



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

February 29, 2016

Ordinance 18241

Proposed No. 2016-0013.2

Sponsors McDermott

1 AN ORDINANCE authorizing the executive to execute and
2 take actions necessary to implement a new lease for the
3 department of public health to provide continuing dental
4 health services in King County.

5 STATEMENT OF FACTS:

- 6 1. The facilities management division received notification the current
7 lease for the North Dental Clinic would expire on December 31, 2014.
- 8 2. The department of public health continues to need space for the
9 purpose of providing a dental clinic in north King County.
- 10 3. The facilities management division determined on May 30, 2014, that
11 there was not an appropriate county-owned option.
- 12 4. The facilities management division determined, through consultation
13 with the department of public health, that negotiating a new lease at the
14 current location was the most cost-effective option for the county.
- 15 5. The facilities management division successfully negotiated a new lease
16 of space from Capo North, LLC, located at 12359 Lake City Way NE,
17 Seattle, within council district one.

18 BE IT ORDAINED BY THE COUNTY COUNCIL OF KING COUNTY:

19 SECTION 1. Contingent upon the executive and Capo North, LLC, executing a
20 lease amendment in substantially the same form as Attachment B to this ordinance, the
21 executive is authorized to execute a lease for the property located at 12359 Lake City
22 Way NE with Capo North, LLC, substantially in the form of Attachment A to this
23 ordinance, and to take all actions necessary to implement the terms of the lease.
24

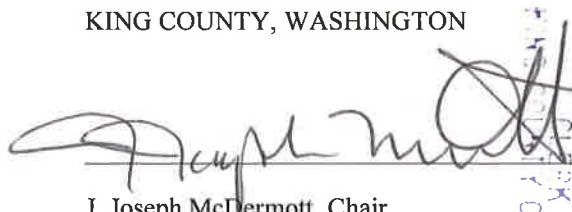
Ordinance 18241 was introduced on 1/7/2016 and passed by the Metropolitan King
County Council on 2/29/2016, by the following vote:

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

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KING COUNTY COUNCIL

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 11 day of March, 2016.



Dow Constantine, County Executive

Attachments: A. Dental Clinic Lease, B. Amendment 1 to Lease Agreement #1669 Between Capo
North, LLC and King County

ATTACHMENT A:

DENTAL CLINIC LEASE

LEASE AGREEMENT

THIS LEASE AGREEMENT, dated September 25, 2015 (for reference purposes only), ("the Lease"), is made by and between **Capo North LLC**, a Washington limited liability company ("Landlord") and **King County**, a political subdivision of the State of Washington ("Tenant", and together with the Landlord, the "Parties"):

RECITALS:

- A. Tenant currently occupies the Premises pursuant to a lease executed on July 17, 2012 that expired on December 31, 2014 (the "Expired Lease").
- B. Pursuant to Section 19 of the Expired Lease, Landlord acknowledges that prior to or contemporaneous with the execution of the Lease, Landlord has received payment of all holdover rent owing for the January 1, 2015- June 30, 2015 time period, and Landlord agrees to waive the holdover rent for the time period beginning July 1, 2015 and ending with the Lease Commencement Date, as defined below, of this Lease Agreement.
- C. Landlord and Tenant desire to enter into a new Lease.
- D. Landlord and Tenant hereby agree as follows:

WITNESSETH:

1. **Premises:** Landlord does hereby agree to lease to Tenant for use as a dental clinic those certain premises comprising approximately **3370 rentable** square feet (the "Premises") as shown in Exhibit A.2, and access and use for at least seven (7) parking spaces shown outlined in red on **Exhibit A** attached hereto, located in the building known as North Dental Clinic (the "Building"), located at 12359 Lake City Way Northeast, Seattle, Washington and legally described on **Exhibit A.1**. The Building as of the date of this Lease consists of an agreed area of **4,048 rentable** square feet.

2. **Term:** The term of this Lease shall be for sixty (60) **months**, commencing upon approval of this Lease Agreement by the King County Council and mutual Lease Execution by Landlord and Tenant (the "Lease Commencement Date"), and shall terminate on the last day of the calendar month that is 60 months after the Lease Commencement Date (the "Lease Term"). There is an option to extend the term of the Lease for an additional five (5) years (the "Option Term"). Prior to eight (8) months before the expiration of the Lease Term, Tenant will provide written notification of its intent to exercise the Option Term to Landlord, in order to exercise the Option Term.

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2.1 Confirmation of Lease Commencement Date: Within 30 days after the Lease Commencement Date is established, Landlord shall confirm and reiterate said Lease Commencement Date to Tenant in writing.

3. Tenant's Base Rent:

3.1 Tenant covenants and agrees to pay Landlord, at Landlord's address, without deduction or offset, monthly rent in the amount of six-thousand-one-hundred-seventy eight-dollars-and-thirty-three-cents (\$6,178.33) ("Base Rent", or "Rent") payable in advance, without prior notice or demand, on the first day of each month of the Lease Term, for the first 12 months of the Lease Term. The Base Rent for months 13-60 of the Lease Term shall be as detailed in the table below. Rent for any fractional calendar month, at the beginning of the calendar term, shall be prorated.

