



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 20, 2016

Ordinance 18369

Proposed No. 2016-0388.1

Sponsors Dembowski

1 AN ORDINANCE authorizing the execution of a new lease
2 to support the operation of the department of public health.

3 STATEMENT OF FACTS:

4 1. The facilities management division received a request for space in
5 January 2016, from the department of public health.

6 2. The department of public health needed space for the purpose of clinic
7 services.

8 3. The facilities management division determined on March 21, 2016, that
9 there was not an appropriate county-owned option.

10 4. The facilities management division determined, through consultation
11 with the department, that leasing was the most cost-effective option for the
12 county.

13 5. The facilities management division successfully negotiated to lease
14 space from Apex Investment Group, LLP, located at 13030 121st Way
15 Northeast, Kirkland, within council district six.

16 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

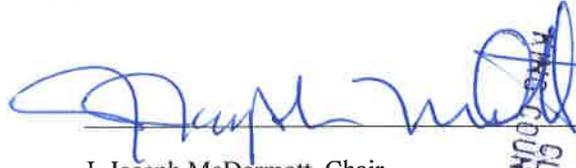
17 SECTION 1. The executive is authorized to execute a lease for the property
18 located at 13030 121st Way Northeast with Apex Investment Group, LLP, substantially

19 in the form of Attachment A to this ordinance, and to take all actions necessary to
20 implement the terms of the lease.
21

Ordinance 18369 was introduced on 7/25/2016 and passed by the Metropolitan King County Council on 9/19/2016, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


J. Joseph McDermott, Chair

RECEIVED
2016 SEP 28 PM 1:18
CLERK
KING COUNTY COUNCIL

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 27 day of SEPTEMBER 2016.



Dow Constantine, County Executive

Attachments: A. Lease Agreement

ATTACHMENT A:

LEASE AGREEMENT

LEASE

THIS LEASE AGREEMENT (“Lease”), is made and entered into between APEX INVESTMENT GROUP, LLP a Washington State limited liability partnership (“Landlord”), and KING COUNTY, a political subdivision of the State of Washington (“Tenant”).

1. Basic Lease Information

1.1 Lease Date: June _____, 2016 (for reference purposes only)

1.2 Landlord: Apex Investment Group, LLP

1.3 Tenant: King County, a political subdivision of the State of Washington

1.4 Building: Located at: 13030 121st Way NE, Kirkland, King County, Washington, on that certain real property that is legally described on the attached Exhibit A (“Real Property”). The Building is known as the Evergreen Medical Center.

1.5 Premises: The area depicted on the attached Exhibit B, containing approximately 5,804 rentable square feet, consisting of Suite 202 containing 3,586 RSF and Suite 203 containing 2,218 RSF.

Tenant’s Pro Rata Share: 29.219%

(5,804 RSF in the Premises / 19,864 RSF in the Building)

1.6 Permitted Use: Maternal health services clinic and/or any other related legally permissible use.

1.7 Initial Term: One hundred and twenty-three (123) calendar months

1.8 Extended Term(s): One option to extend for 5 years.

1.9 Lease Commencement Date (also referred to as “LCD”): See Section 3

1.10 Rent Commencement Date: The first day of the fifth (5th) month following the LCD for payment of Base Rent; The Lease Commencement Date for payment of Operating Costs.

1.11 Expiration Date: See Section 3

1.12 Base Rent Schedule:

Months	Base Rent per rentable square foot per annum	Base Rent per month

1-5	\$0.00	\$0.00
6-12	\$24.00	\$11,608
13-24	\$24.72	\$11,956
25-36	\$25.46	\$12,314
37-48	\$26.22	\$12,682
49-60	\$27.01	\$13,064
61-72	\$27.82	\$13,456
73-84	\$28.66	\$13,862
85-96	\$29.52	\$14,278
97-108	\$30.40	\$14,704
109-120	\$31.31	\$15,144
121-123	\$32.25	\$15,598

Landlord shall not charge Tenant Base Rent for the first five (5) months of the Term, and this Base Rent credit shall be prorated to account for any fractional month at the beginning of the Term. Tenant shall pay its pro-rata share of Operating Costs commencing upon the Lease Commencement Date.

Base Rent shall be subject to a three percent (3%) annual increase beginning on the first annual anniversary of the Lease Commencement Date, and every annual anniversary throughout the lease term.

1.13 Security Deposit: Not-Applicable

1.14 Landlord's Address for Notices:
C/O Coldwell Banker Bain Commercial
Attention: Sue Young
Property Management Division
8525 – 120th Ave. N.E., Suite 100-A
Kirkland, WA 98033

Office: 425-636-4272
Cell: 425-591-4051
Fax: 425-602-4216
sueyoung@cbbain.com

Copy to: s.ursula66@gmail.com
ursula_315yy6@msn.com

1.15 Tenant's Address for Notices:

King County Real Estate Services Section
830 King County Administration Building
500 4th Avenue
Seattle, WA 98104

2. Premises; Tenant Improvements.

2.1 **Premises.** Landlord hereby leases the Premises to Tenant for the Term set forth above. Tenant, at its sole option, may elect to remeasure the Premises pursuant to the most recent, applicable measurement methodology published by the Building Owners and Managers Association (BOMA), and if the rentable square footage of the Premises varies from that set forth in Section 1.5 above, the parties hereto shall promptly amend this Lease to modify any variables that are dependent upon the same.

Landlord shall deliver the Premises (i) in good operating condition, including but not limited to all mechanical, electrical, plumbing, and other systems serving the Premises; and (ii) in compliance with all applicable laws, codes, ordinances and regulations. To the extent that the Premises fails to comply with the prior sentence as of the Commencement Date (without limiting any other rights or remedies that Tenant may have under this Lease and/or at law), Landlord shall promptly correct the same at its sole cost and expense.

Landlord also grants Tenant a nonexclusive license to use those portions of the Building made available from time to time by Landlord for the common use and enjoyment of Tenant, Landlord, and other tenants of the Building and their guests and invitees (the "Common Areas"). Landlord shall have the right to do and perform all such acts in and to the Common Areas as Landlord shall determine in its reasonable discretion, including without limitation reconfiguring and temporarily closing the same from time to time, so long as Landlord does not adversely affect Tenant's use and enjoyment of the Premises.

As part of Tenant's nonexclusive license to use the Common Areas, Tenant shall be permitted to use up to thirty (29) parking spaces at any given time in the Building parking area, which spaces shall be available on a first come, first served basis.

2.2 **Tenant Improvements.** Landlord shall deliver the Premises to Tenant with the Tenant Improvements Substantially Complete, as defined in Exhibit C. Landlord agrees to pay for the cost of the Tenant Improvements up to and not to exceed \$40.00 per rentable square foot ("Tenant Allowance"), as set forth in the attached Exhibit C.

