

LEASE AGREEMENT

File No. 1411A

This Lease Agreement dated the 1st day of June, 1997, is entered into by and between KING COUNTY, a municipal corporation and political subdivision of the state of Washington, and the SEATTLE GUN CLUB, a not-for-profit corporation organized and operating under the laws of the state of Washington, also known as SEATTLE SKEET AND TRAP CLUB (hereinafter referred to as "SEATTLE SKEET" or "Lessee").

I. PREMISES.

KING COUNTY hereby leases to SEATTLE SKEET, upon the following terms and conditions, that portion of KING COUNTY's Ravensdale holding legally described in the attached Exhibits A and B which is expressly designated therein for use by SEATTLE SKEET. For purposes of this Lease Agreement, the premises which are described in Exhibits A and B for use by SEATTLE SKEET and which are the subject matter of this Lease Agreement shall be referred to as the "Seattle Skeet Property".

II. USES.

SEATTLE SKEET is authorized by this Lease Agreement to use the Seattle Skeet Property only for those uses expressly provided for herein and for such incidental uses which are normal or necessary in implementing or otherwise exercising such expressly authorized uses, including construction of a related clubhouse facility in compliance with applicable fire and building codes.

A. Construction of Seattle Skeet shooting facilities .

1. New Seattle Skeet shooting facilities . Subject to such permits and other approvals as may be required by law, SEATTLE SKEET is authorized to construct new shooting facilities on the Seattle Skeet Property which shall be limited to five permanent shotgun fields and two additional temporary fields as needed for special events which will occur no more than ten days per year (hereinafter collectively referred to as "Seattle Skeet shooting facilities "). Seattle Skeet shooting facilities shall include a club house, parking lot, and storage and utility buildings.

2. Location of Facilities. Seattle Skeet shooting facilities shall be sited on and limited to the Seattle Skeet property. No expansion of Seattle Skeet shooting facilities will be allowed outside of the Seattle Skeet Property.
3. Design Advisory Committee. A Design Advisory Committee shall be established consisting of: (a) 2 volunteer members of the community living within King County Sections 28, 29, 30, 31 or 32 of Township 22, Range 7 who shall be appointed by the King County Department of Public Safety from a list of candidates submitted by the affected communities; (b) 1 volunteer Cascade Rifle and Pistol Club member appointed by the membership of CASCADE; and (c) 1 volunteer member of SEATTLE SKEET appointed by the membership of SEATTLE SKEET. The Department of Public Safety's appointment of community members to the Design Advisory Committee is intended solely as a service to the community. Members of the Design Advisory Committee shall not be employees of KING COUNTY. The Design Advisory Committee and its members represent the respective interests of the community and respective clubs and shall in no respect be construed to represent or otherwise act as an agent of KING COUNTY. SEATTLE SKEET shall seek advise and input from the Design Advisory Committee on the placement and design of ranges and noise mitigation measures associated with range construction.
4. SEATTLE SKEET Permits. Except as provided in the following Paragraph 5, SEATTLE SKEET shall obtain the necessary permits and approvals to construct Seattle Skeet shooting facilities, access roads to and internal roads within the Seattle Skeet Property, utility connections, and related structures or facilities necessary to support their activities. SEATTLE SKEET shall make application for such permits within 90 days following the issuance of a permit to construct King County Department of Public Safety shooting facilities or the commencement date of this Lease Agreement, whichever occurs last.
5. Department Permits. The King County Department of Public Safety (the "Department") has prepared a

draft and final environmental impact statement for construction of shooting facilities contemplated in this Lease Agreement. The Department shall be responsible for performing such further SEPA studies as may be deemed necessary to construct shooting facilities on the Seattle Skeet Property. The Department shall make application for applicable zoning code use approval(s) to authorize shooting facilities on the Seattle Skeet Property. The Department or its agents shall additionally pursue necessary building, grading and right of way use permits for construction of KING COUNTY shooting facilities and for construction of those road and utility ways for which KING COUNTY bears responsibility under Paragraph II(A)(7) of the Lease Agreement.

6. SEATTLE SKEET Construction Costs. Except as otherwise expressly provided in this Lease Agreement, SEATTLE SKEET shall be responsible for any and all costs of constructing Seattle Skeet shooting facilities and related facilities. SEATTLE SKEET shall additionally be responsible for cost of providing roads and utility connections/service up to and within the Seattle Skeet Property from those access points which are made available by KING COUNTY pursuant to the following Paragraph 7.

KING COUNTY may, for the term of this Lease Agreement, utilize SEATTLE SKEET constructed roads and parking facilities in conjunction with its use of KING COUNTY shooting facilities or Cascade Rifle and Pistol Club facilities designated in attached Exhibits A and B.

7. KING COUNTY Construction. KING COUNTY shall be responsible for the cost of constructing KING COUNTY shooting facilities. KING COUNTY shall be responsible for constructing an access road to the Seattle Skeet Property from 292nd Avenue SE. The access road shall be located as close to the intersection of Kent Kangley Road as the KING COUNTY Road Engineer or his/her designee will allow. KING COUNTY shall additionally be responsible for the provision of electric utility lines and of water access by well to the Seattle Skeet Property. This provision is intended to

require that KING COUNTY provide road access, utility lines and water access up to but not on the Seattle Skeet Property itself.

SEATTLE SKEET may, for the term of this Lease Agreement, utilize the KING COUNTY constructed road to access Seattle Skeet shooting facilities. SEATTLE SKEET may hookup to utility lines installed to the Seattle Skeet Property. SEATTLE SKEET shall be responsible for the costs of those hookups and for the use of those utilities.

8. No Further Development of Bordering Area. King County agrees that, for the term of this agreement, all land in the northeast half section referred to in Exhibit A, except for those areas to be developed in accordance with Exhibit B, will remain undeveloped and will serve as a buffer area to all of the facilities.

