendered by persons or entities of similar skill, competence and experience;

(10) Increased insurance premiums caused by Owner or any other tenant's hazardous acts;

(11) Advertising and promotional costs associated with the leasing of the Building;

(12) Costs incurred to correct violations by Owner of any law, rule, order or regulation which was in effect as of the Lease Effective Date; provided, however, that in no event shall Owner be responsible to correct any violations stemming from (i) The Americans with Disabilities Act or any laws or regulations promulgated in relation thereto or (ii) any violations of which Owner is not actually aware unless such lack of awareness is not commercially reasonable; or

(13) Charitable or political contributions.

Owner shall at all times use its best efforts to operate the Building in an economically reasonable manner as those experienced by other comparable buildings in the Downtown Seattle area. Tenant's share of Operating Expenses for the remainder of the calendar year in which this Lease is executed under this Section 32 is estimated to be \$1.84 per square foot.

33. NOTICES

All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail to Owner at its offices at 1700 7th Avenue, Suite 1800, Seattle, WA 98101, and to Tenant as set forth in Article 1(j) or hereafter be designated by either party in writing.

34. NAME OF BUILDINGS

Owner reserves the right in its sole discretion to name the building(s), approve the name of the building(s) and/or change the name of the building(s).

35. CONSTRUCTION

The titles to articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part thereof. This Lease shall be construed and governed by the law of the State of Washington.

36. REHABILITATION CONSTRUCTION CLAUSE

Owner hereby reserves the right to terminate this Lease, in case the Owner should elect to sell the property or demolish the Building(s) in which the Leased Premises are located, or in case the Leased Premises occupy any portion of the Building(s) required by Owner should it elect to alter, or significantly rehabilitate said Building(s), or to construct an addition or additions thereto, upon giving eighteen (18) months' notice in writing to the Tenant, mailed to the Tenant at the Leased Premises, of its intention so to terminate the same; and this Lease, and the term thereof, shall cease, determine and end, at the expiration of eighteen (18) months from the day when such notice has been mailed. And thereafter the Owner may take possession of the Leased Premises and every part thereof, without being liable to prosecution, or damages, therefor, and have and enjoy the said Premises as of its former estate, free, clear and discharged of this Lease, and of all rights of the Owner hereunder. Notwithstanding the foregoing, Owner shall not exercise its rights hereunder prior to the expiration of the forty-second (42nd) month of the Lease Term.

Owner shall reimburse Tenant the unamortized cost of Tenant's actual costs to improve the Building (excluding any amounts paid by Owner pursuant to Section 1(1)), as reasonably approved by Owner prior to Tenant's performance of such improvements to the Building, pursuant to Section 12 Alterations of this Lease. Such costs thereof shall be amortized over the ten (10) year term of the Lease at ten percent (10%) interest per year. Notwithstanding the foregoing, the total costs of such improvements to be amortized shall not exceed Two Hundred Thousand and no/100 Dollars (\$200,000.00), and Owner's reimbursement obligations shall be limited to the unamortized portion of such \$200,000.00 costs.

37. FORCE MAJEUR

In the event either Owner or Tenant shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or any reason of a like nature, not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of such delay, provided that the provisions hereof shall not operate to excuse Tenant from prompt payment of rent or any other payments required of Tenant hereunder, unless provided to the contrary in another Section of this Lease.

38. TELEPHONE SERVICE

If Tenant desires telephone service, or any other electronic connection, Owner will direct the electricians as to where and how said connections are to be introduced and installed. In no event shall such installation be permitted without Owner's prior approval.