Months	Rate	Total per month	Total Annual
1-12	\$22.00 PSF	\$6,178.33	\$74,140.00
13-24	\$22.66 PSF	\$6,363.68	\$76,364.20
25-36	\$23.34 PSF	\$6,554.65	\$78,655.80
37-48	\$24.04 PSF	\$6,751.23	\$81,014.80
49-60	\$24.76 PSF	\$6,953.43	\$83,441.20

3.2 Option Term Rent. Rent for the Option Term shall be the Prevailing Market Rate. Prevailing Market Rate shall mean the fair market annual rental rate per rentable square foot for new 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 Prevailing Market Rate is being determined hereunder. Within thirty (30) days of Tenant notifying Landlord that it intends to exercise the option pursuant to Section 2, Landlord will advise Tenant of the Option Term Rent.

3.2.1 If Landlord and Tenant are unable to agree on a mutually acceptable Option Term Rent not later than ninety (90) days prior to the expiration of the Term, then Landlord and Tenant, within five (5) days after such date, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Prevailing Market Rate 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 Prevailing Market Rate shall be the average of the two Estimates. If the Prevailing Market Rate 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 Prevailing Market Rate for the Premises. Each appraiser shall have had at least seven (7) years' experience within the previous ten (10) years of his/her

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work experience as a commercial real estate appraiser working in Seattle, Washington with working knowledge of current rental rates and practices.

3.2.2 Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Prevailing Market Rate 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 Prevailing Market rate 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 Prevailing Market Rate and such Estimate shall be binding on both Landlord and Tenant as the Prevailing Market Rate. The Arbitrator shall have the authority to set the Prevailing Market Rate within the range of the two Estimates. If the Arbitrator believes that expert advice would 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.

3.2.3 If the Prevailing Market Rate has not been determined by the commencement date of the Option Term, Tenant shall pay Rent upon the terms and conditions in effect during the last month of the initial Term until such time as the Prevailing Market Rate has been determined. Upon such determination, the Rent shall be retroactively adjusted to the commencement of the Option Term.

4. **Operating Expenses:** Upon the Lease Commencement Date, Tenant agrees to pay to Landlord without deduction or offset, its share, as noted in the table below, of monthly Operating Expenses estimated in the amount indicated below per month for 2016 ("Additional Rent"), payable in advance, without prior notice or demand, on the first day of each month of the Lease Term. Operating Expenses shall represent Tenant's liability to Landlord for expenses incurred by Landlord or its Property Manager that are directly attributable to the operation, maintenance and repair of the Premises and the Building, including, but not limited to: all taxes and assessments; insurance premiums and deductibles; garbage removal services; recycling removal services; repair and maintenance of the Building, Premises and parking area, except as noted below in Section 6; rodent and pest control; provision of heating, ventilation, and air-conditioning services and related repair and maintenance of the associated systems; administrative expenses which shall in any event not exceed 5% of the annual gross Base Rent; and the amortization of capital improvements, over the useful life of the equipment or improvements, as Landlord may in the future install to comply with governmental regulations and rules or undertaken in good faith with a reasonable expectation of reducing operating costs (the useful life of said equipment or improvements shall be a reasonable period of time as determined by Landlord). Operating Expenses shall not include: Landlord's income tax or

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general corporate overhead; depreciation on the Building or equipment therein; loan payments; real estate broker's commissions; capital improvements to or major repairs of the Building shell (ie., the Building structure, exterior walls, roof, and structural floors and foundations), except as described above; or any costs regarding the operation, maintenance and repair of the Premises, the Building, or the Property paid directly by Tenant or other tenants in the Building, or otherwise reimbursed to Landlord, the ("Operating Expenses"). In the event that a replacement is required for the HVAC system(s), Landlord shall pay for the cost of said replacement and Tenant shall reimburse to Landlord its proportionate share of the cost which cost shall be amortized over the useful life of the unit and paid monthly as Additional Rent for the shorter duration of a) the end of the useful life of the unit, or b) termination of the Lease. Within 90 days following the end of each calendar year of the Lease term, Landlord shall determine and provide to Tenant a statement the ("Operating Expenses Statement") setting forth the amount of Operating Expenses actually incurred and the amount of Additional Rent actually payable by Tenant with respect to such calendar year. In the event the amount of Additional Rent exceeds the sum of the monthly installments actually paid by Tenant for such calendar year, Tenant shall pay to Landlord the difference within thirty (30) days following receipt of the Operating Costs Statement. In the event the sum of the monthly installments actually paid by Tenant for such calendar year exceeds the amount of Additional Rent actually due and owing, the difference shall be applied as a credit to Tenant's future Additional Rent payable by Tenant pursuant to this Section, or if the term has expired, the excess shall be refunded to Tenant within thirty (30) days after delivery of such Operating Costs Statement.

