

**Attachment A**  
**Greenbridge Lease**

**SUBLEASE AGREEMENT**

THIS SUBLEASE AGREEMENT ("Sublease"), dated February 7, 2012 (for reference purposes only), is made by and between the **Housing Authority of the County of King**, a public body corporate and politic of the State of Washington (hereinafter called Lessor) and **King County**, a political subdivision of the State of Washington (hereinafter called Lessee) (collectively "the Parties"):

WITNESSETH:

A. Lessee desires to lease Premises (as defined below) on the first floor of two buildings within Salmon Creek Apartments, a community forming a part of the Greenbridge development in White Center, Washington, in order to operate a public health program.

B. Lessor holds a subleasehold interest in the Premises as tenant under a Commercial Lease with a term equal or greater than herewith (the "Prime Lease") with Salmon Creek Housing, LLC, a Washington limited liability corporation ("Landlord"). Landlord derives its long term leasehold interest in the Premises under a Lease Agreement with Housing Authority of King County dated March 26, 2008.

C. Lessor has agreed to deliver the Premises with certain tenant improvements at Lessor's cost and expense, subject to timely reimbursement by Lessee and all of the other terms of this Sublease.

1. **Premises:** Lessor does hereby agree to lease to Lessee those certain Premises comprising approximately 6,022 rentable square feet, commonly known as Units B101-103 and C101-103 (the "Premises"), consisting of portions of two buildings located at 9950 8<sup>th</sup> Avenue SW depicted on **Exhibit A-1** attached hereto (the "Property") and part of the parcel legally described on **Exhibit B** within the Salmon Creek Apartments of Greenbridge development. The term "Real Property" shall mean the Property and all parking and other common areas, easements, driveways, landscaping, structures and any other improvements maintained in connection with the Salmon Creek Apartments, any land associated therewith, and any fixtures and equipment located therein, all commonly known as the Salmon Creek Apartments and outlined on Exhibit A1. Lessor reserves the right (i) to add land, buildings, easements and other interests to, or sell or eliminate the same from, the Real Property and to grant interests in the Real Property to other parties (provided that Lessee's rights under this Sublease are not materially impaired), and (ii) to temporarily close portions of the common areas in order to maintain, repair or alter such areas, provided that Lessor will give reasonable advance notice to Lessee of closures affecting the Premises and only to the extent such closures do not materially interfere with Lessee's use of the Premises as contemplated herein. Lessor grants Lessee the right to the non-exclusive use of the common areas located on the Real Property, subject to compliance with rules and restrictions applicable to the Greenbridge common areas and to the Premises

(collectively and as modified from time to time, "Rules and Regulations"). In the event of a temporary closure or other event impacting Lessee's use of the Premises under this Section, the Parties agree to cooperate in finding a mutually agreeable resolution.

2. **Term:**

2.1 The term of this Sublease (the "Term") shall be for approximately ten (10) years, commencing thirty (30) days after the "Tenant Improvements" have been "Substantially Completed" (as such terms are defined in **Exhibit C**), or June 20, 2012, whichever is later, which date shall become the commencement date (the "Commencement Date"); provided, however, that if there is a Lessee Delay (as defined in Exhibit C), the Commencement Date shall be advanced on a day for day basis for each day of Lessee Delay (e.g. if Lessor notifies Lessee that Substantial Completion occurred on July 1, 2012, and there are ten days of Lessee Delay, the Commencement Date shall be July 10, 2012). The Term shall expire on the tenth (10<sup>th</sup>) anniversary of the last day of the month in which the Commencement Date occurs (the "Expiration Date"), unless extended pursuant to Section 2.3 below. Within thirty (30) days of the Commencement Date, Lessor and Lessee shall confirm the Commencement Date and Expiration Date in writing.

2.2 The Sublease shall be considered to be in full force upon the date it has been signed by both Parties (the "Execution Date"). The Parties desire to achieve Substantial Completion of the Tenant Improvements on or before the date one hundred twenty (120) days following execution of the construction contract for the Tenant Improvements. [Such date, as it may be extended by Lessee Delays (defined in Exhibit C) and Force Majeure (defined in Section 37), is referred to herein as the "Completion Date".] If Substantial Completion has not occurred on or before the Completion Date: (i) Lessor shall not be subject to any liability therefore, (ii) Lessee shall have no obligation to pay Rent or perform its other obligations under the Sublease until the Commencement Date has occurred, and (iii) Lessee may notify Lessor by written notice delivered within fifteen (15) days thereafter of its intent to terminate this Sublease. If the Tenant Improvements are not Substantially Complete within seven days after Lessor receives Lessee's notice, then this Sublease may be terminated by written notice from Lessee to Lessor as Lessee's sole and exclusive remedy under this Sublease, at law and in equity. If this Sublease should be canceled under this Subsection, the following Sublease obligations shall survive termination: Lessee's reimbursement obligations for Tenant Improvements under Exhibit C, Lessee's obligations under Sections 10, 20 and 21 below and any other Sublease obligation that survives termination or expiration by its express terms.

2.3 Provided Lessee is not in default under this Sublease on the date this option is exercised and as of the last day of the Term (as same may be extended), Lessee shall have two (2) separate options to extend the Term of this Sublease, for an additional five (5) years for the first option and for four (4) years, eleven (11) months for the second option (the "Option Term(s)"), by providing Lessor no less than six (6), nor more than twelve, months' prior written notice of Lessee's intent to exercise each Option Term. In no event shall the Term plus both Option Terms exceed 19 years and 335 days in duration. The Parties shall thereafter attempt in good faith to negotiate Rental terms based on the then current market rental rate for the Premises. If the Parties are unable to agree on the Rental terms for a new Option Term, the Sublease shall expire on the last day of the Term.

If the Parties agree on new Base Rent (as defined in Section 4) for the first year of any Option Term, such Base Rent shall be increased two and one-half percent (2 ½ %) each year thereafter beginning on the first anniversary of the date on which the Option Term commences.

2.4 Lessee shall have the option to terminate this Sublease for convenience by written notice to Lessor no later than December 31, 2012; provided that all Sublease obligations accruing through such termination that survive Sublease termination, including Lessee's reimbursement obligations for Tenant Improvements under Exhibit C, and Lessee's obligations under Sections 10, 20 and 21 below, as well as any obligation that survives termination by its express terms (but only to the extent such liability shall have accrued prior to December 31, 2012) shall be due and payable to Lessor prior to such termination. The rights under this Section 2.4 are personal to King County and may not be transferred to any other party.

3. **Preparation of Premises and Delivery of Possession:** Lessee has relied on Lessee's inspections and due diligence in entering this Sublease, and not on any representations or warranties, express or implied, concerning the habitability, condition or suitability of the Premises for Lessee's purpose. Except as otherwise expressly provided in this Sublease, Lessee accepts the Premises in "as is" condition. Lessor has agreed to contract for the design and construction of the Tenant Improvements to the Premises at Lessor's cost, subject to reimbursement from Lessee, all as provided in Exhibit C attached hereto and incorporated herein by this reference. The taking of possession of the Premises by Lessee shall be conclusive evidence that the Premises and Property were in good condition and suitable for Lessee's intended use at the time possession was taken, subject to minor "punch-list" items (to be handled in accordance with Exhibit C). All construction of Tenant Improvements or Alterations (as described in Section 5 below) will be performed in recognition of the residents living at the Property, and steps will be taken to minimize effects on existing occupants. Lessee agrees to occupy the Premises following Substantial Completion of the Tenant Improvements.

4. **Rent; Security Deposit:**

4.1. Base Rent. Lessee covenants and agrees to pay Lessor, at Lessor's address or such other place as Lessor may designate in writing, monthly base rent as provided below based on the rate of Fourteen Dollars and Fifty Cents (\$14.50) per rentable square foot, together with annual increases at two and one half percent (2.5%) ("Base Rent"). As of the Commencement Date, Base Rent shall be payable in advance, without prior notice or demand and without setoff or deduction, on the first day of each calendar month of the Term and any Option Term thereafter. Base Rent for any fractional calendar month, at the beginning of the Term, shall be prorated.

<u>Time Period</u>	<u>Monthly Base Rent</u>
Year 1	\$0
Year 2	0

Year 3	7645
Year 4	7836
Year 5	8032
Year 6	8233
Year 7	8439
Year 8	8650
Year 9	8866
Year 10	9087

4.2. Additional Rent. In addition to paying Base Rent, Lessee shall reimburse Lessor for the following expenses as Additional Rent under this Sublease: (a) the Lessee's Share (as defined in Section 4.3) of premiums and other charges for the Lessor's insurance policies covering the Premises, (b) the "Operating Expense", as defined in Section 6.1 below, attributable to the Premises, (c) owners' association assessments (regular, special or extraordinary) attributable to the Premises including, without limitation, in the event Lessor has exercised its right to create a condominium as provided in Section 32, and (d) all leasehold excise tax, if any, or other taxes assessed directly against this Sublease or the Premises, together with Lessee's Share of any supplemental real property taxes or assessments (special or otherwise) or other governmental levies or impositions assessed, levied or imposed against the Real Property during the Term, and any expenses of Lessor in contesting or attempting to reduce any of the foregoing or the assessed valuation of the tax parcel. Such amounts, together with any other amounts payable by Lessee to Lessor (as additional rent or otherwise) pursuant to this Sublease are collectively referred to as the "Additional Rent." Additional Rent and Base Rent are herein referred to jointly as "Rent."

