



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**January 30, 2017**

**Ordinance 18451**

**Proposed No. 2016-0552.2**

**Sponsors Upthegrove**

1           AN ORDINANCE authorizing the execution of a new lease  
2           to support the operation of the department of public  
3           defense.

4           STATEMENT OF FACTS:

- 5           1. The facilities management division received a request for space on  
6           December 17, 2015 from the department of public defense.
- 7           2. The department of public defense needed space for the purpose of  
8           consolidating their downtown work groups to a centralized location.
- 9           3. The facilities management division determined on December 17, 2015  
10          that there was not an appropriate county-owned option.
- 11          4. The facilities management division determined, through consultation  
12          with the department, that leasing was the most cost-effective option for the  
13          county.
- 14          5. The facilities management division successfully negotiated to lease  
15          space from Pacific Dexter Horton, LLC, located at 710 Second Avenue,  
16          Seattle, within council district eight.

17          BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

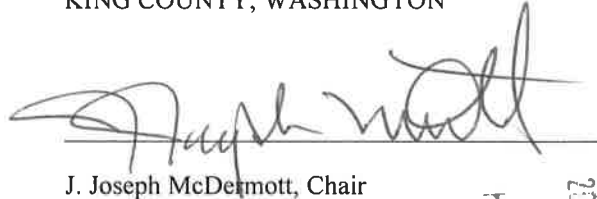
18          SECTION 1. The executive is authorized to execute a lease for the property  
19          located at 710 Second Avenue, Seattle, with Pacific Dexter Horton, LLC, substantially in

20 the form of Attachment A to this ordinance, and to take all actions necessary to  
21 implement the terms of the lease.  
22

Ordinance 18451 was introduced on 12/5/2016 and passed by the Metropolitan King County Council on 1/30/2017, by the following vote:

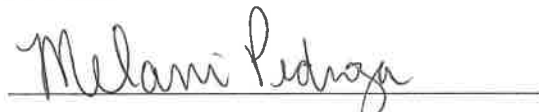
Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,  
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles  
and Ms. Balducci  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair


ATTEST:



Melani Pedroza, Acting Clerk of the Council

RECEIVED  
2017 FEB 10 PM 3:57  
CLERK  
KING COUNTY COUNCIL

APPROVED this 9 day of FEBRUARY, 2017.



Dow Constantine, County Executive

Attachments: A. Lease Agreement, Dated January 25, 2017

Dated January 25, 2017

**ATTACHMENT A:**  
**LEASE AGREEMENT**

**LEASE**

THIS LEASE AGREEMENT ("Lease"), is made and entered into between Pacific Dexter Horton LLC, a Delaware Limited Liability Company ("Landlord"), and KING COUNTY, a political subdivision of the State of Washington ("Tenant") (jointly referred to as the "parties").

**1. Basic Lease Information.**

- 1.1 Lease Date: November 18, 2016 (for reference purposes only)
- 1.2 Landlord: Pacific Dexter Horton LLC, a Delaware Limited Liability Company
- 1.3 Tenant: King County, a political subdivision of the State of Washington
- 1.4 Building: Dexter Horton Building  
 Located at:  
 710 2<sup>nd</sup> Avenue, Seattle, WA 98104,  
 on that certain real property that is legally described on the attached Exhibit A.
- 1.5 Premises: The area depicted on the attached Exhibit B, containing approximately 86,998 rentable square feet ("RSF") total (comprised of, Suite 1000 consisting of 23,160 RSF; Suite 700 consisting of 18,799 RSF; Suite 200 consisting of 20,623 RSF; Suite 200 M consisting of 14,782; and Suite 125 consisting of approximately 9,634 RSF).  
  
 Tenant's Total Pro Rata Share: 25.91% (consisting of Suite 125 = 2.87%; Suite 200/Suite 200 M together = 10.54%; Suite 700 = 5.60%; and Suite 1000 = 6.90%)  
  
 Base Year: 2017 (calendar year)
- 1.6 Permitted Use: General office for a public defense agency and any other lawful use approved by Landlord.
- 1.7 Initial Term: 125 months

Landlord Initial  Tenant Initial \_\_\_\_\_

- 1.8 Extended  
Term(s): Two options to extend for an additional term of five (5) years each. See Section 3.3.
- 1.9 Lease Commencement Date (also referred to as "LCD"): See Section 3.1.
- 1.10 Rent Commencement Date: See Section 3.1.
- 1.11 Expiration Date: The Lease shall expire on the last day of the month that is one hundred twenty five (125) months following the LCD. Landlord and Tenant shall confirm the LCD in writing after execution of this Lease.
- 1.12 Base Rent:

Tenant shall pay the following monthly Base Rent as provided in the below table and further defined in Section 5.

Months	Monthly Base Rent	Annual Rate/RSF
Months 1-5	\$0.00	\$0.00
Months 6-12	\$268,243.83	\$37.00
Months 13-24	\$275,493.67	\$38.00
Months 25-36	\$282,743.50	\$39.00
Month 37	\$161,100.75	\$22.22
Months 38-48	\$289,993.33	\$40.00
Months 49-60	\$297,243.17	\$41.00
Months 61-72	\$304,493.00	\$42.00
Months 73-84	\$311,742.83	\$43.00
Months 85-96	\$318,992.67	\$44.00
Months 97-108	\$326,242.50	\$45.00
Months 109-120	\$333,492.33	\$46.00
Months 121-125	\$340,742.17	\$47.00

- 1.13 Security Deposit: [None]
- 1.14 Landlord's Address for Notices:  
Pacific Dexter Horton LLC  
c/o Pacific Eagle Holdings Corporation  
353 Sacramento Street, Suite 1788  
San Francisco, CA 94111  
Attn: Lease Administration

Landlord Initial  Tenant Initial \_\_\_\_\_

With a copy to:  
CBRE  
c/o Pacific Dexter Horton LLC  
710 2<sup>nd</sup> Avenue, Suite 1508  
Seattle, WA 98104  
Attn: Property Manager

1.15 Tenant's Address for Notices:  
King County Real Estate Services  
Attn: Lease Administration  
500 Fourth Avenue, Suite 830  
Seattle, WA 98104

**2. Premises; Tenant Improvements.**

2.1 Premises. Landlord hereby leases the Premises to Tenant for the Term set forth above.

Landlord warrants that the Premises shall be delivered (i) in good operating condition, including but not limited to all mechanical, electrical, plumbing, and other systems serving the Premises; (ii) in compliance with all applicable laws, codes, ordinances and regulations; and with any Hazardous Material (as defined in Section 24 herein) remediated or encapsulated consistent with the requirements of Section 24. To the extent that the Premises fails to comply with the prior sentence as of the Lease Commencement Date (without limiting any other rights or remedies that Tenant may have under this Lease and/or at law), Landlord shall promptly correct the same at its sole cost and expense.

Landlord also grants Tenant a nonexclusive license to use the designated Building Amenities, subject to the same conditions for use applicable to all tenants of the Building, (Building conference room, dog room, bike room, shower/locker rooms), which amenities may be added, removed or changed from time to time in Landlord's sole discretion (the "Building Amenities"), and those portions of the Building or real property upon which the Building is situated made available from time to time by Landlord for the common use and enjoyment of Tenant, Landlord, and other tenants of the Building and their guests and invitees (when accompanied by Tenant) (the "Common Areas"). Landlord shall have the right to do and perform all such acts in and to the Common Areas as Landlord shall determine in its sole discretion, including without limitation reconfiguring and closing the same from time to time, so long as Landlord does not adversely affect Tenant's use and enjoyment of the Premises.

2.2 Tenant Improvements. Landlord, at Landlord's sole cost and expense, shall perform the Tenant Improvements described in Exhibit C attached hereto.

2.3 Right of First Refusal. This Right of First Refusal shall apply to all or a portion of floors three and four, (the "Expansion Space"). This right is subject to the pre-

Landlord Initial     *MD*     Tenant Initial \_\_\_\_\_

existing rights of other Tenants, ("Right of First Refusal Exemptions"), if any. At such time or times as Landlord intends to offer all or part of the Expansion Space for lease, Landlord shall so notify Tenant in writing, which notice ("Offer Notice") shall include the terms (rate, term, etc.) on which Landlord intends to offer the Expansion Space or part thereof (the "Offered Space"). If Landlord is offering a portion of the Expansion Space in conjunction with other, adjacent space, Landlord may designate the entirety of such offered space as the Offered Space. Tenant shall have ten (10) business days from receipt of such notice to notify Landlord that Tenant agrees to enter into a lease for the Offered Space, at Tenant's election, (a) on the terms stated in Landlord's notice or (b) to enter into a lease for the Offered Space on such other terms as may be mutually agreeable to Landlord and Tenant in their sole discretion. If Tenant does not enter into a lease for the Offered Space as provided in the preceding sentence, Landlord shall be entitled to lease the Offered Space to a third party according to the terms of the Offer Notice; provided that if Landlord desires to offer the Offered Space on terms that are more tenant-favorable than those set forth in the Offer Notice (e.g., rental rate differs more than 5%, or with different concessions), or if Landlord fails to lease the Offered Space to a third party within six (6) months of the date of the Offer Notice, then this Right of First Refusal shall again apply to the Offered Space.

### 3. Term.

3.1 Lease Commencement Date. This Lease shall commence on the date on which all of the following have occurred: 1) mutual execution by the parties of this Lease; 2) Phase I of the Tenant Improvements are Substantially Complete (as those terms are defined in Exhibit C); and 3) the portion of the Premises subject to the Phase I Tenant Improvements has been delivered for occupancy to Tenant ("Lease Commencement Date" or "Commencement Date"), which is anticipated to be on or around June 1, 2017. Upon either party's request after the Lease Commencement Date, Landlord and Tenant shall execute a letter in substantially the form of Exhibit D attached hereto confirming the Lease Commencement Date and Expiration Date.

The first five (5) months and a portion of the thirty-seventh (37<sup>th</sup>) month of the Lease Term shall be Base Rent free. The Rent Commencement Date shall be the date that is five (5) months following the Lease Commencement Date and further described in the rent schedule table in Section 1.12.

3.1.1 Early Entry. Landlord hereby grants permission for Tenant to enter the Premises thirty (30) days prior to the Lease Commencement Date, solely for the purpose of installing cabling and furniture, fixtures and equipment, subject to the terms and conditions of the Lease, except Tenant shall not be required to pay Rent (as defined in Section 5). Early access shall not interfere with or delay Landlord's Work, as defined in Exhibit C.

