



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 21, 2014

Ordinance 17913

Proposed No. 2014-0367.2

Sponsors McDermott

1 AN ORDINANCE approving the execution of a lease and
2 first lease amendment for space in the Jefferson Building,
3 to support the operations and services of the department of
4 public defense.

5 STATEMENT OF FACTS:

- 6 1. On May 20, 2013, the King County council adopted Ordinance 17588
7 creating a department of public defense within the executive branch.
- 8 2. The four independent nonprofit agencies, which had been providing
9 public defense services to the county under contracts, were subsumed as
10 divisions into the newly created department of public defense.
- 11 3. One of the nonprofits subsumed into the new department was the
12 Society of Counsel Representing Accused Persons ("SCRAP"), which had
13 been leasing space in the Jefferson Building, located at 1401 E Jefferson
14 St., Seattle, Washington within council district two.
- 15 4. The intent of the department of public defense is to ultimately
16 consolidate its divisions within county-owned buildings.
- 17 5. However, there is a need for space near the juvenile justice center
18 located at 12th and Alder.

19 6. The facilities management division determined, through consultation
20 with the department, that continued leasing in the Jefferson Building is the
21 most cost-effective option for the county.

22 7. The facilities management division successfully negotiated with the
23 landlord of the Jefferson Building a new ten-year lease for the space
24 previously leased by SCRAP, effective March 24, 2014.

25 8. Subsequent to executing the lease, clarifying language was negotiated
26 to be included in the lease. The landlord has already agreed to to amend
27 the lease to include this new clarifying language, as set forth in a first
28 amendment and attached as Attachment B to this ordinance.

29 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

30 SECTION 1. The King County council, having determined that leasing space in
31 the Jefferson Building previously occupied by the Society of Counsel Representing
32 Accused Persons is in the best interest of the public, hereby approves the lease attached
33 as Attachment A to this ordinance, contingent upon the execution of the first lease
34 amendment in substantially the same form as Attachment B to this ordinance. Upon
35 execution of this first amendment, the actions taken by county officials, agents and
36 employees consistent with the terms and purposes of the lease will be hereby ratified,

37 confirmed and approved and the council authorizes the executive to take all actions
38 necessary to implement these agreements.
39

Ordinance 17913 was introduced on 8/18/2014 and passed as amended by the Metropolitan King County Council on 10/20/2014, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Ms. Hague, Ms. Lambert,
Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 1 - Mr. Gossett

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



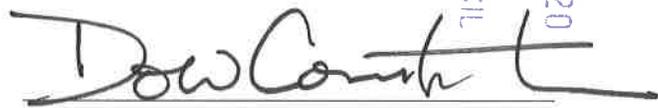
Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 31 day of OCTOBER 2014.



Dow Constantine, County Executive

RECEIVED
2014 OCT 31 PM 2:20
CLERK
KING COUNTY COUNCIL

Attachments: A. Jefferson Building Lease, B. First Amendment of Lease

17913

ATTACHMENT A:

JEFFERSON BUILDING LEASE

81071

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is entered into this 16 day of March ____, 2014, between JEFFERSON HOUSE LLC, a Washington State limited liability company ("Landlord"), and KING COUNTY, a municipal corporation, ("Tenant"). Landlord and Tenant agree as follows:

1. LEASE SUMMARY.

a. Leased Premises. The "Property" consists of the real property legally described on attached Exhibit A, and all improvements thereon and to be constructed thereon pursuant to the terms of this Lease. The "Premises" are outlined on the floor plans attached hereto as Exhibit A-1, and contain 26,002 RSF on floors 1, 2 and 3 all located on the Property. The Premises do not include, and Landlord reserves, the exterior walls and roof of the Premises, the land beneath the Premises, the pipes, ducts, conduits, wires, fixtures and equipment above the suspended ceiling or structural elements of the building in which the Premises are located (the "Building").

b. Lease Commencement Date. The Lease shall commence upon June 1, 2014, (the "Commencement Date").

c. Lease Termination Date. The Lease shall terminate at midnight May 31, 2024, or such earlier or later date as provided in Section 3 (the "Termination Date").

d. Base Rent. Tenant shall pay Landlord base monthly rent at the rates and in the amounts provided in Section 4. The base monthly rent shall be payable at Landlord's address shown in Section 1(h) below, or such other place designated in writing by Landlord.

e. Intentionally deleted.

f. Security Deposit. The amount of the security deposit is \$0.00.

g. Permitted Use. The Premises shall be used only for general office space including but not limited to a legal counseling and defense company, and for no other use without the prior written consent of Landlord.

h. Notice and Payment Addresses:

Landlord: Jefferson House LLC
c/o MaKensay Real Estate Services Inc.
76 S. Washington Street, Suite M-102
Seattle, WA 98104
Fax No.: 206-623-9365

With a copy to: Thomas W. Read
Alston, Courtnage & Bassetti LLP
1420 Fifth Avenue, Suite 3650
Seattle, WA 98101-4011

Fax No.: (206) 623-1752

Tenant: King County
Real Estate Services
500 4th Ave., Room 830
Seattle, WA 98104
Attn: Bob Thompson
Fax No.: (206) 296-7467
Bob.thompson@kingcounty.gov

i. Tenant's Pro Rata Share. Landlord and Tenant agree that Tenant's Pro Rata Share is 54.89%, based on the ratio of the agreed rentable area of the Premises (26,002 rentable square feet) to the agreed rentable area of the Building (47,375 rentable square feet) as of the date of this Lease.

2. PREMISES. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises upon the terms specified in this Lease.

3. TERM.

a. Commencement Date. The first "Lease Year" shall commence on the Commencement Date and shall end on the date which is twelve (12) months from the end of the month in which the Commencement Date occurs. Each successive Lease Year during the initial term and any extension terms shall be twelve (12) months, commencing on the first day following the end of the preceding Lease Year, except that the last Lease Year shall end on the Termination Date.

b. Initial Premises Improvements. Tenant currently occupies the Premises under a separate lease agreement. Landlord is delivering the Premises to Tenant under this Lease, and the Premises shall be accepted by Tenant, in their AS IS condition on the date of this Lease, reasonable wear and tear excluded. Landlord shall provide to Tenant a tenant improvement allowance of \$7.50/RSF, or \$195,015.00 (the "Allowance"). Such Allowance may be utilized by Tenant toward improvements to the Premises anytime during the Lease term. All tenant improvements are subject to the Landlord's prior written approval, and must comply with the terms of Section 12 below. Tenant shall be solely responsible for completing any tenant improvements, but may submit to Landlord its monthly progress payment application package (which shall include invoices for all labor and materials for which payment is requested) which Landlord agrees to pay as work is completed, subject to a standard market retention (holdback) of at least five percent (5%), and subject to Tenant's contractor, subcontractors and suppliers providing to Landlord lien releases for all work for which payment has been made or is being made. The Allowance may not be used as a rent credit, but it may be used for space planning services, and or furniture moving and storage services to complete the tenant improvements. Tenant shall not be eligible to receive any portion of the Allowance when an Event of Default exists under this Lease.

c. Option to Extend Lease Term. Subject to the terms of this paragraph, Tenant shall have the option to extend the term of the Lease beyond the Termination Date of the initial Term for one (1) additional period of five (5) years. To exercise Tenant's option(s) to extend the term, Tenant shall provide Landlord with written notice of its option to extend the Lease Term no earlier than twelve (12) months and no later than nine (9) months prior to the originally scheduled Termination Date. The extended term of the Lease shall be on the same terms and conditions set forth in the Lease, except that at the beginning of the extended term the base rent rate for the extended term shall be adjusted to 100% of the current market rent (as defined below) for comparable office buildings in the Capital Hill/First Hill office market area for such term. Tenant's right to extend the term of the Lease shall be subject to the express conditions that: (a) at the time of exercise, and at all times prior to commencement of the extended term, no Event of Default (as defined in Section 21 below) by Tenant shall have occurred; (b) Tenant shall not have been ten (10) or more days late in the payment of rent more than a total of three (3) times during the Lease term; and (c) the extension option is personal to Tenant and may not be transferred by Tenant without Landlord's consent given in accordance with this Lease.

