



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 10, 2016

Ordinance 18283

Proposed No. 2016-0135.1

Sponsors Gossett

1 AN ORDINANCE authorizing the executive to execute and
2 take actions necessary to implement a new lease for the
3 department of adult and juvenile detention community
4 corrections division to provide space to operate the
5 community work program, which is an alternative to secure
6 detention in King County.

7 **STATEMENT OF FACTS:**

- 8 1. The facilities management division received a request for space in June
9 2013 from the department of adult and juvenile detention community
10 corrections division.
- 11 2. The department of adult and juvenile detention community corrections
12 division needed space for the operation of the community work program.
- 13 3. The facilities management division determined in May 2015 that there
14 was not an appropriate county-owned option.
- 15 4. The facilities management division determined, through consultation
16 with the department, that leasing was the most cost-effective option for the
17 county.

18 5. The facilities management division successfully negotiated to lease
19 space from Aleinikoff Investments, LLC, located at 925 Hiawatha Place
20 South, Seattle, within council district two.

21 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

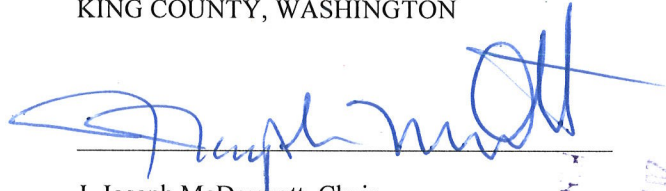
22 SECTION 1. The executive is authorized to execute a lease for the 925 Hiawatha

23 Place South with Aleinikoff Investments, LLC, substantially in the form of Attachment A
24 to this ordinance, and to take all actions necessary to implement the terms of the lease.
25

Ordinance 18283 was introduced on 4/4/2016 and passed by the Metropolitan King County Council on 5/9/2016, by the following vote:

Yes: 8 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci
No: 1 - Mr. Dembowski
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

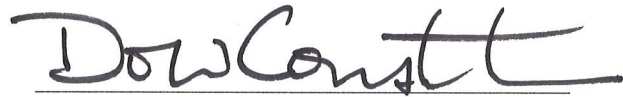
ATTEST:



Anne Noris, Clerk of the Council

RECEIVED
2016 MAY 17 PM 3:51
CLERK
KING COUNTY COUNCIL

APPROVED this 17 day of MAY, 2016.



Dow Constantine, County Executive

Attachments: A. Lease Agreement

ATTACHMENT A:

LEASE AGREEMENT

COMMERCIAL LEASE
925 Hiawatha Place South, Seattle, WA 98144

THIS COMMERCIAL LEASE is made and entered into as of this ____ day of _____ 2016 by and between ALEINIKOFF Investments LLC (hereinafter referred to as the "Landlord"), and KING COUNTY (hereinafter referred to as the "Tenant");

WHEREAS, Landlord desires to lease certain space to Tenant, as more fully set forth herein, and Tenant desires to take and lease such space from Landlord, which space is more fully described below (hereinafter referred to as the "Premises"); and

WHEREAS, the Premises are situated in certain improvements located on certain real property, which real property and improvements are owned by Landlord, and which real property is legally described and depicted in Exhibit A.

NOW THEREFORE, for and in consideration of the rents reserved hereunder and the terms and conditions hereof, Landlord hereby rents, demises and leases to Tenant, and Tenant takes and leases from Landlord, the following described Premises all upon the following terms and conditions:

1. SUMMARY OF BASIC LEASE PROVISIONS.

DATE: _____ 2016, for reference purposes only

LANDLORD: ALEINIKOFF Investments LLC
ADDRESS OF LANDLORD: c/o Real Property Associates
7500 Roosevelt Way NE
Seattle, WA 98115

TENANT: King County

ADDRESS OF TENANT: King County Facilities Management Division
Attn: Lease Administration
500 Fourth Avenue, Suite 830
Seattle, WA 98104

PREMISES: Tenant will occupy 100% of the Premises which consists of the entire building including the approximately 3,000 rentable square feet ("RSF") of office space; 3,000 RSF of shop space; and 6,000 RSF of fenced parking/storage area.

All measurements shall be calculated in accordance with the measurement method promulgated by the Building Owners and Managers Association (BOMA) American National Standard Z65-1-2010.

TAX PARCELS: King County Tax Parcel No. 7132300325, 7132300330 and 7132300320, as more fully described on Exhibit A.

LEASE TERM: Five (5) years

COMMENCEMENT DATE: This Lease shall commence on the Commencement Date, which shall be the date that is the first day of the calendar month immediately following the date on which the Lease is fully executed.

**RENT
COMMENCEMENT
DATE:**

On the Commencement Date

**TENANT
IMPROVEMENTS:**

Landlord shall provide a Tenant Improvement Allowance in the amount of Sixteen Thousand Five Hundred Dollars (\$16,500), which Landlord will apply to its delivery obligations as provided in Exhibit B.

**FIXED
RENT SCHEDULE:**

Months 01-02	\$ 0.00/NNN
Months 03-12	\$8250.00/NNN
Months 13-24	\$8497.00/NNN
Months 25-36	\$8750.00/NNN
Months 37-48	\$9015.00/NNN
Months 49-60	\$9285.00/NNN

TERMINATION DATE: Five years from the Commencement Date.

OPTION TO RENEW: Tenant shall have the right to extend the Lease for two (2) periods of five (5) years each, as provided in Exhibit C.

**TAXES, INSURANCE
COMMENCEMENT
DATE:**

Tenant shall pay all the real property taxes and property insurance and general liability insurance billed to Tenant by Landlord. Tenant shall have the right to contest any tax assessments during the Lease Term. Capital expenditures, as defined by generally accepted accounting principles, shall not be passed through to Tenant. Currently, the annual insurance premium is \$1650/year and the property taxes are \$15,415.

**UTILITIES CHARGES
COMMENCEMENT
DATE:**

Tenant will commence payment of all utility charges on the Commencement Date. Tenant shall be responsible for all Utilities (as defined in Section 6) rendered or furnished to the Premises including but not limited to water, gas, electricity, and sewer. There is a solar electric system installed on the roof of the Premises. This remains the sole benefit of the Landlord and any credits of power are the property of the Landlord.

PERMITTED USE: Any and all uses applicable under zoning law.

OPERATING HOURS: At Tenant's discretion.

SECURITY DEPOSIT: Not Required.

2. PREMISES.

The Premises is commonly referred to as 925 Hiawatha Place South, Seattle, WA 98144 and is comprised of 6000 square feet of interior space (3000 sq. ft of office and 3000 sq. ft. of storage) and a 6000 square foot fenced yard.

3. TERM.

3.1 Commencement Date. This Lease shall be for the term set forth in Section 1 above (hereinafter referred to as the "Term" or "Lease Term") and shall commence as described therein (hereinafter referred to as the "Commencement Date"). The terms and conditions of this Lease shall apply on and after the Commencement Date. The Lease Term shall commence on the Commencement Date and shall terminate at midnight of the termination date set forth in Section 1 above (hereinafter referred to as the "Termination Date"); provided that, Tenant's rental obligations under this Lease shall commence as of the date set forth in Section 1 above and all other monetary obligations of Tenant shall commence as of the dates set forth in Section 1 above. The Commencement Date shall be confirmed by Tenant by the execution of a verification letter within fifteen (15) days following the occurrence of the Commencement Date. The Termination Date shall occur 60 months after the Commencement Date as provided in the verification letter.