3. Term.

3.1 **Commencement Date.** This Lease shall commence on the date ("Commencement Date") on which the Tenant Improvements are Substantially Complete, as defined in Exhibit C. Landlord shall provide Tenant with at least seven (7) days advance written notice of the date on which the Commencement Date shall occur. Within thirty (30) days after the Commencement Date is established, Landlord shall confirm and reiterate said Commencement Date to Tenant in writing.

3.2 King County Council Approval Deadline. If the Metropolitan King County Council does not approve this Lease through approval of an ordinance by October 31, 2016, then Landlord's offer to enter into a lease agreement on the terms contained herein, as evidenced by Landlord's execution of this Lease, shall be null and void. For the purposes of this paragraph, this Lease shall be considered approved on the date the Metropolitan King County Council approves the ordinance by a vote.

3.3 Expiration Date. This Lease shall expire on the last day of the calendar month that is one hundred and twenty-three (123) months after the Commencement Date ("Expiration Date").

3.4 Extension Option. Tenant is hereby granted the option to extend the initial Term for one (1) period of sixty (60) months (an "Extended Term"). The Extended Term option may be exercised by Tenant only by giving Landlord written notice no more than twelve (12) months and no less than four (4) months prior to the last day of the initial Term. Tenant's Extended Term option shall apply to all of the Premises then leased by Tenant under this Lease. From and after the commencement of the Extended Term, all of the terms, covenants, and conditions of this Lease shall continue in full force and effect as written, except that Base Rent for the Extended Term shall be the then-prevailing Fair Market Rent (defined below). The term "Fair Market Rent" for the purposes of this Lease shall mean the annual amount per rentable square foot that a willing, comparable, new, non-expansion, non-renewal, non-equity tenant would pay, and a willing, comparable landlord of a comparable building in the Kirkland medical market would accept under the transaction as further defined above, for new leases of similar space in the same geographic area as the Premises, considering, size, use type, and creditworthiness of tenant on or about the date on which the Fair Market Rent is being determined hereunder.

Within thirty (30) days of Tenant notifying Landlord that it intends to exercise the Extended Term option under this Section 3.4, Landlord will advise Tenant in writing of its proposed Fair Market Rent. If Landlord and Tenant are unable to agree on a mutually acceptable Fair Market Rent not later than ninety (90) days prior to the expiration of the then current Term, then Landlord and Tenant, within five (5) days after such date, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Fair Market Rent for the Premises (collectively referred to as the "Estimates"). If the higher of such Estimates is not more than one hundred five percent (105%) of the lower of such Estimates, then the Fair Market Rent shall be the average of the two Estimates. If the Fair Market Rent is not established by the exchange of Estimates, then, within ten (10) days after the exchange of Estimates, Landlord and Tenant shall each select a licensed commercial real estate appraiser to determine which of the two Estimates most closely reflects the Fair Market Rent for the Premises. Each appraiser shall have had at least seven (7) years' experience within the previous ten (10) years of his/her work experience as a commercial real estate appraiser working in Kirkland, Washington with working knowledge of current rental rates and practices. Landlord's and Tenant's

appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Fair Market Rent for the Premises. The Estimates chosen by such appraisers shall be binding on both Landlord and Tenant. If the two appraisers cannot agree upon which of the two Estimates most closely reflects the Fair Market Rent within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser (the "Arbitrator") has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the Arbitrator shall make his or her determination of which of the two Estimates most closely reflects the Fair Market Rent and such Estimate shall be binding on both Landlord and Tenant as the Fair Market Rent. If the Arbitrator believes that expert advice would materially assist him or her, he or she may retain one or more qualified persons to provide such expert advice. Landlord and Tenant shall share equally in the costs of the Arbitrator and of any experts retained by the Arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert.

If the Fair Market Rent has not been determined by the commencement date of the Extended Term, Tenant shall pay Rent upon the terms and conditions in effect during the last month of the initial Term (or preceding Extended Term, as applicable) until such time as the Fair Market Rent has been determined. Upon such determination, the Rent shall be retroactively adjusted to the commencement of the Extended Term.

3.5 Early Termination Option. Tenant shall have the one-time right to terminate this Lease effective as of the last day of the sixty-third (63rd) full calendar month following the Commencement Date (the "Early Termination Date") by giving Landlord no more than nine (9) months and no less than six (6) months prior written notice of such election. In the event Tenant elects to terminate the Lease pursuant to this paragraph, Tenant shall vacate and surrender the Premises to Landlord in the condition required under this Lease on or before the Early Termination Date, and shall pay a penalty to Landlord equal to the sum of the following items: 1) the unamortized amount of the Tenant Allowance, one hundred, sixteen thousand, eighty-nine dollars [\$116,089]; 2) the unamortized commissions that had been paid to any brokers pursuant to Section 25.2, thirty-eight thousand, five-hundred and ninety four dollars [\$38,594]; and three (3) months of Base Rent and Operating Costs at the rate that would have been due for the period immediately following the Early Termination Date, forty thousand, three hundred sixty-eight dollars [\$40,368 in Base Rent], for a total of one hundred, ninety-five thousand, fifty-one dollars [\$195,051] plus three months of Operating Costs.

4. **Permitted Use.** The Premises may be used by Tenant for the uses set forth in Section 1.6 above. Landlord represents and warrants to Tenant that the Premises may lawfully be used for the uses set forth in Section 1.6 above.

5. **Rent.**

5.1 Payment of Rent. Tenant covenants and agrees to pay Landlord, at Landlord's Notice Address set forth in Section 1.14 above, without deduction or offset except as otherwise set forth in this Lease, monthly rent in the amounts set forth in Section 1.12, payable in advance, without prior notice or demand, on or before the first day of each month of the Term (the "Base Rent"). Base Rent for any fractional calendar month at the beginning or end of the Term shall be prorated. In addition to the Base Rent, in the same manner and at the same time as the payment of Base Rent, Tenant shall pay its Pro Rata Share of Operating Costs as further described below in Section 7 and Section 8, and all other amounts payable by Tenant under the terms of this Lease ("Additional Rent"). Base Rent and Additional Rent are collectively referred to as the "Rent."

5.2 Late Charges; Default Interest. If any sums payable by Tenant to Landlord under this Lease are not received within five (5) business days after their due date, Tenant shall pay Landlord an amount equal to the greater of one hundred dollars (\$100) or five percent (5%) of the delinquent amount for the cost of collecting and handling such late payment in addition to the amount due and as Additional Rent. All delinquent sums payable by Tenant to Landlord and not paid within five (5) business days after their due date shall, at Landlord's option, bear interest at the rate of fifteen percent (15%) per annum, or the highest rate of interest allowable by law, whichever is less (the "Default Rate"). Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.

