

SUBLEASE AGREEMENT

THIS SUBLEASE is made and entered into between the City of Covington, a municipal corporation in the state of Washington (“Sublessor”) and the King County, a political subdivision of the State of Washington (“Tenant”) (collectively, the “Parties”). This Sublease is subject to the terms, covenants, and conditions set forth herein. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublessor and Tenant agree upon the following terms and conditions:

1. RELATIONSHIP OF THE PARTIES

It is acknowledged that Sublessor is a lessee of Covington Retail Associates LLC, a Washington limited liability company (“Lessor”), pursuant to their lease agreement dated March 11, 2002. Although no privity of contract exists between Tenant and Lessor, Tenant acknowledges that, where appropriate, Sublessor will look to and require Lessor to provide services, as appropriate under this Sublease. Sublessor assumes no liability for any willful misconduct, gross negligence, or negligence of Lessor, and Sublessor covenants only to deliver such services as are provided in this Sublease. Tenant’s sole remedy for Sublessor’s failure to deliver such services is rescission. Tenant further agrees to observe and follow all rules and regulations promulgated by Lessor.

2. PREMISES

2.1 Premises. Sublessor hereby subleases to Tenant and Tenant subleases from Sublessor, the real property described on **Exhibit A** attached hereto (the “Premises”). The Premises is located in 16720 SE 271st Street, Suite 100 in the City of Covington, King County, Washington, commonly known as Covington City Hall. The Premises do not include and Sublessor reserves the exterior walls and roof of the Premises; the land beneath the Premises; and the pipes, ducts, conduits, wires, fixtures, and equipment leading through the Premises in areas which will not materially interfere with Tenant’s use thereof, such as the areas above suspended ceilings and within the structural elements of the Premises (the “Building”). Sublessor reserves the right to install, maintain, use, repair, and replace the Building and its structural elements.

2.2 Common Areas. This Sublease includes the non-exclusive right for Tenant to use common areas. The term “Common Areas” means all areas and facilities that are provided and designated from time to time by Sublessor for the general non-exclusive use and convenience of Tenant with other tenants and are not subleased or held for the exclusive use of a particular tenant. Common Areas may, but do not necessary include, hallways, entryways, stairs, elevators, driveways, walkways, restrooms, trash facilities, parking areas, roadways, pedestrian sidewalks, landscaped areas, security areas and lobby areas. Without advance notice to Tenant, Sublessor may change the size, use, or nature of any Common Areas, erect improvements on the Common Areas, or convert any portion of the Common Areas to the exclusive use of Sublessor or selected tenants, so long as Tenant is not thereby deprived of the substantial benefit of the

Premises. Use of Common Areas must be in conformity with each and every rule promulgated and/or amended from time to time.

3. TERM

3.1 Initial Term. The initial Term of this Sublease shall commence on the Commencement Date, currently estimated to be approximately November 18, 2011, or on such earlier or later date as may be specified by written notice by Sublessor to Tenant advising Tenant the Premises are ready for possession and specifying the Commencement Date, and shall continue thereafter for a period of six (6) Sublease Years, unless sooner terminated or extended as hereinafter provided. If Tenant occupies the Premises before the Commencement Date specified in this Section 3, then the Commencement Date shall be the date of occupancy. Neither Sublessor nor any agent or employee of Sublessor shall be liable for any damage or loss due to Sublessor's inability or failure to deliver possession of the Premises to Tenant as provided in this Sublease. The first "Sublease Year" shall commence on the Commencement Date and shall end on the date that is twelve (12) months from the end of the month in which the Commencement Date occurs. Each successive Sublease Year during the initial Term and any extension terms shall be twelve (12) months, commencing on the first day following the end of the preceding Sublease Year.

3.2 Option Period. Sublessor grants to Tenant options to extend the Term of this Sublease for two (2) additional periods of five (5) years each (each an "Extended Term"). Each Extended Term shall commence on the day following expiration of the prior Term or Extended Term. Except as otherwise expressly provided herein, all the provisions of this Sublease shall remain in effect during the Extended Term(s), except that the Total Rent shall be as set forth in Section 4. Tenant's exercise of an extension option shall be by written notice given to Sublessor not later than six (6) months, and no earlier than one calendar year, prior to expiration of the Term or Extended Term then in effect. This Option may not be exercised if Tenant is in default under any terms of this Sublease.

3.3 Termination. This Sublease may be terminated without cause by the Parties on 180 days' written notice to the other, should any of the following occur: (1) If Sublessor's lease with Lessor expires or is terminated for any reason; (2) if Sublessor should sublease the entire Premises under their lease agreement with Lessor; or (3) if the King County Council fails to approve this Sublease, or if the ILA is subsequently terminated, in which case Tenant's liability to Sublessor for the Tenant Improvements contemplated herein shall be limited to the actual costs accrued by Sublessor on Tenant's behalf and all other obligations resulting from termination of this Sublease shall terminate no later than at the end of the calendar year in which such termination occurs. In the event the Sublease is terminated as described above, Tenant shall make no claim against Sublessor for damages arising from such termination.

4. RENT

4.1 Amount. Tenant agrees to pay to Sublessor as annual rent the amounts set forth in **Exhibit B**, attached hereto and incorporated herein by reference (the "Total Rent"). The Total Rent is inclusive of the base rent and all operating and property expenses, including all utility charges except for those separately metered and paid for by Tenant. Also shown in Exhibit B is the ongoing Estimated Savings (previously a charge) to be seen by Covington as a result of the Sheriff's Office move away from the old precinct organization to the new Sammamish Precinct Command. The Total Savings is a combination of the Total Rent paid for use of the City space, plus the Estimated Savings seen by the removal of the older precinct charge.