For purposes of this lease, the term "market rent" shall mean the Full Service rate per rentable square foot that willing, non-equity, tenants are paying for comparable space in comparable buildings in the Capital Hill/First Hill office market area for leases having a similar term. Landlord shall advise Tenant in writing of Landlord's determination of market rent for the Premises not later than thirty (30) days after Tenant exercises its extension right by giving Landlord the notice described in the preceding paragraph. Within thirty (30) days after receiving Landlord's determination of market rent, Tenant shall notify Landlord in writing whether or not Tenant accepts Landlord's determination of market rent. If Tenant disagrees with Landlord's determination of market rent, Tenant shall advise Landlord of Tenant's determination of market rent in the notice required pursuant to the preceding sentence. If Tenant fails to so notify Landlord prior to expiration of its thirty (30) day response period, then Tenant's notice exercising its renewal rights under this Section shall be deemed null and void. If Tenant so notifies Landlord but does not accept Landlord's determination of market rent, the parties shall promptly meet and attempt to resolve their differences. If the parties have not agreed on the market rent within fifteen (15) days after Tenant notifies Landlord that it does not accept Landlord's determination of market rent, then the matter shall be determined by arbitration as provided below. The last day of such fifteen (15) day period is the "Arbitration Commencement Date."

The arbitration will be conducted by an independent, state certified commercial real estate appraiser selected by Landlord who has been active over a ten (10) year period ending on the Arbitration Commencement Date in the appraisal of office properties in King County, Washington. Within fifteen (15) days after his or her appointment, the appraiser shall determine market rent by selecting the market rent rate proposal of either Landlord or Tenant, whichever the appraiser determines to more closely reflect a market rent for the Premises. The parties shall be permitted to submit supporting evidence of their market rental rate to the appraiser. The appraiser may not determine market rent in any other manner. The cost of the arbitration will be paid by the party whose market rent proposal is not selected by the arbitrator. If the arbitrator selects the Tenant's rent proposal, then the Tenant shall be obligated to extend the lease term at that rent rate. If the arbitrator selects the Landlord's rent proposal, then the Tenant shall be obligated to extend the lease term at that rent rate.

4. RENT. Tenant shall pay Landlord without demand, deduction or offset, in lawful money of the United States, the monthly rental stated in Section 1(d) (and as adjusted from time to time, pursuant to this Section 4) in advance on or before the first day of each month during the Lease Term, and any other additional payments due to Landlord (collectively the "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the Lease term shall be prorated based on a thirty (30) day month.

Monthly base rent payable for the Initial Lease term shall be as follows:

<u>Lease Year</u>	<u>Monthly Base Rent</u>
6/1/14 to 5/31/15	\$47,670.33
6/1/15 to 5/31/16	\$49,295.46
6/1/16 to 5/31/17	\$50,920.58
6/1/17 to 5/31/18	\$52,545.71
6/1/18 to 5/31/19	\$54,170.83
6/1/19 to 5/31/20	\$55,795.96
6/1/20 to 5/31/21	\$57,421.08
6/1/21 to 5/31/22	\$59,046.21
6/1/22 to 5/31/23	\$60,671.33
6/1/23 to 5/31/24	\$62,296.46

Provided Tenant is not in default, the initial month (June 2014) of base rent shall be abated.

If any sums payable by Tenant to Landlord under this Lease are not received within five (5) business days (excluding holidays) of the due date, Tenant shall pay Landlord in addition to the amount due, for the cost of collecting and handling such late payment, an amount equal to the greater of \$100 or five percent (5%) of the delinquent amount. In addition, all delinquent sums payable by Tenant to Landlord and not paid within five (5) business days (excluding holidays) of the due date shall bear interest at the rate of twelve percent (12%) per annum, or the highest rate of interest allowable by law, whichever is less. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.

Landlord's acceptance of less than the full amount of any payment due from Tenant shall not be deemed an accord and satisfaction or compromise of such payment unless Landlord specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which Landlord claims.

5. SECURITY DEPOSIT. Tenant is not required to pay a security deposit to Landlord.

6. USES. The Premises shall be used only for the use specified in Section 1(g) above (the "Permitted Use"), and for no other business or purpose without the prior written consent of Landlord. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises or the Building. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Landlord further represents that at the Commencement Date, neither the Premises nor the use thereof by Tenant for the Permitted Use will violate any present law or ordinance applicable to the Property, nor will they violate any covenant, condition or restriction imposed upon the Property.

7. COMPLIANCE WITH LAWS. Tenant shall not cause or permit the Premises to be used in any way which violates any law, ordinance, or governmental regulation or order. Landlord represents to Tenant that, to the best of Landlord's knowledge, with the exception of any Tenant's Work, as of the Commencement Date the Premises comply with all applicable laws, rules, regulations, or orders, including without limitation, the Americans With Disabilities Act, if applicable, and Landlord shall be responsible to promptly cure any noncompliance which existed on the Commencement Date. Following the Commencement Date, Tenant shall be responsible for complying with all laws applicable to the Premises and Landlord shall be responsible for complying with all laws applicable to the Property. If the enactment or enforcement of any law, ordinance, regulation or code during the Lease term requires any changes to the Premises during the Lease term, and if such change is required due to the nature of the Tenant's use of the Premises, then Tenant shall perform all such changes at its expense. If the enactment or enforcement of any law, ordinance, regulation or code during the Lease term requires any changes to the Premises during the Lease term that are not required due to the nature of the Tenant's use of the Premises, or if such enactment or enforcement requires any changes to any portion of the Property outside of the Premises, then Landlord shall perform all such changes at its expense.

8. OPERATING COSTS.

a. Definition. As used herein, the term "Operating Costs" shall mean all costs of operating, maintaining and repairing the Premises, the Building and the Property, determined in accordance with generally accepted accounting principles, and including without limitation the following: all taxes and assessments, including without limitation real and personal property taxes and assessments, local improvement district assessments and other special purpose assessments and taxes on rent or gross receipts; insurance premiums paid by Landlord and (to the extent used) deductibles on insurance policies; water, sewer and all other utility charges (other than utilities separately metered and paid directly by Tenant or other tenants); janitorial and all other cleaning services; refuse and trash removal; refurbishing and repainting; carpet replacement; air conditioning, heating, ventilation and elevator and escalator service; pest control; lighting systems, fire detection and safety services; landscape maintenance; management fees and/or personnel costs in conformance with market based fees and costs for similar services in comparable buildings in the Seattle market; parking lot, road, sidewalk and driveway patching, resurfacing and maintenance; snow and ice removal; amortization (in accordance with generally accepted accounting principles) of capital improvements as Landlord may in the future install to comply with governmental regulations and rules, or as undertaken in good faith with the reasonable expectation of reducing Operating Costs (the useful life of which

shall be a reasonable period of time as determined by Landlord); and cost of legal services (except those incurred directly relating to a particular occupant of the Building); and accounting services, labor, supplies, materials and tools. Landlord and Tenant agree that if the Building is not at least ninety five percent (95%) occupied during any calendar year on a monthly average, then the Operating Costs shall be increased to reflect the operating costs of the Building as though it were ninety five percent (95%) occupied and Tenant's Pro Rata Share of Operating Costs shall be based upon Operating Costs as though adjusted. Operating Costs shall not include: Landlord's income tax or general corporate overhead; depreciation on the Building or equipment therein; loan payments; real estate brokers' commissions; capital improvements to or major repairs of the Building shell (that is, the Building structure, exterior walls and roof not otherwise permitted as described above; or any other costs regarding the operation, maintenance and repair of the Premises, the Building, or the Property paid directly by Tenant or other tenants in the Building.

b. Method of Payment. The base Rent paid by Tenant under this Lease includes Tenant's Pro Rata Share of Operating Costs for the year 2014. As additional Rent, Tenant shall pay to Landlord on the first day of each month commencing on the first day of the calendar year after the year in which the Commencement Date occurs, with Tenant's payment of base Rent, one-twelfth of the amount, if any, by which Tenant's Pro Rata Share of Operating Costs exceeds the Tenant Pro Rata Share of Operating Costs during the Base Year of the Lease. The base year of this Lease is 2014.