5.3 Less Than Full 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. Any portion that remains to be paid by Tenant shall be subject to the late charges and default interest provisions of this Section 5.

6. **Security Deposit.** None.

7. **Utilities and Services.** Landlord shall at all times furnish the Premises with: (i) water at those points of supply provided for general use of tenants of the Building; (ii) heated and refrigerated air conditioning as appropriate during normal Building hours of operation (6:30 am to 7:00 pm Monday through Friday), at such temperatures and in such amounts as are required by governmental authority or as are reasonably appropriate for the Building; (iii) common area janitorial service, recycling and trash removal on weekdays, other than national holidays, and such carpet cleaning and window washing as may from time to time be reasonably required; (iv) elevators for ingress and egress to the floor on which the Premises are located; and (v) electrical current reasonably sufficient for Tenant's use; and (vi) sewer service. Tenant shall furnish its own janitorial service, and maintenance and repair of existing or new interior improvements, including light bulbs; and telephone, internet and cable service to the Premises. No interruption or failure of any utilities or services from any cause whatsoever shall be deemed an eviction of Tenant or impose liability on Landlord, provided that Landlord shall use

commercially reasonable efforts to repair, replace or restore the same as quickly as possible. To the extent any interruption of services occurs to due to Landlord's negligence, intentional misconduct or breach of Lease, then Rent shall be abated for the period of interruption in the proportion of the square footage rendered unusable in addition to, and without limiting, Tenant's other rights and remedies available at law and/or under this Lease. Unless otherwise elected by Tenant, any utilities that are separately metered to the Premises shall be paid directly to the providing utility by Tenant, and upon such payment Tenant shall not be assessed any percentage of the cost of such utilities in Operating Costs (other than reasonable amounts applicable to any common areas).

8. Operating Costs.

8.1 During the Term, Tenant shall pay to Landlord the Tenant's Pro Rata Share, as set forth in Section 1.5 above, of Operating Costs.

8.2 Costs Included in Operating Costs. The term "Operating Costs" means only the following operating costs actually and reasonably incurred by Landlord in the management and operation of the Premises and the Building, subject to the exclusion of those items listed in Section 8.3:

(a) The cost of all reasonable and necessary repairs, maintenance and operation of the Building, Common Areas, parking areas, sidewalks and grounds associated with the Premises, including the cost of labor, ordinary materials and supplies consumed in connection with any such maintenance, repair and operation that in accordance with generally accepted accounting principles would not be capitalized, except that Landlord shall first look to any existing warranties and/or guaranties or other responsible third parties to pay such costs;

(b) Salary of Landlord's employees directly engaged in the operation and maintenance of the Premises based on the percentage of time each such employee devotes to the Building;

(c) Premiums and deductibles for insurances incurred by Landlord for insurance coverage maintained by Landlord for the Building that is required by this Lease or that is customarily carried by operators of comparable buildings in the area, which coverage shall include reasonable and customary deductibles

(d) The cost of the utilities and services identified in Section 7 above;

(e) General real estate taxes levied against the Building and Real Property that accrue and are payable during the Term, but not any special assessments or taxes in the nature of improvement or betterment assessments ("Real Estate Taxes"). Real Estate Taxes shall exclude, without limitation, any income, franchise, gross receipts, corporation, capital levy, excess profits, revenue, rent, inheritance, gift, estate, payroll or stamp tax or any increase in tax (or any tax protest) arising out of a reassessment on all or

part of the Building or Real Property upon the sale, transfer or assignment of Landlord's title or estate, which at any time may be assessed against or become a lien upon all or any part of the Premises, Building or Real Property. In addition, Real Estate Taxes shall exclude any penalties or interest, and shall further exclude any liens or taxes that are levied or assessed against the Premises, Building or Real Estate for any time prior to the Term. Landlord represents and warrants that the Real Property is fully assessed as a completed and occupied unit with all improvements contemplated by this Lease as of the Commencement Date.

Landlord shall at all times use its best efforts to operate the Building in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable buildings in the area. Landlord agrees that (i) Landlord will not collect or be entitled to collect Operating Costs from all of its tenants in an amount which is in excess of one hundred percent (100%) of the Operating Costs actually paid by Landlord in connection with the operation of the Building, and (ii) Landlord shall make no profit from Landlord's collection of Operating Costs.

8.3 Exclusions from Operating Costs. Notwithstanding the generality of Section 8.2, the following items shall be excluded or deducted, as the case may be, from the calculation of Tenant's Pro Rata Share of Operating Costs:

- (a) Any costs borne directly by Tenant under this Lease;
- (b) Any ground lease or master lease rental;
- (c) Costs of capital repairs, replacements, improvements and equipment ("Capital Items"), except for: (A) the annual amortization (amortized over the useful life as reasonably determined by Landlord without interest) of costs incurred by Landlord after the Commencement Date for any capital improvements installed or paid for by Landlord and required by any new (or change in) laws, rules or regulations of any governmental or quasi-governmental authority which are enacted after the Commencement Date; (B) the annual amortization (amortized over the useful life as reasonably determined by Landlord without interest) of costs of any equipment, device or capital improvement purchased or incurred as a labor-saving measure or to affect other economics in the operation or maintenance of the Building, provided the annual amortized cost does not exceed the actual annual cost savings realized and such savings do not redound primarily to the benefit of any particular tenant other than Tenant); or (C) minor capital improvements, tools or expenditures to the extent each such improvement or acquisition costs less than Five Thousand Dollars (\$5,000.00);
- (d) Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is entitled to be reimbursed by insurance proceeds (or would have been so entitled had it purchased the insurance required by this Lease) and cost of earthquake repairs in excess of Ten Thousand Dollars (\$10,000.00) per earthquake (which for this purpose, an earthquake is defined collectively as the initial earthquake and the aftershocks that relate to such initial earthquake);

(e) Costs, including permit, license and inspection costs, incurred with respect to the installation of tenants' or other occupants' improvements in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;

(f) Depreciation and interest payments;

(g) Marketing costs, including without limitation, leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, advertising and promotional expenditures, the cost of signs in or on the Building identifying the owner, management or other tenants, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

(h) Expenses in connection with services or other benefits that are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant;

(i) Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis for comparable buildings;

(j) Costs incurred in connection with upgrading the Building to comply with the current interpretation of disability, life, fire and safety codes, ordinances, statutes, or other laws in effect prior to the Commencement Date, including, without limitation, the Americans With Disabilities Act, including penalties or damages incurred due to such non-compliance;

(k) Costs for which Landlord has been compensated by a management fee, and any management fees in excess of those management fees which are normally and customarily charged by comparable landlords of comparable buildings;

(l) Costs arising from the negligence or fault of other tenants or Landlord, its employees or agents;

(m) Costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitration pertaining to Landlord and/or the Building;

(n) Any entertainment, dining or travel expenses of Landlord for any purpose;

(o) Any flowers, gifts, balloons, etc. provided to any entity whatsoever, including, but not limited to, Tenant, other tenants, employees, vendors,

contractors, prospective tenants and agents, and any tenant relations parties, events or promotions;

(p) Costs for parking facilities (unless parking is provided free of charge), and any "validated" parking for any entity;

(q) Legal fees;

(r) Any expenses incurred by Landlord for use of any portions of the Building to accommodate special events including, but not limited to shows, promotions, kiosks, private events or parties beyond the normal expenses attributable to providing Building services, and any "above standard" services, including, but no limited to, those carried out to meet specific requirements of other tenants.