4.2 Payment. Payment of the Total Rent shall be made by Tenant to Sublessor in the form of a credit to Sublessor's payments owed to Tenant under the Interlocal Agreement Relating to Law Enforcement Services entered into by the Parties on January 1, 2000 ("ILA"). The Total Rent credit to Sublessor shall be applied in twelve (12) equal monthly installments. In the absence of a monthly payment by Sublessor to Tenant under the ILA to apply the Total Rent credit, the Total Rent credit for that month shall roll-over and be applied as a cumulative credit to the next regular payment by Sublessor to Tenant under the ILA. There shall be no limit to the Total Rent credit amount allowed to cumulate and roll-over to the next regular payment by Sublessor to Tenant under the ILA. Should the ILA expire or be terminated before the end of the Term or Extended Term(s) of this Sublease, the Total Rent shall be payable to Sublessor in twelve (12) equal monthly installments in advance on the first day of each month during the Term or Extended Term(s) of this Sublease. The Total Rent for any fractional month shall be prorated at one-thirtieth (1/30th) of the specified monthly amount for each day of such fractional month.

4.3 Total Rent During Extended Terms. As of the first day of each Extended Term (if any), the Total Rent shall be adjusted to the fair market rental value of the Premises in their then condition for the uses described herein. In no event shall the Total Rent of an Extended Term be less than 102.5% of the Total Rent of the prior Sublease Year.

5. POSSESSION

5.1 Delivery of Possession. Sublessor shall deliver possession of the Premises to Tenant on the Commencement Date, with all Tenant Improvements (pursuant to Section 5.2) substantially complete. If Sublessor, for any reason whatsoever, cannot deliver possession of the Premises to Tenant on the Commencement Date, this Sublease shall not be void or voidable, nor shall the Term of this Sublease be extended, but in that event, all Total Rent shall be abated proportionately during the period from the Commencement Date to the date of actual delivery of possession. If Tenant occupies or takes possession of the Premises prior to the Commencement Date, such occupancy or possession shall be on the same terms and conditions of the Sublease and Total Rent shall commence, but the Expiration Date shall not be affected.

5.2 Tenant Improvement Work. Attached **Exhibit C** sets forth all tenant improvements on the Premises to be completed by Sublessor at the sole expense of Tenant based on 100% cost recovery (“Tenant Improvements”). Tenant and Sublessor shall mutually agree on the selection of the Tenant Improvement contractor. Sublessor shall confirm cost estimates with Tenant prior to commissioning the construction work. Selection of the contractor and all Tenant Improvement construction work shall be subject to all city and state policies, statutes, and regulations for public work projects. Responsibilities for design, payment, and performance of all such work shall be as set forth on attached **Exhibit C**.

5.3 Tenant Obligation. Except as specified elsewhere in this Sublease, Sublessor makes no representations or warranties to Tenant regarding the Premises, including the structural condition of the Premises and the condition of all mechanical, electrical, and other systems on the Premises or the suitability of the Premises for Tenant’s intended use. Except for the Tenant Improvements described in Section 5.2, Tenant shall be responsible for any work necessary to bring the Premises into a condition satisfactory to Tenant, either through Tenant’s own performance of said work or by requesting Sublessor’s performance of the additional work at the sole expense of Tenant based on 100% cost recovery. By signing this Sublease, Tenant acknowledges that it has had an adequate opportunity to investigate the Premises and accepts the Premises in its present condition, AS IS WITH ALL FAULTS, and acknowledges responsibility for making any corrections, alterations and repairs to the Premises (other than the work outlined in Section 5.2), either through Tenant’s own performance or by requesting such additional work to be completed by Sublessor at the sole expense of Tenant based on 100% cost recovery, and acknowledges that the time needed to complete any such items shall not delay the Commencement Date. To the extent that any of the above is not completed in time for the Tenant to occupy or take possession of the Premises on the Commencement Date due to the failure of Tenant to fulfill any of its obligations under this Sublease, the Sublease shall nevertheless commence on the Commencement Date.

5.4 Defects in Tenant Improvements. If Tenant fails to notify Sublessor of such defects in the Tenant Improvements within ten (10) days of delivery of possession to Tenant, Tenant shall be deemed to have accepted the Premises in their then condition. If Tenant discovers any major defects in the Tenant Improvements during this ten-day period that would prevent Tenant from using the Premises for its intended purposes, Tenant shall so notify Sublessor in writing and the Commencement Date shall be delayed until after Sublessor has corrected the major defects and Tenant has had five (5) days to inspect and approve the Premises after Sublessor’s correction of such defects. The Commencement Date shall not be delayed if Tenant’s inspection reveals minor defects in the Tenant Improvements that will not prevent Tenant from using the Premises for their intended use. Tenant shall prepare a punch list of all minor defects and provide the punch list to Sublessor within the ten-day period. If Tenant timely provides the punch list, then Sublessor shall promptly correct all punch list items at the sole expense of Tenant based on 100% cost recovery.