B. Operation of Seattle Skeet shooting facilities .

1. Operations Advisory Committee. An Operations Advisory Committee shall be established consisting of: (a) 3 volunteer members of the community living within King County Sections 28, 29, 30, 31 or 32 of Township 22, Range 7 who shall be appointed by the KING COUNTY Department of Public Safety and shall represent the members of community within the referenced sections; (b) 1 volunteer member appointed by and representing the membership of Cascade Rifle and Pistol Club; (c) 1 volunteer member appointed by and representing the membership of SEATTLE SKEET; and (D) 1 member appointed by and representing the King County Department of Public Safety. The Department of Public Safety's appointment of community members to the Committee is intended solely as a service to the community. Cascade Rifle and Pistol Club, SEATTLE SKEET and community members of the Committee shall not be employees of KING COUNTY and shall in no respect be construed to represent or otherwise act as agents of KING COUNTY. The Committee shall meet on a regular basis or as needed to discuss and cooperatively work to resolve any issues related to the operation of the ranges.

2. Time of Operation. Subject to such authorizations as may be required by law, SEATTLE SKEET is authorized to operate facilities at the Seattle Skeet Property 365 days per year. Shooting will only be allowed from 9:00 AM until sunset. Any proposed deviations from this schedule must be approved by the Operations Advisory Committee and by the King County Department of Public Safety. Thirty days advance notice of any proposed schedule deviation shall be mailed by King County to all households within King County Sections 28, 29, 30, 31, and 32 of Township 22, Range 7.
3. Uses Authorized. Subject to such authorizations as may be required by law, SEATTLE SKEET shall use and maintain the Seattle Skeet Property for instruction, training, exhibition meets, the sport of shooting, and related outdoor activities. Seattle Skeet agrees to make Seattle Skeet property available to King County for public safety purposes four mutually agreed upon days per year. No other use of the SEATTLE SKEET Property shall be undertaken by SEATTLE SKEET without the consent of the Operations Advisory Committee and King County Department of Public Safety.
4. Safety Plan. SEATTLE SKEET shall develop, regularly maintain and follow a National Rifle Association-approved safety plan for the operation of the facilities. SEATTLE SKEET shall be responsible for the conduct of its members and for all other persons who use the facilities. No person shall be allowed to possess or consume alcoholic beverages on the Property. SEATTLE SKEET shall not allow any person who is under the influence of alcoholic beverages to use or discharge any firearm or weapon or to remain on the Property.
5. Licenses. SEATTLE SKEET shall be responsible for obtaining any required licenses or authorizations from KING COUNTY, and/or other governmental entities to the extent applicable, for operation of Seattle Skeet shooting facilities .
6. Management Responsibilities. SEATTLE SKEET shall operate and manage the shooting ranges and facilities, and shall be responsible for making

the decisions necessary for such operation and management subject to the provisions of this Lease Agreement.

III. TERM OF LEASE AGREEMENT

- A. Term. The term of this Lease Agreement shall be 30 years, beginning on the 1st day of June, 1997 and ending on the 31st day of May, 2027. Such term represents the useful life of those improvements contemplated by this Lease Agreement as estimated by KING COUNTY.

If KING COUNTY is unable to deliver possession of the Property by the date specified for commencement of the term as a result of causes beyond KING COUNTY'S reasonable control, KING COUNTY shall not be liable for any damage caused for failing to deliver possession, and this Lease Agreement shall be void or voidable. Lessee shall not be liable for rent until KING COUNTY delivers possession of the Property to Lessee, but the term of this Lease Agreement shall not be extended by the delay. If KING COUNTY does not deliver possession of the Property to Lessee within SIXTY (60) days after commencement of the term, Lessee can elect to terminate this Lease Agreement by giving notice to KING COUNTY at any time before the date KING COUNTY delivers possession of the Property to Lessee.

King County reserves the right to terminate this Lease Agreement should Lessee not complete permanent improvements outlined in Paragraph II(A)(1) of this Lease Agreement within two years following the effective date of this Lease Agreement.

- B. No later than one year prior to the expiration of this lease agreement, KING COUNTY and SEATTLE SKEET shall confer and advise each other of whether they intend to negotiate an additional lease term for Seattle Skeet Property.

IV. ANNUAL RENT AND CONSIDERATION

- A. Annual Rent. SEATTLE SKEET shall pay an annual rental sum of \$5,061.00 and the Washington State Leasehold Excise Tax of \$650.00 per year, both of which shall be

due in monthly increments of 1/12 of the annual amount. King County agrees that the annual rental sum will be offset by \$1,461 based upon benefits provided to King County by SEATTLE SKEET as set forth herein. The rent and any associated offset is adjustable as set forth in those King County General Terms and Conditions incorporated into this Lease Agreement as Exhibit C. All rents and tax shall be made payable to the KING COUNTY FINANCE OFFICE and are to be received in the office of the:

King County Property Services Division
500 King County Administration Building
500 Fourth Avenue
Seattle, WA 98104

Said rental is exclusive of any other sale, franchise, business or occupation, or other tax based upon rents. Should any such taxes apply during the life of this Lease Agreement, the rent shall be increased by such amount. The rental sum, not including associated Washington State Leasehold Excise Tax, will be offset as set forth above if SEATTLE SKEET both makes improvements to the Property as contemplated by this Lease Agreement and provides mutual benefits to King County and to the community by: 1) operating and maintaining the facility to instruct, train, and exhibit proficiency and safety in shooting acquired through the use of the Property by SEATTLE SKEET members and the public in general; 2) opening the facility to the general public for scheduled events for a minimum of 180 days per 12 month lease term; 3) charging fees to the nonmember public for use of the facility at an amount which does not exceed fees charged to SEATTLE SKEET members for the same event by more than twenty five percent; and 4) making Seattle Skeet property available to King County for public safety purposes four mutually agreed upon days per year.

