



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 25, 2012**

**Ordinance 17361**

**Proposed No. 2012-0208.1**

**Sponsors Lambert**

1           AN ORDINANCE approving a new headquarters lease for the  
2           department of development and environmental services to be  
3           located in Snoqualmie.

4           BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

5           SECTION 1. Findings:

6           A. The department of development and environmental services provides essential  
7           permitting services to the citizens of King County.

8           B. The King County executive has negotiated a new lease providing headquarters  
9           offices for the department of development and environmental services.

10          C. The King County executive is authorized to lease real property for use by the  
11          county as provided by K.C.C. 4.56.186, and consistent with the provisions of K.C.C.  
12          4.04.040 requiring approval by ordinance of any lease with a cumulative term of two  
13          years. The subject lease provides an initial term of ten years.

14          SECTION 2. The King County executive is hereby authorized to execute the  
15          lease in substantially similar form as provided in Attachment A to this ordinance and all  
16          actions up to now taken by county officials, agent and employees consistent with the  
17          terms and purposes of the lease agreement are hereby ratified, confirmed and approved.

18          SECTION 3. If any one or more of the covenants or agreements provided in this  
19          ordinance to be performed on the part of the county is declared by any court of competent

20 jurisdiction to be contrary to law, then such a covenant or covenants, agreement or  
21 agreements are null and void and shall be deemed separable from the remaining  
22 covenants and agreements of this ordinance and in no way affect the validity of the other  
23 provisions of this ordinance or of the lease.

24 SECTION 4. The subject lease is hereby approved in substantially similar form  
25 to that of Attachment A to this ordinance.

26

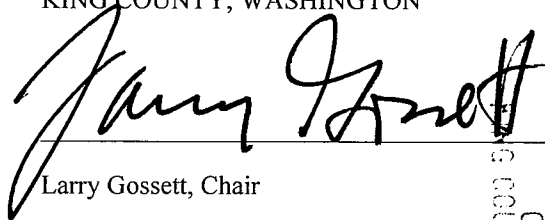
Ordinance 17361 was introduced on 6/4/2012 and passed by the Metropolitan King  
County Council on 6/25/2012, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Patterson,  
Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr. McDermott

No: 0

Excused: 1 - Ms. Hague

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

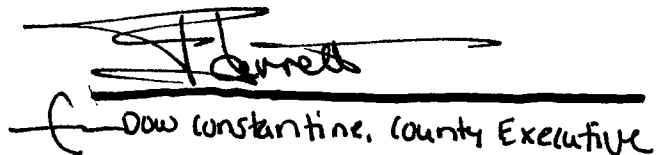
  
Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 5 day of July, 2012.

  
Dow Constantine, County Executive

Attachments: A. DDES Lease

2012 JUL -5 PM 4:03  
KING COUNTY COUNCIL  
CLERK

RECEIVED

**Attachment A to Ordinance**  
DDES Lease

**MULTITENANT  
OFFICE  
LEASE AGREEMENT**

**KENDALL LAKE PARTNERS LLC, as Landlord,**

**and**

**KING COUNTY, as Tenant**

Snoqualmie Ridge Business Park  
The Kendall Lake Building

Snoqualmie, Washington

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Exhibit B	Legal Description of the Land
Exhibit C	Floor Plan
Exhibit D	Workletter
Exhibit D-1	Preliminary Budget
Exhibit D-2	Preliminary Space Plan
Exhibit E	Commencement Date Memorandum
Exhibit F	Building Rules
Exhibit G	Parking Plan
Exhibit H	Operating Expense Exclusions
Exhibit I	Memorandum of Lease



## OFFICE LEASE AGREEMENT

This Office Lease Agreement is made and entered into as the "Effective Date" (as such term is defined in Exhibit A attached), by **KENDALL LAKE PARTNERS LLC**, a Washington limited liability company, as Landlord, and **KING COUNTY**, a political subdivision of the State of Washington, as Tenant.

In consideration of the mutual covenants in this Lease, Landlord and Tenant agree as follows:

### DEFINITIONS

Capitalized terms used in this Lease have the meanings ascribed to them on the attached Exhibit A.

### BASIC TERMS

The following Basic Terms are applied under and governed by the particular section(s) in this Lease pertaining to the following information:

1. **Premises:** Approximately 21,430 rentable square feet on the 2<sup>nd</sup> floor of the Kendall Lake Building located at 35030 SE Douglas Street, Snoqualmie, WA 98065 (the "**Building**"). The Building is located on the Land described in Exhibit B. The agreed rentable area of the Building is 56,008 square feet. Attached to this Lease as Exhibit C is a floor plan showing the location of the Premises.
2. **Lease Term:** Ten (10) years.  
**Term Extension Options:** Two (2) periods of five (5) years.
3. **Delivery Date:** The later of (a) sixty (60) days after the Effective Date, or (b) the date the Tenant Improvements are Substantially Complete.
4. **Basic Rent:**

<u>Months</u>	<u>Monthly Base Rent</u>	<u>Rent per rentable square foot of the Premises per year</u>
Months 1-12	\$12,947.29	\$7.25 per rentable square foot
Months 13-24	\$25,751.72	\$14.42 per rentable square foot
Months 25-36	\$26,519.63	\$14.85 per rentable square foot
Months 37-48	\$27,323.25	\$15.30 per rentable square foot
Months 49-60	\$28,144.73	\$15.76 per rentable square foot
Months 61-72	\$28,984.08	\$16.23 per rentable square foot
Months 73-84	\$28,859.13	\$16.72 per rentable square foot
Months 85-96	\$30,752.05	\$17.22 per rentable square foot
Months 97-108	\$31,662.83	\$17.73 per rentable square foot
Months 109-120	\$32,627.18	\$18.27 per rentable square foot
5. **Initial Tenant's Percentage:** 38.26%

6. **Current Rent Payment Address:** Pinnacle Realty  
810 Third Avenue, Suite 140  
Seattle, WA 98104  
Attention: Ms. Tamara Genzale
7. **Address of Landlord for Notices:** Kendall Lake Partners LLC  
Meriwether Partners LLC  
1191 Second Avenue, Suite 1570  
Seattle, WA 98101  
Attention: Brian Oseran
- With a copy to:
- Kendall Lake Partners LLC  
c/o Pinnacle Realty  
810 Third Avenue, Suite 140  
Seattle, WA 98104  
Attention: Ms. Tamara Genzale
8. **Address of Tenant for Notices:** Real Estate Services  
King County Administration Building  
ADM-ES-0830  
500 Fourth Avenue, Suite 830  
Seattle, WA 98104-2337  
Attention: Manager
9. **Broker(s):** Cushman & Wakefield of Washington, Inc. (Tom Bohman and Brian Toy) ("**Landlord's Broker**")  
  
Washington Partners (Eric Postle) ("**Tenant's Broker**")
10. **Security Deposit:** None

## ARTICLE 1. LEASE OF PREMISES AND LEASE TERM

1.1 **Premises.** Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, upon and subject to the terms, covenants and conditions set forth in this Lease. The rentable area of the Premises is the rentable area specified in the Basic Terms.

### 1.2 **Term, Delivery and Commencement.**

1.2.1 **Commencement and Expiration of Term.** The Term of this Lease is the period stated in the Basic Terms. The Term commences on the Commencement Date and, unless earlier terminated in accordance with the terms and conditions of this Lease, expires on the last day of the last calendar month of the Term.

1.2.2 **Tender of Possession.** Landlord will use commercially reasonable efforts to tender possession of the Premises to Tenant on or before the Delivery Date, subject to any extension of such date under Section 17.17. If Landlord is unable to tender possession of the Premises to Tenant on or before the Delivery Date for any reason including, without limitation, Force Majeure or Tenant Delay, this Lease shall remain in full force and effect; provided, however, that except to the extent the delay is caused by Tenant Delay, Landlord will appropriately adjust the Commencement Date. The Premises will be tendered to Tenant when the Tenant Improvements to be constructed by Landlord pursuant to the Workletter are Substantially Complete. If by the later of (i) the date which is six (6) months from the Effective Date, or (ii) December 1, 2012 (the "**Outside Delivery Date**"), Landlord has not delivered possession of the Premises to Tenant, with the Tenant Improvements Substantially Complete, this Lease may be terminated by Tenant upon written notice given to Landlord at any time prior to the date that Landlord notifies Tenant in writing that the Premises are available for Tenant's occupancy with the Tenant Improvements Substantially Complete. The Outside Delivery Date shall be extended by the length of any delay resulting from a Tenant Delay.

1.2.3 **Commencement Date Memorandum.** Within a reasonable time after the Commencement Date, Landlord will deliver to Tenant the Commencement Date Memorandum, substantially in the form attached hereto and made a part hereof as Exhibit E, with all blanks relating to dates completed with dates Landlord derives in accordance with this Lease. Tenant, within ten (10) days after receipt from Landlord, will execute and deliver to Landlord the Commencement Date Memorandum. Tenant's failure to execute and deliver to Landlord the Commencement Date Memorandum does not affect any obligation of Tenant under this Lease. If Tenant does not timely execute and deliver to Landlord the Commencement Date Memorandum, Landlord and any prospective purchaser or encumbrancer may conclusively rely on the information contained in the unexecuted Commencement Date Memorandum Landlord delivered to Tenant.

1.3 **Options to Renew.** So long as no Event of Default has occurred and is continuing, Tenant shall have the option to extend the term of this Lease for up to two (2) additional five (5) year periods (each an "**Additional Term**"). To exercise its option to extend this Lease for an Additional Term, Tenant must deliver to Landlord a written notice (an "**Option Notice**") exercising its renewal option at least nine (9) months (but not more than twelve (12) months) prior to the date the term of this Lease will expire. The renewal options granted to Tenant pursuant to this Section 1.3 are personal to Tenant and may not be exercised by or for the benefit of any assignee or sublessee of Tenant, other than a Permitted Transfer pursuant to Section 13.1.2 below. All of the terms and conditions of this Lease shall apply during any applicable Additional Term except (i) the base annual rent shall be ninety five percent (95%) of the Fair Market Rent (defined below) for the Premises, including such periodic adjustments which are then typical for similar buildings in similar locations, as mutually agreed to by Landlord and Tenant or determined by arbitration as set forth below; (ii) unless otherwise agreed by Landlord in writing, there shall be no further

renewal options after the commencement of the second Additional Term unless agreed upon in writing by the parties. When the rental rate for an Additional Term is determined, whether by agreement of the parties or pursuant to arbitration as provided below, Landlord and Tenant shall enter into a lease extension agreement setting forth the new Basic Rent for the Premises and such other terms as may be applicable. If an Event of Default exists at the time Tenant delivers the Option Notice to Landlord, or an Event of Default occurs at any time between such date and the commencement date of any applicable Additional Term, Landlord may declare the Option Notice null and void by written notice to Tenant. The term "**Fair Market Rent**" means the rate per rentable square foot per year that a new, willing, non-equity tenant would pay in an arms-length transaction for comparable space in the Building and in comparable buildings in the Interstate 90 corridor from Issaquah to Snoqualmie Ridge (the "**Market Area**"), for leases having a five (5) year term, taking into consideration all concessions then available in the marketplace including, but not limited to, tenant improvements or refurbishment allowance, free rent and other monetary concessions, and brokerage fees. Landlord and Tenant agree the base annual rent for any applicable Additional Term shall be determined as follows:

(a) Promptly after Landlord receives the Option Notice, the parties (or their designated representatives) shall promptly meet and attempt to agree on the basic annual rent for the applicable Additional Term. If the parties have not agreed on the basic annual rent for an Additional Term within one hundred twenty (120) days after Landlord receives the Option Notice, then unless otherwise agreed in writing by the parties, the matter shall be submitted to arbitration in accordance with the terms of the following paragraphs. The last day of such one hundred twenty (120) day period (as the same may be extended by the written agreement of the parties) is referred to in this Lease as the "**Arbitration Commencement Date**".

(b) Within fifteen (15) days after the Arbitration Commencement Date, each party shall provide the other party with written notice (a "**Rent Notice**") of its determination of Fair Market Rent. The matter shall then be submitted for decision to an arbitrator (the "**FMR Arbitrator**"). The FMR Arbitrator shall be a commercial real estate broker with an active real estate license in the State of Washington who has been active over the ten (10) year period ending on the Arbitration Commencement Date in the leasing of commercial office space in the Market Area, who is not then representing either Tenant or Landlord. If Landlord and Tenant have not agreed on the FMR Arbitrator within thirty (30) days after the Arbitration Commencement Date, each shall select an arbitrator who shall be qualified under the same criteria as set forth above for the FMR Arbitrator, and so notify the other party in writing within ten (10) days after the end of such thirty (30) day period. The two arbitrators so chosen by the parties shall then appoint the FMR Arbitrator within ten (10) days after the date of the appointment of the last appointed appraiser. If either party fails to select its arbitrator within such ten (10) day period, and the other party timely selects its arbitrator, then the arbitrator selected by the other party shall be the sole arbitrator for determining who will act as the FMR Arbitrator. If the two arbitrators chosen by the parties cannot agree on the FMR Arbitrator within ten (10) days after the date the second arbitrator has been appointed, the FMR Arbitrator will be appointed by the then presiding judge of the King County Superior Court upon the application of either party.

(c) Within thirty (30) days after the selection of the FMR Arbitrator pursuant to subsection (b) above, the FMR Arbitrator shall determine Fair Market Rent by selecting either the Fair Market Rent stated in Landlord's Rent Notice or the Fair Market Rent stated in Tenant's Rent Notice. The FMR Arbitrator shall have no power to average such amounts or to designate a Fair Market Rent other than that specified in either Landlord's Rent Notice or Tenant's Rent Notice.

(d) Both parties may submit any information to the FMR Arbitrator for his or her consideration, with copies to the other party. The FMR Arbitrator shall have the right to consult experts and competent authorities for factual information or evidence pertaining to the determination of Fair Market Rent. The FMR Arbitrator shall render his or her decision by written notice to each party. The determination of the

FMR Arbitrator will be final and binding upon Landlord and Tenant. The cost of the arbitration (including the charges of the appraiser selected by the other party) will be paid by Landlord if the Fair Market Rent determined by arbitration is the Fair Market Rent specified in Tenant's Rent Notice, and by Tenant if the Fair Market Rent determined by arbitration is the Fair Market Rent specified in Landlord's Rent Notice.

#### 1.4 Contraction Option.

(a) So long as no Event of Default has occurred and is continuing, Tenant shall have the one-time right (the "**Contraction Option**") to reduce the rentable area of the Premises by up to 5,229 rentable square feet (the "**Give Back Space**"), effective as of the last day of the twenty fourth (24<sup>th</sup>) month of the initial Lease Term or the last day of any calendar month thereafter to and including the sixtieth (60<sup>th</sup>) full calendar month of the initial Term. The Give Back Space must be located in the portion of the Premises shown on the Floor Plan as the "**Contraction Space**". The configuration of the Give Back Space must (a) be such that the new demising wall between the Give Back Space and the Premises is on a column line and reasonably leasable, (b) be permitted under applicable laws, (c) have reasonable access to elevators and to emergency exits, and (d) have exterior windows. The Contraction Option is personal to Tenant and may not be exercised by or for the benefit of any assignee or sublessee of Tenant, other than a Permitted Transfer pursuant to Section 13.1.2 below. To exercise the Contraction Option, Tenant must give Landlord written notice (a "**Contraction Notice**"), not less than nine (9) months prior to the date on which the contraction of the Premises shall be effective (the "**Contraction Date**"). In addition to specifying the Contraction Date, the Contraction Notice must specify the proposed location, area and configuration of the Give Back Space. Landlord will be deemed to have approved the configuration of the Contraction Space unless Landlord provides Tenant with written notice specifying its objections within ten (10) Business Days after receiving the Contraction Notice. If Landlord objects to the proposed configuration of the Give Back Space, the parties shall negotiate in good faith to reasonably resolve said objections. If Tenant exercises the Contraction Option pursuant to this Section 1.4, Tenant will pay to Landlord on or before the Contraction Date, a contraction fee in an amount equal to eight cents (\$0.08) per rentable square foot of the Give Back Space multiplied by the number of months remaining on the original Term at the time of the Contraction Date (the "**Contraction Fee**"). If Tenant fails to pay the full amount of the Contraction Fee when due, then at the option of Landlord, the contraction of the Premises by Tenant shall be null and void, this Lease shall continue in effect and any portion of the Contraction Fee previously paid to Landlord will be deemed to have been forfeited to Landlord.

(b) On the Contraction Date, Tenant shall vacate and surrender possession of the Give Back Space to Landlord in the condition required by the terms of this Lease. If Tenant exercises the Contraction Option, the amount of the monthly Basic Rent payable by Tenant, and Tenant's Percentage shall be adjusted to reflect the contraction of the Premises pursuant to this Section 1.4. Landlord and Tenant will enter into an amendment to this Lease reflecting the contraction of the Premises, which amendment shall be executed not more than ten (10) Business Days after Tenant exercises the Contraction Option, but a failure to do so will not affect the rights or obligations of either party.

(c) Any dispute or disagreement between the parties regarding the configuration of the Give Back Space or the amounts due from Tenant pursuant to this Section 1.4, if not resolved by the parties after good faith negotiations, shall be resolved by arbitration pursuant to Section 17.23 of this Lease upon written notice of either party to the other party.

## ARTICLE 2. RENTAL AND OTHER PAYMENTS

2.1 **Basic Rent.** Tenant will pay Basic Rent in monthly installments to Landlord, in advance, without offset or deduction, commencing on the Commencement Date and continuing on the first day of each and every calendar month after the Commencement Date during the Term. Tenant will make all Basic Rent payments to Landlord at the address specified in the Basic Terms or at such other place or in such other manner as Landlord may from time to time designate in writing. Tenant will make all Basic Rent payments without Landlord's previous demand, invoice or notice for payment. Landlord and Tenant will prorate, on a per diem basis, Basic Rent for any partial month within the Term.

2.2 **Additional Rent.** Article 3 of this Lease requires Tenant to pay certain Additional Rent pursuant to estimates Landlord delivers to Tenant. Tenant will make all payments of estimated Additional Rent in accordance with Sections 3.3 and 3.4 without deduction or offset and without Landlord's previous demand, invoice or notice for payment subject to receipt of Landlord's Estimation of Tenant's Share of Operating Expenses as provided herein. Except as specifically set forth in this Lease, Tenant will pay all other Additional Rent described in this Lease that is not estimated under Sections 3.3 and 3.4 within thirty (30) days after receiving Landlord's invoice for such Additional Rent. Tenant will make all Additional Rent payments to the same location and, except as described in the previous sentence, in the same manner as Tenant's Basic Rent payments.

2.3 **Delinquent Rental Payments.** If Tenant does not pay any installment of Basic Rent, Additional Rent or any other payment due under this Lease within ten (10) days after the date the payment is due, Tenant will pay Landlord a late payment charge equal to five percent (5%) of the amount of the delinquent payment. Landlord's right to such compensation for the delinquency is in addition to all of Landlord's rights and remedies under this Lease, at law or in equity.

2.4 **Independent Obligations.** Notwithstanding any contrary term or provision of this Lease, Tenant's covenant and obligation to pay Rent is independent from any of Landlord covenants, obligations, warranties or representations in this Lease. Tenant will pay Rent without any right of offset or deduction.

## ARTICLE 3. OPERATING EXPENSES

3.1 **Payment of Operating Expenses.** Tenant will pay, as Additional Rent and in the manner this Article 3 describes, Tenant's Share of Operating Expenses for each and every calendar year of the Term. Landlord will prorate Tenant's Share of Operating Expenses for the calendar year in which the Lease commences or terminates as of the Commencement Date or termination date, as applicable, on a per diem basis based on the number of days of the Term within such calendar year.

3.2 **Estimation of Tenant's Share of Operating Expenses.** Landlord will deliver to Tenant a written estimate in reasonable detail of the following for each calendar year during the Term within thirty (30) days following the Commencement Date and on or before January 1 of each succeeding calendar year during the Term, as applicable: (a) Operating Expenses and (b) the annual and monthly Additional Rent attributable to Tenant's Share of Operating Expenses.

3.3 **Payment of Estimated Tenant's Share of Operating Expenses.** Tenant will pay the amount Landlord estimates as Tenant's Share of Operating Expenses under Section 3.2 for each and every calendar year of the Term in equal monthly installments, in advance, commencing on the Commencement Date and continuing on the first day of each and every month during the Term. If Landlord has not delivered the estimates to Tenant by the first day of January of the applicable calendar year, Tenant will continue paying Tenant's Share of Operating Expenses based on Landlord's estimates for the previous

calendar year. When Tenant receives Landlord's estimates for the current calendar year, Tenant will pay the estimated amount (less amounts Tenant paid to Landlord in accordance with the immediately preceding sentence) in equal monthly installments over the balance of such calendar year, with the number of installments being equal to the number of full calendar months remaining in such calendar year.