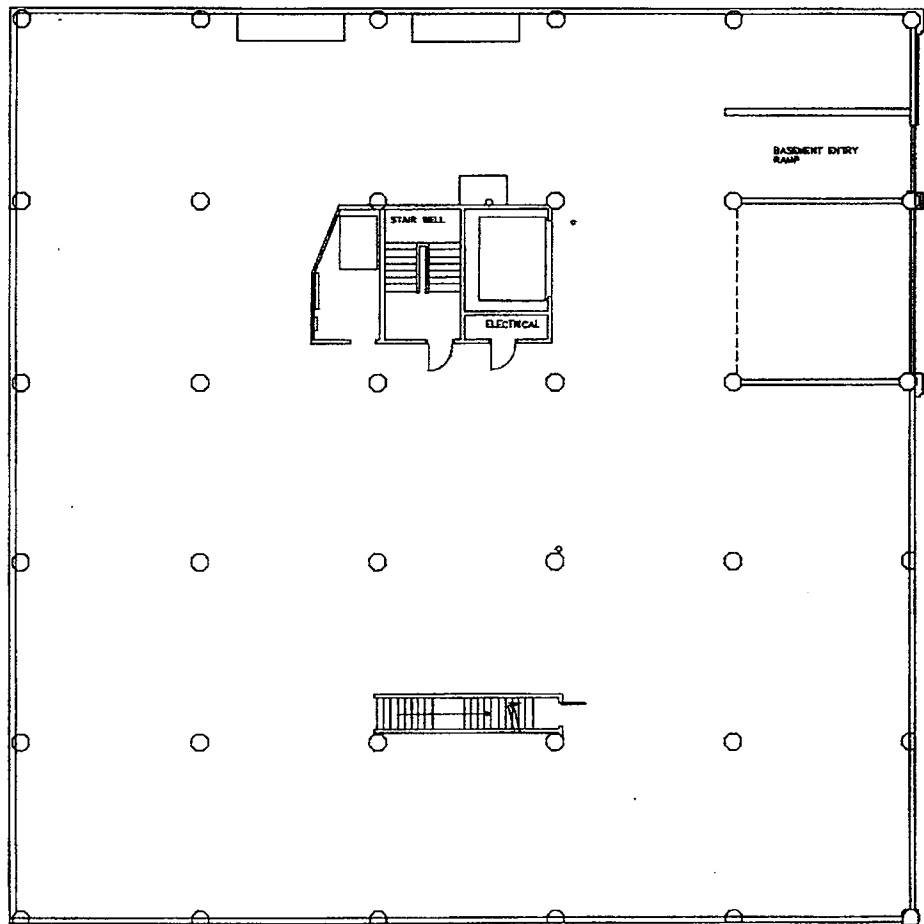
39. TIME OF ESSENCE

Time is of the essence of this Lease.

40. COSTS

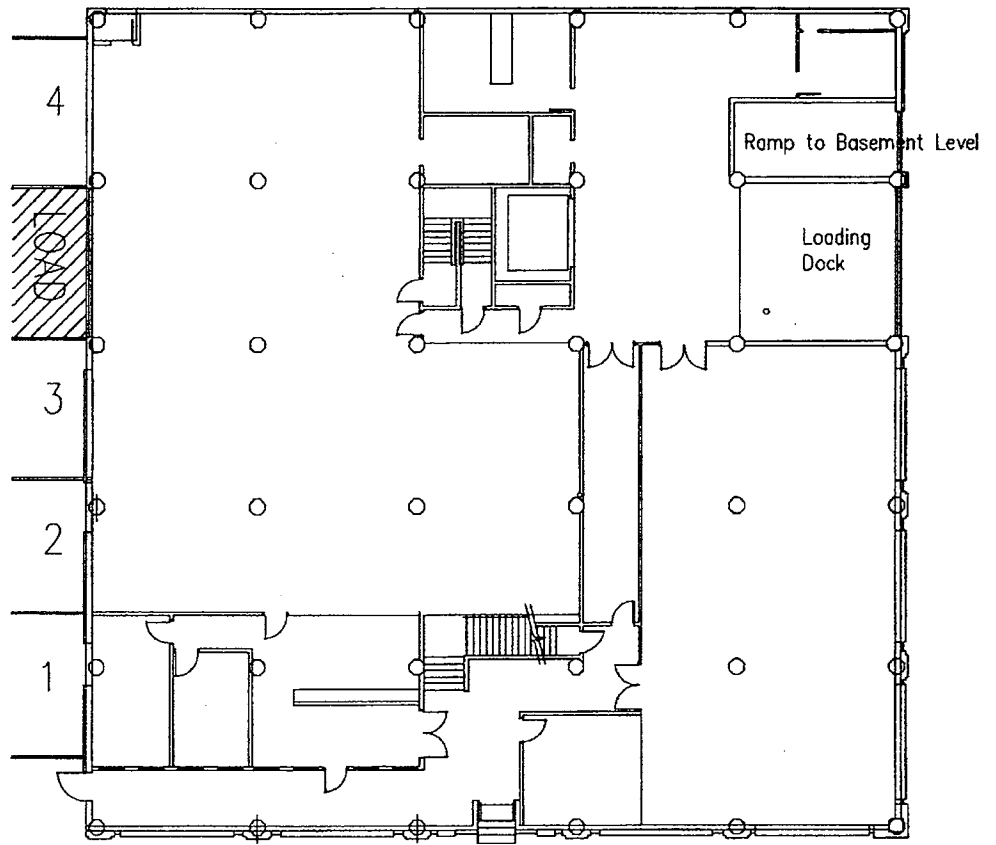
Tenant shall pay Owner all costs and expenses, including reasonable attorney's fees, incurred by Owner in enforcing any of the terms of this Lease, including, without limitation, on appeal and in bankruptcy or receivership actions.