5.5 Communications & Internet Access. In addition to the Tenant Improvements, Sublessor shall make available telecommunications and Internet access to the Premises. Tenant

may install, maintain, replace, remove, and use communications or computer wires, cables, and related devices at or serving the Premises only with Sublessor's prior written consent. Tenant shall locate all electronic telecommunications equipment within the Premises and shall coordinate the location of all telecommunications and Internet wires, cables, and related devices with Sublessor. Sublessor reserves the right to require that Tenant remove any telecommunications or Internet wires, cables, and related devices in or serving the Premises which are installed in violation of these provisions or which are at any time in violation of any laws or present a dangerous condition within five (5) days after written notice. Sublessor shall have no liability for damages arising from, and Sublessor does not warrant that the Tenant's use of any telecommunications or Internet lines, cables, or other devices will be free from the following (collectively called "Line Problems"): any shortages, failures, variations, interruptions, disconnections, loss, or damage caused by the installation, maintenance or replacement, use, or removal of telecommunications or Internet cables, lines, or devices by or for other tenants or occupants in the building, by any failure of the environmental conditions or the power supply for the building to conform to any requirement of the telecommunications or Internet lines, cables, or devices and/or any associated equipment, or any other problems associated with any such equipment by any other cause; any failure of such cables, lines, and other devices to satisfy Tenant's requirements; or any eavesdropping or wiretapping by unauthorized parties. Sublessor in no event shall be liable for damages by reason of loss of profits, business interruption, or other consequential damages arising from any Line Problems.

6. USE OF PREMISES

6.1 Tenant's Use. Tenant will use the Premises for housing unincorporated King County Sheriff's Office personnel, and for no other purpose without written consent of Sublessor. The Premises shall not be used in any way which constitutes a violation of any law, ordinance, regulation or order, or which constitutes a nuisance, hazard, or risk of contamination (whether or not unlawful when this Sublease was executed). Tenant shall not do or permit anything to be done in the Premises or on the property that will obstruct or interfere with the rights of other tenants or occupants of the property or their customers, clients, and visitors, or to injure or annoy such persons. Tenant shall not service, maintain, or wash vehicles anywhere on the Premises.

6.2 Licenses and Permits. Tenant shall cooperate with Sublessor to cause Sublessor to obtain and pay for all necessary licenses and/or permits, subject to full cost recovery from Tenant. Tenant shall take all action necessary to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use of the Premises, including applicable federal, state, and local environmental laws, rules, regulations and ordinances; the Americans with Disabilities Act; and federal and state occupational safety and health laws.

7. SURRENDER OF PREMISES

The Premises have been inspected, or if construction or alteration thereof is contemplated then the Premises will be inspected when Tenant assumes possession. The Premises are, or will be

upon taking possession, accepted "as is" except only for (a) any exceptions noted in writing by Tenant and consented to in writing by Sublessor and (b) any Tenant Improvements. Tenant agrees that upon termination of this Sublease, Tenant will quit and surrender the Premises in a neat and clean condition and in the same condition as at the Commencement Date, and will deliver up all keys belonging to said Premises to the Sublessor or Sublessor's agents. At the termination of this Sublease Tenant, either through Tenant's own performance or by requesting Sublessor's performance at the sole expense of Tenant based on 100% cost recovery, shall remove all Tenant's trade fixtures and repair all damage caused by the removal including the cost of abiding by building code provisions then in effect and, if appropriate, painting and repairing areas adjacent to or effected by the removal.

8. DAMAGE OR DESTRUCTION

8.1 Damage and Repair. Except in cases where the Premises or that portion of the property necessary for Tenant's occupancy becomes damaged from insured loss, or where such damage was the result of Sublessor's negligence, it shall be the duty of the Tenant to repair damage to the Premises, either by Tenant's own performance or by requesting Sublessor's performance of the work at the sole expense of Tenant based on 100% cost recovery, from any cause, including but not limited to water damage.

8.1.1 If the Premises or that portion of the property necessary for Tenant's occupancy is damaged by fire or other insured casualty to an extent which makes a significant portion or all of the Premises untenable, then Tenant shall give notice of such event to Sublessor. The Sublessor shall, within sixty (60) days after receipt of such notice, advise Tenant whether Sublessor elects to repair or replace the Premises or elects to terminate this Sublease. If the Sublessor fails to give notice of Sublessor's intention within such time period, Tenant shall give Sublessor notice that the election by the Sublessor is required and if Sublessor does not advise Tenant within five (5) days of Sublessor's election to repair or replace, this Sublease shall terminate. If the Sublessor elects to repair or rebuild, the Sublessor will proceed to do so with reasonable diligence commencing upon settlement of any insurance claim or, if there is no such claim, as soon as practicable.

8.1.2 If this Sublease is not terminated then the Total Rent shall be abated to the extent the Premises or that portion of the property necessary for Tenant's occupancy are untenable until substantial completion of the repair or reconstruction. The term of this Sublease shall not be extended by virtue of the Premises being untenable for any period of time.

9. ALTERATIONS

9.1 Tenant Alterations. Tenant shall not make any alterations, additions, or improvement in the Premises, other than the Tenant Improvements outlined in Section 5.2, without the prior written consent of Sublessor. Sublessor shall have sole and absolute discretion whether to give its consent. All alterations, additions and improvements shall be at the sole cost

and expense of Tenant, shall become the property of the Sublessor, and shall remain in and be surrendered with the Premises upon termination, without disturbance, molestation or injury. If, with Sublessor's consent, the Tenant performs any work, Tenant agrees to comply with all laws, ordinances, rules and regulations. Tenant further agrees to hold Sublessor free and harmless from damage, loss, or expense arising out of said work. If Tenant requests Sublessor to perform any approved work, such work shall be completed at Tenant's sole expense based upon 100% cost recovery.

9.2 Sublessor Alteration. Tenant agrees that Sublessor has the right to make alterations to the Premises, and to the property at which the Premises are situated. Sublessor shall not be liable for any damage which Tenant might suffer by reason of such undertaking.