**3.4 Re-Estimation of Operating Expenses.** Landlord may re-estimate Operating Expenses from time to time during any calendar year. In such event, Landlord will re-estimate the monthly Additional Rent attributable to Tenant's Share of Operating Expenses to an amount sufficient for Tenant to pay the re-estimated monthly amount over the balance of the calendar year. Landlord will notify Tenant of the re-estimate and Tenant will pay the re-estimated amount in the manner provided in the last sentence of Section 3.3.

**3.5 Confirmation of Tenant's Share of Operating Expenses.** Within ninety (90) days following the end of each calendar year within the Term, Landlord will determine the actual amount of Operating Expenses and Tenant's Share of Operating Expenses for the expired calendar year and deliver to Tenant a written statement of such amounts. If Tenant paid less than the actual amount of Tenant's Share of Operating Expenses specified in the statement, Tenant will pay the difference to Landlord as Additional Rent in the manner Section 2.2 describes. If Tenant paid more than the actual amount of Tenant's Share of Operating Expenses specified in the statement, Landlord, at Landlord's option, will either (a) refund the excess amount to Tenant, or (b) credit the excess amount against Tenant's next due monthly installment or installments of estimated Additional Rent. If Landlord is delayed in delivering such statement to Tenant, such delay does not constitute Landlord's waiver of Landlord's rights under this section.

**3.6 Tenant's Inspection and Audit Rights.** If Tenant disputes Landlord's determination of the actual amount of Operating Expenses or Tenant's Share of Operating Expenses for any calendar year and Tenant delivers to Landlord written notice (an "**Audit Notice**") within sixty (60) days after Landlord's delivery of the statement of such amount under Section 3.5, then Tenant (but not any subtenant or assignee), at its sole cost and expense (except as provided below), upon prior written notice and during regular business hours at a time and place reasonably acceptable to Landlord (which may be the location where Landlord or Property Manager maintains the applicable records), may audit, or cause a third party to audit, Landlord's records relating to the disputed amounts and produce a report detailing the results of the audit; provided, however, any third party designated by Tenant to audit Landlord's records may not be compensated on (i) a contingent basis, (ii) the basis of a percentage of any savings or refund resulting from the audit, or (iii) in any other manner that makes such representative's compensation for such audit in any way dependent on the results of the audit. Tenant's objection to Landlord's determination of Operating Expenses or Tenant's Share of Operating Expenses is deemed withdrawn unless Tenant completes and delivers a copy of the audit report to Landlord within sixty (60) days after the date Tenant delivers its Audit Notice to Landlord under this section. If the audit report shows that the amount Landlord charged Tenant for Tenant's Share of Operating Expenses was overstated by more than three percent (3%), then, unless Landlord reasonably contests the results the audit report describes, in addition to Landlord's obligation to refund the excess amount to Tenant, Landlord shall also pay (a) Tenant's actual reasonable costs and expenses for conducting the audit not to exceed Three Thousand and 00/100 Dollars (\$3,000.00) and (b) interest on the excess amount at the Maximum Rate (computed from the date Tenant delivers its Audit Notice to Landlord) within ten (10) days after Landlord receives a copy of the audit report. If the audit report shows that the amount Landlord charged Tenant for Tenant's Share of Operating Expenses was less than the amount this Article 3 obligates Tenant to pay, Tenant, within thirty (30) days after receiving the audit report, will pay to Landlord, as Additional Rent, the difference between the amount Tenant paid and the amount stated in the audit report. Pending resolution of any audit under

this section, Tenant will continue to pay to Landlord the estimated amounts of Tenant's Share of Operating Expenses in accordance with Sections 3.3 and 3.4. The results of the audit and any information obtained by Tenant from the audit or Tenant's review of Landlord's books and records shall be kept confidential and shall not be disclosed to any person or entity (including without limitation any other tenant of the Building) other than Tenant's agents, employees, accountants and/or attorneys, unless Tenant is required by law to disclose such information. Landlord, at its option, may require that Tenant's auditor execute a confidentiality agreement incorporating the terms and conditions of this paragraph.

**3.7 Personal Property Taxes.** Tenant, prior to delinquency, will pay all taxes charged against Tenant's trade fixtures and other personal property. Tenant will use all reasonable efforts to have such trade fixtures and other personal property taxed separately from the Property. If any of Tenant's trade fixtures and other personal property are taxed with the Property, Tenant will pay the taxes attributable to Tenant's trade fixtures and other personal property to Landlord as Additional Rent.

**3.8 Landlord's Right to Contest Property Taxes.** Landlord is not obligated to but may contest the amount or validity, in whole or in part, of any Property Taxes. Landlord's contest will be at Landlord's sole cost and expense, except that if Property Taxes are reduced (or if a proposed increase is avoided or reduced) because of Landlord's contest, Landlord may include in its computation of Property Taxes the costs and expenses Landlord incurred in connection with the contest, including, but not limited to, reasonable attorney's fees, up to the amount of any Property Tax reduction Landlord realized from the contest or any Property Tax increase avoided or reduced in connection with the contest, as the case may be. Tenant may not contest Property Taxes.

**3.9 Tenant's Share of Operating Expenses.** Notwithstanding any contrary language in this Article 3, Tenant's Share of Operating Expenses shall be calculated by dividing the rentable area of the Premises by the rentable area of the Building without regard to the actual occupancy rate of the Building during any calendar year; provided, however, in determining the amount of any Operating Expenses which vary based on occupancy of the Building, if less than ninety five percent (95%) of the Building shall have been occupied by tenants at any time during a calendar year, Operating Expenses shall be adjusted to include the amount, determined by Landlord in its reasonable discretion, which would be expected had such occupancy been ninety five percent (95%) throughout the applicable calendar year; however, in no event shall Landlord (a) recover from Tenant and other tenants of the Building more than one hundred percent (100%) of the Operating Expenses actually incurred by Landlord in the applicable calendar year, or (b) charge Tenant for Operating Expenses actually incurred by Landlord in providing services to other leased or leasable premises in the Building. Landlord will also equitably adjust Operating Expenses to account for any Operating Expense any tenant of the Building pays directly to a service provider. Notwithstanding any other provision of this Lease, Operating Expenses shall not include the expenses listed on Exhibit H attached.

#### ARTICLE 4. USE

**4.1 Permitted Use.** Tenant will use the Premises for general business offices and other lawful uses consistent with the character and operation of the Building as a first class suburban office building, including public access and the provision of services to members of the public, which shall include public access to the services provided by the King County Department of Development and Environmental Services or agencies providing similar public office services; provided, however, the following uses of the Premises shall not be permitted without the prior written consent of Landlord: medical services, clinic services, public defender services, judicial administration, juvenile detention, corrections, mental health services, chemical abuse, dependency services or for any other use substantially similar to the foregoing uses. Tenant will not use the Property or knowingly permit the Premises to be used in violation of any Laws or in any manner that would (a) violate any certificate of



occupancy affecting the Property; (b) make void or voidable any insurance now or after the Effective Date in force with respect to the Property; (c) cause injury or damage to the Property or to the person or property of any other tenant on the Property; (d) cause substantial diminution in the value or usefulness of all or any part of the Property (reasonable wear and tear excepted); or (e) constitute a public or private nuisance or waste. Tenant will obtain and maintain, at Tenant's sole cost and expense, all permits and approvals required under the Laws for Tenant's use of the Premises. The uses of the Premises permitted pursuant to this Section 4.1 are referred to in this Lease as the "**Permitted Use**".

**4.2 Acceptance of Premises.** Tenant acknowledges that neither Landlord nor any agent, contractor or employee of Landlord has made any representation or warranty of any kind with respect to the Premises, the Building or the Property, specifically including, but not limited to, any representation or warranty of suitability or fitness of the Premises, Building or the Property for any particular purpose.

**4.3 Increased Insurance.** Tenant will not knowingly do on the Property or permit to be done on the Premises anything that will (a) increase the premium of any insurance policy Landlord carries covering the Premises or the Property; (b) cause a cancellation of or be in conflict with any such insurance policy; (c) result in any insurance company's refusal to issue or continue any such insurance in amounts satisfactory to Landlord; or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason of Tenant's operations in the Premises or use of the Property. Tenant, at Tenant's sole cost and expense, will comply with all rules, orders, regulations and requirements of insurers and of the American Insurance Association or any other organization performing a similar function. Tenant will reimburse Landlord, as Additional Rent, for any additional premium charges for such policy or policies resulting from Tenant's failure to comply with the provisions of this section.

**4.4 Laws/Building Rules.** This Lease is subject and subordinate to all Laws. A copy of the current Building Rules is attached to this Lease as Exhibit F. Landlord may amend the Building Rules from time to time in Landlord's reasonable discretion, but only to the extent such amendments do not materially interfere with Tenant's Permitted Use and shall provide Tenant with a copy of such revised Building Rules upon or before their effective date.

**4.5 Common Area.** Landlord grants Tenant the non-exclusive right, together with Landlord and all other occupants of the Building and their respective agents, employees and invitees, to use the Common Area during the Term, subject to all Laws. Landlord, at Landlord's sole and exclusive discretion, may make changes to the Common Area that do not unreasonably interfere with Tenant's rights hereunder. Landlord's rights regarding the Common Area subject to the conditions provided herein include, but are not limited to, the right to (a) restrain unauthorized persons from using the Common Area; (b) place permanent or temporary kiosks, displays, carts or stands in the Common Area and lease the same to tenants; (c) temporarily close any portion of the Common Area for repairs, improvements or Alterations, to discourage unauthorized use, to prevent dedication or prescriptive rights or for any other reason Landlord deems necessary or desirable; (d) change the shape and size of the Common Area; (e) add, eliminate or change the location of any improvements located in the Common Area and construct buildings or other structures in the Common Area; and (f) impose and revise Building Rules concerning use of the Common Area, including, but not limited to, any parking facilities comprising a portion of the Common Area.

**4.6 Signs.** Landlord will provide to Tenant a standard building directory listing on the building directory in the first floor lobby, including Tenant's name and the names of each of the divisions of Tenant occupying the Premises. So long as Tenant is leasing and occupying the Premises, Tenant shall have the non-exclusive right, at Tenant's sole cost and expense, to install and maintain a sign identifying Tenant (the "**Exterior Sign**") on the exterior of the Building, in a location reasonably acceptable to

Landlord, subject to the approval of the City and the terms of any CCRs. The size, design, color, illumination and method of installation of the Exterior Sign shall be subject to (a) Landlord's reasonable approval, (b) the provisions in the CCRs, and (c) all City and other applicable governmental requirements. Tenant must submit to Landlord detailed plans for the Exterior Sign for review and approval by Landlord (which approval will not be unreasonably withheld, delayed or conditioned) before Tenant installs the Exterior Sign on the exterior of the Building. Tenant shall remove the Exterior Sign and restore the Building to its condition prior to installation of the Exterior Sign, at Tenant's sole cost and expense, upon the expiration or earlier termination of this Lease. The right to install and maintain the Exterior Sign is personal to the initial Tenant and shall not be assignable to any other party. Any changes to the Exterior Sign shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld. Tenant shall be solely responsible for paying any costs associated with installing, maintaining, repairing or replacing the Exterior Sign and obtaining any permits necessary to install the Exterior Sign. Tenant will not install or permit to be installed in the Premises any other sign, decoration or advertising material of any kind that is visible from the exterior of the Premises. Landlord may immediately remove, at Tenant's sole cost and expense, any sign, decoration or advertising material that violates this section.

#### **ARTICLE 5. HAZARDOUS MATERIALS**

**5.1 Compliance with Hazardous Materials Laws.** Tenant will not cause any Hazardous Material to be brought upon, kept or used on the Property in a manner or for a purpose prohibited by or that could result in liability under any Hazardous Materials Law. Tenant, at its sole cost and expense, will comply with all Hazardous Materials Laws and prudent industry practice relating to the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under or about the Property that Tenant brings upon, keeps or uses on the Property and will notify Landlord of any and all Hazardous Materials Tenant brings upon, keeps or uses on the Property (other than small quantities of office cleaning or other office supplies as are customarily used by a tenant in the ordinary course in a general office facility and pursuant to the Permitted Use clause). On or before the expiration or earlier termination of this Lease, Tenant, at its sole cost and expense, will completely remove from the Property (regardless whether any Hazardous Materials Law requires removal), in compliance with all Hazardous Materials Laws, all Hazardous Materials Tenant causes to be present in, on, under or about the Property. Tenant will not take any remedial action in response to the presence of any Hazardous Materials in on, under or about the Property which are present as a result of Tenant's tenancy, nor enter into any settlement agreement, consent decree or other compromise with respect to any Claims relating to or in any way connected with Hazardous Materials in, on, under or about the Property, without first notifying Landlord of Tenant's intention to do so and affording Landlord reasonable opportunity to investigate, appear, intervene and otherwise assert and protect Landlord's interest in the Property.

**5.2 Notice of Actions.** Tenant will notify Landlord of any of the following actions affecting Landlord, Tenant or the Property that result from or in any way relate to Tenant's use of the Property immediately after receiving notice of the same: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened under any Hazardous Materials Law; (b) any Claim made or threatened by any person relating to damage, contribution, liability, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Material; and (c) any reports made by any person, including Tenant, to any environmental agency relating to any Hazardous Material, including any complaints, notices, warnings or asserted violations. Tenant will also deliver to Landlord, as promptly as possible and in any event within five (5) Business Days after Tenant first receives or sends the same, copies of all Claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use of the Premises. Upon Landlord's written request, Tenant will promptly deliver to Landlord documentation acceptable to Landlord reflecting the legal and proper disposal of all Hazardous Materials removed or to be removed from the Premises. All

such documentation will list Tenant or its agent as a responsible party and will not attribute responsibility for any such Hazardous Materials to Landlord or Property Manager, unless Landlord or Property Manager are in fact responsible for the presence of such Hazardous Materials on the Property.

**5.3 Disclosure and Warning Obligations.** Tenant acknowledges and agrees that all reporting and warning obligations required under Hazardous Materials Laws resulting from or in any way relating to Tenant's use of the Premises or Property are Tenant's sole responsibility, regardless whether the Hazardous Materials Laws permit or require Landlord to report or warn.

**5.4 Indemnification.** Tenant releases and will indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord Parties from and against any and all Claims whatsoever arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under, upon or from the Property (including water tables and atmosphere) that Tenant brings upon, keeps or uses on the Premises or Property. Tenant's obligations under this section include, without limitation and whether foreseeable or unforeseeable, (a) the costs of any required or necessary repair, clean-up, detoxification or decontamination of the Property; (b) the costs of implementing any closure, remediation or other required action in connection therewith as stated above; (c) the value of any loss of use and any diminution in value of the Property; and (d) consultants' fees, experts' fees and response costs. Tenant's obligations under this section survive the expiration or earlier termination of this Lease.

## ARTICLE 6. SERVICES

**6.1 Landlord's Obligations.** Landlord will provide the following services, the costs of which are Operating Expenses:

**6.1.1 Janitorial Service.** Janitorial service in the Premises, five (5) times per week, including cleaning, trash removal, necessary dusting and vacuuming, maintaining towels, tissue and other restroom supplies and such other work as is customarily performed in connection with nightly janitorial services in office complexes similar in construction, location, use and occupancy to the Property. Landlord will also provide periodic interior and exterior window washing at reasonable intervals as reasonably determined by Landlord.

**6.1.2 Electrical Energy.** Electricity for lighting and power suitable for the use of the Premises for ordinary general office purposes; provided, however, Tenant shall not at any time have a connected electrical load for lighting purposes in excess of the wattage per square foot of Premises required for building standard amounts of lighting, or a connected load for all other power requirements in excess of the building standard wattage per square foot of the Premises as reasonably determined by Landlord, subject to any lower limits set by any governmental authority with respect thereto. Tenant will not use any equipment requiring electrical energy in excess of the above described wattages without receiving Landlord's prior written consent, which consent Landlord will not unreasonably withhold but may condition on Tenant paying all costs of installing the equipment and facilities necessary to furnish such excess energy and an amount equal to the average cost per unit of electricity for the Building applied to the excess use as reasonably determined either by an engineer selected by Landlord or by submeter installed at Tenant's expense. Landlord will replace all lighting bulbs, tubes, ballasts and starters within the Premises at Tenant's sole cost and expense unless the costs of such replacement are included in Operating Expenses. If such costs are not included in Operating Expenses, Tenant will pay such costs as Additional Rent.

**6.1.3 Heating, Ventilation and Air Conditioning.** During Business Hours, heating, ventilation and air conditioning to the Premises sufficient to maintain, in Landlord's reasonable judgment

and in accordance with reasonable industry standards for similar leased space, comfortable temperatures in the Premises. During other times, Landlord will provide heat and air conditioning upon Tenant's reasonable advance notice (not less than 24 hours). Tenant will pay Landlord, as Additional Rent, for such extended service on an hourly basis at the prevailing rates Landlord reasonably establishes based on the estimated actual cost of such service (including the estimated cost of added repairs or maintenance resulting from such extended service). If extended service is not a continuation of the service Landlord furnished during Business Hours, Landlord may require Tenant to pay for a minimum of four (4) hours of such service. Landlord will provide air conditioning to the Premises based on standard lighting and general office use only.

**6.1.4 Water.** Hot and cold water from standard building outlets for lavatory, restroom, drinking purposes, wet room and lunch room.

**6.1.5 Security.** A card key system for the main exterior building doors and, as part of the initial Tenant Improvements, a card key system (or the equivalent) for the access doors to the Premises. Landlord must be provided with copies of any master keys or pass keys to the Premises and all doors in the Premises upon installation of any such system.

**6.2 Tenant's Obligations.** Tenant is solely responsible for paying directly to the applicable utility companies, prior to delinquency, all separately metered or separately charged utilities, if any, to the Premises or to Tenant. Such separately metered or charged amounts are not Operating Expenses. Except as provided in Section 6.1, Tenant will also obtain and pay for all other utilities and services Tenant requires with respect to the Premises (including, but not limited to, hook-up and connection charges).

**6.3 Other Provisions Relating to Services.** No interruption in, or temporary stoppage of, any of the services this Article 6 describes is to be deemed an eviction or disturbance of Tenant's use and possession of the Premises, nor does any interruption or stoppage relieve Tenant from any obligation this Lease describes, render Landlord liable for damages or entitle Tenant to any Rent abatement. Landlord is not required to provide any heat, air conditioning, electricity or other service in excess of that permitted by voluntary or involuntary governmental guidelines or other Laws. Landlord has the exclusive right and discretion to select the provider of any utility or service to the Property and to determine whether the Premises or any other portion of the Property may or will be separately metered or separately supplied. Notwithstanding any contrary language in this Lease, Tenant may not obtain utility services directly from any supplier other than the supplier Landlord selects. Landlord reserves the right, from time to time, to make reasonable and non-discriminatory modifications to the above standards for utilities and services.

**6.4 Tenant Devices.** Tenant will not, without Landlord's prior written consent, use any apparatus or device in or about the Premises that causes substantial noise, odor or vibration. Tenant will not connect any apparatus or device to electrical current or water except through the electrical and water outlets Landlord installs in the Premises.

## ARTICLE 7. MAINTENANCE AND REPAIR

**7.1 Landlord's Obligations.** Except as otherwise provided in this Lease, Landlord will repair and maintain the following in good order, condition and repair: (a) the foundations, exterior walls, structural systems and roof of the Building; (b) the electrical, mechanical, plumbing, heating and air conditioning systems, facilities and components located in the Building and used in common by all tenants of the Building; (c) Common Area (subject to all other terms and conditions of this Lease relating to Common Area); and (d) those windows, doors, plate glass and exterior wall surfaces adjacent to Common Area. Neither Basic Rent nor Additional Rent will be reduced, nor will Landlord be liable, for

loss or injury to or interference with Tenant's property, profits or business arising from or in connection with Landlord's performance of its obligations under this section.