(s) Any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as Operating Costs by comparable landlords of comparable buildings.

8.4 Payment of Operating Costs. Landlord shall reasonably estimate the Operating Costs for each calendar year wholly or partially included within the Term and shall send notice of the estimate to Tenant at least thirty (30) days before the Commencement Date or the first day of each subsequent year, as applicable. If Tenant requests, Landlord will give Tenant reasonably detailed documentation supporting Landlord's estimate and Tenant shall not be required to pay any portion of such estimate until Landlord has provided documentation supporting such estimate that is reasonably acceptable to Tenant. During each calendar year included in the Term for which Tenant is to pay Operating Costs, Tenant shall pay one twelfth ($1/12^{\text{th}}$) of the applicable estimate each month to Landlord together with the monthly Base Rent. If Landlord does not give Tenant an estimate within the time period stated above, then Tenant shall continue to make estimated payments based upon the preceding year's estimate and within thirty (30) days after receipt of the new estimate for the current year (subject to Landlord's obligation to provide supporting documentation, as set forth above in this paragraph), Tenant shall commence payment of the new estimated monthly amount and shall pay in a lump sum any retroactive amounts due from the beginning of the new year. The monthly charge for estimated Operating Costs shall be prorated for any partial month by dividing the Operating Cost charge by three hundred sixty-five (365) and multiplying the result by the number of days in the partial month for which Operating Costs are owed.

8.5 Reconciliation and Audit Rights. Not later than ninety (90) days after the expiration of each calendar year included in the Term, Landlord shall submit to Tenant a written, certified statement containing the amount of actual Operating Costs for such year broken down by component expenses, the Operating Cost increase for the year, the amount of Tenant's Pro Rata Share of the Operating Cost increase (capped, if applicable), the amount paid by Tenant towards the Operating Costs increase, and the amount if any Tenant owes Landlord or the amount Landlord owes Tenant as a refund for such year. If Landlord does not furnish Tenant with a certified statement of Operating Costs within ninety (90) days after the end of the year, then Landlord shall be deemed to have waived

forever any and all claims for reimbursement from Tenant for underpayment of Operating Costs for the year, in addition to any other rights and remedies to which Tenant may be entitled under this Lease. Tenant or its audit representatives shall have the right to inspect and audit Landlord's books and records with respect to this Lease once each year to verify actual Operating Costs. Landlord's books and records shall be kept in accordance with generally accepted accounting principles. If Tenant's audit of the Operating Costs reveals an overcharge of more than fifteen percent (15%), Landlord promptly shall reimburse Tenant for the cost of the audit. Any overcharge or underpayment of Operating Costs shall be due from one party to the other within thirty (30) days.

9 Maintenance and Repairs. Subject to Landlord's obligations under this Lease, Tenant shall be responsible for the maintenance and non-structural repairs to the interior of the Premises, which shall be maintained and repaired in a commercially reasonable manner. Landlord shall maintain, repair and replace, if necessary, the Building; Common Areas and all Building systems, including but not limited to Common Area interior and exterior lighting (including replacement of ballasts and starters as required); plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings; window coverings; elevators (including communications systems); inside and outside walls (including windows and entrance and exit doors); all structural portions of the Building (including the roof and the watertight integrity of same); porches, stairways; sidewalks; exterior lighting; parking lot (including snow removal, cleaning and restriping as required); wheel bumpers; drainage; landscaping and continuous satisfaction of all governmental requirements (example: fire, building energy codes, indoor air quality and requirements to provide architecturally barrier-free premises for persons with disabilities, etc.).

10 Sublease and Assignment. Tenant may assign this Lease in whole or in part, or sublet all or any portion of the Premises, with the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

11 Alterations and Improvements. Tenant shall be entitled to perform alterations and/or improvements to the Premises (including, without limitation, the installation of fixtures and signs) subject to Landlord's advance written consent, which shall not be unreasonably withheld, conditioned or delayed. Tenant may from time to time remove any fixtures, alterations or improvements installed by Tenant in or to the Premises; provided that Tenant agrees to repair any damage caused by such removal.

Notwithstanding the foregoing, Tenant may perform alterations and/or improvements to the Premises without obtaining Landlord's prior consent so long as such alterations and/or improvements: (i) do not exceed five thousand dollars (\$5,000) per project, (ii) are not visible from the exterior of the Premises, (iii) do not adversely affect any Building system or the structural strength of the Building, and (iv) do not require penetrations into the roof of the Building.

12 Damage and Destruction. In the event the Premises or Building are destroyed or damaged by fire, earthquake or other casualty so as to render the Premises or Building,

in Tenant's reasonable judgment, unfit for occupancy or Tenant's intended purpose, and the Landlord neglects or refuses to restore the Premises to its former condition within ninety (90) days of such damage or destruction, Tenant may terminate this Lease upon thirty (30) days written notice to Landlord. In the event of such termination, Landlord and Tenant shall have no further obligations hereunder, except those obligations that expressly survive the expiration or earlier termination of the Lease. In the event the Premises are damaged by any of the aforesaid events, the Rent shall be abated in proportion to the percentage of untenable space in the Premises as relates to the total square footage of the Premises until such time that Landlord restores the Premises to its pre-casualty condition. If, in the reasonable discretion of Tenant, the untenable portion of the Premises or the Building renders the Premises unusable for the Permitted Use, Tenant may unilaterally terminate this Lease upon sixty (60) days written notice to Landlord.

13 Condemnation. If any portion of the Premises, Building or real property upon which the same are situated (including, without limitation, any parking areas associated with the Premises and/or Building) which is necessary, in Tenant's reasonable judgment, for Tenant's occupancy or intended use of the Premises, or fifty percent (50%) or more of the rentable area of the Building, is made untenable by eminent domain or conveyed under a threat of condemnation, this Lease shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises or the portion of the underlying real property taken by the condemning authority. All Rents and other payments shall be paid to that date. If the condemning authority takes a portion of the Premises or of the Building or the underlying real property necessary for Tenant's occupancy or intended use that does not render them, in Tenant's reasonable judgment, untenable, then this Lease shall continue in full force and effect and the Rent shall be proportionately reduced based on the percentage by which the floor area of the Premises is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. If the Tenant, in its reasonable judgment, determines that the condemnation has rendered the Premises unsuitable for the Permitted Use, Tenant shall be entitled to terminate this Lease upon thirty (30) days advance written notice to Landlord. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building 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 if Tenant terminates the Lease under this section, provided that in no event shall Tenant's claim reduce Landlord's award.