9.3 Substitute Premises. Sublessor may upon sixty (60) days' prior notice to Tenant, substitute for the Premises other premises in the Building (the "New Premises"), provided, that the New Premises shall be of the same square footage and be reasonably usable for Tenant's business hereunder, which use may necessitate the replication of the Tenant Improvements at Sublessor's sole cost and expense, should such improvements be necessary for the New Premises to function for Tenant's intended use in the same manner as the Premises in all material respects. Tenant agrees to cooperate with Sublessor in all ways to facilitate the expeditious scheduling, staging, and completing of such substitution. Sublessor shall be responsible for all costs and expenses related to the facilitation and completion of such substitution, including, but not limited to, moving costs and any necessary improvements to the New Premises. Sublessor shall not be liable to Tenant for any damages or loss of business, income, or profits by reason of such substitution. If Tenant fails to surrender and vacate the Premises on the date designated by Sublessor as the effective date for such substitution, then such retention of possession of the Premises shall be deemed a breach of this Sublease by Tenant.

10. SIGNS

No signs or symbols may be placed at the Premises or upon the property where the Premises are located without the prior written approval of the Sublessor. Tenant covenants and agrees that on termination of the Sublease it will remove any signs placed on the Premises and repair any damage or injury to the Premises caused thereby at Tenant's sole expense. If Tenant fails to remove the signs then Sublessor may have them removed and may have any damage repaired at Tenant's sole expense based on 100% cost recovery.

11. PARKING

Tenant and Tenant's employee(s) are allowed the use of non-dedicated parking stalls in common with Sublessor. Tenant may not access the parking stalls in the east parking lot of Covington City Hall located off of 168th Avenue SE. Sublessor, at Sublessor's discretion, may police the parking and may make adjustments to availability as necessary.

12. RIGHT OF ENTRY

Sublessor reserves and shall at any and all reasonable times have the right to enter the Premises, inspect the same, supply janitorial service and any other service to be provided by Sublessor to Tenant, and to repair the Premises and any portion of the Building of which the Premises or any area of nonexclusive uses are a part. Should any persons performing janitorial services or any other services for Tenant by Sublessor be denied entry for any reason, Tenant shall be responsible for fulfilling said service(s) at its sole expense.

For each of the aforesaid purposes, Sublessor 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, evidence rooms, and files, and Sublessor shall have the right to use any and all means which Sublessor 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 Sublessor by any of said means or otherwise shall not under any circumstances be construed or deemed to be forceful or unlawful entry into, or detainer of the Premises, or an eviction of Tenant for the Premises or any portion thereof provided said entry relates to emergency purposes as previously noted.

13. HAZARDOUS MATERIAL

13.1 Sublessor's Representation and Warranty. Sublessor represents and warrants to Tenant that to the best of Sublessor's knowledge, there is no "Hazardous Material" (as defined below) on, in, or under the Premises as of the commencement date except as otherwise disclosed to Tenant in writing before the execution of this Sublease. If there is any hazardous material on, in, or under the Premises as of the commencement date which has been or thereafter becomes unlawfully released through no fault of Tenant, the Sublessor 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, attorney's fees, consultant fees and expert fees, incurred or suffered by Tenant either during or after the Sublease term as the result of such contamination.

13.2 Tenant's Hazardous Substances. 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 by Tenant, its agents, employees, contractors, or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Sublessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises, damages for the loss or restriction on use of rentable or useable space or of any amenity of the Premises, or elsewhere, damages arising from any adverse impact on marketing of space at the Premises, and sums paid in settlement of claims, attorney's fees, consultant fees and expert fees incurred or suffered by Sublessor either during or after the Sublease term. These indemnifications by Sublessor and Tenant include, without limitation, costs incurred in

connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work, whether or not required by any federal, state, or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Sublessor of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

13.3 Duration of Indemnity. Sublessor's and Tenant's indemnification obligations under this section shall survive the expiration or earlier termination of this Sublease.

13.4 Response Activities. Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept upon or used in or about the Premises by Tenant, its agents, employees, contractors or invitees, results in any unlawful release of Hazardous Material on the Premises or any other property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises or any other property, to the condition existing prior to the release of any Hazardous Material; provided that Sublessor's approval of such actions shall first be obtained, which approval may be withheld at Sublessor's sole discretion.

13.5 Definition of Hazardous Material. As used herein, the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington, or the United States Government due to its potential harm to the health, safety, or welfare of humans or the environment.

14. INDEMNIFICATION AND HOLD HARMLESS

14.1 Indemnity. Each party shall protect, defend, indemnify, and save harmless the other party, its officers, officials, employees, volunteers, and agents, from any and all suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to this Sublease caused by or resulting from each party's own negligent acts or omissions. Each party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, officials, officers, volunteers, or agents. As to any and all causes of actions and/or claims, or third-party claim, arising under the sole fault of a party to this Sublease, said party shall have a duty to protect, defend, and hold harmless the other party.

The foregoing indemnity is specifically and expressly intended to constitute a waiver of each party's immunity under Washington's Industrial Insurance Act, RCW Title 51, in respect to 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. The parties acknowledge that these provisions were specifically negotiated and agreed upon by them. In the event of litigation between the parties to enforce the rights under this paragraph, reasonable attorney fees shall be allowed to the prevailing party.