Exhibit A
Floor Plan of Premises
Basement Level
Page 1



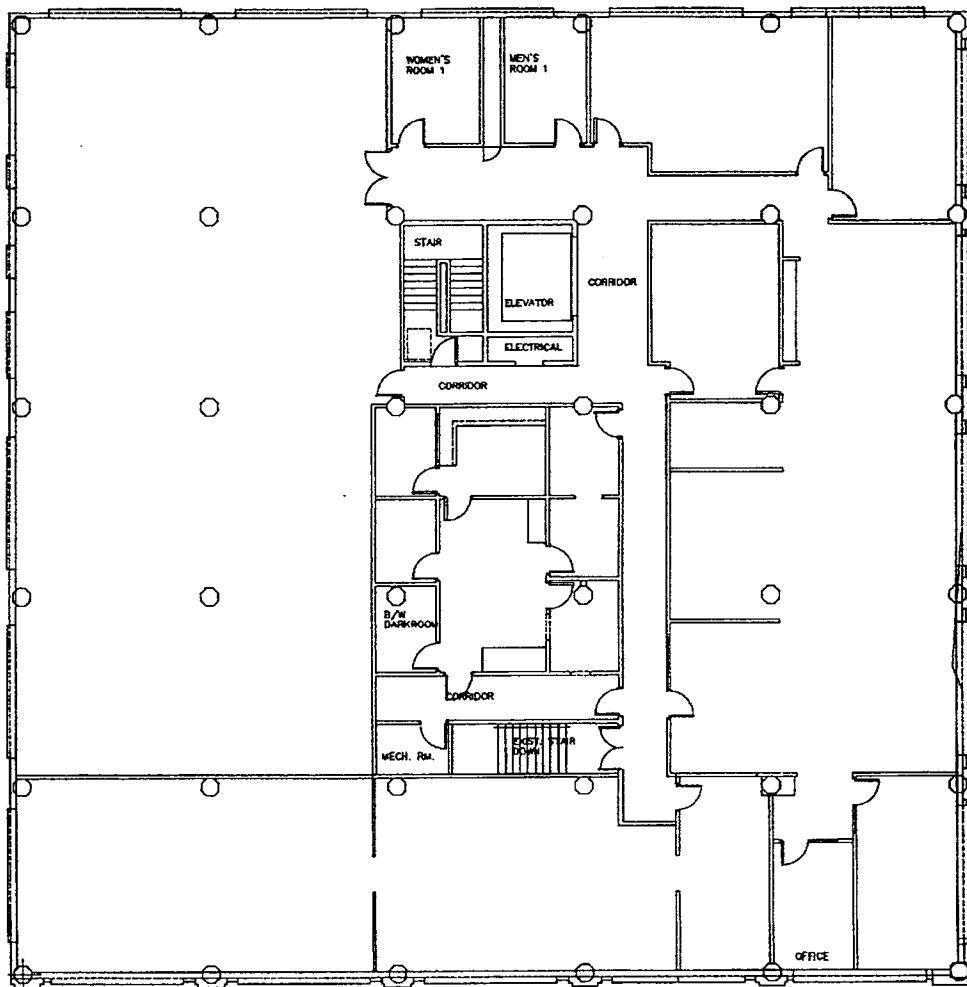
Basement Level
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Exhibit A
Floor Plan of Premises
First Floor
Page 2