3.2 Expiration Date. This Lease shall expire on the date set forth in Section 1.11 above ("Expiration Date").

Landlord Initial  Tenant Initial \_\_\_\_\_

3.3 Extension Option. Tenant is hereby granted the option to extend the initial Term for two (2) successive periods of five (5) years apiece (each one an "Extended Term"). Each Extended Term option may be exercised by Tenant only by giving Landlord written notice no later than twelve (12) months prior to the last day of the then current Term. Tenant's Extended Term options shall apply to the entire Premises then leased by Tenant under this Lease. From and after the commencement of the Extended Term, all of the terms, covenants, and conditions of this Lease shall continue in full force and effect as written, except that Base Rent for the Extended Term shall be the then-prevailing Fair Market Rent (defined below) and the concessions, including but not limited to free rent and tenant improvement allowance (if applicable), shall be consistent with the market standard at the time Tenant elects to exercise the Extension Term options, for comparable and competing buildings in the submarket. The term "Fair Market Rent" for the purposes of this Lease shall mean the annual amount per rentable square foot that a willing, comparable, non-expansion, non-equity renewal tenant would pay, and a willing, comparable landlord of a comparable building in the Seattle, Washington market would accept under the transaction as further defined above, for renewal leases of similar space in the same geographic area as the Premises, considering, size, use type, and creditworthiness of tenant on or about the date on which the Fair Market Rent is being determined hereunder.

Within thirty (30) days of Tenant notifying Landlord that it intends to exercise an Extended Term option under this Section 3.3, Landlord will advise Tenant in writing of its proposed Fair Market Rent. If Landlord and Tenant are unable to agree on a mutually acceptable Fair Market Rent not later than one-hundred eighty (180) days prior to the expiration of the Term, then Landlord and Tenant, within ten (10) days after such date, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Fair Market Rent for the Premises (collectively referred to as the "Estimates"). If the higher of such Estimates is not more than one hundred five percent (105%) of the lower of such Estimates, then the Fair Market Rent shall be the average of the two Estimates. If the Fair Market Rent is not established by the exchange of Estimates, then, within ten (10) days after the exchange of Estimates, Landlord and Tenant shall each select a licensed commercial real estate appraiser to determine which of the two Estimates most closely reflects the Fair Market Rent for the Premises. Each appraiser shall have had at least seven (7) years' experience within the previous ten (10) years of his/her work experience as a commercial real estate appraiser working in Seattle, Washington with working knowledge of current rental rates and practices. Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Fair Market Rent for the Premises. The Estimates chosen by such appraisers shall be binding on both Landlord and Tenant. If the two appraisers cannot agree upon which of the two Estimates most closely reflects the Fair Market Rent within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser (the "Arbitrator") has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the Arbitrator shall make his or her determination of which of the two Estimates most closely reflects the Fair Market Rent and such Estimate shall be binding on both Landlord and Tenant as the Fair Market Rent. If the Arbitrator believes that expert advice would

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materially assist him or her, he or she may retain one or more qualified persons to provide such expert advice. Landlord and Tenant shall share equally in the costs of the Arbitrator and of any experts retained by the Arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert. If the Fair Market Rent has not been determined by the commencement date of the Extended Term and the parties are working in good faith to determine Fair Market Rent, Tenant shall pay Rent upon the terms and conditions in effect during the last month of the initial Term (or preceding Extended Term, as applicable) until such time as the Fair Market Rent has been determined. Upon such determination, the Rent shall be retroactively adjusted to the commencement of the Extended Term.

**4. Permitted Use.** The Premises may be used by Tenant for the uses set forth in Section 1.6 above. To the extent Landlord's consent is required, Landlord shall not unreasonably deny, withhold or delay its consent for Tenant's request for change in Permitted Use. In determining whether to deny or withhold consent for a change in Permitted Use, it shall not be unreasonable for Landlord to consider if such change in Permitted Use will negatively impact the professional image of the Building, the quiet enjoyment of the Building by other tenants and the operating costs and load on the mechanical systems and common areas of the Building. Landlord represents and warrants to Tenant that the Premises may lawfully be used for the uses set forth in Section 1.6 above.

**5. Base Rent.** Tenant covenants and agrees to pay Landlord, at Landlord's Notice Address set forth in Section 1.14 above, without deduction or offset except as otherwise set forth in this Lease, monthly rent in the amounts set forth in Section 1.12, payable in advance, without prior notice or demand, on or before the first day of each month of the Term (the "Base Rent"). Base Rent for any fractional calendar month at the beginning or end of the Term shall be prorated. In addition to the Base Rent, in the same manner and at the same time as the payment of Base Rent, Tenant shall pay its Pro Rata Share of Operating Costs as further described below in Section 8 ("Additional Rent"). Base Rent and Additional Rent are collectively referred to as the "Rent."

**6. Security Deposit.** None.

**7. Utilities and Services.** Landlord shall 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 from 7:00 AM – 6:00 PM Monday through Friday except on national holidays, at such temperatures and in such amounts as are required by governmental authority or as are commercially reasonable and appropriate for the Building; (iii) janitorial service, recycling and trash removal on weekdays, other than national holidays, and window washing as may from time to time be reasonably required; (iv) elevators for ingress and egress to the floors on which the Premises are located; (v) replacement of Building-standard light bulbs and fluorescent tubes in the Premises; (vi) electrical current in commercially reasonable amounts; and (vii) sewer service. 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

Landlord Initial  Tenant Initial \_\_\_\_\_

repair, replace or restore the same as quickly as possible. To the extent any interruption of services occurs for a period of five (5) consecutive days or more due to Landlord's gross 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 Tenant's other rights and remedies available under this Lease. Landlord represents that Level 3 Communications and CenturyLink are Internet and fiber providers to the Building and such services are available for Tenant's use in the Premises. Tenant shall have approval to install or have installed, I-Net fiber and/or other equipment reasonably necessary for Tenant's business operations to the Building and the Premises. Landlord shall not remove any existing low voltage cabling within the Premises. Nothing herein shall prevent Landlord from replacing Internet and fiber providers in the Building. After-hours HVAC shall be available at a commercially reasonable hourly rate which shall be billed directly to Tenant as Additional Rent on a monthly basis the month following the incurred after-hours expenses.

## 8. Operating Costs.

8.1 Commencing as of the first calendar month following the Base Year, as defined in Section 1.5 above, and thereafter throughout the Term, Tenant shall pay to Landlord the Tenant's Pro Rata Share of increases in the Operating Costs above the amount of Operating Costs for the Base Year of 2017. There shall be a cap on the increases of the Controllable Operating Costs (defined below in Section 8.6) in the amount of four (4%) percent on a non-cumulative basis per year (for purposes of this Section 8, "non-cumulative basis" shall mean Landlord shall not have the ability to recapture unused increases in Controllable Operating Costs from prior years in which the cap was not entirely used. Actual increases to Controllable Operating Costs shall not exceed a four (4%) percent increase from the previous year beginning with the first year following the Base Year. Operating Costs for the Base Year shall be determined as if the Building had been fully occupied during the Base Year. The Operating Costs for the Base Year will be calculated and stated as an annual sum of dollars against which future actual Operating Costs for subsequent calendar years shall be compared for purposes of determining increases or decreases in the Operating Costs payable by Tenant. Landlord shall provide a detailed written statement of how Operating Costs were grossed up for each calendar year at the same time that Landlord provides its statement of actual Operating Costs for such calendar year.

8.2 Costs Included in Operating Costs. The term "Operating Costs" shall include, but not be limited to, Controllable Operating Costs as defined in Section 8.6 and the following operating costs actually and reasonably incurred by Landlord in the management and operation of the Premises and the Building, subject to the exclusion of those items listed in Section 8.3:

(a) The cost of all necessary repairs, commercially reasonable maintenance and operation of the Building common areas, parking areas, sidewalks and grounds associated with the Premises or Building of which it is a part, including the cost of ordinary materials and supplies consumed in connection with any such maintenance,

Landlord Initial  Tenant Initial \_\_\_\_\_

repair and operation that in accordance with generally accepted accounting principles would not be capitalized, except that Landlord shall first look to any existing warranties and/or guaranties or other responsible third parties to pay such costs;

(b) Salary of Landlord's employees directly engaged in the operation and maintenance of the Premises allocated to the Building based on the percentage of time each such employee devotes to the Premises or Building and management fees to third party providers or, if provided by Landlord, at a fee not to exceed three percent (3%) of gross revenues of the Building received by Landlord;

(c) Premiums incurred by Landlord for insurance coverage maintained by Landlord for the Building that is required by this Lease or that is customarily carried by operators of comparable buildings in the area, provided such coverage is commercially available at reasonable costs. In the event Landlord's insurance deductible exceeds ten thousand dollars (\$10,000) per occurrence, Landlord shall not include any deductible amount in excess of ten thousand dollars per occurrence (\$10,000) as an Operating Cost; provided, however, the deductible for Landlord's earthquake insurance shall be five percent (5%) of the Building's insured value.

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

(e) General real estate taxes levied against the Building and that accrue and are payable during the Term, but not any special assessments or taxes in the nature of improvement or betterment assessments ("Real Estate Taxes"). Real Estate Taxes shall exclude, without limitation, any income, franchise, gross receipts, corporation, capital levy, excess profits, revenue, inheritance, gift, estate, payroll or stamp tax or any increase in tax (or any tax protest) arising out of a reassessment on all or part of the Building or Real Property upon the sale, transfer or assignment of Landlord's title or estate, which at any time may be assessed against or become a lien upon all or any part of the Premises or this leasehold. In addition, Real Estate Taxes shall exclude any liens or taxes, penalties or interest that are levied or assessed against the Premises for any time prior to the Term. Landlord represents and warrants that the tax parcel containing the Premises is fully assessed as a completed and occupied unit with all improvements contemplated by this Lease as of the Commencement Date.

Landlord shall at all times use its best efforts to operate the Building in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable buildings in the area. Landlord agrees that (i) Landlord will not collect or be entitled to collect Operating Costs from all of its tenants in an amount which is in excess of one hundred percent (100%) of the Operating Costs actually paid by Landlord in connection with the operation of the Building, and (ii) Landlord shall make no profit from Landlord's collection of Operating Costs.