15. INSURANCE

15.1 Tenant's Insurance.

15.1.1. Liability Insurance. Tenant, as a charter county government under the constitution of the State of Washington, maintains a fully funded self-insurance program, as defined in King County Code 4.12, for the protection and handling of Tenant's liabilities including injuries to persons and damage to property. Sublessor acknowledges, agrees, and understands that Tenant is self-funded for all of its liability exposures. Tenant agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Sublease. Tenant agrees to provide Sublessor with at least thirty (30) days prior written notice of any material change in Tenant's self-funded program and upon request will provide Sublessor with a certificate of self-insurance as adequate proof of coverage. Sublessor further acknowledges, agrees, and understands that Tenant does not purchase commercial general liability insurance and is a self-insured governmental entity; therefore Tenant does not have the ability to add Sublessor as an additional insured. Should Tenant elect to cease self-insuring its liability exposures and purchase commercial general liability insurance, Tenant agrees to add Sublessor as an additional insured.

15.1.2 Property Insurance. Tenant shall also maintain insurance covering its furniture, fixtures, equipment, and inventory in an amount equal to the full insurable value thereof, against fire and risks covered by a standard fire insurance policy with an extended coverage endorsement and insurance covering all plate glass and other glass on the Premises.

15.2. Sublessor Insurance.

15.2.1 Liability Insurance. The Parties agree that Sublessor's participation in Washington Cities Insurance Authority, a governmental self-insured risk pool, fulfills Sublessor's liability insurance requirements. Tenant acknowledges, agrees, and understands that Sublessor is self-funded for all of its liability exposures. Sublessor agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Sublease. Sublessor agrees to provide Tenant with at least thirty (30) days prior written notice of any material change in Sublessor's self-funded program and upon request will provide Tenant with an evidence of coverage letter as adequate proof of coverage. Tenant further acknowledges, agrees, and understands that Sublessor does not purchase commercial general liability insurance and is with a self-insured pool; therefore. Sublessor does not have the ability to add Tenant as an additional insured. Sublessor is self-insured for worker compensation. Should Sublessor elect to cease self-insuring its liability exposures and purchase commercial general liability insurance, Sublessor agrees to add Tenant as an additional insured.

15.2.2 Property Insurance. Sublessor shall also maintain insurance covering the Premises, in an amount equal to the full insurable value thereof, against fire and risks covered by a standard fire insurance policy with an extended coverage endorsement.

15.3 Notices. Tenant shall immediately furnish Sublessor with a copy of any written notice received, or a written summary of any oral notice received, from any governmental or quasi-governmental authority, insurance company, inspection bureau or any other third party as it relates to the Premises.

16. WAIVER OF SUBROGATION

Notwithstanding the provisions of Section 14 herein, Sublessor and Tenant agree that they shall not make a claim against or seek recovery from the other for any loss or damage to their property, or the property of others, resulting from fire or other hazards covered by fire insurance (to include extended perils) and each hereby releases the other from any such claim or liability regardless of the cause of such loss or damage so covered by insurance. In the event of any increased cost or impairment of ability to obtain such insurance, the party suffering such increased cost or impairment may terminate such waiver and release upon written notice to the other party hereto.

17. ASSIGNMENT

17.1 Tenant Assignment. Tenant shall not let or sublet the whole or any part of the Premises nor assign this Sublease or any part thereof without the consent of the Sublessor. Sublessor may withhold such consent in its sole and absolute discretion. This Sublease shall not be assignable by operation of law.

17.2 Tenant's Continuing Obligation. If the Premises are sublet or if an assignment of this Sublease is made, the assignor (and, if applicable, all prior assignors and those persons personally guaranteeing the Sublease) shall remain personally responsible and liable directly to the Sublessor for the payment of rent and for the fulfillment of all other obligations, including during any extension of the Sublease through the exercise of any options then outstanding at the time of the assignment. If assignment results in any rental in excess of the rental payable hereunder, such excess rental shall be the property of the Sublessor and Tenant shall cause the same to be paid directly to the Sublessor.

17.3 Sublessor Assignment. Sublessor shall have the right to assign its interest in this Sublease without consent of Tenant.

18. LIENS

Tenant shall keep the Premises and the property at which the Premises are situated free from any liens. Tenant shall indemnify and hold Sublessor harmless from liability from any such lien including, without limitation, liens arising from alterations and repairs.

19. DEFAULT

The following occurrences shall each be deemed an Event of Default by Tenant:

19.1 Failure To Pay. Tenant fails to pay any sum, including Total Rent, due under this Sublease as provided in Section 4 herein.

19.2 Vacation/Abandonment. Tenant vacates the Premises (defined as an absence for at least thirty (30) consecutive days without prior notice to Sublessor), or Tenant abandons the Premises (defined as an absence of five (5) days or more while Tenant is in breach of some other term of this Sublease). Tenant's vacation or abandonment of Premises shall not be subject to any notice or right to cure.

19.3 Failure to Comply with Rules and Regulations. Tenant fails to comply with the Rules and Regulations, if the failure continues for a period of twenty-four (24) hours after notice if such failure is given by Sublessor to Tenant. If the failure to comply cannot reasonably be cured within twenty-four (24) hours, then Tenant shall not be in default under this Sublease if Tenant commences to cure the failure to comply with twenty-four (24) hours and thereafter diligently and in good faith prosecutes such cure to completion.

19.4 Other Non-Monetary Defaults. Tenant breaches any agreement, term, or covenant of this Sublease other than one requiring the payment of money and not otherwise enumerated in this Section, and the breach continues for a period of fifteen (15) days after notice by Sublessor to Tenant of the breach. The fifteen (15) day grace period shall not apply to Tenant's breach of its obligations to maintain insurance coverage under Section 15.