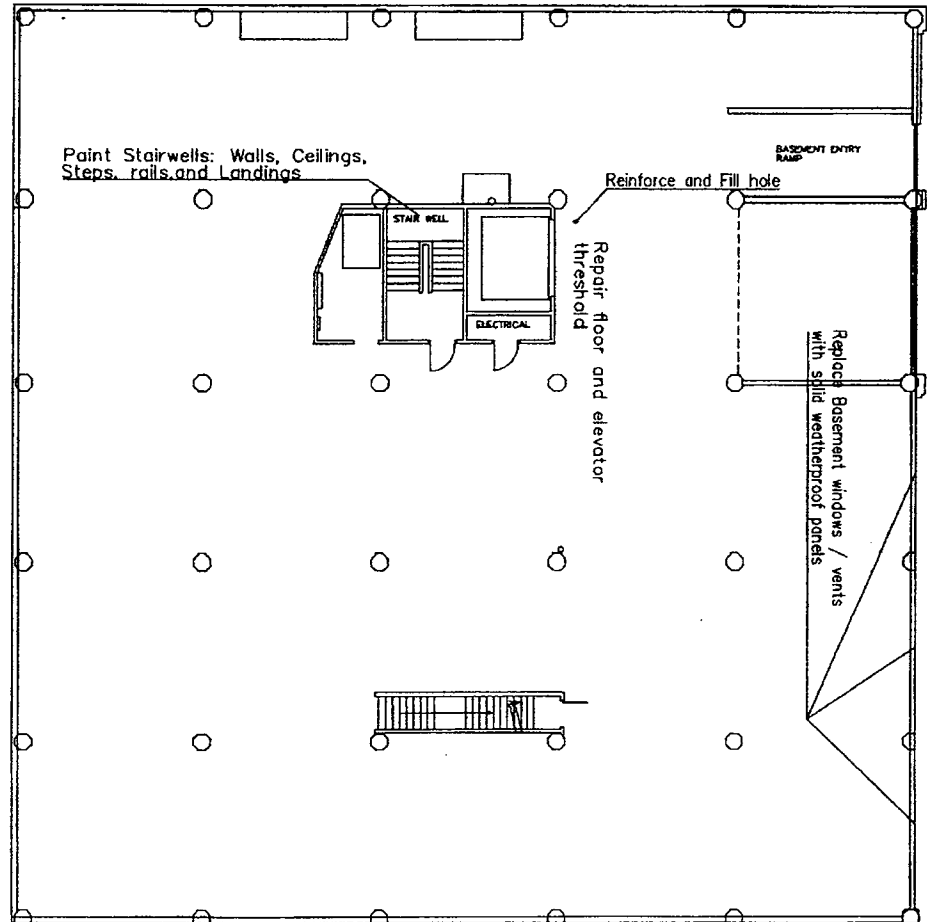
First Floor
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Exhibit A
Floor Plan of Premises
Second Floor
Page 3



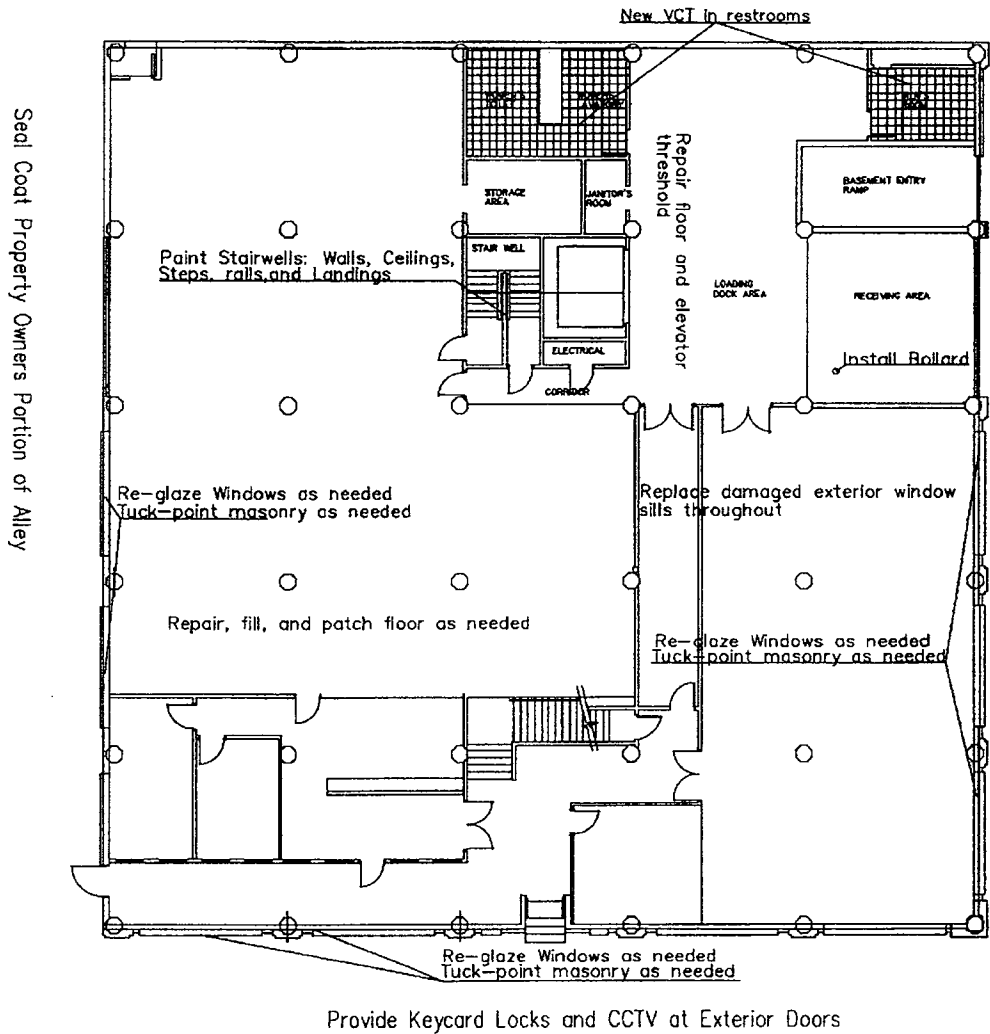
Second Floor
Approx. 11,000 S.F.