8.3 Exclusions from Operating Costs. Notwithstanding the generality of Section 8.2, the following items shall be excluded or deducted, as the case may be, from the calculation of Tenant's Pro Rata Share of Operating Costs:

Landlord Initial  Tenant Initial \_\_\_\_\_

- (a) Any costs borne directly by Tenant under this Lease;
- (b) Any ground lease rental;
- (c) Costs of capital repairs, replacements, improvements and equipment ("Capital Items"), except for: (A) the annual amortization (amortized over the useful life as reasonably determined by Landlord without interest) of costs incurred by Landlord after the Commencement Date for any capital improvements installed or paid for by Landlord and required by any new (or change in) laws, rules or regulations of any governmental or quasi-governmental authority which are enacted after the Commencement Date; (B) the annual amortization (amortized over the useful life as reasonably determined by Landlord) of costs of any equipment, device or capital improvement purchased or incurred as a labor-saving measure or to affect other economics in the operation or maintenance of the Building, provided the annual amortized cost does not exceed the actual annual cost savings realized and such savings do not redound primarily to the benefit of any particular tenant other than Tenant);
- (d) Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is entitled to be reimbursed by insurance proceeds (or would have been so entitled had it purchased the insurance required by this Lease) and cost of earthquake repairs in excess of the limit outlined above in Section 8.2(c) per earthquake (which for this purpose, an earthquake is defined collectively as the initial earthquake and the aftershocks that relate to such initial earthquake);
- (e) Costs, including permit, license and inspection costs, incurred with respect to the installation of tenants' or other occupants' improvements in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;
- (f) Depreciation, amortization and interest payments;
- (g) Marketing costs, including without limitation, leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, advertising and promotional expenditures, the cost of signs in or on the Building identifying the owner, management or other tenants, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;
- (h) Expenses in connection with services or other benefits that are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant;
- (i) Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services to the extent the same exceeds the costs of

Landlord Initial  Tenant Initial \_\_\_\_\_

such goods and/or services rendered by unaffiliated third parties on a competitive basis for comparable buildings;

(j) Costs incurred in connection with upgrading the Building to comply with the current interpretation of disability, life, fire and safety codes, ordinances, statutes, or other laws where such upgrade was required to be performed prior to the Commencement Date, including, without limitation, the Americans With Disabilities Act, including penalties or damages incurred due to such non-compliance;

(k) Costs for which Landlord has been compensated by a management fee, and any management fees in excess of those management fees which are normally and customarily charged by comparable landlords of comparable buildings;

(l) Costs arising from the negligence of other tenants or Landlord, its employees or agents;

(m) Costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitration pertaining to Landlord and/or the Building;

(n) Any entertainment, dining, or travel expenses of Landlord for any purpose (except for local mileage or local transportation expenses directly incurred in the management or operation of the Building);

(o) Any flowers, gifts, balloons, etc. provided to any entity whatsoever, including, but not limited to, Tenant, other tenants, employees, vendors, contractors, prospective tenants and agents, and any tenant relations parties, events or promotions;

(p) Costs for parking facilities (unless parking is provided free of charge), and any "validated" parking for any entity;

(q) Legal fees;

(r) Any expenses incurred by Landlord for use of any portions of the Building to accommodate special events including, but not limited to shows, promotions, kiosks, private events or parties beyond the normal expenses attributable to providing Building services, and any "above standard" services, including, but not limited to, those carried out to meet specific requirements of other tenants.

(s) Any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as Operating Costs by comparable landlords of comparable buildings.

8.4 Payment of Operating Costs. Landlord shall reasonably estimate the Operating Costs for each calendar year wholly or partially included within the Term and shall send notice of the estimate to Tenant at least thirty (30) days before any billing associated with such estimate shall be due. If Tenant requests, Landlord will give Tenant

Landlord Initial  Tenant Initial \_\_\_\_\_

reasonably detailed documentation supporting Landlord's estimate. During each calendar year included in the Term for which Tenant is to pay Operating Costs, Tenant shall pay one twelfth (1/12<sup>th</sup>) of the applicable estimate of the increase in Operating Costs above the Base Year Operating costs, subject to the four percent (4%) cap on Controllable Operating Costs as set forth in Section 8.1 above, each month to Landlord together with the monthly Base Rent. If Landlord does not give Tenant an estimate within the time period stated above, then Tenant shall continue to make estimated payments based upon the preceding year's estimate and within thirty (30) days after receipt of the new estimate for the current year (subject to Landlord's obligation to provide supporting documentation, as set forth above in this section), Tenant shall commence payment of the new estimated monthly amount and shall pay in a lump sum any retroactive amounts due from the beginning of the new year. The monthly charge for estimated Operating Costs shall be prorated for any partial month by dividing the Operating Cost charge by three hundred sixty-five (365) and multiplying the result by the number of days in the partial month for which Operating Costs are owed.

8.5 Reconciliation and Audit Rights. Within one hundred fifty (150) days after the close of each calendar year subsequent to the Base Year, Landlord shall submit to Tenant a written, certified statement containing the amount of actual Operating Costs for such year broken down by major expense categories, the Operating Cost increase for the year, the amount of Tenant's Pro Rata Share of the Operating Cost increase, the amount paid by Tenant towards the Operating Costs increase, and the amount if any Tenant owes Landlord or the amount Landlord owes Tenant as a refund for such year. Landlord's statement shall also include the Base Year Operating Costs. Tenant or its audit representatives shall have the right to inspect and audit Landlord's books and records with respect to this Lease once each year to verify actual Operating Costs. Landlord's books and records shall be kept in accordance with generally accepted accounting principles. Any overcharge or underpayment of Operating Costs shall be due from one party to the other within thirty (30) days. Notwithstanding the above, Tenant's right to audit Landlord's books and records shall only apply to years in which Operating Costs have increased five percent (5%) or more over Base Year Costs.

8.6 Controllable Operating Costs. "Controllable Operating Costs" is hereinafter defined as all Operating Costs, except: (i) Real Estate Taxes as defined in Section 8.2 (e) and any assessments, including assessment districts and government-mandated charges with respect to the Building, or any part thereof; (ii) insurance carried by Landlord with respect to the Building and/or the operation thereof; (iii) costs of utilities and janitorial services, including, without limitations, electricity, water, HVAC and sewer charges, utility surcharges and assessments, and refuse removal; (iv) increases in wages, salaries and other compensation and benefits paid to Landlord's employees, agents or contractors to the extent (A) such employees, agents or contractors are members of a labor union or are paid on a "prevailing wage" basis, and/or (B) such increases are due to increases in the applicable minimum wage legally required to be paid to such personnel; (v) the costs and expenses pertaining to ice and snow removal; and (vi) emergency repairs, excluding the costs of capital replacements, capital alterations, capital additions and capital improvements.

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**9. Maintenance and Repairs.** Subject to Landlord's obligations under this Lease, Tenant shall be responsible for the maintenance and non-structural repairs to the interior of the Premises, which shall be maintained and repaired in a commercially reasonable manner. Landlord shall maintain, repair and replace, if necessary, the Building; all Building systems, including but not limited to building standard interior lighting (including replacement of ballasts, starters, and bulbs as required); elevator; plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); building standard window coverings; outside walls (including windows and entrance and exit doors); all structural portions of the Building (including the roof and the watertight integrity of same); porches; stairways; sidewalks; exterior lighting; drainage; landscaping and compliance with all governmental requirements in such time frames as are required by law or building codes (example: fire, building energy codes, indoor air quality and the Americans with Disabilities Act (ADA), etc.).

**10. Sublease and Assignment.**

10.1 Tenant may assign this Lease in whole or in part, or sublet all or any portion of the Premises, with the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Any denial of such sublease or assignment by Landlord must be predicated upon a "commercially reasonable basis" for such denial. Landlord shall not have the right to recapture any sublease or assignment space.

10.2 Tenant shall give Landlord written notice of its desire to assign this Lease or sublease the Leased Premises or any portion thereof. At the time of giving such notice, Tenant shall provide Landlord with a copy of the proposed assignment or sublease document, which shall include a covenant by the proposed assignee or sublessee in favor of Landlord to abide by the terms of this Lease, and such information as Landlord may reasonably request concerning the proposed sublessee or assignee to assist Landlord in making an informed judgment regarding the financial condition, reputation, operation and general desirability of the proposed sublessee or assignee. Landlord shall then have a period of thirty (30) days following receipt of such notice within which to notify Tenant in writing of Landlord's election to:

- a) subject to Section 10.1 above, terminate this Lease as to the space proposed for sublet as of the date specified by Tenant (the "Termination Date"), in which event Tenant shall be relieved of all obligations accruing under this Lease after the termination as to the Leased Premises or such portion, after paying all Rent due as of the Termination Date; or
- b) permit Tenant to assign or sublet the Leased Premises or such portion; or
- c) refuse to consent to Tenant's assignment or subletting of the Leased Premises or such portion and to continue this Lease in full force and effect as to the entire Leased Premises.

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If Landlord should fail to notify Tenant of its election within the thirty (30) day period, Landlord shall be deemed to have consented to Tenant's request for assignment or sublease, as may be the case. In the event of any approved assignment or subletting, the rights of any such assignee or sublessee shall be subject to all of the terms, conditions and provisions of this Lease, including, without limitation, restrictions on use and the covenant to pay Rent. If Landlord approves the proposed assignment or subletting, Tenant may, not later than ninety (90) days thereafter, enter into such assignment or sublease with the proposed assignee or sublessee upon the terms and conditions set forth in the notice provided to Landlord, and fifty percent (50%) of the Excess Rent received by Tenant shall be paid to Landlord as and when received by Tenant. "Excess Rent" means any rent or other consideration received by Tenant in excess of the Base Rent and Additional Rent payable hereunder (or the amount thereof proportionate to the portion of the Leased Premises subject to such sublease in the case of a sublease of a portion of the Premises) less all reasonable costs to sub-lease including but not limited to market Sub-Tenant Improvements, and market broker commissions. No such consent to or recognition of any such assignment or subletting shall constitute a release of Tenant or any guarantor of Tenant's performance from further performance by Tenant or such guarantor of covenants undertaken to be performed by Tenant. Tenant and/or such guarantor shall remain liable and responsible for all Rent and other obligations of Tenant under this Lease. Consent by Landlord to a particular assignment, sublease or other transaction shall not be deemed a consent to any other or subsequent transaction. Whether or not Landlord consents to any assignment, sublease or other transaction, Tenant shall pay Landlord an administrative fee of one thousand dollars (\$1,000.00) and any reasonable attorneys' fees or accountants' fees and costs actually incurred by Landlord in connection with such transaction. All documents utilized by Tenant to evidence any subletting or assignment for which Landlord's consent has been requested, shall be subject to prior approval by Landlord or its attorney.

10.3 Subject to the above, any consents required by Landlord under this Section 10 shall not be unreasonably withheld or untimely delayed. In considering a proposed assignment or sublease, it shall not be unreasonable for Landlord to consider (a) whether a proposed use is compatible with the tenant mix in the Building; (b) the extent of alterations required; (c) financial condition, character and reputation of the proposed sublessee or assignee; and (d) other non-economic factors, in considering whether to give its consent. It shall also not be unreasonable for Landlord to withhold consent if the proposed sublessee or assignee is a tenant of the Building or has discussed with Landlord the possibility of becoming a tenant of the Building within one year from the date of the proposed assignment or sublease.

**11. Alterations and Improvements.** Tenant shall be entitled to perform future alterations and/or improvements to the Premises (including, without limitation, the installation of fixtures and signs) subject to Landlord's consent, which shall not be unreasonably withheld, conditioned or delayed. Upon Tenant's request, Landlord agrees to perform such alterations or improvements on Tenant's behalf, subject to reimbursement from Tenant for Landlord's actual and reasonable construction management or supervisory costs and construction costs as agreed to by the parties. Provided however,

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if the costs of such future alterations and/or improvement are estimated to exceed fifty thousand dollars (\$50,000), prior approval by ordinance of the King County Council is required before the work may be authorized by the Tenant. Tenant Improvements described in Exhibit C related to Suites 1000, 700, 200, 200 M and 125 are not subject to this Section 11. Tenant may from time to time remove any fixtures, alterations or improvements installed by Tenant in or to the Premises; provided that Tenant agrees to repair any damage caused by such removal.

Tenant shall not be responsible for removing any alterations or improvements upon the termination of the Lease Agreement, provided those improvements are approved in writing in advance by Landlord.