4.3 "Lessee's Share" shall be determined by Lessor, in good faith and in accordance with sound accounting and management practices, in those situations where Premises' expenses are combined with expenses of the Property or other parcels or structures on all or a portion of the Real Property, in each case based on the ratio of the rentable square footage of the Premises to the rentable square footage of the Property or that portion of the Real Property that shares such expense. For purposes of illustration only: During those periods when the Real Property includes parking and other common areas that are available for Lessee's use, Lessee's Share of the expenses for security, landscaping maintenance and lighting of common areas will be allocated hereunder based on the ratio of the rentable area of the Premises to the rentable area of all structures on the Real Property from time to time (whether or not occupied).

4.4 Late Charges. If Rent or other sum due from Lessee is not received by Lessor within ten (10) days after the due date, Lessee shall pay to Lessor a late charge equal to five percent (5%) of the overdue amount.

4.5 Security Deposit. Lessor waives the collection of a security deposit from Lessee in connection with this Sublease.

5. **Alterations:** Lessee shall not make any alterations or additions to the

Premises (an "Alteration") without the prior written permission of the Lessor, which consent shall not be unreasonably withheld. Before proceeding with any Alteration, Lessee shall submit to Lessor for approval detailed plans for such work. Lessee shall construct any Alterations in conformance with all applicable laws, with Lessor's construction guidelines and in compliance with the Lessor-approved plans. Any Alterations, fixtures and/or equipment which may be installed or placed in the Premises shall be at the sole cost of Lessee. Any Alterations installed in the Premises shall be owned by Lessor during the Term and, at Lessor's request at the end of the Term, shall be removed by Lessee at Lessee's cost. Fixtures and/or equipment installed or placed in the Premises which are not removed by Lessee or required to be removed by Lessor shall become the property of Lessor upon termination of the Sublease.

6. **Operating Expense:**

6.1 "Operating Expense" shall mean the sum of all actual and necessary out-of-pocket costs paid or incurred during the calendar year by Lessor, Landlord or their property managers that are (i) directly attributable to the operation, maintenance or repair of the Premises, including but not limited to (a) the increased cost of garbage collection and the cost of electricity, water, sewer or other utilities not directly paid by Lessee to third party suppliers (which costs will be measured by submeter to the Premises where installed or as Lessee's Share of the cost of any utility serving the Premises and other rentable area in the Real Property), (b) pass-through costs for services and maintenance (including HVAC and other service contracts) provided solely for the benefit of the Premises, and (c) janitorial service based on Lessee's required scope of service attached hereto as **Exhibit D**; and (ii) directly attributable to the maintenance, repair or operation of any part of the Real Property provided that only Lessee's Share of such costs shall be included in Operating Expense, which costs shall include, without limitation, reasonable inspection, operation and maintenance of the Real Property, such as landscaping, security, and electrical, plumbing and mechanical equipment, the cost of licenses, permits, fees and inspections, such as fire district inspection and surface water management fees, and payments under any easement, restrictive covenant or other recorded instrument pertaining to cost sharing by the Property (excluding owners' association assessments which are covered under Section 4.2(c) above).

6.2 **Estimated Operating Expense.** Lessor may give Lessee an annual expense estimate ("Estimate Statement") setting forth Lessor's reasonable estimate of the amounts Lessee shall owe for Operating Expense for the then-current year, and Lessee shall pay, beginning as of the Commencement Date, such estimated amounts on a monthly basis throughout the year. During the first calendar year or portion of the first year of the Term, Lessor estimates that Operating Expense will equal Five Dollars and Fifty Cents (\$5.50) per square foot of Premises, subject to reconciliation as provided herein. If, at any time or times during such year, it appears to Lessor that Lessee's Operating Expense will vary from that year's estimate by more than two percent (2%) on an annual basis, Lessor may revise and reissue the Estimate Statement for such year and the Operating Expense payable by Lessee under this Section 6 for such year shall be increased or decreased based on Lessor's revised statement. The failure of Lessor to timely furnish an Estimate Statement shall not preclude Lessor from enforcing its rights to collect Operating Expense

hereunder. Until a new Estimate Statement is furnished, Lessee shall pay Lessor monthly, with its Base Rent payment, 1/12 of the amount of Operating Expense set forth in the previous Estimate Statement delivered by Lessor to Lessee.

6.3 Reconciliation. Following the end of each full or partial calendar year during the Term, Lessor shall provide Lessee with a statement of the actual Operating Expense for the preceding calendar year ("Reconciliation Statement"). Lessor shall use its best efforts to give such statement within ninety (90) days after the close of each calendar year during the Term. Unless Lessee disputes an item on the Reconciliation Statement within one hundred twenty (120) days after Lessor provides same, such statement shall be considered final. If the actual Operating Expense shown on the Reconciliation Statement for any year exceeds estimated Operating Expense paid by Lessee to Lessor pursuant to the Estimate Statement, Lessee shall pay the excess to Lessor as Additional Rent within thirty (30) days after receipt of the Reconciliation Statement. If the Reconciliation Statement shows that actual Operating Expense is less than the amount paid by Lessee to Lessor pursuant to the Estimate Statement, then the amount of such overpayment shall be credited by Lessor to the next Additional Rent payable by Lessee (or refunded to Lessee if at the end of the Term). The provisions of this Section shall survive the expiration of the Term, and, even though the Term has expired and Lessee has vacated the Premises at the time the final determination is made of actual Operating Expense for the calendar year, Lessee shall pay to Lessor any amounts calculated pursuant to the provisions described above.

6.4 Determinations. The determination of actual and estimated Operating Expense shall be made by Lessor in good faith and in conformance with generally accepted accounting principles. Lessor or its agent shall keep records in reasonable detail showing all expenditures made for Operating Expense. Lessee shall have the right at its own cost and expense (and not more frequently than once per calendar year) to review and/or inspect Lessor's records with respect to any Operating Expense shown on Lessor's Reconciliation Statement; provided that any amount due to Lessor as shown on the Reconciliation Statement (whether or not disputed) shall nonetheless be paid by Lessee as set forth above. Lessee's review/inspection shall be conducted at Lessor's main business office, or at such other location as Lessor may keep its relevant business records, during normal business hours and on a date reasonably agreed upon by Lessor and Lessee. To exercise the right hereunder, Lessee must provide written notice to Lessor specifying any and all claims that it may have determined in good faith within one hundred twenty (120) days after receiving the Reconciliation Statement. Lessee agrees to diligently pursue its review/inspection of Lessor's records in order to determine if it concurs or disagrees with Lessor's statement.

Except as required by the Washington Public Records Act, ch. 42.56 RCW, and other applicable law, the information and results of any inspection conducted by or on behalf of Lessee shall be kept confidential by Lessee. All such inspection(s) shall be at the sole cost and expense of Lessee, provided that in the event Lessee's review reasonably determines, based on generally accepted accounting principles, that Operating Expense has been (i) overstated by more than five percent (5%), and Lessor does not contest the Lessee's results, then Lessor shall pay Lessee's reasonable out-of-pocket costs of such

inspection, not to exceed Three Thousand Dollars (\$3,000) and reimburse Lessee for such overstatement, or (ii) understated, Lessee shall promptly pay to Lessor any underpayment. If Lessor desires to contest the result of Lessee's inspection, Lessor may do so within thirty (30) days of its receipt of the inspection results, by submitting the results of the inspection to arbitration pursuant to Section 12 below. Any overcharge or undercharge determined as a result of Lessee's inspection (or, if disputed, by the arbitrator) shall be paid by the appropriate party to the other within thirty (30) days after final determination. Nothing in this paragraph shall relieve Lessee of its obligation under Section 6 to pay Additional Rent without notice, demand, offset or deduction.

**7. Use of Premises, Compliance; Maintenance, Utilities and Services:**

7.1 Use of Premises, Compliance with Law: Lessee shall use the Premises to operate public health programs that specifically support the Seattle and King County Department of Public Health's mission and services as of the Execution Date and for no other purpose, without the prior written consent of Lessor which may be withheld in Lessor's sole discretion. Lessee may prepare food in kitchen facilities for on-site consumption by staff, provided Lessee uses drain protection devices as needed, cleans the area on a regular basis and adequately neutralizes any odors and moisture-producing areas prior to ventilating such area. Lessee further covenants that it shall not use, or permit any person to use, the Premises in violation of any laws, ordinances or regulations, any underlying leases, recorded covenants or restrictions of record affecting the Real Property or the Rules and Regulations. Lessor reserves the right, for itself and the Greenbridge Association, to reasonably modify Rules and Regulations. Lessee shall not permit any nuisance or waste to occur at the Premises, nor permit anything to be done on the Premises that will obstruct or interfere in any manner with the quiet enjoyment of other occupants of the Property or Real Property. Lessee acknowledges that it will be operating its business within a residential community of homeowners and tenants and agrees to abide by the rules and regulations and other requirements adopted from time to time to address and protect the needs and sensibilities of the Greenbridge residents. Lessee, at its expense, shall comply promptly with all laws and regulations relating to the operation of Lessee's business (including, without limitation, the making of any required structural repairs or alterations) and those laws that pertain to repairs or maintenance made by Lessee under this Sublease.