14 Indemnity and Hold Harmless. Each party shall defend, indemnify and hold the other harmless from and against any claims, suits, causes of action, judgments, damage, loss or liability for injuries to persons or property (excluding consequential damages such as lost profits) (collectively, "Claims") to the extent caused by the negligent acts or omissions of their respective agents, contractors, officers and employees acting in the scope of their employment. Where such Claims result from the concurrent negligence of the parties, the indemnity provisions provided herein shall be valid and enforceable only to the extent of

each party's negligence. Each of the parties agrees that its obligations under this Section 14 extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to each of the other party's only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW. In the event that any of the parties incurs any judgment, award, and/or cost arising therefrom, including attorney fees, expenses, and costs shall be recoverable from the responsible party to the extent of that party's negligence.

15 Insurance.

15.1 Landlord acknowledges that Tenant, 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 2.21 for the protection and handling of the Tenant's liabilities, including injuries to persons and damage to property. Tenant shall, at its own expense, maintain, through its self-funded program, coverage sufficient for all of its liability exposures for this Lease. Tenant shall provide Landlord with at least thirty (30) days prior written notice of any material change in Tenant's self-funded program and shall provide Landlord with a certificate of self-insurance as proof of coverage. Landlord further acknowledges that Tenant does not maintain a commercial General Liability Insurance policy and is a self-insured government entity; therefore, Tenant does not have the ability to add Landlord as an additional insured to such policy. Should Tenant cease self-insuring its liability exposure and purchase a Commercial General Liability Insurance Policy, Tenant shall add Landlord as an additional insured to such policy. Tenant shall at all times maintain its self-funded program or a Commercial General Liability Insurance Policy, each in an amount sufficient to cover its liability exposure under this Lease.

15.2 Landlord shall maintain throughout the Term commercially reasonable policies of property insurance covering loss of or damage to the Building (including tenant improvements and subsequent alterations) in the full amount of its replacement cost with endorsement to cover code changes. Landlord hereby waives and releases any right of recovery (including by way of subrogation) against Tenant, its officers, employees and agents, for any loss or damage sustained by Landlord with respect to the Building or Premises or any portion thereof or the contents of the same or any operation therein, to the extent such loss or damage is actually insured against or is required hereunder to be insured against.

16 Mediation. Section Intentionally Deleted.

17 **Liens.** Landlord and Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant or Landlord and each shall indemnify and hold harmless the other from and against all liabilities, losses, damages and costs (including reasonable attorney fees and costs) incurred in connection with any such lien. Landlord or Tenant may contest the validity or amount of any such lien or encumbrance in good faith provided that, within

forty-five (45) days after the filing of such lien or encumbrance, Landlord or Tenant discharges the same by providing and recording a bond which complies with the requirements of RCW 60.04.161 eliminating said lien and/or encumbrance.

18 Quiet Possession. Landlord covenants that as of the Commencement Date, Landlord will have good right to lease the Premises for the purpose and uses stated herein and Tenant shall have and quietly enjoy the Premises for the Lease Term.

19 Holding Over. If Tenant remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord. In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Rent during Tenant's holding over shall be one hundred twenty-five percent (125%) of the Base Rent payable in the last full month prior to the termination hereof. Acceptance by Landlord of rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law.

20 Non-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. Notwithstanding anything to the contrary, Tenant shall be entitled to terminate this Lease effective upon written notice to Landlord in the event that Landlord violates the requirements of this Section 20.

21 Default.

21.1 The following occurrences shall each constitute a default by Tenant (an "Event of Default" or "Default"):

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

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

breach (provided, if the nature of Tenant's failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure promptly and thereafter diligently prosecutes such cure to completion).

21.2 Landlord Default; Remedies. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord. If Landlord fails to cure any such default within the allotted time, Tenant may, in its sole discretion and without limiting Tenant's other rights or remedies under this Lease and/or at law, terminate this Lease upon thirty (30) days advance written notice to Landlord. Tenant shall have all remedies available at law or in equity. Nothing herein contained shall relieve Landlord from its duty to perform of any of its obligations to the standard prescribed in this Lease.

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.

22.1 Termination of Lease. Landlord may terminate Tenant's interest under the 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 (i) the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's reasonable, actual reletting expenses or (ii) such amounts as Tenant proves may reasonably be avoided.

22.2 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. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord its reasonable, actual reletting expenses; second, to pay any indebtedness of Tenant to Landlord other than Rent; third, to the Rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. 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 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. Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises,

including without limitation, all repossession costs, brokerage commissions and costs for securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

23 Costs and Attorney's 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 action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.

24 Hazardous Material.

24.1 For purposes of this Lease, the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington Water Pollution Control Act, RCW ch. 90.48, and any laws concerning above ground or underground storage tanks. For the purposes of this Lease, the term "Hazardous Material" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law.

24.2 If there is any Hazardous Material on, in, or under the Premises or the Real Property which has been or thereafter becomes released through no fault of Tenant, then Landlord (i) shall be solely responsible, at its sole cost, for promptly remediating the same to the extent required by Environmental Law and (ii) shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred or suffered by Tenant either during or after the Lease term as the result of such release.

24.3 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 or the Real Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees 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 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 ("Claims") to the extent that said Claims are a result of said breach. Tenant shall promptly 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 or the Real Property.

24.4 Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises or the Real Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any release of any Hazardous Material on the Premises or the Real Property, Tenant shall be solely responsible, at its sole cost, for promptly remediating the same to the extent required by Environmental Law. Landlord's approval of such remediation shall first be obtained, which approval shall not be unreasonably withheld, conditioned or delayed, provided, however, that Tenant shall be entitled to respond immediately to an emergency without prior approval from Landlord, including but not limited to taking actions necessary to prevent the release from migrating, leaching or otherwise spreading, and actions necessary to respond to any immediate obligations imposed on Tenant by Environmental Law. To the extent such Hazardous Material becomes commingled with Hazardous Materials released by Landlord or other parties, nothing in this Lease shall prevent Tenant from seeking to recover costs, expenses or any other damages incurred as a result of the presence of such Hazardous Material that was released by Landlord or other parties.