Should Tenant dispute any amount shown on the Operating Expenses Statement, Tenant may audit Landlord's books and records for the calendar year covered by such Operating Expenses Statement upon written notice to Landlord given within ninety (90) days after Tenant's receipt of such Operating Expenses Statement. If Tenant fails to provide notice of dispute within such ninety (90) day period, the Operating Expenses Statement shall be final and conclusive. Any audit conducted by Tenant shall be completed within sixty (60) days after Tenant's request therefor. In the event the amount of Tenant's share of Operating Expenses exceeds the sum of the monthly installments actually paid by Tenant for such calendar year, Tenant shall pay to Landlord the difference within thirty (30) days following completion of the audit. In the event the sum of the monthly installments actually paid by Tenant for such calendar year exceeds the amount of Tenant's share of Operating Expenses actually due and owing, the difference shall be applied as a credit to Tenant's future share of Operating Expenses payable by Tenant pursuant to this Section, or if the term has expired, the excess shall be refunded to Tenant within thirty (30) days after completion of the audit. Landlord and Tenant shall cooperate as may be reasonably necessary in order to facilitate the timely completion of any audit. Nothing in this section shall in any manner modify Tenant's obligations to make payments as and when provided under this Lease.

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Additional Rent for 2016 is allocated as follows:

Expense	Tenant responsibility	Amount per year
Water and Sewer	95%	\$4,560
Insurance	83%	\$1,577
Property Taxes	83%	\$5,414
Garbage	100%	\$5,304
Recycling	100%	\$1,886
Administration Fees	100%	\$3,600
Maintenance at an estimated average of 20 hrs. per month; and any eligible capital improvements or HVAC replacement	100% for Premises 83% for Building	\$8,400
	Annual Total	\$30,741.00
	Monthly Additional Rent for 2016	\$2,562

Landlord shall provide to Tenant, as soon as possible following the first day of each succeeding calendar year, a good faith estimate of Tenant's annual Additional Rent for the then-current year. Tenant shall continue to pay the Additional Rent amount then-in-effect until it receives the Landlord's good faith estimate of the new Additional Rent amount.

5. **Utilities and Service:** The Landlord shall provide water and sewer service to the Building. Tenant shall be responsible for payment of ninety-five percent (95 %) of the water and sewer charges for the Building, in accordance with Section 4.

Electricity is separately metered and billed to Tenant by Seattle City Light. Tenant shall furnish all other utilities, including telephone, internet and cable services, and services which Tenant requires with respect to the Premises ("Additional Utilities"), and shall pay, at Tenant's sole expense, the cost of these Additional Utilities and services.

6. **Alterations and Maintenance:** Tenant shall not make any alterations or addition to the Premises without the prior written permission of the Landlord, which consent shall not be unreasonably withheld. Any alterations shall become the property of Landlord upon termination

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of the Lease. Tenant shall, at Tenant's sole expense, arrange for janitorial and cleaning services in the Premises.

The Landlord agrees to keep the Building and the Premises in good repair, except for reasonable wear and tear, suitable for use as the purpose so defined in Section 1 of this Lease. During the term of this Lease or any extension thereof, the Landlord shall repair malfunctioning fixtures, and repair and maintain the structural portions of the Building and the basic plumbing, air conditioning, heating and electrical systems, and other main building systems. Tenant shall be responsible for the cost of repairs to the Building and Premises pursuant to the terms set forth in Section 4. . Landlord shall not be liable for any damages, including, but not limited to loss of business or business interruption, for failure to make any repairs or to perform any maintenance unless such failure shall persist for thirty (30) days after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Provided, Landlord shall not be liable for any damages, including, but not limited to loss of business or business interruption, for any repairs or maintenance which reasonably cannot be completed within thirty (30) days due to the nature of the repairs, or due to no fault of Landlord, provided that said repairs or maintenance are diligently pursued by Landlord.

7. **Signs:** All signs placed by Tenant on or about the Premises shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld.

8. **Fixtures:** All fixtures attached to the Premises solely by the Tenant may be removed by the Tenant at any time provided that: (a) the Tenant shall restore the Premise to their condition prior to the installation of the fixtures, normal wear and tear excepted; (b) the Tenant shall not then be in default; and (c) that the removal will be made on or before the expiration of the term of this Lease or any extension thereof.

9. **Indemnity and Hold Harmless:** Tenant agrees to indemnify and hold Landlord harmless as provided herein to the maximum extent possible under law. Accordingly, Tenant agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless Landlord, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, causes of action and judgments, including costs of defense thereof for injury to persons, death, or property damage arising under this Lease, except to the extent of Landlord's negligence.

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

Where such claims, demands, suits, and judgments result from the concurrent negligence of the Parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of each Party's negligence. Each of the Parties agrees that its obligations under this

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paragraph extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the Parties, by mutual negotiation, hereby waives, with respect to 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 attorney fees, expenses, and costs shall be recoverable from the responsible Party to the extent of that Party's negligence.

10. **Insurance:** Tenant, a charter county government under the constitution of the State of Washington (the "County"), maintains a fully funded Self-Insurance program as defined in King County Code 2.21 for the protection and handling of the County's liabilities including injuries to persons and damage to property.