Landlord shall provide Tenant, at or before the Commencement Date, with a good faith estimate of the annual Operating Costs for the calendar year in which the Commencement Date occurs. Landlord shall also provide Tenant, as soon as possible following the first day of each succeeding calendar year, a good faith estimate of Tenant's annual Pro Rata Share of the Operating Costs for the then-current year. Each estimate of Tenant's annual Pro Rata Share of Operating Costs determined by Landlord shall be divided into twelve (12) equal monthly installments. In the event that the estimated amount of Tenant's Pro Rata Share of Operating Costs has not yet been determined for any calendar year, Tenant shall pay the monthly installment of the estimated amount determined for the preceding calendar year until the estimate for the current calendar year has been provided to Tenant. At such time as the estimate for the current calendar year has been received, Tenant shall pay any shortfall, or receive a credit for any surplus for the preceding months for the current calendar year and shall, thereafter, make the monthly installment payment in accordance with the current estimate.

As soon as reasonably possible following the end of each calendar year of the Lease term, Landlord shall determine and provide the Tenant a statement ("Operating Costs Statement") setting forth the amount of Operating Costs actually incurred and the amount of Tenant's Pro Rata Share of Operating Costs actually payable by Tenant with respect to such calendar year. In the event the amount of Tenant's Pro Rata Share of Operating Costs exceeds the sum of the monthly installments actually paid by Tenant for such calendar year, Tenant shall pay to Landlord the difference within thirty (30) days following receipt of the Operating Costs Statement. In the event the sum of such installment exceeds the amount of Tenant's Pro Rata Share of Operating Costs actually due and owing, the difference shall be applied as a credit to Tenant's future Pro Rata Share of Operating Costs payable by Tenant pursuant to this Section.

Within one-hundred twenty (120) days after receipt of the Operating Costs Statement, Tenant may give Landlord written notice (the "Review Notice") that Tenant intends to review Landlord's records of the Operating Costs for the calendar year to which the Operating Costs Statement applies. Within a reasonable time after receipt of the Review Notice, Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. If any records are maintained at a location other than at the Building, Tenant may either inspect the records at such other location or pay the reasonable cost of Landlord copying and shipping the records. If Tenant retains a third party to review Landlord's records, the third party must be a CPA licensed to do business in the State of Washington, and may not be compensated on a contingent fee or percentage of recovery basis. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit unless such audit reveals Landlord's overcharge of the Operating Costs by 5% or more in which case all associated costs of the audit shall be paid by Landlord. All such records provided to Tenant shall be treated by Tenant as confidential information. Tenant agrees to keep the results of its review and audit confidential, and not to disclose the results of the audit to any other tenant or past, present or prospective future tenant of the Building. With the exception of Tenant's auditors and legal counsel, Tenant shall not discuss the results of the audit with any third parties. Tenant shall not be entitled to inspect or audit the books and results of Landlord more than once per calendar year.

Within forty five (45) days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "Objection Notice") stating in reasonable detail any objection to the Operating Costs Statement for that year. If Tenant fails to give Landlord an Objection Notice within the 45 day period, or fails to provide Landlord with a Review Notice within the 90 day period described above, Tenant shall be deemed to have approved Landlord's Operating Costs Statement and shall be barred from raising any claims regarding the Operating Costs for the prior year. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Objection Notice. If Landlord and Tenant determine that the Operating Costs for the year in question are less than those recorded, Landlord shall provide Tenant with a credit against the next installment of rent in the amount of the overpayment by Tenant. Likewise, if Landlord and Tenant determine that the Operating Costs for the year in question are more than those recorded, Tenant shall pay Landlord the amount of any underpayment within 30 days.

In no event shall Tenant be permitted to examine Landlord's records or to dispute any statement of Operating Costs unless Tenant has timely paid all rent when due and is not then in default under the Lease.

9. UTILITIES AND SERVICES. Landlord shall provide the Premises the following services, the cost of which shall be included in the Operating Costs: water and electricity for the Premises 7 days per week, 24 hours per day; heating, ventilation and air conditioning at least from 7 a.m. to 7 p.m. Monday through Friday, and Saturday 9 a.m. to 1 p.m.; and janitorial service to the Premises and the Building five nights each week, excluding holidays. Heating, ventilation and air conditioning services will also be provided by Landlord to the Premises during additional hours on reasonable notice to Landlord, at the Tenant's sole cost and expense, at an hourly rate established by Landlord from time to time and payable by Tenant, as billed, as additional rent.

Tenant shall furnish and pay, at Tenant's sole expense, all of the utilities (including but not limited to telephone and cable service if available) and other services which Tenant requires with respect to the Premises, except those to be provided by Landlord as described above. Notwithstanding the foregoing, if Tenant's use of the Premises incurs utility service charges which are above ordinary usage, Landlord reserves the right to require Tenant to pay a reasonable additional charge for such usage. For example, if Tenant installs and uses a number of electronic devices which is greater than normal, the increase usage may result in higher electrical charges and increased charges for cooling due to overheating of all or portions of the Premises.

In regards to the standard janitorial services described above, Landlord shall instruct the outside janitorial service to not use any of the Tenant's equipment, including all computers, and to not read or copy Tenant's private work product. Tenant shall be solely responsible to contract for, or to be responsible for shredding all confidential papers that Tenant wants to dispose of.

10. **TAXES.** Tenant shall pay all taxes, assessments, liens and license fees ("Taxes") levied, assessed or imposed by any authority having the direct or indirect power to tax or assess any such liens by reason of Tenant's use of the Premises, and all Taxes on Tenant's personal property located on the Premises. Landlord shall pay all Taxes with respect for the Building and the Property, including any Taxes resulting from a reassessment of the Building or the Property due to a change of ownership or otherwise, which shall be included in Operating Costs.

Tenant may contest the amount or validity, in whole or in part, of any Taxes at its sole expense, only after paying such Taxes or posting such security as Landlord may reasonably require in order to protect the Premises against loss or forfeiture. Upon the termination of any such proceedings, Tenant shall pay the amount of such Taxes or part of such Taxes as finally determined, together with any costs, fees, interest penalties, or other related liabilities. Landlord shall cooperate with Tenant in contesting any Taxes, provided Landlord incurs no expense or liability in doing so.

11. **COMMON AREAS.**

a. **Definition.** The term "Common Areas" means all areas of the Property that are provided and designated from time to time by Landlord for the general non-exclusive use and convenience of Tenant with other tenants, and which are not leased or held for the exclusive use of a particular tenant. Common Areas may, but do not necessarily, include hallways, entryways, stairs, elevators, escalators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, parking areas and garages, roadways, pedestrian sidewalks, landscaped areas, security areas and lobby or mall areas. Tenant shall comply with such rules and regulations concerning the use of the Common Areas as are adopted by Landlord from time to time. Without advance notice to Tenant and without any liability to Tenant, Landlord may change the size, use or nature of any Common Areas, erect improvements on the Common Areas or convert any portion of the Common Areas to the exclusive use of Landlord or selected tenants, so long as Tenant is not thereby deprived of the substantial benefit of the Premises. Landlord reserves the use of exterior walls and roof, and the right to install, maintain, use, repair and replace pipes, ducts, conduits, and wires leading through the Premises in areas which will not materially interfere with Tenant's use thereof.

b. Use of Common Areas. Tenant shall have the non-exclusive right in common with other tenants to whom Landlord has granted or may grant such rights to use the Common Areas. Tenant shall abide by rules and regulations adopted by Landlord from time to time and shall use its best efforts to cause employees, contractors and invitees to comply with those rules and regulations, and not interfere with the use of Common Areas by others.

c. Maintenance of Common Areas. Landlord shall maintain the Common Areas in good order, condition and repair. This maintenance cost shall be an Operating Cost chargeable to Tenant pursuant to Section 8. Notwithstanding the foregoing, Tenant shall promptly repair at its expense any damage to any Common Areas caused by Tenant's breach of any term of this Lease, or by the neglect or wrongful act or omission of Tenant or any of its employees, agents or contractors.