24.5 The provisions of this Article 24 shall survive expiration or earlier termination of this Lease.

25 General.

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

25.2 Brokers' Fees. Ann Bishop with Wallace Properties, Inc., represents the Landlord as Listing Broker. Tenant has appointed CBRE Healthcare Properties as its agent for this transaction. Landlord shall pay to CBRE Healthcare Properties a fee equal to one dollar (\$1.00) per rentable square foot under this lease, per year for years one through five (1 – 5) and a fee equal to fifty cents (\$0.50) per rentable square foot under this lease, per year for years six through ten (6 – 10), for a total of forty-three thousand five hundred thirty dollars and no cents (\$43,530.00). Landlord shall pay half of said commission to CBRE Healthcare Properties upon lease execution by both parties, and shall pay the remaining half of said commission upon Tenant's occupancy of the Premises. Tenant represents and warrants to Landlord that it has not engaged any other broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord 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. In addition to the commission paid to CBRE Healthcare Properties, Landlord shall pay a commission to Ann Bishop at Wallace Properties per a standing agreement. Landlord represents and warrants to Tenant that it has not engaged any other broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant 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 Landlord.

25.3 Entire Agreement. This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings 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 amended except in writing, signed by Landlord and Tenant.

25.4 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.

25.6 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.

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

25.8 Addenda/Exhibits. The following Exhibits are made a part of this Lease. The terms of any Addendum to Lease and the Exhibits shall control over any inconsistent provision in the sections of this Lease:

- Exhibit A: Legal Description
- Exhibit B: Diagram of the Premises
- Exhibit C: Tenant Improvement Addendum
- Exhibit D: Rules and Regulations

25.9 Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which constitute but one original.

26 Section Intentionally Deleted.

27 Signage. Tenant shall obtain Landlord’s written consent, which shall not be unreasonably withheld, conditioned, or delayed, as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant’s sole cost and expense and in compliance with all applicable laws.

28. Self Help. Notwithstanding anything to the contrary, if Landlord fails to make and complete any maintenance or repair obligation of Landlord within twenty-four (24) hours of notice from Tenant with respect to any item of maintenance or repair that is deemed necessary by Tenant for its use of the Premises, or within thirty (30) days of notice from Tenant with respect to any other Landlord maintenance or repair obligation, then Tenant shall be entitled to take such actions and make such repairs to the Premises, Building or property associated with the same, as Tenant may deem necessary to correct such interruption, and Landlord shall reimburse Tenant for the cost of the same within thirty (30) days of invoice.

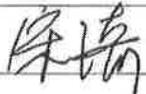
29. Subordination, Nondisturbance and Attornment. This Lease shall be subordinate to all existing and future mortgages and/or deeds of trust on the Premises, or the Building, and Tenant agrees to subordinate this Lease to any future mortgage or deed of trust and to attorn to Landlord's successor following any foreclosure, sale or transfer in lieu thereof, provided that the mortgagee, transferee, purchaser, lessor or beneficiary ("Landlord's Successor") agrees in a written instrument in form and substance satisfactory to Tenant that Tenant's use or possession of the Premises shall not be disturbed, nor shall its obligations be enlarged or its rights be abridged hereunder by reason of any such transaction. Notwithstanding any foreclosure or sale under any mortgage or deed of trust (or transfer by deed in lieu thereof), this Lease shall remain in full force and effect.

30. Rules and Regulations. Tenant shall be bound by and shall comply with the rules and regulations attached as Exhibit D to the extent those rules and regulations are not in conflict with the terms of this Lease, as well as any reasonable rules and regulations hereafter adopted by Landlord for all tenants of the Building, upon notice to Tenant thereof (collectively, the “Building Rules”).

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year set forth below.

LANDLORD:

APEX INVESTMENT GROUP L.L.P.

By: 

Name: QI URSULA SONG

Title: GENERAL PARTNER

Date: 6/24/2016

TENANT:

KING COUNTY, a political subdivision of the State of Washington

By: _____

Name: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

By: _____
Senior Deputy Prosecuting Attorney

**APPROVED BY CUSTODIAL
AGENCY:**

By: _____

Date: _____

STATE OF WASHINGTON)

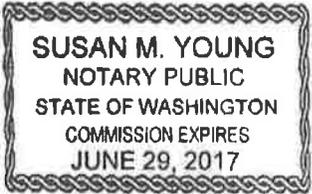
) ss.

COUNTY OF KING)

I certify that I know or have satisfactory evidence that Wilfrida Song is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the General Partner of Apex Investment Group, LP, a WA LP, its general partner, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 24th day of June, 2016.

Notary Public Susan M Young
Print Name Susan M Young
My commission expires 6/29/2017



(Use this space for notarial stamp/seal)

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that _____ signed this instrument, on oath stated that _____ was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2016

Notary Public
Print Name
My commission expires

(Use this space for notarial stamp/seal)

EXHIBIT A
Legal Description

Lot 3, Highbridge, according to the plat thereof, recorded in Volume 123 of Plats, Pages 7 and 8, in King County, Washington;

Together with easements for ingress and egress as established by Instrument recorded under recording numbers 6683255 and 8212220498; and

Together with an easement for ingress and egress over a portion of Lot 2 of said plat as established by instrument recorded under recording number 9511290951.

EXHIBIT C
Tenant Improvement Addendum

This Exhibit C (“Work Letter”) is part of that certain Lease Agreement (“Lease”) dated _____, 2016, by and between APEX INVESTMENT GROUP LLP, a Washington limited liability partnership (“Landlord”), and KING COUNTY, a political subdivision of the State of Washington (“Tenant”), under which Tenant has leased certain space (“Premises”) from Landlord, as more particularly described in the Lease. Capitalized terms not defined herein shall have the meaning assigned to them in the Lease.

1. COMPLETION SCHEDULE.

Within three (3) business days following the mutual execution of the Lease, Landlord shall deliver to Tenant a schedule (“Work Schedule”) setting forth a timetable for the planning and completion of the installation of Landlord’s Work to be constructed in the Premises, which Work Schedule is subject to Tenant’s approval. The Work Schedule shall set forth each of the various items of work to be done by or approval to be given by Landlord and Tenant in connection with the completion of Landlord’s Work. Landlord shall be responsible for completing Landlord’s Work in accordance with the Work Schedule and shall promptly inform Tenant of any changes to the same, which changes are subject to Tenant’s approval.

2. LANDLORD’S WORK.

Reference herein to “Landlord’s Work” shall include all work to be done in the Premises pursuant to Landlord’s Work Plans described in Paragraph 3 below. Reference in the Lease to “Tenant Improvements” shall mean the “Landlord’s Work” as described herein.