**12. Damage and Destruction.** In the event the Premises, Building or real property upon which the same are situated are materially destroyed or damaged by fire, earthquake or other casualty, not caused by Tenant's gross negligence, willful misconduct or breach of this Lease, so as to render the Premises, Building or underlying real property, in Tenant's sole judgment, unfit for occupancy or Tenant's intended purpose, and the Landlord neglects or refuses to restore the Premises to its former condition within twelve (12) months of such damage or destruction, Tenant may terminate this Lease on the affected portion upon thirty (30) days written notice to Landlord. In the event of such termination, Landlord and Tenant shall have no further obligations hereunder, except those obligations that expressly survive the expiration or earlier termination of the Lease. In the event the Premises are damaged by any of the aforesaid events, the Rent shall be abated in proportion to the percentage of untenable space in the Premises as relates to the total square footage of the Premises until such time that Landlord restores the Premises (including the Tenant Improvements) to its pre-casualty condition. Notwithstanding the above, in the event the Premises are materially destroyed during the last twenty-four (24) months of the Lease Term or any extension thereof, either Landlord or Tenant may terminate this Lease on the affected portion upon thirty (30) days written notice to the other party.

**13. Condemnation.** If any material portion of the Premises, Building or real property upon which the same are situated (including, without limitation, any parking areas associated with the Premises and/or Building) which is necessary, as mutually determined in good faith by Landlord and Tenant, for Tenant's occupancy or intended use of the Premises, is made untenable by eminent domain or conveyed under a threat of condemnation, this Lease shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises or the portion of the underlying real property taken by the condemning authority. All Rents and other payments shall be paid to that date. If the condemning authority takes a portion of the Premises or of the Building or the underlying real property necessary for Tenant's occupancy or intended use that does not render them untenable, as mutually determined by Landlord and Tenant each acting in good faith, then this Lease shall continue in full force and effect and the Rent shall be proportionately reduced based on the percentage by which the floor area of the Premises is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. If the

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condemnation has rendered the Premises unsuitable for the Permitted Use, as mutually determined by Landlord and Tenant, each acting in good faith, Tenant shall be entitled to terminate this Lease upon thirty (30) days advance written notice to Landlord. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building and Tenant shall make no claim for the value of its leasehold, however, the foregoing shall not prohibit Tenant from prosecuting a separate claim against the taking authority for an amount separately designated for Tenant's relocation expenses or the interruption of or damage to Tenant's business or as compensation for Tenant's personal property, trade fixtures, Tenant Improvements or other alternations paid for by Tenant, provided that in no event shall Tenant's claim reduce Landlord's reward.

**14. Indemnity and Hold Harmless.** Each party shall defend, indemnify and hold the other harmless from and against any claims, suits, causes of action, judgments, damage, loss or liability for injuries to persons or property (excluding consequential damages such as lost profits) (collectively, "Claims") to the extent caused by the negligent acts or omissions of their respective agents, officers and employees acting in the scope of their employment. Where such Claims result from the concurrent negligence of the parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of each party's negligence. Each of the parties agrees that its obligations under this Section 14 extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to each of the other party's only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW. In the event that any of the parties incurs any judgment, award, and/or cost arising therefrom, including attorneys' fees, expenses, and costs shall be recoverable from the responsible party to the extent of that party's negligence.

**15. Insurance.**

15.1 Landlord acknowledges that Tenant maintains a fully funded self-insurance program for the protection and handling of the Tenant's liabilities, including injuries to persons and damage to property. Tenant shall, at its own expense, maintain, through its self-funded program, coverage sufficient for all of its liability exposures for this Lease. Tenant shall provide Landlord with at least thirty (30) days prior written notice of any material change in Tenant's self-funded program and shall provide Landlord with a certificate of self-insurance as proof of coverage. Landlord further acknowledges that Tenant does not maintain a commercial general liability insurance policy and is a self-insured government entity; therefore, Tenant does not have the ability to add Landlord as an additional insured to such policy. Should Tenant cease self-insuring its liability exposure and purchase a commercial general liability insurance policy, Tenant shall add Landlord as an additional insured to such policy. Tenant shall at all times maintain its self-funded program or a commercial general liability insurance policy, each in an amount sufficient to cover its liability exposure under this Lease.

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15.2 Landlord shall maintain throughout the Term commercially reasonable policies of property insurance covering loss of or damage to the Building and real property upon which the Building is situated (including tenant improvements and subsequent alterations) in the full amount of its replacement cost with endorsement to cover code changes. Landlord hereby waives and releases any right of recovery (including by way of subrogation) against Tenant, its officers, employees and agents, for any loss or damage sustained by Landlord with respect to the Premises, Building, real property upon which the same are situated, or any portion thereof or the contents of the same or any operation therein, to the extent such loss or damage is actually insured against or is required hereunder to be insured against.

**16. Mediation.** Landlord and Tenant agree that should any dispute arise concerning this Lease both parties may jointly elect to submit the dispute to mediation. Notwithstanding the foregoing, nothing herein shall be construed as a condition precedent for either party to seek legal or equitable relief by initiating a legal action. Landlord and Tenant shall each bear their respective costs of mediation.

**17. Liens.** Landlord and Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant or Landlord and each shall indemnify and hold harmless the other from and against all liabilities, losses, damages and costs (including reasonable attorney fees and costs) incurred in connection with any such lien. Landlord or Tenant may contest the validity or amount of any such lien or encumbrance in good faith provided that, within thirty (30) days after the filing of such lien or encumbrance, Landlord or Tenant discharges the same by providing and recording a bond which complies with the requirements of RCW 60.04.161 eliminating said lien and/or encumbrance.

**18. Quiet Possession.** Landlord covenants that as of the Commencement Date, Landlord will have good right to lease the Premises for the purpose and uses stated herein and Tenant shall have and quietly enjoy the Premises for the Lease Term.

**19. Holding Over.** If Tenant remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord. In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Rent during Tenant's holding over shall be one hundred fifty percent (150%) of the Base Rent payable in the last full month prior to the termination hereof. Acceptance by Landlord of rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law.

**20. Non-Discrimination.** Landlord shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under

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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. In the event of a default, subject to Section 21.2 below, Tenant shall be entitled to terminate this Lease effective upon written notice to Landlord in the event that Landlord violates the requirements of this Section 20.

## 21. Default.

21.1 The following occurrences shall each constitute a default by Tenant (an "Event of Default" or "Default"):

A. Failure To Pay. Failure by Tenant to pay Rent within three (3) business days or any other sum, due under this Lease following ten (10) days' notice from Landlord of the failure to pay.

B. Other Non-Monetary Defaults. The breach by Tenant of any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section or elsewhere in this Lease, which breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach (provided, if the nature of Tenant's failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure promptly and thereafter diligently prosecutes such cure to completion). Landlord shall have all remedies available at law or in equity. Nothing herein contained shall relieve Tenant from its duty to perform any of its obligations prescribed in this Lease.

21.2 Landlord Default; Remedies. Landlord shall not be in Default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord (provided, if the nature of Landlord's failure is such that more time is reasonably required in order to cure, Landlord shall not be in Default if Landlord commences to cure promptly and thereafter diligently prosecutes such cure to completion). If Landlord fails to cure any such Default, or provide written notification that Landlord has commenced a cure and is diligently prosecuting such cure, but additional time is reasonably required to cure such Default, then Tenant shall be entitled to withhold payment of prorated Base Rent for every day such Default, or failure to commence cure of Defaults requiring additional time, persists. Notwithstanding the above, the amount of Base Rent withheld shall in no event exceed the commercially reasonable cost of curing said default. Tenant shall have all remedies available at law or in equity. Nothing herein contained shall relieve Landlord from its duty to perform any of its obligations to the standard prescribed in this Lease.

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**22. Remedies.** Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

22.1 Termination of Lease. Landlord may terminate Tenant's interest under the Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less (i) the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's reasonable, actual reletting expenses or (ii) such amounts as Tenant proves may reasonably be avoided.

22.2 Re-Entry and Reletting. Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord its reasonable, actual reletting expenses; second, to pay any indebtedness of Tenant to Landlord other than Rent; third, to the Rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs for securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

**23. Costs and Attorney's Fees.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.

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## 24. Hazardous Material.

24.1 For purposes of this Lease, the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 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.

24.2. Landlord represents and warrants to Tenant that there is no Hazardous Material on, in, or under the Premises or the Real Property as of the LCD except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease, which disclosure includes the Asbestos-Containing Materials Surveys for the Building performed by Pacific Rim Environmental, Inc., dated March 11, 2016; October 5, 2016; September 12, 2016; and October 20, 2016 and the PCB Survey for the Building performed by Pacific Rim Environmental, Inc. dated October 7, 2016. If there is any Hazardous Material on, in, or under the Premises or the Real Property which has been or thereafter becomes released except to the extent caused by the fault of Tenant, then Landlord (i) shall be solely responsible, at its sole cost, for promptly remediating or encapsulating 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.

24.3. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the Real Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence including but not limited to the release or disturbance, in violation of applicable federal, state and local laws, regulations, codes and ordinances, of Hazardous Material existing on, in, or under the Premises or Real Property that has been disclosed to Tenant as set forth in Section 24.2 above, 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

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Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises or the Real Property.

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

24.5. Each of the parties agrees that its obligations under this Section 24 extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to each of the other party's only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW.

24.6. All claims, judgements, damages, penalties, fines, costs, liabilities and losses involving the release or presence of Hazardous Material shall be subject to this Section 24, and not the indemnity and liability provisions of Section 14.

24.7. Landlord shall remediate and/or encapsulate any Hazardous Material discovered in the course of carrying out Landlord's Work at Landlord's sole cost and expense.

24.8. The provisions of this Section 24 shall survive expiration or earlier termination of this Lease.

**25. General.**

25.1 Heirs and Assigns. This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.

25.2 Brokers' Fees. Landlord was represented in this transaction by Colliers International ("Landlord's Broker"). Landlord warrants to Tenant that Landlord has not

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dealt with any other broker, agent or finder in connection with the negotiation or execution of this Lease. Landlord's Broker shall be compensated by Landlord in connection with this Lease pursuant to a separate written agreement. Tenant warrants to Landlord that Tenant has not dealt with any broker, agent or finder in connection with the negotiation or execution of this Lease other than Flinn Ferguson ("Tenant's Broker"). Tenant's Broker shall be compensated by Landlord in connection with this Lease pursuant to a separate written agreement.

25.3 Entire Agreement. This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended except in writing, signed by Landlord and Tenant.

25.4 Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.

25.6 Force Majeure. Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.

25.7 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington.

25.8 Addenda/Exhibits. The following exhibits are made a part of this Lease. The terms of any Addendum to Lease and the Exhibits shall control over any inconsistent provision in the sections of this Lease:

- Exhibit A: Legal Description
- Exhibit B: Diagram of the Premises
- Exhibit C: Landlord's Work Letter Addendum
- Exhibit D: Notice of Lease Term Dates
- Exhibit E: Rules and Regulations
- Exhibit F: Form of Estoppel Certificate

25.9 Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which constitute but one original.

