



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 17, 2013

Ordinance 17664

Proposed No. 2013-0306.2

Sponsors McDermott and Patterson

1 AN ORDINANCE approving a new public health clinic
2 lease to provide continuing public health services in the
3 Kent area, in council district five.

4 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

5 **SECTION 1. Findings:**

6 A. The King County department of public health provides essential public health
7 services in the area of the city of Kent.

8 B. Public health Seattle and King County has determined that significant
9 operational efficiencies and service enhancements can be achieved by relocating its
10 existing leased clinic in Kent to leased space located at 25742 104th Avenue SE, Kent.

11 C. The King County executive has negotiated a new lease for the King County
12 public health clinic at the proposed location in the Kent area.

13 D. The King County executive is authorized to lease real property for use by the
14 county as provided in K.C.C. 4.56.186 and consistent with the provisions of K.C.C.
15 4.04.040 requiring approval by ordinance of any lease with a cumulative term of two
16 years. The subject lease provides an initial term of twelve years.

17 **SECTION 2.** The King County executive is hereby authorized to execute the
18 lease in substantially similar form as provided in Attachment A to this ordinance.

19 SECTION 3. If any one or more of the covenants or agreements provided in this
20 ordinance to be performed on the part of the county is declared by any court of competent
21 jurisdiction to be contrary to law, then such a covenant or covenants, agreement or
22 agreements are null and void and shall be deemed separable from the remaining
23 covenants and agreements of this ordinance and in no way affect the validity of the other
24 provisions of this ordinance or of the lease.

25 SECTION 4. The subject lease is hereby approved in substantially similar form
26 to that of Attachment A to this ordinance.

27

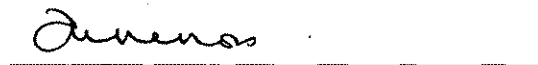
Ordinance 17664 was introduced on and passed by the Metropolitan King County Council on 9/16/2013, by the following vote:

Yes: 7 - Mr. Phillips, Ms. Hague, Ms. Patterson, Ms. Lambert, Mr. Dunn, Mr. McDermott and Mr. Dembowski
No: 0
Excused: 2 - Mr. von Reichbauer and Mr. Gossett

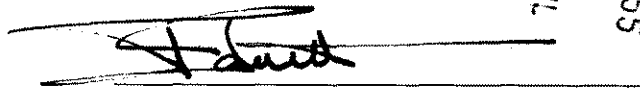
KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:


Anne Noris, Clerk of the Council

APPROVED this 26th day of September, 2013.


Dow Constantine, County Executive

RECEIVED
2013 SEP 27 PM 3:55
KING COUNTY COUNCIL CLERK

Attachments: A. Kent Public Health Lease Agreement revised

ATTACHMENT A
KENT PUBLIC HEALTH LEASE AGREEMENT

Lease # _____

LEASE AGREEMENT

THIS LEASE AGREEMENT, dated _____, 2013 (for reference purposes only), is made by and between **KHP Limited Partnership**, a Washington Limited Partnership (hereinafter called Lessor) and **King County**, a political subdivision of the State of Washington (hereinafter called Lessee):

WITNESSETH:**1. Premises:**

1.1 Lessor does hereby agree to lease to Lessee those certain Premises comprising approximately 12,499 rentable square feet of the building shown on **Exhibit A** attached hereto, and legally described on **Exhibit B** attached hereto together with parking rights as provided herein (the "Premises"). The Premises comprise 8.24% of the shopping center known as Kent Hill Plaza, consisting of 151,600 rentable square feet, located at 25742 104th Avenue SE, Kent, WA 98031 (the "Property").

1.2 As part of the Premises, Lessee shall provide non-exclusive access to all common area parking which shall include no less than 78 parking stalls; 8 parking stalls located directly in front of the Premises on an exclusive basis; and 16 secure, fenced parking stalls for overnight parking of Lessee's vehicles on an exclusive basis at a location reasonably acceptable to Lessee; all as shown on Exhibit A. All such parking shall be provided by Lessor to Lessee without charge during the Term of this Lease.

1.3 Prior to commencement of the Lease and following the demising of the Premises and construction of Tenant Improvements (as defined in Exhibit C), the Premises shall be measured by Lessor per Building Owners and Managers Association (BOMA) standards and certified by Lessor's architect both as to the area of the Premises and the Premises' percentage of the Property. The certified area of the Premises, if different from the area of the Premises specified above, shall be substituted herein in sections 1, 7, 8 and 10 as applicable.

1.4 During the Term of this Lease, Lessor shall have no right to relocate the Premises without Lessee's written consent at its sole and absolute discretion.

2. Term:

2.1 The Term of this Lease shall be for **one hundred forty-four (144) months**, commencing no later than sixty (60) days following Landlord's Substantial Completion (as defined in Exhibit C) of Tenant Improvements, or November 29, 2013, whichever is later, but not later than the date upon which Lessee commences operations from the Premises (the "Commencement Date").

2.2 In the event that Lessor is unable to deliver possession of the Premises with Tenant Improvements Substantially Complete within 12 months following execution of this Lease,

through no fault of Lessee or delays in obtaining building permits for construction of the Tenant Improvements, Lessee shall have the right to terminate this Lease and shall have no further obligation thereunder.

3. **Lessee's Renewal Options:** Lessee shall have the option at its sole discretion to renew the Term of this Lease for three (3) additional five (5) year terms by providing Lessor no less than 180 days' prior written notice exercising said option for each additional five (5) year Term (the "Renewal Option Terms"). Rent during the Renewal Option Terms shall be 95% of the then Fair Market Rent (as defined below).

3.1 **Determination of Fair Market Rent.** Lessor and Lessee shall have ninety (90) business days after Lessor receives notice of Lessee's election to renew the Term of this Lease in which to agree on the Base Rent during the applicable Renewal Option Term. The term "**Fair Market Rent**" shall be the rental rate that Comparable Premises, as herein defined, in the Kent and adjacent submarket in which the Premises is located would command for the same term as the applicable Renewal Option Term on the open market at the time Lessee provides its notice of election to renew the Term, as determined jointly by Lessor and Lessee. For purposes hereof, the term "**Comparable Premises**" shall mean premises of similar size and location to the Premises in a project similar in size and location to the Property in the Kent and adjacent submarket area in which the Premises is located, excluding any Tenant Improvements installed in the Premises at Lessee's expense.

Lessor shall submit its opinion of Fair Market Rent to Lessee within thirty (30) business days after Lessor's receipt of Lessee's election to renew the Term and Lessee shall respond thereto within thirty (30) business days thereafter by either (a) accepting Lessor's opinion of Fair Market Rent (in which case such Fair Market Rent shall be used to determine Base Rent during the Renewal Option Term) or (b) submitting Lessee's opinion of Fair Market Rent. If Lessor and Lessee cannot agree upon the Fair Market Rent of the Premises within thirty (30) days thereafter, then Lessor and Lessee within fifteen (15) business days shall each submit to each other their final written statement of Fair Market Rent ("Final Statement"). Within fifteen (15) days thereafter Lessor and Lessee shall each appoint an appraiser accredited with an MAI designation by the Appraisal Institute, licensed and currently practicing in the State of Washington and with experience in the Kent market. The appointed appraisers shall promptly determine whether Lessor's or Lessee's Final Statement of Fair Market Rent is the closest to the actual Fair Market Rent of the Premises (in such appraisers' opinion), without any compromising or averaging, and such Final Statement of Fair Market Rent shall be the Fair Market Rent used in determining Base Rent during the Renewal Option Term. If Lessor and Lessee's appointed appraisers are unable to reach agreement on Fair Market Rent for the renewal period, the appraisers shall jointly appoint a third appraiser who will proceed to determine whether Lessor's or Lessee's Final Statement is the closest to the actual Fair Market Rent of the Premises (in such appraiser's opinion), without any compromising or averaging, and such Final Statement of Fair Market Rent shall be the Fair Market Rent used in determining Base Rent during the Renewal Option Term.. The fees and expenses of said appraiser shall be borne equally by Lessor and Lessee, and each of Lessor and Lessee shall bear its own legal fees and costs.