- B. Commencement of Availability of Facilities to Public.** SEATTLE SKEET's obligation to make facilities available to the public in accordance with Paragraph IV(A) shall commence no later than 120 days after the issuance of construction permits to SEATTLE SKEET pursuant to Paragraph II(A)(4) above.

- C. Commencement of the Payment of Rent. SEATTLE SKEET's obligation to pay rent pursuant to Paragraph IV(A) shall commence 120 days after the issuance of construction permits to SEATTLE SKEET pursuant to Paragraph II(A)(4) above and the construction by King County of the access road, electric utility lines and water by well referred to in Paragraph II(A)(7) above.

V. GENERAL PROVISIONS.

- A. Lease Oversight. The King County Department of Public Safety will be responsible for the management and oversight of this Lease Agreement and for overseeing, on behalf of KING COUNTY, SEATTLE SKEET's compliance with the terms and conditions of this Lease Agreement.
- B. General Terms and Conditions. Attached hereto and incorporated herein by reference as Exhibit C are King County General Terms and Conditions.
- C. Entire Agreement. This printed Lease Agreement, together with the attached General Terms and Conditions and any and all exhibits which are expressly incorporated herein by reference, shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this Lease Agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.
- D. No Third Party Beneficiary. This Lease Agreement is entered into for the sole protection and benefit of the parties thereto. No other person shall have any right of action or interest in this Lease Agreement based upon any provision in this Lease Agreement.
- E. Notices. Required notices, except legal notices shall be given to the following respective addresses:

To KING COUNTY: King County Property Services Division
 500A King County Administration Building
 500 Fourth Avenue
 Seattle, WA 98104

To Lessee: SEATTLE SKEET AND TRAP CLUB
 P.O. Box 40672
 Bellevue, WA 98105-4672

To Operations
Advisory Committee: OPERATIONS ADVISORY COMMITTEE
c/o King County Dept. of Public Safety
516 Third Avenue
Seattle, WA 98104

or to such other respective addresses as the foregoing entities may hereafter from time to time designate in writing. Notices sent by first class United States Mail shall be deemed to have been given when properly deposited in the United States mail.

- F. **Authority.** Parties to this Lease Agreement, through their respective signatories below, are authorized to execute this Lease Agreement and to perform in accordance with the terms and conditions set forth herein.

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

LESSOR: King County, a Political Subdivision of the State of Washington

Executed By: David P. Regan
for Pearl McElheran, Director
Department of Construction and
Facilities Management

Date: 5/30/97

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that David P. Regan signed this instrument, on oath stated that s/he was authorized by the King County Executive to execute the instrument, and acknowledged it as the Manager - Prop. Services Division of King County, Washington to be the free and voluntary act of said County for the uses and purposes mentioned in this instrument.

SUBSCRIBED AND SWORN to before me this 30th day of June, 1997.

Mark R. Phillips

Printed Name: Mark R. Phillips
NOTARY PUBLIC in and for the State of Washington, residing at Bellevue.
My Commission Expires: 6/15/2000.

APPROVED BY:
King County Department of Public Safety:

By: Chief Gm Boyle

APPROVED AS TO FORM:
By: MMH
Sr. Deputy Prosecuting Attorney

SEATTLE Gun Club, AKA

LESSEE: Seattle Skeet and Trap Club

By: W.L. Strugkens, Jr. - PRES.

Date: 6-25-97

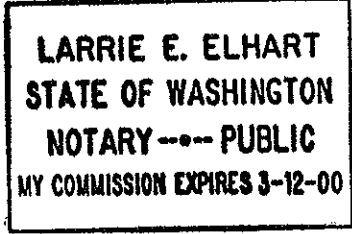
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me W.L. STRUGKENS, JR. to me known to by the PRESIDENT 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.

SUBSCRIBED AND SWORN to before me this 25th day of June, 1997.

Larrie E. Elhart

Printed Name: LARRIE E. ELHART
NOTARY PUBLIC in and for the State of
Washington, residing at BOTHELL.
My Commission Expires: 3-12-00.



APPROVED AS TO FORM:

By: _____
Attorney for Lessee

Date: _____

Legal Description -- Seattle Skeet and Trap Club

The Northeast quarter of Section 29, Township 22 North, Range 7 East

See Exhibit B for net ground area
to be used by Seattle Skeet and Trap Club

EXHIBIT A

NE QUARTER SECTION

Cascade Rifle & Pistol Properties
10 Acres Approx.

Seattle Skeet & Trap
10 Acres Approx.