12. **ALTERATIONS.** Tenant may make alterations, additions or improvements to the Premises ("Alterations") only with the prior written consent of Landlord. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures which may be performed without altering or damaging existing improvements or the structural integrity of the Premises, and Landlord's consent shall not be required for Tenant's installation of those items. Tenant shall complete all Alterations at Tenant's expense in compliance with all applicable laws and in accordance with plans and specifications approved by Landlord, and using contractors approved by Landlord. Landlord shall be deemed the owner of all Alterations except for those which Landlord requires to be removed at the end of the Lease term. Tenant shall not be required to remove any Alterations it makes in accordance with the terms of this Lease unless Landlord, as a condition to granting consent to any Alteration, requires that the Alteration be removed at the expiration or sooner termination of the Lease term as a condition to Landlord's approval of such Alteration. If Tenant is required to remove any Alterations at the end of the Lease term, then Tenant shall remove such alterations at Tenant's expense and restore the Premises to its original condition on the Commencement Date, less reasonable wear and tear. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

13. **REPAIRS AND MAINTENANCE.** Landlord shall, at its sole expense, maintain the Premises in good condition and promptly make all repairs and replacements, whether structural or non-structural, necessary to keep the Premises in safe operating condition, including all utilities and other systems serving the Premises. Landlord shall maintain and repair the Building structure, foundation, exterior walls, roof and the Common Areas, the cost of which shall be included as an Operating Cost. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, agents, contractors, or invitees. Notwithstanding anything in this Section to the contrary, Tenant shall not be responsible for any repairs to the Premises made necessary by the acts of Landlord or its agents, employees, contractors or invitees therein.

On expiration of the Lease term, by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord as in good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty accepted.

14. ACCESS. After reasonable notice from Landlord (except in cases of emergency, where no notice is required), Tenant shall permit Landlord and its agents and employees to enter the Premises at all reasonable times for the purposes of repair or inspection. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within twelve (12) months prior to the Termination Date.

15. SIGNAGE. Tenant shall obtain Landlord's written consent before installing any signs within the Premises that are visible from the outside of the Building or in the common areas of the Building, except that the existing tenant signage located in the 2nd floor elevator lobby is approved. Tenant may not install any signs on the Building exterior without Landlord's prior written consent, which may be granted or withheld in Landlord's sole discretion. Tenant shall install any approved signage at Tenant's sole expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises or the Building in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal.

16. DESTRUCTION OR CONDEMNATION.

a. Damage and Repair. If the Premises are partially damaged, but not rendered untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and this Lease shall not terminate. The Premises shall not be deemed untenable if less than twenty-five percent (25%) of the Premises are damaged. Landlord shall have no obligation to restore the Premises if insurance proceeds are not available to pay the entire cost of such restoration. If insurance proceeds are available to Landlord but are not sufficient to pay the entire cost of restoring the Premises, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty.

If the Premises are entirely destroyed, or partially damaged and rendered untenable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises to their previous condition. If, within sixty (60) days after receipt by Landlord from Tenant of written notice that Tenant deems the Premises untenable, Landlord fails to notify Tenant of its election to restore the Premises, or if Landlord is unable to restore the Premises within six (6) months of the date of the casualty event, then Tenant may elect to terminate the Lease.

If Landlord restores the Premises under this Section 16(a), Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors. So long as Landlord complies with its obligations under this Section, no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises. Landlord will not carry insurance of any kind for the protection of Tenant, or any

improvements paid for by Tenant or for the Tenant's Work, or on Tenant's furniture or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord shall not be obligated to repair any damage thereto or replace the same unless the damage is caused by Landlord's negligence. All such items shall be on the Premises at the sole risk of Tenant, and no loss or damage thereto shall be charged to or borne by Landlord.

b. If twenty-five percent (25%) or more of the Premises are made untenable by eminent domain, or conveyed under a threat of condemnation, this Lease shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. In case of taking of a part of the Premises that does not render the Premises untenable, then this Lease shall continue in full force and effect and the base monthly rental shall be equitably reduced based on the proportion by which the floor area of any structures is reduced, such reduction in Rent to be effective as of the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses or damages resulting from interruption in its business, provided that in no event shall Tenant's claim reduce Landlord's award.

17. **INSURANCE.** The Landlord acknowledges, accepts, and agrees that Tenant, a charter county government under the constitution of the State of Washington, hereinafter referred to as "Tenant," maintains a fully funded self-insurance program as defined in King County Code 4.12 for the protection and handling of the Tenant's liabilities including injuries to persons and damage to property. Landlord acknowledges, agrees and understands that Tenant is self-funded for all of its liability exposures. Tenant agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Lease. Tenant agrees to provide Landlord with at least thirty (30) days prior written notice of any material change in Tenant's self-funded program and will provide Landlord with a certificate of self-insurance as adequate proof of coverage. Landlord further acknowledges, agrees and understands that Tenant does not purchase Commercial General Liability insurance and is a self-insured government entity; therefore, Tenant does not have the ability to add Landlord as an additional insured. Should Tenant elect cease self-insuring its liability exposures and purchase Commercial General Liability insurance, Tenant agrees to add Landlord as an additional insured. Landlord will not carry insurance on any of Tenant's personal property, and Tenant's personal property shall be kept at the Premises at Tenant's sole risk. If Tenant attempts to assign its interest in this Lease, then as a condition to giving any required consent to such assignment, Landlord may condition its consent on the assignee maintaining liability and property insurance on terms satisfactory to Landlord in its reasonable discretion.

a. Landlord Insurance. Landlord shall carry standard form extended coverage fire insurance for the Building in its full replacement value, and such other insurance of such types and amounts as Landlord, in its discretion, shall deem appropriate. The cost of any such insurance may be included in Operating Costs as a "blanket policy" insuring other parties and their locations in addition to the Building, in which case the portion of premiums therefore allocable to the Building and Property shall be included in the Operating Costs. In addition to

the foregoing, in the event Tenant fails to provide or keep enforce any of the insurance as required above, Landlord may, in its discretion, provide such insurance, in which case the cost shall be payable by Tenant to Landlord as additional rent on the first day of the calendar month immediately following demand therefore from Landlord.

b. Miscellaneous. Insurance required under this Section shall be with companies rated A-XV or better in Best's Insurance Guide, and which are authorized to transact business in the State of Washington. No insurance policy shall be canceled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after thirty (30) days prior written notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter, copies or certificates of the insurance policies required by this Section. In no event shall the limit of such policies be considered as limiting the liability of Tenant under this Lease.

c. Waiver of Subrogation. Landlord and Tenant hereby release each other and any other tenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by insurance required to be carried by each of them. Each party shall provide notice to the insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such policies or to the extent of liabilities exceeding the limits of such policies.

18. INDEMNIFICATION. Tenant shall defend, indemnify, and hold Landlord harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, arising from any negligent or wrongful act or omission of Tenant or Tenant's officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors on or around the Premises as a result of any act, omission or negligence of Tenant, or Tenant's officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors, or arising from any breach of this Lease by Tenant. Tenant shall use legal counsel acceptable to Landlord in defense of any action within Tenant's defense obligation. Landlord shall defend, indemnify and hold Tenant harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, arising from any negligent or wrongful act or omission of Landlord or Landlord's officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors on or around the Premises or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel acceptable to Tenant in defense of any action within Landlord's defense obligation.

19. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises, without first obtaining Landlord's written consent, which shall not be unreasonably withheld or delayed. No Transfer shall relieve Tenant of any liability under this Lease notwithstanding Landlord's consent to such transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Landlord's consent to any subsequent Transfer.

If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change(s) in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Tenant, shall constitute a Transfer under this Section.

As a condition to Landlord's approval, if given, any potential assignee or sublessee otherwise approved by Landlord shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant and any guarantor, if required, for the payment of Rent and performance of all terms of this Lease. In connection with any proposed Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption instruments, such other information as Landlord shall require to consider the request, and payment of \$500.00 to reimburse Landlord for costs incurred in considering the request.