4. **Lessee's Termination Option:** Lessee shall have the option at its sole

discretion to terminate this Lease at the conclusion of the fifth (5th) year of the initial Term subject to 180 days' prior written notice and payment, at the time of notice, of seven-twelfths (7/12^{ths}) of the Tenant Improvement Allowance (as defined below), the Base Building Work (as defined in Exhibit C), and the Leasing Commissions (as defined in Exhibit C).

5. **Right of First Refusal:** Lessee shall have a one-time right of first refusal to lease the vacant space located adjacent to and created by the demising of the Premises, pursuant to the terms and conditions of this Lease and Base Rent based on a rental rate not to exceed the rate then in effect for the Premises. Lessor shall notify Lessee in writing of the availability of the adjacent vacant space, including the terms and conditions for leasing such adjacent vacant space, prior to agreeing to lease the space to another tenant or prospective tenant, and Lessee shall accept or reject such offer within thirty (30 days).

6. **Use:** Lessee shall use the Premises for public health clinic/facility purposes, and may use the Premises for any other lawful use subject to Lessor's prior written consent which shall not be unreasonably withheld, conditioned or delayed. Lessee shall have access to the Premises and the availability of HVAC and other services at all times during the Term of this Lease including, without limitation, 24 hours per day, 7 days per week and 365 days per year.

7. **Preparation of Premises and Delivery of Possession:**

7.1 Lessor shall deliver the Premises on a "turnkey" basis including: the design and construction of the Base Building Work; and the design and construction of the Tenant Improvements including, without limitation: architectural fees; all operating systems including, without limitation, HVAC (including initial HVAC balancing), electrical distribution (including service delivery to the Premises and distribution within the Premises), and plumbing; construction management fees; and resolution of code compliance issues, if any, and the costs associated therewith. Lessor shall contract for and manage all design and construction of the Base Building Work and the Tenant Improvements subject to Lessee's reasonable and timely review and approval of general contractor selection, space planning, construction plans, and the Tenant Improvement Budget (as defined in Exhibit C) and the Work Schedule, as provided in the Workletter Agreement. Lessor shall deliver the Premises with the roof, structure, insulation, windows, parking areas and all operating and mechanical systems, as well as the Base Building Work and the Tenant Improvements, in good working condition. Lessor shall deliver the Premises and the common area of the Property in compliance with all applicable laws including, without limitation, applicable building codes and use as a public accommodation as defined in the Americans with Disabilities Act.

7.2 **Tenant Improvement Allowance.** Lessor, at Lessor's expense, shall provide Lessee a Tenant Improvement Allowance of Three Hundred Twelve Thousand Four Hundred Seventy-Five Dollars (\$312,475.00) (the "Tenant Improvement Allowance") subject to Lessee's reimbursement to Lessor of approved Tenant Improvement costs in excess of the Tenant Improvement Allowance payable as Additional Rent, in accordance with the provisions of the Workletter Agreement. The amount of said Tenant Improvement Allowance is based on the rate of \$25 per square feet of Premises leased.

7.3 **Base Building Work.** Lessor, at Lessor's expense, shall provide the Base Building Work in accordance with the provisions of the Workletter Agreement.

7.4 **Refurbishment Allowance.** Lessor, at Lessor's expense, shall provide Lessee a Refurbishment Allowance, for improvements to the Premises, at the end of the fifth (5th) year of the Lease Term in the amount of Eighty-Seven Thousand Four Hundred Ninety-Three Dollars (\$87,493.00) based on the rate of \$7.00 per square foot of Premises leased; provided that Lessee has not previously exercised its Option to Terminate this Lease as provided herein. At Lessee's sole discretion, Lessee may credit all or any portion of the Refurbishment Allowance against Base Rent or Additional Rent payable to Lessor.

8. **Rent:** Lessee covenants and agrees to pay Lessor, at Lessor's address without deduction or offset, monthly base Rent in the amount shown below payable in advance, without prior notice or demand, on the first day of each month of the Lease Term. Rent for any fractional calendar month, at the beginning of the calendar term, shall be prorated.

<u>Time Period</u>	<u>Monthly Base Rent</u>	<u>Base Rent Per Square Foot/Year</u>
Years 1 – 5	\$17,831.91 ¹	\$17.12
Years 6 – 12	\$19,394.28 ¹	\$18.62

¹ Based on 12,499 square foot of Premises (subject to measurement and certification)

9. **Services and Utilities:** Lessor shall furnish and perform the services necessary for the operation of the Premises in a manner substantially similar to comparable properties in the vicinity of the Property, commensurate with good building management practices as defined by the current guidelines of the Building Owners and Managers Association. Said services shall include, without limitation: operation, maintenance and repair of the grounds, buildings and parking areas; janitorial service in accordance with the Janitorial Scope of Work as defined in Exhibit F; Utilities; HVAC, electrical, plumbing and other mechanical systems operation and maintenance; pest control; and maintenance and monitoring of the fire/life safety system.

"Utilities" shall be defined as including, without limitation, electricity, natural gas (if used), water, sewer and waste disposal. Lessor shall provide separate metering for electricity and natural gas (if used) and Lessee may submeter the Premises for water and sewer at Lessee's option. Lessee shall provide telephone, voice/data and internet service at Lessee's expense.

The cost of separately metered electricity and separately metered natural gas (if used) for the Premises and submetered or estimated allocation of water and sewer expense for the Premises together with Lessee's pro rata share of common area utilities, shall be paid by Lessee to Lessor as Operating Expense.

10. **Operating Expense:**

10.1 In addition to Base Rent as provided herein, Lessee shall pay as Additional Rent its pro rata share of Operating Expense for the Property which shall include the Services and

Utilities provided for in Section 9, all costs of operation, maintenance and repair of the Property as determined by standard real estate accounting practice including, without limitation: maintenance and repair of the grounds, buildings and parking areas; janitorial service for the Premises including an administration fee equal to 5% of Lessor's actual cost therefore; wages, salaries and benefits of employees directly engaged in the operation, maintenance and repair of the Property; cost of consumable supplies and materials used in the operation, maintenance and repair of the Property; cost of insurance covering the Property including casualty and liability insurance (and all deductibles); accounting, legal (excluding actions regarding other tenants) and professional fees incurred in connection with the operation, maintenance and repair of the Property; cost or rental value of the on-site office for the Property excluding any costs related to leasing; and a management fee not to exceed 3% of Base Rent.