3. WORK PLANS.

The elements of Landlord’s Work will be depicted in the construction documents to be prepared by Tenant’s architect (“Space Plan”), which are subject to approval by Landlord. Based upon the Space Plan, Tenant’s architect shall prepare construction drawings and specifications for Landlord’s Work. Such construction drawings and specifications are subject to approval by Landlord. Landlord shall provide Tenant’s architect with such information as may be requested so that Tenant’s architect can prepare the Space Plan, construction drawings and specifications. Once approved, such construction drawings and specifications may be referred to herein as the “Work Plans.” The Work Plans shall be submitted to the appropriate governmental body by Tenant’s architect for plan review and the issuance of a building permit. Tenant shall cause to be made any changes in the Work Plans necessary to obtain the building permit; provided that Tenant shall obtain Landlord’s approval of any such changes.

4. CONSTRUCTION OF LANDLORD'S WORK.

a. After the Work Plans have been prepared and approved, and a building permit for Landlord's Work has been issued, Landlord shall bid such work to at least three (3) qualified contractors approved by Tenant. Landlord shall provide copies of the bids from such contractors to Tenant and the selection of a contractor to perform Landlord's Work shall be subject to Tenant's approval. Following Tenant's approval of the Final Pricing as provided in Paragraph 5 below, Landlord shall enter into a construction contract with the selected contractor for the installation of Landlord's Work in accordance with the Work Plans. Landlord, with input from and in consultation with, Tenant, shall supervise the completion of such work and shall secure completion of the work in accordance with the Work Schedule. The cost of such work shall be paid as provided in Paragraph 6 below. Landlord shall be responsible for remedying any defects in Landlord's Work.

b. Landlord's Work will be "Substantially Complete" when it is complete to the extent that Tenant may reasonably use and occupy the Premises for the purpose for which the same are intended, subject to minor punchlist items of construction and mechanical adjustments that remain to be completed by Landlord, as evidence by issuance of a certificate of occupancy by the appropriate governmental body.

c. Landlord's Work shall be Substantially Complete within one hundred and twenty (120) days of Landlord entering into a contract with the selected contractor (the "Outside Deadline"). Landlord's failure to meet the Outside Deadline shall be considered an Event of Default under the Lease, and Tenant may terminate the Lease and this Work Letter immediately, without penalty, notwithstanding the notification provisions of Section 21.2 of the Lease.

5. FINAL PRICING AND CHANGES.

After receipt of the bids from contractors, but prior to Landlord entering into a construction contract for the installation of Landlord's Work, Landlord shall prepare "Final Pricing" of Landlord's Work for Tenant's approval. In the event that the Final Pricing proposed by Landlord exceeds Tenant's planned budget, Tenant may, at its sole discretion, elect to reduce the scope of the Work Plans to reduce the cost of Landlord's Work to comply with Tenant's planned budget. Tenant's modifications to the Work Plans to achieve the reduction in scope shall be subject to Landlord's approval. After final approval of the Work Plans and Final Pricing, no further changes to the Work Plans may be made by either Landlord or Tenant without the prior approval from the other party, and then only after agreement from the requesting party to pay any excess costs resulting from the design and construction of such changes. Landlord and Tenant hereby acknowledge that any such changes shall be subject to the terms of Paragraph 6 below.

6. PAYMENT OF COST OF LANDLORD'S WORK.

a. Landlord hereby grants to Tenant a "Tenant Allowance" up to and not to exceed forty dollars (\$40.00) per rentable square foot of space leased under the Lease. The Tenant Allowance may be used for:

(1) Construction of Landlord's Work, including, without limitation, the following (to the extent shown on the Work Plans):

(a) Installation within the Premises of all partitioning, doors, floor coverings, ceilings, wall coverings and painting, millwork and similar items.

(b) All electrical wiring, lighting fixtures, outlets and switches, and other electrical work to be installed within the Premises.

(c) The furnishing and installation of all duct work, terminal boxes, diffusers and accessories required for the completion of the heating, ventilation and air conditioning systems within the Premises, including the cost of meter and key control for after-hour air conditioning.

(d) Any additional Tenant requirements including, but not limited to, odor control, special heating, ventilation and air conditioning, noise or vibration control or other special systems.

(e) All fire and life safety control systems such as fire walls, sprinklers, halon, fire alarms, including piping, wiring and accessories installed within the Premises.

(f) All plumbing, fixtures, pipes and accessories to be installed within the Premises.

(g) Testing and inspection costs.

(h) Contractor's fees, including but not limited to any fees based on general conditions.

(2) All other costs to be expended by Landlord in the construction of Landlord's Work, and review of the Work Plans, including without limitation, those costs incurred by Landlord for construction of elements of Landlord's Work in the Premises.

b. The cost of constructing Landlord's Work shall be charged against the Tenant Allowance. If the cost of Landlord's Work (as approved by Tenant as the Final Pricing) exceeds the Tenant Allowance, Tenant shall pay any such overage within thirty (30) days of Landlord's completion of Landlord's Work and Tenant's receipt from Landlord of written back-up for such costs acceptable to Tenant. However, Tenant shall receive from Landlord a credit of one thousand dollars (\$1,000) to be used against any costs of Landlord's Work

that exceed the Tenant Allowance. Said credit shall be applied in its entirety before Tenant is required to pay for any costs pursuant to this Paragraph 6.b.

c. If after final approval of the Work Plans and Final Pricing, any changes to the Work Plans are made at the request of Tenant with the approval of Landlord as set forth in Paragraph 5 above, any excess costs resulting from the design and/or construction of such changes shall be paid by Tenant to Landlord within thirty (30) days of Landlord's completion of Landlord's Work and Tenant's receipt from Landlord of written back-up for such costs acceptable to Tenant; provided, however, that Landlord shall first apply towards such increase any remaining balance in the Tenant Allowance and the credit referenced in Paragraph 6.b. above.

d. Any increase for any reason whatsoever to the cost of Landlord's Work above the amount set forth in the Final Pricing (as approved by Tenant), including without limitation the requirements of any governmental agency, shall require Tenant's approval. In the event that increases to the cost of Landlord's Work will exceed the amount set forth in the Final Pricing (as approved by Tenant), Tenant may, at its sole discretion elect to reduce the scope of the Work Plans to reduce the cost of Landlord's Work to comply with the Final Pricing. Tenant's modifications to the Work Plans to achieve the reduction in scope shall be subject to Landlord's approval.

e. Upon completion of Landlord's Work, any unused portion of the Tenant Allowance shall be applied to Rent next owing under the Lease.

f. Tenant or its accountants shall have the right to inspect and audit Landlord's books and records with respect to Landlord's Work to verify actual costs thereof. Tenant shall exercise this right by giving written notice to Landlord of its intent to audit, which notice shall be given by Tenant within six (6) months after the completion of Landlord's Work. Upon giving such notice, Tenant or its accountants, at Tenant's sole cost (except as otherwise provided below), shall have the right for the succeeding sixty (60) days to inspect and audit Landlord's books and records with respect to Landlord's Work to verify the actual costs thereof. Tenant shall not pay any person or entity conducting such an audit on a contingency basis. Any overcharge or underpayment shall be due from one party to the other within thirty (30) days after the amount of the overcharge or underpayment has been mutually agreed upon or established by a court of competent jurisdiction; provided that Tenant may elect to apply any overcharge against Tenant's future Rent under the Lease. If an overcharge against Tenant of more than five percent (5%) of Landlord's Work is discovered, Landlord shall also reimburse Tenant for the cost of the audit within thirty days of receipt of a statement and if Landlord fails to timely reimburse Tenant, Tenant may reduce any future Rent due to Landlord under the Lease until such reimbursement has been fully realized.