## 7.2 Tenant's Obligations.

**7.2.1 Maintenance of Premises.** Except as otherwise specifically provided in this Lease, Landlord is not required to furnish any services or facilities, or to make any repairs or Alterations, in, about or to the Premises or the Property. Except as specifically described in Section 7.1 and Articles 11 and 12, Tenant assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises. Except as specifically described in Section 7.1 and Articles 11 and 12, Tenant, at Tenant's sole cost and expense, will keep and maintain the Premises (including, but not limited to, all non-structural interior portions, Tenant's systems and equipment; interior surfaces of exterior walls; interior moldings, partitions and ceilings; and interior electrical, lighting and plumbing fixtures) in good order, condition and repair, reasonable wear and tear and damage from insured casualties excepted. Tenant will keep the Premises in a neat and sanitary condition and will not commit any nuisance or waste in, on or about the Premises or the Property. If Tenant damages or injures the Common Area or any part of the Property other than the Premises, Landlord will repair the damage and Tenant will pay Landlord for all costs and expenses of Landlord in connection with the repair as Additional Rent. Tenant is solely responsible for and, to the fullest extent allowable under the Laws, releases and will indemnify, protect and defend Landlord against (with counsel reasonably acceptable to Landlord) and hold Landlord harmless from, the cost of repairing, and any Claims resulting from, any penetrations or perforations of the roof or exterior walls of the Building Tenant causes. Tenant will maintain the Premises in a first-class and fully operative condition. Tenant's repairs will be at least equal in quality and workmanship to the original work and Tenant will make the repairs and perform maintenance in accordance with all Laws.

**7.2.2 Alterations Required by Laws.** If any governmental authority requires any Alteration to the Building or the Premises as a result of Tenant's particular use of the Premises or as a result of any Alteration to the Premises made by or on behalf of Tenant, or if Tenant's particular use of the Premises subjects Landlord or the Property to any obligation under any Laws, Tenant will pay the cost of all such Alterations or the cost of compliance, as the case may be. If any such Alterations are Structural Alterations, Landlord will make the Structural Alterations; provided, however, that Landlord may require Tenant to deposit with Landlord an amount sufficient to pay the cost of the Structural Alterations (including, without limitation, reasonable overhead and administrative costs). If the Alterations are not Structural Alterations, Tenant will make the Alterations at Tenant's sole cost and expense in accordance with Article 8.

## ARTICLE 8. CHANGES AND ALTERATIONS

**8.1 Landlord Approval.** Tenant will not make any Structural Alterations to the Premises or any Alterations to the Common Area. Tenant will not make any other Alterations without Landlord's prior written consent, which consent Landlord will not unreasonably withhold or delay; provided, however, that Landlord may require, as a condition of its consent, that Tenant remove the Alterations at the end of the Term and repair all damage caused by such removal. Landlord may also otherwise condition its consent in its reasonable discretion. Along with any request for Landlord's consent, Tenant will deliver to Landlord plans and specifications for the Alterations and names and addresses of all prospective contractors for the Alterations. If Landlord approves the proposed Alterations, Tenant, before commencing the Alterations or delivering (or accepting delivery of) any materials to be used in connection with the Alterations, will deliver to Landlord for Landlord's reasonable approval copies of all contracts, proof of insurance required by Section 8.2, copies of any contractor safety programs, copies of all necessary permits and licenses and such other information relating to the Alterations as Landlord

reasonably requests. Tenant will not commence the Alterations before Landlord, in Landlord's reasonable discretion, approves the foregoing deliveries. Tenant will construct all approved Alterations or cause all approved Alterations to be constructed (a) promptly by a contractor Landlord approves in writing in Landlord's reasonable discretion, (b) in a good and workmanlike manner, (c) in compliance with all Laws, (d) in accordance with all orders, rules and regulations of the Board of Fire Underwriters having jurisdiction over the Premises and any other body exercising similar functions, (e) during times that Landlord reasonably determines in order to minimize interference with other tenants' use and enjoyment of the Property, and (f) in full compliance with all of Landlord's rules and regulations applicable to third party contractors, subcontractors and suppliers performing work at the Property.

**8.2 Tenant's Responsibility for Cost and Insurance.** Tenant will pay the cost and expense of all Alterations subsequent to the initial Tenant Improvements, including, without limitation, a reasonable charge for Landlord's review, inspection and engineering time, construction management fees charged by the Property Manager, and the cost of any painting, restoring or repairing of the Premises or the Building the Alterations occasion. Prior to commencing the Alterations, Tenant will deliver the following to Landlord in form and amount reasonably satisfactory to Landlord: (a) demolition (if applicable) and payment and performance bonds, (b) builder's "all risk" insurance in an amount at least equal to the value of the Alteration; (c) evidence that Tenant has in force commercial general liability insurance insuring against construction related risks, in at least the form, amounts and coverages required of Tenant under Article 10 and (d) copies of all applicable contracts and of all necessary permits and licenses. The insurance policies described in clauses (b) and (c) of this section must name Landlord, Landlord's lender (if any) and Property Manager as additional insureds.

**8.3 Construction Obligations and Ownership.** Landlord may inspect construction of the Alterations. Immediately after completing the Alterations, Tenant will furnish Landlord with contractor affidavits, full and final lien waivers and receipted bills covering all labor and materials expended and used in connection with the Alterations. Tenant will remove any Alterations Tenant constructs in violation of this Article 8 within ten (10) days after Landlord's written request and in any event prior to the expiration or earlier termination of this Lease. All Alterations Tenant makes or installs (including all telephone, computer and other wiring and cabling located within the walls of and outside the Premises, but excluding Tenant's movable trade fixtures, furniture and equipment) become the property of Landlord and a part of the Building immediately upon installation and, unless Landlord requires Tenant to remove the Alterations and repair any damage caused by such removal by notifying Tenant at the time Landlord consents to the Alterations, Tenant will surrender the Alterations to Landlord upon the expiration or earlier termination of this Lease at no cost to Landlord.

**8.4 Liens.** Tenant will keep the Property free from any mechanics', materialmen's, designers' or other liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant. Tenant will notify Landlord in writing thirty (30) days prior to commencing any Alterations in order to provide Landlord the opportunity to record and post notices of non-responsibility or such other protective notices available to Landlord under the Laws. If any such liens are filed and Tenant, within fifteen (15) days after such filing, does not release the same of record or provide Landlord with a bond or other security satisfactory to Landlord protecting Landlord and the Property against such liens, Landlord, without waiving its rights and remedies based upon such breach by Tenant and without releasing Tenant from any obligation under this Lease, may cause such liens to be released by any means Landlord deems proper, including, but not limited to, paying the claim giving rise to the lien or posting security to cause the discharge of the lien. In such event, Tenant will reimburse Landlord, as Additional Rent, for all amounts Landlord pays (including, without limitation, reasonable attorneys' fees and costs).

**8.5 Indemnification.** To the fullest extent allowable under the Laws, Tenant releases and will indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties and the Property from and against any Claims in any manner relating to or arising out of any Alterations or any other work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant.

#### **ARTICLE 9. RIGHTS RESERVED BY LANDLORD**

**9.1 Landlord's Entry.** Landlord and its authorized representatives may at all reasonable times and upon reasonable notice to Tenant enter the Premises to: (a) inspect the Premises; (b) show the Premises to prospective purchasers and mortgagees; (c) show the Premises to prospective tenants (but only during the last twelve (12) months of the Term or at any time following an Event of Default); (d) post notices of non-responsibility or other protective notices available under the Laws; or (e) exercise and perform Landlord's rights and obligations under this Lease. Landlord, in the event of any emergency, may enter the Premises without notice to Tenant. Landlord's entry into the Premises is not to be construed as a forcible or unlawful entry into, or detainer of, the Premises or as an eviction of Tenant from all or any part of the Premises. Tenant will also permit Landlord (or its designees) to erect, install, use, maintain, replace and repair pipes, cables, conduits, plumbing and vents, and telephone, electric and other wires or other items, in, to and through the Premises if Landlord determines that such activities are necessary or appropriate for properly operating and maintaining the Building.

**9.2 Control of Property.** Landlord reserves all rights respecting the Property and Premises not specifically granted to Tenant under this Lease, including, without limitation, the right to: (a) change the name of the Building; (b) designate and approve all types of signs, window coverings, internal lighting and other aspects of the Premises and its contents that may be visible from the exterior of the Premises; (c) grant any party the exclusive right to conduct any business or render any service in the Building, provided such exclusive right to conduct any business or render any service in the Building does not prohibit Tenant from any Permitted Use for which Tenant is then using the Premises; (d) prohibit Tenant from installing vending or dispensing machines of any kind in or about the Premises other than those Tenant installs in the Premises solely for use by Tenant's employees; (e) close the Building after Business Hours. Notwithstanding any of the foregoing, Tenant and its employees may access the Premises 24 hours per day, 7 days per week, 365 days per year, subject to such security systems and procedures as may be in place from time to time; (i) install, operate and maintain security systems that monitor, by closed circuit television or otherwise, all persons entering or leaving the Building; (ii) install and maintain pipes, ducts, conduits, wires and structural elements in the Premises that serve other parts or other tenants of the Building; and (iii) retain and receive master keys or pass keys to the Premises and all doors in the Premises. Notwithstanding the foregoing, or any provision of any security-related services by Landlord contained in this Lease, Landlord is not responsible for the security of persons or property on the Property and Landlord is not and will not be liable in any way whatsoever for any breach of security not caused by the negligence of Landlord, its agents or employees.

#### **ARTICLE 10. INSURANCE AND CERTAIN WAIVERS AND INDEMNIFICATIONS**

**10.1 Tenant's Insurance Obligations.** Tenant, at all times during the Term and during any early occupancy period, at Tenant's sole cost and expense, will maintain the self-insurance program required pursuant to this Section 10.1.

**10.1.1 Liability Insurance.** Tenant maintains a fully funded self-insurance program as defined in King County Code 4.12 for the protection and handling of Tenant's liabilities including injuries to persons and damage to property. Landlord acknowledges, agrees and understands that the Tenant is self-funded for all of its liability exposures. Tenant agrees, at its own expense, to maintain,

through its self-funded program, coverage for all of its liability exposures for this Lease. Tenant agrees to provide the Landlord with at least thirty (30) days' prior written notice of any material change in the Tenant's self-funded program and will provide the Landlord with a certificate of self-insurance as adequate proof of coverage at Landlord's request. Landlord further acknowledges, agrees and understands that the Tenant does not purchase Commercial General Liability insurance and is a self-insured governmental entity; therefore the Tenant does not have the ability to add the Landlord as an additional insured. Should Tenant elect to cease self-insuring its liability exposures, Tenant will obtain and maintain commercial general liability insurance with coverages and coverage amounts reasonably acceptable to Landlord, naming Landlord (and any lender specified by Landlord) as an additional insured.

**10.1.2 Property Insurance.** At Tenant's option, property insurance on Tenant's trade fixtures and other personal property within the Premises and business income insurance covering loss of income from Tenant's business in the Premises.

**10.2 Landlord's Insurance Obligations.** Landlord will (except for the optional coverages and endorsements Section 10.2.1 describes) at all times during the Term maintain the insurance this Section 10.2 describes. All premiums and other costs and expenses Landlord incurs in connection with maintaining such insurance are Operating Expenses.

**10.2.1 Property Insurance.** Property insurance on the Building in an amount determined by Landlord, insuring against loss or damage by fire and such other risks as are covered by the current ISO Special Form policy. Landlord, at its option, may obtain such additional coverages or endorsements as Landlord deems appropriate or necessary, including, without limitation, insurance covering foundation, grading, excavation and debris removal costs; business income and rent loss insurance; boiler and machinery insurance; ordinance or laws coverage; earthquake insurance; flood insurance; and other coverages. Landlord may maintain such insurance in whole or in part under blanket policies. Such insurance will not cover or be applicable to any personal property or trade fixtures of Tenant within the Premises or otherwise located at the Property or any other such property (including that of third parties) in Tenant's care, custody or control at the Property.

**10.2.2 Liability Insurance.** Commercial general liability insurance against claims for bodily injury, personal injury, and property damage occurring at the Property in such amounts as Landlord deems necessary or appropriate. Such liability insurance will protect only Landlord and, at Landlord's option, Landlord's lender and some or all of the Landlord Parties, and does not replace or supplement the liability insurance this Lease obligates Tenant to carry.

### **10.3 Waivers and Releases of Claims and Subrogation.**

**10.3.1 By Tenant.** To the extent not prohibited by the Laws, Tenant, on behalf of Tenant and its insurers, waives, releases and discharges the Landlord Parties from all Claims arising out of damage to or destruction of the Premises, Property or Tenant's trade fixtures, other personal property or business, and any loss of use or business interruption, regardless whether any such Claim results from the negligence or fault of any Landlord Party or is occasioned by any fire or other casualty or occurrence whatsoever (whether similar or dissimilar), including, without limitation, (a) any existing or future condition, defect, matter or thing in the Premises or on the Property, (b) any equipment or appurtenance becoming out of repair, (c) any occurrence, act or omission of any Landlord Party, (d) damage caused by the flooding of basements or other subsurface areas and (e) damage caused by refrigerators, sprinkling devices, air conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors, noise or the bursting or leaking of pipes or plumbing fixtures. The waiver this section describes applies regardless whether any such damage results from an act of God, regardless whether insurance coverage against any such risks is obtainable. Tenant will look only to



Tenant's insurance coverage (regardless whether Tenant maintains any such coverage) in the event of any such Claim. Tenant's trade fixtures, other personal property and all other property (including that of third parties) in Tenant's care, custody or control, is located at the Property at Tenant's sole risk. Landlord is not liable for any damage to such property or for any theft, misappropriation or loss of such property. Except as specifically provided in Section 10.2, Tenant is solely responsible for providing such insurance as may be required to protect Tenant, its employees and invitees against any injury, loss, or damage to persons or property occurring in the Premises or at the Property, including, without limitation, any loss of business or profits from any casualty or other occurrence at the Property.

**10.3.2 By Landlord.** To the extent not expressly prohibited by the Laws, and except for any claims, demands or damages suffered by Landlord because Tenant willfully or negligently causes a release of Hazardous Materials on the Property, Landlord, on behalf of Landlord and its insurers, waives, releases and discharges Tenant from all claims or demands whatsoever arising out of damage to or destruction of the Property, or loss of use of the Property, occasioned by fire or other casualty, regardless whether any such claim or demand results from the negligence or fault of Tenant, or otherwise, and Landlord will look only to Landlord's insurance coverage (regardless whether Landlord maintains any such coverage) in the event of any such claim. Landlord's policy or policies of property insurance will permit waiver of subrogation as provided in this section.

**10.4 Tenant's Indemnification of Landlord.**

(a) **Generally.** In addition to Tenant's other indemnification obligations in this Lease but subject to Section 10.3, Tenant shall hold Landlord and the Landlord Parties harmless from and against any and all damages arising out of any damage to any persons or property occurring in, on or about the Premises or the Property resulting from the acts or omissions of Tenant or its authorized representatives. Landlord shall hold Tenant harmless from and against any and all damages arising out of any damage to any persons or property occurring in, on or about the Premises or the Property resulting from the acts or omissions of Landlord or its authorized representatives. A party's obligation under this section to indemnify and hold the other party harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified.

(b) **Concurrent Negligence of Landlord and Tenant.** Notwithstanding Section 10.4(a) above, in the event of concurrent negligence of Tenant, or its authorized representatives, on the one hand, and that of Landlord, or its authorized representatives, on the other hand, which concurrent negligence results in damage to any persons or property occurring in, on or about the Premises or the Property, either party's obligation to indemnify the other party as set forth in Section 10.4(a) shall be limited to the extent of the negligence of the indemnifying party, or its authorized representatives, including the indemnifying party's proportional share of costs and attorneys' fees incurred in connection with any claims, actions or proceedings brought with respect to such damage.

(c) **Waiver of Worker's Compensation Immunity.** The indemnification obligations contained in this section shall not be limited by any worker's compensation, benefit or disability laws, and each indemnifying party hereby waives (solely for the benefit of the indemnified party) any immunity said indemnifying party may have under the Industrial Insurance Act, Title 51 RCW and similar worker's compensation, benefit or disability laws.

(d) **Provisions Specifically Negotiated.** LANDLORD AND TENANT ACKNOWLEDGE BY THEIR EXECUTION OF THIS LEASE THAT EACH OF THE INDEMNIFICATION PROVISIONS OF THIS LEASE (SPECIFICALLY INCLUDING BUT NOT LIMITED TO THOSE RELATING TO WORKER'S COMPENSATION BENEFITS AND LAWS) WERE SPECIFICALLY NEGOTIATED AND AGREED TO BY LANDLORD AND TENANT.

## ARTICLE 11. DAMAGE OR DESTRUCTION

**11.1 Tenantable Within 180 Days.** Except as provided in Section 11.3, if fire or other casualty renders the whole or any material part of the Premises untenable and Landlord determines (in Landlord's reasonable discretion) that it can make the Premises tenantable within 180 days after the date of the casualty, then Landlord will notify Tenant that Landlord will within the 180 day period (subject to the extension of such time period under Section 17.17) repair and restore the Building and the Premises to as near their condition prior to the casualty as is reasonably possible. Landlord will provide the notice within thirty (30) days after the date of the casualty. In such case, this Lease remains in full force and effect, but, except as provided in Section 11.6, Basic Rent and Tenant's Share of Operating Expenses for the period during which the Premises are untenable abate pro rata (based upon the rentable area of the untenable portion of the Premises as compared with the rentable area of the entire Premises).

**11.2 Not Tenantable Within 180 Days.** If fire or other casualty renders the whole or any material part of the Premises untenable and Landlord determines (in Landlord's reasonable discretion) that it cannot make the Premises tenantable within 180 days after the date of the casualty, then Landlord will so notify Tenant within thirty (30) days after the date of the casualty and Landlord, at its option, may, in such notice, terminate this Lease effective on the date of Landlord's notice. If Landlord does not terminate this Lease as provided in this section, Landlord will use commercially reasonable efforts to repair and restore the Premises within 180 days after the date on which Landlord obtains all permits necessary for such restoration, provided, however, such 180 day period shall be extended by a period equal to any delays caused by Force Majeure. If Landlord does not complete such restoration within one (1) year following the date of the damage, regardless of the cause of any delay, then Tenant may elect to terminate this Lease by giving notice to such effect to Landlord within ten (10) days following the end of such one (1) year period.

**11.3 Building Substantially Damaged.** Notwithstanding the terms and conditions of Section 11.1, if the Building is damaged or destroyed by fire or other casualty (regardless whether the Premises is affected) and either (a) fewer than fifteen (15) months remain in the Term, or (b) the damage reduces the value of the improvements on the Property by more than 50% (as Landlord reasonably determines value before and after the casualty), then, regardless whether Landlord determines (in Landlord's reasonable discretion) that it can make the Building tenantable within 180 days after the date of the casualty, Landlord, at Landlord's option, by notifying Tenant within thirty (30) days after the casualty, may terminate this Lease effective on the date of Landlord's notice.

**11.4 Insufficient Proceeds.** Notwithstanding any contrary language in this Article 11, if this Article 11 obligates Landlord to repair damage to the Premises or Building caused by fire or other casualty and Landlord does not receive sufficient insurance proceeds (excluding any deficiency caused by the amount of any policy deductible) to repair all of the damage, or if Landlord's lender does not allow Landlord to use sufficient proceeds to repair all of the damage, then Landlord, at Landlord's option, by notifying Tenant within thirty (30) days after the casualty, may terminate this Lease effective on the date of Landlord's notice.

**11.5 Landlord's Repair Obligations.** If this Lease is not terminated under Sections 11.2 through 11.4 following a fire or other casualty, then Landlord will repair and restore the Premises and the Building to as near their condition prior to the fire or other casualty as is reasonably possible with all commercially reasonable diligence and speed (subject to delays caused by Tenant Delay or Force Majeure) and, except as provided in Section 11.6, Basic Rent and Tenant's Share of Operating Expenses for the period during which the Premises are untenable will abate pro rata (based upon the rentable area of the untenable portion of the Premises as compared with the rentable area of the entire Premises). In no event is Landlord obligated to repair or restore any special equipment or improvements

installed by Tenant, or any personal or other property of Tenant. Landlord will, if necessary, equitably adjust Tenant's Percentage to account for any reduction in the rentable area of the Premises or Building resulting from a casualty.

**11.6 Abatement or Reduction of Rent.** In case of damage to, or destruction of, the Premises or the Building, the Basic Rent and Tenant's Share of Operating Expenses shall be abated or reduced between the date of destruction and the date of completion of restoration, by an amount that is in the same ratio to the Basic Rent as the total number of square feet of the Premises that are so damaged or destroyed bears to the total number of square feet in the Premises.