If Tenant transfers its interest under this Lease, Tenant shall pay to Landlord (in addition to minimum rent and all other amounts payable by Tenant under this Lease) as additional rent, with ten (10) days after receipt, one half of all rent, bonus rent, assignment fees and other consideration payable by the assignee or subtenant in excess of the rent otherwise payable by Tenant from time to time under this Lease, minus leasing commissions incurred by Tenant due to the sublease or assignment, and out-of-pocket costs incurred by Tenant to pay the costs for renovations made to the Premises to accommodate the assignee or subtenant.

If Tenant at any time desires to Transfer this Lease, it shall give notice (a "Tenant Transfer Notice") to Landlord of its desire to do so, which notice shall state the rent at which it proposes to so Transfer and shall contain full and complete financial and business information on the intended transferee. Landlord may elect by notice to Tenant ("a Landlord's Repossession Notice") to terminate this Lease as to that portion of the Premises subject to the Tenant Transfer Notice. If Landlord exercises such right to terminate, Landlord shall be entitled to recover possession of the portion of the Premises subject to the Tenant Transfer Notice on the proposed date for possession to the transferee, as set out in the Tenant Transfer Notice. All costs incurred by Landlord in constructing improvements, and in separating the remaining premises from the repossessed area of the Premises, if any, shall be paid by Tenant within thirty (30) days of demand. If Landlord does not exercise such right to terminate and otherwise approves the Transfer, Tenant may thereafter transfer the lease or the portion of the Premises subject thereof, at a rental not less than that offered to Landlord in the Tenant Transfer Notice. No action or inaction by Landlord in connection with its rights under this paragraph shall constitute or be deemed to constitute an approval of a proposed Transfer for purposes of this Section 19 except as specifically set forth in the notice from Landlord to Tenant.

20. LIENS. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability from any such liens including, without limitation, liens arising from any Alterations and Tenant's Work. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, upon request of Landlord, at Tenant's expense, immediately furnish to Landlord a bond in form and amount and issued by a surety satisfactory to Landlord, indemnifying Landlord and the Premises against all liabilities, costs and expenses, including attorneys' fees, which Landlord could reasonably incur as a result of such lien(s).

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

a. Failure To Pay. Tenant fails to pay any sum, including Rent, due under this Lease following five (5) business days written notice from Landlord of the failure to pay.

b. Insolvency. Tenant becomes insolvent, voluntarily or involuntarily bankrupt, or a receiver, assignee or other liquidating officer is appointed for Tenant's business, provided that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding such constitute an Event of Default only if such proceeding is not dismissed or vacated within sixty (60) days after its institution or commencement.

c. Levy or Execution. Tenant's interest in this Lease or the Premises, or any part thereof, is taken by execution or other process of law directed against Tenant, or is taken upon or subjected to any attachment by any creditor of Tenant, if such attachment is not discharged within fifteen (15) days after being levied.

d. Other Non-Monetary Defaults. Tenant breaches any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section, and the breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach.

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

Landlord shall in no event be in default in the performance of any of Landlord's obligations under this Lease unless and until Landlord shall have failed to perform such obligations within thirty (30) days, or in the event of an emergency situation which materially affects the use and occupancy of the Premises by Tenant, within five (5) days after notice by Tenant to Landlord specifying wherein Landlord has failed to perform any such obligations and specifying if Tenant believes it to be an emergency condition, provided, however, that if the nature of Landlord's obligation is such that a longer period of time is required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period, or such five (5) day period, as applicable, and thereafter diligently prosecute the same to completion. Notwithstanding the foregoing, in the event of an emergency, if a Landlord default results in a risk to the health or safety of persons in the Building, or poses an eminent risk of significant damage to the Building, the Tenant shall be permitted to take reasonable measures to protect such health and safety or prevent damage to the Building. Tenant shall use reasonable good faith efforts to notify Landlord or its property manager by telephone as soon as possible of any emergency affecting the Building or its occupants. In the event that any such default is not cured within the applicable cure period, Tenant may, without any obligation to do so, make such payments and do such work or otherwise perform Landlord's covenants all on behalf of and at the expense of Landlord. The Landlord agrees to pay to Tenant forthwith the amount of the payment so made and the costs and expenses incurred upon presentation of reasonable supporting documentation thereof.

22. REMEDIES. Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

a. Termination of Lease. Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than written notice from Landlord to Tenant of termination shall terminate this Lease. The Lease shall terminate on the date specified in the notice of

termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all Landlord's Reletting Expenses (as defined below). Landlord shall be entitled to either collect damages from Tenant monthly on the days on which rent or other amounts would have been payable under the Lease, or alternatively, Landlord may accelerate Tenant's obligations under the Lease and recover from Tenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss that Tenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Lease after the time of award exceeds the amount of rent loss that Tenant proves could reasonably be avoided (discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which in the ordinary course would be likely to result from the Event of Default, including without limitation Reletting Expenses described in Section 22b.

b. Re-Entry and Reletting. Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions, as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a written notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. During the Event of Default, Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, plus the net proceeds, if any, after reletting the Premises, after deducting Landlord's Reletting Expenses. "Reletting Expenses" is defined to include all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions, attorneys' fees, remodeling and repair costs, costs for removing and storing Tenant's property and equipment, and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

c. Waiver of Redemption Rights. Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Lease for the Lease term, as it may have been extended.

d. Nonpayment of Additional Rent. All costs which Tenant agrees to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have all the rights herein provided for in case of nonpayment of Rent.

e. Failure to Remove Property. If Tenant fails to remove any of its property from the Premises at Landlord's request following an uncured Event of Default, Landlord may, at its option, remove and store the property at Tenant's expense and risk. If Tenant does not pay the storage cost within five (5) days of Landlord's request, Landlord may, at its option, have any or all of such property sold at public or private sale (and Landlord may become a purchaser at such sale), in such manner as Landlord deems proper, without notice to Tenant. Landlord shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and (iv) the balance, if any, to Tenant. Nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law to foreclose Landlord's lien for unpaid rent.

23. MORTGAGE SUBORDINATION AND ATTORNMENT. This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements or extensions ("Landlord's Mortgage"), provided the holder of any Landlord's Mortgage or any person(s) acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage shall elect to continue this Lease in full force and effect. Tenant shall attorn to the holder of any Landlord's Mortgage or any person(s) acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided such person(s) assume the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section are conditioned on the holder of each of Landlord's Mortgage and each person acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default exists.

During the continuance of any Mortgage until such time as the lien of any such Landlord's Mortgage has been extinguished, and provided Tenant has received from Landlord written notice of the name and address of the holder of the Landlord's Mortgage, no act or failure to act on the part of Landlord that would entitle Tenant under the terms of this Lease or by law to be relieved of Tenant's obligations hereunder to terminate this Lease shall result in a release or termination of such obligations or a termination of this Lease unless (i) Tenant shall have first given written notice to Landlord's act or failure to act to all holders of Landlord's Mortgages, if any, specifying the act or failure to act on the part of Landlord that could or would give basis to Tenant's rights, and (ii) the holders of the Landlord's Mortgages, after receipt of such notice, have failed or refused to diligently and continuously correct or cure the condition complained of within a reasonable time thereafter; but nothing contained in this paragraph shall be deemed to impose any obligation on the holders of the Landlord's Mortgages to correct or cure any such condition. "Reasonable time" as used above means and includes a reasonable time to obtain possession of the Premises, and a reasonable time to correct or cure the condition, if such condition is determined to exist.

24. NON-WAIVER. Landlord's waiver of any breach of any term contained in this Lease shall not be deemed to be a waiver of the same term for subsequent acts of Tenant. The acceptance by Landlord of Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any breach by Tenant preceding such acceptance.

25. HOLDOVER. If Tenant shall, without the written consent of Landlord, hold over after the expiration or termination of the Term, such tenancy shall be deemed to be on a month-to-month basis and may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 125% the rate of rental last payable under this Lease. All other terms of the Lease shall remain in effect.

26. NOTICES. All notices under this Lease shall be in writing and effective (i) when delivered in person, (ii) three (3) days after being sent by registered or certified mail to Landlord or Tenant, as the case may be, at the Notice Addresses set forth in Section 1(h); or (iii) upon confirmed transmission by facsimile to such persons at the facsimile numbers set forth in Section 1(h) or such other addresses/facsimile numbers as may from time to time be designated by such parties in writing.