19.5 Failure to Take Possession. Tenant fails to take possession of the Premises on the Commencement Date.

20. REMEDIES

Sublessor shall have the following remedies upon an Event of Default. Sublessor's rights and remedies under this Sublease shall be cumulative, and none shall exclude any other right or remedy allowed by Law.

20.1 Termination of Sublease. Sublessor may terminate Tenant's interest under the Sublease, but no act by Sublessor other than written notice from Sublessor to Tenant of termination shall terminate this Sublease. The Sublease shall terminate on the date specified in the notice of termination. Upon termination of this Sublease, Tenant shall remain liable to Sublessor for damages in an amount equal to the Total Rent and other sums that would have been owing by Tenant under this Sublease for the balance of the Sublease Term.

21. NON-WAIVER OF BREACH

The failure of the Sublessor to insist upon strict performance of any portion of this Sublease shall not waive any right or remedy of Sublessor. Any approval given by Sublessor under this Sublease shall not waive Sublessor's right of disapproval in any other instance.

22. REMOVAL OF PROPERTY

In the event of any entry, or taking possession of the Premises, Sublessor shall have the right (but not the obligation) to remove from the Premises all personal property and fixtures located therein. Sublessor may store the same in any place selected by Sublessor, including but not limited to a public warehouse, at the expense and risk of the owners of such property. Sublessor has the right to sell such stored property, without notice to Tenant, after it has been stored for a period of thirty (30) days or more. The proceeds of such sale shall be applied first to the cost of such sale; second to the payment of the charges for storage, if any; third to the payment of any sums of money which may then be due from Tenant to Sublessor; and the balance, if any, shall be paid to Sublessor as liquidated damages. Nothing in this Section shall limit Sublessor's right to sell Tenant's personal property as permitted by law to foreclose Sublessor's lien for unpaid rent.

23. HEIRS AND SUCCESSORS

Subject to the provisions pertaining to assignment and subletting, this Sublease shall be binding upon the heirs, legal representatives, successors, and assigns of the Parties hereto.

24. HOLD-OVER

If Tenant shall hold over after the expiration of the term of this Sublease, such tenancy shall be for an indefinite period of time on a month-to-month tenancy, which tenancy is terminable as provided by the laws of the State of Washington. During such tenancy Tenant agrees to pay to Sublessor 150% of the rate of the Total Rent last payable under this Sublease, unless a different rate is agreed upon by Sublessor, plus all other additional rent and payments payable under this Sublease. However, in no event will the rent be less than the Total Rent set forth in this Sublease and payable at the time of the hold-over. In addition, Tenant shall be bound by all of the terms, covenants, and conditions set forth herein.

25. AUTHORITY TO SIGN, JOINT AND SEVERAL LIABILITY

If Tenant is a corporation, the person(s) signing this Sublease on behalf of the corporation hereby warrant(s) to Sublessor he/she/they has/have full authority from such corporation to sign this Sublease, and to obligate the corporation. If more than one person or entity signs the Sublease, each shall be jointly and severally liable hereunder.

26. NOTICES

26.1 General Notice Requirement. Any notice, approval, consent or request required or permitted under this Sublease shall not be effective unless in writing. Such notices shall be addressed to the person(s) entitled to notice, and shall be personally delivered to or mailed to the address stated below by certified or registered mail, return receipt requested and postage pre-paid. Such notices shall be deemed given on the day personally delivered or the day following

mailing. Notices to the Sublessor shall be delivered to City of Covington, c/o Derek Matheson, 16720 SE 271st Street, Suite 100, Covington, WA 98042. Notices to Tenant shall be delivered to: (1) KCSO Contracts Unit, 516 3rd Ave., Seattle WA 98104 and (2) Steve Salyer, King County Real Estate Services, 500 4th Ave, Room 500, Seattle WA 98104. If no address is specified then notice to the Tenant shall be given at the Premises by leaving a copy of the notice at the Premises. Any party may change the address provided above by notice given in accordance with this paragraph.

26.2 Notice of Sublessor Non-Compliance. If Tenant believes Sublessor has failed to perform any term or provision under this Sublease required to be performed by Sublessor, Sublessor shall not be deemed to be in default hereunder nor subject to any claims for damages of any kind, unless such failure shall have continued for a period of thirty (30) days after written notice thereof by Tenant; provided, if the nature of Sublessor's failure is such that more than thirty (30) days are reasonably required in order to cure, Sublessor shall not be in default if Sublessor commences to cure such failure within such thirty (30) day period, and thereafter reasonably seeks to cure such failure to completion. The aforementioned periods of time permitted for Sublessor to cure shall be extended for any period of time during which Sublessor is delayed in, or prevented from, curing due to fire or other casualty, strikes, lockouts or other labor troubles, shortages of equipment or materials, governmental requirements, power shortages or outages, acts or omissions by Tenant or other Persons, and other causes beyond Sublessor's reasonable control. If Sublessor shall fail to cure within the times permitted for cure herein, Sublessor shall be subject to such remedies as may be available to tenant (subject to the other provisions of this Sublease); provided, in recognition that Sublessor must receive timely payments of Total Rent and operate the Property, Tenant shall have no right of self-help to perform repairs or any other obligation of Sublessor, and shall have no right to withhold, set-off, or abate rent.

27. RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the rules and regulations that Sublessor shall from time to time promulgate and/or modify. The rules and regulations shall be binding upon the Tenant upon delivery of a copy of them to Tenant. Sublessor shall not be responsible to Tenant for the nonperformance of any rules and regulations by any other tenant or occupants.