7. MISCELLANEOUS

a. A default or the failure to perform under this Work Letter shall be a default under the Lease, and without limiting the non-defaulting party's other rights, the non-defaulting party shall be entitled to all of its remedies under the Lease with respect to such default.

b. All approvals required by this Work Letter shall be in writing, and shall not unreasonably withheld, conditioned or delayed.

c. Landlord and Tenant shall act in good faith and deal fairly in performing their respective duties under this Work Letter. If a dispute arises with respect to the Landlord's Work, or any obligation of the parties under this Work Letter, 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.

[End of Work Letter.]

EXHIBIT D
EVERGREEN MEDICAL CENTER
RULES AND REGULATIONS

1. The sidewalks, halls, passages, stairways, exits and entrances of the Building shall not be obstructed by Tenant or used by it for any purpose other than for ingress and egress from the Premises. The halls, passages, exits, entrances, and stairways are not for the use of the general public, and Landlord shall in all cases retain the right to control and prevent access to those areas by all persons whose presence in the Judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing in this Lease shall be construed to prevent access to persons with whom Tenant normally deals in the ordinary course of its business, unless those persons are engaged in illegal activities. Tenant shall not go upon the roof of the Building.
2. The Premises shall not be used for lodging or sleeping. No cooking shall be done or permitted by Tenant on the Premises, except that the preparation of hot beverages and use of microwave ovens for Tenant and its employees shall be permitted. No smoking shall be done or permitted by Tenant in the Premises or the common areas of the Building.
3. Landlord shall clean the common areas as provided in the Janitorial Schedule. Tenant shall not cause unnecessary labor by reason of Tenant's carelessness and indifference in the preservation of good order and cleanliness.
4. Tenant shall not alter any lock or install a new or additional lock or any bolt on any door of the Premises without furnishing Landlord with a key for any lock and obtaining Landlord's prior permission. Tenant, upon the termination of its tenancy, shall deliver to Landlord all keys to doors and mailboxes in the Building and the Premises that shall have been furnished to Tenant and in the event of loss of any keys so furnished, shall pay Landlord for the lost keys and changing of locks as a result of such loss.
5. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or flammable or combustible fluid or materials or use any method of heating or air conditioning other than that supplied by Landlord. Tenant shall not sweep or throw or permit to be swept or thrown from the Premises any debris or other substance into any of the corridors, halls or lobbies or out of the doors or windows or into the stairways of the Building and Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises. Tenant shall not use, keep or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business in the Building.
6. During non-business hours and on holidays access to the Building, or to the halls, corridors or stairways in the Building, or to the Premises, may be refused unless the person seeking access is known to the Building and has a pass or is properly identified. Landlord shall in no case be liable for damages for the admission to or exclusion from the Building of any person whom Landlord has the right to exclude under Rule 1 above. In case of invasion, mob, riot, public excitement or other circumstances rendering that action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of that activity by taking those actions that Landlord may deem appropriate, including closing entrances to the Building.
7. Tenant shall see that the doors of the Premises are closed and securely locked when Tenant's employees leave the Premises, after hours.
8. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building.
9. Tenant shall not use in any space, or in the Common Areas of the Building, any handtrucks except those equipped with rubber tires and side guards or other material handling equipment as Landlord may approve. No other vehicles of any kind shall be brought by Tenant into the Building or kept in or about the Premises. All mail carts shall be equipped with rubber guards to protect doors and hallways.
10. No sign, advertisement or notice visible from the exterior of the Premises shall be inscribed, painted or affixed by Tenant on any part of the Building or the Premises without the prior written consent of Landlord. If Landlord shall have consented at anytime, whether before or after the execution of this Lease, that consent shall in no way operate as a waiver or release of any of the provisions of this Rule 10 or of this Lease, and shall be deemed to relate only to the particular sign,

advertisement or notice so consented to by Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to each and every such sign, advertisement or notice other than the particular sign, advertisement or notice, as the case may be, so consented to by Landlord.

11. Except as shown in the design plan approved by Landlord, the sashes, sash doors, windows, glass reights, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed and, there shall be no hanging plants or other similar objects in the immediate vicinity of the windows or placed upon the window sills or hung from the window heads.

12. All loading, unloading, and delivery of merchandise, supplies, materials and furniture to the Premises shall be made during reasonable hours.

13. Canvassing, soliciting, peddling or distribution of handbills or any other written material in the Building is prohibited and Tenant shall cooperate to prevent these activities.

14. Landlord may direct the use of all pest extermination and scavenger contractors throughout the Building and/or Premises at intervals as Landlord may require.

15. If Tenant desires telephone or telegraph connections, Landlord will direct service technicians as to where and how the wires are to be introduced. No boring or cutting for wires or otherwise shall be made without directions from Landlord.

16. Landlord reserves the right to select the name of the Building and to change the name as it may deem appropriate from time to time, and Tenant shall not refer to the Building by any name other than: (a) the names as selected by Landlord (as that name may be changed from time to time), or (b) the postal address, approved by the United States Post Office. Tenant shall not use the name of the Building in any respect other than as an address of its operation in the Building without the prior written consent of Landlord.

17. The requirements of Tenant will be attended to only upon application by telephone or in person at the office of the Building manager. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instruction from Landlord.

18. Landlord may waive any one or more of the Rules and Regulations for the benefit of any particular tenant or tenants, but no waiver by Landlord shall be construed as a waiver of the Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any Rules and Regulations against any or all of the tenants in the Building.

19. Wherever the word "Tenant" occurs in these Rules and Regulations, it is understood and agreed that it shall mean Tenant's assigns, subtenants, associates, agents, clerks, employees and visitors. Wherever the word "Landlord" occurs in these Rules and Regulations, it is understood and agreed that it shall mean Landlord's assigns, agents, clerks, employees and visitors.

20. These Rules and Regulations are in addition to, and shall not be construed in any way to modify, alter or amend, in whole or part, the terms, covenants, agreements and conditions of any Lease of Premises in the Building.

21. Landlord reserves the right to make additional rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building, and for the preservation of good order therein.