27. COSTS AND ATTORNEYS' FEES. If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such suit, at trial and on appeal.

28. 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 specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the date the Lease term commenced and the date it expires; (ii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iii) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (iv) that this Lease represents the entire agreement between the parties; (v) that all conditions under this Lease to be performed by Landlord have been satisfied; (vi) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by Landlord; (vii) that no Rent has been paid more than one month in advance; and (viii) that no security has been deposited with Landlord (or, if so, the amount thereof). Any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or assignee of any mortgage or new mortgagee of Landlord's interest in the Premises. If Tenant shall fail to respond within ten (10) days of receipt by Tenant of a written request by Landlord as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee.

29. TRANSFER OF LANDLORD'S INTEREST. This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and

liabilities accruing from and after the date of such transfer, except for any retained security deposit or prepaid rent, and Tenant shall attorn to the transferee.

30. RIGHT TO PERFORM. If Tenant shall fail to timely pay any sum or perform any other act on its part to be performed hereunder, Landlord may make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. Tenant shall, on demand, reimburse Landlord for its expenses incurred in making such payment or performance. Landlord shall (in addition to any other right or remedy of Landlord provided by law) have the same rights and remedies in the event of the nonpayment of sums due under this Section as in the case of default by Tenant in the payment of Rent.

31. HAZARDOUS MATERIAL. Landlord represents and warrants to Tenant that to the best of Landlord's knowledge, there is no "Hazardous Material" (as defined below) on, in, or under the Premises as of the Commencement Date except as otherwise disclosed to Tenant in writing before the execution of this Lease.

Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises by Tenant, its agents, employees, contractors or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or elsewhere, damages arising from any adverse impact on marketing of space at the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term. These indemnifications by Landlord and Tenant include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

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

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

32. **QUIET ENJOYMENT.** So long as Tenant pays the Rent and performs all of its obligations in this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord, or by the holders of any Landlord's Mortgage or any successor thereto.

33. **LIMITATION OF LANDLORD'S LIABILITY.** The liability of Landlord to Tenant for any default by Landlord under this Lease or in any other matter relating to the Premises shall be limited to the interest of Landlord in the Premises. Tenant agrees to look solely to Landlord's interest in the Premises for the recovery of any judgment against Landlord, and Landlord shall not be personally liable for any such judgment or deficiency after execution thereon.

34. **GENERAL.**

a. **Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.

b. **Brokers' Fees.** Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution, or delivery of this Lease other than as disclosed elsewhere in this Lease. Tenant shall indemnify and hold Landlord harmless against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease other than as disclosed elsewhere in this Lease, and any Landlord's broker or agent shall be compensated pursuant to a separate written agreement with Landlord. Landlord shall indemnify and hold Tenant harmless against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.

c. **Entire Agreement.** This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior agreements or understanding pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant.

d. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.

e. **Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.

f. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Washington.

g. Submission of Lease Form Not an Offer. One party's submission of this Lease to the other for review shall not constitute an offer to lease the Premises. This Lease shall not become effective and binding upon Landlord and Tenant until it has been fully signed by both Landlord and Tenant.

h. Parking. Landlord shall provide to Tenant at no additional cost twenty six (26) parking stalls either in the Building garage or in the adjacent outside lot. Tenant shall cause its employees and invitees to comply with any rules and regulations as may from time to time be promulgated by Landlord with respect to parking. Tenant shall pay to Landlord the then going market parking rent for any parking stalls used by Tenant in excess of the 26 parking stalls described above. Landlord may adjust the from time to time the cost of the parking stalls to reflect the market value of the stalls.

i. Authority of Parties. Any individual signing this Lease on behalf of an entity represents and warrants to the other that such individual has authority to do so and, upon such individual's execution, that this Lease shall be binding upon and enforceable against the party on behalf of whom such individual is signing.

35. EXHIBITS AND RIDERS. The following exhibits and riders are made a part of this Lease:

Exhibit A - Legal Description
Exhibit A-1 - Floor Plan
Exhibit B - Landlord's Work
LEASE RIDER

36. AGENCY DISCLOSURE. At the signing of this Agreement,

Landlord's Agent: Frank R. Buchanan of MaKensay Real Estate Services Inc. represented the Landlord.

Tenant's Brokers (Licensees): Larry Almeleh and Ed Curtis of Washington Partners, Inc. represented the Tenant.

If Tenant's Licensee and Landlord's Agent are different salespersons affiliated with the same Broker, then both Buyer and Seller confirm their consent to that Broker acting as a dual agent. If Tenant's Licensee and Landlord's Agent are the same salesperson representing both parties, then both Landlord and Tenant confirm their consent to that salesperson and his/her Broker acting as dual agent. Landlord and Tenant confirm receipt of the pamphlet entitled "The Law of Real Estate Agency."

IN WITNESS WHEREOF this Lease has been executed the date and year first above written.

LANDLORD:

JEFFERSON HOUSE LLC

By: [Signature]
Name: James Wulfer
Its: Manager

TENANT:

KING COUNTY

By: [Signature]
Name: [Signature]
Its: [Signature]
GRIFF HOUSE
Manager, Real Estate Services
King County

APPROVED AS TO FORM:
King County Department of Public Defense



David Chapman, Director

APPROVED AS TO FORM:
King County Prosecuting Attorney



Tim Barnes, Senior Deputy Prosecutor

STATE OF WASHINGTON)

COUNTY OF King) ss.

On this 26th day of March, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared James Wolfe, known to me to be the Manager of JEFFERSON HOUSE LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.



Signature

Gigitt-Ngok ee Koh

Print Name

NOTARY PUBLIC in and for the State of Washington, residing at Seattle

My commission expires 8.21.2017



STATE OF WASHINGTON)

COUNTY OF King) ss.

On this 24 day of March, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared GAIL HOUSZA, known to me to be the Real Estate Services Dept of KING COUNTY, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said nonprofit corporation, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.



[Signature]
Signature
B. Douglas Williams
Print Name
NOTARY PUBLIC in and for the State of
Washington, residing at Seattle
My commission expires 12/4/2015

Exhibit A

[Legal Description]

LEGAL DESCRIPTION:

Lots 4, 5, 6 and 7, Block 11, SQUIRE PARK ADDITION TO THE CITY OF SEATTLE, according to the Plat thereof recorded in Volume 8 of Plats, Page 6, in King County, Washington;

EXCEPT the East 8 feet of Lots 4 and 7 conveyed to the City of Seattle for alley.

Situate in the County of King, State of Washington.

EXHIBIT A-1

[Floor Plan of Premises]