28. FINAL AGREEMENT – PROCEDURE TO AMEND

This is the final and a fully integrated agreement of the Parties and all prior statements, promises, representations and/or discussions between or among the parties, whether or not in writing, are void if not set forth in this final agreement. All Parties represent and warrant to all other Parties that he/she/it does not and will not rely upon any oral or written prior statements, promises, representations and/or discussions not set forth herein and will never seek to prove or assert that there is any agreement or understanding that varies, adds to, or supplements this document. No modification or alteration of this Sublease nor any waiver, excuse, release, forbearance or forgiveness of any duty, obligation or of liability of Tenant hereunder shall be valid or binding on the Sublessor unless the same is in writing and signed by the president of the Sublessor. No

employee or agent of Sublessor has or will have the authority to modify or alter this Sublease nor to waive, excuse, release, forbear or forgive any duty of Tenant.

29. MEDIATION, LITIGATION

29.1 Mediation. Sublessor and Tenant agree that should any dispute arise concerning this Sublease both Parties shall submit to mediation as a condition precedent to initiating any legal action. Sublessor and Tenant shall each bear their respective costs of mediation.

29.2 Jurisdiction and Venue. Any lawsuit arising from or in any way related to this Sublease or alleged breach thereof, any personal injury or any other transaction or any claimed act, error or omission of any party, shall be brought exclusively in the King County Superior Court, Seattle Division, and the parties hereby stipulate and agree that jurisdiction and venue shall be proper there.

29.3 Unlawful Detainer Action. The Sublessor, at its option, may bring an action for unlawful detainer, forcible entry and detainer or ejectment in order to regain possession of the Premises, and no claim of off-set or claim that the Sublessor is in any manner obligated to Tenant for breach of this Sublease or from any other transaction shall be asserted as a defense to the Sublessor's action.

29.4 Service of Process. Tenant agrees that service of legal process upon Tenant will be valid if given in any manner authorized by statute, or by depositing a copy of summons and other papers in the US mail, to be delivered by the first class mail, and addressed to the Tenant at any address provided in Paragraph 28. In such event, service of process will be deemed complete three (3) days after mailing.

29.5 Rent Control Waiver. Tenant waives the benefits of all existing and future Rent Control Laws and similar governmental rules and regulations, whether in time of war or not, to the extent permitted by law.

30. MISCELLANEOUS

30.1 Force Majeure. Sublessor shall not be in default hereunder and Tenant shall not be excused from performing any of its obligations hereunder if Sublessor is prevented from performing any of its obligations hereunder due to any accident, breakage, strike, shortage of materials, acts of God, or other causes beyond Sublessor's reasonable control.

30.2 Captions. The headings and titles in this Sublease are for convenience only and shall have no effect upon the construction or interpretation of this Sublease.

30.3 Only Sublessor/Tenant Relationship. Nothing contained herein shall be deemed or construed by the Parties hereto nor by any third party, as creating the relationship of principal

and agent or of partnership or of joint venture between the parties hereto or any other relationship, other than the relationship of Sublessor and Tenant.

30.4 Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

30.5 Limitation on Sublessor's Liability. It is expressly understood and agreed by and between the Parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of Sublessor, while in form purporting to be representations, covenants, undertakings and agreements of Sublessor are, nevertheless, each and every one of them, made and intended not as personal representations, covenants, undertakings and agreements by Sublessor for the purpose or with the intention of binding Sublessor personally, but are made and intended for the purpose of binding only Sublessor's interest in the Building to the terms of this Sublease and for no other purpose whatsoever, and in the event of a default by Sublessor, Tenant shall look solely to the interest of Sublessor in the Building. No personal liability or personal relationship is assumed by nor shall at any time be asserted or enforceable against Sublessor on account of this Sublease or on account of any representation, covenant, undertaking or agreement of Sublessor in this Sublease contained, either expressed or implied, all such personal liability, if any, being expressly waived and released by Tenant herein and to all persons claiming by, through, or under Tenant. The foregoing limitation on Sublessor's liability shall inure to and for the benefit of Sublessor and its successors and assigns, and Sublessor's members and their successors and assigns.

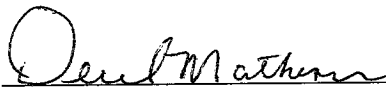
30.6 Severability. The unenforceability, invalidity, or illegality of any provision of this Sublease shall not render the other provisions unenforceable, invalid, or void.

IN WITNESS WHEREOF, the Sublessor and Tenant have executed this Sublease on the dates specified below.

SUBLEASE AGREED TO THIS _____ DAY OF _____, 2011.

SUBLESSOR

TENANT



City of Covington

King County

By: Derek Matheson

By:

Its: City Manager

Its:

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Sara B. Springer, City Attorney
City of Covington

By:

SUBLESSOR'S ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss:
COUNTY OF King)

I certify that I know or have satisfactory evidence that Derek M. Matheson
_____ is the person who appeared before me, and said person acknowledged that he/she
signed the instrument, on oath stated that he/she was authorized to execute this instrument and
acknowledged it as the City Manager of City of Covington
_____, to be the free and voluntary act of such party for the uses and
purposes mentioned in the instrument.

DATED: August 31, 2011.