Operating Expense shall include capital expenditures mandated by a governmental authority after the Lease Term has commenced; or undertaken with the reasonable expectation by Lessor of reducing Operating Expense meaning that the savings achieved by the capital expenditure shall be greater than the amortized expense to Lessee. All capital expenditures that qualify to be included as Operating Expense shall be amortized on a straight line basis over the expected useful life of the improvement in accordance with generally accepted accounting principles. Capital Expenditures mandated by a governmental authority after the Lease Term has commenced for improvements required solely for the conduct of Lessee's business as defined in Section 6 ("Public Health Capital Expenditures"), shall be designed and constructed by Lessor in the same manner as Tenant Improvements as provided in Exhibit C including, without limitation, Lessor's preparation of plans and specifications subject to Lessee's approval and Lessee's reimbursement of Lessor's expense for design and construction with payment as Additional Rent. Public Health Capital Expenditures shall not be included as Operating Expense. Reimbursement of Public Health Capital Expenditures shall be amortized over the remaining Term of the Lease or, at Lessee's sole option, may be paid in full by Lessee in the same manner as provided for payment of Tenant Improvements as provided in Exhibit C.

The following costs shall not be included in Operating Expense and shall be paid by Lessor: costs for the maintenance, repair and replacement of structural members including the foundation, slab, roof structure (but not the roof surface or gutters), and exterior and load-bearing walls (but not paint or cosmetic repairs); repairs to the extent covered by insurance proceeds, or paid by Lessee or third parties; insurance deductibles in excess of commercially reasonable levels under insurance maintained by Lessor with respect to the Property; interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Property; free rent and other financial incentives provided to other tenants; and costs relating to repairs, alterations, improvements and equipment which must be capitalized under generally accepted accounting principles, except as expressly provided above.

In the event that Lessor fails to operate, maintain or repair the Property as provided herein and such failure persists for an unreasonable time, but not greater than ninety (90) days, after written notice from Lessee to Lessor of the need for such operation, maintenance or repair, then Lessee shall have the right to perform such operation, maintenance or repair and the cost therefore shall be deducted from the Base Rent and Additional Rent payable by Lessee to Lessor. Notwithstanding, Lessee shall not be entitled to perform such self-help remedies if Lessor has

begun to perform such operation, maintenance or repair within ninety (90) days and diligently pursues such action to completion.

10.2 Taxes and Assessments. Lessee shall pay as Operating Expense its pro rata share of real property taxes and assessments of any public authority against the Property and the cost of contesting any tax. Real property taxes and assessments shall include all real property taxes and assessments of any kind, tax on Lessor's interest under this Lease, or any tax in lieu of the foregoing, whether such tax is now in effect (excluding any tax based upon Lessor's net income).

10.3 Lessee's Pro Rata Share. Lessee's pro rata share of Operating Expense shall be a percentage thereof equal to the percentage which the net rentable area of the Premises bears to the total net rentable area of the Property. Notwithstanding the foregoing, Lessor may adjust Lessee's pro rata share of any operating expense in order to allocate such operating expense among tenants in the Property in an equitable manner based upon the usage of and benefits to such tenants, respectively. By way of example, if tenants A and B pay for trash directly to the waste utility, then tenant A and B's share of the trash expense shall be zero. Lessee's share of the trash expense shall be a percentage thereof equal to the percentage by which the net rentable area of the Premises bears to the Adjusted Rentable Area of the Property. The Adjusted Rental Area shall be calculated by subtracting the net rentable area of tenant A and B's from the net rentable area of the Property.

10.4 Payment. Lessee's pro rata share of Operating Expense during the first calendar year of the Term is estimated to be \$4.60 per square foot of Premises leased; provided that Lessee's estimated \$4.60 per square foot pro rata share of Operating Expense during the first year of the Term excludes janitorial expense, as provided in Exhibit F, and the cost of metered electricity and natural gas (if used) for the Premises. Thereafter, at the beginning of each calendar year during the Term of the Lease, Lessor may re-estimate Lessee's share of Operating Expense for the ensuing calendar year or portion thereof. Lessor may revise the estimate during the course of any year. Lessee will pay Lessee's estimated share of Operating Expense on the first day of each calendar month during the Term hereof. If Lessor bills on an estimated basis, Lessor shall within 120 days after the end of any calendar year give Lessee written notice of Lessee's actual share of Operating Expense. If Lessee's payments of its estimated share for such calendar year differ from Lessee's actual share, Lessor shall make a written adjustment within 30 days after the giving of such notice either crediting Lessee's account, or billing Lessee for additional amounts due and Lessee's payment therefore shall be due and payable within 30 days. If Lessor bills on an actual basis Lessee will pay Lessee's actual share of Operating Expense on the first day of the first calendar month after such bill.

10.5 Audit. Lessee or its authorized representatives shall have the right to audit and copy the records of Lessor related to Operating Expense during the Term of this Lease, and within 12 months following expiration or earlier termination thereof, subject to 20 days' prior written notice to Lessor, during normal business hours at Lessor's local business offices. In the event Lessee in good faith disputes the accuracy of any such statement of Operating Expense on the basis of any such audit or otherwise, such dispute must be alleged in reasonable detail in written notice to Lessor within 30 days following Lessee's completion of such audit. If actual

Operating Expense is determined to have been overstated by Lessor for any calendar year, then Lessor shall have 30 days thereafter to make such adjustment refund as is applicable, and if actual Operating Expense is determined to have been overstated by Lessor for any calendar year by in excess of 3%, Lessor shall pay the reasonable cost of Lessee's audit not to exceed \$2,000.

11. **Alterations:** Lessee shall not make any alterations or additions to the Premises without the prior written permission of the Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Any alterations shall become the property of Lessor upon termination of the lease.

12. **Signs:** All signs placed by Lessee on or about the Premises shall be at Lessee's sole expense subject to applicable City of Kent requirements and Lessor's prior written approval which consent shall not be unreasonably withheld, conditioned or delayed.

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

14. **Indemnity and Hold Harmless:** Lessor and Lessee mutually agree that in any and all causes of action and/or claims, or third party claims, arising under the terms, activities, use and/or operations of this Lease, including the leased Premises, each party shall be responsible to the other only to the extent of each other's comparative fault in causing alleged damages or injuries. Notwithstanding the provisions of 16 (below), each party agrees to indemnify the other to the extent of the indemnitor and indemnitee's proportional share.

As to any and all causes of actions and/or claims, or third-party claims, arising under the sole fault of a party to this Lease, said party shall have a duty to defend, save, and hold the other party harmless, and upon failure to do so, said party shall pay reasonable attorney's fees, costs and expenses incurred by the other party to this Lease in defense of said claims and/or actions.

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 extent provided herein. LESSOR AND LESSEE ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS SECTION 14 WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

15. **Insurance:** Lessee, a charter county government under the constitution of the State of Washington maintains a fully funded Self-Insurance program as defined in King County Code 4.12 for the protection and handling of the County's liabilities including injuries to persons and damage to property. Lessor acknowledges, agrees and understands that the Lessee is self-funded for all of its liability exposures. The Lessee agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Lease. The

Lessee agrees to provide the Lessor with at least 30 days' prior written notice of any material change in the Lessee's self-funded program and upon request will provide the Lessor with a certificate of self-insurance as adequate proof of coverage. The Lessor further acknowledges, agrees and understands that the Lessee does not purchase Commercial General Liability insurance and is a self-insured governmental entity; therefore the Lessee does not have the ability to add the Lessor as an additional insured.