Lessee acknowledges and agrees that the Premises shall not be used to provide overnight care to clients, without the express written approval of Lessor.

**7.2 Maintenance:**

7.2.1 Subject to Lessee's monthly reimbursement of Operating Expense, Lessor shall provide routine operational, structural and facility systems repair and maintenance of the Premises, commensurate with good building management practices for similar properties. If Lessee, its employees, contractors, agents or visitors damage any portion of the Real Property, or the Greenbridge parking or other common areas, Lessor shall cause such damage to be repaired and Lessee shall pay Lessor upon invoicing the



reasonable actual cost of such repairs. Lessor shall not be liable for any failure to make any repairs or to perform any maintenance under this Sublease unless such failure continues for an unreasonable time after written notice from Lessee. In the event of an emergency involving significant property damage to, or failure of, any major building system on the Premises, Lessee shall contact Lessor at the emergency number provided to Lessee for that purpose. Emergency repairs shall, to the extent possible, be made by Lessor as soon as possible after notice of the need for the repair.

7.2.2 Lessee shall, at Lessee's sole cost, keep the interior of the Premises, including without limitation all appliances, fixtures and furnishings, in good and sanitary condition throughout the Term and any Option Terms. Any maintenance, repairs, replacements or services at the Premises not included in the janitorial service described in Exhibit D or as otherwise provided for in Section 7.2 of the Sublease and requested in writing by Lessee shall be performed by Lessor at Lessee's cost.

7.2.3 Except for damage caused by Lessee referred to under Section 7.1 above, Lessor shall maintain, repair and replace, at Lessor's cost and expense, the structural portions of the Premises and Property including, but not limited to exterior walls, foundation, roof and roofing surface, gutters and downspouts, in good and safe condition and in compliance with federal, state or local laws, ordinances or regulations.

7.3. Utilities; Services; Biomedical Waste: The Lessor shall provide (a) (i) electricity (however Lessee will replace light bulbs in the Premises at its cost), (ii) water, (iii) sewer, and (iv) fire alarm monitoring (and security monitoring, if requested by Tenant), subject in each case to direct payment by Lessee of separately metered utilities or to reimbursement to Lessor as Operating Expense, and (b) grounds maintenance and residential garbage removal for the Premises, subject to reimbursement as Operating Expense. If Lessee uses extra utilities or services (i.e., nonstandard electrical consumption or extra garbage pick up), Lessor will directly charge Lessee for such extra use as Operating Expense. Neither Lessor nor Landlord shall be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including voice/data service) or for any diminution in the quality or quantity thereof and such failure or delay will not be deemed an eviction or disturbance of Lessee's use of the Premise or relieve Lessee from performing its obligations under this Sublease. Lessee agrees to properly separate, label and store all biomedical waste at the Premises, and to dispose of same at sites located off the Greenbridge development, all in accordance with current laws and regulations and at Lessee's sole cost.

8. **Signs:** Lessee shall be allowed to i) install an exterior identification sign on the façade of the Property and ii) install any other directional signs for parking as the Parties may reasonably agree, which signage will be included as part of Tenant Improvements. All signage will be subject to reasonable approval by Lessor and the Greenbridge owner's association and must comply with any recorded conditions and applicable law. Any modifications to Lessee's signage in the Final Plans must be approved under this Section and the cost shall be borne by Lessee.

9. **Parking:** Lessor hereby leases to Lessee, at no additional cost, the seven (7) reserved parking spaces located in Lot 1 and shown on **Exhibit A2** attached hereto for Lessee's designated fleet vehicles. The seven (7) reserved parking spaces shall be for Lessee's exclusive use, 24 hours per day, 7 days per week and shall be signed or otherwise labeled for Lessee's use, at Lessee's cost. Lessor shall have the right during the Term to relocate such spaces and to transfer all or any part of Lot 1, provided such relocation or transfer does not materially impair Lessee's rights hereunder. Lessee's clients shall have nonexclusive access to the Greenbridge nonresidential parking lots while receiving services at the Premises. Lessor and Lessee agree to cooperate in directing Lessee's employees, clients and other visitors to these lots (including, for example, the adoption of systems for parking control if desired by Lessor), and to discourage use of short term street parking. There shall be no parking fees charged for Lessee's parking rights under this Section during the Sublease Term.

10. **Indemnity and Hold Harmless:** To the extent permitted by law, Lessee agrees to indemnify, defend and hold harmless Lessor, Landlord and their respective property managers, officials, officers, members, employees, volunteers and agents from any liability, loss, damage or expense of any kind arising from (i) the negligence or intentional misconduct of Lessee, its employees, agents or contractors in or around the Premises, (ii) any default or breach by Lessee of this Sublease, or (iii) the activities, use and /or operations of the Premises, except to the extent caused by Lessor's negligence or intentional misconduct.

To the extent permitted by law, Lessor agrees to indemnify, defend and hold harmless Lessee, its officials, officers, employees, volunteers and agents from any liabilities, loss, damage or expense of any kind arising from (i) the negligence or intentional misconduct of Lessor, its employees, agents or contractors in or around the Premises or (ii) any default or breach of this Sublease by Lessor, except to the extent caused by Lessee's negligence or intentional misconduct.

**The foregoing indemnity covers actions brought by indemnitor's own employees and it is specifically and expressly intended to constitute a waiver of indemnitor's immunity, as respects the indemnitee only, under Washington's Industrial Insurance Act, RCW Title 51, only to the extent necessary to provide the indemnitee with a full and complete indemnity from claims made by indemnitor and its employees, to the extend provided herein. LESSOR AND LESSEE ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS SECTION 10 WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.**

11. **Insurance:**

11.1. The Parties acknowledge, accept, and agree that Lessee is a self-insured government entity for all liability exposure. Lessee will provide Lessor with Lessee's standard form of certificate of self-insurance on or before the Commencement Date. Lessee shall provide Lessor with notice of any change in self-insured status within thirty (30) days of electing to cease self-insurance. Upon any change in such self-insured status, Lessee shall provide Lessor with proof of liability insurance reasonably acceptable

to Lessor. For purposes of the mutual waiver of claims and subrogation in Section 18 below, Lessee's self-insurance shall be treated as if it were commercial insurance.

11.2. Lessor shall cause "All Risk" property insurance to be carried in an amount equal to the full replacement cost coverage, including all Tenant Improvements, for the Premises, as well as for other appurtenant structures comprising the Real Property.

11.3. Lessee shall maintain "All Risk" property insurance in an amount equal to the full replacement cost coverage of all its personal property and trade fixtures located in the Premises for the duration of the Term and any Options Terms. All notices and deliveries with respect to insurance documents shall be delivered to the address listed for Lessor in Section 27, Attn: Risk Manager.

11.4. In consideration of the duration of this Sublease, the Parties agree that the insurance requirements herein, as reasonably required by Lessor, may be reviewed and adjusted periodically throughout the Term and any extension. Any adjustments made as determined by Lessor shall be in accordance with reasonably prudent risk management practices and insurance industry standards, and shall be effective upon 90 days written notice by Lessor.

12. **Dispute Resolution:** The parties will seek to cooperate with, and assist, each other in carrying out the terms and conditions of this Sublease. Lessor and Lessee agree that should any dispute arise concerning the interpretation or intent of this Sublease, the Parties will whenever possible seek to resolve the dispute through mutual cooperation. If the Parties cannot resolve such dispute, the parties shall first seek to mediate the dispute as a condition precedent to initiating any action at law or in equity, and shall share equally the mediation costs, excluding any attorneys' fees. Except as provided in the last sentence of this Section, arbitrated disputes under this Sublease will be administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Such arbitration shall be conducted by a mutually acceptable single arbitrator with not less than ten (10) years' experience as a real estate attorney or a retired judge, in each case with experience in commercial real estate leasing and property management. The arbitration shall be held within sixty (60) days of either party notifying the other of the nature and specifics of the dispute. In the case of arbitration, the substantially prevailing party shall be entitled to an award of reasonable attorneys' fees and costs. Arbitrated disputes involving the Work shall be resolved pursuant to the procedures described in Exhibit C.

13. **Subletting and Assignment:**

13.1 Except as expressly provided in this Section, Lessee shall have no right to assign, mortgage, lien or otherwise transfer this Sublease or any interest hereunder and/or sublease any part of the Premises or permit the use of the Premises by any persons other than Lessee (all of the foregoing, a "Transfer"), without the prior written consent of Lessor. If Lessee desires Lessor's consent to a Transfer hereunder, Lessee shall notify Lessor in writing of (i) the proposed effective date of the Transfer, (ii) a description of the

portion of the Premises to be transferred, (iii) all terms of the proposed Transfer, the name and address of the proposed transferee and a copy of all existing or proposed documentation pertaining to the proposed Transfer, (iv) current financial statements of the proposed transferee and other information reasonably requested by Lessor to determine the financial responsibility of the proposed transferee and use of the Premises, (v) an executed estoppel certificate from Lessee, and (vi) such other information as Lessor may reasonably require. Any Transfer made without Lessor's prior written consent shall, at Lessor's option, be null and void and/or constitute a default by Lessee under this Sublease.