THE JEFFERSON BUILDING

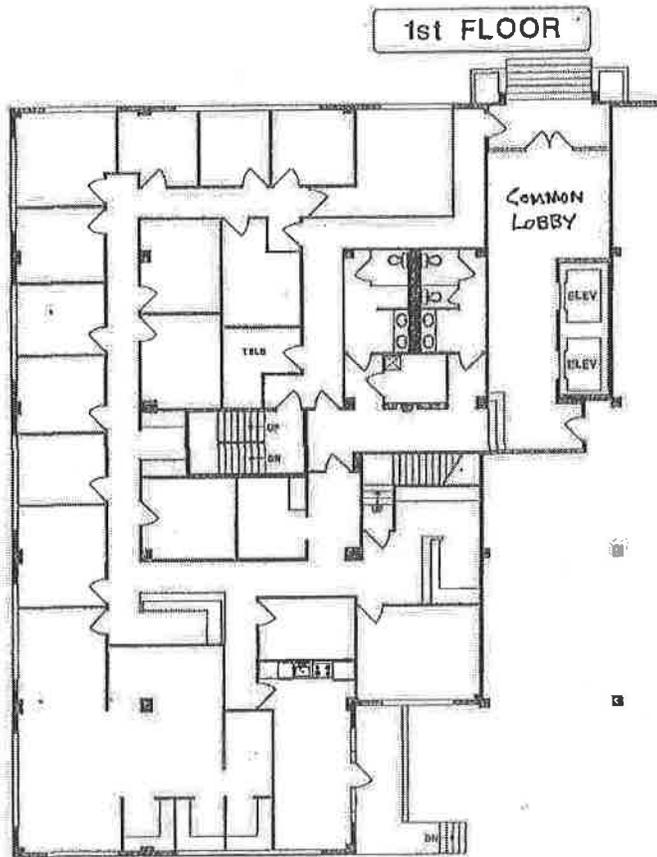
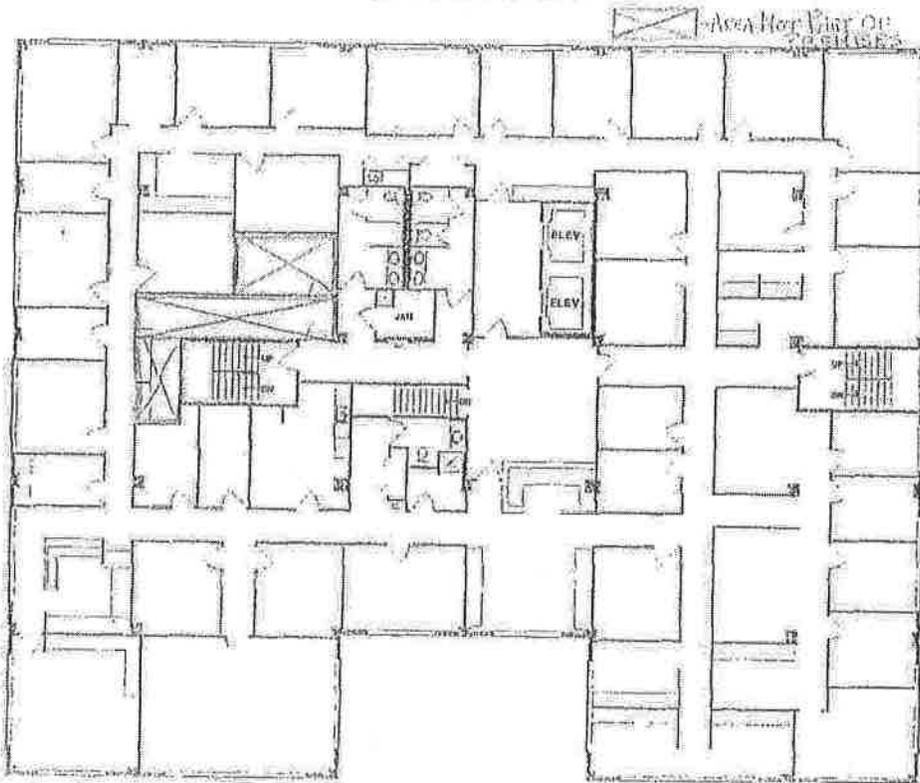


EXHIBIT A-1

[Floor Plan of Premises]

THE JEFFERSON BUILDING

2nd FLOOR



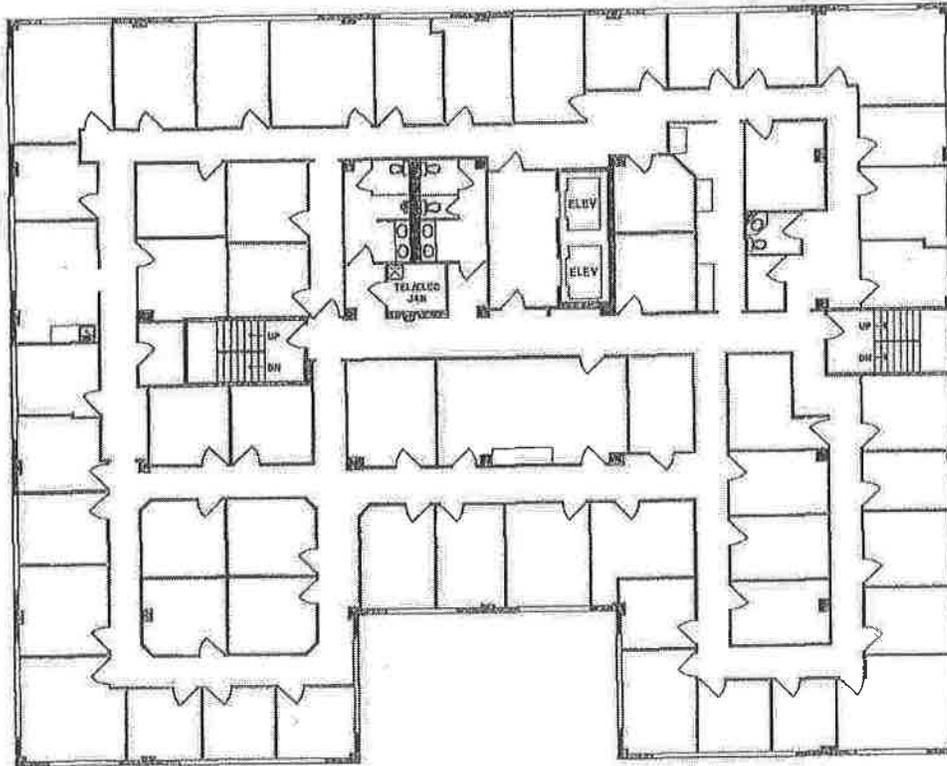
AS BUILT
FLOOR PLAN
DATE: 02/01/14

EXHIBIT A-1

[Floor Plan of Premises]

THE JEFFERSON BUILDING

3rd FLOOR



AS BUILT
FLOOR PLAN
DATE: 11-14-11

Exhibit B
[Intentionally left blank]

LEASE RIDER

THIS LEASE RIDER IS PART OF THAT CERTAIN LEASE dated March 26, 2014, for a portion of the building (space on floors 1, 2, and 3) known as the Jefferson Building, by and between JEFFERSON HOUSE LLC, ("Landlord"), and KING COUNTY, ("Tenant"). Landlord and Tenant further agree as follows:

1. Expansion: So long as Tenant is not then in default under the Lease, and subject to any pre-existing expansion or extension option in favor of current tenants, or any extension right to be granted to a current or future tenant, who has an existing lease in the Building, Tenant shall have a right of first offer on all space in the Building, except that Landlord shall be free to lease or release Suite 401 (RH Home/Rosehedge) to any tenant Landlord elects to prior to June 30, 2014, without providing any notice or right of first offer to Tenant. Prior to leasing or renewing existing tenants (except pursuant to existing expansion or extension options), Landlord will first offer any vacant or to be vacant space to Tenant at the then fair market rental value (including all concessions) as determined by Landlord. Tenant will have ten (10) business days to confirm its desire to lease such space on the proposed terms; if Tenant does not give written notice to Landlord within this ten (10) business day period that Tenant will lease the space on terms proposed by, or agreed to by, Landlord, then Landlord shall be free to lease such space to a third party; provided however, that if Tenant wishes to lease any right of first offer space but Tenant disagrees with the fair market rental value determined by Landlord, then the fair market rental value for the right of first offer space shall be determined using an arbitration proceeding following the procedures described in Section 3.c. of the Lease. The minimum lease term for any expansions pursuant to this right of first offer shall be three (3) years, and in no event shall the term of the Lease for any such expansion extend beyond the last day of the Lease term for the Premises. The only Tenant termination right for any lease of space to Tenant under this Section 1 shall be the termination right included in this Cancellation Policy in Section 2 below.

2. Cancellation Policy: Tenant's obligations to Landlord that extend beyond the then current year are contingent upon approval of the Lease by the King County Council or appropriation by the King County Council of sufficient funds to pay such obligations. Should such approval or appropriation not occur, or if grant funding is cancelled or not renewed, Tenant shall immediately so advise Landlord and the Lease and all obligations thereunder (except for those that expressly survive termination of the Lease) will terminate at the end of the calendar year in which such approval or appropriations fails to occur, except that Tenant shall reimburse Landlord prior to the termination of the Lease for the unamortized tenant improvement costs, architectural fees and all commission/advisory fees incurred by Landlord in connection with this Lease, with such sums being amortized over the Lease term on a straight line basis.