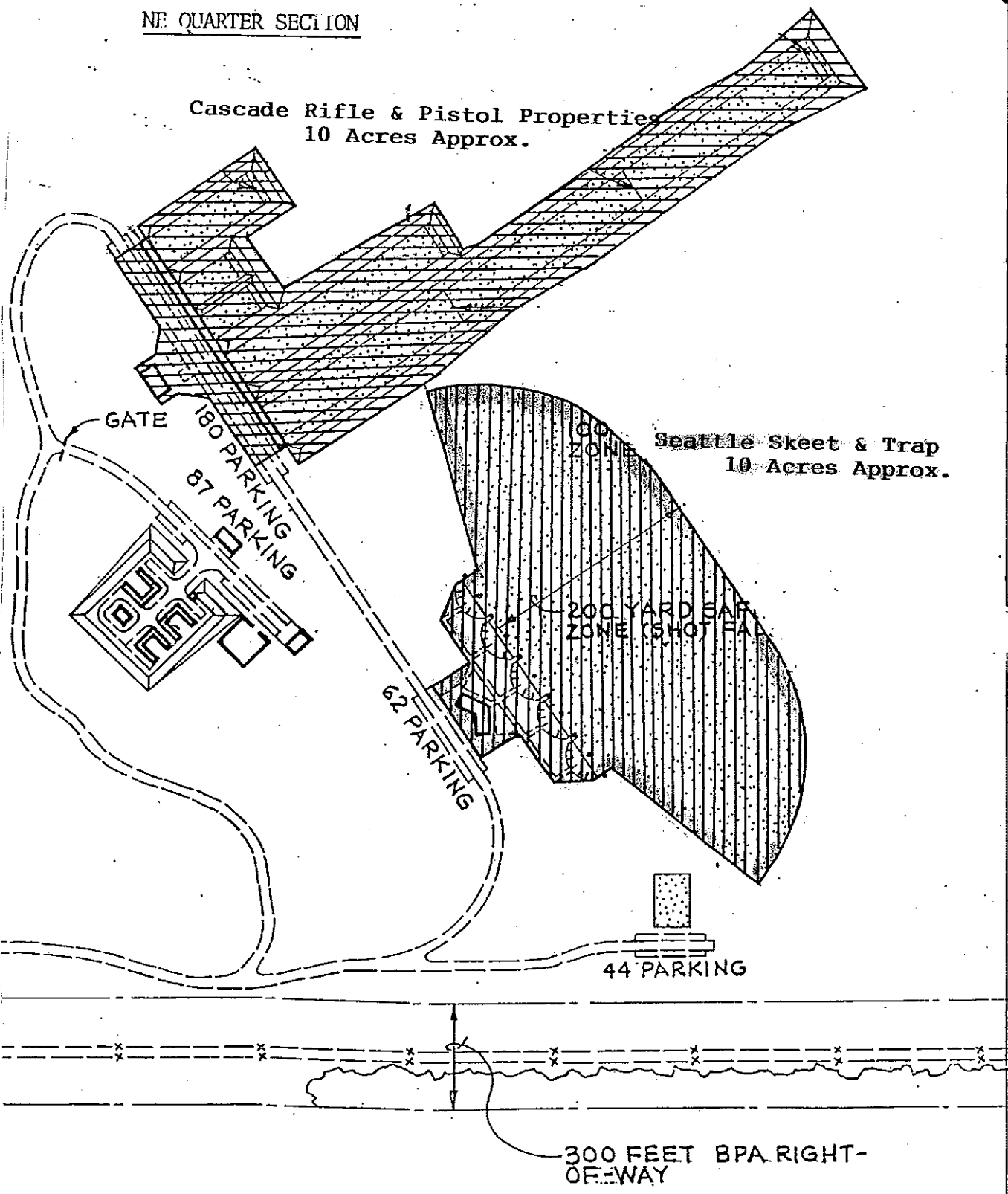


EXHIBIT B

EXHIBIT C

KING COUNTY GENERAL TERMS AND CONDITIONS

1. LATE PAYMENT, TAXES, LICENSES, FEES AND ASSESSMENTS.

A. LATE PAYMENTS. There will be a late collection charge of FIFTY DOLLARS (\$50.00) or the maximum rate permitted by law, plus one and a half percent (1 1/2%) per month interest for any delinquent rental not delivered to King County by the tenth (10th) of the month.

B. LEASEHOLD TAX. A Leasehold Excise Tax, if applicable, is levied pursuant to the Revised Code of Washington (R.C.W.) Chapter 82.29A. The Lessee agrees to pay this tax to King County. If the State of Washington changes the Leasehold Excise Tax or if King County receives authorization to levy this tax, the tax payable shall be correspondingly changed.

C. LICENSE, TAXES AND FEES. Lessee shall pay throughout the term of this Lease all applicable taxes and all license and excise and other applicable fees.

D. OTHER CONSIDERATION. No offset, reduction, or credit toward rent shall be allowed unless it is in writing and signed by the Manager of the Property Services Division of King County.

2. RENT ADJUSTMENT. To ensure a fair rent based upon the fair market value of the premises, King County may adjust the rent to the then current fair market rental value every three (3) years, the first adjustment to occur three (3) years after the beginning of the term of this lease.

A. FAIR MARKET RENTAL VALUE DEFINED. For all purposes required under this lease, "Fair Market Rental Value" is defined as: An amount in the competitive market that a well-informed and willing Lessor, who desires but is not required to lease, would accept, and which a well-informed and willing Lessee, who desires but is not required to lease, would pay for the use of the premises, after due consideration of all the elements reasonably affecting value.

B. NOTICE OF RENTAL ADJUSTMENT. When it elects to adjust the rent, King County will give Lessee written notice of the adjusted rent. Within thirty (30) days following receipt of notice from King County, Lessee will give King County written notice of its acceptance or rejection of the adjusted rent. If Lessee does not notify King County within the thirty (30) day period, the rent as adjusted by King County will become the rent.

C. ARBITRATION. If Lessee and King County cannot agree upon the rent adjustment, the rent for the period will be adjusted by arbitration. Lessee and King County will select one arbitrator each, and the two selected arbitrators will select a

third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selection of the two, either Lessee or King County will apply to the presiding Judge of the Superior Court in King County for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent body. If in the future, a licensing requirement for real estate appraisers is imposed by any legislative body, each arbitrator shall be licensed. The three arbitrators will determine the Fair Market Rental Value for the premises; but the arbitrators may not reduce the rent below the sum fixed for the last preceding period. The decision of a majority of the arbitrators will bind both Lessee and King County. As the conclusion of the arbitration, the arbitrators will submit written reports to Lessee and King County, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion.

D. COST OF ARBITRATION. The cost of the arbitration will be divided equally between Lessee and King County.

E. RENT PENDING ADJUSTMENT. In the event resolution of the rental adjustment is not completed prior to the commencement of the term being considered, Lessee shall, pending resolution of such rental adjustment, continue to pay King County the rental then in effect; and King County, at its option, may elect to require that interest in the amount of twelve (12%) per annum be payable on any sum due as a result of a retroactive rental increase determined under the terms of this lease.

3. COMPLIANCE WITH ALL LAWS AND REGULATIONS. In using the premises, Lessee will comply with all applicable laws, ordinances, and regulations from any and all authorities having jurisdiction. The Lessee specifically agrees to comply and pay all costs associated with achieving such compliance without any notice from King County, and further agrees that King County does not waive this section by giving notice of demand for compliance in any instance.