**11.7 Rent Apportionment Upon Termination.** If either Landlord or Tenant terminates this Lease under this Article 11, Landlord will apportion Basic Rent and Tenant's Share of Operating Expenses on a per diem basis and Tenant will pay the Basic Rent and Tenant's Share of Operating Expenses to (a) the date of the fire or other casualty if the event renders the Premises completely untenable or (b) if the event does not render the Premises completely untenable, the effective date of such termination.

**11.8 Exclusive Casualty Remedy.** The provisions of this Article 11 are Tenant's sole and exclusive rights and remedies in the event of a casualty. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights (by virtue of a casualty) not specifically described in this Article 11.

**11.9 Duty to Cooperate.** To the extent Landlord is required or elects to make repairs to the Premises and/or the Building pursuant to this Article 11, Tenant shall cooperate with Landlord as and when reasonably requested by Landlord in connection with the making of such repairs, including the temporary relocation of Tenant's furniture, furnishings and equipment if such relocation is necessary in order to make such repairs.

## ARTICLE 12. EMINENT DOMAIN

**12.1 Termination of Lease.** If a Condemning Authority desires to effect a Taking of all or any material part of the Property, Landlord will notify Tenant and Landlord and Tenant will reasonably determine whether the Taking will render the Premises unsuitable for Tenant's intended purposes. If Landlord and Tenant conclude that the Taking will render the Premises unsuitable for Tenant's intended purposes, Landlord and Tenant will document such determination and this Lease will terminate as of the date the Condemning Authority takes possession of the portion of the Property taken. Tenant will pay Rent to the date of termination. If a Condemning Authority takes all or any material part of the Building or if a Taking reduces the value of the Property by fifty percent (50%) or more (as reasonably determined by Landlord), regardless whether the Premises is affected, then Landlord, at Landlord's option, by notifying Tenant prior to the date the Condemning Authority takes possession of the portion of the Property taken, may terminate this Lease effective on the date the Condemning Authority takes possession of the portion of the Property taken.

**12.2 Landlord's Repair Obligations.** If this Lease does not terminate with respect to the entire Premises under Section 12.1 and the Taking includes a portion of the Premises, this Lease automatically terminates as to the portion of the Premises taken as of the date the Condemning Authority takes possession of the portion taken and Landlord will, at its sole cost and expense, restore the remaining portion of the Premises to a complete architectural unit with all commercially reasonable diligence and speed and will reduce the Basic Rent for the period after the date the Condemning Authority takes possession of the portion of the Premises taken to a sum equal to the product of the Basic Rent provided for in this Lease multiplied by a fraction, the numerator of which is the rentable area of the Premises after

the Taking and after Landlord restores the Premises to a complete architectural unit, and the denominator of which is the rentable area of the Premises prior to the Taking. Landlord will also equitably adjust Tenant's Percentage for the same period to account for the reduction in the rentable area of the Premises or the Building resulting from the Taking. Tenant's obligation to pay Basic Rent and Tenant's Share of Operating Expenses will abate on a proportionate basis with respect to that portion of the Premises remaining after the Taking that Tenant is unable to use during Landlord's restoration for the period of time that Tenant is unable to use such portion of the Premises.

**12.3 Tenant's Participation.** Landlord is entitled to receive and keep all damages, awards or payments resulting from or paid on account of a Taking. Accordingly, Tenant waives and assigns to Landlord any interest of Tenant in any such damages, awards or payments. Tenant may prove in any condemnation proceedings and may receive any separate award for damages to or condemnation of Tenant's movable trade fixtures and equipment and for moving expenses; provided however, that Tenant has no right to receive any award for its interest in this Lease or for loss of leasehold.

**12.4 Exclusive Taking Remedy.** The provisions of this Article 12 are Tenant's sole and exclusive rights and remedies in the event of a Taking. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights or any right to receive any payment or award (by virtue of a Taking) not specifically described in this Article 12.

**12.5 Duty to Cooperate.** To the extent Landlord is required or elects to make repairs to the Premises and/or the Building pursuant to this Article 12, Tenant shall cooperate with Landlord as and when reasonably requested by Landlord in connection with the making of such repairs, including the temporary relocation of Tenant's furniture, furnishings and equipment if such relocation is necessary in order to make such repairs.

## ARTICLE 13. TRANSFERS

### 13.1 Restriction on Transfers.

**13.1.1 General Prohibition.** Except as set forth in Section 13.1.2, Tenant will not cause or suffer a Transfer without obtaining Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Tenant's request for consent to a Transfer must describe in detail the parties, terms and portion of the Premises affected. Landlord will notify Tenant of Landlord's election to consent, withhold consent and/or terminate within ten (10) days after receiving Tenant's written request for consent to the Transfer. Tenant will, in connection with requesting Landlord's consent, provide Landlord with a copy of any and all documents and information regarding the proposed Transfer and the proposed transferee as Landlord reasonably requests. No Transfer, including, without limitation, a Transfer under Section 13.1.2, releases Tenant from any liability or obligation under this Lease and Tenant remains liable to Landlord after such a Transfer as a principal and not as a surety.

**13.1.2 Permitted Transfers.** Tenant, without Landlord's consent (provided that no Event of Default has occurred and is continuing), may cause a Transfer to (a) any entity resulting from a merger or consolidation with Tenant, (b) any entity succeeding to the business and assets of Tenant or (c) an Affiliate provided (i) Tenant notifies Landlord at least thirty (30) days prior to such Transfer; (ii) the proposed use of Premises by the prospective transferee is a Permitted Use; and (iii) the transferee assumes and agrees in a writing delivered to and reasonably acceptable to Landlord to perform Tenant's obligations under this Lease arising after such Transfer and to observe all terms and conditions of this Lease. No Transfer pursuant to this Section 13.1.2 shall relieve Tenant from any liability under this Lease.

13.2 **Costs.** Tenant will pay to Landlord, as Additional Rent, the reasonable costs and expenses Landlord incurs in connection with any proposed Transfer, regardless of whether Landlord consents to the Transfer.

13.3 **Consideration to Landlord.** In the event of any assignment or sublease, other than a Permitted Transfer pursuant to Section 13.1.2, Landlord shall be entitled to receive, as Additional Rent, one-half (1/2) of any consideration, including without limitation, payment for leasehold improvements paid for by Landlord, paid by the assignee or subtenant for the assignment or sublease and, in the case of sublease, the excess of the amount of rent paid for the sublet space by the subtenant over the total amount of Basic Rent and Tenant's Share of Operating Expenses, after deducting all of the actual third party costs incurred by Tenant in connection with the sublease or assignment. Upon Landlord's request, Tenant shall assign to Landlord all amounts to be paid to Tenant by the assignee or subtenant and shall direct such assignee or subtenant to pay the same directly to Landlord. If there is more than one sublease under this Lease, the amounts (if any) to be paid by Tenant to Landlord pursuant to the preceding sentence shall be separately calculated for each sublease and amounts due Landlord with regard to any one sublease may not be offset against rental and other consideration due under any other sublease. Any contrary provision notwithstanding, Tenant shall be allowed to use the Premises for any and all functions within its governmental structure to the extent such occupancy is consistent with the Permitted Use.

#### ARTICLE 14. DEFAULTS; REMEDIES

14.1 **Events of Default.** The occurrence of any of the following constitutes an "Event of Default" by Tenant under this Lease:

14.1.1 **Failure to Pay Rent.** Tenant fails to pay Basic Rent, any monthly installment of Tenant's Share of Operating Expenses or any other Additional Rent amount as and when due and such failure continues for ten (10) days after Landlord notifies Tenant of Tenant's failure to pay Rent when due.

14.1.2 **Failure to Perform.** Tenant breaches or fails to perform any of Tenant's nonmonetary obligations under this Lease and the breach or failure continues for a period of thirty (30) days after Landlord notifies Tenant of Tenant's breach or failure; provided that if Tenant cannot reasonably cure its breach or failure within a thirty (30) day period, Tenant's breach or failure is not an Event of Default if Tenant commences to cure its breach or failure within the thirty (30) day period and thereafter diligently pursues the cure and effects the cure to completion.

14.1.3 **Misrepresentation.** The existence of any material misrepresentation or omission in any financial statements, correspondence or other information provided to Landlord by or on behalf of Tenant in connection with (a) Tenant's negotiation or execution of this Lease; (b) Landlord's evaluation of Tenant as a prospective tenant at the Property; (c) any proposed or attempted Transfer; or (d) any consent or approval Tenant requests under this Lease.

14.1.4 **Other Defaults.** (a) Tenant makes a general assignment or general arrangement for the benefit of creditors; (b) a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by Tenant; (c) a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed against Tenant and is not dismissed within sixty (60) days; (d) a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (e) substantially all of Tenant's assets, substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure not discharged within thirty (30) days. If a court of competent jurisdiction determines that any act described in this section does not

constitute an Event of Default, and the court appoints a trustee to take possession of the Premises (or if Tenant remains a debtor in possession of the Premises) and such trustee or Tenant Transfers Tenant's interest hereunder, then Landlord is entitled to receive, as Additional Rent, the amount by which the Rent (or any other consideration) paid in connection with the Transfer exceeds the Rent otherwise payable by Tenant under this Lease.

**14.2 Remedies.** Upon the occurrence of any Event of Default, Landlord, at any time and from time to time, and without preventing Landlord from exercising any other right or remedy, may exercise any one or more of the following remedies:

**14.2.1 Termination of Lease.** Terminate this Lease effective on the date Landlord specifies in its termination notice to Tenant. Upon termination, Tenant will immediately surrender possession of the Premises to Landlord. If Landlord terminates this Lease, Landlord may recover from Tenant and Tenant will pay to Landlord on demand all damages Landlord incurs by reason of an Event of Default, including, without limitation, (a) all Rent due and payable under this Lease as of the effective date of the termination; (b) any amount necessary to compensate Landlord for any detriment proximately caused Landlord by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would likely result from Tenant's failure to perform, including, but not limited to, any Re-entry Costs, (c) an amount equal to the amount by which the present worth, as of the effective date of the termination, of the Basic Rent for the balance of the Term remaining after the effective date of the termination (assuming no termination) exceeds the present worth, as of the effective date of the termination, of a fair market Basic Rent for the Premises for the same period (as Landlord reasonably determines the fair market Basic Rent) and (d) Tenant's Share of Operating Expenses, based on Operating Expense for the last full year of the Lease, to the extent Landlord is not otherwise reimbursed for such Operating Expenses. For purposes of this section, Landlord will compute present worth by utilizing a discount rate of 8% per annum. Nothing in this section limits or prejudices Landlord's right to prove and obtain damages in an amount equal to the maximum amount allowed by the Laws, regardless whether such damages are greater than the amounts set forth in this section.

**14.2.2 Present Worth of Rent.** Recover from Tenant, and Tenant will pay to Landlord on demand, an amount equal to the then present worth, as of the effective date of termination, of the aggregate of the Rent and any other charges payable by Tenant under this Lease for the unexpired portion of the Term. Landlord will employ a discount rate of 8% per annum to compute present worth.

**14.2.3 Self Help.** Perform the obligation on Tenant's behalf without waiving Landlord's rights under this Lease, at law or in equity and without releasing Tenant from any obligation under this Lease. Tenant will pay to Landlord, as Additional Rent, all sums Landlord pays and obligations Landlord incurs on Tenant's behalf under this section.

**14.2.4 Other Remedies.** Any other right or remedy available to Landlord under this Lease, at law or in equity.

**14.2.5 Interest on Unpaid Rent.** In addition to the Late Charge as provided in Section 2.3, Rent not paid within ten (10) days of the date due shall bear interest from the date due until paid at the Maximum Rate.

**14.3 Costs.** Tenant will reimburse and compensate Landlord on demand and as Additional Rent for any actual loss Landlord incurs in connection with, resulting from or related to an Event of Default, regardless whether suit is commenced or judgment is entered. Such loss includes all reasonable legal fees, costs and expenses (including paralegal fees and other professional fees and expenses) Landlord incurs investigating, negotiating, settling or enforcing any of Landlord's rights or remedies or

otherwise protecting Landlord's interests under this Lease. In addition to the foregoing, Landlord is entitled to reimbursement of all of Landlord's fees, expenses and damages; including, but not limited to, reasonable attorneys' fees and paralegal and other professional fees and expenses, Landlord incurs in connection with protecting its interests in any bankruptcy or insolvency proceeding involving Tenant, including, without limitation, any proceeding under any chapter of the Bankruptcy Code; by exercising and advocating rights under Section 365 of the Bankruptcy Code; by proposing a plan of reorganization and objecting to competing plans; and by filing motions for relief from stay. Such fees and expenses are payable on demand, or, in any event, upon assumption or rejection of this Lease in bankruptcy.

**14.4 Waiver and Release by Tenant.** Tenant waives and releases all Claims Tenant may have resulting from Landlord's re-entry and taking possession of the Premises by any lawful means and removing and storing Tenant's property as permitted under this Lease, regardless whether this Lease is terminated, and, to the fullest extent allowable under the Laws, Tenant releases and will indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord Parties from and against any and all Claims occasioned by Landlord's lawful re-entry of the Premises and disposition of Tenant's property. No such reentry is to be considered or construed as a forcible entry by Landlord.

**14.5 Landlord's Default.** If Landlord defaults in the performance of any of its obligations under this Lease, Tenant will notify Landlord of the default and Landlord will have thirty (30) days after receiving such notice to cure the default. If Landlord is not reasonably able to cure the default within a thirty (30) day period, Landlord will have an additional reasonable period of time to cure the default as long as Landlord commences the cure within the thirty (30) day period and thereafter diligently pursues the cure. In no event is Landlord liable to Tenant or any other person for consequential, special or punitive damages, including, without limitation, lost profits.

**14.6 No Waiver.** Except as specifically set forth in this Lease, no failure by Landlord or Tenant to insist upon the other party's performance of any of the terms of this Lease or to exercise any right or remedy upon a breach thereof, constitutes a waiver of any such breach or of any breach or default by the other party in its performance of its obligations under this Lease. No acceptance by Landlord of full or partial Rent from Tenant or any third party during the continuance of any breach or default by Tenant of Tenant's performance of its obligations under this Lease constitutes Landlord's waiver of any such breach or default. Except as specifically set forth in this Lease, none of the terms of this Lease to be kept, observed or performed by a party to this Lease, and no breach thereof, are waived, altered or modified except by a written instrument executed by the other party. One or more waivers by a party to this Lease is not to be construed as a waiver of a subsequent breach of the same covenant, term or condition. No statement on a payment check from a party to this Lease or in a letter accompanying a payment check is binding on the other party. The party receiving the check, with or without notice to the other party, may negotiate such check without being bound to the conditions of any such statement.

## **ARTICLE 15. CREDITORS; ESTOPPEL CERTIFICATES**

**15.1 Subordination.** This Lease, all rights of Tenant in this Lease, and all interest or estate of Tenant in the Property, is subject and subordinate to the lien of any Mortgage. Tenant, on Landlord's demand, will execute and deliver to Landlord or to any other person Landlord designates any instruments, releases or other documents reasonably required to confirm the self-effectuating subordination of this Lease as provided in this section to the lien of any Mortgage. The subordination to any future Mortgage provided for in this section is expressly conditioned upon the mortgagee's agreement that as long as Tenant is not in default in the payment of Rent or the performance and observance of any covenant, condition, provision, term or agreement to be performed and observed by Tenant under this Lease, beyond any applicable grace or cure period this Lease provides Tenant, the holder of the Mortgage will

not disturb Tenant's rights under this Lease. The lien of any existing or future Mortgage will not cover Tenant's moveable trade fixtures or other personal property of Tenant located in or on the Premises.

**15.2 Attornment.** If any holder of any Mortgage at a foreclosure sale or any other transferee acquires Landlord's interest in this Lease, the Premises or the Property by foreclosure or a transfer in lieu of foreclosure, Tenant will attorn to the transferee of or successor to Landlord's interest in this Lease, the Premises or the Property (as the case may be) and recognize such transferee or successor as landlord on the terms and conditions of this Lease. Tenant waives the protection of any statute or rule of law that gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Landlord's interest.

**15.3 Mortgagee Protection Clause.** Tenant will give the holder of any Mortgage, by certified mail and at the same time as Tenant notifies Landlord, a copy of any notice of default Tenant serves on Landlord, provided that Landlord or the holder of the Mortgage previously notified Tenant (by way of notice of assignment of rents and leases or otherwise) of the address of such holder. Tenant further agrees that if Landlord fails to cure such default within the time provided for in this Lease, then Tenant will provide written notice of such failure to such holder and such holder will have an additional fifteen (15) days within which to cure the default. If the default cannot be cured within the additional fifteen (15) day period, then the holder will have such additional time as may be necessary to effect the cure if, within the fifteen (15) day period, the holder has commenced and is diligently pursuing the cure (including without limitation commencing foreclosure proceedings if necessary to effect the cure).

**15.4 Estoppel Certificates.**

**15.4.1 Contents.** Upon Landlord's written request, Tenant will execute, acknowledge and deliver to Landlord a written statement in form satisfactory to Landlord certifying: (a) that this Lease (and all guaranties, if any) is unmodified and in full force and effect (or, if there have been any modifications, that the Lease is in full force and effect, as modified, and stating the modifications); (b) that this Lease has not been canceled or terminated; (c) the last date of payment of Rent and the time period covered by such payment; (d) whether there are then existing any breaches or defaults by Landlord under this Lease known to Tenant, limited to the actual knowledge of Tenant's Manager of Real Estate Services or equivalent position, and, if so, specifying the same; (e) specifying any existing claims or defenses in favor of Tenant against the enforcement of this Lease (or of any guaranties); and (f) such other factual statements as Landlord, any lender, prospective lender, investor or purchaser may reasonably request. Nothing herein shall, be construed to create or impose a duty upon Tenant to conduct an investigation or incur any out of pocket costs in responding to Landlord's request for an estoppel certificate. For purposes of clause (d) of the preceding sentence, Tenant's knowledge may be limited to the actual knowledge of an authorized representative of Tenant with responsibility for the administration of this Lease. Tenant will deliver the statement to Landlord within ten (10) Business Days after Landlord's request. Landlord may give any such statement by Tenant to any lender, prospective lender, investor or purchaser of all or any part of the Property and any such party may conclusively rely upon such statement as true and correct.

**15.4.2 Failure to Deliver.** If Tenant does not timely deliver the statement referenced in Section 15.4.1 to Landlord, Landlord may execute and deliver the statement to any third party on behalf of Tenant and Landlord and any lender, prospective lender, investor or purchaser may conclusively presume and rely, except as otherwise represented by Landlord, (a) that the terms and provisions of this Lease have not been changed; (b) that this Lease has not been canceled or terminated; (c) that not more than one month's Rent has been paid in advance; and (d) that Landlord is not in default in the performance of any of its obligations under this Lease. In such event, Tenant is estopped from denying the truth of such facts.



## ARTICLE 16. TERMINATION OF LEASE

**16.1 Surrender of Premises.** Tenant will surrender the Premises to Landlord at the expiration or earlier termination of this Lease in good order, condition and repair, reasonable wear and tear, and damage by casualty or condemnation excepted, and will surrender all keys to the Premises to Property Manager or to Landlord at the place then fixed for Tenant's payment of Basic Rent or as Landlord or Property Manager otherwise direct. Tenant will also inform Landlord of all combinations on locks, safes and vaults, if any, in the Premises or on the Property. Tenant will at such time remove all of its property from the Premises and, if Landlord so requires, all specified Alterations and improvements Tenant placed on the Premises, excluding the initial Tenant Improvements. Tenant will promptly repair any damage to the Premises caused by such removal. If Tenant does not surrender the Premises in accordance with this section, Tenant releases and will indemnify, defend (with counsel reasonably acceptable to Landlord) protect and hold harmless Landlord from and against any Claim resulting from Tenant's delay in so surrendering the Premises, including, without limitation, any Claim made by any succeeding occupant founded on such delay. All property of Tenant not removed on or before the last day of the Term is deemed abandoned. Tenant appoints Landlord as Tenant's agent to remove, at Tenant's sole cost and expense, all of Tenant's personal property, fixtures and equipment from the Premises upon termination of this Lease and to cause its transportation and storage for Tenant's benefit, all at the sole cost and risk of Tenant, and Landlord will not be liable for damage, theft, misappropriation or loss thereof or in any manner in respect thereto.