3.2 Landlord's Work. Landlord shall deliver the Premises in an "as-is" broom clean condition, free of all fixtures, furniture and equipment and Hazardous Material (as defined in Section 5.3), and with Tenant Improvements in accordance with the provisions on Exhibit B, and in compliance with all applicable codes and governmental regulations. Additionally, Landlord shall repair and maintain the roof in a water tight manner. Beyond this, Tenant agrees to accept the property in its "as is, where is" condition. Should Landlord fail to substantially complete (as defined in Exhibit B) the Tenant Improvements within thirty (30) days following the Commencement Date, the Rent shall be abated on a daily basis (each day equaling 1/30 of the monthly Rent) until such time as Landlord delivers the Premises with the Tenant Improvements substantially complete, unless otherwise agreed to by Landlord and Tenant in writing.

4. RENT

4.1 Rent. Tenant shall pay to Landlord, at Landlord's address or at such other address directed by Landlord, or its designee to an account designed in writing by Landlord, without notice or demand and without any set-off, abatement, counterclaim or deduction whatsoever, as fixed annual minimum rent the amount described in Section 1 (the "Rent"), which Rent shall be paid in equal monthly installments in advance on or before the first day of each calendar month of the Lease Term, and shall be considered delinquent if not so paid on or before the fifth day of each month. The Rent shall be increased as set forth in Section 1 above. If the Lease Term commences or expires on a day other than the last day of a calendar month, the Rent for such month shall be a pro-rated portion of the monthly Rent, based upon a thirty (30) day month.

4.2 Rent Abatement. Intentionally deleted.

4.3 Taxes and Insurance. In addition to the Rent provided in Section 4.1 above, and commencing on the date set forth in Section 1, and thereafter on the 1st day of each month during the Lease Term, Tenant shall pay to Landlord after written notice of the same from Landlord as additional rent in monthly installments equal to 1/12 of all real estate taxes levied on the property on an annual basis, now or in the future to include but not be limited to taxes and assessments for special improvement districts (including those formed after the Commencement Date), and insurance premiums assessed or levied against or incurred in connection with the Premises, including land, building and improvements thereon, subject to reconciliation at the end of each calendar year, with any overpayment credited against Tenant's Rent and any underpayment due to Landlord from Tenant upon written notice of same. Said insurance may include all insurance premiums for fire, flood, earthquake liability, loss of rents insurance, comprehensive general liability insurance, and any other insurance and endorsements which may include an "all risk" endorsement or any other commercially reasonable insurance requirement, that Landlord or Landlord's lender deems necessary or appropriate for the Premises.

5. Permitted Use. Tenant shall not use, nor permit or suffer the use of, the Premises for any business or purpose other than solely and specifically for the purpose and under any trade name set forth in Section 1 above without the prior written consent of Landlord which shall not be unreasonably withheld, conditioned or delayed.

5.1 Uses Prohibited. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of, or affect, any fire or other insurance upon the Premises or real property of which the Premises are a part, or cause a cancellation of any insurance policy covering said Premises or any part thereof or any of its contents. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable or offensive purpose, nor shall Tenant cause, maintain, or suffer or permit any nuisance in, on or about the Premises. Tenant agrees that during the Lease Term, the Premises shall be kept in a clean condition, free of any objectionable noises or odors and that all health and police regulations shall, in all respects and at all times, be fully complied with by Tenant. Tenant shall not commit or allow to be committed any waste in or upon the Premises and shall refrain from using or permitting the use of the Premises or any portion thereof as living quarters, sleeping quarters or for lodging purposes.

5.2 Compliance with Laws. Landlord certifies that prior to the Commencement Date, that Premises complies with all local, state or federal laws, statutes, ordinances and governmental rules, regulations and requirements then in force, including ADA regulations. Tenant shall, at its sole cost and expense, faithfully observe and promptly comply with all local, state or federal laws, statutes, ordinances and governmental rules, regulations and requirements now in force or which may hereafter be in force with respect to Tenant's use, occupancy and possession of the Premises and Tenant's business conducted thereon, and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises (excluding structural changes not related to or affected by Tenant's improvements or acts), and with the terms and provisions of all recorded covenants, conditions, restrictions and easements encumbering the Premises and/or building or property on which the building is situated. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, or recorded covenant, condition, restriction or easement, shall be conclusive of that fact as between Landlord and Tenant, except that Tenant may appeal any such judgement in a timely manner and diligently prosecute the same to a final status, in which event Tenant shall not be in violation with Landlord during the pendency of such appeal.

5.3 Hazardous Material.

5.3.1 For purposes of this Lease, the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington Water Pollution Control Act, RCW ch. 90.48, and any laws concerning above ground or underground storage tanks. For the purposes of this Lease, the term "Hazardous Material" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law.

5.3.2 Landlord represents and warrants to Tenant that there is no Hazardous Material on, in, or under the Premises or the property on which the Premises are located as of the Commencement Date. If there is any Hazardous Material on, in, or under the Premises or the property on which the Premises are located which has been or thereafter becomes released through no fault of Tenant, then Landlord (i) shall be solely responsible, at its sole cost, for promptly remediating the same to the extent required by Environmental Law and (ii) shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees,

consultant fees and expert fees, incurred or suffered by Tenant either during or after the Lease term as the result of such release.

5.3.3 Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the property on which the Premises are located by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred or suffered by Landlord either during or after the Lease term ("Claims") to the extent that said Claims are a result of said breach. Tenant shall promptly notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

5.3.4 Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises or the property on which the Premises are located by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any release of any Hazardous Material on the Premises or the property on which the Premises are located, Tenant shall be solely responsible, at its sole cost, for promptly remediating the same to the extent required by Environmental Law. Landlord's approval of such remediation shall first be obtained, which approval shall not be unreasonably withheld, conditioned or delayed, provided, however, that Tenant shall be entitled to respond immediately to an emergency without prior approval from Landlord, including but not limited to taking actions necessary to prevent the release from migrating, leaching or otherwise spreading, and actions necessary to respond to any immediate obligations imposed on Tenant by Environmental Law. To the extent such Hazardous Material becomes comingled with Hazardous Materials released by Landlord or other parties, nothing in this Agreement shall prevent Tenant from seeking to recover costs, expenses or any other damages incurred as a result of the presence of such Hazardous Material that was released by Landlord or other parties.

5.3.5 The provisions of this Section 5.3 shall survive expiration or earlier termination of this Lease.

5.3.6 Scope: Any liability arising under Section 5.3, shall be subject to the indemnities in this Section 5.3, and shall not be subject to Section 14.

6. UTILITIES.

Landlord shall at all times furnish the Premises with: (i) water at those points of supply provided for general use of tenants of the building; (ii) heated and refrigerated air conditioning as appropriate, at such temperatures and in such amounts as are required by governmental authority or as are reasonably appropriate for the building; (iii) janitorial service on weekdays, other than national holidays, and such carpet cleaning and window washing as may from time to time be reasonably required; (iv) elevators, if applicable, for ingress and egress to the floor on which the Premises are located; (v) replacement of building-standard light bulbs and fluorescent tubes in the Premises; (vi) electrical current reasonably sufficient for Tenant's use; and (vii) sewer service to the Premises ("Utilities"). Tenant shall furnish its own telephone, internet and cable service to the Premises. No interruption or failure of any utilities or services from any cause whatsoever shall be deemed an eviction of Tenant, provided that Landlord shall use commercially reasonable efforts to repair, replace or restore the same as quickly as possible. To the extent any interruption of services occurs and is due to Landlord's negligence, intentional misconduct or breach of Lease, then Rent shall be abated for the period of interruption in the proportion of the square footage rendered unusable in addition to, and without limiting, Tenant's other rights and remedies available at law and/or under this Lease. Tenant shall be responsible for the costs of Utilities, which shall be paid to Landlord as Additional Rent. Utilities shall be charged to directly to Tenant unless separately metered paid by Tenant to applicable third parties.