4. UTILITIES. Lessee shall pay for all costs, expenses, fees, services, and charges of all kinds for heat, light, water, gas, and telephone, and for all other public utilities used on said premises so that the same shall not become a lien against the leased premises.

5. IMPROVEMENTS AND ALTERATIONS.

A. Lessee shall make no alterations or improvements to or upon the premises, or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from King County.

B. Unless otherwise stipulated, all improvements or alterations erected or made on the premises shall, upon expiration or earlier termination of this Lease, belong to King County without compensation to the Lessee; however, King County shall have the option, to be exercised on expiration or earlier termination of the Lease, to require the

Lessee, at Lessee's expense, to remove any or all such improvements or alterations. Notwithstanding the foregoing, skeet, trap, and sporting clay equipment, towers and any Buildings so constructed that they can be moved shall remain the property of the Lessee and shall be removed at Lessee's expense upon expiration or earlier termination of the Lease.

6. **CONDITION OF PREMISES.** The Lessee has inspected and knows the condition of the premises and it is understood and agreed that the premises are leased on an "as is" basis without any obligation on the part of King County to make any changes, improvements, or to incur any expenses whatsoever for the maintenance or repair of the premises.
7. **CONSTRUCTION DEFECTS.** King County shall not be liable to the Lessee for claims or damages arising from any defect in the construction of or the present condition of the premises, whether known or unknown, or for damage by storm, rain, or leakage or any other occurrence.
8. **MAINTENANCE.**
 - A. Lessee shall throughout the term of this Lease without cost or expense to King County, keep and maintain the leased premises and all improvements, landscaping, fixtures, and equipment which may now or hereafter exist thereon, in a neat, clean, and sanitary condition and shall, except for reasonable wear and tear, at all times preserve the premises in good and safe repair. Upon the expiration or sooner termination of the Lease, Lessee shall forthwith return the same in as good condition as existed at the commencement of occupancy (ordinary wear and tear excepted).
 - B. If, after thirty (30) days' notice from King County, Lessee fails to maintain or repair any part of the leased premises or any improvement, landscaping, fixtures or equipment thereon, King County may, but shall not be obligated to, enter upon the leased premises and perform such maintenance or repair, and Lessee agrees to pay the costs thereof to King County upon receipt of a written demand. Any unpaid sums under this paragraph shall be payable as additional rent on the next rent payment date due following the written demand and will bear interest at the maximum rate allowed by Washington State Law.
9. **INDEMNITY AND HOLD HARMLESS.** The Lessee agrees to indemnify and hold King County harmless as provided herein to the maximum extent possible under law. Accordingly, the Lessee agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments, including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Lessee's exercise of rights and privileges granted by this Lease Agreement, except to the extent of Lessor's sole negligence. The Lessee's obligations under this section shall include:

- A. The duty to promptly accept tender of defense and provide defense to the County at the Lessee's own expense;
- B. Indemnification of claims made by the Lessee's own employees or agents; and,
- C. Waiver of the Lessee's immunity under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify King County, which waiver has been mutually negotiated by the parties.

In the event it is necessary for the County to incur attorney's fees, legal expenses or other costs to enforce the provisions of this section, all such fees, expenses and costs shall be recoverable from the Lessee.

For those activities of this Lease Agreement where it is determined that R.C.W. 4.24.115 applies to this Lease Agreement, the Lessee agrees to defend, hold harmless, and indemnify King County to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of King County to the full extent of Lessee's negligence. Lessee agrees to defend, indemnify, and hold harmless the County for claims by Lessee's employees and agrees to waiver of its immunity under Title 51 R.C.W., which waiver has been mutually negotiated by the parties.

10. **[DELETED]**

11. **INSURANCE REQUIREMENTS.** By the date of execution of this Lease, the Lessee shall procure and maintain for the duration of this Lease, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with exercise of the rights and privileges granted by this lease, by the Lessee, his agents, representatives, employees/subcontractors. The cost of such insurance shall be paid by the Lessee.

For all coverages: Each insurance policy shall be written on an "Occurrence" form.

- A. **MINIMUM SCOPE OF INSURANCE.** Coverage shall be at least as broad as:

General Liability: Insurance Services Office Form No. CG 00 01 Ed. 11-88, covering **COMMERCIAL GENERAL LIABILITY.**

- B. **MINIMUM LIMITS OF INSURANCE.** The Lessee shall maintain limits for General Liability no less than \$1,000,000 combined single limit per occurrence for bodily injury, personal injury, and property damage. The insurance requirements in this section are to be examined every five (5) years from the effective date of this Agreement and adjusted, within sixty (60) days after each five (5) year anniversary, to comply with then-current insurance industry standards to provide coverage and levels of protection equivalent to those set forth above, provided that no adjustments shall reduce coverage and levels of protection below the equivalent of the minimums set forth herein.

C. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductibles or self-insured retentions must be declared to and approved by King County. The deductible and or self-insured retention of the policies shall not limit or apply to the Lessee's liability to the County and shall be the sole responsibility of the Lessee.

D. OTHER INSURANCE PROVISIONS. The insurance policies required in this Lease are to contain or be endorsed to contain the following provisions:

General Liability Policy:

- i. King County, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Lessee in connection with this Lease.
- ii. To the extent of Lessee's negligence, the Lessee's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees, or agents shall not contribute with the Lessee's insurance or benefit the Lessee in any way.
- iii. The Lessee's insurance shall apply separately to each insured against whom a claim is made and or lawsuit is brought, except with respect to the limits of the insurer's liability.

All Policies:

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, until after forty-five (45) days prior notice - return receipt requested, has been given to the County.

E. ACCEPTABILITY OF INSURERS. Insurance is to be placed with insurers with a Bests' rating of no less than A:VIII, or if not rated with Bests' with minimum surpluses, the equivalent of Bests' surplus size VIII.