26. Signage. Landlord shall install Tenant Building standard suite and lobby directory signage at Landlord's sole cost and expense. For all other signage, Tenant shall obtain Landlord's written consent, which shall not be unreasonably withheld, conditioned, or delayed, as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant's sole cost and expense and in compliance with all applicable laws.

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27. **Self Help.** Intentionally Omitted.

28. **Subordination, Nondisturbance and Attornment.** Landlord agrees that, within thirty (30) days of Tenant's written request following mutual execution of this Lease, it will provide, Tenant with commercially reasonable non-disturbance, subordination and attornment agreements ("Non-Disturbance Agreement") in favor of Tenant from any ground lessors, mortgage holders or lien holders then in existence on such lien holder's form agreement, which shall be subject to negotiation between lien holder, Landlord and Tenant, provided that Tenant shall reimburse the lien holder for legal review fees associated with any substantive deviations from the lien holder's form, up to a maximum of five thousand dollars (\$5,000) per Non-Disturbance Agreement. Said Non-Disturbance Agreements shall be in recordable form and may be recorded at Tenant's election and expense. This Lease shall be subordinate to all existing and future mortgages and/or deeds of trust on the Premises, the Building or the real property upon which the same are situated, and Tenant agrees to subordinate this Lease to any future mortgage or deed of trust and to attorn to Landlord's successor following any foreclosure, sale or transfer in lieu thereof, provided that the mortgagee, transferee, purchaser, lessor or beneficiary ("Landlord's Successor") agrees in a commercially reasonable Non-Disturbance Agreement that Tenant's use or possession of the Premises shall not be disturbed, nor shall its obligations be enlarged or its rights be abridged hereunder by reason of any such transaction. Said Non-Disturbance Agreements shall be in recordable form and may be recorded at Tenant's election and expense. Notwithstanding any foreclosure or sale under any mortgage or deed of trust (or transfer by deed in lieu thereof), this Lease shall remain in full force and effect.

29. **Rules and Regulations.** The Landlord shall have the right to impose and subsequently modify, from time to time and at its sole discretion, reasonable rules and regulations (hereinafter referred to as the "Rules and Regulations") having uniform applicability to all tenants of the Building (subject to the provisions of their respective leases) and governing their use and enjoyment of the Building and the remainder of the Property. The Tenant and its agents, employees, invitees and licensees shall comply with such Rules and Regulations. A copy of the Rules and Regulations in effect on the date hereof is attached hereto as Exhibit E.

30. **Entry By Landlord.** Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (which notice, notwithstanding anything to the contrary contained within this Lease, may be oral, and which notice shall not be required in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Section 30, Landlord may enter the Premises at any time to: (a) perform services required of Landlord, including janitorial service; (b) take possession due to any breach of this Lease in the manner provided herein; and (c) perform

Landlord Initial  Tenant Initial \_\_\_\_\_

any covenants of Tenant which Tenant fails to perform. Landlord may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein. Except in the case of an emergency, Tenant reserves the right to escort Landlord or Landlord's representative during any entry by Landlord or Landlord's representative at Tenant's sole discretion.

**31. Non-Waiver.** Neither acceptance of any payment by Landlord from Tenant nor failure by Landlord to complain of any action, non-action, or default of Tenant shall constitute a waiver of any of Landlord's rights. No action of Landlord shall be deemed to be an acceptance of a surrender of this Lease by Tenant, including, without limitation, the acceptance of keys from Tenant, unless stated in a written agreement or other written document signed by Landlord. Time is of the essence with respect to the performance of every obligation of Tenant under this Lease. Waiver by Landlord of any right in connection with any Event of Default shall not constitute a waiver of such right or remedy or any other right or remedy arising in connection with either a subsequent Event of Default with respect to the same obligation or any other obligation. No right or remedy of Landlord or covenant, duty, or obligation of Tenant shall be deemed waived by Landlord unless such waiver is in writing, signed by Landlord or Landlord's duly authorized agent.

**32. Liability of Landlord.** Subject to its obligations in Section 28, Landlord shall have the right to transfer, in whole or in part, all its rights and obligations under this Lease and in the Leased Premises and the Building.

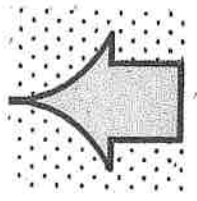
**33. Estoppel Certificates.** Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit F, attached hereto (or such other commercially reasonable form as may be required by any prospective mortgagee or purchaser of the Building, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Building. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. Tenant shall execute, acknowledge and deliver such estoppel certificate to Landlord within ten (10) business days of receipt of same.

Landlord Initial  Tenant Initial \_\_\_\_\_

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

**LANDLORD:**

By: *Joyce Yonce*  
 Name: *Joyce Yonce*  
 Title: *Authorized Person*  
 Date: *January 12, 2017*



**TENANT:**

KING COUNTY, a political subdivision of the State of Washington

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

**APPROVED AS TO FORM:**

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

**APPROVED BY CUSTODIAL AGENCY:**

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

Landlord Initial *JY* Tenant Initial \_\_\_\_\_

STATE OF WASHINGTON )

) ss.

COUNTY OF KING )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that \_\_\_\_\_ signed this instrument, on oath stated that \_\_\_\_\_ was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 201\_

Notary Public  
Print Name  
My commission expires

(Use this space for notarial stamp/seal)

Landlord Initial \_\_\_\_\_ Tenant Initial \_\_\_\_\_

### ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

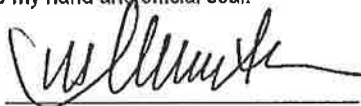
State of California  
County of Contra Costa

On January 12, 2017 before me, Mihaela Muntean, Notary Public  
(insert name and title of the officer)

personally appeared Joyce Yonce  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



Landlord Initial  Tenant Initial \_\_\_\_\_

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

Lots 5, 6, 7 and 8 in Block 6 of Town of Seattle, as laid out on the claims of C.D. Boren and A. A. Denny (commonly known as Boren & Denney's Addition to the City of Seattle), as per plat recorded in Volume 1 of Plats, page 27, Records of King County, Washington.

Together with that portion of the vacated alley in said block between and adjoining the northeasterly boundary lines of Lots 5 and 8, and the southwesterly boundary lines of Lots 6 and 7;

Except the southwesterly 12 feet of said Lots 5 and 8 condemned for widening 2<sup>nd</sup> Avenue by The City of Seattle;

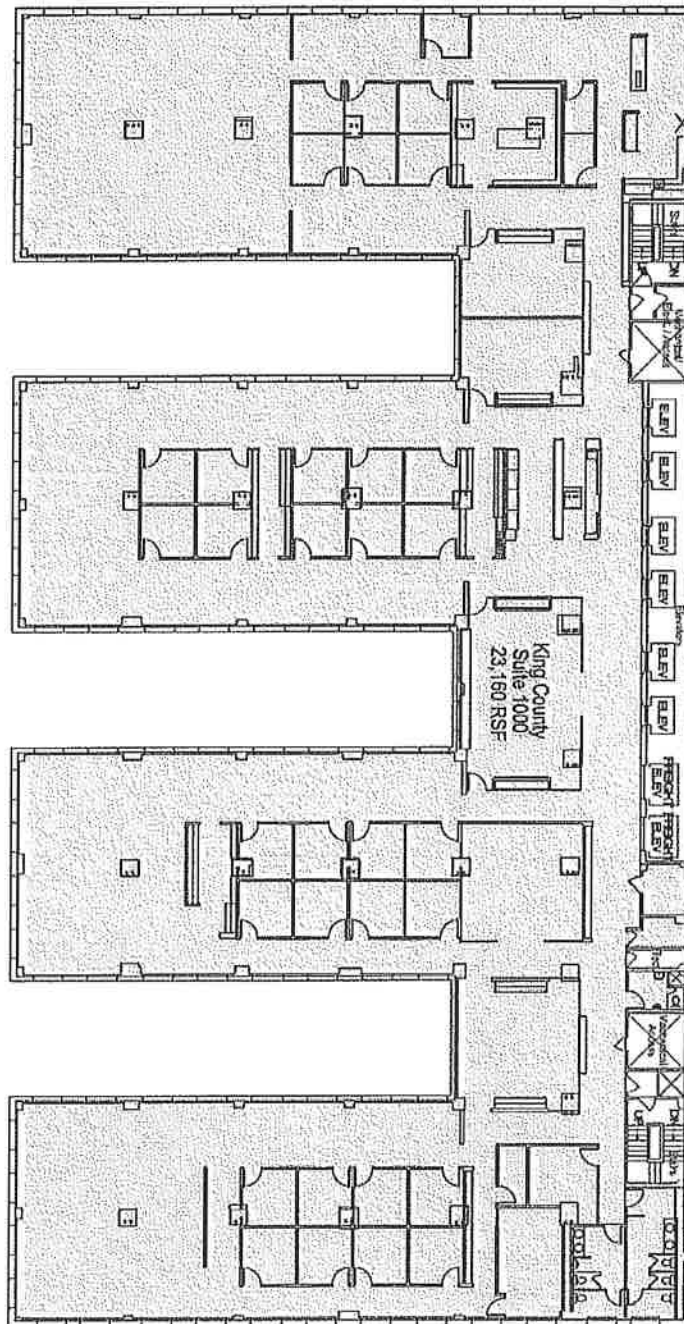
and except the northeasterly 9 feet of said Lots 6 and 7 condemned for widening 3<sup>rd</sup> Avenue by The City of Seattle.