16. **Subletting and Assignment:** Lessee shall not sublet the whole or any part of the Premises, nor assign this Lease or any interest thereof, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, conditioned or delayed; provided that assignment or sublet of the Premises to a subsidiary or affiliate shall not require Lessor's consent.

17. **Damage or Destruction:** In the event the Premises are damaged to such an extent as to render them untenantable in whole or in part and Lessor elects to repair or rebuild, the work shall be prosecuted without unnecessary delay. Rent shall be abated while such work is in progress, in the same ratio that the portion of the leased Premises that is unfit for occupancy shall bear to the whole of the leased Premises. If after a reasonable time, not to exceed one hundred twenty (120) days, the Lessor shall fail to proceed to repair or rebuild and diligently pursue such repairs or rebuilding to its completion within 180 days of commencement of same, Lessee shall have the right to declare this Lease terminated by written notice served on the Lessor. In the event the building, in which the leased Premises are located, 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 lease by written notice to Lessee within one hundred twenty (120) days after such damage or destruction.

18. **Liens:** Lessor and Lessee shall keep the Premises and the building in which the Premises are situated free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee or Lessor excepting any encumbrances related to Lessor's mortgage and financing.

19. **Right of Entry:** Lessor reserves and shall at any and all reasonable times have the right to enter the Premises, inspect the same, and supply any services to be provided by the Lessor to Lessee hereunder, to show the Premises to prospective purchasers, mortgagees, or tenants, and to repair the Premises and any portion of the building of which the Premises are a part and may for the purpose erect scaffolding and other necessary structures when reasonably required by the character of the work performed, all as providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of Lessee shall not be interfered with unreasonably. Except for emergencies, Lessor shall give reasonable notice before entry to repair the Premises. Notwithstanding the foregoing, Lessor shall not have access to Lessee's vaults, safes, files, medical records areas, pharmacy and dispensary areas, and security, server and communication rooms.

Lessor shall not retain a key or key card with which to unlock any of the doors, in, upon, and about the Premises. Lessor shall have the right to use any and all means which Lessor may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Lessee except for any failure to exercise due care for Lessee's property. Any entry to

the Premises obtained by Lessor by any of said means or otherwise shall not under any circumstances be construed or deemed to be forceful or unlawful entry into, or a detainer of the Premises, or an eviction of Lessee for the Premises or any portion thereof provided said entry relates to emergency purposes as aforesaid.

20. **Hazardous Substances:**

20.1 Lessor and Lessee mutually agree that no generation, use, release, handling, transportation, treatment or storage of hazardous substances (Hazardous Substances) exist on the Premises. Lessor acknowledges and fully discloses that the Premises contain no known Hazardous Substances as defined by applicable law. Upon the execution of this lease, if Lessor or Lessee subsequently discovers the existence of Hazardous Substances on the Premises, Lessor and Lessee shall disclose to each other this material fact and act within full compliance of all applicable laws, regulations and safety practices governing Hazardous Substances. Lessor and Lessee further mutually agree that in any and all causes of action and/or claims, or third-party claims, arising under the terms, activities, use and/or operations of this lease, each party shall be responsible, to the extent of each other's comparative fault in causing the alleged damages or injuries. Notwithstanding paragraph fourteen (above), each party agrees to indemnify, defend and hold harmless Lessor or Lessee, its appointed and elected officials, employees, from and against any and all claims, liabilities, damages, and expenses, including reasonable attorney's fees, asserted against Lessor or Lessee by a third party, including without limitation, any agency or instrumentality of the federal government, state or local government, for bodily injury, including death of a person, physical damage to or loss of use of property, or clean-up activities (including but not limited to investigation, study, response, remedial action, or removal), fines or penalties arising out of or relating to the presence, release, or threat of release of a Hazardous Substance existing or emanating from the Premises, except that which existed or emanated from the Premises prior to Lessee's possession of the Premises or to the extent caused by the act or omission of Lessor or Lessee. Lessor's and Lessee's obligations under this paragraph shall survive the expiration or other termination of this lease.

20.2 **Definition of Hazardous Substances.** "Hazardous Substances" as defined in this lease shall mean:

- a. Any toxic substances or waste, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances; provided that substances used in Lessee's normal course of business pursuant to the permitted Uses hereunder shall be excluded; 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. § 9610 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.

21. **Waiver of Subrogation:** 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, or the property of others, resulting from fire or other hazards covered by fire and extended coverage insurance and each hereby releases the other from any such claim or liability regardless of the cause of such loss or damage so covered by insurance. In the event of any increased cost or impairment of ability to obtain such insurance, the party suffering such increased cost or impairment may terminate such waiver and release upon written notice to the other party hereto. Such waiver is conditioned upon the parties having had their respective insurance companies 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.

22. **Eminent Domain:** Should the Premises or any portion thereof be taken for public use by right of eminent domain with or without litigation, 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 other than that portion of said award, if any, based upon a taking of the Lessee's leasehold improvements or affixtures, shall belong and be paid to Lessor, and Lessee hereby assigns, transfers, and sets over to Lessor all of the right, title, and interest which it might otherwise have therein. 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 lease or relocate, at Lessor's expense. If either less or more than twenty-five percent (25%) of the Premises is taken and the Lessee does not elect to terminate as herein provided, the rental 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.

23. **Holding-Over:** If, with Lessor's written consent, which such consent shall not be unreasonably withheld, Lessee holds possession of the Premises after the term of this lease or any extension thereof, Lessee shall become a tenant from month-to-month upon the terms herein specified, but at a monthly rent equivalent to 100% of the then prevailing rent payable by Lessee at the expiration of the Term of this Lease or any extension thereof for the first three months and 125% thereafter, and subject to the continued application of all of the provisions of paragraph eight and ten herein, payable in advance on the first day of each month. If Lessee holds possession after the term of this lease or any extension thereof without Lessor's written consent, which shall not be unreasonably withheld, tenant shall become a tenant from month-to-month upon the terms herein specified, but at a rent equivalent to 150% of the then prevailing rent.

24. **Surrender of Premises:** At the end of the term of this lease or any extension thereof or other sooner termination of this lease, Lessee will peaceably deliver up to Lessor possession of the Premises in the same condition as received, except for ordinary wear and tear and damage by fire, earthquake, force majeure or the elements alone, and Lessee will deliver all keys to the Premises to the Lessor. In addition, Lessee at Lessee's expense will remove Lessee's goods and

effects and trade fixtures, and those of all persons claiming under Lessee, and Lessee will repair any damage resulting from such removal.

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

26. **Subordination:** If a lender requires that this lease be subordinated to any encumbrance now of record or any encumbrance recorded after the date of this lease, this lease shall be subordinated to that encumbrance, if Lessor first obtains from the lender a written agreement that provides substantially the following:

26.1 As long as Lessee is not in default under this lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance, shall affect Lessee's rights under this lease.

26.2 The provisions in this lease concerning the disposition of insurance proceeds on destruction of the Premises, and the provisions in this lease concerning the disposition of any condemnation award shall prevail over any conflicting provisions in the encumbrance.

26.3 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.

26.3 Lessee shall execute the written agreement and any other documents required by the lender to accomplish the purposes of this paragraph.