7. PERSONAL PROPERTY TAXES. Tenant shall pay before delinquency, at its sole cost and expense, any and all taxes levied, assessed and/or which become payable during the Lease

Term upon all of any part of Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property located in the Premises. In the event any or all of Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

8. LICENSES AND TAXES. Tenant shall be liable for, and shall pay throughout the Lease Term, all license and excise fees and occupation taxes covering the business conducted on the Premises. If any governmental authority or unit under any present or future law effective at any time during the Lease Term shall in any manner levy a tax on rents payable under this Lease or rents accruing from use of the Premises or a tax in any form against Landlord because of, or measured by, income derived from the leasing or rental of said property, such tax shall be paid by Tenant, either directly or through Landlord, and upon Tenant's default therein, Landlord shall have the same remedies as upon failure to pay Rent. It is understood and agreed, however, that Tenant shall not be liable to pay any income tax imposed on Landlord.

9. ALTERATIONS. Tenant agrees to accept the Premises pursuant to the terms set forth in Section 1 as of the date stated therein and throughout the Lease Term, and agrees that Landlord shall have no obligation or duty to make any other improvements or alterations to the Premises for purposes of Tenant's use or occupancy thereof. Without limiting the foregoing, Tenant's rights in the Premises are subject to all federal, state and local laws, statutes, rules, ordinances and regulations governing and regulating the use and occupancy of the Premises and subject to all matters now or hereafter of record. Tenant shall not make any alterations, additions or improvements in or to the Premises (including, without limitation, penetration of the roof) without the prior written consent of Landlord, which consent may not be unreasonably withheld and, if given, may be subject to such conditions as Landlord reasonably deems appropriate.

10. MAINTENANCE OF PREMISES.

10.1 Tenant Responsibilities. The building systems including electrical, plumbing, heating and cooling equipment will be delivered in good operating condition by Landlord upon the Commencement Date. Tenant shall at all times throughout the Lease Term, at its sole cost and expense, keep the Premises (including interior surfaces of exterior and demising walls, exterior doors and entrances, all windows and moldings and trim of all doors and windows) and all partitions, door surfaces, floor coverings, fixtures, equipment and appurtenances thereof (including lighting, heating and plumbing fixtures and any air conditioning system) in good order and working condition. Tenant shall also be responsible for the cost of any repairs to the building systems (including repairing any damage from burglary or attempted burglary of the Premises and damage resulting from any casualty, unless expressly provided to the contrary in Section 18 below) except to the extent such repairs are to capital improvements as defined by generally accepted accounting principles. The costs of any such repairs shall be billed directly to, and paid by, Tenant unless otherwise arranged between Landlord and Tenant. The bills and invoices for Tenant's costs may be delivered directly to Tenant by the contractor providing such services, unless Tenant, at its sole discretion, elects to use its own labor and trades people for such maintenance and repair. Without limiting the generalities thereof, and subject to Landlord's obligations provided in Section 6, Tenant shall replace immediately all broken glass in the Premises; at reasonable intervals paint or refinish the interior of the Premises, including entrances as determined by Landlord; make any necessary repairs to, or replacements of, all door closure apparatuses and mechanisms; keep all plumbing clean and in good state of maintenance including drains, toilets, basins, water heaters and those portions of the heating system within the walls of the Premises; and properly maintain all utilities (including circuit breaker and panel boxes and Tenant's meters) within the Premises in a commercially reasonable manner. Tenant expressly agrees that the use of roof areas shall be limited to ingress for maintenance purpose only, and that said roof areas shall not be used for storage of inventory or for any other use.

In addition, Tenant, at its expense is responsible for the maintenance of all exterior areas of the Premises (excluding the structure of the walls, foundation and roof) and shall keep or cause to be kept the following areas in a neat, clean, and orderly condition, properly lighted and landscaped,

and shall promptly repair any damage to these facilities thereof: To include but not be limited to parking areas and entrances, fences and rolling gate, garage doors, loading docks, stairways, corridors, landscaped and planted areas, irrigation if any, drainage traps and facilities within the Premises, lighting and other fixtures; directional signs and other markers and bumpers; maintenance of any fire protection systems, lighting systems, storm drainage systems, cleaning, snow and/or dust removal, maintenance of sidewalks, sprinkling systems, all costs or expenses incurred by reason of any repairs or modifications to the Premises and/or its improvements and/or for repair or installation of equipment mandated for energy, code compliance, or safety purposes, but only to the extent such government-mandated improvement or alteration is not a capital expense and then only to the extent Tenant receives the benefit of any reduction in operating costs brought about by such improvement or alteration to the Premises. Tenant shall pay the costs of any such repairs or modifications within thirty (30) days of receiving invoices from Landlord. Tenant may request that Landlord arrange for and contract maintenance and repair services on Tenant's behalf, which actual cost of such services Tenant shall reimburse Landlord when invoiced.

10.2 Landlord Responsibilities. Landlord shall keep the exterior walls, foundations, roof, solar power system, and structural portions of the building and parking area in a good state of repair, and shall accomplish such repairs as may be needed promptly after receipt of written notice from Tenant and said repairs shall be at the sole cost of the Landlord. Landlord shall replace the roof when Landlord determines in its sole discretion that such replacement is necessary. Notwithstanding the foregoing, should such repairs be required by reason of Tenant's gross negligent acts or failure to act, after thirty (30) days written notice from Landlord and Tenant's failure to repair, Tenant shall promptly pay Landlord for the cost thereof. Tenant shall immediately inform Landlord of any necessary repairs and Tenant shall make none of such repairs without Landlord's prior written consent. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance required of Landlord hereunder unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Tenant shall be entitled to an abatement of Rent and Landlord shall hold tenant harmless and be liable to Tenant by reason of any injury to or interference with Tenant's business arising Landlord's negligence in acting or failing to act in the repairs, alterations or improvements in or to any portion of the Premises including the building or in or to fixtures, appurtenances and equipment therein.

10.3 Maintenance and Charges. The Premises is a single tenant building and Tenant is the sole occupant. Tenant is responsible for 100% of the maintenance and repair costs of the exterior area in, around and among the Premises, as provided in Section 10.1, except those costs which are the responsibility of Landlord, as provided in Section 10.2.

11. LIENS AND ENCUMBRANCES.

11.1 Liens. Tenant shall keep the Premises and the building and the land on which the building is situated, free from (and shall indemnify, defend and hold Landlord harmless from and against) any liens arising out of any work performed, materials furnished or obligations incurred by Tenant.