3. Current Lease Default: Tenant currently occupies the Premises pursuant to a separate lease agreement with Landlord (the "Current Lease"). If Landlord properly terminates the Current Lease due to a default by Tenant under the Current Lease, or if Tenant is in material default under the Current Lease as of the expiration of the Current Lease (and following any required notice from Landlord and opportunity to cure such default by Tenant without a cure), then Landlord may, at its option, terminate this Lease by written notice to Tenant.

4. Anti-Discrimination Landlord shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Ch. 12.16.125. Landlord shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Lease and may result in ineligibility for further agreements with King County.

LANDLORD: JEFFERSON HOUSE LLC TENANT: KING COUNTY

By: [Signature]
Its: Manager

By: [Signature]
Its: Gail Houser
Manager, Real Estate Services
King County

FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT ("Amendment") is made and entered into by and between Jefferson House LLC, a Washington limited liability corporation ("Landlord") and KING COUNTY, a municipal corporation ("Tenant") and jointly referred to as "Parties." This Amendment is to the March 26, 2014 lease ("Lease"), by which King County agreed to lease space from Jefferson House LLC on floors 1, 2, and 3 in the Jefferson Building formally occupied by the Society of Counsel Representing Accused Persons or "SCRAP."

AMENDMENT

Pursuant to Section 34.c of the Lease, the Parties agree to amend the Lease as follows:

1. The following sentence in Section 8.a (OPERATING COSTS) of the Lease is hereby amended to correct a typographical error as follows, as indicated by the bolded and underlined text:

Operating Costs shall not include: Landlord's income tax or general corporate overhead; depreciation on the Building or equipment therein; loan payments; real estate brokers' commissions; capital improvements to or major repairs of the Building shell (that is, the Building structure, exterior walls and roof) not otherwise permitted as described above; or any other costs regarding the operation, maintenance and repair of the Premises, the Building, or the Property paid directly by Tenant or other tenants in the Building.

2. The fourth paragraph of Section 8.b (OPERATING COSTS) of the Lease is hereby deleted in its entirety and replaced with the following paragraph and the change is indicated by the underlined and bolded text:

Within one-hundred twenty (120) days after receipt of the Operating Costs Statement, Tenant may give Landlord written notice (the "Review Notice") that Tenant intends to review Landlord's records of the Operating Costs for the calendar year to which the Operating Costs Statement applies. Within a reasonable time after receipt of the Review Notice, Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. If any records are maintained at a location other than at the Building, Tenant may either inspect the records at such other location or pay the reasonable cost of Landlord copying and shipping the records. If Tenant retains a third party to review Landlord's records, the third party must be a CPA licensed to do business in the State of Washington, and may not be compensated on a contingent fee or percentage of recovery basis. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit unless such audit reveals Landlord's overcharge of the Operating Costs by 5% or

more in which case all associated costs of the audit shall be paid by Landlord. **Except as required by the Washington Public Records Act, ch. 42.56 RCW, and other applicable law, any records provided by the Landlord and the information and results of any audit conducted by or on behalf of Tenant pursuant to this Section 8 shall be kept confidential by Tenant and any third party it retains.** With the exception of Tenant's auditors and legal counsel, Tenant shall not discuss the results of the audit with any third parties. Tenant shall not be entitled to inspect or audit the books and results of Landlord more than once per calendar year.

3. The following sentence in the fifth paragraph of Section 8.b (OPERATING COSTS) of the Lease is hereby amended as follows, as indicated by the bolded and underlined text:

If Tenant fails to give Landlord an Objection Notice within the 45 day period, or fails to provide Landlord with a Review Notice within the **120** day period described above, Tenant shall be deemed to have approved Landlord's Operating Costs Statement and shall be barred from raising any claims regarding the Operating Costs for the prior year.

4. The following paragraph is hereby added as the final paragraph in Section 8.b of the Lease:

If after good faith efforts, but not more than forty-five days after the submission of the Objection Notice to the Landlord, the parties are unable to reach agreement, the Tenant may submit the issue of the appropriate Operating Cost recovery to binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, to be conducted by a mutually acceptable single arbitrator with not less than ten (10) years' experience as a real estate attorney, or a retired judge with experience in commercial real estate litigation and/or leases. The parties agree that the arbitration shall be by document submission only. Any overcharge or undercharge determined by the arbitrator shall be paid by the appropriate party to the other within thirty (30) days of the arbitrator's decision. The arbitrator shall also determine the prevailing party and the non-prevailing shall pay to the prevailing party its reasonable attorneys' fees and costs as provided in this Lease.

5. The first paragraph of Section 16.a (DESTRUCTION OR CONDEMNATION) of the Lease is hereby deleted in its entirety and replaced with the following paragraph:

If the Premises are partially damaged, but not rendered untenable, by fire or other insurable casualty, then Landlord shall diligently restore the Premises and this Lease shall not terminate; provided that, in the event insurance proceeds are not sufficient to pay for the entire cost to restore the Premises to their former condition, then the Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such

casualty. Notwithstanding any other provision of this Lease, upon such termination, the Tenant shall have no further obligations under this Lease. The Premises shall not be deemed untenable if less than twenty-five percent (25%) of the Premises are damaged

6. The third paragraph of Section 16.a (DESTRUCTION OR CONDEMNATION) of the Lease is hereby repealed in its entirety and replaced with the following paragraph and the change is indicated by the underlined and bolded text:

If Landlord restores the Premises under this Section 16(a), Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the **damaged or destroyed** portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors.

7. The first sentence of Section 17 (INSURANCE) of the Lease is hereby deleted in its entirety and replaced with the following sentence and the change is indicated by the underlined and bolded text:

The Landlord acknowledges, accepts, and agrees that Tenant, a charter county government under the constitution of the State of Washington, hereinafter referred to as "Tenant," maintains a fully funded self-insurance program **as permitted by King County Code 2.21** for the protection and handling of the Tenant's liabilities including injuries to persons and damage to property.

8. Section 21.d is hereby deleted in its entirety and replaced with the following and the change is indicated by the underlined and bolded text:

Other Non-Monetary Defaults. Tenant breaches any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section, and the breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach, **provided, however, that if the nature of Tenant's obligation is such that a longer period of time is required for its performance, then Tenant shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.**

9. The paragraph that follows Section 21.e is hereby deleted in its entirety and replaced with the following and the change is indicated by the underlined and bolded text:

Landlord shall in no event be in default in the performance of any of Landlord's obligations under this Lease unless and until Landlord shall have failed to perform such obligations within thirty (30) days, or in the event of an emergency situation which materially affects the use and occupancy of the Premises by Tenant, within five (5) days after notice by Tenant to Landlord specifying wherein Landlord has failed to perform any such obligations and specifying if Tenant believes it to be an emergency condition, provided, however, that if the nature of Landlord's obligation is such that a longer period of time is required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period, or such five (5) day period, as applicable, and thereafter diligently prosecute the same to completion. Notwithstanding the foregoing, in the event of an emergency, if a Landlord default results in a risk to the health or safety of persons in the Building, or poses an eminent risk of significant damage to the Building, the Tenant shall be permitted to take reasonable measures to protect such health and safety or prevent damage to the Building **and shall be entitled to payments from the Landlord for such costs upon presentation of reasonable supporting documentation.** Tenant shall use reasonable good faith efforts to notify Landlord or its property manager by telephone as soon as possible of any emergency affecting the Building or its occupants. In the event that any such default is not cured within the applicable cure period, Tenant may, without any obligation to do so, make such payments and do such work or otherwise perform Landlord's covenants all on behalf of and at the expense of Landlord. The Landlord agrees to pay to Tenant forthwith the amount of the payment so made and the costs and expenses incurred upon presentation of reasonable supporting documentation thereof.

All other terms, conditions, specifications and requirements of the Lease shall remain unchanged and in full effect, except as specifically amended herein.

This First Amendment shall be effective upon the date of the last signature to this Amendment.

REST OF THIS PAGE INTENTIONALLY BLANK; SIGNATURES ON NEXT PAGE

LANDLORD:
JEFFERSON HOUSE LLC
a Washington Limited Liability Company

TENANT:
KING COUNTY, a political subdivision of
the State of Washington

BY: _____

BY: _____

NAME: _____

NAME: _____

ITS: _____

ITS: _____

DATE: _____

DATE: _____