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

Landlord shall maintain at its expense all risk property insurance on the building, appurtenances, fixtures and equipment other than property for which Tenant is responsible at one hundred percent (100%) of the current replacement cost value or an agreed amount basis. Landlord shall maintain at its expense Commercial General Liability insurance in the amount of \$1,000,000 per occurrence and \$ 2,000,000 in the aggregate. King County, its officer, officials, agents and employees shall be named as additional insureds.

11. **Arbitration:** Intentionally omitted.

12. **Subletting and Assignment:** Tenant shall not sublet the whole or any part of the Premises, nor assign this Lease or any interest thereof, without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

13. **Damage or Destruction:** In the event all or part of the Premises are materially damaged or destroyed by fire or other casualty, Landlord may, by written notice to Tenant within sixty (60) days after such damage, elect, in its sole discretion, to terminate this Lease or to repair or rebuild the Premises. If Landlord elects to terminate this Lease, Rent and Operating Expenses shall be apportioned as of the date of said termination, and any Rent and Operating Expenses paid for any period beyond such date shall be repaid to Tenant. If this Lease continues in effect, the work shall be prosecuted without unnecessary delay and Tenant shall promptly arrange for the repair and replacement of its personal property, fixtures and equipment. Tenant shall have no right to compensation or damages on account of Landlord's election to terminate the Lease or on account of annoyance or inconvenience of construction or in making any repairs. If Landlord elects to rebuild or repair the Premises following material damage or destruction caused by fire or other insured casualty, then Rent and Operating Expenses shall abate on a proportional basis

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while Landlord's work is in progress, in the same ratio that the portion of the Premises that is unfit for occupancy shall bear to the whole of the Premises. If Landlord elects to rebuild the Premises following material damage or destruction, but after one hundred twenty (120) days following such damage or destruction, Landlord fails to complete the repairs or rebuild the Premises, then, provided such damage was not caused by the neglect or misconduct of Tenant, its employees, agents, contractors or visitors, Tenant shall have the right to declare this Lease terminated by written notice served on the Landlord within thirty (30) days following such 120 day period. In the event the Premises shall be destroyed or damaged to such extent that, in the opinion of the Landlord, it shall not be practical to repair or rebuild, it shall be optional with Landlord or Tenant to terminate this Lease by written notice to the other party within sixty (60) days after such damage or destruction.

14. **Liens:** Landlord and Tenant shall keep the Premises and the Building in which the Premises are situated free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant or Landlord. Tenant may contest the validity or amount of any such lien or encumbrance in good faith provided that, within forty-five (45) days after the filing of such lien or encumbrance, 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.

15. **Right of Entry:** Landlord reserves and shall at any and all reasonable times have the right to enter the Premises, inspect the same, supply any service to be provided by the Landlord to Tenant hereunder, to show the Premises to prospective purchasers, mortgagees, or tenants, and to repair the Premises and any portion of the building of which the Premises are a part and may for the purpose erect scaffolding and other necessary structures when reasonably required by the character of the work performed, all as providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of Tenant shall not be interfered with unreasonably. Except for emergencies, Landlord shall give reasonable notice before entry to the Premises.

For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors, in, upon, and about the Premises, excluding Tenant's vaults, safes, and files, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means or otherwise shall not under any circumstances be construed or deemed to be forceful or unlawful entry into, or a detainer of the Premises, or an eviction of Tenant for the Premises or any portion thereof provided said entry relates to emergency purposes as aforesaid. Tenant agrees to allow "for lease" signs of reasonable size to be placed in and remain upon the exterior or interior of the Premises during the last ninety (90) days of the Lease Term.

16. **Hazardous Materials:**

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16.1 Defined.

16.1.1 For the purposes of this Lease, the term "Hazardous Materials" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law.

16.1.2 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. § 6901 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 Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Washington Water Pollution Control Act (RCW 90.48), and any laws concerning above ground or underground storage tanks.

16.2 Landlord and Tenant mutually agree that no generation, use, release, handling, transportation, treatment or storage of Hazardous Materials occurs in the Premises, other than that normally associated with the operation of a dental clinic. Landlord acknowledges and fully discloses that the Premises contain no Hazardous Materials, other than those normally associated with the operation of a dental clinic. Upon the execution of this Lease, if Landlord or Tenant subsequently discovers the existence of Hazardous Materials on the premises, Landlord and Tenant shall disclose to each other this material fact and act within full compliance of all applicable laws, regulations and safety practices governing Hazardous Materials.

16.3 Tenant agrees to protect, indemnify, defend and hold Landlord and its officials, officers, employees and agents, harmless from any claims, judgments, damages, penalties, fines, expenses, liabilities or losses arising after the execution of this Lease and arising out of or relating to the presence, release or disposal of Hazardous Materials placed or released in the Premises during the term of this Lease, or any extension thereof, by Tenant, its officials, officers, employees, contractors, or invitees. Notwithstanding the foregoing, in no event shall Tenant be obligated to indemnify Landlord under this Lease, from any such claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release or disposal of Hazardous Materials that were (a) present within or under the Premises prior to Tenant's occupancy of the Premises ("Pre-Existing Hazardous Materials"), or (b) released or disposed on, within or under the Premises after Tenant's occupancy of the Premises except for releases or disposal caused by Tenant, its officials, officers, employees, contractors, or invitees.