13.2 Notwithstanding the terms of this Section 13, Lessor shall not unreasonably withhold its consent to an assignment of all of Lessee's interest in the Sublease or a sublease of all or any portion of the Premises during the Term to an entity which specifically serves to support the Seattle and King County Department of Public Health's mission and services, provided that (i) the services to be offered by the proposed transferee will be congruent with and sensitive to the needs and sensibilities of the Greenbridge residential community of homeowners and tenants and (ii) if the proposed Transferee is not a government agency, the Sublease is amended to include commercially reasonable protections (such as a security deposit or letter of credit and insurance requirements reasonably acceptable to Lessor).

13.3 If Lessor consents to a Transfer, (i) the terms of this Sublease shall in no way be deemed waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Lessor or its transferee, (iii) Lessee shall deliver to Lessor promptly after execution, original signed copies of all documentation pertaining to the Transfer, and (iv) no Transfer shall relieve Lessee from liability under this Sublease.

14. **Damage or Destruction:** In the event all or part of the Premises are materially damaged or destroyed by fire or other casualty, Lessor may, by written notice to Lessee within one hundred twenty (120) days after such damage, elect, in its sole discretion, to terminate this Sublease or to repair or rebuild the Premises. If this Sublease continues in effect, the work shall be prosecuted without unnecessary delay and Lessee shall promptly arrange for the repair and replacement of its personal property, fixtures and equipment. Lessee shall have no right to compensation or damages on account of Lessor's election to terminate the Sublease or on account of annoyance or inconvenience of construction or in making any repairs. If Lessor elects to rebuild or repair the Premises following material damage or destruction caused by fire or other insured casualty, then, provided such damage was not caused by the neglect or misconduct of Lessee, its employees, agents, contractors or visitors, Rent shall abate on a proportional basis while Lessor'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 Lessor elects to rebuild the Premises following material damage or destruction, but after one hundred eighty (180) days following such damage or destruction, the Lessor fails to proceed to repair or rebuild, then, provided such damage was not caused by the neglect or misconduct of Lessee, its employees, agents, contractors or visitors, Lessee shall have the right to declare this Sublease terminated by written notice served on the Lessor within thirty (30) days following such 180 day period. In the event the Property shall be destroyed or damaged to

such extent that, in the opinion of the Lessor, it shall not be practical to repair or rebuild, it shall be optional with Lessor to terminate this Sublease by written notice to Lessee within one hundred twenty (120) days after such damage or destruction.

15. **Liens:** Lessee covenants not to permit any lien to be placed against any part of the Property or Real Property arising out of any work performed, materials furnished, or obligations incurred by Lessee. In case of any such lien attaching, Lessee will cause the lien to be immediately released of record at no cost to Lessor.

16. **Right of Entry:** Lessor reserves the right for itself, Landlord and their respective agents, at any and all reasonable times and upon reasonable notice, to enter the Premises, inspect the same, show the Premises to prospective purchasers, mortgagees, or tenants, perform services required of Lessor, and to repair the Premises and any portion of the Property (and may for such purpose erect scaffolding and other necessary structures when reasonably required by the character of the work performed). Notwithstanding the foregoing, Lessor may enter the Premises at any time to perform any covenants of Lessee that Lessee fails to perform. Lessor may make any such entries without abatement of Rent and may take such steps as required to accomplish its stated purposes; provided that such entry shall cause as little interference to Lessee as reasonably possible. Lessee waives any claim for damages or for interference with Lessee's business, lost profits, loss of occupancy or quiet enjoyment of the Premises due to such entries. Lessor shall at all times have a key with which to unlock doors at the Premises and, in an emergency, Lessor shall have the right to use any means it deems proper to access the Premises.

17. **Hazardous Substances:**

17.1 Lessee agrees that no generation, use, release, handling, transportation, treatment or storage of "Hazardous Substances" (as defined below) shall occur on the Premises. If, based on the acts of Lessee, its employees, contractors, agents, or visitors, the presence, release or threat of release at or about the Premises of Hazardous Substances gives rise to liability under any present or future law, causes a significant public health effect, or pollutes or threatens to pollute the environment, then Lessee shall promptly take all corrective action (including removal) necessary to clean up the Premises and to mitigate exposure to liability, whether or not required by law. Lessee shall indemnify, defend and hold Lessor and Landlord harmless from all claims, liability, damage and expense arising from Lessee's failure to comply with the provisions of this Section. Lessor acknowledges and fully discloses that, to the best of its knowledge, the Premises contain no Hazardous Substances on the Execution Date. Lessor shall indemnify, defend and hold Lessee harmless from all claims, liability, damage and expense arising out of the negligent act or omission of Lessor (and expressly excluding the acts or omissions of other tenants or visitors of Greenbridge) attributable to Hazardous Substances existing at the Premises as of the date hereof. Lessor's and Lessee's obligations under this paragraph shall survive the termination of this Sublease.

17.2 **Definition of Hazardous Substances:** "Hazardous Substances" as defined in this Sublease shall mean:

- a. Any toxic substances or waste, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances; or
- b. Any dangerous waste, hazardous waste, or hazardous substance as defined in:
  - i. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as now or hereinafter amended (42 U.S.C. 9601 et seq.);
  - ii. Resource Conservation and Recovery Act, as now or hereafter amended (42 U.S.C. 6901 et seq.);
  - iii. Washington Model Toxics Control Act, as now or hereinafter amended (R.C.W. Chs. 70.105, 70.105A and 70.105D);or
- c. Any pollutant, contaminants, substances, as defined above, posing a danger or threat to public health or welfare, or to the environment, which are regulated or controlled by any federal, state and local laws, and regulation, as now or hereafter amended.

18. **Waiver of Subrogation:** Each of Lessor and Lessee agree that they shall not make a claim against or seek recovery from the other for any loss or damage to their property to the extent actually insured or required to be insured under this Sublease, 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 this mutual waiver and release upon thirty (30) days' prior written notice to the other party hereto. Such waiver is conditioned upon the parties having had their respective insurance companies (if any) issue a policy or endorsement providing that the waiver or release of subrogation rights shall not adversely affect or impair such policies or recovery by the insured thereunder.

19. **Eminent Domain:** Should the Property or any portion thereof be taken for public use by right of eminent domain with or without litigation, this Sublease, at Lessor's option, shall terminate as of the date of such taking and Rent shall be apportioned as of such date. Any award for compensation and/or damages, whether obtained by agreement prior to or during the time of trial, or by judgment or verdict after the trial, applying to the leasehold estate created hereby shall belong and be paid to Lessor, and Lessee hereby assigns, transfers, and sets over to Lessor (on behalf of itself or Landlord) all of the right, title, and interest which it might otherwise have therein. Lessee shall have the right to file a separate claim for an award covering Lessee's personalty and moving expenses, so long as such award does not diminish awards granted to Lessor or Landlord. Notwithstanding the foregoing, in the event that the portion of the Premises so taken shall be more than twenty-five percent (25%) of the entire area leased by Lessee, Lessee shall have the option, to be exercised by written notice given to Lessor within thirty (30) days after the date of notice of taking, to terminate this Sublease. If either less or more than twenty-five percent (25%) of the Premises is taken and the Sublease remains in effect, the Rent thereafter to be paid shall be reduced in the same proportion as the amount of leased floor space is reduced by such

taking, and Lessor shall make such reconstruction of the Premises as may be required.

20. **Holding-Over:** If Lessee holds over after the Term of this Sublease without the written consent of Lessor (including as the result of any early termination under Section 2.4 above), Lessee shall be a tenant at sufferance, subject to all of the terms of this Sublease, except that Rent shall be payable at the then existing rental rate for the first two (2) months of said occupancy and thereafter at a monthly rent equivalent to 125% of the then prevailing rent payable by Lessee at the expiration of the Sublease Term.

21. **Surrender of Premises:** At the end of the term of this Sublease or any extension thereof or other sooner termination of this Sublease, Lessee will peaceably deliver up to Lessor possession of the Premises in the same condition as received, except for ordinary wear and tear and insured damage, and Lessee will deliver all keys to the Premises to the Lessor. All equipment, trade fixtures and other personal property [including all signage installed pursuant to Section 8 and including any Alterations (except structural Alterations that Lessee requests, and Lessor in its sole discretion agrees, may stay in the Premises)] in or about the Premises owned or installed by Lessee (i) may be removed by the Lessee at Lessee's sole cost and expense at any time and (ii) shall be removed, upon notice from Lessor and at no cost to Lessor, upon the termination of the Sublease; provided that, in each case, the Lessee shall repair any damage caused by such removal and restore the Premises to their condition prior to the installation of such items, normal wear and tear excepted. If Lessee fails to complete such removal and/or repair any damage caused by removal, Lessor may do so and charge the cost thereof to Lessee. Any leasehold improvements and other fixtures or equipment left on the Premises at the end of the Term will be deemed abandoned and shall automatically become the property of Lessor who may sell, store or dispose of them without notice or liability to Lessee.

22. **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 Sublease, a legal action is instituted, the Parties hereby agree to waive any right to a jury trial and the prevailing party shall be entitled to recover from the losing party 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 Sublease will be the superior court for King County, Washington.

23. **Subordination:**

23.1 This Sublease is subordinate to all underlying leases of the Property and to any mortgage or deeds of trust, now or hereafter recorded against the Property, and all modifications thereof, unless the lessors or lenders of such interests require that this Sublease be superior.