11.2 Encumbrances. Tenant shall not cause or suffer to be placed, filed or recorded against the title to the Premises or the building and the land on which the building is situated, or any part thereof, any mortgage, deed of trust, security agreement, financing statement or other encumbrance; and further, in no event shall the lien of Tenant's mortgage, deed of trust, or other security agreement or financing statement cover the Premises or the building and the land on which the building is situated or any part thereof, nor any leasehold improvements, alterations, additions, or improvements thereto except trade fixtures, appliances and equipment which are owned by Tenant and which are not, and which do not become, a part of the Premises. The form of any such mortgage, deed of trust or other security agreement or financing statement which includes a legal description of the Premises, the building or the land on which the building is situated or the address thereto, shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

12. ASSIGNMENT, MORTGAGING AND SUBLETTING. Tenant shall have the right to assign or sublease its interest in all or any portion of the Premises, subject to Landlord's consent,

which shall not be unreasonably withheld, conditioned or delayed. Tenant, with notice to Landlord, but without Landlord's consent, may assign the Lease or sublease or license any portion of the Premises to: 1) any entity ("Merged Entity") resulting from any merger or consolidation with Tenant; 2) any subsidiary of a Merged Entity, any parent company of any Merged Entity, or any subsidiary of the parent company of any Merged Entity or any subsidiary of any Merged Entity; 3) any entity succeeding to the business and assets of Tenant; 4) any entity controlling, controlled by, or under common control with Tenant, or contractor of Tenant or any other financial institution; 5) any AA credit quality third-party entity whose business substantially similar to that of Tenant. Tenant shall retain revenues above the Lease obligation owed by Tenant to Landlord.

13. AREAS CONTROLLED BY TENANT

13.1 Tenant's Rights. All areas of the Premises, including the building and the land on which the building is situated are controlled by the Tenant and Tenant, its employees and invitees are, except as otherwise specifically provided in this Lease, authorized, empowered and privileged to use all area subject to any recorded easements, covenants, conditions, restrictions or other matter with respect thereto.

14. INDEMNIFICATION.

14.1 Tenant agrees to indemnify and hold Landlord harmless as provided herein to the maximum extent possible under law. Accordingly, Tenant agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless Landlord, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, causes of action and judgments, including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Tenant's exercise of rights and privileges granted by this Lease, except to the extent of Landlord's negligence.

14.2 Landlord agrees to indemnify and hold Tenant harmless as provided herein to the maximum extent possible under law. Accordingly, Landlord agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless Tenant, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, causes of action and judgments, including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Landlord's exercise of rights and privileges granted by this Lease, except to the extent of Tenant's negligence.

14.3 Where such claims, demands, suits, and judgments result from the concurrent negligence of the parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of each party's negligence. Each of the parties agrees that its obligations under this paragraph extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to the other party only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW. In the event that any of the parties incurs any judgment, award, and/or cost arising therefrom, including attorney fees, expenses, and costs shall be recoverable from the responsible party to the extent of that party's negligence.

15. INSURANCE.

15.1 Tenant's General Liability. During the entire Lease Term, Tenant shall, at its own expense, maintain adequate commercial general liability insurance with a reputable insurance company or companies with minimum amounts of \$1,000,000 per occurrence and \$2,000,000 aggregate limit for broad form bodily injury and property damage liability, to indemnify both Landlord and Tenant against any such claims, demands, losses, damages, liabilities and expenses. Landlord and the management company, if any, employed by Landlord with respect to the Project and, if requested by Landlord, Landlord's lender shall be named as additional insureds and shall be furnished with a certificate of such insurance, which shall bear an endorsement that the same shall not be cancelled except upon not less than thirty (30) days' prior written notice to each such additional insured.

15.2 Tenant's Property Insurance. Tenant shall also at its own expense maintain, during the Lease Term, insurance covering the Premises, Tenant's furniture, fixtures, equipment, all leasehold improvements, if any, and inventory in an amount equal to not less than 100% of the full replacement value thereof and insuring against fire and all risk perils coverage as provided by a standard all risk coverage endorsement including plate glass and all other glass within the Premises in the event of breakage from any cause. The proceeds of such insurance, so long as this Lease remains in effect, shall be used for the repair or replacement of the property so insured.

15.3 Tenant's Worker's Compensation, Employer's Liability Insurance. Tenant shall, at its sole cost and expense throughout the Lease Term, maintain worker's compensation and employer's liability insurance in form and amounts reasonably satisfactory for commercial building, business and use of this type and in such form and amounts as may be required by law.

15.4 Self-Insurance-Tenant. If Tenant improves the Premises in any way, Tenant shall, at its sole cost and expense, obtain and maintain builder's risk insurance covering any work which Tenant may undertake with respect to the Premises. Landlord hereby consents to Tenant's right to comply with and satisfy the obligations contained in this Section 15 as to maintenance of policies of insurance by acting as a self-insurer as to the applicable insurance coverage. King County, a charter county government under the constitution of the State of Washington, hereinafter referred to as "Tenant", maintains a fully funded self-insurance program as defined in King County Code 2.12 for the protection and handling of the County'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. The Tenant agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Lease. The Tenant agrees to provide the Landlord with at least 30 days prior written notice of any material change in Tenant's self-funded program and will provide the Landlord with a certificate of self-insurance as adequate proof of coverage. 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, and shall not be required to, add the Landlord as an additional insured. Should the Tenant elect to cease self-insuring its liability exposures and purchase commercial general Liability insurance, Tenant agrees to add the Landlord (and those other entities requested by Landlord and which have an interest in the building) as an additional insured and comply with Section 15.1 above.

15.6 Landlord Insurance. Landlord is not required to carry insurance of any kind on Tenant's furniture, furnishings, fixtures, personal property, and equipment and on any improvements and alterations to the Premises made by Tenant, including without limitation, any improvements made by Landlord on behalf of Tenant pursuant to a Tenant improvement allowance under this Lease and Landlord shall not be obligated to repair any damage thereto or replace the same.

15.7 Landlord Property Insurance. Landlord shall maintain at its expense "all risk" property insurance on the building, appurtenances, fixtures and equipment other than property for which Tenant is responsible at one hundred percent (100%) of the current replacement cost value or an agreed amount basis.

15.8 Landlord General Liability Insurance. Landlord shall maintain at its expense Commercial General Liability insurance in the amount of \$ 1,000,000 per occurrence and \$ 2,000,000 in the aggregate. King County, its officer, officials, agents and employees shall be named as additional insureds.

15.9 Waiver of Subrogation. Landlord and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss in or about the Premises, from perils insured against under their respective fire insurance contracts, including any "all risk" endorsements thereof, whether due to negligence or any other cause; provided that this Section shall be inapplicable if it would have the effect, but only to the extent it would have the effect, of invalidating any insurance coverage of Landlord or Tenant.

16. EMINENT DOMAIN.

16.1 Total Taking. If all of the Premises are taken by the power of eminent domain exercised by any governmental or quasi-governmental authority, this Lease shall terminate as of the date Tenant is required to vacate the Premises and all Rent and charges due hereunder shall be paid to that date. The term "eminent domain" shall include the taking or damaging of property by, through or under any governmental or quasi-governmental authority, and any purchase or acquisition in lieu thereof, whether or not the damaging or taking is by the government or any other person.

16.2 Partial Taking. If more than ten percent (10%) of the gross square footage of the building or land upon which the building is located shall be taken or appropriated, this Lease may, at the option of either party, be terminated by written notice given to the other party not more than thirty (30) days after Landlord and Tenant receive notice of the taking or appropriation, and such termination shall be effective as of the date when Tenant is required to vacate the portion of the Premises so taken. If the parties agree to continue the Lease and the Tenant is required to vacate that portion of the Project or Premises taken, the Rent and charges due under this Lease shall be reduced in the same proportion that the area taken bears to the total area of the Premises prior to taking. If such taking results in a loss of less than ten percent (10%) of the Premises or land on which the building is located, Tenant may reconfigure the Premises, including the parking area, as needed, in Tenant's sole judgement, to accommodate Tenant's Permitted Use.