27. **Estoppel Certificates:** Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement prepared by Landlord specifying the following, subject to any modifications necessary to make such statements true and complete: the date the term commenced and the date it expires; the amount of minimum monthly Rent and the date to which such Rent has been paid; that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date and terms of agreement so affecting this Lease); that this Lease represents the entire agreement between the parties; that on this date there are no existing claims, defenses or offsets which Tenant has against the enforcement of this Lease by Landlord; that no Rent has been paid more than one month in advance; and that the security deposit is as stated in the Lease. It is intended that any such statement delivered pursuant to this paragraph may be relied upon by a prospective purchaser of Landlord's interest or the holder of any mortgage upon Landlord's interest in the Building. Tenant shall endeavor to respond to Landlord's request for a certificate as above provided within thirty (30) days of receipt by Tenant of a written request by Landlord.

28. **Successors and Assigns:** All of the agreements, conditions and provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee.

29. **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, gender identification or expression, 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 Lessor shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964 or King County Code 12.16.125. 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 and may result in ineligibility for further agreements. The Lessor will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

30. **Rules and Regulations:** Lessee shall faithfully observe and comply with the rules and regulations which shall apply to and be for the mutual benefit of all tenants in the building in which the Premises are located, and all reasonable modifications of and additions thereto from time-to-time put in effect by Lessor.

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

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

To Lessee: King County Real Estate Services Section
ADM-ES-0830
500 Fourth Avenue, Suite 830
Seattle, WA 98104-2337

To Lessor: KHP Limited Partnership
C/O Gramor Development WA, LLC
950 North 72nd Street #100
Seattle, WA 98103

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

33. **Time:** Time is of the essence of this lease and of each and all of the agreements,

conditions, and provisions herein.

34. **Entire Agreement:** This Lease contains all covenants and agreements between Lessor and Lessee relating in any manner to the leasing, occupancy and use of the Premises and Lessee's use of the building and other matters set forth in this lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Lessor and Lessee, as subject to approval of Lessee's legislative authority, if applicable.

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

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

37. **Addenda:** Any addendum attached hereto and either signed or initialed by the Lessor and Lessee shall be deemed a part hereof.

38. **Authority:** Each individual executing this Lease on behalf of the parties represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such party and that such execution is binding upon such party.

The remainder of this page intentionally blank.

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

LESSOR: KHP Limited Partnership

By: KHP Partners, LLC
Its General Partner

By: _____
John Graham, Manager

Date: _____

LESSEE: King County

By: _____

Name: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

By: _____
Timothy Barnes, Senior Deputy
Prosecuting Attorney

**APPROVED BY CUSTODIAL
AGENCY:**

By: _____

Date: _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

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

Date:

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

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this day personally appeared before me _____, to me known to be the _____ of the _____ 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 _____, day of _____, 20 ____.

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

Exhibit A **Site Plan**

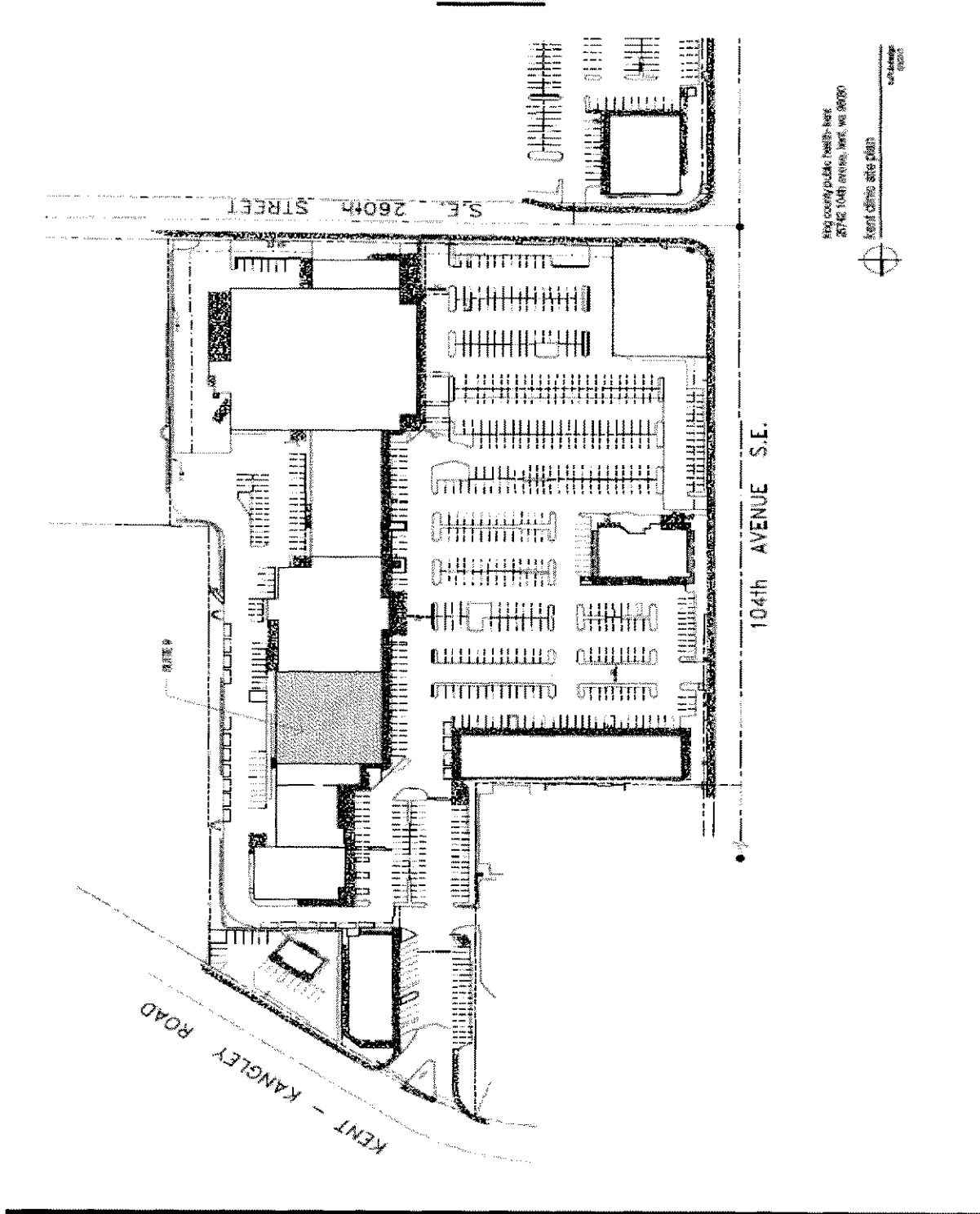


Exhibit B

Legal Description

A portion of the real property legally described as follows:

COMMENCING AT THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 22 NORTH, RANGE 5 EAST, W.M.; THENCE NORTH 00°05'16" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER, ALSO BEING THE CENTERLINE OF 104TH AVENUE SOUTHEAST AS PER RECORDING NO. 2739765, 791.34 FEET; THENCE SOUTH 89°24'10" EAST 42.00 FEET TO A POINT ON THE EAST MARGIN OF 104TH AVENUE SOUTHEAST AS PER RECORDING NO. 2739765 AND 6387731 ALSO BEING THE WEST TERMINUS OF THE PROPERTY LINE DETERMINED BY QUIT CLAIM DEED BETWEEN VYZIS AND JASPER PER RECORDING NO. 8608051471 AND THE TRUE POINT OF BEGINNING;