23.2 If an underlying lessor or lender requires that this Sublease be subordinated to any encumbrance recorded after the date of this Sublease, Lessor shall use diligent and good faith efforts to obtain from such party a written nondisturbance agreement in favor of Lessee on commercially reasonable terms.

23.3 Lessee shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure, without deduction or setoff.

23.4 Lessee shall, within thirty (30) days of Lessor's request, execute the written agreement and any other documents reasonably required by the lender or lessor to accomplish the purposes of this paragraph.

24. **Successors and Assigns:** Except as otherwise expressly provided herein, all of the agreements, conditions and provisions of this Sublease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee.

25. **Default; Remedies:**

25.1 The following occurrences shall be deemed a material breach of this Sublease and an "Event of Default" by Lessee. Any notice periods shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

(i) Lessee fails to pay Rent or other amounts required to be paid by Lessee under this Sublease and such failure continues for five (5) days following notice from Lessor;

(ii) Lessee fails to perform any of its other covenants or agreement of this Sublease, including the failure to follow Rules and Regulations, and such failure continues for thirty (30) days after notice from Lessor (provided that if such failure is of a nature that it cannot reasonably be cured within 30 days, Lessee shall not be in default if it shall diligently commence cure within a reasonable time (not to exceed 30 days) and continue until such cure is accomplished);

(iii) Lessee shall vacate or abandon the Premises for fifteen (15) consecutive days without the prior consent of Lessor;

(iv) Lessee shall change the use of the Premises in violation of Section 7.1; or

(v) any petition in bankruptcy shall be filed by or against Lessee under any federal or state bankruptcy or insolvency act and shall not have been dismissed within ninety (90) days from the filing thereof, or a receiver shall be appointed for Lessee by any court and such receiver shall not have dismissed within sixty (60) days from the date of appointment.

25.2 Upon an Event of Default, Lessor shall have the following rights and remedies under this Sublease which shall be cumulative, and shall not exclude any other right or remedy allowed by law or this Sublease.

(a) Lessor may terminate this Sublease by giving written notice of default



within the applicable notice period and upon Lessee's failure to timely cure such default. If Lessor terminates this Sublease, Lessor may, without demand or notice, enter upon and take possession of the Premises. Lessor may exercise its legal rights by changing locks if necessary and removing any persons on the Premises, without liability for damages. Lessee shall remain liable to Lessor for damages in an amount equal to the monthly Rent and other sums that would have been owed by Lessee under this Sublease, subject to amounts collected through Lessor's reasonable actions to mitigate Lessee's damages, for the balance of the Term, plus any reasonable out-of-pocket costs expended by Lessor to place the Premises in a condition to be re-let.

- (b) Lessor shall have the right to continue this Sublease in effect after Lessee's default and enforce all of its terms, including the right to recover Rent as it becomes due, subject to amounts collected through Lessor's reasonable actions to mitigate Lessee's damages. Lessor may, but shall have no obligation to, re-let or assign this Sublease as to all or any part of the Premises, and shall collect and receive all amounts otherwise due hereunder.
- (c) Lessor shall at all times have the right to seek declaratory, injunctive or other equitable relief and specifically enforce this Sublease or restrain or enjoin a violation of the Sublease provisions.

26. **Quiet Enjoyment:** Lessor covenants and agrees that Lessee, upon performance of all Lessee's obligations under this Sublease, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Sublease without unreasonable disturbance by Lessor or by any person having title paramount to Lessor's title or by any person claiming under Lessor and within Lessor's reasonable control, subject to the other terms and provision of this Sublease (including, without limitation, Section 23) and subject to all mortgages, underlying leases (whether or not recorded) and other underlying matters of record to which this Sublease is or may become subject to and subordinate.

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

To Lessee: King County Real Estate Services Section  
500 Fourth Avenue, Suite 800  
Seattle, WA 98104-3279  
Attn: Manager

To Lessor: King County Housing Authority  
600 Andover Park West  
Tukwila, WA 98188  
Attn: Executive Director

or at such other address as either party may designate to the other in writing from time-to-time. Notice will be deemed given on the date mailed or on the date delivery is made or attempted.

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

29. **Entire Agreement:** This Sublease contains all covenants and agreements between Lessor and Lessee relating in any manner to the leasing, occupancy and use of the Premises and other matters set forth in this Sublease. No prior agreements or understandings pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Sublease shall not be altered, modified or added to except in writing signed by Lessor and Lessee. Neither the acceptance of Rent or other amounts due hereunder, nor the failure by Lessor to insist upon strict performance of any of the agreements or obligations of Lessee under this Sublease, shall be construed to be a waiver or relinquishment of any rights Lessor may have or prevent Lessor from enforcing all agreements and obligations of Lessee hereunder.

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

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

32. **Lessor's Transfer:** Lessor shall have the right to transfer all or any portion of its interest in the Property, the Premises or in this Sublease and may record a declaration of condominium against the Property comprising the Premises. Lessee agrees that in the event of such transfer, Lessor shall automatically be released from liability under this Sublease from and after the date of such transfer and Lessee will look solely to such transferee for the performance of Lessor's obligations hereunder, provided that any assignee or transferee has assumed all of Lessor's obligations under this Sublease in commercially reasonable form.

33. **Nonrecourse Sublease:** The liability of Lessor under this Sublease shall be limited to Lessor's interest in the Property pursuant to the Prime Sublease, and any judgment against Lessor shall be enforceable solely against such interest.

34. **Estoppel Certificate:** Each Party shall from time to time, within fifteen (15) days following written request, deliver to the other Party a statement certifying whether this Sublease is unmodified and in full force, the dates to which Rent and other amounts payable hereunder have been paid, that there are no defaults under the Sublease (or specifying such defaults) and other factual information concerning this Sublease as may be reasonably requested.

35. **Modification of Sublease:** Should any current or prospective mortgagee or underlying lessor of the Real Property require a modification of this Sublease or should the creation of a condominium unit including the Premises require a Sublease modification, which modification will not cause an increased cost to Lessee or in any other way adversely change the rights and obligations of Lessee hereunder, then Lessee agrees that this Sublease may be so modified and agrees to cooperate with Lessor in the execution of whatever documents may be required.


36. **Miscellaneous:** This Sublease shall be construed as though the covenants herein between Lessor and Lessee are independent and Lessee expressly waives the benefit of any statute to the contrary. Each Party warrants to the other that it has had no dealings with a real estate broker or agent in connection with this Sublease, and agrees to indemnify and hold harmless the other Party against any loss, cost or damage arising out of the breach of such Party's warranty. Each individual executing this Sublease on behalf of an entity represents that s/he has the authority to enter into this Sublease, that the execution and delivery of this Sublease has been duly authorized, and that upon such execution and delivery, this Sublease shall be binding upon such entity in accordance with its terms. This Sublease may be executed in counterparts which, together, shall constitute one document.

37. **Force Majeure:** In the event that either party is delayed in, or prevented from, performing any work or other act required under this Sublease, and such delay is due to strikes, lockouts, acts of God, inclement weather, unavailability or delay in obtaining permits, governmental actions or restrictions, enemy act, civil commotion, fire or other casualty or other cause beyond the control of the party so delayed, then performance shall be excused for the period of such delay and the period for performance shall be extended for a period of time equivalent to the delay. Lack of financing shall not be deemed outside the control of a party for purposes of this Section.

IN WITNESS WHEREOF, the Lessor and Lessee have executed this Sublease on the dates specified below.

**LESSOR:**  
Housing Authority of the County of King

**LESSEE:**  
King County

By: 

By: 

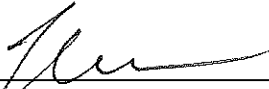
Its: Deputy Executive Director

Its: Manager, Real Estate Services

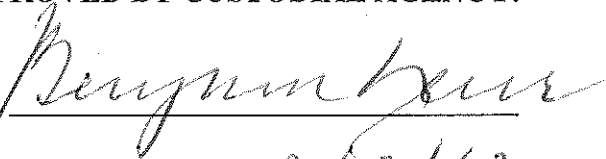
Date: 2/7/2012

Date: 2/3/12

**APPROVED AS TO FORM:**

By:   
Timothy Barnes, Senior Deputy  
Prosecuting Attorney

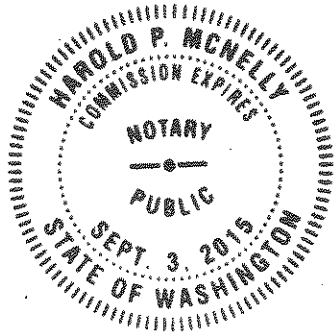
**APPROVED BY CUSTODIAL AGENCY:**

By:   
2/2/12

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

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

Date: 2/3/12

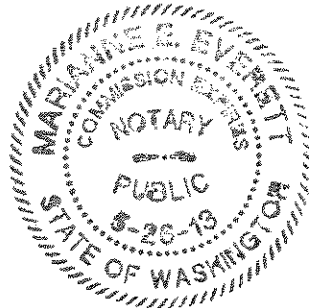


Harold P. McNelly  
NOTARY PUBLIC in and for the  
State of Washington residing at  
. My appointment expires 9/3/15

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

On this day personally appeared before me Daniel R. Webber, to me known to be the Notary Public 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 7th, day of February, 2012



Marianne E. Everett  
NOTARY PUBLIC in and for the  
State of Washington residing at  
Reston, VA  
My appointment expires 5/26/2013