**16.2 Holding Over.** If Tenant possesses the Premises after the Term expires or is otherwise terminated without executing a new lease but with Landlord's written consent, Tenant is deemed to be occupying the Premises as a tenant from month-to-month, subject to all provisions, conditions and obligations of this Lease applicable to a month-to-month tenancy and any other reasonable conditions of Landlord's consent, except that Basic Rent will be an amount agreed to by Landlord and Tenant, but not less than the Basic Rent and Tenant's Share of Operating Expenses payable by Tenant in the last full calendar month of the Term, and (b) either Landlord or Tenant may terminate the month-to-month tenancy at any time upon thirty (30) days prior written notice to the other party. If Tenant possesses the Premises after the Term expires or is otherwise terminated without executing a new lease and without Landlord's written consent, Tenant shall be deemed to be occupying the Premises without claim of right (but subject to all terms and conditions of this Lease) and, in addition to Tenant's liability for failing to surrender possession of the Premises as provided in Section 16.1, Tenant will pay Landlord a charge for each day of occupancy after expiration of the Term in an amount equal to 1/30th of one hundred twenty percent (120%) of the monthly Basic Rent and Tenant's Share of Operating Expenses payable by Tenant in the last full calendar month of the Term; provided, however, Tenant may holdover after the Term for up to sixty (60) days without the prior written consent of Landlord, and during such sixty (60) day period Tenant will pay Rent equal to the Basic Rent and Tenant's Share of Operating Expenses payable by Tenant in the last full calendar month of the Term.

## ARTICLE 17. MISCELLANEOUS PROVISIONS

**17.1 Parking.** At no cost to Tenant, Tenant shall have the right to use four (4) unreserved parking stalls per 1,000 square feet of the Premises, in the locations shown on the Parking Plan attached to this Lease as Exhibit G (the "Tenant Stalls"), including the nonexclusive use of no less than six (6) handicap stalls located near the entrance to the Building. Tenant shall use its best efforts to ensure that Tenant and its agents, and employees shall park only in the Tenant Stalls. The use by Tenant and its employees and invitees of any of the parking spaces on the Property shall be subject to such parking rules and regulations as Landlord may promulgate from time to time. Tenant shall have the right to park overnight up to six (6) vehicles owned by Tenant in the Tenant Stalls. If Landlord determines that

demand for parking in the Property exceeds the number of available parking stalls, Landlord may institute parking procedures and methods as it determines are necessary to efficiently operate the Property, which may include (but are not limited to) valet parking for guests and visitors, issuance of parking permits, and/or designating specific areas of the parking facilities as reserved for the exclusive use of particular tenants in the Property. Any costs incurred by Landlord in implementing such parking procedures and methods shall constitute an Operating Expense.

**17.2 Notices.** All Notices must be in writing and must be sent by personal delivery, United States registered or certified mail (postage prepaid) or by an independent overnight courier service, addressed to the addresses specified in the Basic Terms or at such other place as either party may designate to the other party by written notice given in accordance with this section. Notices given by mail are deemed effective three Business Days after the party sending the Notice deposits the Notice with the United States Post Office. Notices delivered by courier are deemed effective on the next Business Day after the day the party delivering the Notice timely deposits the Notice with the courier for overnight (next day) delivery.

**17.3 Transfer of Landlord's Interest.** If Landlord Transfers any interest in the Premises for any reason other than collateral security purposes, the transferor is automatically relieved of all obligations on the part of Landlord accruing under this Lease from and after the date of the Transfer, provided that the transferee assumes all of Landlord's obligations accruing subsequent to the Transfer and further provided that the transferor delivers to the transferee any funds the transferor holds in which Tenant has an interest (such as a security deposit). Except as specifically set forth in the first sentence of this section, Landlord's covenants and obligations in this Lease bind each successive Landlord only during and with respect to its respective period of ownership. However, notwithstanding any such Transfer, the transferor remains entitled to the benefits of Tenant's indemnity and insurance obligations (and similar obligations) under this Lease with respect to matters arising or accruing during the transferor's period of ownership.

**17.4 Successors.** The covenants and agreements contained in this Lease bind and inure to the benefit of Landlord, its successors and assigns, bind Tenant and its successors and assigns and, subject to the terms of Article 13 of this Lease, inure to the benefit of Tenant and its successors and assigns.

**17.5 Captions and Interpretation.** The captions of the articles and sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular includes the plural and the plural includes the singular.

**17.6 Relationship of Parties.** This Lease does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between Landlord and Tenant other than that of landlord and tenant.

**17.7 Entire Agreement; Amendment.** The Basic Terms and all exhibits, addenda and schedules attached to this Lease are incorporated into this Lease as though fully set forth in this Lease and together with this Lease contain the entire agreement between the parties with respect to the improvement and leasing of the Premises. All prior and contemporaneous negotiations, including, without limitation, any letters of intent or other proposals and any drafts and related correspondence, are merged into and superseded by this Lease. No subsequent alteration, amendment, change or addition to this Lease (other than to the Building Rules) is binding on Landlord or Tenant unless it is in writing and signed by the party to be charged with performance.

**17.8 Severability.** If any covenant, condition, provision, term or agreement of this Lease is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms and agreements of this Lease, will not be affected by such holding, and will remain valid and in force to the fullest extent permitted by law.

**17.9 Landlord's Limited Liability.** Tenant will look solely to Landlord's interest in the Property for recovering any judgment or collecting any obligation from Landlord or any other Landlord Party. Tenant agrees that neither Landlord nor any other Landlord Party will be personally liable for any judgment or deficiency decree.

**17.10 Survival.** All of Tenant's obligations under this Lease (together with interest on payment obligations at the Maximum Rate) accruing prior to expiration or other termination of this Lease survive the expiration or other termination of this Lease. Further, all of Tenant's release, indemnification, defense and hold harmless obligations under this Lease survive the expiration or other termination of this Lease, without limitation.

**17.11 Attorneys' Fees.** If either Landlord or Tenant commences any litigation or judicial action to determine or enforce any of the provisions of this Lease, the substantially prevailing party in any such litigation or judicial action is entitled to recover all of its costs and expenses (including, but not limited to, reasonable attorneys' fees, costs and expenditures) from the nonprevailing party.

**17.12 Brokers.** Landlord and Tenant each represents and warrants to the other that it has not had any dealings with any realtors, brokers, finders or agents in connection with this Lease (except as may be specifically set forth in the Basic Terms) and releases and will indemnify, defend and hold the other harmless from and against any Claim based on the failure or alleged failure to pay any realtors, brokers, finders or agents (other than any brokers specified in the Basic Terms) and from any cost, expense or liability for any compensation, commission or changes claimed by any realtors, brokers, finders or agents (other than any brokers specified in the Basic Terms) claiming by, through or on behalf of it with respect to this Lease or the negotiation of this Lease. Landlord will pay any brokers named in the Basic Terms in accordance with the listing agreement for the Property.

**17.13 Governing Law.** This Lease is governed by, and must be interpreted under, the internal laws of the State of Washington. Any suit arising from or relating to this Lease must be brought in the Superior Court of King County in Seattle or, if the suit is brought in federal court, in the U.S. District Court for the Western District of Washington in Seattle; Landlord and Tenant waive the right to bring suit elsewhere.

**17.14 Time is of the Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

**17.15 Tenant's Waiver.** Any claim Tenant may have against Landlord for default in performance of any of Landlord's obligations under this Lease is deemed waived unless Tenant notifies Landlord of the default within thirty (30) days after Tenant knew or should have known of the default.

**17.16 Provisions are Covenants and Conditions.** All provisions of this Lease, whether covenants or conditions, are deemed both covenants and conditions.

**17.17 Force Majeure.** If Landlord is delayed or prevented from performing any act required in this Lease (excluding, however, the payment of money) by reason of Tenant Delay or Force Majeure, Landlord's performance of such act is excused for the longer of the period of the delay or the period of

delay caused by such Tenant Delay or Force Majeure and the period of the performance of any such act will be extended for a period equivalent to such longer period.

**17.18 Management.** Property Manager is authorized to manage the Property. Landlord appointed Property Manager to act as Landlord's agent for leasing, managing and operating the Property. The Property Manager then serving is authorized to accept service of process and to receive and give notices and demands on Landlord's behalf.

**17.19 Quiet Enjoyment.** Landlord covenants that Tenant will quietly hold, occupy and enjoy the Premises during the Term, subject to the terms and conditions of this Lease, free from molestation or hindrance by Landlord or any person claiming by, through or under Landlord, if Tenant pays all Rent as and when due and keeps, observes and fully satisfies all other covenants, obligations and agreements of Tenant under this Lease.

**17.20 No Recording.** Tenant will not record this Lease or a Memorandum of this Lease without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold. Notwithstanding the foregoing, at the request of Tenant after the Commencement Date, Landlord shall execute, and Tenant may record, a Memorandum of this Lease in the form of Exhibit I attached.

**17.21 Nondisclosure of Lease Terms.** The terms and conditions of this Lease constitute proprietary information of Landlord that Tenant will keep confidential to the extent allowed by Law. Tenant's disclosure of the terms and conditions of this Lease could adversely affect Landlord's ability to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant, without Landlord's consent (which consent Landlord may grant or withhold in its sole and absolute discretion), will not directly or indirectly disclose the terms and conditions of this Lease to any other tenant or prospective tenant of the Building or to any other person or entity other than Tenant's employees and agents who have a legitimate need to know such information (and who will also keep the same in confidence) and other than as required by Law. Tenant shall provide reasonably timely notice to Landlord in advance of Tenant's disclosure of documents or other materials requested pursuant to RCW Ch. 42.56 as hereafter amended.

**17.22 Construction of Lease and Terms.** The terms and provisions of this Lease represent the results of negotiations between Landlord and Tenant, each of which are sophisticated parties and each of which has been represented or been given the opportunity to be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Lease must be interpreted and construed in accordance with their usual and customary meanings, and Landlord and Tenant each waive the application of any rule of law that ambiguous or conflicting terms or provisions contained in this Lease are to be interpreted or construed against the party who prepared the executed Lease or any earlier draft of the same. Landlord's submission of this instrument to Tenant for examination or signature by Tenant does not constitute a reservation of or an option to lease and is not effective as a lease or otherwise until Landlord and Tenant both execute and deliver this Lease. The parties agree that, regardless of which party provided the initial form of this Lease, drafted or modified one or more provisions of this Lease, or compiled, printed or copied this Lease, this Lease is to be construed solely as an offer from Tenant to lease the Premises, executed by Tenant and provided to Landlord for acceptance on the terms set forth in this Lease, which acceptance and the existence of a binding agreement between Tenant and Landlord may then be evidenced only by Landlord's execution of this Lease.

**17.23 Arbitration.** Any disputes between the parties which by the terms of this Lease must be resolved by or submitted to arbitration, shall be arbitrated by a single-arbitrator arbitration in accordance with the Real Estate Industry Arbitration Rules dated June 1, 2009 of the American Arbitration Association

("AAA") as modified in this Section 17.23. The arbitration will be conducted in Seattle, Washington. All statutes of limitation which would otherwise be applicable shall apply to any arbitration proceeding under this Section 17.23. The dispute will be resolved under the Real Estate Industry Arbitration Rules modified as follows: (i) the total time from date of demand for arbitration to final award shall not exceed ninety (90) days; (ii) the arbitrator will be chosen by the AAA without submittal of lists and subject to challenge only for good cause shown; (iii) all notices may be by telephone or electronic communication with later confirmation in writing; (iv) the time, date and place of the hearing will be set by the arbitrator in his or her sole discretion, provided that there shall be at least five (5) business days prior notice of the hearing; (v) there will be no post-hearing briefs; and (vi) there shall be no discovery except by order of the arbitrator. Any of the above provisions may be modified by written agreement of the parties. The decision of the arbitrator shall be final and non-appealable and enforceable in any court of competent jurisdiction. The prevailing party in the proceeding shall be awarded reasonable attorneys' fees, expert and non-expert witness costs and expenses, and other costs and expenses incurred in connection with the arbitration, unless the arbitrator determines otherwise. The costs and fees of the arbitrator shall be borne by the non-prevailing party, unless the arbitrator determines otherwise.

Landlord and Tenant each caused this Lease to be executed and delivered by its duly authorized representative to be effective as of the Effective Date.

**LANDLORD:**

**KENDALL LAKE PARTNERS LLC**, a Washington limited liability company

By: **Kendall Lake Manager LLC**, a Washington limited liability company, Its Manager

By: \_\_\_\_\_  
Joel Aslanian, Manager

*[Signatures continued on following page]*

**TENANT:**

**KING COUNTY**, a political subdivision of the  
State of Washington

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

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

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

**APPROVED AS TO FORM:**

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

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

Senior Deputy Prosecuting Attorney

**APPROVED BY CUSTODIAL AGENCY:**

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

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

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared **Joel Aslanian**, known to me to be the Manager of **Kendall Lake Manager LLC**, a Washington limited liability company, the Manager of **KENDALL LAKE PARTNERS LLC**, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

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 \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared \_\_\_\_\_, known to me to be the \_\_\_\_\_ of **KING COUNTY**, a political subdivision of the State of Washington, the public entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said public entity, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.



**EXHIBIT A****DEFINITIONS**

"**Additional Rent**" means any charge, fee or expense (other than Basic Rent) payable by Tenant under this Lease, however denoted.

"**Affiliate**" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Tenant. For purposes of this definition, "**control**" means possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting interests of the entity.

"**Alteration**" means any change, alteration, addition or improvement to the Premises or Property, excluding the initial Tenant Improvements.

"**Bankruptcy Code**" means the United States Bankruptcy Code as the same now exists and as the same may be amended, including any and all rules and regulations issued pursuant to or in connection with the United States Bankruptcy Code now in force or in effect after the Effective Date.

"**Basic Rent**" means the basic rent amounts specified in the Basic Terms.

"**Basic Terms**" means the terms of this Lease identified as the "Basic Terms" before Article 1 of the Lease.

"**Building**" means that certain office building now existing on the Land.

"**Building Rules**" means those certain rules attached to this Lease as Exhibit F, as Landlord may amend the same from time to time.

"**Business Days**" means any day other than Saturday, Sunday or a legal holiday in the State.

"**Business Hours**" means Monday through Friday from 6:00 a.m. to 6:00 p.m., excluding holidays.

"**CCRs**" means any and all covenants, conditions or restrictions applicable to the Building, including but not limited to the covenants, conditions or restrictions for Snoqualmie Ridge Business Park.

"**City**" means Snoqualmie, Washington.

"**Claims**" means all claims, actions, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including, without limitation, reasonable attorneys' fees and the costs and expenses of enforcing any indemnification, defense or hold harmless obligation under the Lease.

"**Commencement Date**" means the earlier of (a) the date of Substantial Completion of the Tenant Improvements, (b) the date Tenant commences business operations in the Premises and (c) the date Substantial Completion of the Tenant Improvements would have occurred but for Tenant Delay; provided, however, that the Commencement Date will not be earlier than the Delivery Date specified in the Basic Terms unless Tenant commences business operations in the Premises before the Delivery Date.

"**Commencement Date Memorandum**" means the form of memorandum attached to the Lease as Exhibit E.

"**Common Area**" means the parking area, driveways, lobby areas, multitenant corridors, landscaped areas and ponds, if any, and other areas of the Property Landlord may designate from time to time as common area available to all tenants.

"**Condemning Authority**" means any person or entity with a statutory or other power of eminent domain.

"**County**" means King County, Washington.

"**Delivery Date**" means the target date for Landlord's delivery of the Premises to Tenant, which is the delivery date specified in the Basic Terms.

"**Effective Date**" means the date the last party signs this Lease following the approval of this Lease by the King County Council.

"**Event of Default**" means the occurrence of any of the events specified in Section 14.1 of the Lease.

"**Floor Plan**" means the floor plan attached to the Lease as Exhibit C.

"**Force Majeure**" means acts of God; strikes; lockouts; labor troubles; inability to procure materials; inclement weather; orders or directives of any legislative, administrative or judicial body with jurisdiction over Landlord or the Property; inability to obtain any governmental licenses, permissions or authorities (despite commercially reasonable pursuit of such licenses, permissions or authorities); and other similar or dissimilar causes beyond Landlord's reasonable control.

"**Hazardous Materials**" means any of the following, in any amount: (a) any petroleum or petroleum product, asbestos in any form, urea formaldehyde and polychlorinated biphenyls; (b) any radioactive substance; (c) any toxic, infectious, reactive, corrosive, ignitable or flammable chemical or chemical compound; and (d) any chemicals, materials or substances, whether solid, liquid or gas, defined as or included in the definitions of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "solid waste," or words of similar import in any federal, state or local statute, law, ordinance or regulation now existing or existing on or after the Effective Date as the same may be interpreted by government offices and agencies.

"**Hazardous Materials Laws**" means any federal, state or local statutes, laws, ordinances or regulations now existing or existing after the Effective Date that control, classify, regulate, list or define Hazardous Materials or require remediation of Hazardous Materials contamination.

"**Land**" means that certain real property legally described on the attached Exhibit B.

"**Landlord**" means only the owner or owners of the Property at the time in question.

"**Landlord Parties**" means Landlord and Property Manager and their respective officers, directors, partners, shareholders, members and employees.

"**Laws**" means any law, regulation, rule, order, statute or ordinance of any governmental entity in effect on or after the Effective Date and applicable to the Property or the use or occupancy of the Property, including, without limitation, and Hazardous Materials Laws.

"Lease" means this Office Lease Agreement, as the same may be amended or modified after the Effective Date.

"Maximum Rate" means interest at a rate equal to the lesser of (a) 18% per annum or (b) the maximum interest rate permitted by law.

"Mortgage" means any mortgage, deed of trust, security interest or other security document of like nature that at any time may encumber all or any part of the Property and any replacements, renewals, amendments, modifications, extensions or refinancings thereof, and each advance (including future advances) made under any such instrument.

"Net Rent" means all rental Landlord actually receives from any reletting of all or any part of the Premises, less any indebtedness from Tenant to Landlord other than Rent (which indebtedness is paid first to Landlord) and less the Re-entry Costs (which costs are paid second to Landlord).

"Notices" means all notices, demands or requests that may be or are required to be given, demanded or requested by either party to the other as provided in the Lease.

"Operating Expenses" means all reasonable expenses Landlord incurs in connection with maintaining, repairing and operating the Property in accordance with generally accepted accounting principles consistently followed, including, but not limited to, the following: all Property Taxes, insurance premiums and deductible amounts under any insurance policy; maintenance and repair costs; steam, electricity, water, sewer, gas and other utility charges; fuel; lighting; window washing; janitorial services; trash and rubbish removal; property association fees and dues and all payments under any Permitted Encumbrance (except Mortgages) affecting the Property; wages payable to persons at the level of manager and below whose duties are connected with maintaining and operating the Property (but only for the portion of such persons' time allocable to the Property), together with all payroll taxes, unemployment insurance, vacation allowances and disability, pension, profit sharing, hospitalization, retirement and other so-called "fringe benefits" paid in connection with such persons (allocated in a manner consistent with such persons' wages); amounts paid to contractors or subcontractors for work or services performed in connection with maintaining and operating the Property; all costs of uniforms, supplies and materials used in connection with maintaining, repairing and operating the Property; any expense imposed upon Landlord, its contractors or subcontractors pursuant to law or pursuant to any collective bargaining agreement covering such employees; all services, supplies, repairs, replacements or other expenses for maintaining and operating the Property; costs of complying with Laws; reasonable management fees and the costs (including rental) of maintaining a building or management office in the Building; amounts assessed against the Property pursuant to the CCRs; and such other commercially reasonable expenses as may ordinarily be incurred in connection with maintaining and operating an office complex similar to the Property. The term "Operating Expenses" also includes expenses Landlord incurs in connection with public sidewalks adjacent to the Property, any pedestrian walkway system (either above or below ground) and any other public facility to which Landlord or the Property is from time to time subject in connection with operating the Property. The term "Operating Expenses" does not include expenses listed on Exhibit H attached. Notwithstanding the foregoing, if Landlord installs equipment in, or makes improvements or alterations to, the Property to reduce energy, maintenance or other costs, or to comply with any Laws taking effect after the Commencement Date, Landlord may include in Operating Expenses reasonable charges for interest paid on the investment and reasonable charges for depreciation of the investment so as to amortize the investment over the reasonable life of the equipment, improvement or alteration on a straight line basis; provided, the cost (including interest and depreciation) included in Operating Expenses with respect to any improvements or alterations made to reduce energy, maintenance or other costs shall

not exceed the estimated saving to be realized by Tenant from said reduced energy, maintenance or other costs.

**"Permitted Encumbrances"** means all Mortgages, liens, easements, declarations, encumbrances, covenants, conditions, reservations, restrictions and other matters now or after the Effective Date affecting title to the Property.

**"Permitted Use"** has the meaning set forth in Section 4.1 of this Lease.

**"Premises"** means that certain space situated in the Building shown and designated on the Floor Plan and described in the Basic Terms.