THENCE SOUTH 89°24'10" EAST ALONG SAID QUIT CLAIM PROPERTY LINE 258.02 FEET TO THE EAST LINE OF THE WEST 300 FEET OF SAID NORTHEAST QUARTER;
 THENCE NORTH 00°05'16" WEST ALONG THE EAST LINE OF THE WEST 300 FEET OF SAID NORTHEAST QUARTER 474.54 FEET TO THE SOUTHERLY MARGIN OF KENT-KANGLEY ROAD, AS ESTABLISHED BY QUIT CLAIM DEED RECORDED UNDER RECORDING NUMBER 5962935 AND SUPERIOR COURT CAUSE NO. 79-2-02655-7, AND THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIAL BEARING OF SOUTH 20°20'05" WEST AND A RADIUS OF 236.50 FEET;
 THENCE ALONG SAID SOUTHERLY MARGIN AND SAID CURVE SOUTHERLY AND EASTERLY AN ARC DISTANCE OF 67.56 FEET THROUGH A CENTRAL ANGLE OF 16°22'05";
 THENCE SOUTH 53°17'50" EAST ALONG SAID SOUTHERLY MARGIN 117.24 FEET;
 THENCE SOUTH 00°05'16" EAST PARALLEL TO THE WEST LINE OF SAID NORTHEAST QUARTER 160.50 FEET;
 THENCE NORTH 89°54'44" EAST 147.00 FEET TO A POINT ON THE EAST LINE OF THE WEST 600 FEET OF SAID NORTHEAST QUARTER;
 THENCE SOUTH 00°05'16" EAST ALONG THE EAST LINE OF THE WEST 600 FEET OF SAID NORTHEAST QUARTER 575.94 FEET;
 THENCE SOUTH 89°01'34" EAST PARALLEL TO THE SOUTH LINE OF SAID NORTHEAST QUARTER 45.01 FEET;
 THENCE SOUTH 00°05'16" EAST PARALLEL WITH THE WEST LINE OF SAID NORTHEAST QUARTER 404.52 FEET TO THE NORTH MARGIN OF SOUTHEAST 260TH STREET AS PER RECORDING NO. 8307110091;
 THENCE NORTH 89°01'34" WEST ALONG THE NORTH MARGIN OF SOUTHEAST 260TH STREET AS PER RECORDING NOS. 8307110091, 8302070032, 8302070033, AND 8302040043, 501.09 FEET;
 THENCE NORTH 00°05'16" WEST PARALLEL WITH THE WEST LINE OF SAID NORTHEAST QUARTER 156.03 FEET;
 THENCE NORTH 89°01'34" WEST PARALLEL WITH THE SOUTH LINE OF SAID NORTHEAST QUARTER 107.02 FEET TO THE EAST MARGIN OF 104TH AVENUE SOUTHEAST AS PER RECORDING NOS. 2739765 AND 7703140210;
 THENCE NORTH 00°05'16" WEST ALONG SAID EAST MARGIN 266.12 FEET;
 THENCE NORTH 89°24'33" WEST ALONG SAID EAST MARGIN 7.00 FEET;
 THENCE NORTH 00°05'16" WEST ALONG SAID EAST MARGIN 100.00 FEET;
 THENCE SOUTH 89°24'33" EAST ALONG THE EAST MARGIN OF 104TH AVENUE SOUTHEAST AS PER RECORDING NOS. 2739765 AND 6387731, 12.00 FEET;
 THENCE NORTH 00°05'16" WEST 239.44 FEET ALONG SAID EAST MARGIN TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND UTILITIES OVER A 25 FOOT WIDE STRIP OF LAND WITH A CENTERLINE, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF THE SOUTH 434.45 FEET OF THE EAST 208 FEET OF THE WEST 808 FEET OF THE SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER WHICH LIES NORTH 88°51'38" EAST, 30 FEET FROM THE NORTHWEST CORNER OF SAID PARCEL.

Exhibit C

Workletter Agreement

This **WORKLETTER AGREEMENT** (the "Workletter") is attached to and made a part of that certain Lease Agreement (the "**Lease**") between **KHP Limited Partnership**, a Washington Limited Partnership (hereinafter called Lessor), and **King County**, a political subdivision of the State of Washington (hereinafter called Lessee):

The purpose of this Workletter is to set forth how the initial Base Building Work and Tenant improvements to the Premises are to be constructed and designed, who will be responsible for constructing and designing the initial Base Building Work and Tenant improvements, and who will pay for the initial Base Building Work and Tenant Improvements. Lessor and Lessee agree as follows:

1. Defined Terms. Unless the context otherwise requires, terms used in this Workletter shall have the same meaning as such terms in the Lease. Notwithstanding the foregoing, the following capitalized terms shall have the meanings set forth below.

"**Architect**" means Lessor's contract architect, Buffalo Architects, as approved by Lessee.

"**Base Building Work**" means the construction work to be completed by Lessor, at Lessor's expense, to prepare the Premises for construction of Tenant Improvements, as provided in Paragraph 3 below.

"**Budget**" has the meaning set forth in Paragraph 5 of this Workletter.

"**Building Standard**" means the standard materials, finishes and workmanship to be used in the design, construction and installation of Tenant improvements in the Building.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which United States national banks in Seattle, Washington are authorized or required by law to be closed for business.

"**Construction Contract**" means the contract between Lessor and Contractor for the construction and installation of the Tenant Improvements.

"**Contractor**" means the general contractor selected by Lessor and approved by Lessee for purposes of completing the Tenant Improvements.

"**Design Agreement**" means that certain agreement entitled "Memorandum of Understanding between King County and KHP Limited Partnership" last executed on February 6, 2013 providing for Lessor to commence the design of Lessee Improvements subject to Lessee's reimbursement of Lessor's costs as provided therein.

"**Costs of the Work**" means all costs of completing the Work, including the Contractor's fees, sales taxes, utilities, and all other reasonable costs incurred by Lessor in connection with

the construction of the Tenant Improvements as provided in this Workletter.

"Lessee Delay" means any delay that Lessor may encounter in the performance of the Work as a result of (i) delays resulting from changes in or additions to the Interior Drawings which are requested by Lessee after the Interior Drawings have been approved pursuant to Paragraph 2 below, or any changes to the Budget or the Work Schedule after the Budget and the Work Schedule have been approved pursuant to Paragraph 3 below; (ii) delays by Lessee in the timely submission of information (including its approval of the Interior Drawings, the Budget or the Work Schedule) within the time periods provided for in this Workletter, or the giving of authorizations or approvals within any time limits set forth in this Workletter or the Work Schedule; (iii) delays due to the postponement of any of the Work at the request of Lessee; or (iv) delays otherwise attributable to the acts or omissions of Lessee or its employees, agents or contractors.

"Lessee's Representative" means the individual designated by Lessee as its Tenant Improvement representative pursuant to Paragraph 10 of this Workletter.

"Leasing Commissions" means the total leasing commissions paid by Lessor to Lessee's leasing representative, NAI Puget Sound Properties, and to Lessor's leasing representative, Wallace Properties, pursuant to this Lease. Lessor shall provide to Lessee written documentation reasonably acceptable to Lessee of the total cost of the Leasing Commissions paid by Lessor, as provided herein, within thirty (30) days of the Commencement Date.