16.4 The indemnification provided by Sections 16.2 and 16.4 shall specifically cover, without limitation, costs incurred (in connection with any investigation of site conditions or condition of the Premises) arising from any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party because of the presence or suspected presence of Hazardous Materials in the Premises. Such costs shall include but not be limited to consultant's fees, expert fees and attorney's fees. This indemnification shall survive the termination of the Lease. This indemnity is specifically and

expressly intended to constitute a waiver of each party's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the other party only, and only to the extent necessary to provide the indemnified party with a full and complete indemnity of claims made by the indemnitor's employees.

16.5 Landlord shall be solely responsible for all claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release or disposal of Pre-Existing Hazardous Materials on, within or under the Premises, including without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of the presence or suspected presence of Pre-Existing Hazardous Materials. Such costs shall include, but not be limited to, sums paid in settlements of claims, attorney's fees, consultant's fees and expert fees. Landlord agrees to protect, indemnify, defend and hold Tenant and its officials, officers, employees and agents, harmless from any claims, judgments, damages, penalties, fines, expenses, liabilities or losses arising after the execution of this Lease and arising out of or relating to the presence, release or disposal of Hazardous Materials that (a) qualify as Pre-Existing Hazardous Materials, or (b) that were released or disposed on, within or under the Premises after Tenant's occupancy of the Premises except for releases or disposal caused by Tenant, its officials, officers, employees, contractors, or invitees.

17. **Waiver of Subrogation:** To the extent a loss is covered by insurance in force, Landlord and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided that this waiver shall be inapplicable if it would have the effect of invalidating any insurance coverage of Landlord or the Tenant.

18. **Eminent Domain:**

18.1 Entire Taking. If all of the Premises or such portions of the Building as may be required for the reasonable use of the Premises, are taken by eminent domain, this Lease shall automatically terminate as of the date title vests in the condemning authority and all Rent, Operating Expenses and other payments shall be paid to that date.

18.2 Constructive Taking of Entire Premises. In the event of a taking of a material part of but less than all of the Building, where Landlord shall reasonably determine that the remaining portions of the Premises cannot be economically and effectively used by it (whether on account of physical, economic, aesthetic or other reasons), or if, in the opinion of Landlord, the Building should be restored in such a way as to alter the Premises materially, Landlord shall forward a written notice to Tenant of such determination not more than sixty (60) days after the date of the taking. The term of this Lease shall expire upon such date as Landlord shall specify in such notice but not later than sixty (60) days after the date of such notice.

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18.3 **Partial Taking.** In case of taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the Rent shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such Rent reduction to be effective as of the date title to such portion vests in the condemning authority. If, in the Tenant's reasonable determination, a portion of the Premises shall be so taken which renders the remainder of the Premises unsuitable for continued occupancy by Tenant under this Lease, Tenant may terminate this Lease by written notice to Landlord within sixty (60) days after the date of such taking and the term of this Lease shall expire upon such date as Tenant shall specify in such notice not later than sixty (60) days after the date of such notice.

18.4 **Awards and Damages.** Landlord reserves all rights to damages to the Premises for any partial, constructive, or entire taking by eminent domain, and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord or the condemning authority for damages for termination of the Leasehold interest or interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenses, business interruption or taking of Tenant's personal property and Leasehold improvements paid for by Tenant (not including Tenant's leasehold interest) provided that such damages may be claimed only if they are awarded separately in the eminent domain proceedings and not out of or as part of the damages recoverable by Landlord.

19. **Holding-Over:** If, with Landlord's written consent, which such consent shall not be unreasonably withheld, Tenant holds possession of the Premises after the term of this Lease or any extension thereof, Tenant shall become a tenant from month-to-month upon the terms herein specified, but at a monthly rent equivalent to 125% of the then prevailing rent payable by Tenant at the expiration of the term of this Lease or any extension thereof and subject to the continued application of all of the provisions of Sections 4 and 5 herein, payable in advance on the first day of each month. Parties agree that Tenant has been occupying the Premises on a month to month status under a previous Lease Agreement dated July 1, 2012, ("Original Lease") and the Original Lease has remained in full force and effect and shall expire upon the mutual Execution of this Lease Agreement.

20. **Surrender of Premises:** At the end of the term of this Lease or any extension thereof or other sooner termination of this Lease, Tenant will peaceably deliver to Landlord possession of the Premises in the same condition as received, except for ordinary wear and tear and damage by fire, earthquake, act of God or the elements alone, and Tenant will deliver all keys to the Premises to the Landlord. In addition, Tenant at Tenant's expense will remove Tenant's goods and effects and trade fixtures, and those of all persons claiming under Tenant, and Tenant will repair any damage resulting from such removal.

JAC

21. **Costs and Attorney's Fees:** If, by reason of any default or breach on the part of either party in the performance of any of the provisions of this Lease, a legal action is instituted, the losing party agrees to pay all reasonable costs and attorney's fees in connection therewith. It is agreed that the venue of any legal action brought under the terms of this Lease will be in the county in which the Premises are situated.