If at any time, of the foregoing policies shall be or become unsatisfactory to the County, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to the County, the Lessee shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements for approval.

F. VERIFICATION OF COVERAGE. Lessee shall furnish the County with certificate(s) of insurance and endorsement(s) required by this Lease. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the County and are to be

received and approved by the County prior to the commencement of activities associated with the Lease. The County reserves the right to require complete certified copies of all required insurance policies at any time.

12. **MUTUAL RELEASE AND WAIVER.** To the extent a loss is covered by insurance in force, King County and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided that this Agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of King County or the Lessee.
13. **SURRENDER OF PREMISES.** At the expiration or earlier termination of this Lease, Lessee shall promptly surrender possession of the premises to King County, and shall deliver to King County all keys that it may have to any and all parts of the premises.
14. **DEFAULT AND RE-ENTRY.** If any rents above reserved or other obligations provided herein, or any part thereof shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default on any of the covenants and agreements herein contained, then King County may cancel this Lease upon giving the notice required by law and re-enter said premises using such force as may be required. Notwithstanding such re-entry by King County, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee covenants and agrees to make good to King County any deficiency arising from a re-entry and reletting of the premises at a lesser rental than agreed to herein. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by King County. In the event it becomes reasonably necessary to make any changes, alterations, or additions to the premises or any part thereof for the purpose of reletting said premises or any part thereof, Lessee shall also be responsible for such cost.
15. **ASSURANCE OF PERFORMANCE.** In the event a default in the performance of any obligation under this Lease which remains uncured for more than ten (10) days after demand, King County may request and the Lessee shall provide adequate assurance of the future performance of all obligations under this Lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for Lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to King County, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and King County may in its discretion terminate this Lease.
16. **ADVANCES BY KING COUNTY FOR LESSEE.** If Lessee fails to pay any fees or perform any of its obligations under this Lease other than payment of rent, King County will mail notice to Lessee of its failure to pay or perform. Twenty (20) days after mailing notice, if Lessee's obligation remains unpaid or unperformed, King County may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by

King County under this paragraph, Lessee will reimburse King County within twenty (20) days.

17. **NON-WAIVER.** It is hereby agreed that no waiver of any condition or covenant in this Lease or any breach thereof, shall be taken to constitute waiver of any subsequent breach.
18. **SIGNS.** No sign, advertisement, notice, or other lettering will be exhibited, inscribed, painted, or affixed by Lessee on any part of the outside of the premises without the prior written consent of King County, provided that such consent shall not be unreasonably withheld. If Lessee violates this provision, King County may remove the sign without any liability and may charge the expense incurred by such removal to the Lessee provided, however, King County shall give Lessee written notice of Lessee's violation of this provision and Lessee shall have forty-eight (48) hours after receiving said notice to comply with the terms of this provision. All signs erected or installed by Lessee shall be subject to any federal, state or local statutes, ordinances or regulations applicable to signs.
19. **INSPECTION AND "FOR RENT" SIGNS.** King County reserves the right to inspect the premises at any and all reasonable times throughout the term of this Lease, provided that King County shall not interfere unduly with Lessee's operations. The right of inspection reserved to King County hereunder shall impose no obligation on King County to make inspections to ascertain the condition of the premises, and shall impose no liability upon King County for failure to make such inspections. King County shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this Lease.
20. **LIENS.** It is understood and agreed that this Lease is executed and delivered upon the express condition that the Lessee will not and cannot contract any debt or debts for labor, materials, services, or otherwise which will or may become a lien against the interest of King County in the premises, and King County hereby denies to Lessee any right, power, or authority to do any act, or contract any obligation or liability which would in any way subject the interest of King County in the premises to any lien, claim, or demand whatsoever.
21. **ASSIGNMENT OR SUBLEASE.**
 - A. Lessee shall not assign or transfer this Lease or any interest therein, no sublet the whole or any part of the premises, nor grant an option for assignment, transfer or sublease for the whole or any part of the premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law, or by any process or proceeding of any court or otherwise without the prior written consent of King County, which consent shall not be unreasonably withheld. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this Lease one-half (1/2) or more of the outstanding shares of any class of stock of Lessee's corporation shall belong to any stockholders other than those who own one-half or more of the

outstanding shares of that class of stock at the time of the execution of this Lease, or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If King County shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the County's consent.

B. If Lessee desires to assign, transfer, or sublease, or grant an option for assignment, transfer or sublease, for the whole or part of the premises, or any portion of this Lease or any interest therein, Lessee shall notify King County in writing of said desire to assign or transfer and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment, transfer, or sublease to a third party. The notification shall include but not be limited to a financial statement of the proposed assignee, including but not limited to a full disclosure of the monetary payment or any other considerations involved, and an affidavit from the proposed assignee stating he has examined this Lease, understanding this Lease, agrees to assume and be bound by all of the Lessee's obligations and covenants under this lease, the same as if it were the original Lessee hereunder, and the proposed date of assignment, transfer or sublease.

C. King County reserves the right of opportunity in the event Lessee attempts to assign or sublease any portion of the above mentioned parcel to any party independent of itself unless the new assignment is necessary for purposes of financing. Lessee shall provide with its notice of intent to sublease or assign, a proration of value as to "Included Property" as defined below and the value of the leased premises. Should the parties be in dispute of this proration, Paragraph 2C of these General Terms and Conditions, ARBITRATION, shall prevail.