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Landlord Initial  Tenant Initial \_\_\_\_\_

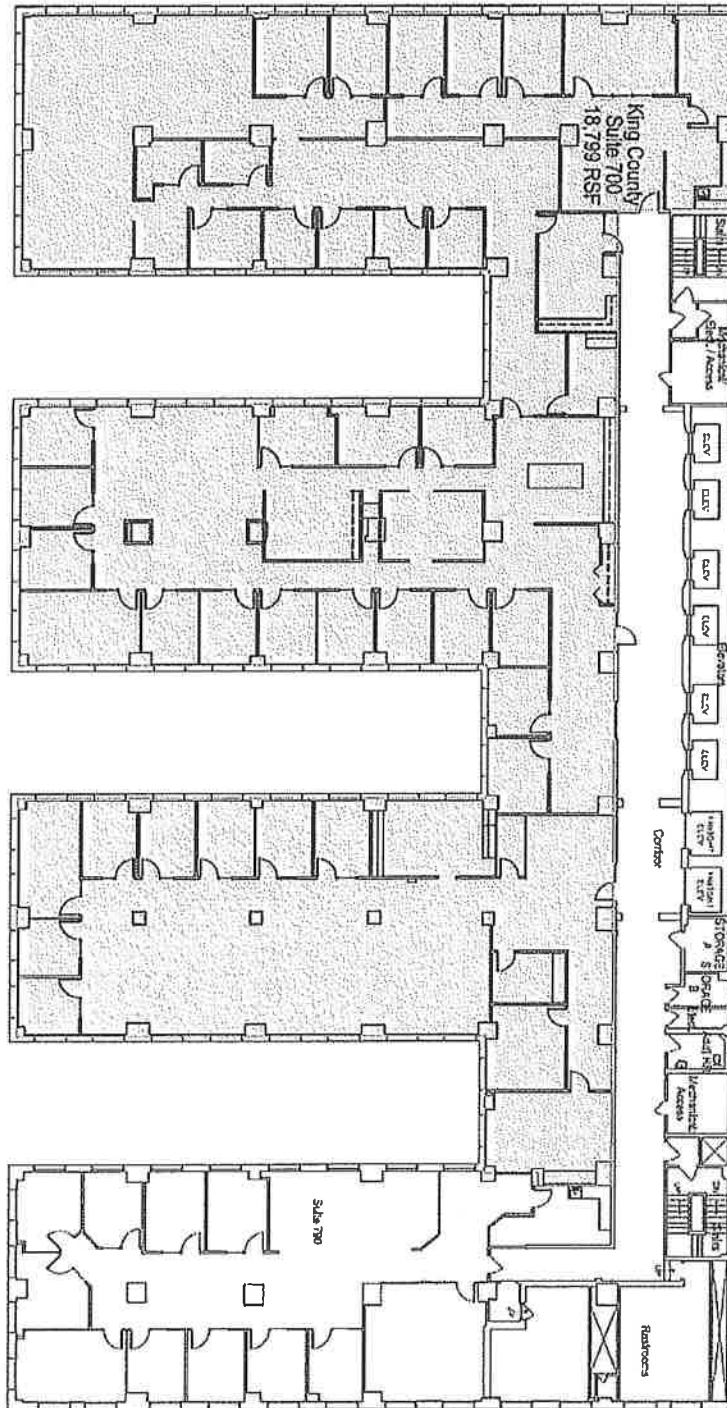
**EXHIBIT B**  
**Diagram of Premises**

Suite 1000 as depicted in the below diagram in the amount of 23,160 RSF.



Landlord Initial                      Tenant Initial

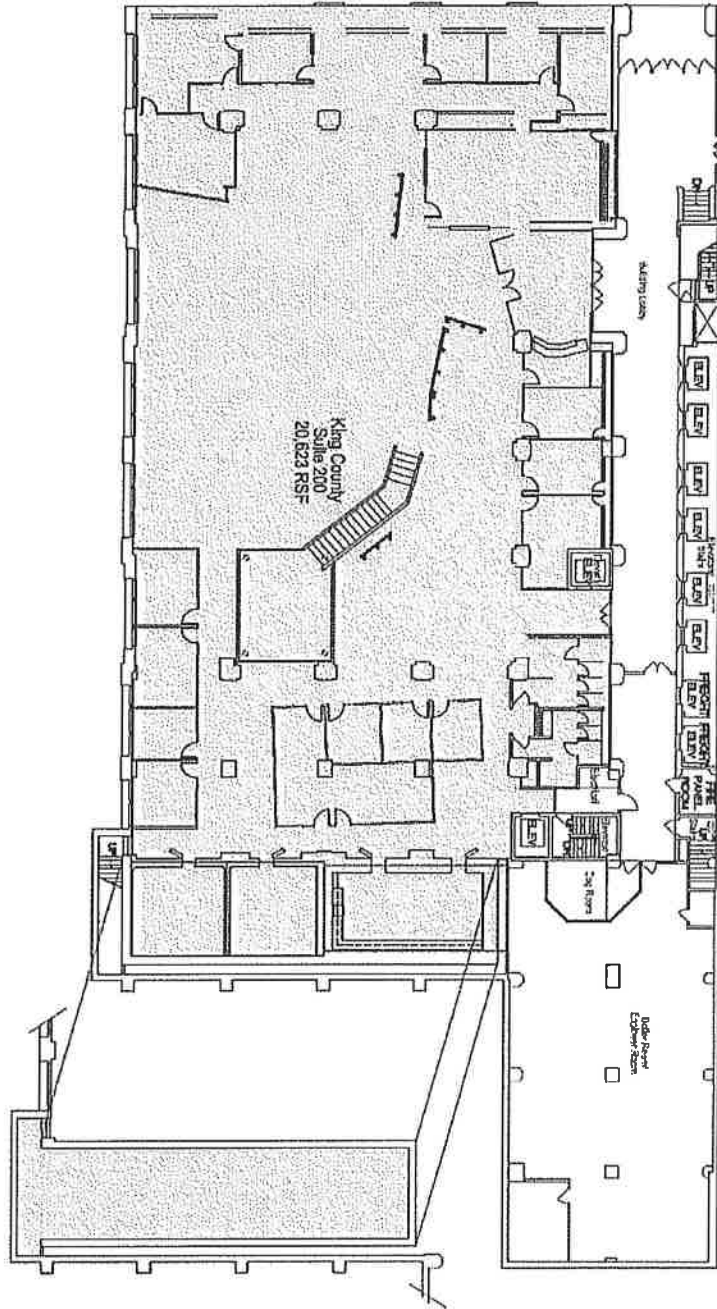
Suite 700 as depicted below diagram in the amount of 18,799 RSF.



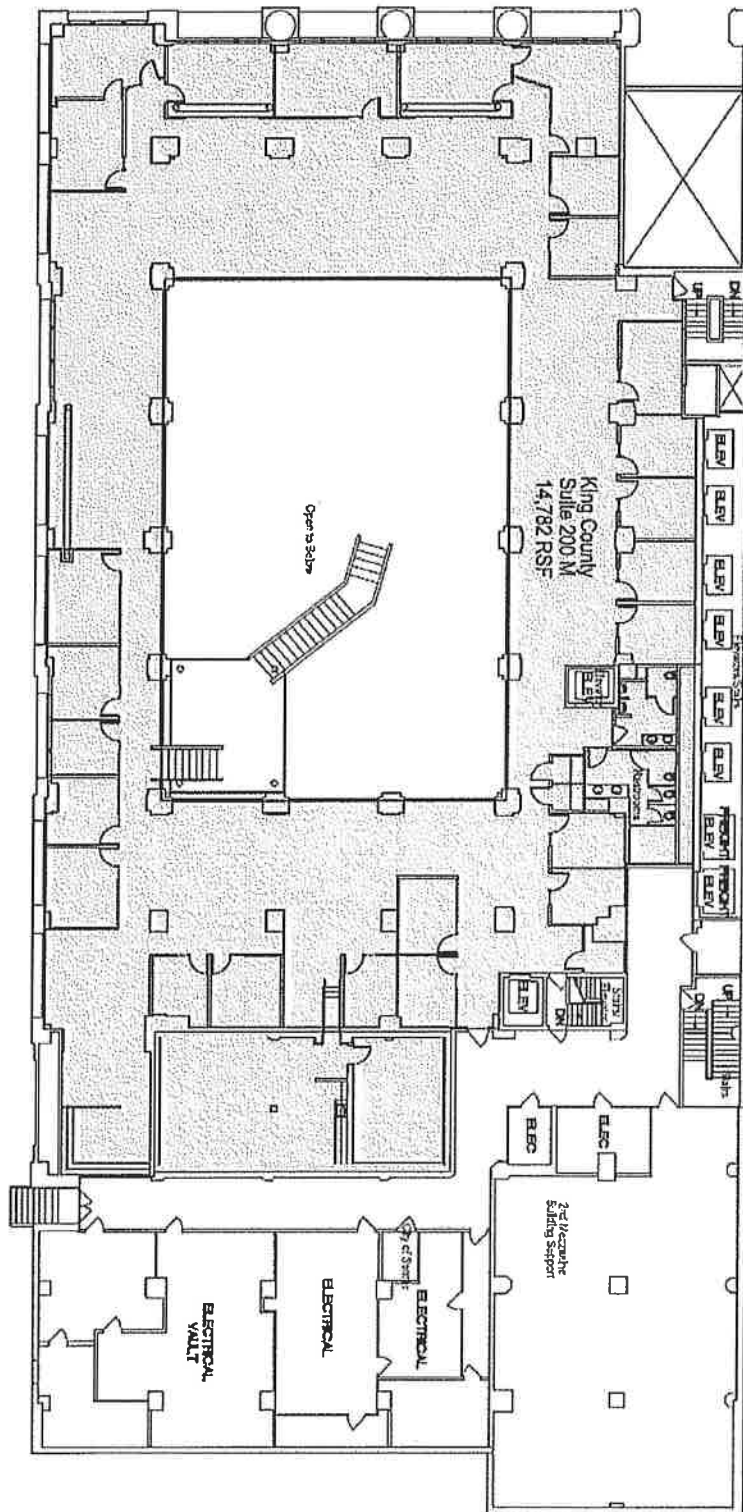
Landlord Initial      Tenant Initial



Suites 200 & 200 M (as depicted in the below two diagrams of Premises in the amount of 20,623 RSF and 14,782 RSF:

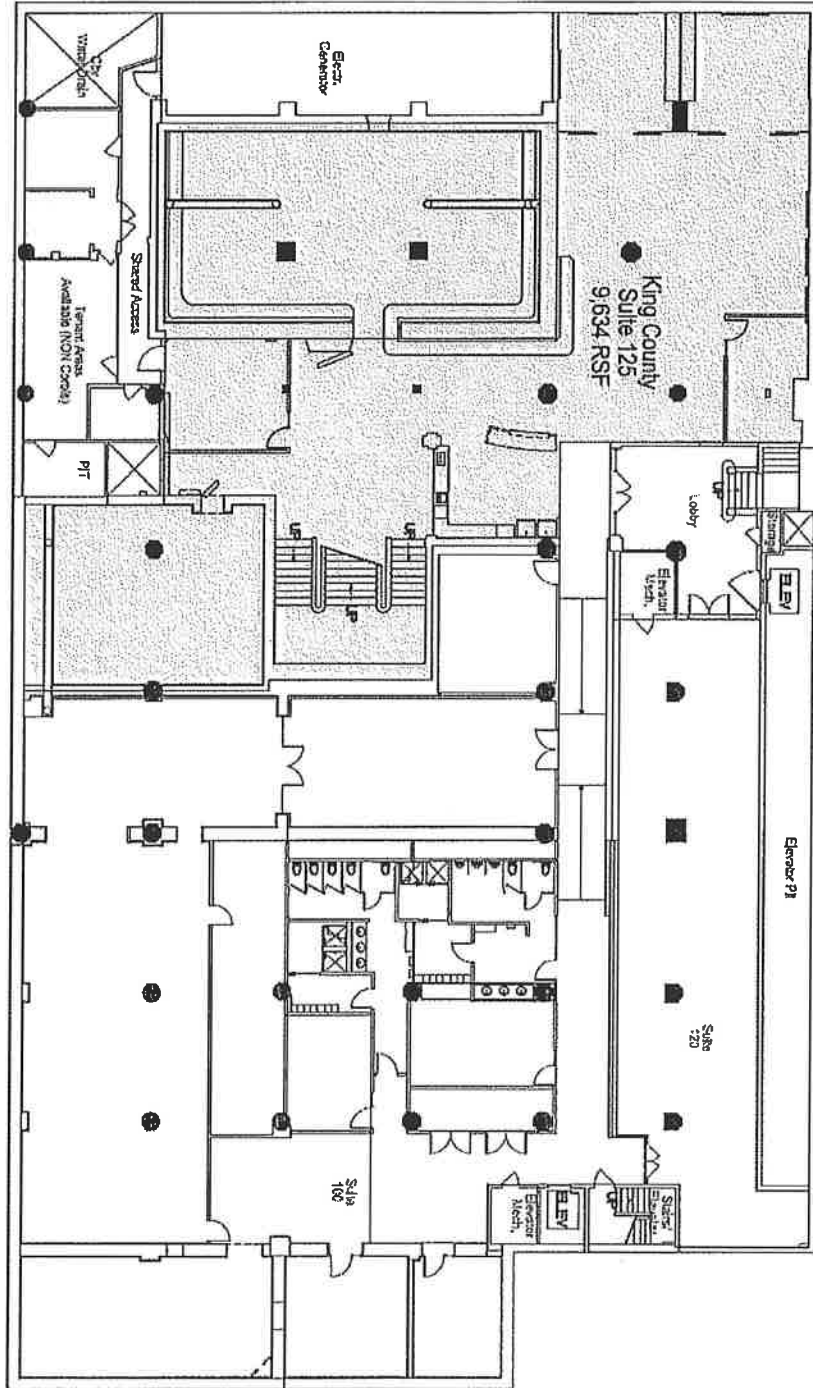


Landlord Initial      Tenant Initial



Landlord Initial                      Tenant Initial

Suite 125 as depicted in below diagram of Premises in the amount of 9,634 RSF.



Landlord Initial                      Tenant Initial

**EXHIBIT C**  
**Work Letter Addendum**

This Exhibit C ("Work Letter") is part of that certain Lease Agreement ("Lease") dated November 18, 2016, by and between Pacific Dexter Horton LLC, a Delaware limited liability company ("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.

Landlord's Work, as defined below, shall be performed in separate phases, to accommodate the schedule of Tenant's employees relocating from different off-site locations (each one a "Phase").

The first Phase of Landlord's Work shall consist of the improvements to Suites 200, 200M and 125 ("Phase I of Landlord's Work" or "Phase I Tenant Improvements"). Later Phases for Tenant Improvements to Suites 700 and 1000 shall be subject to the procedural provisions of this Work Letter Addendum.

**1. COMPLETION SCHEDULE OVERVIEW.**

Within thirty (30) business days following Tenant's delivery to Landlord of Construction Plans for each respective Phase, Landlord and Tenant shall confirm in writing mutual approval of Landlord's Work Plans (as defined below) and the name of the General Contractor (as defined below) and confirm the schedule setting forth the timetable for that Phase of Landlord's Work to be constructed in the Premises (the "Work Schedule"), which Work Schedule is subject to Tenant's review and approval which approval shall not be unreasonably withheld conditioned or delayed. Once Landlord and Tenant have agreed in writing to the Work Schedule, Landlord shall authorize the General Contractor to proceed with construction of that Phase of Tenant Improvements as provided herein.

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 that Phase of Landlord's Work. Because Tenant is currently in occupancy of a portion of the Premises (Suites 700 and Suite 1,000), Landlord and Tenant will formulate and agree on a phased construction and temporary relocation plan allowing Tenant to remain in occupancy of a portion of the Premises throughout the progress of Landlord's Work. Landlord and the General Contractor will work in good faith to minimize disruption to Tenant's business operations during construction. Landlord will use commercially reasonable efforts to complete each Phase of Landlord's Work in accordance with the Work Schedule and shall inform Tenant within two (2) business days of Landlord becoming aware of any changes to the same, which changes are subject to Tenant's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. If Landlord's approval or consent is needed with respect to any element of the design or construction of Landlord's Work, then Landlord agrees to provide the same within three (3) business days of request, unless the scope of such design or construction element cannot be reasonably evaluated in such time frame. In

Landlord Initial  Tenant Initial \_\_\_\_\_

such case, Landlord shall proceed with reasonable diligence to promptly approve or disapprove such element.

## 2. LANDLORD'S WORK.

Reference herein to "Landlord's Work" shall include all Phases of work to be done in the Premises pursuant to Landlord's Work Plans described in Section 3 below. Reference in the Lease and this Work Letter to "Tenant Improvements" shall mean the "Landlord's Work" as described herein.

## 3. LANDLORD'S WORK PLANS.

For each Phase of Landlord's Work, the elements of Landlord's Work will be depicted in the construction documents to be prepared by the Tenant's architect (the "Construction Plan"), which will be approved by Landlord and Tenant which approval shall not be unreasonably withheld, condition or delayed. As it relates specifically to the entry vestibule in the Premises located off the 2<sup>nd</sup> Avenue lobby, Landlord and Tenant agree to work in good faith to design, furnish and occupy such area in a manner that is consistent with and maintains the unique and historic image of the Building. Once approved by Landlord and Tenant, such drawings and specifications shall be referred to herein as "Landlord's Work Plans." For each Phase of Landlord's Work, Landlord's Work Plans, prepared by a licensed architect, shall be submitted to the appropriate governmental body by Tenant for plan checking and the issuance of a building permit. Landlord agrees not to unreasonably withhold, condition or delay its approval of the Landlord's Work Plans or any changes to the same requested by Tenant.

## 4. CONSTRUCTION OF LANDLORD'S WORK.

a. Landlord shall contract with a qualified, licensed and bonded commercial general contractor with the experience and capacity to manage, oversee and cause the prompt and efficient construction of each Phase of Landlord's Work (the "General Contractor"). In reliance on such warranty, Tenant shall approve the General Contractor for the performance of each Phase of Landlord's Work. Landlord's project management fee shall not exceed three percent (3%) of the actual managed construction costs.

b. Landlord agrees to cause, and to require General Contractor and all subcontractors performing Landlord's Work to cause, all laborers, workers and mechanics (as such terms are defined in Chapter 39.12 of the Revised Code of Washington) performing the work to be paid the prevailing rate of wages (as defined in Chapter 39.12 of the Revised Code of Washington).

c. Prior to commencement of each Phase of Landlord's Work, Landlord and Tenant shall mutually agree in writing on the total not to exceed cost to construct Landlord's Work (the "Guaranteed Maximum Price" or "GMP") for that Phase. The GMP is to include the cost of all permits, easements and variances required to construct that Phase of Landlord's Work with the exception of the City of Seattle building permit that will be obtained and paid for by the Tenant, and the cost of

Landlord Initial   *ML*   Tenant Initial \_\_\_\_\_

remediating any Hazardous Material located in, under or about the Premises, except to the extent such Hazardous Material was brought into the Premises and unlawfully released by Tenant, its employees, invitees, contractors, or agents, as provided for in Section 24.4 of the Lease. No changes to the approved GMP may be made without Tenant's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the above, unforeseen costs incurred as the result of errors or omissions in the Construction Plans prepared by Tenant's architect, shall not be limited by the GMP provisions of this Work Letter, provided that Landlord must seek Tenant's approval of the aforementioned unforeseen costs, which approval shall not be unreasonably withheld, conditioned or delayed. In the event that the aggregate GMP for all Phases contemplated by this Work Letter Addendum exceeds \$5,431,853, prior King County Council approval by ordinance will be required.

d. Landlord shall supervise the completion of Landlord's Work and shall secure completion of such work in accordance with the Work Schedule for each Phase. Landlord shall ensure that the construction of Landlord's Work is performed in compliance with all applicable laws, codes, ordinances and regulations. During the performance of each Phase of Landlord's Work, Landlord shall arrange for weekly meetings to include Landlord's Construction Manager, the General Contractor, Tenant's project manager or Tenant's representative and Tenant's architect, for the purpose of reviewing the progress of Landlord's Work. Landlord shall arrange for such meetings at a mutually convenient time and location. Landlord acknowledges that Tenant will be in occupancy of a portion the Premises (7<sup>th</sup> floor/10<sup>th</sup> floor) during the performance of Landlord's Work, and Landlord agrees to manage the performance of Landlord's Work to (i) maintain the Premises in a condition that is safe for Tenant's employees and visitors and (ii) avoid any damage and minimize interference with Tenant's property. Before the commencement of each Phase of Landlord's Work, Landlord agrees to meet with Tenant to review Landlord's safety and security plans for performance of Landlord's Work and to discuss any Tenant concerns related to the same.

e. The cost of Landlord's Work shall be paid as provided in Section 5 below. Landlord shall be solely responsible for, and shall indemnify and defend Tenant from and against, any costs, claims, losses, damages, suits or expenses arising out of (i) remedying any errors or defects in Landlord's Work and/or for any failure of Landlord's Work to comply with Landlord's Work Plans; (ii) the acts or omissions of Landlord, the General Contractor, and/or any subcontractors pertaining to this agreement; and/or (iii) subject to Section 4(c) of this Exhibit C, any cost to construct Landlord's Work that is in excess of the GMP for that Phase not approved in advance of expenditure in writing by Tenant. In addition, Landlord shall be solely responsible for performing and paying for any additional work that must be performed to the Premises or the Building due to: (i) any substandard condition of the Premises or Building that may be discovered during the course of designing or constructing Landlord's Work such as, the presence of asbestos or other Hazardous Material, structural issues, mold, substandard wiring, etc.; and/or (ii) the acts or omissions of Landlord, the General Contractor, or any subcontractor. Landlord hereby warrants to Tenant that Landlord is not aware of any condition or deficiency in the Premises or Building that is likely to increase the cost of Landlord's Work (such as any code violation or the presence of, other than

Landlord Initial  Tenant Initial \_\_\_\_\_

previously disclosed to Tenant, asbestos or any Hazardous Material). Landlord agrees to defend, indemnify, and hold harmless the Tenant for claims by Landlord or the General Contractor's employees, or those of any subcontractor except for claims caused by the gross negligence or willful misconduct of Tenant, and agrees to waive its immunity under Title 51 RCW, which waiver has been mutually negotiated by the parties.

#### 5. PAYMENT OF COST OF LANDLORD'S WORK.

a. Landlord hereby grants to Tenant a tenant improvement allowance ("TIA") up to and not to exceed Fifty-Five Dollars (\$55.00) per rentable square foot of the Premises. The TIA may be used by Tenant for:

(1) Construction of Landlord's Work, including, without limitation, the following:

(a) Installation within the Premises of all partitioning, doors, floor coverings, ceilings, lockers, wall coverings and painting, millwork and similar items.

(b) All electrical wiring, cabling, lighting fixtures, outlets and switches, low voltage and other electrical work to be installed within the Premises.

(c) The furnishing and installation of all duct work, terminal boxes, diffusers and accessories required for the completion of the heating, ventilation and air conditioning systems within the Premises, including the cost of meter and key control for after-hour air conditioning.

(d) Any additional Tenant requirements including, but not limited to, odor control, special heating, ventilation and air conditioning, noise or vibration control or other special systems.