Exhibit B
Space Plan of Premises
Page 1



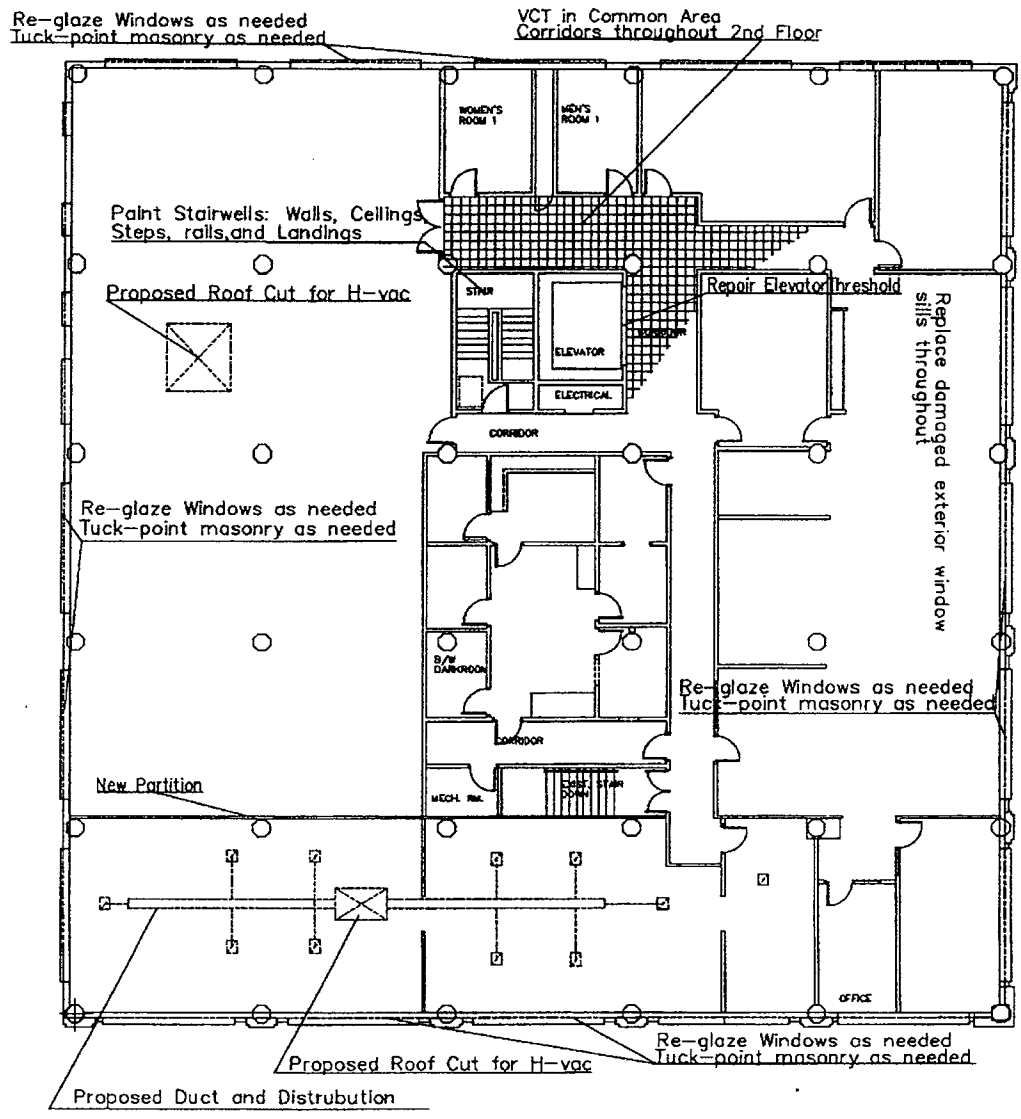
416 Occidental Basement
Approx. 11,000 S.F.