D. If Lessee assigns its interest, other than to a subsidiary, affiliate or parent company of Lessee, Lessee (Assignor) shall pay King County, as Additional Rent, at least Seventy-five percent (75%) of the Assignment Premium derived from that assignment. "Assignment Premium" shall mean all rent, additional rent, and/or other moneys, property, and other consideration of every kind whatsoever received by Lessee (Assignor) from the assignee for, or by reason of, the assignment (including all amounts received by Lessee (Assignor) for any Included Property). If lessee subleases, other than to a subsidiary, affiliate or parent company of Lessee, Lessee shall pay King County, as Additional Rent, Seventy-five percent (75%) of the Sublease Premium derived from that sublease. "Sublease Premium" shall mean all rent, additional rent, and/or other moneys, property, and other consideration of every kind whatsoever received by Lessee from the sublessee for, or by reason of, the sublease (including all amounts received by Lessee for any Included Property). "Included Property" means only the leasehold improvements added by the Lessee, and any non-removable fixtures purchased by the Lessee attached thereto, that are transferred to the assignee or the sublessee as part of the transaction. Lessee shall pay the Assignment Premium or Sublease Premium to King County as and when Lessee receives payment from such

assignee.

E. CREDITS. The following shall be subtracted from what otherwise would be owed for a Sublease Premium or Assignment premium:

- i. any costs, fees or commissions actually paid by Lessee (Assignor) to procure the assignment or sublease, amortized over the term of the assignment or sublease, including, without limitation, fees and commissions paid to attorneys and licensed real estate brokers;
- ii. the actual cost of leasehold improvements undertaken by Lessee solely to prepare the space for the assignee or sublessee (amortized over the term of the assignment or sublease commencing with the date on which the assignment or the sublease term commences);
- iii. the unamortized cost of Included Property, if any, determined on a straight-line basis over the term of the original lease, not the assignment or sublease, as certified to King County by Lessee's independent certified public accountant (at Lessee's expense, the cost of which may be deducted from the Sublease or Assignment Premium);

and

- iv. fixed rent and additional rent allocable to the space covered by such sublease.

F. King County will review the request and respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date. Disapproval of any such request shall be final and binding on the Lessee and not subject to any arbitration, provided that any approval will not be unreasonably withheld. King County shall charge to the Lessee a reasonable fee for administrative costs in reviewing and processing any assignment or sublease. Lessee may assign this Lease to any wholly owned subsidiary without obtaining King County's consent or payment of fees.

22. CONDEMNATION.

A. King County and Lessee will immediately notify the other in writing of the receipt of notice of any proceedings with respect to a condemnation or intent of any authority to exercise the power of eminent domain.

B. If all of the premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, this Lease terminates as of the date condemner takes possession, and Lessee will have no claim or interest in or to any award of just compensation

except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvement taken by the condemner made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.

C. If part of the premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, King County or Lessee may choose to terminate this Lease as of the date the condemner takes possession. If neither King County nor Lessee elects to terminate this Lease, the rent will be reduced in the same proportion that the value of the portion of the premises to be taken bears to the value of the entire premises as of the date condemner takes possession. Lessee will have no claim or interest in or to any award of just compensation or damages except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in the part taken by the condemner of any improvements made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.

D. If temporary use of all or a portion of the premises is taken by any lawful authority for a period which would reduce the leasehold and, consequently, would cause the premises to be untenable for the use by Lessee for the purposes set forth in the section of this Lease titled "Use," then, at Lessee's determination, King County or Lessee may choose to terminate this Lease. If King County or Lessee elect to terminate the Lease, the Lease will terminate the date the condemner takes possession and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvements made to the premises by the Lessee. If neither King County or Lessee elects to terminate this Lease, the Lease will continue in full force and Lessee will be entitled to receive any award from the condemner for the use of all or part of the premises, EXCEPT that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event Lessee shall not be entitled to any portion of the award attributable to said use.

E. It is understood and agreed that Lessee shall not be party to any negotiation or proceedings at law wherein King County claims compensation other than that which is defined statutorily as constituting "just compensation."

23. **ANTI-DISCRIMINATION.** In all services or activities and all hiring or employment made possible by or resulting from this Lease, there shall be no discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: Employment, advertising, lay-off or termination, rates of pay or other forms of

compensation, and selection for training, including apprenticeship. The Lessee shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964, King County Code 12.16.020, or any other applicable federal, state, or local law or regulations regarding non-discrimination. Any violation of this provision shall be considered a violation of a material provision of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part of the lease by the County, and may result in ineligibility for further County agreements. The Lessee will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

24. **HEIRS, AGENTS, AND ASSIGNS.** Without limiting any provisions of this Lease pertaining to assignment and subletting, the provisions of this Lease bind the heirs, successors, agents and assigns of any of the parties to this Lease.
25. **CAPTIONS.** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
26. **TIME OF THE ESSENCE.** Time is of the essence of this Lease, and in the event of the failure of Lessee to pay any charges at the time in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.
27. **CUMULATIVE REMEDIES.** No provision of this Lease precludes King County from pursuing any other remedies for Lessee's failure to perform his obligations.
28. **ATTORNEY'S FEES/COLLECTION CHARGES.** In the event legal action is brought by either party to enforce any of the terms, conditions, or provisions of this Lease, the prevailing party shall recover against the other party in addition to the costs allowed by law, such sum as the court may adjudge to be a reasonable attorney's fee. In addition to all other charges, Lessee shall pay a charge of \$150.00 to King County for preparation of a demand for delinquent rent or a notice of default.
29. **HOLDING OVER.** If the Lessee holds over after the expiration or earlier termination of the term hereof without the express written consent of King County, Lessee shall become a tenant at sufferance only at a rental rate equal to one hundred-fifty percent (150%) of the rent in effect upon the date of such expiration (prorated on a daily basis), and otherwise subject to the terms, covenants, and conditions herein specified so far as applicable. Acceptance by King County of rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor affect King County's right of re-entry or any rights of King County hereunder or as otherwise provided by law. If Lessee fails to surrender the premises upon the expiration of this Lease despite demand to do so by King County, Lessee shall indemnify and hold King County harmless from all loss or liability including, without limitation, any claim made by any succeeding Lessee founded on or resulting from such failure to surrender and together with interest, attorney's fees, and costs.