22. **Subordination:** This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements, or extensions ("Landlord's Mortgage"). Tenant shall attorn to the holder of any Landlord's Mortgage or any party acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided the acquiring party assumes the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than twenty (20) days after request execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section 22 to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each party acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured default by Tenant exists.

23. **Successors and Assigns:** All of the agreements, conditions and provisions of this Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Landlord and Tenant.

24. **Anti-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 King County Code Ch. 12.16.125. Landlord shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Lease and may result in ineligibility for further agreements with King County.

25. **Rules and Regulations:** Tenant shall faithfully observe and comply with the rules and regulations which shall apply to and be for the mutual benefit of all tenants in the Building in which the premises are located, and all reasonable modifications of and additions thereto from time-to-time put in effect by Landlord. If such Rules and Regulation have not been enacted by Landlord as of the time of the execution this Lease, Landlord shall have the right to enact and implement reasonable Rules and Regulation applicable to all Tenants in the Building.

JAC

26. **Quiet Enjoyment:** Landlord covenants and agrees that Tenant, upon performance of all Tenant's obligations under this Lease, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease without disturbance by Landlord or by any person having title paramount to Landlord's title or by any person claiming under Landlord, subject to the other terms and provision of this Lease and subject to all mortgages, underlying leases and other underlying matters of record to which this Lease is or may become subject to and subordinate. Landlord shall not be responsible for interruption of utilities, or other adverse effects on Tenant's quiet enjoyment which arise through no fault of Landlord.

27. **Notices:** All notices by either party to the other shall be in writing and may be delivered personally or by certified or registered mail to the following addresses:

To Tenant: King County Real Estate Services Section
Lease Administration
500 Fourth Avenue, Suite 830
Seattle, WA 98104-2371

To Landlord: John Chigaras
431 12th Avenue North
Edmonds, WA. 98020

or at such other address as either party may designate to the other in writing from time-to-time.

28. **Time:** Time is of the essence of this Lease and of each and all of the agreements, conditions, and provisions herein.

29. **Entire Agreement:** This Lease contains all covenants and agreements between Landlord and Tenant relating in any manner to the leasing, occupancy and use of the Premises and Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant. Any Exhibit attached hereto shall be deemed a part of this Lease and incorporated herein by reference.

30. **Interpretation - State Law:** The titles to paragraphs of this Lease are for convenience only and shall have no effect upon the construction or interpretation of any part hereof. This Lease shall be governed by the laws of the State of Washington.

31. **Severability:** The unenforceability, invalidity, or illegality of any provision of this Lease shall not render the other provisions unenforceable, invalid or void.

32. **Exhibits:** The following Exhibits attached hereto are incorporated into the agreement and shall be deemed a part hereof: **JNC**

Exhibit A: Parking Diagram
Exhibit A.1: Legal Description
Exhibit A.2: The Premises

33. Event of Default:

33.1.1 Tenant's Default: If Tenant fails to make any monthly Base Rent or Additional Rent payment within ten (10) days after written notice, or to perform any other covenant under this Lease within thirty (30) days after written notice from Landlord stating the nature of the default, Landlord may cancel this Lease and re-enter and take possession of Premises using all legal means to do so; provided, however, that if the nature of such default, other than for non-payment of rent, is such that the same cannot reasonably be cured within such thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion. Notwithstanding such retaking of possession by Landlord, Tenant's liability for the Base Rent and Additional Rent provided herein shall not be extinguished for the balance of the term of this Lease. Upon such re-entry, Landlord may elect either (i) to terminate this Lease; or (ii) without terminating this Lease, to relet all or any part of the Premises as the agent of and for the account of Tenant upon such terms and conditions as Landlord may deem advisable. In either event, Tenant shall remain liable for payment of Rent and Additional Rent, less the rents received on such reletting. Such rents shall be applied first to the expenses of reletting and collection including necessary renovation and alterations of the Premises, reasonable attorney's fees and leasing commissions paid, and thereafter to payment of all sums due or to become due Landlord hereunder, and if a sufficient sum shall not be realized to pay such sums and other charges, Tenant shall pay Landlord any deficiency monthly, and Landlord may bring an action therefor as such monthly deficiency shall arise.

33.1.2 In the event of any such retaking of possession of Premises by Landlord, Tenant shall remove all personal property located therein and, upon failure to do so, Landlord may remove and store the same in any place selected by Landlord including but not limited to a public warehouse, at the expense and risk of Tenant. If Tenant shall fail to pay the cost of storing any such property after it has been stored for a period of thirty (30) days or more, Landlord may sell any or all of such property at public or private sale and shall apply the proceeds of such sale first, to the cost of such sale, second, to the payment of the charges for storage, if any and third, to the payment of other sums of money which may be due from Tenant to Landlord under the terms of this Lease, and the balance, if any, to Tenant.