Exhibit B
Space Plan of Premises
Page 2



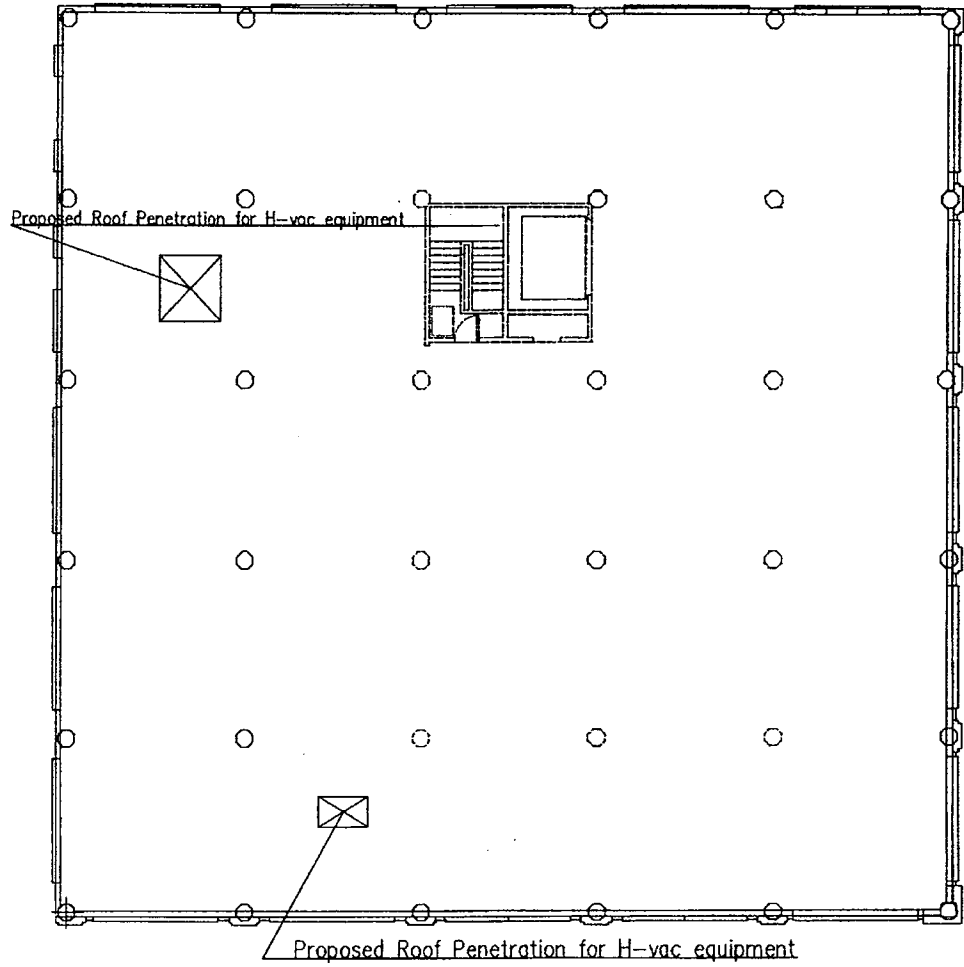
416 Occidental Floor 1
Approx. 11,000 S.F.

Exhibit B
Space Plan of Premises
Page 3



416 Occidental Floor 2
Approx. 11,000 S.F.

Exhibit B
Space Plan of Premises
Page 4



416 Occidental Roof Level

EXHIBIT C
WORK LETTER AGREEMENT

THIS WORK LETTER AGREEMENT (this "Work Letter Agreement") is entered into as of the 29th day of April, 2009, by and between BANK OF AMERICA NT & SA dba SEAFIRST BANK, Trustee U/W ROSALIND H. CLISE, Deceased ("Owner"), and KING COUNTY ("Tenant").

RECITALS

Concurrently with the execution of this Work Letter Agreement, Owner and Tenant have entered into a Lease Agreement (the "Lease") covering certain premises (the "Premises"), as more specifically specified and defined in the Lease. Any and all defined terms, not specifically defined herein shall have the meanings set forth in the Lease as if specifically included and set forth in this Work Letter Agreement.