16.3 Damages. Landlord reserves all rights to the entire damage award or payment for any taking by eminent domain, and Tenant shall make no claim whatsoever against Landlord for damages for termination of its leasehold interest in the Premises or for interference with its business. Tenant hereby grants and assigns to Landlord any right Tenant may now have or hereafter acquire to such damages and agrees to execute and deliver such further instruments of assignment thereof as Landlord may from time to time request. Tenant shall, however, have the right to claim from the condemning authority all compensation that may be recoverable by Tenant on account of any loss incurred by Tenant in removing Tenant's merchandise, furniture, trade fixtures and equipment or for damage to Tenant's business; provided, however, that Tenant may claim such damages only if they are awarded separately in the eminent domain proceeding and not as part of Landlord's damages.

17. DEFAULT BY TENANT.

17.1 Events of Default. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

(a) Any failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder as and when due where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant.

(b) The abandonment of the Premises by Tenant, or the vacation (collectively, defined to be failure to (i) pay rent and (ii) occupy and operate Tenant's business on the Premises for sixty (60) or more consecutive days) of the Premises by Tenant.

(c) Any failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant, unless a shorter period of time for such observance or performance is otherwise expressly set forth in this Lease; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

(d) The making by Tenant of any general assignment for the benefit of creditors; the insolvency of Tenant or the inability of Tenant to make payment on its obligations generally as they become due; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located

at the Premises, or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days; or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Tenant.

17.2 Landlord's Right to Terminate Lease. In the event of any such default by Tenant, then in addition to any other remedies available to Landlord at law or in equity, including, without limitation, injunction, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect so to terminate this Lease, then Landlord may recover from Tenant:

- (a) Unpaid rent which had been earned at the time of such termination; plus
- (b) Unpaid rent which would have been earned after termination for the balance of the Lease Term less the amount that could have been reasonably avoided or mitigated by the Landlord; plus
- (c) Any other actually incurred costs or expenses proximately caused by Tenant's failure to perform its obligations under this Lease, or which in the ordinary course of business would be likely to result from the event of default, including without limitation reletting expenses.

The term "rent" as used herein shall be deemed to include Rent and all other sums required to be paid by Tenant pursuant to the terms of this Lease including, but not limited to, adjustments, interest and late charges. All such sums, other than the Rent, shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding three (3) month period prior to default.

17.3 Landlord's Right to Reenter Premises. In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, pursuant to court order reenter the Premises and remove all persons and property as permitted by said summary legal proceedings; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant or disposed of in a reasonable manner by Landlord.

17.4 Default by Landlord. Landlord shall be in default if Landlord fails to perform obligations required of Landlord within a commercially reasonable time as set forth under the terms of this Lease. Should Landlord fail to initiate its obligations under this Lease within thirty (30) days and prosecute same to successful completion, Tenant may, at Tenant's sole discretion, terminate this Lease upon thirty (30) days written notice to Landlord.

18. RECONSTRUCTION.

18.1 Reconstruction--Insured Loss. In the event the Premises, building, or fixtures, equipment or leasehold improvements of Tenant are damaged by fire or other perils covered by Tenant and or Landlord's insurance, Landlord agrees to forthwith repair same to the extent of insurance proceeds available by reason of such damage or destruction, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the Rent from the date of damage and while such repairs are being made, such proportionate reduction to be based upon the extent to which the damage and making of such repairs shall reasonably interfere with the business carried on by Tenant in the Premises; provided, that if the damage is due to the fault or neglect of Tenant or its employees, agents, contractors, licensees or invitees, there shall be no abatement of rent. Landlord shall notify Tenant within 30 days of any such casualty to the Premises or building of its intention to reconstruct the Premises or building and restore it to substantially the same condition as existed prior to the happening of the casualty. Should Landlord fail to provide such notice within sixty (60) days of the casualty to the Premises or building, and subsequently complete the restoration within one hundred and eighty (180) days of such casualty, Tenant may terminate this Lease without further notice to Landlord.

18.2 Uninsured Loss. In the event the Premises, building, or fixtures, equipment or leasehold improvements of Tenant are damaged as a result of any cause other than the perils

covered by the Tenant's and/or Landlord's insurance, then Landlord shall (except where the damage or destruction is caused by the gross negligence of Tenant, its employees, agents, contractors, licensees or invitees, in which case Tenant shall repair all damage at its sole cost and expense), forthwith repair the same if the cost to repair such damage will be less than One Hundred Thousand Dollars (\$100,000). If the cost to repair the damage to the Premises will equal or exceed One Hundred Thousand Dollars (\$100,000), then Landlord shall have the option to: (1) repair or restore such damage within one hundred eighty (180) days, this Lease continuing in full force and effect, but the Rent to be proportionately reduced as provided in Section 18.1 above; or (2) give notice at any time within sixty (60) days after such damage, terminating this Lease as of the date specified in such notice, which date shall be no more than thirty (30) days after the giving of such notice. In the event of giving such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, as reduced by a proportionate reduction (based upon the extent if any, to which such damage substantially interfered with the business carried on by Tenant in the Premises), shall be paid up to date of such termination.

18.3 No Obligation. Notwithstanding anything to the contrary contained in this Article 18, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Article 18 which is in excess of \$100,000 which occurs during the final twelve (12) months of the Lease Term or the final twelve (12) months of any extension thereof. If the Landlord elects not to repair, reconstruct or restore the Premises during the final twelve (12) months of the Lease Term or any extension thereof, and the Premises is untenantable, then either party may terminate the lease.

19. SUBORDINATION AND ATTORNMENT; ESTOPPEL CERTIFICATE; MORTGAGEE PROTECTION.

19.1 Subordination and Attornment. This Lease shall be subordinate to any existing or future mortgages, deeds of trust, and/or security documents on or encumbering the portion of the Project owned by Landlord or, if applicable, on the leasehold interest in the building and land on which the building is located held by Landlord and to any extensions, renewals, modifications or replacements thereof. At the request of Landlord, Tenant shall promptly execute, acknowledge and deliver all instruments which may be required as evidence of such subordination, provided that the mortgagee or beneficiary, as the case may be, shall agree to recognize this Lease in the event of foreclosure if Tenant is not in default at such time and agree to a commercially reasonable nondisturbance agreement with said Tenant as consideration for the subordination. In the event any proceedings are brought for the foreclosure of such lien, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall, at the election of the successor to Landlord upon any such foreclosure or sale or termination, attorn to the successor to Landlord upon any such foreclosure or sale or termination and recognize such successor as the landlord under this Lease provided they recognize all the rights of Tenant and accept all the obligations of Landlord as stated herein.

19.2 Tenant's Certificate. Tenant shall at any reasonable time, upon not less than ten (10) days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any; and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord or Tenant hereunder, or specifying such defaults if any are claimed; and (c) setting forth the Commencement Date and expiration of the Lease Term; and (d) such other matters reasonably requested by Landlord. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Premises. Tenant shall make best efforts to deliver any such certificate within ten (10) days of receipt from Landlord.

19.3 Mortgage Protection Clause. Tenant agrees to give any mortgagees and/or trust deed holders, by registered mail, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such mortgagees and/or trust deed holders.