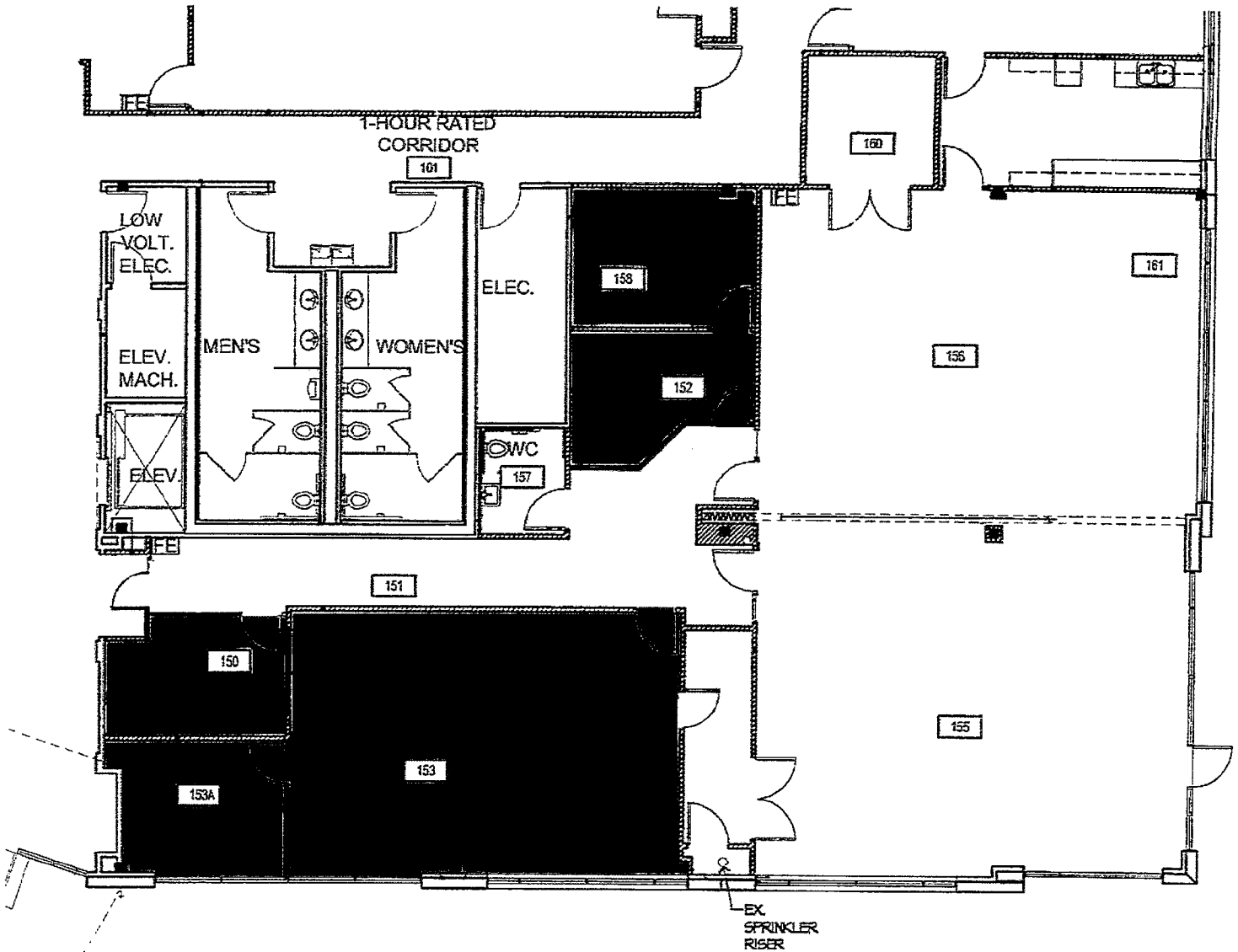


Sharon G. Scott
Print Name: Sharon G. Scott
NOTARY PUBLIC in and for the State of
Washington, residing at 27030 200th AVE SE
My Appointment expires: 8/29/15 Covington WA

(Use this space for notarial stamp/seal)

EXHIBIT A PREMISES

Southeast portion of the floor plan of the first floor of City Hall



Premises consists of exclusive use of approximately 1,000 square feet of floor space, as shaded above, located on the first floor of the building, including the right of public ingress and egress to the first floor.

EXHIBIT B
TOTAL RENT
Totals and Payment Pursuant to Section 4 herein.

	Total Rent	Estimated Savings (due to precinct reorg)	Total Savings
2011	22,000	10,169	32,169
2012	22,550	10,423	32,973
2013	23,114	10,683	33,797
2014	23,691	10,950	34,641
2015	24,283	11,224	35,507
2016	24,890	11,504	36,394
2017	25,512	11,792	37,304

EXHIBIT C TENANT IMPROVEMENTS

Tenant's Improvements to the Premise shall consist of the items below and be performed by Sublessor at the sole expense of the Tenant based on 100% cost recovery and pursuant to the terms of Section 5.2 herein. All Tenant Improvement costs shall include a 12% project management fee payable to Sublessor.

ITEM	MAJOR WORK TO BE PERFORMED	ESTIMATED COST
A	Create evidence storage area in room 158. Install new door and frame in existing opening, install card lock and ceiling wire.	\$58,590
B	Create interview area in room 150. Relocate existing door to east wall. Install relight in new door. Install closed circuit television camera, monitor and recorder. Install ceiling wire.	
C	Create BAC area in room 152. Rekey for KCSO access	
D	Room 153. Install ballistic window and wall covering (material provided by KCSO). Install remote door release. Rekey for KCSO access	
E	Install data and telephone lines and equipment.	\$15,725
F	Moving costs	\$5,000
	TOTAL	\$79,315