1. Owner at Owner's sole cost and expense (which amount includes Washington State sales tax, architectural, engineering, and a construction management fee payable to Owner for construction management services) shall construct the Tenant Improvements as defined below.
2. Owner shall construct and complete the improvements to the Premises (the "Tenant Improvements") as described in Section 11 Tenant's Improvements to the Premises and delineated in the space plan (the "Space Plan"), attached as Exhibit B Space Plan of Premises, as prepared by Owner on behalf of Tenant, and as mutually agreed by Owner and Tenant. Owner shall, on behalf of Tenant, and as part of the Tenant Improvement Allowance, prepare final drawings, hereafter referred to as "Construction Drawings", for the Tenant Improvements that are consistent with the Space Plan.
3. As soon as the Construction Drawings are completed, Owner shall deliver the same to Tenant for approval. Tenant shall promptly review and reject or approve, which approval shall not be unreasonably withheld, the Construction Drawings within ten (10) business days after the date of receipt thereof and shall initial two (2) copies of the Construction Drawings as indication of its approval thereof. Tenant's failure to approve or reject the Construction Drawings within such ten (10) business day period shall be deemed approval by Tenant of the Construction Drawings. Following Tenant's approval of the Construction Drawings, Owner shall commence the Tenant Improvements in accordance with such Construction Drawings. If Tenant shall desire to make any material change in the Construction Drawings, Tenant shall promptly notify Owner in writing of such material change and Owner shall have five (5) business days to approve, which approval shall not be unreasonably withheld, or reject the requested change. If Owner rejects the requested change in the Construction Drawings, Tenant shall revise the requested change in the Construction Drawings accordingly in order to obtain Owner's approval, which shall not be unreasonably withheld or delayed. If the material change increases the construction cost of the Tenant Improvements, as determined by Owner, then Tenant shall promptly pay such cost increase to Owner upon substantial completion of the Tenant Improvements.
4. Tenant is solely responsible for the suitability of the design and function of the Tenant Improvements for Tenant's needs and business, except for defects in materials or workmanship, which shall be the responsibility of Owner. Tenant shall also be responsible for procuring or installing in the Premises any trade fixtures, equipment, furniture, furnishings, telephone equipment, cabling, or other personal property (collectively "Personal Property") to be used in the Premises by Tenant, and the cost of such Personal Property shall be paid by Tenant. Tenant shall conform to Owner's wiring standard and all applicable codes when installing any telephone and computer equipment and shall be subject to any reasonable rules of Owner that are necessary to ensure the safety of the Building and of other tenants in the Building during construction of the Tenant Improvements.
5. If the completion of the Tenant Improvements is delayed (i) at the request of Tenant, (ii) by Tenant's failure to comply with the foregoing provisions, or (iii) by extra work outside the scope of the Construction Drawings ordered or required by Tenant (each, a "Completion Delay"), then Tenant shall be responsible for all costs and expenses occasioned by such Completion Delay, including, without limitation, Tenant's payment of Monthly Base Rent and Additional Rent, and any costs and expenses attributable to

increases in labor or materials or delay in Tenant's occupancy, use or enjoyment of any part of the Premises.

6. Prevailing Wages. Owner agrees that all contractors and subcontractors shall pay prevailing Wages in accordance with Chapter 39.12 RCW.

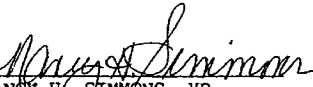
IN WITNESS WHEREOF, Owner and Tenant have duly executed this Work Letter as of the day and year first above written.

OWNER

TENANT

BANK OF AMERICA NA, Trustee U/W
ROSALIND H. CLISE, Deceased

KING COUNTY

By 
NANCY H. SIMMONS, VP

By _____

By: 
DEBRA S. THOMAS, VP

EXHIBIT D
RULES AND REGULATIONS

1. Except as provided in Sections 1(n), 1(o), and 1(p) of this Lease, no sign, notice, advertisement, picture or other inscription of any kind shall be put in or on any part of the building, except on the glass of the doors of the Leased Premises, and then only of such size, form and color as may be first approved by Owner.
2. Tenant shall not carry on or permit to be carried on any auctions in the Leased Premises.
3. Water-closet and other water fixtures shall not be used for any purposes other than those for which they are intended, and any damage resulting to them from misuse on the part of Tenant, its agents or servants, shall be paid for by Tenant. No person shall waste water by interfering or tampering with the faucets or otherwise.
4. Nothing shall be thrown out of the windows or doors of the building, or down the passages or skylights or into the halls.
5. The janitor or janitors employed by Tenant shall be approved by Owner. Such janitor or janitors, and no one else, shall be permitted by Tenant to clean and care for the Leased Premises, except by written permission of Owner.
6. No additional lock or locks shall be placed by Tenant on any door in the building unless written consent of Owner shall have first been obtained. A reasonable number of keys shall be furnished by Owner. Neither Tenant or its agents shall have any duplicate key made.
7. Tenant shall not use any machinery in the Leased Premises which may cause any noise or jar or tremor to the floors or walls, or which might be injurious to the floors or any part of the equipment or fixtures in the building.
8. The Tenant shall not cause or permit to be placed or stored on the floor of the Leased Premises or elsewhere within said building any load in excess of such maximum as may be determined by the Owner.
9. Neither Tenant nor any other person shall lay vinyl or other similar floor covering or attach or fix any covering to the walls or ceiling of the Premises or any part thereof without the written consent of the Owner. Such covering shall become and remain the property of Owner at the termination of this Lease. The use of cement or similar adhesive material is prohibited and the tacking or fastening of any such material to the baseboard or molding is prohibited.
10. The Leased Premises shall not be used for lodging or sleeping.
11. Electric light apparatus shall not be disturbed or in any way interfered with by Tenant, its agents or employees. Any installation of lighting fixtures and electric light lamps of a style and voltage not customary in said building shall be at the expense of the Tenant and shall not be made except with the written consent of the Owner. The Tenant shall also pay for the additional current consumed by said non-standard electric lamps. All alterations or work upon electric light apparatus shall be done only by such persons as may be authorized by Owner.
12. All glass, locks and trimmings in or upon the doors and windows