**"Property"** means, collectively, the Land, Building and all other improvements on the Land.

**"Property Manager"** means the property manager specified in the Basic Terms or any other agent Landlord may appoint from time to time to manage the Property.

**"Property Taxes"** means any general real property tax, improvement tax, assessment, special assessment, reassessment, commercial rental tax, tax, in lieu tax, levy, charge, penalty or similar imposition imposed by any authority having the direct or indirect power to tax, including but not limited to, (a) any city, county, state or federal entity, (b) any school, agricultural, lighting, drainage or other improvement or special assessment district, or (c) any governmental agency. The term "Property Taxes" includes all charges or burdens of every kind and nature Landlord incurs in connection with using, occupying, owning, operating, leasing or possessing the Property, without particularizing by any known name and whether any of the foregoing are general, special, ordinary, extraordinary, foreseen or unforeseen; any tax or charge for fire protection, street lighting, streets, sidewalks, road maintenance, refuse, sewer, water or other services provided to the Property. The term "Property Taxes" does not include Landlord's state or federal income, franchise, estate or inheritance taxes. If Landlord is entitled to pay, and elects to pay, any of the above listed assessments or charges in installments over a period of two or more calendar years, then only such installments of the assessments or charges (including interest thereon) as are actually paid in a calendar year will be included within the term "Property Taxes" for such calendar year.

**"Re-entry Costs"** means all costs and expenses Landlord incurs re-entering or reletting all or any part of the Premises, including, without limitation, all costs and expenses Landlord incurs (a) maintaining or preserving the Premises after an Event of Default; (b) recovering possession of the Premises, removing persons and property from the Premises (including, without limitation, court costs and reasonable attorneys' fees) and storing such property; (c) reletting, renovating or altering the Premises; and (d) real estate commissions, advertising expenses and similar expenses paid or payable in connection with reletting all or any part of the Premises. "Re-entry Costs" also includes the value of free rent and other concessions Landlord gives in connection with re-entering or reletting all or any part of the Premises.

**"Rent"** means, collectively, Basic Rent and Additional Rent.

**"State"** means the State of Washington.

**"Structural Alterations"** means any Alterations involving the structural, mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the Building.

**"Substantially Complete"** and **"Substantial Completion"** have the meanings given to them in the Workletter.

**"Taking"** means the exercise by a Condemning Authority of its power of eminent domain on all or any part of the Property, either by accepting a deed in lieu of condemnation or by any other manner.

**"Tenant"** means the tenant identified in the Lease and such tenant's permitted successors and assigns. In any provision relating to the conduct, acts or omissions of "Tenant," the term "Tenant" includes the tenant identified in the Lease and such tenant's agents, employees, contractors, invitees, successors, assigns and others using the Premises or on the Property with Tenant's expressed or implied permission.

**"Tenant Delay"** has the meaning set forth in the Workletter.

**"Tenant Improvements"** means the initial improvements to the Premises to be constructed by Landlord pursuant to the Workletter.

**"Tenant's Percentage"** means the percentage specified in the Basic Terms, as such percentage may be adjusted in accordance with the terms and conditions of this Lease.

**"Tenant's Share of Operating Expenses"** means the product obtained by multiplying the amount of Operating Expenses for the period in question by the Tenant's Percentage.

**"Term"** means the initial term of this Lease specified in the Basic Terms and, if applicable, any renewal term then in effect.

**"Transfer"** means an assignment, mortgage, pledge, transfer, sublease, license, or other encumbrance or conveyance (voluntarily, by operation of law or otherwise) of this Lease or the Premises or any interest in this Lease or the Premises. The term "Transfer" also includes any assignment, mortgage, pledge, transfer or other encumbering or disposal (voluntarily, by operation of law or otherwise) of any ownership interest in Tenant that results or could result in a change of control of Tenant.

**"Workletter"** means the Work Letter Agreement attached to this Lease as Exhibit D.

**EXHIBIT B**

**LEGAL DESCRIPTION OF THE LAND**

Lot 10B of Snoqualmie Ridge Certificate of Segregation No. 01-03 (also known as Snoqualmie Ridge Certificate of Segregation No. 6), as per survey filed in Volume 145 of Surveys, Page 46, under Recording No. 20010511900018, Records of King County, Washington;

Together with Driveway and Access Easement as set forth in Easement Agreement recorded under King County Recording No. 9805280259;

And together with Driveway, Utilities and Access Easement as set forth in Easement Agreement recorded under King County Recording No. 20010511001461.

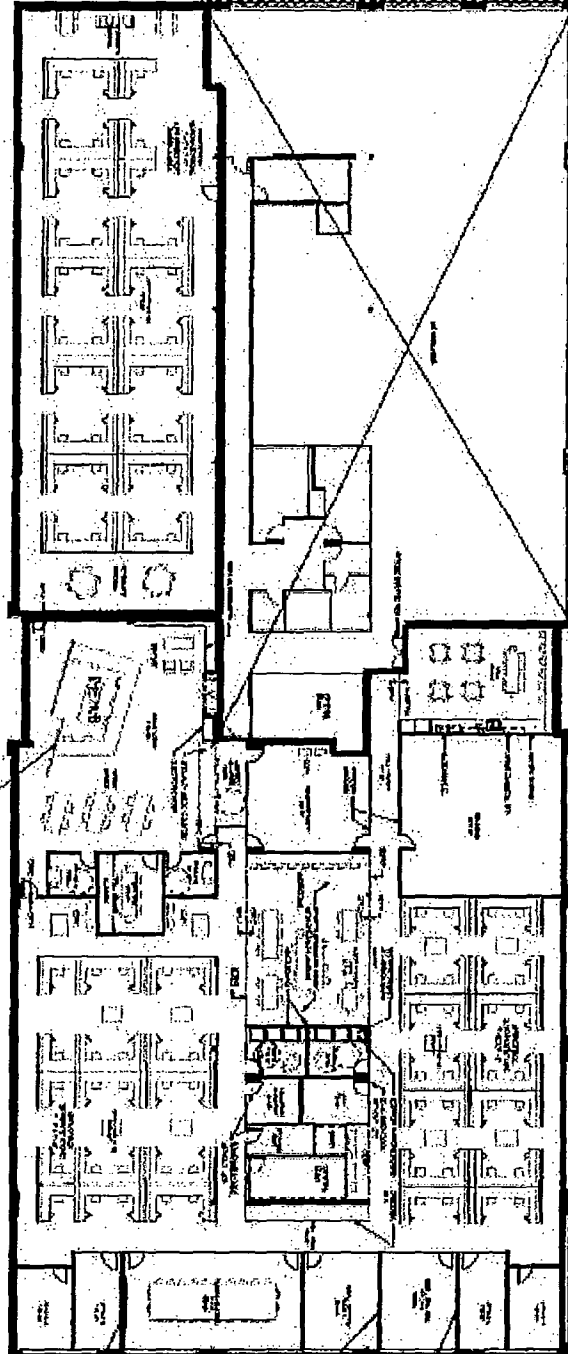
Situate in the City of Snoqualmie, County of King, State of Washington.

**EXHIBIT C**

**FLOOR PLAN**

Premises -  
Contraction Space

Premises - Not Part  
of Contraction Space



**EXHIBIT D****WORKLETTER AGREEMENT**

This Workletter is attached to and made a part of that certain Multitenant Office Lease Agreement (the "**Lease**") between **KENDALL LAKE PARTNERS LLC**, a Washington limited liability company ("**Landlord**"), and **KING COUNTY** ("**Tenant**"). The purpose of this Workletter is to set forth how the initial tenant improvements to the Premises are to be constructed and designed, who will be responsible for constructing and designing the initial tenant improvements, and who will pay for the initial tenant improvements. Landlord and Tenant agree as follows:

1. **Defined Terms.** Unless the context otherwise requires, terms used in this Workletter shall have the same meaning as such terms in the Lease. The following capitalized terms shall have the meanings set forth below.

"**Architect**" means Mithun Architects PLLC.

"**Budget**" has the meaning set forth in Paragraph 3 of this Workletter.

"**Building Standard**" means the standard materials, finishes and workmanship to be used in the design, construction and installation of tenant improvements in the Building.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which United States national banks in Seattle, Washington are authorized or required by law to be closed for business.

"**Construction Allowance**" means \$1,109,526 (which includes Washington State Sales Tax payable thereon as shown on Exhibit D-1). The Construction Allowance shall be used only to pay for actual Costs of the Work, except as otherwise provided for in this Workletter.

"**Construction Contract**" means the contract between Landlord and Contractor for the construction and installation of the Tenant Improvements.

"**Contractor**" means the general contractor selected by Landlord and approved by Tenant for purposes of completing the Tenant Improvements. Tenant hereby approves R|Millerinc as the Contractor.

"**Costs of the Work**" means all costs of completing the Work, including the Contractor's fees, sales taxes, insurance premiums, utilities, and all other costs incurred by Landlord in connection with the construction of the Tenant Improvements. The Costs of the Work shall not include construction management fees payable to Property Manager or any third party manager hired by Landlord to supervise the Work, or any permitting fees or costs.

"**Design Allowance**" means \$42,860.00, which shall be in addition to the Construction Allowance.

"**Preliminary Budget**" means the preliminary budget for the Work attached hereto as Exhibit D-1 which shall be the basis for the preparation of the Budget. The Preliminary Budget describes the Construction Allowance and Design Allowance together with a description and price for additional Tenant Improvement Options and Alternatives that are not included in the Construction Allowance but are subject to reimbursement by Tenant to Landlord.



**"Preliminary Space Plan"** means the space plan attached hereto as Exhibit D-2 which shall be the basis for the preparation of the Interior Drawings. **"Interior Drawings"** means all plans, specifications and drawings necessary to construct the Tenant Improvements to the Premises, which shall include all construction documents, and mechanical, electrical and plumbing drawings necessary to construct the Tenant Improvements, which Interior Drawings shall be prepared, subject to Landlord's approval, in accordance with Paragraph 2 of this Workletter.

**"Substantially Complete"** and **"Substantial Completion"** mean the Work is complete to the extent that Tenant may reasonably use and occupy the Premises for the purpose for which the same were intended, subject to minor details of construction and mechanical adjustments that remain to be completed by Landlord, as evidenced by issuance of a Standard AIA Certificate of Substantial Completion executed by the Architect and issuance of a certificate of occupancy (or other governmental approval permitting the occupancy of the Premises by Tenant) by the local governmental authority.

**"Tenant Delay"** means any delay that Landlord may encounter in the performance of the Work as a result of (i) delays resulting from changes in or additions to the Interior Drawings which are requested by Tenant after the Interior Drawings have been approved pursuant to Paragraph 2 below, or any changes to the Budget or the Work Schedule after the Budget and the Work Schedule have been approved pursuant to Paragraph 3 below; (ii) delays by Tenant in the timely submission of information (including its approval of the Interior Drawings, the Budget or the Work Schedule) within the time periods provided for in this Workletter, or the giving of authorizations or approvals within any time limits set forth in this Workletter or the Work Schedule; (iii) delays due to the postponement of any of the Work at the request of Tenant; or (iv) delays otherwise attributable to the acts or omissions of Tenant or its employees, agents or contractors.

**"Tenant Improvements"** means those certain initial improvements to the Premises described in the Interior Drawings as the same may be modified pursuant to Paragraph 6 below, including all items of Work, labor and materials, that are utilized directly or indirectly in altering, repairing, improving, adding to, modifying or otherwise changing the Premises.

**"Tenant Improvement Options and Alternatives"** means those certain additional Tenant Improvements to the Premises described and priced in the Preliminary Budget, and subsequently included in the approved Interior Drawings and the approved Budget, that are not included in the Construction Allowance but are subject to reimbursement by Tenant to Landlord.

**"Tenant's Representative"** means the individual designated by Tenant as its tenant improvement representative pursuant to Paragraph 8 of this Workletter.

**"Work"** means the design, permitting and construction of the Tenant Improvements in accordance with the Interior Drawings.

**"Work Schedule"** has the meaning set forth in Paragraph 3 of this Workletter.

2. **Preparation and Approval of Interior Drawings.** Landlord and Tenant have approved the Preliminary Space Plan. Promptly after the full execution of the Lease, Landlord and Tenant will meet with Architect and Contractor to prepare the Interior Drawings based on the Preliminary Space Plan. Tenant agrees to provide Architect with such information as Architect may request so that Architect can prepare the Interior Drawings. The Interior Drawings shall be prepared by Architect and submitted to Tenant and Landlord for their review and approval. Tenant shall have five (5) Business Days after receiving the Interior Drawings to approve the Interior Drawings, or disapprove them and provide Landlord and Architect with its comments. Upon receipt of Tenant's comments, Landlord will cause

Architect to revise the Interior Drawings and resubmit the Interior Drawings to Tenant and Landlord. Tenant shall have three (3) Business Days after receiving the revised Interior Drawings to either approve the revised Interior Drawings, or disapprove the revised Interior Drawings and provide Landlord with its comments. The process outlined in the preceding two sentences shall be repeated until Landlord and Tenant have mutually agreed on the Interior Drawings. Landlord will pay all costs and charges of Architect in connection with the Work including preparing and revising the Interior Drawings.

3. Construction of Tenant Improvements. Landlord and Tenant have approved the Preliminary Budget. Promptly after the full execution of the Lease and prior to executing the Construction Contract, Landlord will provide Tenant for Tenant's approval, which approval will not be unreasonably withheld, delayed or conditioned, (i) a proposed final budget for the total Costs of the Work (the "**Budget**"), and (ii) a schedule for the commencement and completion of the Work (the "**Work Schedule**"). Tenant shall have five (5) Business Days after receiving the Budget and the Work Schedule to notify Landlord of its approval or disapproval of the Budget and the Work Schedule. If Tenant does not approve the Budget or the Work Schedule, Landlord and Tenant will promptly meet with Architect and Contractor and for the purpose of "value engineering" with respect to the Work. The parties will collaborate in good faith to reduce the scope of Work in order to complete the Work within the approved Budget. The process outlined in the preceding two sentences shall be repeated until Landlord and Tenant have mutually agreed on the Budget and the Work Schedule. Once the Budget and the Work Schedule have been approved by Landlord and Tenant, Landlord will enter into the Construction Contract with Contractor and will cause the Tenant Improvements to be constructed in accordance with the Interior Drawings, as the same may be revised in accordance with Paragraph 5 below.

4. Amounts Payable by Tenant. Once the Work is Substantially Completed, Tenant will pay to Landlord (a) an amount equal to the difference between the amount of the Construction Allowance and the Costs of the Work, as set forth in the Budget approved by Tenant pursuant to subparagraph 3(a) above (plus any amounts payable by Tenant pursuant to Paragraph 6 below); (b) an amount equal to the costs and charges of Architect paid by Landlord to Architect, less the amount of the Design Allowance; and (c) any other amounts payable by Tenant pursuant to this Workletter and not previously paid by Tenant. Amounts due from Tenant pursuant to this Paragraph 4 shall be paid to Landlord following Substantial Completion but not more than thirty (30) days after the later of (i) the Commencement Date of the Lease, or (ii) the date Landlord gives Tenant written notice of the amounts payable by Tenant. If the Costs of the Work exceed the amount set forth in the Budget, Landlord will be responsible for paying the amount of the excess Costs of the Work except to the extent such excess Costs of the Work are the result of Tenant Delays or changes in the Work requested by Tenant.

5. Acceptance of the Premises; Effect of Tenant Delays.

(a) Landlord will notify Tenant when the Tenant Improvements are Substantially Complete. Within three (3) Business Days after receiving such notice, and prior to move-in of any furniture, fixtures or equipment, Tenant shall inspect the Premises for any deficiencies in the Work. A "punchlist" of all the deficiencies in the Work shall be prepared and agreed upon by both Landlord and Tenant. Landlord will correct defective items stated in the punchlist which are the responsibility of Landlord or the Contractor. If Tenant does not so provide Landlord with a punchlist prior to occupying the Premises, Tenant shall be deemed to have accepted the Premises and the Tenant Improvements in their then present condition, except for latent defects not reasonably discoverable upon an inspection of the Premises. The existence of minor punchlist items shall not postpone the Commencement Date of the Lease or result in a delay or abatement of Tenant's obligation to pay rent or give rise to a damage claim against Landlord. Landlord agrees to complete all punchlist items which are Landlord's or the Contractor's responsibility within thirty (30) days after receiving the final punchlist (or longer if

reasonably necessary subject to Landlord's prompt initiation of the completion of said punchlist items and continuing good faith efforts to expeditiously and continuously complete said punchlist items).

(b) If Substantial Completion of the Tenant Improvements is delayed because of a Tenant Delay, then Tenant's obligation to pay rent under the Lease and the Lease Term shall commence on the date the Premises would have been Substantially Complete except for the Tenant Delay, as reasonably determined by Architect.

6. Changes in Work. Tenant shall have the right to request, in writing, changes to the Interior Drawings and to the Work, subject to Landlord's reasonable prior approval. Landlord shall notify Tenant in writing of any additional costs and any construction delays attributable to such change and whether or not Landlord approves or disapproves of the requested change. Landlord may condition its approval of any change on receipt of written confirmation from Tenant within five (5) Business Days after receiving Landlord's notice, that Tenant will pay the additional cost of making the change and any costs Landlord will incur as a result of any delays, which payment shall be made in the manner prescribed in Section 4 herein. If Tenant fails to deliver Landlord written notice that it still desires the requested change within such five (5) Business Day period, Tenant shall be deemed to have withdrawn its request for the change.

7. Early Entry. With Landlord's prior written approval, Tenant and Tenant's contractors shall have the privilege of entering into the Premises prior to the Substantial Completion of the Tenant Improvements for purposes of cable, telephone and furniture installation; provided that such entry or work does not interfere with the construction of the Tenant Improvements by Contractor. All of the terms and provisions of the Lease shall be applicable upon such early entry, except for those provisions applicable to the commencement of the Lease Term, acceptance of the Premises and the payment of Base Rent and Tenant's Share of Operating Expenses and Property Taxes. Tenant shall be responsible for any damages to the Building or the Premises caused by Tenant or Contractor as a result of such early entry.

8. Tenant Improvement Representative. Prior to the commencement of the Work, Tenant shall designate in writing one individual who shall be the Tenant's Representative during the Work. Landlord and Contractor shall be entitled to rely on the decisions of such person regarding the Work (and the decisions of such person shall be binding upon Tenant) until Landlord and Contractor have received written notice from Tenant that such person's authority has been revoked.

9. Arbitration of Disputes. Any dispute or disagreement between the parties regarding the terms of this Workletter, including the amounts due from Tenant pursuant to this Workletter, shall be resolved by arbitration pursuant to Section 17.23 of the Lease.

10. Additional Provisions. This Workletter sets forth the entire agreement of Landlord and Tenant with respect to the completion of the Work. Neither this Workletter nor any of the provisions contained in this Workletter may be changed or waived, except by a written instrument signed by both parties. To the extent any of the terms or conditions of this Workletter conflict with any of the terms or conditions of the Lease, this Workletter shall control.