20. ACCESS BY LANDLORD.

20.1 Right of Entry. Landlord or Landlord's lender, and their respective employees, agents and/or contractors, shall have the right after seventy-two (72) hours prior written notice to Tenant, except in case of emergencies, to enter the Premises at any reasonable time to examine the same, and to show the Premises to prospective purchasers (or who prospective tenants during the last six months of this Lease or any extension thereto) of the building or the Premises, and to make any necessary or desirable repairs, alterations, improvements or additions thereto. If Tenant is not personally present to permit entry and an entry is necessary, Landlord or its agents may in case of emergency forcibly enter the same, without rendering Landlord liable therefore, but Landlord shall use reasonable care in re-securing the Premises after such emergency entry or will be liable for any and all damages as a result of such failure.

20.2 Excavation. If an excavation is made upon property adjacent to the land on which the building is located, Tenant shall provide to the person causing or authorized to cause such excavation, license to enter upon the property on which the building is situated for the purpose of doing such work as Landlord shall reasonably deem necessary to preserve the wall of the building from injury or damage and to support the same by proper foundation, without any claim for damages or indemnification against Landlord for diminution or abatement of Rent. However, Tenant shall not be required to take any action pursuant to this Section 20.2 that would materially impair its ability to carry out business related to its Permitted Use.

21. SURRENDER OR ABANDONMENT OF PREMISES.

21.1 Surrender of Possession. At the expiration or sooner termination of this Lease, Tenant shall promptly return possession of the Premises to Landlord in the same condition in which received (or, if altered by Landlord or by Tenant with Landlord's consent, then the Premises shall be returned in such altered condition), reasonable wear and tear excepted. Any furniture, fixtures, equipment or improvements of Tenant not removed from the Premises upon such surrender, whether Landlord has requested the removal of the same pursuant to this Lease or not, may be removed by Landlord and stored or disposed of in Landlord's sole discretion. Tenant's obligations pursuant to this Section 21.1 shall survive the expiration of the Lease Term or earlier termination of this Lease.

21.2 Holding Over. Any holding over by Tenant after the expiration or termination of the Lease hereof shall be construed to be a tenancy at sufferance on all of the terms and conditions set forth herein, to the extent not inconsistent with a tenancy at sufferance; provided, that the Rent for each month during such hold-over period shall be an amount equal to one hundred twenty-five percent (125%) of the Rent due for the last month of the Lease Term (subject to adjustment as provided herein and prorated on a daily basis based on a thirty (30) day month). Acceptance by Landlord of rent or any other sum payable hereunder after such expiration or earlier termination shall not result in an extension or renewal of this Lease. If Tenant fails to surrender the Premises upon the expiration of the Lease Term or earlier termination of this Lease, Tenant shall indemnify, defend and hold Landlord harmless from and against all losses, damages, costs, liabilities or expenses (including, without limitation, attorneys' fees and costs) resulting from, relating to or founded upon such failure to surrender the Premises, including, without limitation, any claim made by any succeeding tenant.

21.3 Voluntary Surrender. The voluntary or other surrender of this Lease by Tenant to Landlord or a mutual cancellation thereof, shall not work a merger, but shall terminate all or any existing subleases or subtenancies, or operate as an assignment to it of any or all such subleases or subtenancies.

21.4 Termination Due to Business Impracticability. If federal, state, county, or municipal legal authorities notify Landlord or Tenant that Tenant's use of the Premises is not in compliance with federal, state, county or municipal law, or that Tenant or Landlord is subject to civil or criminal sanctions due to Tenant's use or occupation of the Premises, or that Tenant is not authorized to conduct its intended business activities on the Premises, Tenant or Landlord may, upon forty five (45) days' written notice, terminate this Lease. Notice from legal authorities giving rise to this Section 21.4 shall include, but not be limited to, official notices and orders, raids, arrests, seizures, or any notice of any kind that legal action is pending against Landlord or

Tenant arising from Tenant's use and operation of the Premises. Landlord may not terminate this Lease under this Section 21.4 unless it has provided sufficient time and opportunity for Tenant to cure any defect to the satisfaction of the notifying governing body. Tenant's or Landlord's receipt of any notice provided for in this Section 21.4 shall not be deemed an event of default pursuant to Section 17.

22. QUIET ENJOYMENT. Tenant, upon fully complying with and promptly performing all of the terms, covenants and conditions of this Lease on its part to be performed, and upon the prompt and timely payment of all sums due hereunder shall have and quietly enjoy the Premises for the Lease Term set forth herein, subject to all provisions of this Lease.

23. AUTHORITY OF PARTIES. If Landlord or Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation authorizing and consenting to this Lease, authorizing the specific officers signing this Lease to execute, acknowledge and deliver the same without the consent of any other officer or officers; resolving that such action and execution is in accordance with the bylaws of said corporation; and resolving that this Lease is binding upon said corporation in accordance with its terms.

24. SIGNS. All signage must be approved by the Landlord prior to installation. Such approval shall not be unreasonably withheld or delayed. Subject only to any applicable city and local governmental authority having jurisdiction over approval of signage, Tenant shall have the right to install its standard corporate building on all elevations of the Premises with prior permission from the Landlord. Throughout the term of the Lease, Tenant shall have the right to make improvements to its existing corporate signage to reflect any revised corporate identification, consistent with that which is to be installed in the majority of Tenant's other facilities without further consent of Landlord.

25. MISCELLANEOUS

25.1 Successors or Assigns. Subject to the provisions of this Lease above, all the terms, conditions, covenants and agreements of this Lease shall extend to and be binding upon Landlord, Tenant and their respective heirs, administrators, executors, successors, subtenants, sublessees, concessionaires, assigns and marital communities, if any, and upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

25.2 Broker's Commission. The parties confirm that Larry Almeleh, Pat Pendergast and Doug Hanafin of Washington Partners, Inc. represent the Tenant and Real Property Associates, Inc. represents the Landlord. Washington Partners, Inc. has provided the pamphlet entitled, "The Law of Real Estate Agency" to both Tenant and Landlord as required under RCW 18.86.030. Landlord will pay a brokerage fee to Washington Partners, Inc. ("Tenant's Broker") equal to 5% of the total initial lease gross consideration payable upon lease execution and pursuant to a separate agreement. Landlord will pay a brokerage fee to, Real Property Associates, Inc. ("Landlord's Broker") equal to 2.5% of the total initial lease consideration payable upon lease execution.

25.3 Partial Invalidity. If any term, covenant, or condition of this Lease or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

25.4 Recording. Neither party shall record or file with any public recording office or real property records this Lease or any form of memorandum of lease, or any assignment or security document pertaining to this Lease or all or any part of Tenant's interest therein without the prior written consent of the other party. If such consent is granted Landlord will pay all recording fees, costs, taxes and other expenses for the recording, however, upon the request of either party, both parties shall execute a memorandum or "short form" of this Lease for the purposes of recordation in

a form customarily used for such purposes. Said memorandum or short form of this Lease shall describe the parties, the Premises and the Lease Term and shall incorporate this Lease by reference.

25.5 Notices. Any notices required in accordance with any of the provisions herein or desired to be given hereunder, if to Landlord shall be delivered personally or if mailed then mailed by registered or certified mail and addressed to the address of Landlord as set forth in Section 1 or at such other place as Landlord may in writing from time to time direct to Tenant, and if to Tenant shall be delivered personally or if mailed then mailed by registered or certified mail and addressed to Tenant as set forth in Section 1 (corporate office and legal department). If there is more than one Tenant, any notice required or permitted hereunder may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. Notices shall be deemed given when delivered, if delivered personally, or three (3) business days after deposit in the United States mail as set forth above.