**EXHIBIT A1**

**Site Plan of Salmon Creek Apartments**

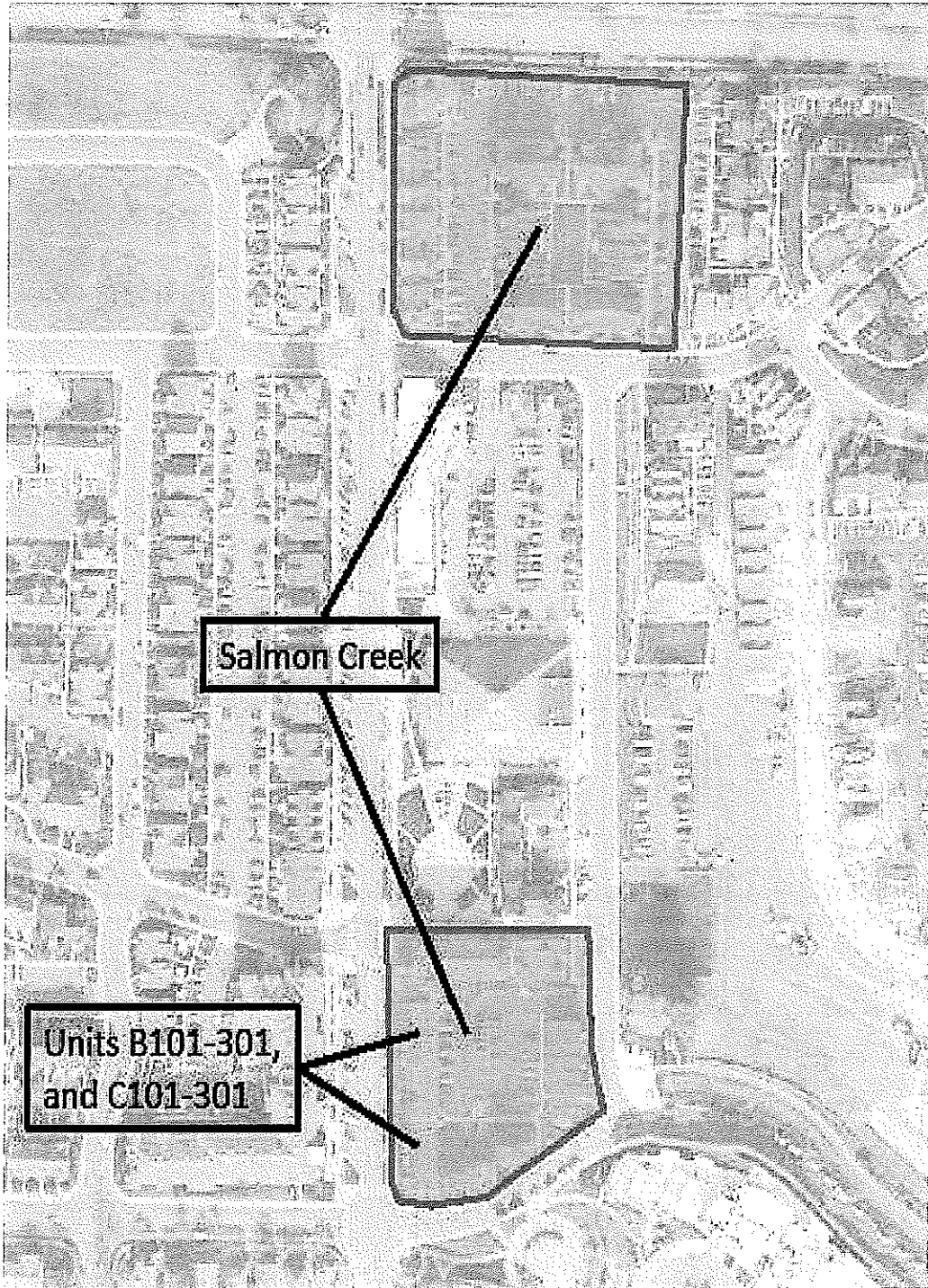
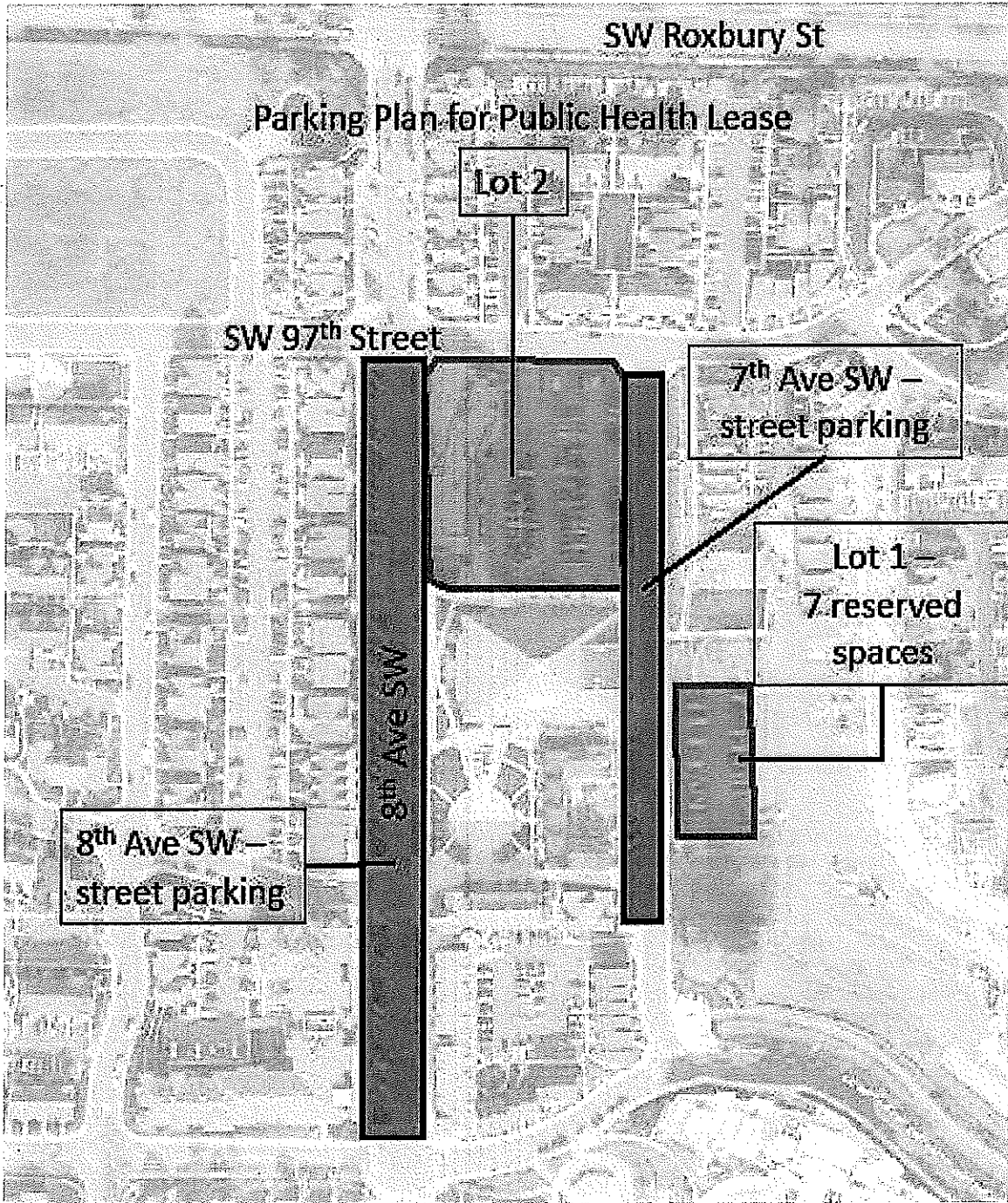


EXHIBIT A2

Parking Plan



**EXHIBIT B**

**Legal Description**

A portion of Lot 16 of Greenbridge Master Plat, according to the Plat thereof recorded in Volume 231 of Plats, Page(s) 6 through 22, inclusive, in King County, Washington.



**EXHIBIT C**  
**CONSTRUCTION WORK LETTER ADDENDUM**

This Construction Work Letter Addendum ("Work Letter") is part of and incorporated into that certain sublease (the "Sublease") between King County, a political subdivision of the State of Washington (hereinafter called "Lessee") and Housing Authority of the County of King (hereinafter called "Lessor") for the Premises, as defined in Section 1 of the Sublease. Capitalized terms shall have the meaning defined in the Sublease unless otherwise specific herein.

Lessor's and Lessee's representatives for coordination of planning, construction, permitting, approval of Plans and Change Orders, substantial and final completion and similar matters will be:

Lessor's Representative:     John Eliason  
  King County Housing Authority  
  600 Andover Park West  
  Tukwila, WA 98188  
  Phone: (206) 574-1196  
  Email: jeliason@kcha.org

Lessee's Representative:     Steve Salyer  
  King County  
  500 Fourth Avenue, Suite 8030  
  Seattle, WA 98104  
  Phone: (206) 205-5772  
  Email: steve.salyer@kingcounty.gov

Architect:                     Chris Carlson of *buffalo design*.