(e) All fire and life safety control systems such as fire walls, halon, fire alarms, including piping, wiring and accessories installed within the Premises.

(f) All plumbing, fixtures, pipes and accessories to be installed within the Premises.

(g) Testing and inspection costs.

(h) Subcontractors' fees, including but not limited to any fees based on general conditions.

(i) Landlord's project management fee in an amount not exceeding three percent (3%) of the actual managed construction costs.

Landlord Initial  Tenant Initial \_\_\_\_\_

(2) All other costs to be properly expended by, or owing to, Tenant or Landlord in the design, permitting and construction of Landlord's Work, including without limitation, those costs incurred by Tenant for design, construction and related expenses and of elements of Landlord's Work.

(3) Tenant may utilize up to \$5.00/rentable square foot of the TIA to offset costs associated with moving expenses, furniture and or rent credit.

b. The cost of constructing Landlord's Work shall be charged against the TIA. Invoices for Landlord's Work which shall be supplied to Tenant at the weekly meeting for project tracking purposes. If the cost of Landlord's Work (according to the GMPs approved by Tenant) exceeds the TIA, Tenant shall pay any such overage within fifteen (15) days of Landlord's billing. Landlord shall submit with each billing written back-up documentation for the costs reflected in such billing for the review and approval of Tenant, which approval shall not be unreasonably withheld, conditioned or delayed.

c. In the event that, after Landlord's Work Plans have been prepared and a GMP has been approved by Tenant for that Phase, Tenant shall require any changes or substitutions to Landlord's Work Plans in writing (each one a "Tenant Change Proposal"), any additional costs thereof shall be paid by Tenant to Landlord within fifteen (15) days of Landlord's completion of such Tenant Change Proposal and Tenant's receipt from Landlord of written back-up documentation for such costs; provided, however, that Landlord shall first apply towards such increase any remaining balance in the TIA, not previously committed pursuant to the GMP.

d. Except as set forth in Section 4(c) above, Landlord shall be solely responsible for all costs of constructing Landlord's Work that exceed the GMP that are not attributable to a Tenant Change Proposal.

**6. PUNCHLIST; DEFICIENCIES IN LANDLORD'S WORK**

a. Landlord and Tenant will, within ten (10) business days from the date that Landlord's Work for each Phase of Landlord's Work is Substantially Completed ("Inspection Period"), inspect the Premises and prepare a list of any outstanding work or items to be completed by Landlord ("Punch List"). Landlord agrees to complete (or repair) the Punch List work or item(s) with commercially reasonable diligence and speed, and within thirty (30) days after the Punch List is delivered to Landlord.

b. Landlord shall be solely responsible, throughout the Term of the Lease, for promptly remedying any defects in Landlord's Work, at Landlord's sole cost (excluding normal wear and tear as the result of Tenant's use and Tenant's maintenance obligations pursuant to Section 9 of this Lease).

c. "Substantial Completion" or "Substantially Complete" shall mean that the Tenant Improvements for that Phase are complete to the extent that Tenant may reasonably use and occupy the Premises subject to that Phase of Landlord's Work for the Permitted Use, subject

Landlord Initial     *W*     Tenant Initial \_\_\_\_\_



to minor details typically listed in a punch list that remain to be completed by Landlord, as evidenced by (i) issuance of a certificate of substantial completion executed by Tenant's architect and (ii) issuance of a certificate of temporary or permanent occupancy by the City of Seattle. Substantial Completion of Landlord's work shall not be delayed by the installation of Tenant's furniture.

d. Following Substantial Completion of the Phase I of Landlord's Work, as subsequent Phases of the Tenant Improvements are determined to be Substantially Complete, Landlord shall deliver to Tenant for occupancy those portions of the Premises subject to those Phases of Tenant Improvements without unreasonable delay.

### 7. REPRESENTATIVES

Tenant has designated Denise Thompson as its sole representative with respect to the matters set forth in this Work Letter, who, until further written notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter. Landlord has designated Jeff Brueckner as its sole representative with respect to the matters set forth in this Work Letter, who, until further written notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Work Letter.

### 8. 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.

### 9. RESTORATION

Tenant shall not be required to restore the Premises upon expiration of the Lease, or required to remove any improvements or alterations provided those improvements or alterations are approved in writing in advance by Landlord. Tenant shall be required to remove any low voltage cabling, except Tenant shall not be responsible for removing any low voltage cabling pre-existing Tenant's occupancy.

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Landlord Initial  Tenant Initial \_\_\_\_\_

**EXHIBIT D  
NOTICE OF LEASE TERM DATES**

To: [TENANT NAME]  
701 2<sup>nd</sup> Avenue [SUITE]  
Seattle, Washington 98104  
Attention: [TENANT CONTACT]

Re: Office Lease dated \_\_\_\_\_, 20\_\_ between PACIFIC DEXTER HORTON LLC, a Delaware limited liability company ("Landlord"), and KING COUNTY, a political subdivision of the State of Washington ("Tenant") concerning a portion of the basement, Suites 200 (inclusive of the mezzanine) 700, 710, 750 and 1000 of the office building located at 701 2<sup>nd</sup> Avenue, Seattle, Washington 98104.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to confirm as follows:

The Lease Term shall commence on or has commenced on or about \_\_\_\_\_, 20\_\_, for a term of \_\_\_\_\_ (\_\_\_\_) years ending on \_\_\_\_\_, 20\_\_.

Rent shall commence to accrue on \_\_\_\_\_, 20\_\_ in the amount of \$\_\_\_\_\_ per month.

If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

Your rent checks should be made payable to Pacific Dexter Horton LLC, 710 2<sup>nd</sup> Avenue, Suite 1508, Seattle, Washington 98104.

The number of approximate rentable square feet within the Premises is 41,803 total rentable square feet.

Tenant's Expense and Tax Share as adjusted based upon the approximate number of rentable square feet within the Premises is 12.43%.

Agreed to and Accepted as of \_\_\_\_\_, 20\_\_.

TENANT:

KING COUNTY,  
a political subdivision of the State of Washington

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

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

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

Landlord Initial  Tenant Initial \_\_\_\_\_

**EXHIBIT E****RULES AND REGULATIONS**

1. Neither the whole nor any part of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls of the Building shall be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from the premises of such tenant.
2. No awning, canopy, sign or other projection shall be attached to the outside walls or windows of the Building without Landlord's prior written consent. No curtain, blind, shade, or screen (other than those furnished by Landlord as building standard) shall be attached to, hung in or used in connection with any window or door of the premises of any tenant.
3. No tenant shall mark, paint, drill into, or in any way deface any part of the Building or its premises. No boring, cutting, or stringing of wires shall be permitted.
4. No tenant shall make, or permit to be made, any unseemly or disturbing noises (whether by the use of any musical instrument, radio, television or other audio device) or allow any unsavory odors to emanate from its space, nor shall any tenant annoy, disturb or interfere with other tenants or occupants of the Building or neighboring buildings.
5. No change shall be made in door locks without Landlord's prior written consent. Each tenant must upon the termination of its tenancy restore to Landlord all keys to offices and toilet rooms either furnished to, or otherwise procured by, such tenant. In the event of the loss of any keys during the Term, Tenant shall pay Landlord the reasonable cost of replacement keys.
6. Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally, including, without limitation, the right to exclude from the Building, except during the hours the Building is open to the public, all persons who do not present suitable identification satisfactory to Landlord.
7. Each tenant, before closing and leaving its premises at any time, shall see that all entrance doors are locked and that all electrical appliances are turned off. Suite and entrance doors shall remain closed at all times.
8. No premises shall be used, or permitted to be used, for lodging or sleeping or for any immoral or illegal purpose.
9. No premises shall be used, or permitted to be used, for lodging or sleeping or for any immoral or illegal purpose.
10. There shall not be used in the Building by any tenant or their agents or contractors, in the delivery or receipt of merchandise, freight or other matter, any hand trucks or other means of conveyance, except those equipped with rubber tires, rubber side guards, and such other safeguards as Landlord may require.
11. (Intentionally omitted).
12. No tenant shall place, or permit to be placed, on any part of the floor or floors of its premises a load exceeding the floor load per square foot which such floor was designed to carry and which is allowed by law.

Landlord Initial

Tenant Initial

13. No vending machines shall be permitted to be placed or installed in any part of the Building or premises by any tenant without the prior written consent of Landlord. Landlord reserves the right to place or install vending machines in any of the common areas of the Building.
14. No plumbing or electrical fixtures shall be installed by any tenant without the prior written consent of Landlord.
15. Bicycles, motorcycles or any other type of vehicle shall not be brought into the lobby or elevators of the Building or into the premises of any tenant.
16. Tenant will refer all contractors, contractor's representatives and installation technicians, rendering any services on or to the premises for tenant, to Landlord for Landlord's approval and supervision before performance of any service. This provision shall apply to all work performed in the Building, including installation of telephones, telegraph equipment, electrical devices and attachments and any installation of any nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment or any other physical portion of the Building. Such approval, if given, shall in no way make Landlord a party to any contract between tenant and any such contractor, and Landlord shall have no liability therefor.
17. No trash or other objects shall be placed in the public corridors or sidewalks of the Building.
18. Landlord does not clean or maintain suite finishes which are non-standard, such as kitchens, bathrooms, wallpaper, special lights, etc.
19. Landlord reserves the right, at any time and from time to time, to rescind, alter, or waive, in whole or in part, or to add to any of these Rules and Regulations when it is deemed necessary, desirable or proper, in Landlord's judgment, for its best interest or for the best interests of all tenants.
20. Violations of these Rules and Regulations, or any amendments thereof or additions thereto, constitute a default of this Lease.
21. Delivery of large furniture/equipment or supplies shall take place before or after normal business hours 7:00 AM – 6:00 PM Monday – Friday. Large deliveries shall use the freight elevator(s) and be coordinated with building management. Small deliveries not exceeding two (2) elevator loads are permitted during business hours, but are limited to the freight elevator(s).

Landlord Initial  Tenant Initial \_\_\_\_\_

**EXHIBIT F****FORM OF TENANT'S ESTOPPEL CERTIFICATE**

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ as Landlord, and the undersigned as Tenant, for Premises on the \_\_\_\_\_ floor(s) of the office building located at \_\_\_\_\_, Seattle, Washington \_\_\_\_\_, certifies as follows:

Attached hereto as *Exhibit F* is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in *Exhibit F* represent the entire agreement between the parties as to the Premises.

The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on \_\_\_\_\_, 20\_\_, and the Lease Term expires on \_\_\_\_\_, 20\_\_, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building.

Base Rent became payable on \_\_\_\_\_, 20\_\_.

The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in *Exhibit F*.

Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through \_\_\_\_\_, 20\_\_. The current monthly installment of Base Rent is \$\_\_\_\_\_.

All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and, to the best of Tenant's knowledge, Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in Washington and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

Landlord Initial  Tenant Initial \_\_\_\_\_

There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

To the undersigned's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser may rely upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TENANT: \_\_\_\_\_  
a \_\_\_\_\_

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

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

Landlord Initial  Tenant Initial \_\_\_\_\_