25.6 Exhibits, Addendums and Riders. All Exhibits, Addendums and Riders, if any, affixed to this Lease are incorporated by reference herein and made a part hereof.

25.7 Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained.

25.8 Joint Obligation. If there be more than one Tenant the obligations hereunder imposed shall be joint and several.

25.9 Marginal Headings. The marginal headings and article titles to the Sections and Subsections of this Lease are included for convenience of reference only and are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

25.10 Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

25.11 Inability to Perform. This Lease and the obligations of either party hereunder shall not be affected or impaired because either party is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, regulatory action including any cease or desist, or acts of God.

25.12 Choice of Law. This Lease shall be governed by the laws of the State of Washington with venue in King County superior court in Seattle or as local court rules require.

25.13 Legal Expenses. If either party is required to bring or maintain any action (including assertion of any counterclaim or cross-claim, or claim in a proceedings in bankruptcy, receivership or any other proceeding instituted by a party hereto or by others), or otherwise refers this Lease to an attorney for the enforcement of any of the covenants, terms of conditions of this Lease, the prevailing party in such action shall, in addition to all other payments required herein, receive from the other, all the costs incurred by the prevailing party including reasonable attorneys' fees and such costs and reasonable attorneys' fees which the prevailing party incurred on any appeal and post-judgment collection.

25.14 Rentable Square Footage; Floor Area. Rentable square footage and or gross floor area shall be computed by measuring from the center of partitions that separate tenants to the outside surface of the permanent outer buildings walls in accordance with BOMA standards. If space fronts on an enclosed mall, measurement will be taken to the exterior surface of the store front wall and to the exterior surface of corridor walls. All computations of rentable square footage and gross floor area for purposes of this Lease shall be made by Landlord and approved by Tenant in accordance with the foregoing definition.

25.15 Acceptance of Keys. The acceptance of keys to the Premises by Landlord, its agents, employees, contractors or any other person on Landlord's behalf shall not be deemed or constitute a termination of this Lease unless termination is pursuant to the terms of this Lease.

25.16 Parking. All parking on Premises are for the exclusive use of Tenant.

25.17 Trash Removal. Tenant, at its sole cost and expense, shall make all arrangements for regular trash and garbage removal from the Premises. If requested in writing by Landlord, Tenant shall provide at its sole cost and expense a trash container for trash disposal and pickup from the Premises. Landlord shall designate the location for any such trash container.

25.18 Security Measures. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents, employees, invitees and customers, and their property, from the acts of third parties, regardless of whether or not Landlord provides such security.

25.19 Non-Discrimination Clause. Landlord shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Ch. 12.16.125. Landlord shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Lease and may result in ineligibility for further agreements with King County.

25.20 Covenants and Conditions. All provisions of this Lease to be observed or performed by Tenant and Landlord are both covenants and conditions.

25.21 PRIOR AGREEMENTS. THIS LEASE CONTAINS THE ENTIRE AGREEMENT OF THE PARTIES HERETO AND ANY AND ALL ORAL AND WRITTEN AGREEMENTS, UNDERSTANDINGS, REPRESENTATIONS, WARRANTIES, PROMISES AND STATEMENTS OF THE PARTIES HERETO AND THEIR RESPECTIVE OFFICERS, DIRECTORS, PARTNERS, AGENTS AND BROKERS WITH RESPECT TO THE SUBJECT MATTER OF THIS LEASE AND ANY MATTER COVERED OR MENTIONED IN THIS LEASE SHALL BE MERGED IN THIS LEASE AND NO SUCH PRIOR ORAL OR WRITTEN AGREEMENT, UNDERSTANDING, REPRESENTATION, WARRANTY, PROMISE OR STATEMENT SHALL BE EFFECTIVE OR BINDING FOR ANY REASON OR PURPOSE UNLESS SPECIFICALLY SET FORTH IN THIS LEASE. NO PROVISION OF THIS LEASE MAY BE AMENDED OR ADDED TO EXCEPT BY AN AGREEMENT IN WRITING SIGNED BY THE PARTIES HERETO OR THEIR RESPECTIVE SUCCESSORS IN INTEREST. THIS LEASE SHALL NOT BE EFFECTIVE OR BINDING ON ANY PARTY UNTIL FULLY EXECUTED BY BOTH PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute and acknowledge this Lease as of the day and year first above set forth.

"LANDLORD"
ALENIKOFF Investments LLC

"TENANT"
King County

By: _____
Print Name: _____
Its: _____

By: _____
Print Name: _____
Its: _____

LANDLORD NOTARY

State of Washington)
) ss.
County of King)

On this _____ day of _____, 2016 before me personally appeared _____ to me known to be the _____ of _____ that executed the within and foregoing instrument, and acknowledged the same instrument to be the free and voluntary act and deed of said Company, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

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

Signature: _____
Print Name: _____
Notary Public in and for the State of _____
Residing in _____
My appointment expires _____

TENANT NOTARY

State of Washington)
) ss.
County of King)

On this _____ day of _____, 2016 before me personally appeared _____ to me known to be the _____ of King County that executed the within and foregoing instrument, and acknowledged the same instrument to be the fee and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath sated that they were authorized to execute said instrument.

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

Signature: _____
Print Name: _____
Notary Public in and for the State of _____
Residing in _____
My appointment expires: _____

EXHIBIT A

Tax Parcel No., and Legal Description

King County Tax Parcel No. 7132300325, 7132300330 and 7132300320

**Lots 7, 8 and 9, Block 4, Rainier Boulevard Addition, according to the plat thereof, recorded in Volume 9 of Plats, page 59, in King County, Washington.
Tax Parcel Number: 713230-0320-03**

Subject to: Easement and the terms and conditions thereof as per Easement recorded on February 28, 1985 under Recording number 8502281047.



EXHIBIT B

WORK LETTER

This Exhibit B (“Work Letter”) is part of that certain Lease Agreement (“Lease”) dated _____, 2016, by and between ALEINIKOFF Investments LLC (“Landlord”), and KING COUNTY, a political subdivision of the State of Washington (“Tenant”), under which Tenant has leased certain space (“Premises”) from Landlord, as more particularly described in the Lease. Capitalized terms not defined herein shall have the meaning assigned to them in the Lease.

1. COMPLETION SCHEDULE.

Within three (3) business days following the execution of the Lease, Landlord shall deliver to Tenant a schedule (“Work Schedule”) setting forth a timetable for the planning and completion of the installation of Landlord’s Work to be constructed in the Premises, which Work Schedule is subject to Tenant’s review and approval. The Work Schedule shall set forth each of the various items of work to be done by or approval to be given by Landlord and Tenant in connection with the completion of Landlord’s Work. Landlord shall be responsible for completing Landlord’s Work in accordance with the Work Schedule and shall promptly inform Tenant of any changes to the same, which changes are subject to Tenant’s review and approval.

2. LANDLORD’S WORK.

Reference herein to “Landlord’s Work” shall include all work to be done in the Premises as described in Paragraph 3 below. Reference in the Lease to “Tenant Improvements” shall mean the “Landlord’s Work” as described herein. Landlord shall substantially complete the Landlord’s Work on or before the Commencement Date. Landlord’s Work shall be deemed substantially 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 typically contained in a punchlist to be completed by Landlord, to the reasonable satisfaction of Tenant.