"Preliminary Budget" means the preliminary budget for the Work attached hereto as Exhibit D which shall be the basis for the preparation of the Budget.

"Preliminary Space Plan" means the space plan attached hereto as Exhibit E which shall be the basis for the preparation of the Interior Drawings.

"Interior Drawings" means all plans, specifications and drawings necessary to construct the Tenant Improvements to the Premises, which shall include all construction documents, and mechanical, electrical and plumbing drawings necessary to construct the Tenant Improvements, which Interior Drawings shall be prepared, subject to Lessee's approval, in accordance with Paragraph 2 of this Workletter.

"Substantially Complete" and **"Substantial Completion"** mean the Work is complete to the extent that Lessee may reasonably use and occupy the Premises for the purpose for which the same were intended, subject to minor details of construction and mechanical adjustments that remain to be completed by Lessor ("punchlist items"), as evidenced by issuance of a Standard AIA Certificate of Substantial Completion executed by the Architect and issuance of a certificate of occupancy (or other governmental approval permitting the occupancy of the Premises by Lessee) by the local governmental authority.

"Tenant Improvements" means those certain initial improvements to the Premises described in the Interior Drawings as the same may be modified pursuant to Paragraph 8 below, including all items of Work, labor and materials, that are utilized directly or indirectly in altering, repairing, improving, adding to, modifying or otherwise changing the Premises.

"Tenant Improvement Options and Alternatives" means those certain additional Tenant Improvements to the Premises described and priced in the Preliminary Budget and subsequently included in the approved Interior Drawings and the approved Budget, subject to reimbursement by Lessee to Lessor as provided in Section 6.

"Work" means the design, permitting and construction of the Tenant Improvements in accordance with the Interior Drawings.

"Work Schedule" has the meaning set forth in Paragraph 3 of this Workletter.

2. **Preparation and Approval of Interior Drawings:** Lessor and Lessor's Architect have previously contracted to commence the design of Tenant Improvements subject to Lessee's reimbursement of Lessor's costs pursuant to the Design Agreement.

Lessor and Lessee have approved the Preliminary Space Plan. Promptly after the full execution of the Lease, Lessor and Lessee will meet with Architect and Contractor to prepare the Interior Drawings based on the Preliminary Space Plan. Lessee agrees to provide Architect with such information as Architect may request so that Architect can prepare the Interior Drawings. The Interior Drawings shall be prepared by Architect and submitted to Lessee and Lessor for their review and approval. Lessee shall have ten (10) Business Days after receiving the Interior Drawings to approve the Interior Drawings, or disapprove them and provide Lessor and Architect with its comments. Upon receipt of Lessee's comments, Lessor will cause Architect to revise the Interior Drawings and resubmit the Interior Drawings to Lessee and Lessor. Lessee shall have five (5) Business Days after receiving the revised Interior Drawings to either approve the revised Interior Drawings, or disapprove the revised Interior Drawings and provide Lessor with its comments. The process outlined in the preceding two sentences shall be repeated until Lessor and Lessee have mutually agreed on the Interior Drawings.

3. **Lessor's Base Building Work:** Lessor shall complete the following Base Building Work to prepare the Premises for construction of Tenant Improvements, at Lessor's expense:

- All utility hook-ups brought to the suite.
- Sanitary sewer main and domestic trunk water line installed with centrally located sanitary wyes and valve tees to facilitate connection of plumbing.
- 2' x 2' or 2' x 4' ceiling grid installed at 9' to 10' above the finished floor.
- 2' x 2' tegular ceiling tile (or 2' x 4' "second look" tegular ceiling tile) stocked in the Premises and ready for installation.
- Electrical service shall be provided in Tenant's electrical closet with enough electrical capacity to accommodate Tenant's layout per the specifications in the Scope of Work outlined by the Architect, BuffaloDesign, for HVAC system if applicable.
- All HVAC equipment, including but not limited to VAV boxes, perimeter induction units, heat pumps, diffusers, ductwork, and thermostats, necessary to adequately provide a comfortable work environment for approximately 12,000 square feet shall be installed and in good working order – not to

include supplemental HVAC for computer/packing/processing area. There shall be a minimum of 4 zones. HVAC system should be capable of meeting all current energy and indoor air quality codes and standards.

- Building standard sprinkler system installed with further retrofitting as part of the tenant improvement allowance.
- All demising walls to deck with 5/8" gypsum drywall insulated, taped, spackled and sanded ready to receive paint.
- All exterior perimeter walls and columns with 5/8" gypsum drywall taped, spackled and sanded ready to receive paint.
- All fire protection and life safety equipment within the Premises as required meeting current codes.
- The Building's envelope shall meet current Washington State Energy Code requirements.

Lessor shall provide to Lessee written documentation reasonably acceptable to Lessee of the total cost of the Base Building Work paid by Lessor, as provided herein, within thirty (30) days of the Commencement Date.

4. **Lessor's Contractor and Construction Bids:** Lessor shall obtain two bids for construction of the Tenant Improvements, in accordance with the approved Interior Drawings, including a bid from Pattison General Contractor. The Contractor selected by Lessor and approved by Lessee shall be the contractor submitting the lowest bid for construction of the Tenant Improvements as provided herein. Notwithstanding the foregoing, Lessor may elect to select a contractor that submitted a bid for construction that is not the lowest responsible bid, subject to Lessee's reasonable approval; provided that Lessor shall be responsible for paying any costs in excess of the lowest bid, at Lessor's expense.

5. **Construction of Tenant Improvements:** Lessor and Lessee have approved the Preliminary Budget. Promptly after the full execution of the Lease and prior to executing the Construction Contract, Lessor will provide Lessee for Lessee's approval, which approval will not be unreasonably withheld, delayed or conditioned, (i) a proposed final budget for the total Costs of the Work (the "**Budget**"), and (ii) a schedule for the commencement and completion of the Work (the "**Work Schedule**"). Lessee shall have five (5) Business Days after receiving the Budget and the Work Schedule to notify Lessor of its approval or disapproval of the Budget and the Work Schedule. If Lessee does not approve the Budget or the Work Schedule, Lessor and Lessee will promptly meet with Architect and Contractor for the purpose of "value engineering" with respect to the Work. The parties will collaborate in good faith to reduce the scope of Work in order to complete the Work within the approved Budget. The process outlined in the preceding two sentences shall be repeated until Lessor and Lessee have mutually agreed on the Budget and the Work Schedule. Once the Budget and the Work Schedule have been approved by Lessor and Lessee, Lessor will enter into the Construction Contract with Contractor and will cause the Tenant Improvements to be constructed in accordance with the Interior Drawings, as the same may be revised in accordance with Paragraph 8 below. Pursuant to RCW 39.04.260, Lessor's construction of the Tenant Improvements shall comply with chapter 39.12 RCW.

6. **Amounts Payable by Lessee:** Lessor and Lessor's Architect have previously contracted to commence the design of Lessee Improvements subject to Lessee's

reimbursement of Lessor's costs pursuant to the Design Agreement. Payments made pursuant to the Design Agreement shall not subsequently be subject to any credit from the Tenant Improvement Allowance.