Exhibit D-1Preliminary Budget

			Dec. 22, 2011 Proposed Construction Budget	Est. Tenant Reimbursement
		Landlord Allowance		
R. Miller T.I. Budget		\$1,013,266	\$1,296,657	(\$283,391)
WSST	9.5%	96,260	123,182	(26,922)
Design Fees	\$2.00	42,860	60,915	(18,055)
		\$1,152,386	\$1,480,754	(\$328,368)

GENERAL CONTRACTOR		PROJECT INFORMATION		PROJECT TYPE	
Name	R. Miller Construction Co., Inc.	Project	King County, Kendall Lake Option 3	Project Type	Tenant Improvement
Address	148 Third Ave. South Edmonds, WA 98020	Address	15010 SE Douglas Street Snoqualmie, WA 98065	Description	
Subcontractor		Contact	Shirley Drenth	Square Feet	19,045
Name	Michael Pease	Phone	206.814.1574	Estimate Date	12/12/2011

WORK ITEM	DESCRIPTION	%	AMOUNT
01	GENERAL REQUIREMENTS	9.51%	110,256.00
02	DEMOLITION	0.99%	10,340.00
03	CONCRETE	0.34%	3,901.50
04	MASONRY	0.07%	800.00
05	METALS	0.00%	0.00
06	WOOD & PLASTIC	4.81%	55,838.50
07	THERMAL & MOISTURE PROTECTION	1.10%	12,700.00
08	DOORS & WINDOWS	6.87%	79,432.00
09	PAINTS	11.11%	129,816.70
10	SPECIALTIES	0.33%	3,800.00
11	EQUIPMENT	2.30%	26,440.00
12	FURNISHINGS	1.51%	17,460.00
13	SPECIAL CONSTRUCTION	0.00%	0.00
14	COMMERCIAL SYSTEMS	0.00%	0.00
21	FIRE SUPPRESSION	2.95%	34,078.75
22	PLUMBING	1.11%	12,800.00
23	HVAC & MECHANICAL	16.11%	188,493.00
24	ELECTRICAL	11.52%	133,247.50
27	COMMUNICATIONS	4.73%	55,000.00
28	ELECTRONIC SAFETY & SECURITY	7.88%	91,518.75
31	EARTHWORK	0.00%	0.00
32	EXTERIOR IMPROVEMENTS	0.00%	0.00
33	UTILITIES	0.00%	0.00
SUBTOTAL		100.00%	1,155,778.70

PROJECT CONTINGENCY		SUBTOTAL	%	AMOUNT
Contingency		1,155,778.70	0.00%	0.00
		SUBTOTAL		1,155,778.70

PROJECT ON & P		SUBTOTAL	%	AMOUNT
				1,155,778.70
		TOTAL		1,155,778.70

COST PER SQUARE FOOT ANALYSIS		TOTAL	SQUARE FEET	COST
		1,155,778.70	10,045.00	115.05

QTY	DESCRIPTION	UNIT	PRICE	TOTAL
1	Acoustical Cloud in HUB (1,000 sq ft)	Lot	50,718.00	50,718.00
2	Transom Glass in Record/Storage	INCL		
3	Plumbing to Inspector Mail Room	Lot	7,442.00	7,442.00
4	Full Height partitions w/ laminate grills	Lot		
5	Cablework in HUB w/ electrical	INCL		
6	Information at call and server room	Partial		
7	Do's in HUB	HR	5,737.00	5,737.00
8	Reclaimed Wood upgrade	Partial	7,830.00	7,830.00
9	10' floor Operable Partition	HR	31,260.00	31,260.00
10	Upgrade to 5' HUB	HR	17,870.00	17,870.00
11	Acoustical Screens in Server Room	HR	6,884.00	6,884.00
12	FD3 Exports in meeting rooms	Lot	4,795.00	4,795.00
13	Acoustical Cloud in common work area	Lot	31,435.00	31,435.00
14	DATA	INCL		
15	Card Readers	Lot	27,752.00	27,752.00
16	Single Door with 8' side lite in Mech P	HR		
17	Single Door with 15' side lite in Heating	INCL		

NO EXCLUSIONS - QUANTIFICATIONS AND CLASSIFICATIONS	
1	See Proposal
2	
3	
4	
5	

NO EXCLUSIONS - QUANTIFICATIONS AND CLASSIFICATIONS	
1	Washington state sales tax
2	Permit review or permit issuance fees
3	Admission tickets or abatement
4	Utility connection fees
5	Special Inspections
6	See Proposal
7	
8	
9	
10	



December 23, 2011

Meriwether Partners, LLC  
 1191 Second Avenue  
 Suite 1570  
 Seattle, WA 98101

Attn: Brian Oseran

Re: Kendall Lake Building -- November 23, 2011 rev. 12.15.2011

Dear Brian:

We are submitting this proposal for your consideration to provide tenant improvements for King County DDES per conceptual plan development by Methun dated 11.23.2011 including enhancements discussed at Methun on December 15, 2011. This project entails selective demolition of the existing acoustical grid and removal of a window for access for the tenant improvements. The tenant improvements consist of painted level 4 gypsum walls which define HUB, phone rooms, cashier/records, records/copy, café, records, server space, Inspector mud room, offices, meeting room, multipurpose room, and open office areas in 19045 SF of second floor space. The doors are solid core birch (ten with 1/2" vision lites) in aluminum knock down frames with 1/2" glass side lites at offices and conferences. Floor coverings consist of carpet tile, marmoleum, and ground concrete, all with rubber base. The fire sprinkler system will be modified to the proposed layout and pendants will be centered in the ceiling tiles. Plumbing to the café includes water and waste lines to lav and equipment. The building hot water is anticipated rather than providing an Insta-hot water heater. The mechanical system will tie into the existing RTUs and run high pressure ductwork to 19 fan powered VAV boxes. Trane Talon DC controls will be provided. The Server Room will be cooled with a separate 2 ton Mitsubishi Split System. Electrical work to include 2 new 200 amp panel boards to serve the tenant space from the existing 2<sup>nd</sup> floor electrical room. Existing light fixtures stocked on site will be supplemented with additional trophers, can lights, wall washers to accent the meeting rooms. Dimmers, mechanical connections, conduit raceways for AV and tel/data and power for pigtail connections of office partitions from ceiling drops are provided. Voice and Data is provided per King County standards.

The existing building is a steel building with pan decking for the floor system, steel joists for the roof structure. The enclosure consists of concrete tilt panels with punched openings. There are existing roof top units and a Trane operating system to tie into.

**SCOPE CONSIDERATIONS:**

1. General Requirements:
  - It is understood that all work is to be performed during normal working hours without restrictions.
  - As-builts will be provided, architect to release drawings and provide MEP coordination and design electronically.
  - Anticipate a 12 week construction schedule which commences upon receipt of building permit.
2. Demolition and Protection:
  - Selective demolition includes removal of grid, door, and gypsum wall board at perimeter for installation of new systems.
  - Handling and inventory of existing grid, tile, and light fixtures.
  - The removal of a window will need to be done to accommodate stocking of materials to the second floor.
3. Concrete:
  - Core drills and scanning as required for plumbing and HUB Reception.
  - Minor floor prep

4. Masonry: N/A
5. Metals:
  - Structural review and stiffening for equipment or FF&E are excluded
6. Wood and Plastics:
  - Wood backing and backer boards
  - Rough Carpentry for roof curbs
  - MDF wall panels with clear finish on wall behind cashier records casework.
  - Casework in the following areas utilizing standard Wilsonart p-lam:
    - Café P-Lam upper and lowers as shown (33 LF)
    - Café P-Lam counter at window with p-lam supports (18 LF)
    - Cashier/Records maple veneer with 4 x 12 solid wood transfer top (13 LF)
    - Common work area touch down area p-lam counter top (20 LF)
    - HUB "u-shaped" receiving desk anticipate maple veneer and 4x12 timber transfer top
7. Thermal and Moisture Protection:
  - Patch the roof at penetrations for electrical and mechanical exhaust.
  - Misc. Sealants
  - Acoustical insulation at partitions (below ceiling height, nothing in plenum).
8. Doors and Windows:
  - Rekey existing door hardware.
  - Clear Anodized aluminum knock down frames by Alpha Aluminum Products with side lites in offices, multipurpose, and meeting room at 7' high to align with head of doors. [http://www.alpha-alum.com/files/FULL\\_BROCHURE.pdf](http://www.alpha-alum.com/files/FULL_BROCHURE.pdf)
  - Solid Core 3' x 7' Flush Birch Doors at offices, multipurpose, conference room, server, and Inspec mud room (10 EA).
  - Vision lites at doors for rooms without side lites, or not mentioned above (10 EA)
  - 1/4" tempered glass in door lites, side lites, and rollites
  - 1/4" glass butt glazed at side lites and transom lites.
  - Aluminum stopped transom lites anticipate 3' high to align with head of doors at 7' A.F.F.
  - \$250 premium for 7 doors to provide electric strikes.
  - Access doors (non lockable with exposed flanges)
  - Polycarbonate panels surface applied on one side to metal framed wall at 8' high and 32' long
9. Finishes:
  - Metal stud framing at 24" o.c. and gypsum wall board with level 4 finish to height of grid
  - Existing columns exposed and painted.
  - Metal strap backing
  - Provisions to Firestop head of server room
  - Acoustical partitions consisting of 2 layers of GWB one side and 1/2" resilient channel and 5/8" GWB on the other side at office and conference room bank.
  - Shaw Commercial grade carpet tile, "No Rules Collection" (Tufted weight of 17.0) up to two colors selected for wayfinding. Located throughout with exception of café, server room, Inspec mud room, and HUB.
  - Marmoleum in café
  - Sealed concrete at Server Room and Inspec Mud Room
  - Ground and sealed concrete at HUB area only.
  - Reducers and running rubber base
  - Low VOC paints (prime and two coats up to three colors)
  - Supplemental Acoustical grid and tile to match stocked material
  - Ceiling exposed to structure at HUB, Café, and Common work area.
10. Specialties:
  - Fire extinguisher cabinets
  - Code compliant signage



11. Equipment:
- Assist with Installation of OFCI cafe equipment
  - Commercial grade refrigerator, microwave 2 (ea), and dish washer.
  - Accelerate Delivery of equipment and Installation of building systems
12. Furnishings:
- Vertical blinds at perimeter windows per building standards (replacement of missing or damaged)
  - Coordinate and assist AV, Tel/data contractors during construction.
  - 30% coverage of graphic film on side lites and vision lites.
21. Fire Suppression
- Permit drawings
  - NFPA Sprinkler System
  - Semi-recessed heads in either white or chrome finish.
  - Cut and drop heads center on tiles.
22. Plumbing
- Plumbing permit
  - Furnish and Install sink
  - Furnish and Install water lines
  - Waste and Vent lines
  - Existing building hot water to be supplied in lieu of Insta-hot point of use hot water heater.
23. HVAC & Mechanical:
- Design Build Services
    - Heat loss / heat gain calculations
    - HVAC System Engineering and Design
  - Provide and Install 16 additional Trane VAV boxes to condition space with 19 VAV boxes.
  - Furnish and Install new high pressure duct work to VAV boxes, and all distribution duct work (flex).
  - Furnish and Install Shoemaker 700 MA supply grilles and return grilles as per floor plan layout.
  - Install return air "Sound Boots" on return grilles in all conference, training, and offices.
  - Provide exhaust to Copy Centers and Conference Rooms
  - Provide control sensors and low voltage control wiring.
  - Provide Trane DDC controls and new zone sensors.
  - Install programming and graphics for tenant controls, with remote monitoring capabilities.
  - Test and Balance System by Contractor
  - Install 2 ton Mitsubishi Split Unit for Server Room
  - Assume existing equipment is in good working order
24. Electrical
- Provisions for development of Engineered drawings
  - Provide 2 new 200 amp panel boards located in the electrical room of the 2<sup>nd</sup> floor fed from existing 600 amp panel board.
  - Provide electrical circuits per code.
  - Provide 4 dedicated 20 amp circuits to server room
  - Provide 1 dedicated 30 amp 240v circuit in server room
  - Provide 6 wall system furniture connections
  - Provide 12 tele/data power poles for system furniture.
  - Provide 80 general duty duplex receptacles.
  - Provide exit lights per code
  - Provide emergency lighting per code
  - Provide electrical connections to VAV boxes
  - Provide 6 dedicated circuits for copiers
  - Provide 4 dedicated circuits at café.
  - Install 175 ea 2 x 4 troffers (currently 125 on site, provide additional 50)





- Provisions for 20 recessed can lights
  - Provisions for 6 linear wall wash fixtures in training/meeting rooms.
  - Daylight occupancy sensors to address current code requirements.
  - Provisions for 20 single pole switches.
  - Provisions for 20 low voltage mud rings with pull strings to above ceiling for use by others.
  - Provisions for electrical connections to electrical screens
  - Furnish and install new light fixtures to supplement existing fixtures stocked, same type and style
27. Communications
- Coordination with phone/data vendor during construction
  - Data to work stations
    - 3 data drops per desk location
    - All CAT 6 cabling
    - Punch down, testing, and labeling
    - 3 tower server racks bolted to the floor and ladder racks/tray.
    - 7 (EA) 48 port patch panels mounted rack
    - 1 (EA) 50 pair riser-rated cat 3 voice cable from main riser room to server room for communications.
28. Electronic Safety & Security
- Fire Alarm System and programming to meet building standards.

**EXCLUSIONS:**

- Architectural Design Fees
- Washington State sales tax
- Permit review or permit issuance fees
- Special Inspections
- Security wiring and head end
- Card readers
- Office System Furniture and associated connections
- Furnishings in "HUB" considered FFE
- Projection screens
- Plasma screens or mounting hardware
- Instantaneous water heater
- Pre-action Fire Suppression System for Server
- Equipment screening
- Asbestos testing or abatement
- Black out shades
- Upgrade or repairs of existing equipment.
- Structural engineering or stiffening of structure
- LEED Certification
- White boards or tack boards
- Display cases
- 100% Glazed wall system
- Operable Partition and associated structural support
- Reclaimed wood casework
- Dropped Clouds with specialty lighting.
- Hard Lids or Soffits
- Painted ductwork, electrical, sprinkler, or roof deck
- Transfer grills or fire smoke dampers to maintain plenum
- 50% glazed wall surfaces in HUB
- Cork flooring in HUB
- Glass storefront System



- GWB installed above ceiling.
- Prevailing wage
- Office furniture
- Countertops in Phone rooms
- Exterior Building Signage
- Signage or wayfinding
- All Alternates
- All other items not specifically addressed in line items 1 through 28 above.

The Lump Sum for King County DDES – Kendall Lake is \$1,296,657.00, excluding sales tax and architectural design.

The following fifteen alternates may be considered to the base scope, excluding sales tax:

- |    |  |              |
|----|--|--------------|
| 1. | Acoustical clouds with exposed ceiling and MEP in HUB <ul style="list-style-type: none"> <li>• Upgrade lighting to recessed fluorescent lights with alzak trim</li> <li>• Upgrade lights outside of clouds to direct/indirect fixtures</li> <li>• Provide 2 fabric wrapped clouds to dimensions shown on plans</li> </ul>  | \$ 50,729.00 |
| 2. | Mop sink and hot water tank for inspector mud room <ul style="list-style-type: none"> <li>• Provide water and sewer lines to room</li> <li>• Provide hot water tank</li> <li>• Provide mop sink</li> </ul>   | \$ 7,442.00  |
| 3. | Full height partitions with transfer grills <ul style="list-style-type: none"> <li>• Grid is in place that will need to be removed and reworked</li> <li>• Frame walls up to structure</li> <li>• Install acoustical insulation to structure</li> <li>• Apply GWB up to structure</li> <li>• Fire tape walls not exposed to view</li> <li>• Mechanical system is open air plenum, need to frame out openings</li> <li>• Add transfer grills</li> </ul> | \$ 25,568.00 |
| 4. | Marmoleum at Server Room <ul style="list-style-type: none"> <li>• Upgrade of floor finishes from sealed concrete</li> </ul>  | \$ 2,578.00  |
| 5. | Reclaimed Wood Upgrade for Transfer tops <ul style="list-style-type: none"> <li>• Upgrade of Casework to use reclaimed products</li> </ul>   | \$ 3,133.00  |
| 6. | Upgrade to 5 TN Split unit in Server <ul style="list-style-type: none"> <li>• Added Structural Support</li> <li>• Roof Curb to Supply</li> <li>• Increase Electrical Capacity</li> <li>• Verification of loads and design</li> <li>• 5 Tn Trane Rooftop Unit</li> </ul>  | \$ 17,670.00 |
| 7. | Refrigeration Screen in Server Room <ul style="list-style-type: none"> <li>• Design Server Room to force air through server racks</li> <li>• Installation of refrigeration screen</li> <li>• Add sprinkler head to cover both sides of screen</li> <li>• Add smoke alarm to address both sides of screen</li> <li>• Provide unistrut support to hang screen</li> <li>• Opportunity to submit to power company for energy rebate</li> </ul>             | \$ 6,864.00  |



8. CO2 Sensors in meeting rooms	\$ 4,795.00
• Provide CO2 Sensors to maintain air quality	
• Opportunity for energy rebates	
9. Acoustical Clouds with open ceiling and specialty lighting in common work area	\$ 35,435.00
• Provide fabric wrapped clouds roughly 650 SF	
10. Card reader security system (7 doors)	\$ 27,752.00
• Provide 200 Cards	
• Programming, testing, and 4 hours of training	
• Hardware and sensors	
• Computer software	
11. Phone System	FF&E
12. System Furniture	FF&E
13. Shelving at Records	FF&E
14. White boards	FF&E
15. Display case	FF&E
16. Lockers	FF&E
17. Conference and Meeting Room Furnishings including AV	FF&E
18. Café Furnishings	FF&E
19. HUB desks, tables, and chairs	FF&E
20. Signage and directory	FF&E

## VE Options:

1. TBD

Thank you for this opportunity to provide this proposal. We look forward to collaborating with you on this project. Please contact me if you have any questions.

Respectfully submitted,

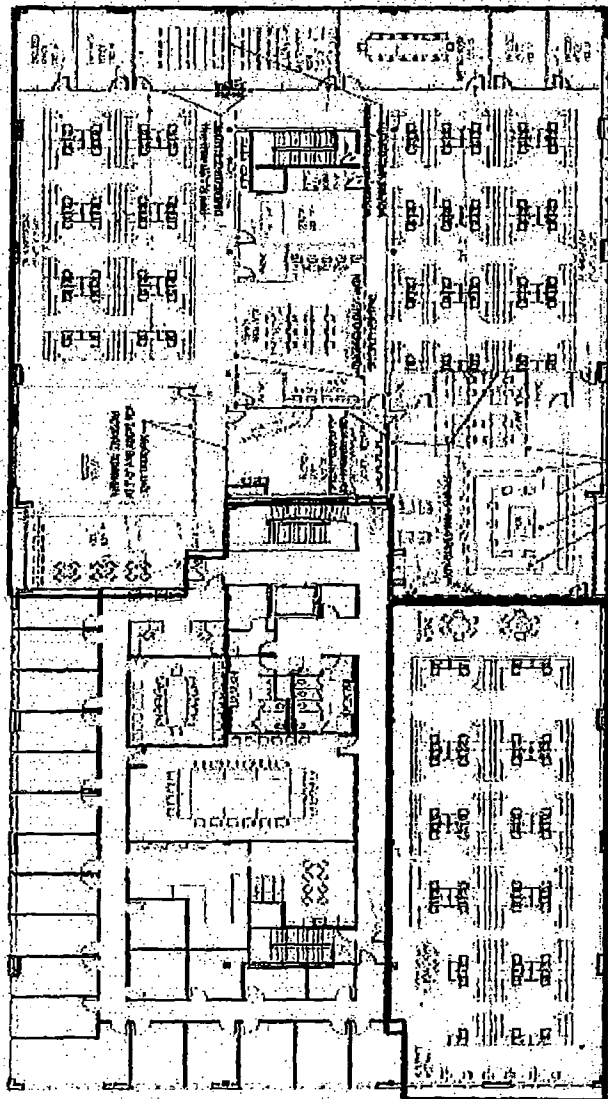
RJMillerInc  
Project Manager  
Enclosure: Cost Detail

<b>Kendall Lake Design and Construction Estimates for Tenant Improvements Subject to Tenant Reimbursement to Landlord</b>	
	Draft 1/13/2012
<b>R. Miller Construction - Recommended Options</b>	<b>Cost</b>
Hub desk (allowance)	\$20,000
Hub feature wall (allowance)	\$7,200
Hub flooring - carpet to ground and sealed concrete	\$8,715
Cashier desk and back wall - upgrade finishes	\$2,810
Cashier desk - delete transom	-\$3,005
Records & Records/Copy - add & lengthen transoms	\$9,295
Café flooring - VCT to Marmoleum sheet	\$1,449
Inspector Mud Room (now Data Closet) flooring - VCT to sealed concrete	\$23
Secondary carpet color for wayfinding	\$2,605
Office & meeting rooms - upgrade wall assembly for increased privacy	\$2,500
Meeting room - split Multipurpose into 2 small meeting rooms	\$884
Common Work Area exposed ceiling	\$20,700
Telephone/data installation	\$55,000
Ceiling grid removal Common Work Area	\$600
<b>R. Miller - Recommended Options Subtotal</b>	<b>\$128,776</b>
<b>R. Miller Construction - Options - Not Recommended</b>	
Hub exposed ceiling	\$64,800
Records & Records/Copy flooring - VCT to sealed concrete (see Add. Opts.)	\$462
Café equipment - add microwave	\$2,000
Café exposed ceiling	\$18,900
Server Room flooring - SDT to sealed concrete (see Additional Options)	-\$1,573
Ceiling grid removal Hub and Café	\$2,000
Pricing revision	\$8,963
<b>R. Miller - NR Options Subtotal</b>	<b>\$95,552</b>
Addition Construction Mgmt & Gen'l Rqmts for alternates	\$28,492
Contractor Overhead and Profit	\$30,571
<b>R. Miller T.I. Budget Subtotal</b>	<b>\$283,391</b>
<b>WSST</b>	<b>\$26,922</b>
<b>Mithun - Recommended Proposed Services</b>	
DDES Services	\$13,200
Specialty lighting design for Permit Center	\$2,200
Acoustical design for open office plan	\$2,000
Full specifications	\$1,300
Landlord allowance	-\$4,770
<b>Mithun - Recommended Subtotal</b>	<b>\$13,930</b>
<b>Mithun - Proposed Services - Not Recommended</b>	
Acoustical design related to HVAC system	\$4,125
MEP performance specification	tbd
<b>Mithun - NR Subtotal</b>	<b>\$4,125</b>