30. **HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE.**

A. **DEFINITION.** "Hazardous Materials" as used herein shall mean:

- i. Any toxic substances or waste, sewage, petroleum products, radioactive substances, medical, heavy metals, corrosive, noxious, acidic, bacteriological or disease-producing substances; or
- ii. Any dangerous waste or hazardous waste as defined in:
 - a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70.105); or
 - b. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or
- iii. Any hazardous substance as defined in:
 - a. Comprehensive Environmental Response, Compensation and Liability Act of 1980 as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or
 - b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105D); or
- iv. Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment, which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

B. Lessee shall not without first obtaining King County's prior written approval, use, generate, release, handle, spill, store, treat, deposit, transport, or dispose of any Hazardous Materials in, on, or about the premises, or transport any Hazardous Material to or from the premises. In the event, and only in the event, King County approves any of the foregoing, Lessee agrees that such activity shall occur safely and in compliance with all applicable federal, state, and local laws, ordinances and regulations.

C. **ENVIRONMENTAL COMPLIANCE.**

- i. Lessee shall, at Lessee's own expense, comply with all federal, state and local laws, ordinances and regulations now or hereafter affecting the premises, Lessee's business, or any activity or condition on or about the premises, including, without limitation, all laws, ordinances and regulations related to Hazardous Materials and all other environmental

laws, ordinances and regulations, and any other laws relating to the improvements on the premises, soil and groundwater, storm water discharges, or the air in and around the premises, as well as such rules as may be formulated by King County ("the Laws"). Lessee warrants that its business and all activities to be conducted or performed in, on, or about the premises shall comply with all of the Laws. Lessee agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations may be necessary at any time during the lease to comply with the Laws.

- ii. Lessee shall not cause or permit to occur any violation of the Laws on, under, or about the premises, or arising from Lessee's use or occupancy of the Premises, including, but not limited to, soil and ground water conditions.
- iii. Lessee shall promptly provide all information regarding any activity of Lessee related to Hazardous Materials on or about the premises that is requested by King County. If Lessee fails to fulfill any duty imposed under this paragraph within a reasonable time, King County may do so; and in such case, Lessee shall cooperate with King County in order to prepare all documents King County deems necessary or appropriate to determine the applicability of the Laws to the premises and Lessee's use thereof, and for compliance therewith, and Lessee shall execute all documents promptly upon King County's request. No such action by King County and no attempt made by King County to mitigate damages shall constitute a waiver of any of Lessee's obligations under this paragraph.
- iv. Lessee shall, at Lessee's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities ("the Authorities") under the Laws.
- v. Should any Authority demand that a cleanup plan be prepared and that a cleanup be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Lease at or from the Premises, or which arises at any time from Lessee's use of occupancy of the Premises, then Lessee shall, at Lessee's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Lessee shall carry out all such cleanup plans. Any such plans and cleanup are subject to King County's prior written approval.

D. INDEMNIFICATION.

- i. Lessee shall be fully and completely liable to King County for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any Authority with respect to Lessee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials in or about the premises, common area, or buildings. Lessee shall indemnify, defend, and save King County harmless from any and all of the costs, fees, penalties, and charges assessed against or imposed upon King County (as well as King County's attorney's fees and costs) by any Authority as a result of Lessee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials, or from Lessee's failure to provide all information, make all submissions, and take all steps required by all Authorities under the Laws.
- ii. Lessee shall indemnify and hold King County harmless from any and all claims, liabilities, lawsuits, damages, and expenses, including reasonable attorney's fees, for bodily injury or death, property damage, loss, or costs caused by or arising from the use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Lessee or any of its agents, representatives or employees in, on, or about the premises occurring during the term of the this Lease.

E. REPORTING REQUIREMENTS. Lessee shall comply with the Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to King County a full copy of any such filing or report as submitted within 15 days of such submission.

F. RIGHT TO CHECK ON LESSEE'S ENVIRONMENTAL COMPLIANCE. King County expressly reserves the right, and Lessee shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the premises as King County, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems.

G. REMEDIES. Upon Lessee's default under this Section 30 HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE, King County shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to the County:

- i. At King County's option, to terminate this Lease immediately; and/or,
- ii. At King County's option, to perform such response, remediation and/or cleanup as is required to bring the premises and any other areas of King County property affected by Lessee's default into compliance with the

Laws and to recover from Lessee all of the County's costs in connection therewith; and/or

- iii. To recover from Lessee any and all damages associated with the default, including but not limited to, response, remediation and cleanup costs and charges, civil and criminal penalties and fees, adverse impacts on marketing the premises or any other adjacent areas of King County property, loss of business and sales by King County and other King County lessees, diminution of value of the premises and/or other adjacent areas owned by King County, the loss of or restriction of useful space in the premises and/or other adjacent areas owned by King County, any and all damages and claims asserted by third parties, and King County's attorney's fees and costs.

H. REMEDICATION ON TERMINATION OF LEASE. Upon the expiration or earlier termination of this Lease, Lessee shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the premises, Lessee shall undertake whatever other action may be necessary to bring the premises into full compliance with the Laws ("Termination Cleanup"). The process for such Termination Cleanup is subject to King County's prior written approval. If Lessee fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, King County may elect to perform such Termination Cleanup after providing Lessee with written notice of the County's intent to commence Termination Cleanup, and after providing Lessee a reasonable opportunity, which shall be not less than ninety (90) days after such notice (unless King County is given notice by a government agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time, in which case King County shall give Lessee notice of such shorter time), to commence or resume the Termination Cleanup process. If King County performs such Termination Cleanup after said notice and Lessee's failure to perform same, Lessee shall pay all of King County's costs.

I. SURVIVAL. Lessee's obligations and liabilities under this Section 30, HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE, shall survive the expiration of this Lease.

31. SEVERABILITY. If any term or provision of this Lease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this Lease, or the application of the term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected and will continue in full force.

END OF GENERAL TERMS AND CONDITIONS