33.1.3 Tenant hereby waives all claims for damages that may be caused by Landlord's lawfully re-entering and taking possession of Premises or lawfully removing and storing the property of Tenant as herein provided, and will save Landlord harmless from loss, costs or damages occasioned thereby, and no such lawful re-entry shall be considered or construed to be a forcible entry.

JAC

33.2 Landlord's Default: Unless otherwise provided herein, Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in any event within (30) days after prior written notice from Tenant to Landlord. Said notice shall specify wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) days period and thereafter diligently prosecutes the same to completion. Tenant further agrees not to invoke any of its remedies under this Lease, if any, until said thirty (30) days have elapsed. In no event may the Tenant withhold rent or claim a set-off from rent. If Landlord fails to cure any such default within the allotted time, Tenant shall be entitled to seek actual money damages (but not consequential or punitive damages) for loss arising from Landlord's failure to discharge its obligations under this Lease. Nothing herein contained shall relieve Landlord from its duty to perform any of its obligations to the standard prescribed in this Lease. Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Lease on the dates specified below.

LANDLORD: Capo North LLC

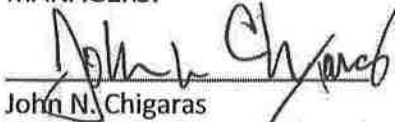
TENANT: King County, a political subdivision of the State of Washington

Dated: 10-5-15

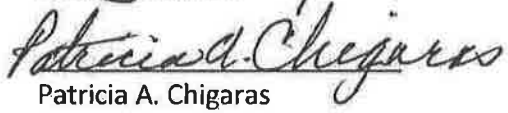
Dated: _____

By:
MANAGERS:

By: _____
Real Estate Services


John N. Chigaras

Date: _____


Patricia A. Chigaras

APPROVED AS TO FORM ONLY:

By: _____
Christopher Leopold, Deputy Prosecuting Atty.

Date: _____

CUSTODIAL AGENCY:
PUBLIC HEALTH

By: _____

Date: _____

JNC

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that _____ signed this instrument, on oath stated that he was authorized by the King County Executive to execute the instrument, and acknowledged it as the of King County, Washington to be the free and voluntary act of said County for the uses and purposes mentioned in the instrument.

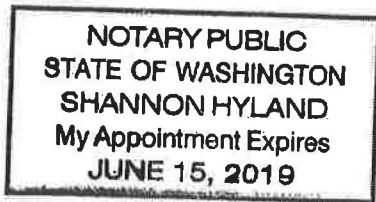
Date:

NOTARY PUBLIC in and for the State of
Washington residing at _____, My
appointment expires _____.

STATE OF WASHINGTON)
 Snohomish) ss
COUNTY OF ~~KING~~)

On this day personally appeared before me John N. Chigaras, to me known to be the Manager of the Corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this 5th day of Oct, 2015.



Shannon Hyland
Shannon Hyland
NOTARY PUBLIC in and for the State of
Washington residing at Mountlake Terrace, WA
My appointment expires 06/15/2019.

JRC

STATE OF WASHINGTON)
) ss
COUNTY OF KING)
 Snohomish

On this day personally appeared before me Patricia A. Chigaras, to me known to be the Manager of the Corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this 5th, day of October, 2015.

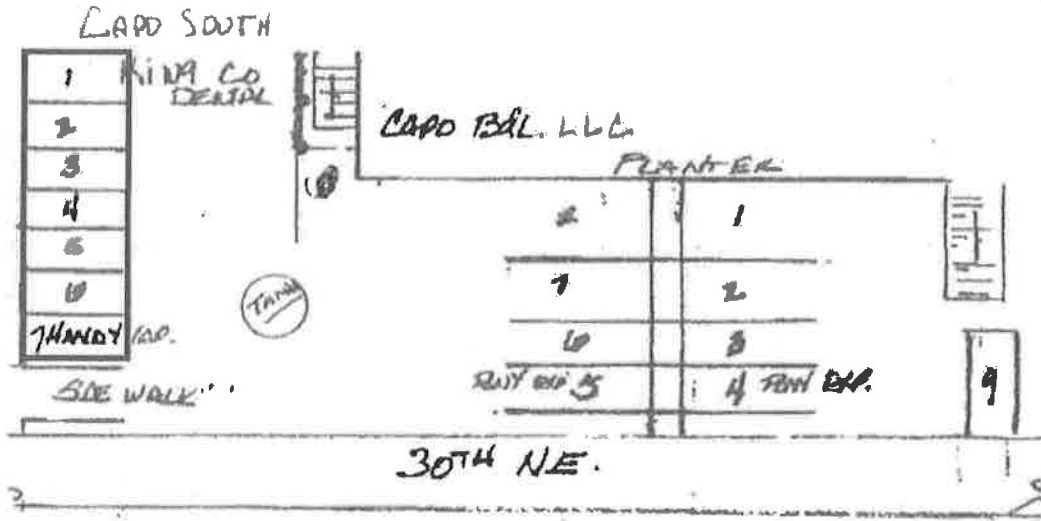
NOTARY PUBLIC
STATE OF WASHINGTON
SHANNON HYLAND
My Appointment Expires
JUNE 15, 2019