<b>Mithun Design Fees Subtotal</b>	<b>\$18,055</b>
<b>Preliminary Total</b>	<b>\$22,688</b>
<b>R. Miller Construction - Recommended Alternates</b>	
Hub reclaimed wood upgrade	\$7,930
Card readers (landlord's system)	\$27,752
<b>R. Miller - Recommended Alternates Subtotal</b>	<b>\$35,682</b>
<b>R. Miller Construction - Alternates - Not Recommended</b>	
Hub ceiling - acoustical clouds	\$50,729
Inspector Mud Room plumbing	\$7,442
Meeting Rooms - Install CO2 sensors	\$4,795
<b>R. Miller - NR Alternates Subtotal</b>	<b>\$62,966</b>
<b>R. Miller T.I. Alternates Total</b>	<b>\$98,648</b>
<b>Additional Options - Preliminary Estimate</b>	
Server Room - split to 2 Storage Rooms and add SC birch floor	\$1,000
Server Room (now Storage Rooms) flooring - SDT to carpet	-\$1,616
Records & Records/Copy flooring - VCT to carpet	\$231
Relocate entry doors	\$5,000
Hub to west workstations - reduce transom length	-\$1,603
Ceiling-mounted AV equipment installation	pending
Soffit detail at Common Work Area	pending
Copy counter - plastic laminate	pending
Permit Center kiosk counter	pending
<b>Additional Options Total</b>	<b>pending</b>

Exhibit D-2

Preliminary Space Plan



1. ALL ROOMS SHALL BE FINISHED TO THE FOLLOWING STANDARDS:  
 a. FLOORING: CARPET OR POLISHED CONCRETE  
 b. WALLS: PAPER OR PAINT  
 c. CEILING: POP OR PAINT  
 d. LIGHTING: RECESSED CAN LIGHTS  
 e. VENTILATION: MECHANICAL OR NATURAL  
 f. ACoustics: SOUND ABSORBING MATERIALS  
 g. SECURITY: FIRE ALARMS AND SMOKE DETECTORS  
 h. ACCESSIBILITY: COMPLIANCE WITH ADA REQUIREMENTS  
 i. FINISHES: DURABLE AND EASY TO MAINTAIN  
 j. FURNITURE: FUNCTIONAL AND AESTHETICALLY APPEALING  
 k. STORAGE: AMPLIFIED STORAGE SPACE  
 l. SIGNAGE: CLEAR AND LEGIBLE  
 m. PLANTING: LANDSCAPING AND PLANTING  
 n. OTHER: AS NOTED ON DRAWINGS AND SPECIFICATIONS

Long Term Space:  
Approx. 15,930 SF

Future Termination  
Space: Approx. 5,500 SF

**EXHIBIT E****COMMENCEMENT DATE MEMORANDUM**

THIS MEMORANDUM is made and entered into as of [\_\_\_\_\_, \_\_\_\_] by and between [\_\_\_\_\_] ("Landlord") and [\_\_\_\_\_] ("Tenant").

**RECITALS:**

1. Landlord and Tenant are party to a certain Multitenant Office Lease Agreement dated as of [\_\_\_\_\_, \_\_\_\_] ("Lease"), relating to certain premises ("Premises") located in the building commonly known as ["\_\_\_\_\_,"] located at [\_\_\_\_\_] ("Building").
2. Landlord and Tenant desire to confirm the Commencement Date (as such term is defined in the Lease) and the date the [initial] Term of the Lease expires [and the notice date(s) and expiration date(s) of any renewal Term(s) provided to Tenant under the Lease].

**ACKNOWLEDGMENTS:**

Pursuant to Section 1.2.3 of the Lease and in consideration of the facts set forth in the Recitals, Landlord and Tenant acknowledge and agree as follows:

1. All capitalized terms not otherwise defined in this Memorandum have the meanings ascribed to them in the Lease.
2. The Commencement Date under the Lease is [\_\_\_\_\_].
3. The initial Term of the Lease expires on [\_\_\_\_\_], unless the Lease is sooner terminated in accordance with the terms and conditions of the Lease.
4. Tenant must exercise its right to the \_\_\_\_\_ renewal Term, if at all, by notifying Landlord no later than \_\_\_\_\_, subject to the conditions and limitations set forth in the Lease.
5. The \_\_\_\_\_ renewal Term expires on \_\_\_\_\_.

Landlord and Tenant each caused this Memorandum to be executed by its duly authorized representative as of the day and date written above. This Memorandum may be executed in counterparts, each of which is an original and all of which constitute one instrument.

**LANDLORD:****TENANT:**

**EXHIBIT F****RULES AND REGULATIONS**

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the exterior or in any area visible from the exterior of the Building without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant. At the expiration or termination of this Lease, Tenant, at Tenant's sole cost and expense, shall remove all tenant-installed signage and repair and paint any and all damage resulting from installation and/or removal of said signage.

2. Tenant shall not install any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises except building-standard blinds approved by Landlord. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against or near glass partitions or doors or windows that may appear unsightly from outside the Premises.

3. Tenant shall not obstruct any sidewalks, lobbies, halls, passages, exits, entrances, elevators, or stairways of the Building. The halls, passages, exits, entrances, lobbies, elevators, and stairways are not open to the general public. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Building and its Tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No Tenant and no employee or invitee of any tenant shall go upon the roof of the Building without Landlord's prior written consent.

4. The directory of the Building will be provided exclusively for the display of the name and location of tenants' businesses only and Landlord reserves the right to exclude any other names therefrom.

5. All cleaning and janitorial services for the Building and the Premises, unless otherwise provided in the Lease, shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any tenant for any loss of property on the Premises, however occurring, or for any damage to any tenant's property by the janitor or any other employee or any other person.

6. Landlord shall furnish Tenant with appropriate number of keys to each door lock in the Premises and to the main entrance door of the Building. Landlord may make a reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premises. Tenant, upon termination of its tenancy, shall deliver to Landlord all keys to all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall reimburse Landlord for the cost of any new lock(s) required due to such loss.



7. Tenant shall not install computer cabling, telephone, burglar alarm or similar services without Landlord's reasonable approval for installation of the same. Upon termination of Tenant's tenancy, at Landlord's option, Tenant shall remove any equipment and/or services from the Premises and shall restore the Premises to its condition prior to such installation.

8. Freight elevator(s), if any, shall be available for use by all tenants in the Building, subject to such reasonable scheduling, as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the passenger elevators except between such hours and in such elevators as may be designated by Landlord.

9. Tenant shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight of such objects. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein or to any tenants in the Building shall be placed and maintained by Tenant, at Tenant's sole cost and expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

10. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, nor shall Tenant bring into or keep in or about the Premises any animals, including dogs (except seeing-eye dogs).

11. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord.

12. Tenant shall not waste electricity, water or air conditioning, and Tenant agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air-conditioning system and to comply with any governmental energy-saving rules, laws or regulations, of which Tenant has actual notice, and shall refrain from attempting to adjust controls. Tenant shall keep corridor and exterior doors closed and shall close window coverings at the end of each business day.

13. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name of the Building.

14. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 6:00 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays any person, unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of

invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

15. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, electricity, copiers and other office equipment, including coffee pots, etc., before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

16. The toilet rooms, toilets, 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. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant, or employees or invitees of the tenant, who shall have caused it.

17. Tenant shall not make any room-to-room solicitation of business from other tenants in the Building. Tenant shall not use the Premises for any business or activity other than that specifically provided for in Tenant's Lease.

18. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

19. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building except as permitted in the Lease. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. Landlord reserves the right to direct electricians as to where and the method in which telephone, computer or other wiring or cabling are to be introduced to the Premises. Tenant shall not cut nor bore holes for wiring or cabling without Landlord's prior written consent; said consent shall not be unreasonably withheld. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

21. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of alcohol or drugs or who is in violation of any of the Building.

22. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material, which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. All garbage over and above normal (i.e., major-delivery wrappings, etc.) shall be at Tenant's sole cost and expense. Tenant agrees to cooperate with Landlord in recycling programs as may be established from time to time by Landlord.

23. The Premises shall not be used for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, and microwave ovens shall be permitted; provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations and does not cause objectionable odor.

24. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

25. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

26. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

27. An authorized individual will attend to the requirements of Tenant only upon appropriate application to the office of the Building. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office of the Building without specific instructions from Landlord.

28. Tenant and Tenant's employees shall not park vehicles in any parking areas designated by Landlord as reserved parking areas or as visitor parking areas. Tenant shall not park any vehicles in the Building parking areas other than automobiles, motorcycles, motor-driven or nonmotor-driven bicycles or four-wheeled trucks.

29. Tenant and Tenant's delivery personnel shall utilize loading zones and delivery entrances for all deliveries. Any damage to the Building or Premises resulting from Tenant's deliveries shall be repaired at the sole cost and expense of Tenant.

30. Tenant and Tenant's delivery personnel shall not use in any space or in the common areas of the Building any hand truck except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring vehicles of any other kind into the Building.

31. All moving of furniture or other equipment shall be done so as to have minimal impact on other tenants' and visitors' use of elevators, common areas, and parking facilities.

32. The Building is a nonsmoking building.

33. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

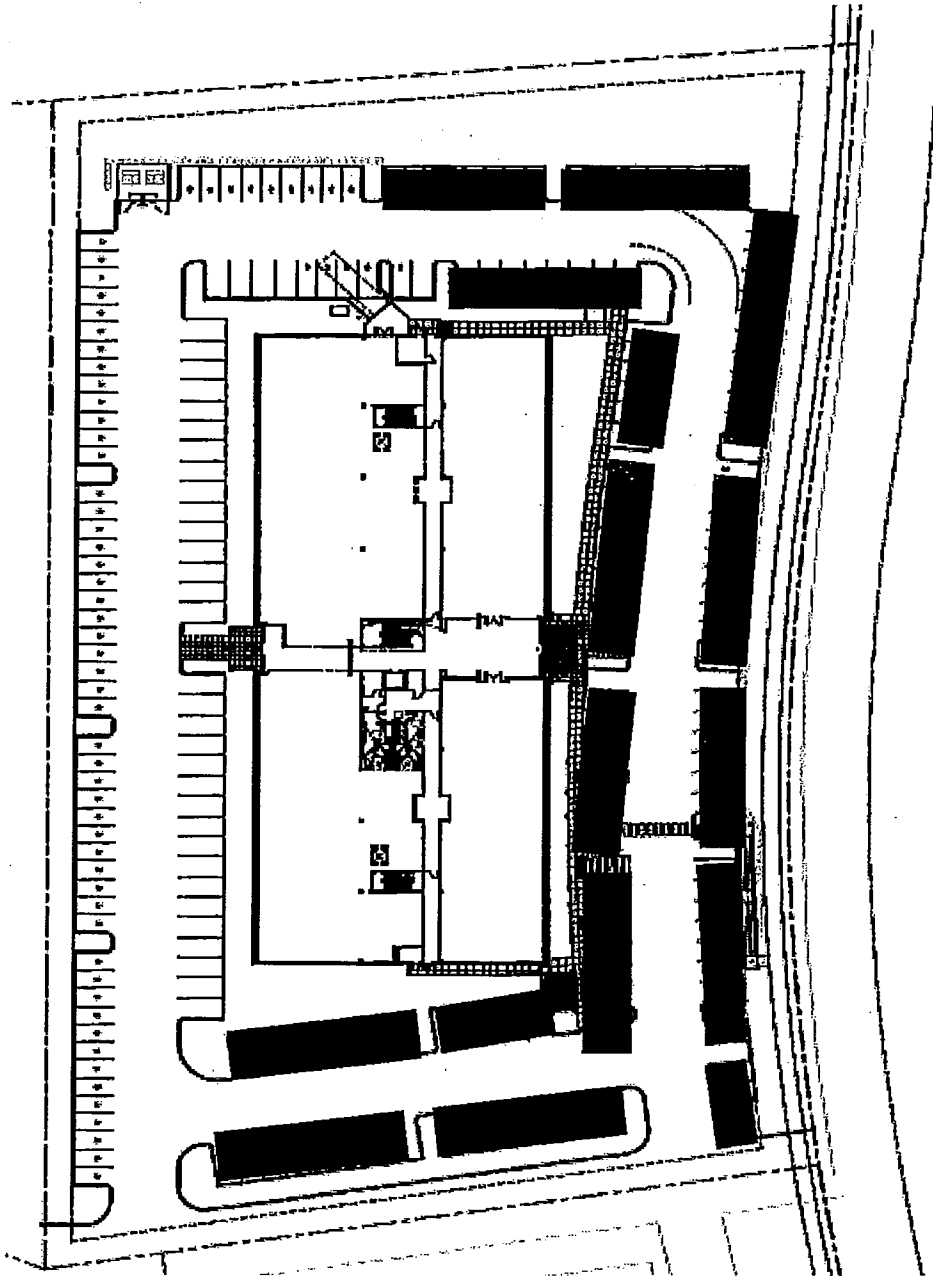
34. These Rules and Regulations are in addition to and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building.

35. Landlord reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional reasonable Rules and Regulations which are adopted.

36. Tenant shall not do, or permit its agents or employees to do, anything in, on, or about the Premises or the Property which will violate the CCRs.

37. Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

**EXHIBIT G**  
**PARKING PLAN**



**EXHIBIT H****OPERATING EXPENSE EXCLUSIONS**

The term "**Operating Expenses**" shall not include the following costs and expenses:

- (1) depreciation and amortization;
- (2) expenses incurred by Landlord to prepare, renovate, repaint, redecorate or perform any other work in any space leased to an existing tenant or prospective tenant of the Building;
- (3) expenses incurred by Landlord for repairs or other work occasioned by fire, windstorm, or other insurable casualty or condemnation;
- (4) expenses incurred by Landlord to lease space to new tenants or to retain existing tenants including leasing commissions, advertising and promotional expenditures;
- (5) expenses incurred by Landlord to resolve disputes, enforce or negotiate lease terms with prospective or existing tenants or in connection with any financing, sale or syndication of the Building;
- (6) interest, principal, points and fees, amortization or other costs associated with any debt and rent payable under any lease to which this Lease is subject and all costs and expenses associated with any such debt or lease and any ground lease rent, irrespective of whether this Lease is subject or subordinate thereto;
- (7) cost of alterations, capital improvements, equipment replacement and other items which under generally accepted accounting principles are properly classified as capital expenditures including the resurfacing or repaving of any parking facilities and driveways or the repair or replacement of any roofs;
- (8) expenses for the replacement of any item covered under warranty;
- (9) cost to correct any penalty or fine incurred by Landlord due to Landlord's violation of any federal, state or local law or regulation and any interest or penalties due for late payment by Landlord of any of the Operating Expenses;
- (10) costs of repair necessitated by Landlord's negligence or willful misconduct, or of correcting any latent defects or original design defects in the Building construction, materials or equipment;
- (11) expenses for any item or service which Tenant pays directly to a third party or separately reimburses Landlord and expenses incurred by Landlord to the extent the same are reimbursable or reimbursed from any other tenants, occupants of the property, or third parties;
- (12) expenses for any item or service not provided to Tenant but exclusively to certain other tenants in the Building;
- (13) a property management fee for the Building in excess of the lesser of (i) the current management contract obligation, or (ii) five percent (5%) of the gross rents of the Building (exclusive of capital expenditures, mark-ups, separate reimbursements by tenants and ancillary income from other

services [e.g., income from antennae or satellite dishes, paid parking, security deposits and interest thereon, etc.]) applicable to the Building for the relevant calendar year;

(14) salaries of (i) employees above the grade of building superintendent or building manager, and (ii) employees whose time is not spent directly and solely in the operation of the Property;

(15) Landlord's general corporate overhead and administrative expenses;

(16) business interruption insurance or rental value insurance;

(17) expenses incurred by Landlord in order to comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of federal, state, county and city governments and of all other governmental authorities having or claiming jurisdiction over the Building, including without limitation the Americans with Disabilities Act of 1990 (as amended), the Federal Occupational Safety and Health Act of 1970 (as amended) and any of said laws, rules and regulations relating to environmental, health or safety matters;

(18) reserves for bad debts or capital improvements;

(19) fees paid to affiliates of Landlord to the extent that such fees exceed the customary amount charged for the service provided;

(20) HVAC modification and replacement obligations necessary to comply with any Environmental Protection Agency requirements including ASHRAE Standards for the following: maintenance, fresh air and HCFC/CFC;

(21) other items not customarily included as operating expenses for similar buildings;

(22) new building artwork; and

(23) costs associated with the removal of substances considered to be detrimental to the environment or the health of occupants of the Building.

**EXHIBIT I**

**WHEN RECORDED RETURN TO:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**MEMORANDUM OF LEASE**

**Document Title:** Memorandum of Lease  
**Grantor:** Kendall Lake Partners LLC, Landlord  
**Grantee:** King County, as Tenant  
**Legal Description:**  
    **Abbreviated Legal Description:** Lot 10B, Snoqualmie Ridge Certificate of Segregation, Recording No. 20010511900018  
    **Full Legal Description:** See Exhibit A attached  
**Assessor's Tax Parcel Nos.:** 785180-0100  
**Reference Nos. of Documents Released or Assigned:** Not applicable

**MEMORANDUM OF LEASE**

This Memorandum is made by **KENDALL LAKE PARTNERS LLC**, a Washington limited liability company ("**Landlord**"), and **KING COUNTY**, a political subdivision of the State of Washington ("**Tenant**").

**RECITALS:**

A. Pursuant to a Lease Agreement between Landlord and Tenant dated as of \_\_\_\_\_, 2012 (the "**Lease**"), Landlord leased to Tenant certain premises in the Building situated on the real property located in King County, Washington, legally described on Exhibit A attached (the "**Premises**"). Capitalized terms used in this Memorandum and not defined herein shall have the meanings given to them in the Lease.

B. The purpose of this Memorandum, which will be recorded in the real property records of King County, Washington, is to give third parties record notice of Tenant's interest in the Premises and of the Lease.



**AGREEMENT:**

In consideration of the mutual covenants contained in the Lease, Landlord and Tenant agree as follows:

1. The Lease is in full force and effect, and all the terms and conditions of the Lease are incorporated into this Memorandum by this reference.

2. The Lease has a term of ten (10) years commencing on \_\_\_\_\_, 2012, and expiring on \_\_\_\_\_, 2022.

3. Pursuant and subject to the terms of the Lease, Tenant has the option to extend the term of the Lease for up to two (2) additional five (5) year periods.

This Memorandum is made as of \_\_\_\_\_, 2012.

**LANDLORD:**

**KENDALL LAKE PARTNERS LLC**, a Washington limited liability company

By: **Kendall Lake Manager LLC**, a Washington limited liability company, Its Manager

By \_\_\_\_\_  
Joel Aslanian, Manager

**TENANT:**

**KING COUNTY**, a political subdivision of the State of Washington

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared **Joel Aslanian**, known to me to be the Manager of **Kendall Lake Manager LLC**, a Washington limited liability company, the Manager of **KENDALL LAKE PARTNERS LLC**, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name  
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 \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared \_\_\_\_\_, known to me to be the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, the public entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said public entity, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_.  
My commission expires \_\_\_\_\_.

**EXHIBIT A  
TO  
MEMORANDUM OF LEASE**

**LEGAL DESCRIPTION OF PROPERTY**

The land referred to in this Memorandum is situated in the State of Washington, and described as follows:

Lot 10B of Snoqualmie Ridge Certificate of Segregation No. 01-03 (also known as Snoqualmie Ridge Certificate of Segregation No. 6), as per survey filed in Volume 145 of Surveys, Page 46, under Recording No. 20010511900018, Records of King County, Washington;

Together with Driveway and Access Easement as set forth in Easement Agreement recorded under King County Recording No. 9805280259;

And together with Driveway, Utilities and Access Easement as set forth in Easement Agreement recorded under King County Recording No. 20010511001461.

Situate in the City of Snoqualmie, County of King, State of Washington.