3. LANDLORD’S WORK PLANS.

The elements of Landlord’s Work are identified in the Construction Budget, , which is attached hereto as Attachment 1, and which has been approved by Landlord and Tenant. Based upon the Construction Budget, Landlord shall prepare plans and specifications for Landlord’s Work. Landlord shall ensure that such plans and specifications comply with all applicable laws. Such working plans and specifications are subject to approval by Tenant. Once approved, such plans and specifications may be referred to herein as “Landlord’s Work Plans.”

4. FINAL PRICING AND CHANGES.

Landlord shall prepare final pricing for Tenant’s approval, taking into account any modifications which may be required to reflect changes in the Landlord’s Work Plans required by the City of Seattle. After final approval of the Landlord’s Work Plans, no further changes to Landlord’s Work Plans may be made by either Landlord or Tenant without the prior written approval from the other party, which shall not be unreasonably withheld, conditioned or delayed, and then only after agreement from the requesting party to pay any excess costs resulting from the design and/or construction of such changes. Landlord and Tenant hereby acknowledge that any such changes shall be subject to the terms of Paragraph 6 below.

5. CONSTRUCTION OF LANDLORD’S WORK.

After Landlord’s Work Plans have been prepared and approved, the final pricing has been approved and any permits for Landlord’s Work have been issued, Landlord shall supervise the completion of such work and shall secure completion of the work in accordance with the Work Schedule. The cost of such work shall be paid as provided in Paragraph 6 below. Landlord shall be

responsible for remedying any defects in Landlord's Work and shall be responsible for any costs related to the negligence or intentional misconduct of the architect or contractor(s) (if any).

6. PAYMENT OF COST OF LANDLORD'S WORK.

a. Landlord hereby grants to Tenant a "Tenant Allowance" up to and not to exceed Sixteen Thousand Five-Hundred Dollars (\$16,500). The Tenant Allowance may be used for:

(1) Payment of the cost of preparing the Landlords' Work Plans, including mechanical, electrical, plumbing and structural drawings and of all other aspects of Landlord's Work Plans.

(2) The payment of plan check, permit and license fees relating to construction of Landlord's Work.

(3) Construction of Landlord's Work, including, without limitation, the work shown on Landlord's Work Plans.

(4) All other costs to be expended by Landlord in the design and construction of Landlord's Work, including without limitation, those costs incurred by Landlord for design and construction of elements of Landlord's Work in the Premises.

b. The cost of designing and constructing Landlord's Work shall be charged against the Tenant Allowance. If the cost of Landlord's Work (as approved by Tenant) exceeds the Tenant Allowance, Tenant shall pay any such overage within thirty (30) days of Landlord's completion of Landlord's Work and Tenant's receipt from Landlord of written back-up for such costs acceptable to Tenant.

c. In the event that, after Landlord's Work Plans have been prepared and a price therefore established by Landlord, Tenant shall require any changes or substitutions to Landlord's Work Plans, any additional costs thereof shall be paid by Tenant to Landlord within thirty (30) days of Landlord's completion of Landlord's Work and Tenant's receipt from Landlord of written back-up for such costs acceptable to Tenant; provided, however, that Landlord shall first apply towards such increase any remaining balance in the Tenant Allowance.

d. Any increase for any reason whatsoever to the cost of Landlord's Work above the amount set forth in Landlord's final pricing (as approved by Tenant), including without limitation the requirements of any governmental agency, shall require Tenant's prior written approval.

e. Upon completion of Landlord's Work, any unused portion of the Tenant Allowance shall be applied to Rent next owing under the Lease.

f. Tenant or its accountants shall have the right to inspect and audit Landlord's books and records with respect to Landlord's Work to verify actual costs thereof. Tenant shall exercise this right by giving written notice to Landlord of its intent to audit, which notice shall be given by Tenant within six (6) months after the completion of Landlord's Work. Upon giving such notice, Tenant or its accountants, at Tenant's sole cost (except as otherwise provided below), shall have the right for the succeeding sixty (60) days to inspect and audit Landlord's books and records with respect to Landlord's Work to verify the actual costs thereof. Tenant shall not pay any person or entity conducting such an audit on a contingency basis. Any overcharge or underpayment shall be due from one party to the other within thirty (30) days after the amount of the overcharge or underpayment has been mutually agreed upon or established by a court of competent jurisdiction; provided that Tenant may elect to apply any overcharge against Tenant's future Rent under the Lease. If an overcharge against Tenant of more than five percent (5%) of Landlord's Work is discovered, Landlord shall also reimburse Tenant for the cost of the audit within thirty days of receipt of a statement and if Landlord fails to timely reimburse Tenant, Tenant may reduce any future Rent due to Landlord under the Lease until such reimbursement has been fully realized.

7. MISCELLANEOUS

A default or the failure to perform under this Work Letter shall be a default under the Lease, and without limiting the non-defaulting party's other rights, the non-defaulting party shall be entitled to all of its remedies under the Lease with respect to such default.

[End of Work Letter.]

Attachment 1

Construction Budget

**Attachment 1
Construction Budget**

Carpet	\$6,300
• Same grade with 4" black base installed	
• Color/pattern to be determined by Tenant	
Paint	
• Interior offices -- same color as existing; eggshell finish	\$2,950
• Ceiling if necessary	\$1,975
Washer/Dryer Hook Up	\$8,750
• Rough in for supply and drain for existing washer and dryer	
• To include electrical run from upstairs panel	
• Vent for dryer -- core drill outside	
Install plumbing and electrical for ice maker	\$2,855
Drain for ice maker	\$TBD
North fence -- increase height to match, south side	\$1,890
Remove glass from basement storefront and haul away	\$1,750
Fix garage door seal T & M at \$65 plus materials	<u>\$400</u>
Total Estimated Cost	\$26,870*
WSST	\$ 2580.00
	\$29450.00
*Plus cost of drain for ice maker	

EXHIBIT C
Option to Extend Term Addendum

Tenant shall have the right to extend the Lease for two (2) periods of five (5) years each. Tenant shall provide Landlord with written notice of its intent to exercise such options no less than nine (9) and no more than eighteen (18) months prior to the lease expiration date. The Rent for such renewal periods shall be 95% of the then prevailing market rate at such time(s) for comparable office space in comparable office buildings within the building's competing market; including any concessions typically provided by other such comparable buildings and with no ceiling or floor ("Fair Market Rent"). Thereafter, Landlord shall have thirty (30) days within which to advise Tenant of its opinion of the rental rate, and if the parties cannot agree on Fair Market Rent, the parties shall resolve any difference of opinion as to such matters through arbitration as provided herein.

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. 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 vicinity of the Premises (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 "Arbitrator"). The 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 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 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 Arbitrator. If the two arbitrators chosen by the parties cannot agree on the Arbitrator within ten (10) days after the date the second arbitrator has been appointed, the 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 Arbitrator pursuant to subsection (b) above, the Arbitrator shall determine Fair Market Rent between the Fair Market Rent stated in Landlord's Rent Notice or the Fair Market Rent stated in Tenant's Rent Notice. The 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 Arbitrator for his or her consideration, with copies to the other party. The 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 Arbitrator shall render his or her decision by written notice to each party. The determination of the Arbitrator will be final and binding upon Landlord and Tenant. The cost of the Arbitrator shall be allocated and paid equally by Landlord and Tenant.