1)     **TENANT IMPROVEMENTS:**

Lessor has agreed to contract for the design and construction of tenant improvements to the Premises (the "Tenant Improvements" or "Work"), at Lessor's cost and expense, subject to reimbursement by Lessee in accordance with the terms of this Exhibit and the Sublease. As used herein, the term "Lessee Delay" shall mean any delay of the Completion Date caused by (i) modifications or changes to the Work that are initiated by Lessee (for purposes of value engineering or otherwise) after the signing of the Contract; (ii) any work in the Premises or inspections by Lessee or any contractor, agent or employee of Lessee that interferes with the prosecution of the Work, (iii) any approval or disapproval (or other act or omission) of Lessee, its agents, contractors or employees that is not performed within a time period required under this Sublease, or (iv) the omission or inaccuracy of any element of the Work in Plans or in Change Orders that were previously reviewed and approved by Lessee.

The Tenant Improvements shall include, without limitation, architectural design; permitting and special inspections; structural review and engineering; mechanical and electrical engineering; partitioning, millwork, and finishes; fire sprinkler modifications to meet codes; plumbing lines, connection and fixtures; HVAC equipment, connection to building systems, distribution and controls, testing and balance; electrical wiring, equipment and fixtures; any work required to meet requirements of the American With Disabilities Act for the operation of Lessee's business; voice, data and security cabling and related improvements; connection to building systems and Improvements; U.S. Postal mail box installation and set up; Premises' signage; any offsite directional signs or identification of parking spaces for the Premises; and all other modifications of the Property related to use of the Premises or of Lessee's parking areas from their current, 'as is' condition on the date of the Sublease that Lessee may desire or require to open for business at the Premises.

Lessor will contract for the performance of the Work. Architect and Contractor (as defined below) will be responsible for the design and performance of the Work, including but not limited to assuming responsibility for the construction means, methods or techniques or safety precautions in connection with the Work, insuring errors, omissions or defects in the Work and all responsibility for the adequacy and legality of the design.

2) **DESIGN OF TENANT IMPROVEMENTS:**

Lessor has previously contracted for the Architect to design the Tenant Improvements. Architect has prepared (i) a schematic design based on Lessee's program direction (the "Schematic Design") and (ii) an estimate of the cost of the Tenant Improvements, both of which have been reviewed and accepted by the Parties.

The Schematic Design shall be the basis for preparing plans and specifications for the improvement of the Premises as provided herein, which shall include all structural, electrical, plumbing, HVAC, communication and security systems, any kitchen and other special purpose rooms, any planning for the American with Disabilities Act, a signage plan for the Premises, as well as finish selections and other details required for permit submittal and construction drawings (the "Plans"). The Plans will include all necessary modifications to the existing two buildings comprising the Property to complete the Work and will complement existing interior finishes, and otherwise be compatible with drawings, of the Property. All Plans for the Tenant Improvements shall be subject to Lessee's reasonable review and approval at each stage when Design Development Documents, Permit Documents and Construction Documents are complete (as such terms are described in Attachment 1 hereto). Approval will be evidenced by the Parties' representatives signing the Plans for each phase of the design.

3) **CONSTRUCTION:**

(a) Construction Contract; Permits and Final Plans. Within no more than

sixty (60) days following the Execution Date (the "Bid Period"), Lessor agrees to conduct an open competitive bid to contractors according to applicable law for the Work that has been approved by Lessee and to select the winning contractor ("Contractor") for performance of the Work. Provided Lessor has obtained the building permit for the Work, Lessor will execute a construction contract ("Contract") with the Contractor within ten (10) days after the Bid Period. Architect will submit for building and other local permits required for the Work. No phase of Work shall commence until the applicable permits have been obtained. If the Plans must be revised to obtain such permits, Lessor will arrange for the Plans to be revised to satisfy permit requirements and re-submit revised Plans to Lessee for approval, as a Change Order. The parties will collaborate in good faith to reduce the scope of work in order to complete the Tenant Improvements within an agreed budget. Upon final agreement of Lessor and Lessee, the approved Construction Documents shall be signed by the Parties' representatives and become the Final Plans. The total cost to complete Tenant Improvements in accordance with the Final Plans (which cost will include a standard construction contingency) is referred to herein as the "Final Construction Budget." Contractor shall complete construction of the Tenant Improvements in conformance with said Final Plans and within the Final Construction Budget, subject only to Change Orders, and in accordance with all applicable federal, state and local laws. In no event and under no circumstances shall Lessor be liable to Lessee for any of the costs or expenses of the Work.

(b) Change Orders. Lessee shall have the right to review and approve all written changes to the Work that revise the total construction cost, whether such changes are (i) requested or issued by Lessor during construction, or (ii) requested by Lessee in writing to revise the Plans or Final Plans (hereinafter referred to as a "Change Order.") Lessee shall have five (5) business days to approve or disapprove a Change Order after receipt from Lessor of (x) the change in costs associated with the Change Order, and (y) the number of days, if any, that such Change Order will delay the Completion Date. Lessee agrees not to unreasonably withhold or delay its consent to a Change Order requested by Lessor. Absent written approval from Lessee of the pending Change Order (by e-mail, fax or other writing), the requested work will not occur. Following Lessee's approval of any Change Order, the Change Order shall become part of the Final Plans and shall be subject to reimbursement by Lessee and payable as provided herein.

(c) As-Built Plans. After completion of construction, Lessor shall supply to Lessee within thirty (30) days a complete set of construction documents for Lessor's files including as-built plans.

(d) Approvals. Unless otherwise specified herein, Lessee shall not unreasonably withhold approvals under this Exhibit and shall approve or disapprove all items in writing (by e-mail, fax or other writing) within five (5) business days after request for Change Orders and ten (10) business days after request for Plans.

4) **LESSEE'S REIMBURSEMENT OF THE COST OF TENANT IMPROVEMENTS AND CHANGE ORDERS:**

(a) Cost Allocation. Lessee shall reimburse Lessor, as provided in Section 4(b) below, for the entire cost of preparing for and constructing the Tenant Improvements, which costs shall include (i) all labor, hardware, equipment and materials, contractor's charges for overhead and fees, and so-called 'general conditions' (including rubbish removal, hoisting, field supervision, building permits, occupancy certificates, inspection fees, utility connections, bonds, insurance, sales taxes and the like, and a one-time fee of \$1,000 as reimbursement of construction period utility costs); (ii) all fees and costs of the Architect, the cost of preparing all plans (including revisions thereto), engineering reports or other studies, permitting fees, and other soft costs of the Work; (iii) incidental, out-of-pocket fees and costs paid by (and not yet reimbursed to) Lessor, and (iv) a fee to Lessor for its consultation and assistance in supervising the Work in an amount equal to five percent (5%) of the total cost of the Work. The budget for the Work shall be mutually agreed upon by the Parties. Lessor agrees to provide Lessee with copies of receipts and other reasonable documentation of the cost of the Work.

(b) Lessee's Reimbursement. During design and construction, Lessor will bill Lessee monthly for the cost of Tenant Improvements and Change Orders, if any, and Lessee shall reimburse Lessor for said cost within thirty (30) days of receipt of billing. Lessor's bill will include copies of approved receipts and such other reasonable documentation of the cost of the Work being invoiced as Lessee may request. Lessor will furnish its form of invoice in advance, for Lessee's review and reasonable approval. If Lessee fails to make timely payments, it shall constitute a Lessee Delay and Lessor shall have no obligation to continue its services hereunder (or continue the Work) until such time as payments have been received.

(c) Substantial Completion. As used herein, "Substantially Completed" or "Substantial Completion" shall mean that each of the following have occurred subject only to completion of customary "punch list" items: (a) Contractor shall have notified Lessor and Lessee in writing that the Tenant Improvements are substantially complete in accordance with the Final Plans; and (b) the applicable governing agency has issued a certificate of occupancy or temporary certificate of occupancy such that Lessee is legally entitled to occupy the Premises. The date Substantial Completion is achieved shall be established in writing by Lessor.

(d) Punch-List. At Substantial Completion, Lessor will deliver to Lessee, for its approval, a list of necessary final completion or other 'punch-list' items to be performed by Lessor. Upon completing such items, Lessor will notify Lessee and the Parties will perform a joint walk-through inspection to sign off on completion. Neither party shall unreasonably withhold approval concerning such items. Any dispute regarding Substantial Completion will be submitted to the Architect for good faith resolution which shall be final and binding on the Parties.

(e) Ownership of Tenant Improvements. Lessor and Lessee agree that all Tenant Improvements constructed and installed on the Premises shall be the property of Lessor and shall be deemed owned by Lessor for all purposes, including depreciation.

5) **INSTALLATION OF LESSEE'S FURNITURE, FIXTURES AND EQUIPMENT:**

(a) License to Enter. Lessor grants Lessee, its officers, contractors, suppliers, employees, representatives, invitees and agents (collectively, "Lessee's Contractors") a license, rent-free, to enter the Premises prior to the Commencement Date in order (i) to inspect the Work and (ii) following Substantial Completion, to make the Premises ready for Lessee's use and occupancy.

(b) Lessee's Entry to Premises. Lessee's entry to the Premises for any purpose prior to the Commencement Date shall be scheduled in advance with Lessor and shall be subject to all the terms and conditions of the Sublease, except the payment of Rent. In addition, Lessee's license under Section 5(a)(ii) above shall be conditioned on the following: (i) Lessor's written approval of Lessee's Contractors, a work schedule and the work to be performed, and (ii) Lessee's compliance with the safety and other obligations regarding on-site activity as set forth in the Contract.