Shannon Hyland
Shannon Hyland

NOTARY PUBLIC in and for the State of
Washington residing at Mountlake Terrace, WA
My appointment expires 6-15-2015

JAC

EXHIBIT A
Parking Diagram



JAC

EXHIBIT A.1

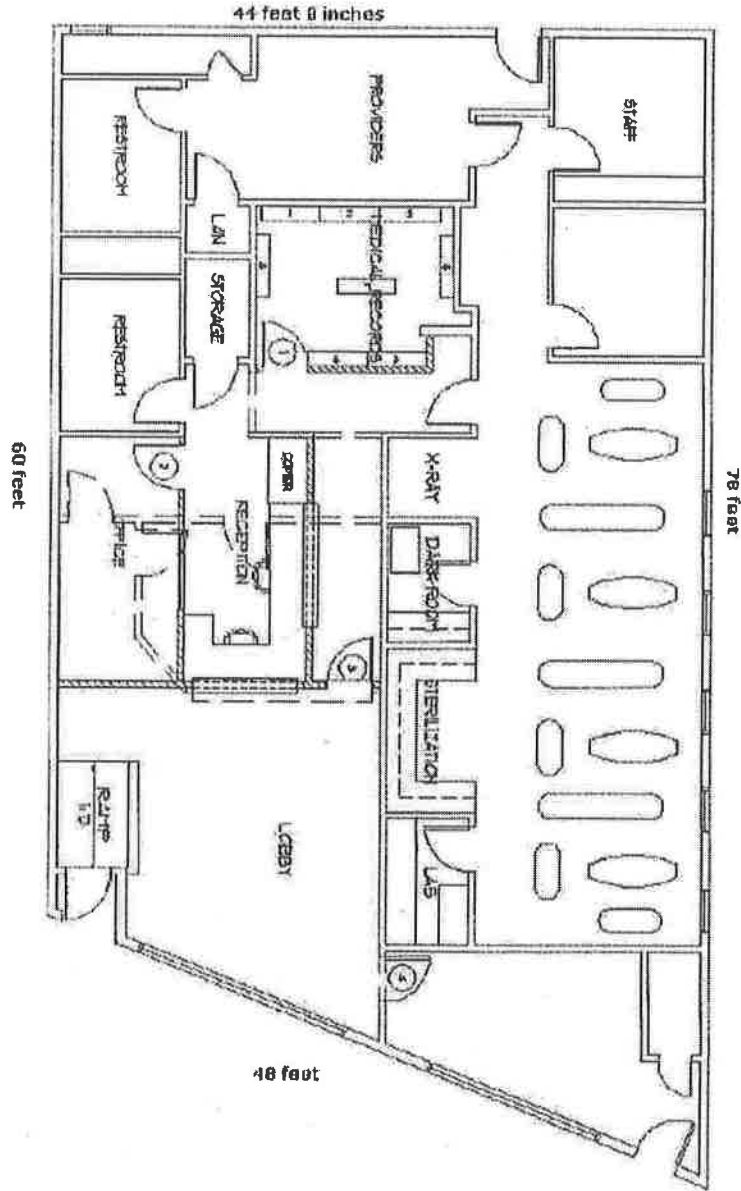
Legal Description

The east 30.00 feet of Lot 3 and the east 30.00 feet of the north 15.00 feet of Lot 4 in Block 4, of University Lake Shore Park, according to plat in Vol. 19 of Plats, page 61, in King County, Washington;
TOGETHER WITH the west ½ of vacated alley adjoining;
ALSO that portion of Lot 40 and the north 15.00 feet of Lot 39 in said Block 4 lying westerly of Primary State Highway No. 2 as condemned in King County Superior Court Cause NO. 137563;
TOGETHER WITH the east 1/2 of vacated alley adjoining.

JAC

EXHIBIT A.2

The Premises



30

**AMENDMENT 1 TO LEASE AGREEMENT #1669
BETWEEN CAPO NORTH, LLC AND KING COUNTY**

Pursuant to Section 29 of the Lease #1669, dated September 25, 2015 (for reference purposes only) between Capo North LLC ("Landlord") and King County ("Tenant") regarding the Premises located at 12359 Lake city Way Northeast, Seattle and dated September 25, 2015 (for reference purposes only), the Parties agree to amend that Lease as follows:

1. Delete the text in Section 16.4 of the Lease and replace with the following

"The indemnification provisions in this Section 16 shall specifically cover, without limitation, costs incurred (in connection with any investigation of site conditions or condition of the Premises) arising from any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party because of the presence or suspected presence of Hazardous Materials in the Premises. Such costs shall include but not be limited to consultant's fees, expert fees and attorney's fees. The indemnification provisions of this Section 16 shall survive the termination of the Lease and are specifically and expressly intended to constitute a waiver of each party's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the other party only, and only to the extent necessary to provide the indemnified party with a full and complete indemnity of claims made by the indemnitor's employees."

All other terms of Lease 1669 remain the same.

TENANT:
King County

LANDLORD:
CAPO NORTH, LLC

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____