Lessee shall pay Lessor for all approved Tenant Improvement costs including space planning, design, construction drawings and specifications, permits, project management and other construction related costs, in excess of Lessor's Tenant Improvement Allowance as provided herein. Lessor shall forward Lessor's invoices for approved Tenant Improvement costs including, without limitation, copies of invoices and other documentation reasonably requested by Lessee, for payment by Lessee on a monthly basis as Additional Rent as bills are presented by vendors and in advance of the Commencement Date. In no event shall the Budget for approved costs of Tenant Improvements, as provided herein, exceed Two Million Forty-One Thousand Three Hundred Ninety-One Dollars (\$2,041,391.00).

7. Acceptance of the Premises; Effect of Lessee Delays:

(a) Lessor will notify Lessee when the Tenant Improvements are Substantially Complete. Within three (3) Business Days after receiving such notice, and prior to move-in of any furniture, fixtures or equipment, Lessee shall inspect the Premises for any deficiencies in the Work. A "punchlist" of all the deficiencies in the Work shall be prepared and agreed upon by both Lessor and Lessee. Lessor will correct defective items stated in the punchlist which are the responsibility of Lessor or the Contractor. If Lessee does not so provide Lessor with a punchlist prior to occupying the Premises, Lessee shall be deemed to have accepted the Premises and the Tenant Improvements in their then present condition, except for latent defects not reasonably discoverable upon an inspection of the Premises. The existence of minor punchlist items shall not postpone the Commencement Date of the Lease or result in a delay or abatement of Lessee's obligation to pay Base Rent and Additional Rent or give rise to a damage claim against Lessor. Lessor agrees to complete all punchlist items which are Lessor's or the Contractor's responsibility within thirty (30) days after receiving the final punchlist (or longer if reasonably necessary subject to Lessor's prompt initiation of the completion of said punchlist items and continuing good faith efforts to expeditiously and continuously complete said punchlist items).

(b) If Substantial Completion of the Tenant Improvements is delayed because of a Lessee Delay, then Lessee's obligation to pay Base Rent and Additional Rent under the Lease and the Lease Term shall commence on the date the Premises would have been Substantially Complete except for the Lessee Delay, as reasonably determined by Architect.

8. Changes in Work: Lessee shall have the right to request, in writing, changes to the Interior Drawings and to the Work, subject to Lessor's reasonable prior approval. Lessor shall notify Lessee in writing of any additional costs and any construction delays attributable to such change and whether or not Lessor approves or disapproves of the requested change. Lessor may condition its approval of any change on receipt of written confirmation from Lessee within five (5) Business Days after receiving Lessor's notice, that Lessee will pay the additional cost of making the change and any costs Lessor will incur as a result of any delays, which payment shall be made in the manner prescribed in Section 6 herein. If Lessee fails to deliver Lessor written notice that it still desires the requested change within such five (5) Business Day period, Lessee shall be deemed to have withdrawn its request for the change.

9. **Early Entry:** With Lessor's prior written approval, Lessee and Lessee's contractors shall have the privilege of entering into the Premises prior to the Substantial Completion of the Tenant Improvements for purposes of cable, telephone, furniture and fixtures installation; provided that such entry or work does not interfere with the construction of the Tenant Improvements by Contractor. All of the terms and provisions of the Lease shall be applicable upon such early entry, except for those provisions applicable to the commencement of the Lease Term, acceptance of the Premises and the payment of Base Rent and Additional Rent. Lessee shall be responsible for any damages to the Building or the Premises caused by Lessee or Contractor as a result of such early entry.

10. **Tenant Improvement Representative:** Prior to the commencement of the Work, Lessee shall designate in writing one individual who shall be the Lessee's Representative during the Work. Except as provided herein, Lessor and Contractor shall be entitled to rely on the decisions of such person regarding the Work (and the decisions of such person shall be binding upon Lessee) until Lessor and Contractor have received written notice from Lessee that such person's authority has been revoked. Lessee's approval of the final Budget, Interior Drawings, the Work Schedule and change orders, as provided herein, shall be provided in writing by Lessee's Manager of Real Estate Services, Steve Salyer, or his designee.

11. **Disputes:** Lessor and Lessee shall act in good faith and deal fairly in performing their respective duties under this Workletter. If a dispute arises with respect to design or construction of the Tenant Improvements, or any obligation of the parties under this Workletter, including the calculation or allocation of costs, the parties agree to work diligently to resolve the dispute. In the event the parties cannot resolve the dispute, they may jointly elect to submit the dispute to mediation with a mutually-agreeable mediation firm located in Seattle, Washington. The decision of the mediator shall be non-binding and shall not constitute a condition precedent to having such dispute decided in a court.

12. **Additional Provisions.** This Workletter sets forth the entire agreement of Lessor and Lessee with respect to the completion of the Work. Neither this Workletter nor any of the provisions contained in this Workletter may be changed or waived, except by a written instrument signed by both parties. To the extent any of the terms or conditions of this Workletter conflict with any of the terms or conditions of the Lease, this Workletter shall control.

Exhibit D

Preliminary Budget

TENANT IMPROVEMENT COST ESTIMATE SUMMARY

Project Name:	PH Kent Clinic II	MMRF/CIP #:		Date:	6/6/2013
Requesting Agency:	Public Health	Estimator:	M. Thomas		
Implementing Agency:	FMD	Checked by:	D. Brossard, Terri Flaherty		

Project Scope: Tenant Improvement of 12,499 SF for a new Public Health Clinic including WIC, MSS, Family Planning, Conference/Training Room, based upon Model KCPH Clinic of the Future Program. Lessee to provide 01 Consultant Design and 03.0 Construction as Tenant Improvements per the Lease Agreement. 55 total staff to move to the new Kent site (44 staff from the existing Kent Site, 7 staff from Renton and 4 staff from Federal Way site). Additional Programs include Nurse Family Partnership, Access and Outreach, Early Intervention

ELEMENT - DESCRIPTION	TOTAL PROJECT COST	2013 REQUEST
01 - CONSULTANT DESIGN		
Basic A/E Fee includes	\$207,669	\$207,669
Add. Services (interior design and furniture selection)	\$25,000	\$25,000
Add. Services (Base Building CA)	\$25,000	\$25,000
Reimbursable	\$10,000	\$10,000
Consultant Selection Advertisement Costs	\$0	\$0
Total 01 - Consultant Design Cost	\$267,669	\$267,669
02 - ACQUISITIONS	\$0	\$0
03.0 - CONSTRUCTION LANDLORD		
MAX. ALLOWABLE CONST. COST (MACC INCLUDES 10% CONTINGENCY)	\$1,586,897	\$1,586,897
Sales Tax 8.50% of MACC (Check site area)	\$150,945	\$150,945
Building Permit Fees 1.62% of MACC	\$25,936	\$25,936
Special Inspections incl. in bid of MACC	\$0	\$0
Commissioning 0.50% of MACC	\$7,944	\$7,944
Total 3.0 - Construction Cost Lessor	\$1,773,722	\$1,773,722
TOTAL TENANT IMPROVEMENT COST	\$2,041,391	\$2,041,391

Assumptions:

Lessor responsible for any and all toxic and/or hazardous materials and soils removal and/or abatement
 Lessor shall provide not less than 78 parking stalls; including a minimum of 8 parking stalls in front and 16 secure and fenced parking spaces.
 Lessor shall supply to the Lessee Base Building Work per Lease Agreement Exhibit C Workletter Agreement.

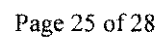


Exhibit F
Janitorial Scope of Work

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).
6. Windows – Interior and exterior perimeter windows to be washed twice per year.