respectively, belonging to the building, shall be kept whole, and whenever any part thereof shall be broken, the same shall be immediately replaced or repaired and put in order by Tenant under the direction and to the satisfaction of Owner, and, upon vacation of the Leased Premises by Tenant, shall be left whole and in good repair, together with the same number and kinds of keys received by Tenant.

13. Wherever in these Rules and Regulations the word "Tenant" is used, it shall be taken to apply to and include Tenant and its servants, clerks, employees and other representatives, visitors, customers, clients, patients, and common carriers, and is to be deemed of such number and gender as the circumstances require. The word "room" or "rooms" is to be taken to include the space covered by the Lease. The word "Owner" shall be taken to include Owner's agents and representatives.
14. Tenant shall not bring into or keep within the Building any vehicle, or any animal or bird.
15. Owner reserves the right to exclude or expel from the Building any person who, in the judgment of Owner, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
16. Owner shall have the right to prohibit any advertising by Tenant which, in its opinion, tends to impair the reputation of the Building or its desirability as a building for offices, and upon written notice from Owner, Tenant shall refrain from or discontinue such advertising.
17. Owner shall not be responsible to any tenant for the non-observance or violation of the rules and regulations by any other tenant or person.
18. Owner reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needed or desirable for the safety, care and cleanliness of the Building, and for the preservation of good order therein, and such rules and regulations shall be deemed a part hereof.
19. Carpet cleaning shall be done at Tenant expense and is recommended annually to preserve carpet life.
20. Smoking is not permitted anywhere inside the Building, in accordance with WAC 296-62-12000.

EXHIBIT E
HAZARDOUS MATERIALS

Tenant shall not use, generate, treat, store or dispose of Hazardous Material on the Premises or common area of the Building or the Land (the "Common Area") except in accordance with all laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Premises or Common Area. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Premises or Common Area caused or permitted by Tenant results in contamination of the Premises or Common Area, then Tenant shall indemnify, defend and hold Owner harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including without limitation diminution in value of the Premises or Common Area, damages for the loss or restriction on the use of rentable or usable space or of any adverse impact on marketing of space on the Premises or Common Area, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of Owner by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial removal or restoration work required by any federal, state or local governmental agency, political subdivision, lender or buyer because of Hazardous Material present in the soil or groundwater on or under the Premises or Common Area, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or Common Area, damages arising from any adverse impact on marketing of space in the building, and sums paid in settlement of claims, reasonable attorneys' fees, consultant fees, laboratory fees and expert fees. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises or Common Area caused or permitted by Tenant results in any contamination of the Premises or Common Area, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises or Common Area to the condition existing prior to the contamination of the Premises or Common Area by any such Hazardous Material; provided, however, Owner's approval of such action shall first be obtained, which approval shall not be unreasonably withheld. Tenant will deliver to Owner copies of any documents received from, or sent by Tenant to, the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning the Tenant's operations on the Premises. As used herein, the term "Hazardous Material" means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products, (iii) PCBs, (iv) lead, (v) asbestos, (vi) flammable explosives, (vii) infectious materials or fungi, or (viii) radioactive materials. "Environmental Law(s)" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 5101, et seq., the Clean Water Act, 33 U.S.C. Sections 1251, et seq., and the Washington Model Toxics Control Act, Revised Code of Washington Chapter 70.105D, as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, clean-up, transportation or release or threatened release into the environment of Hazardous Material.