6) **GENERAL:**

(a) Warranties. The Contract will contain a standard contractor warranty that the Tenant Improvements are free from defects in workmanship and materials for a period of one (1) year following Substantial Completion. Lessor agrees to enforce such warranty, if needed, on behalf of the Parties.

(b) Prevailing Wages. Lessor agrees that all contractors and subcontractors shall pay Prevailing Wages in accordance with chapter 39.12 RCW.

(c) Surrounding Development. The Parties acknowledge that the Work will occur at a site that is located within a residential community, and that all construction must be performed in a safe and appropriate manner in order to minimize negative impact to the surrounding residents and visitors.

(d) Incorporation by Reference; Complete Agreement. Sections 10, 18 and 25 of the Sublease (mutual indemnity, waiver of subrogation and default) are expressly incorporated herein by reference. The Sublease, this Work Letter, the Final Plans, and any approved Change Orders shall constitute the complete agreement between the Parties regarding the Work and no other representations, or oral agreements between the Parties shall be recognized in the event of a dispute between Lessor and Lessee, unless this Work Letter has been specifically amended in writing by the Parties. The terms of this Exhibit will control in the event of a conflict between the terms of the Sublease and those of this Exhibit. In no event and under no circumstances shall Lessor be liable to Lessee for any principal, interest, loss of anticipated revenues, earnings, profits, increased expense of operation or construction, loss by reason of shutdown or non-operation due to late completion or otherwise, or for any other economic, consequential, indirect or special damages associated with the Tenant Improvements.

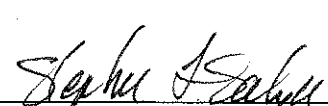
(e) Remedies; Dispute Resolution. A default by either party of any obligation hereunder shall constitute a default by such party under the Sublease, except that (i) Lessor's inability to deliver the Premises in Substantially Complete condition by the Completion Date shall be governed by the provisions of Section 2.2 of the Sublease, which shall constitute Lessee's exclusive remedy; and (ii) Lessor shall have the right, upon ten (10) days' notice, to terminate this Sublease and receive prompt reimbursement from Lessee of all costs incurred to perform the Work, if (x) the Contract is not signed by June 15, 2012, (y) the Final Plans are not initialed by the Parties before March 15, 2012, or (z) the Work is not Substantially Complete before September 15, 2012. Any dispute between the Parties regarding Substantial Completion or the Work shall be resolved, if necessary, in accordance with the dispute provisions set forth in the AIA General Conditions signed with Architect and Contractor.

SIGNED:

**LESSOR:**  
Housing Authority of the County of King

**LESSEE: King County**

By: 

By: 

Its: Deputy Executive Director

Its: Manager, Real Estate Services

Date: 2/7/12

Date: 2/3/12

## **Attachment 1**

### **Schematic Design**

In the Schematic Design Phase, the A/E provides those services necessary to prepare Schematic Design Documents consisting of drawings and other documents illustrating the general scope, scale, and relationship of project components for approval by the agency. Design should be conceptual in character, based on the requirements developed and approved by the agency. Schematic design includes the following: project administration, disciplines coordination, document checking, consulting permitting authority, architectural design, structural design, mechanical design, electrical design, civil site design, specifications, materials research, scheduling and cost estimation.

### **Design Development**

In the Design Development Phase, the A/E shall provide those services necessary to prepare from the approved Schematic Design Documents, the Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the entire project for approval by the agency. Consideration shall be given to availability of materials, equipment and labor, construction sequencing and scheduling, economic analysis of construction and operations, user safety and maintenance requirements, and energy conservation. Design Development includes the following: project administration, disciplines coordination, document checking, consulting permitting authority, architectural design, structural design, mechanical design, electrical design, civil site design, specifications, materials research, scheduling and cost estimation.

### **Permit Document**

In the Permit Document Phase, the Permit Documents will be prepared for permit submittal to approval agencies such as King County DDES, King County Health Department, and others. Examples of documents to prepare include heat and load calculations, permit applications, water and sewer availability certificates architectural, structural, mechanical, and electrical plans and others. Applications in this phase also include franchise utilities such as Seattle City Light, Seattle Public Utilities, data and phone providers and others. The Permit Document Phase includes responses to comments from the agencies and providers until approval documents are received. Permit Document Phase includes the following: project administration, disciplines coordination, document checking, consulting permitting authority, architectural design, structural design, mechanical design, electrical design, civil site design, specifications, materials research, scheduling and cost estimation.

### **Construction Documents**

In the Construction Documents Phase, the A/E shall provide those services necessary to prepare for approval by the agency, from the approved Design Development Documents, Construction Documents consisting of drawings, specifications, and other documents setting forth in detail the requirements for construction of the project and bidding and contracting for the construction of the project. Construction Document includes the following: project administration, disciplines coordination, document checking, consulting permitting authority, architectural design, structural design, mechanical design, electrical design, civil site design, specifications, materials research, scheduling and cost estimation.

## EXHIBIT D

### Janitorial Scope of Service

#### 1. Office Areas/Conference Rooms

- a. Daily - Five days per week
  - i. Empty all waste receptacles and replace liners if soiled, torn or odor is present.
- b. Four days per week
  - i. Spot dust mop hard surface floors.
  - ii. Spot vacuum all carpeted areas and remove debris from furniture cushions.
  - iii. Spot damp mop all hard surface floors that are visibly soiled.
  - iv. Fill hand soap and hand towel dispensers in kitchen area.
  - v. Arrange chairs around furniture in offices and conference rooms as required to be ready for the next business day.
- c. Weekly – One day per week
  - i. Replace liners in all waste receptacles.
  - ii. High dust vents, lights, office partitions, pictures, pipes and all other horizontal surfaces.
  - iii. Dust exposed TV and computer monitors, windowsills, office furniture, file cabinets, chair rungs and bases.
  - iv. Spot clean doors, walls, glass and light switches. Clean exposed desks, tables and workstations.
  - v. Dust mop and wet mop all hard surface floors complete.

#### 2. Public Restrooms/Showers

- a. Daily - Five days per week
  - i. Stock all dispensers to proper supply level.
  - ii. Clean and sanitize mirrors and dispensers.
  - iii. Spot clean partitions, doors, walls and light switches. Remove all graffiti.
  - iv. Clean and sanitize counters, sinks, showers, urinals and toilets inside and out including both sides of the toilet seats and chrome flushometers.
  - v. Empty waste receptacles and replace all liners. Sanitize waste receptacles as needed.
  - vi. Dust mop and damp mop floors with a sanitizing solution.



- b. Weekly - One day per week
  - i. Sanitize all partitions, doors, light switches and walls adjacent to all fixtures.
  - ii. Spot clean as needed – partition hinges, wall and floor support hardware.
  - iii. Showers – sanitize all surfaces, benches, and chrome from top to bottom.
  - iv. Flush floor drains with 1 quart water (as necessary).

### 3. Public Lobbies/Halls/Corridors/Elevators

- a. Daily - Five days per week
  - i. Empty all waste receptacles and replace liners if soiled, torn or odor is present.
  - ii. Sweep and damp mop hard surfaced lobby floors, tunnels, elevator foyers and entrance areas.
  - iii. Power vacuum and/or thoroughly damp mop walk off mats; remove gum and other debris.
  - iv. Remove all gum and other debris from floors and graffiti from walls.
  - v. Spot clean walls, doors, windows, re-lights, waste and recycling receptacles and fire extinguisher boxes if glass is visibly soiled.
  - vi. Sanitize all drinking fountains and public telephones.
  - vii. Clean elevator interiors and exteriors including walls, doors, call button areas, tracks and floors.
  - viii. Spot clean lobby furniture/seating.
- b. Weekly – One day per week.
  - i. Dust and spot clean ledges, pictures, vents, signs, vending machines, waste receptacles and all other horizontal surfaces.
  - ii. Dust and damp mop all hard surface floors wall to wall and remove kick out black marks. Clean under all furniture, waste and recycling receptacles, vending machines, etc.
  - iii. Thoroughly clean all lobby furniture/seating.

### 4. Stairwells

- a. Weekly - One day per week
  - i. Sweep and spot mop stairwells and landings. Remove gum and other debris.
  - ii. Spot clean walls, doors, handrails and glass. Remove graffiti.
  - iii. Spot dust ledges, rails and horizontal surfaces.

### 5. Exam/Procedure Rooms

- a. Daily - Five days per week
  - i. Empty all waste receptacles, clean and disinfect receptacles and/or

- cover if dirty, and replace liner.
- ii. Clean and disinfect exposed sinks, drains, faucets and counters.
- iii. Fill soap and towel dispensers to proper level.
- iv. Clean and polish mirrors and bright surfaces.
- v. Spot clean walls, doors, doorframes, light switches, heating units, cabinets and non-medical wall mounted accessories including phones.
- vi. Vacuum or dust mop floors.
- vii. Damp mop floor with disinfectant solution.

- b. Weekly – One day per week.
  - i. High dust vent lights, office partitions, pictures, pipes and all other horizontal surfaces.
  - ii. Dust exposed TV and computer monitors, windowsills, office furniture, file cabinets, benches, chair rungs and bases.
  - iii. Flush floor drains with 1 quart of water (as necessary).